CURANUM

Good care has a home.

CURANUM AG, Munich

QUARTERLY REPORT FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2008

THE GROUP AT A GLANCE (IFRS)

mil. €	1.7.-30.9.2008 Q3 / 2008	Q3 / 2007	1.1.-30.9.2008 9M / 2008	9M / 2007	2007
Sales	65.0	58.3	192.5	171.8	230.1
Staff costs	32.2	29.2	96.0	86.0	115.1
Rental costs	13.7	11.4	40.9	33.6	45.1
EBITDA	7.9	7.5	22.6	22.0	30.7
in % of sales	12.2	12.9	11.7	12.8	13.3
Depreciation	2.4	2.2	7.1	6.4	8.5
EBIT	5.5	5.4	15.5	15.7	22.1
in % of sales	8.5	9.3	8.1	9.1	9.6
Financial result	-2.3	-1.9	-7.1	-6.9	-9.4
EBT	3.1	3.4	8.4	8.7	12.7
Net profit	2.4	-0.4	6.2	2.9	4.8
EPS* (€)	0.07	-0.01	0.19	0.10	0.15
Cash flow	6.4	7.1	15.4	7.8	10.5
CPS** (€)	0.20	0.22	0.47	0.24	0.34
Cash and cash equivalents	9.1	3.5	9.1	3.5	25.6
Equity capital	65.5	60.6	65.5	60.6	62.5
in % of balance sum	27.0	28.9	27.0	28.9	26.1
Balance sheet total	242.7	210.0	242.7	210.0	239.7
Employees	5,978	5,294	5,964	5,234	5,263
Facilities	67	62	67	62	67
Care places	7,651	7,300	7,651	7,300	7,651
Assisted living apartments	1,630	875	1,630	875	1,630

* EPS = net profit: number of outstanding shares at that time
** CPS = cash flow from operating activities: number of outstanding shares

GENERAL SITUATION

What started as the American subprime crisis developed into a global financial crisis. The collapse of the well-known investment bank Lehman Brothers International, and its after-effects, shook the financial world, and sent global stock markets reeling. This "virus" spread around the world, also impacting the German economic climate.

The global economy, and particularly the German economy, are in a downturn. In the assessment as to whether Germany is already in a recession, there are increasingly fewer experts still regarding the German economy as robust. Not only the general economic slowdown, but also, in particular, the country's strong export orientation, are key factors behind the rapid deceleration of the German economic locomotive.

The labor market in Germany is still stable, and nominal incomes have even risen significantly, so that a sharp tumble in the level of disposable incomes that has been in evidence to date is currently not anticipated. The number of unemployed in September fell by around 15% from 3,543,368 last year to 3,080,899 persons this year, and, despite the financial crisis, fewer than three million unemployed were once again registered in Germany in October for the first time since many years. Consumer behavior, however, is not performing in line with the falling number of unemployed due to the huge uncertainty resulting from the financial crisis and its consequences, as well as from price increases for consumer goods.

MINOR IMPACT FROM FINANCIAL CRISIS

The effects of the financial crisis for CURANUM AG have been minor to date. The only noticeable problems in the capital market have related to the financing of care properties, particularly because Landesbanks, which have traditionally financed many social market properties, are in retreat. This has also resulted in the withdrawal of many international and German real estate investors as providers of refinancing, which has already led to the closure of German branches.

This has not had a negative impact on CURANUM AG since it owns only a few properties itself, and these few are financed on a long-term basis. Extensive acquisitions can readily be made using existing funds arising from last year's financing measures, as well as from current cash flow. CURANUM AG also has access to a sufficient level of open credit lines.

DECLINE IN NEW CONSTRUCTION ACTIVITY

Irrespective of the financial crisis, construction of new care properties is also becoming increasingly difficult, since new home acts introduced by the Federal Laender, entailing, for example, changes to depreciation rules, and greater space requirements, render the financing of new care properties almost impossible. In North Rhine Westphalia, for example, the new Residential and Participation Act, which is intended to come into force early next year, stipulates that when new care homes are built, the minimum net ground space must be at least 45-50 m² per occupant, that homes must not have more than 80 care places, and that at least 80% of these must be reserved for individual rooms. The depreciation timeframe for property is also being extended, which effectively results in a capped investment portion within the care rate. This can no longer cover the financing and depreciation expense given the greater quality requirements made of the property. It is now barely possible to finance care properties as a consequence, and new construction projects are being halted. This trend will result in a rising level of utilization within care institutions in the medium term.

CARE REFORM UPDATE

The aim is that the care reform that came into force on July 1, 2008 will be financed through higher care insurance contribution rates of 1.95% for the employed with children, and 2.2% for the childless employed.

One of the key points of the care reform is better prevention and rehabilitation within care. The consequent aim is that good care quality within care institutions should also be promoted. In specific terms, care homes receive a premium if an occupant is successfully downgraded from one care level to a lower care level. However, this amount must also be repaid within six months from the date of the downgrade if a renewed upgrade occurs within this period, irrespective of reason or cause.

A legal right to comprehensive and individual care consulting will exist as of 2009. So-called care support points will play a decisive role in this scheme. In addition to its current consultancy practice within institutions, CURANUM AG will satisfy this requirement with out-of-house care consulting, as well as with an extensive care consulting handbook containing all important care-related information.

As of 2011, all care institutions will be obliged to publish external care quality reports in a format that is understandable to citizens. The aim is to achieve the greatest degree of transparency for consumers, for those in need of care, and their relatives.

Negotiations concerning the publication of inspection results and care quality reports continued in August. The contractual partners are the Central Organization of Care Insurance Funds, the Associations of Care Institutions Sponsors at Federal Level, the Federal Working Group of the Non-Local Sponsors of Social Benefits, and the Federal Association of Local Authority Central Organizations. The Medical Service participates in a consulting role.

The intention with the concept the Federal Associations of Care Institution Sponsors have developed to date is that care institutions present their structural data on a standardized and meaningful basis. This includes, for example, information about special services, personal equipment, premises and their furnishings, and fees. The aim is that quality assessment will be based on information about occupier satisfaction, as well as five further performance areas. These include the structure of day-to-day life, social events, treatment for occupants suffering geronto-psychiatric problems, care and medical attention, catering, and household management and hygiene.

The contractual partners were expected to come to an agreement on September 30, 2008. However, this deadline was not met, as communicated in a press release from the contractual partners:

"While the contractual partners have meanwhile agreed the rules of procedure for the development and updating of expert standards to schedule on September 30, 2008, intensive negotiations concerning the criteria – including the evaluation system – relating to the publication of inspection results (§ 115 of the Social Security Code [SGB] XI) could not be concluded due to the extent and complexity of the tasks involved. The contractual partners are continuing to work on the basis that negotiations will reach a successful outcome, thereby avoiding the necessity to involve arbitration. The contractual partners are continuing their talks with undiminished intensity to this end."

It remains to be seen whether the new deadline of November 15, 2008 will bring about new information, and a solution.

The guidelines pursuant to § 87b section 3 of the Social Security Code [SGB] XI relating to the qualification and responsibilities of additional care personnel within care were approved on August 19, 2008. Given the satisfaction of certain criteria, this entails providing occupants with additional care personnel for activities such as being read to, walking, home handicrafts and painting, or joint visits to events. Such personnel must nevertheless complete a qualification entailing 160 hours of tuition. The training consists of three modules:

a) Basic course in care work within care homes (100 hours)
b) Practical course of care within a care environment (2 weeks)
c) Continuation course in care work within care homes (60 hours)

Various procedures are currently being developed and carried out in the individual Federal Laender to enable institutions to finance the additional care requirements for occupants.

On the basis of this new information, CURANUM AG is adopting the key points of the reform to the extent currently possible, and is actively participating in its implementation. It will nevertheless take some time until all points have been clarified, and until they can be implemented quite specifically.

BUSINESS PROGRESS

Occupancy grew further within the Group in the third quarter. After average utilization of our facilities fell sharply to around 88% from February to May, it recovered to around 89.5% by the end of September, which was the starting level of January 2008.

Profitability failed to keep pace with the rate of sales growth due to the sharp rise in energy and food sales prices in the first nine months of this year, and due to the lower profitability, and integration costs, of the ELISA Group, which was acquired in January 2008.

REVENUE AND GROSS PROFIT

Revenue grew from € 58.3 million in the third quarter 2007 to € 65.0 million in the third quarter of 2008. This represents an 11.5% increase. Total revenue during the first nine months of this financial year amounted to € 192.5 million. CURANUM AG generated € 171.8 million of revenue in the first nine months of last year. This corresponded to a 12% increase relative to the previous year. The consolidation of ELISA Seniorenstift GmbH was the reason for this rise.

Sales in the first nine months of the current reporting period are composed as follows: sales from fully inpatient care of € 164.1 million or 85.3%, sales from services rendered to apartment tenants of € 1.8 million or 0.9%, sales from apartment rentals of € 16.5 million or 8.6%, outpatient care sales of € 5.0 million or 2.6%, and other sales such as reimbursements of incontinence materials or kiosk revenues of € 5.1 million or 2.7%.

Gross profit amounted to € 10.2 million in the third quarter of 2008 (previous year: € 9.9 million). This represents an increase of 3.0%. Gross profit rose 1.1% year-on-year in the first nine months of this financial year, from € 28.4 million to € 28.7 million.

KEY EARNINGS FIGURES

Overall personnel expense increased from € 29.2 million in the third quarter of 2007 to € 32.2 million in the third quarter of 2008. Rental expenses rose from € 11.4 million in the third quarter of 2007 to € 13.7 million in the third quarter of 2008. The disproportionately low rise in personnel costs of 10.3%, and the disproportionately high rise in rental expenses of 20.2%, result from the different cost structure of the ELISA Group, which is less service-intensive, with 755 managed apartments and 435 care places. Operating profit before rents (EBITDAR) consequently registered good growth, and rose from € 18.9 million to € 21.6 million (+14.3%), which represents an increase in the EBITDAR margin from 32.4% to 33.2%. Earnings before interest, tax, depreciation and amortization (EBITDA), however, rose only 5.3%, from € 7.5 million to € 7.9 million in the third quarter of this financial year. Depreciation increased only slightly from € 2.2 million in the third quarter of 2007 to € 2.4 million in the third quarter of 2008. Earnings before interest and taxes (EBIT) grew 1.9% from € 5.4 million to € 5.5 million in the current reporting period. Net profit went from € -0.4 million to € 2.4 million in the third quarter of 2008 due to the additional tax expense in the previous year due to the corporate tax reform, and the positive effect this year. Earnings per share (EPS) rose to € 0.07 (previous year: € -0.01).

The personnel expense in the first nine months increased 11.6% from € 86.0 million to € 96.0 million, and rental expenses were up 21.7%, from € 33.6 million to € 40.9 million. EBITDA improved 2.7%, from € 22.0 million to € 22.6 million. The EBITDA margin fell from 12.8% to 11.7%. Depreciation was up from € 6.4 million to € 7.1 million. The EBIT margin also fell, from 9.1% to 7.1%. Due to the tax effect, post-tax earnings leapt 113% to € 6.2 million (previous year: € 2.9 million). Earnings per share (EPS) amounted to € 0.19 (previous year: € 0.10).

CASH FLOW

Cash flow from operating activities in the first nine months of 2008 amounted to € 15.4 million, compared with € 8.0 million during the prior-year period. Along with the € 0.8 million increase in depreciation, and a higher interest expense (+€ 0.7 million), provisions rose from € 0.9 million to € 2.1 million. Further key factors for the higher cash flow included a smaller change in working capital, and significantly lower tax paid during the reporting period.

Cash flow from investment activities amounted to € -19.3 million in the first nine months (previous year: € -5.2 million). This reflected the outgoing payment for the acquisition of the ELISA Group (€ 15.4 million), as well as investments in buildings and equipment of € 3.9 million (previous year: € 5.2 million).

Cash flow from financing activities amounted to € -12.6 million in the current reporting period (previous year: € -8.5 million). Along with a € 3.7 million repayment of loans (previous year: € 8.5 million), and an outgoing € 5.7 million payment for finance leasing (previous year: € 6.7 million), € 3.3 million were paid to shareholders as a dividend, as in the previous year.

NET ASSETS

Total assets rose € 3.0 million to € 242.7 million as of September 30, 2008 reporting date compared with December 31, 2007 (€ 239.7 million). Current assets fell from € 47.9 million as of December 31, 2007 to € 30.4 million as of September 30, 2008. Key factors in this respect were a € 1.0 million reduction of income tax receivables due to fewer corporation tax prepayments in the third quarter of 2008, and a € 16.6 million decrease of cash and cash equivalents from € 25.6 million as of December 31, 2008 to € 9.1 million as of September 30, 2008. Compared to the second quarter of 2008, cash and cash equivalents fell from € 11.2 million to € 9.1 million as of the end of the third quarter of 2008 due to dividend payment.

Total non-current assets rose from € 191.9 million to € 212.2 million in the current reporting period. This mainly reflects an increase in property, plant, and equipment from € 117.6 million to € 122.7 million due to the recognition of the Herne property of the ELISA Group, and restructuring measures in the Bad Schwartau facility, a € 1.6 million rise in intangible assets due to the capitalization of the customer base of ELISA Group, and a € 15.0 million rise in goodwill to € 69.0 million.

Current liabilities increased slightly to € 32.5 million (December 31, 2007: € 32.2 million). Non-current liabilities fell to € 144.5 million due to the repayment of acquisition loans, and a reduction in lease liabilities, despite a € 4.6 million real estate loan for the house in Herne being recognized as a liability as of January 1, 2008.

Equity rose to € 65.5 million as of the reporting date (December 31, 2007: € 62.5 million). This corresponds to an equity ratio of 27% (December 31, 2007: 26.1%).

INVESTMENT

Investment totaled € 3.9 million in the first nine months. Of this amount, € 1.7 million were incurred for land and buildings, € 1.8 million for office and operating equipment, and € 0.4 million for plant under construction for Bad Schwartau.

Our investment in the third quarter of 2008 focused on land and buildings to the tune of € 1.4 million, and office and operating equipment to the tune of € 0.9 million. We invested € 0.8 million in equipping our facilities (e.g. beds and curtains), and T€ 67 in our IT systems due to an upgrade from SAP R/3 to SAP ERP 6.0.

EMPLOYEES

The number of employees within the Group fell from 5,982 in the first quarter of 2008 to 5,978 in the third quarter of 2008. This represents 0.07% reduction. This reflected falling utilization in the first half of 2008, which reached its low point in May at 88%. Occupancy subsequently rose consistently, and care personnel were once again recruited. By way of comparison, CURANUM AG employed 5,294 staff members in the third quarter of 2007. This represents a year-on-year increase of 12.92%.

The average number of employees in the first nine months of the current financial year rose to 5,964 (previous year: 5,234). This represents an increase of 13.9%.

STRUCTURE OF GROUP AND EQUITY HOLDINGS

accurato GmbH, Munich, which has to date been responsible for the CURANUM Group‘s cleaning service, was merged with Opticura Service GmbH, Munich, 2008. Our subsidiary Opticura Service GmbH now renders catering and cleaning services. All employees of the former accurato GmbH, Munich, subsidiary were also integrated into Opticura Service GmbH, Munich. This merger was performed in order to streamline the Group structure, and consequently reduce expense for all CURANUM AG divisions.

STOCK COVERAGE

The following research houses published new assessments of the CURANUM share in the third quarter of 2008:

Date	Research house	Opinion
22.9.2008	DEXIA	„Buy“
14.8. 2008	Goldman Sachs	„Neutral“
14.8.2008	WestLB	„Buy“
13.8.2008	DZ Bank	„Buy“
12.8.2008	HSBC	„Overweight“
12.8.2008	Berenberg Bank	„Buy“

Analysts recommend buying the share on the basis of current studies. The average price target is € 5.53.

THE CURANUM SHARE

SHARE PRICE PERFORMANCE

CURANUM AG's share opened at a price of € 4.00 on July 1, 2008 (previous year: € 7.60), and closed on September 30, 2008 at a price of € 2.72 (previous year: € 6.92), the share price change in the third quarter 2008 corresponding to a decline of 32.25%.

The total share price decline since the start of the financial year amounted to 70.9%, and is firstly attributable to the general, difficult situation in capital markets, and, secondly, to the constellation of the CURANUM shareholder structure.

SHAREHOLDER STRUCTURE

As of the end of the reporting period, CURANUM AG's shareholder structure remained unchanged since the last report published for the January 1 to June 30, 2008 period. There were changes with respect to companies at the time of preparation of this quarterly report: NAVITAS B.V. currently holds 13.03% of the voting rights (September 30, 2008: 8.81%), and Artio Global Investors Inc. currently holds 4.25% of the CURANUM AG voting rights (September 30, 2008: 7.51%).

SHARE REPURCHASE PROGRAM

We regard the CURANUM share as significantly undervalued as a result of its negative performance over the last few months of this year. Smaller companies than CURANUM are trading at higher prices in the market.

On September 19, 2008, this led the Supervisory Board of CURANUM AG, Munich, 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 repurchase can be performed either wholly or in part, and either once or on several occasions. The intention is that the shares will be used as payment in connection with the acquisition of care facilities, and of companies or parts of companies that operate such facilities.

Details concerning the share repurchase will be published weekly on the company's website at www.curanum.de in our Investor Relations area immediately following the conclusion of the repurchase.

OUTLOOK AND PLANNING

CURANUM AG had made up for the sharp decline in occupancy in the second half of 2008 by the end of the current reporting period. There is consequently still the opportunity to meet our current planning for the full year if the uptrend continues. Experience shows, however, that demand for care places declines slightly shortly before Christmas, and recovers in the first two months of the new year. From today's perspective, we are, therefore, assuming that we will just reach our sales budget, but that we will not quite meet our earnings figures due to the cost situation during the first nine months.

The economic situation in Germany in 2009 is expected to become significantly worse than in the current year, which will prospectively have an impact on the unemployment rate. Around 350,000 fewer people will be employed by the end of 2009, compared with the start of the year, according to forecasts produced by economic research institutes. Although the care sector is regarded as one of the most economically resistant sectors, highly negative trends in the labor market, and with respect to real incomes, may result in slightly negative effects in the care market. This is firstly due to the fact that at-home care can serve as a substitute for inpatient care at times of high unemployment, and this simultaneously promises additional income for the unemployed as a result of care insurance. Secondly, relatives try to delay inpatient care measures as long as possible in times of falling real incomes, thereby avoiding additional payments. However, both these effects occur only given a very deep and long recession, and they have only a minor impact compared with cyclical sectors.

We are planning on high utilization for 2009 due to the fact that the competitive environment continues to be very intense. This planning reflects the assumption that locations with additional competition will suffer considerably lower utilization, whereas locations with good upside potential will enjoy higher utilization. The reversal of the new construction boom will presumably become noticeable in the second half of 2009, which should tend to lead to rising occupancy. The timing of such a trend is difficult to predict, however, which is why we have factored no increase into our planning.

In terms of costs, we firstly expect a slight rise in personnel costs, and, secondly, in terms of material costs, the recent sharp downtrend in raw materials and energy prices has not yet been priced in, since gas prices only react to the oil price with a significant delay, and foodstuff prices are unlikely to decline as fast due to the possible recession. Rental indexing was also budgeted on the basis of this year‘s average inflation level. To this extent, we have calculated conservatively, and we might experience upside effects as a result of deflationary trends.

We are consequently planning conservatively for sales of € 259.1 million for the 2009 financial year excluding acquisitions and new openings, EBITDA of € 30.2 million, and net profit of € 8.9 million.

Above and beyond this, we continue to work on expanding our value-creation chain, we are currently extending our range of services from existing outpatient services to in-house care, and we are creating further central outpatient services. This will also form one focus of our operating business next year, and should contribute both to greater efficiency and to a rise in occupancy within the Group.

The related aim is that people in need of care should have the opportunity to enjoy the entire care spectrum stretching from outpatient care at home, through to managed apartments and inpatient care in our facilities, as well as to enjoy these sequentially.

Munich, November 2008

The Management Board

CURANUM AG, MUNICH

CONSOLIDATED INCOME STATEMENT IN THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2008 (IFRS)

	Q3/2008 1.7.-30.9. T€	Q3/2007 1.7.-30.9. T€	9M/2008 1.1.-30.9. T€	9M/2007 1.1.-30.9. T€
REVENUES	64,985	58,256	192,464	171,781
Cost of sales	54,765	48,362	163,777	143,401
GROSS PROFIT / LOSS	10,220	9,894	28,687	28,380
Selling and marketing expenses	318	166	748	893
General and administration expenses	4,910	4,390	14,204	12,626
Other operating expenses	217	8	1,953	1,233
Other operating income	715	18	3,746	2,048
OPERATING INCOME / LOSS	5,490	5,349	15,528	15,676
Interest and other expenses	2,486	1,976	7,955	7,229
Interest and other income	136	66	853	280
EARNINGS BEFORE TAX	3,140	3,439	8,426	8,727
Income tax	684	1,300	1,781	3,362
Deferred tax expense	85	2,515	462	2,515
EARNINGS AFTER TAXES	2,371	-376	6,183	2,850
Profit or loss attributable to minority interest	-11	0	-37	0
thereof shareholder earnings	2,382	-376	6,220	2,850
Net income per share (basic) €	**0.07**	**-0.01**	**0.19**	**0.10**
Net income per share (diluted) €	**0.07**	**-0.01**	**0.19**	**0.10**
Number of underlying outstanding shares	32,660,000	29,979,556	32,660,000	29,979,556

CURANUM AG, MUNICH

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2008 (IFRS)

ASSETS	30.9.2008 T€	31.12.2007 T€
Current assets		
Cash and cash equivalents	9,080	25,646
Trade accounts receivable	6,881	6,411
Inventories	1,002	862
Current assets	6,601	7,021
Tax receivables	990	2,022
Security investment	377	380
Assets held for sale	5,516	5,516
TOTAL CURRENT ASSETS	**30,447**	**47,858**
Non-current assets		
Property, plant and equipment	122,675	117,586
Intangible assets	3,316	1,702
Goodwill	68,995	54,067
Shareholdings	1	1
Deferred tax assets	7,752	7,969
Other financial assets	9,485	10,473
TOTAL NON-CURRENT ASSETS	**212,224**	**191,798**
TOTAL ASSETS	**242,671**	**239,656**

SHAREHOLDERS' EQUITY AND LIABILITIES

	30.9.2008 T€	31.12.2007 T€
Current liabilities		
Finance lease debt	3,829	4,009
Short-term debt	4,965	3,834
Trade accounts payable	4,026	3,194
Provisions	4,967	2,567
Income tax payable	576	1,478
Other current liabilities	14,186	17,083
TOTAL CURRENT LIABILITIES	**32,549**	**32,165**
Non-current liabilities		
Financial lease obligations	52,823	54,121
Long-term debt	84,410	84,246
Deferred tax liabilities	6,931	6,068
Provisions	413	575
TOTAL NON-CURRENT LIABILITIES	**144,577**	**145,010**
Shareholders' equity		
Share capital	32,660	32,660
Additional paid-in capital	32,303	32,303
Revenue reserve	-7,261	-8,970
Consolidated profit	6,219	4,917
Other shareholders' equity	1,624	1,571
Before minorities	**65,545**	**62,481**
Minority interest	0	0
TOTAL SHAREHOLDERS' EQUITY	**65,545**	**62,481**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**242,671**	**239,656**

CURANUM AG, MUNICH

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY IN THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2008 (IFRS)

			Retained earnings	
Balance date	Share capital T€	Additional paid-in capital T€	Accumulated profit/loss T€	Other retained earnings T€
AS OF DEC 31, 2006	**29,700**	**12,808**	**-14,912**	**0**
Dividend payment	--	--	--	--
Balance carried forward	--	--	6,080	--
Capital increase after issuing costs and taxes	2,960	19,495	--	--
Earnings after taxes	--	--	--	--
Minority interest	--	--	6	--
Changes in the consolidated entity	--	--	-10	--
AS OF SEPT 30, 2007	**32,660**	**32,303**	**-8,836**	**0**
AS OF DEC 31, 2007	**32,660**	**32,303**	**-8,944**	**-26**
Balance carried forward	--	--	4,917	--
Dividend payment	--	--	-3,266	--
Financial instruments according IAS 39	--	--	--	--
Earnings after taxes	--	--	--	--
Minority interest	--	--	--	-37
Changes in revaluation reserve	--	--	39	--
Other changes	--	--	56	--
AS OF SEPT 30, 2008	**32,660**	**32,303**	**-7,198**	**-63**

Consolidated profits T€	Other shareholders' equity Revaluation reserve T€	Other reserve T€	Shareholders' equity before minority interest T€	Minority interest T€	Total shareholders' equity T€
9,346	1,617	0	38,559	34	38,593
-3,266	--	--	-3,266	--	-3,266
-6,080	--	--	0	--	0
--	--	--	22,455	--	22,455
2,850	--	--	2,850	--	2,850
--	--	--	6	--	6
--	--	--	-10	--	-10
2,850	1,617	0	60,594	34	60,628
4,917	1,562	8	62,480	0	62,480
-4,917	--	--	0	--	0
--	--	--	-3,266	--	-3,266
--	--	97	97	--	97
6,182	--	--	6,182	--	6,182
37	--	--	0	--	0
--	-43	--	-4	--	-4
--	--	--	56	--	56
6,219	1,519	105	65,545	0	65,545

CURANUM AG, MUNICH

CONSOLIDATED CASHFLOW STATEMENT
IN THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2008 (IFRS)

	1.1.-30.9.2008 T€	1.1.-30.9.2007 T€
I. OPERATING ACTIVITIES		
Result before income tax and minority interest	8,425	8,728
Depreciation	7,106	6,353
Other interest and similar income	-853	-280
Interest and similar expenses	7.955	7,228
Result from disposals of fixed assets	-5	0
Other expenses and income not affecting payments	-5	-114
Increase/decrease in provisions and accurals	2,147	947
Change in net working capital	-3,663	-6,121
Tax paid	-3,969	-5,126
Tax received	2,376	49
Interest paid	-4,553	-3,914
Interest received	400	241
Cash flow from operating activities	**15,361**	**7,991**
II. INVESTING ACTIVITIES		
Cash outflow for acquisitions (less acquired cash reserves)	-15,405	0
Cash outflow for property, plant, equipment and intangible assets	-3,905	-5,155
Cash inflow from disposal of property, plant and equipment	25	0
Cash flow from investing activities	**-19,285**	**-5,155**
III. FINANCING ACTIVITIES		
Cash inflows from borrowing/cash repayments of amounts borrowed	-3,654	-8,500
Cash outflows for outstanding finance-lease liabilities	-5,722	-6,658
Cash outflow for convertible bond	0	-12,271
Cash inflow from capital increase	0	22,194
Dividend payments	-3,266	-3,266
Cash flow from financing activities	**-12,642**	**-8,501**
Change in cash and cash equivalents	**-16,566**	**-5,665**
Cash and cash equivalents at the beginning of period	25,646	9,136
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9,080	3,471

NOTES TO THE INTERIM FINANCIAL REPORT AS OF SEPTEMBER 30, 2008 ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

1. GENERAL INFORMATION CONCERNING THE COMPANY

CURANUM AG (referred to as „CURANUM“ or the „Company“) Maximilianstrasse 35c, was created in November 2000 from the merger of Bonifatius Hospital & Seniorenresidenz AG, which was in turn founded in 1994 and which has been quoted on the stock exchange since 1998, and CURANUM AG, Munich, which was founded in 1981. The business objective of CURANUM AG is the establishment and operation of senior citizen and residential care facilities.

2. ACCOUNTING PRINCIPLES

With the exception of the areas presented below, no changes have occurred with respect to accounting principles compared with reporting as of December 31, 2007. Please refer to the related notes in the consolidated financial statements as of December 31, 2007.

BASIS OF PREPARATION

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

The income statement has been prepared according to the cost of sales accounting format.

The quarterly financial statements have been prepared in harmony with IAS 34, and do not necessarily contain all information presented in the consolidated financial statements. Reference should be made to the consolidated financial statements as of December 31, 2007 prepared according to IFRS.

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

DECLARATION OF AGREEMENT WITH IFRS

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

SCOPE OF CONSOLIDATION

Name	Domicile	Stake [1] %
The following German companies were fully consolidated as of September 30, 2008 (in alphabetical order):		
Altenheimbetriebsgesellschaft Nord GmbH [2]	Munich	100.00
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	100.00
Bonifatius GPG Gesellschaft für Pflege und Gesundheit mbH i.L.	Munich	55.00
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	Munich	100.00
ELISA Seniorenstift Aschaffenburg GmbH	Aschaffenburg	100.00
FAZIT Betriebsgesellschaft für soziale Dienstleistungen mbH [2]	Nuremberg	100.00
GAP Media Service GmbH [2]	Munich	100.00
Krankenheim Ruhesitz am Wannsee 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	100.00
RIAG Seniorenzentrum "Erste" GmbH & Co. KG	Munich	100.00
RIAG Seniorenzentrum "Zweite" GmbH & Co. KG	Munich	100.00
Rosea GmbH & Co. Objekt Liesborn KG	Düsseldorf	94.00
Seniorenzentrum Hennef GmbH [2]	Munich	100.00
Servicegesellschaft West GmbH	Munich	100.00
VGB Beteiligungs- und Verwaltungs GmbH	Munich	94.00
Wäscherei Ellerich GmbH [2]	Kaisersesch	100.00

Name	Domicile	Stake [1)] %
The following foreign companies were fully consolidated as of September 30, 2008:		
CB Seniorenresidenz Armbrustergasse GmbH	Vienna/Austria	94.00
CB Management-Service GmbH	Kitzbühel/Austria	94.00
The following companies were not consolidated as of September 30, 2008 due to lack of materiality:		
AT Management GmbH & Co. Bauträger MUC I KG	Munich	18.40
Bonifatius AT GmbH, Vienna	Vienna/Austria	10.00

1) Unless otherwise stated, the equity participation corresponds to the level of voting rights
2) These companies 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

Accurato GmbH, Munich was merged with Opticura Service GmbH, Munich according to the merger agreement of August 23, 2008. Therefore, Accurato GmbH is out of scope of consolidation by September 30, 2008.

EARNINGS PER SHARE

Please refer to the note to the interim statement in these quarterly financial statements with respect to earnings per share.

RELATED PARTIES

Please refer to the notes to the consolidated financial statements as of December 31, 2007 with respect to related parties disclosures.

No significant changes have occurred compared with the consolidated financial statements as of December 31, 2007.

3. SEGMENTAL REPORTING

CURANUM supplies 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. Segmental reporting is not performed because the company can be divided into neither different business segments nor different geographical segments.

4. CONTINGENT LIABILITIES AND CLAIMS

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

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

5. EVENTS FOLLOWING THE REPORTING DATE

There were no events of significance following the reporting date.

The Management Board of the company released these quarterly financial statements for publication on November 13, 2008.

Hans-Milo Halhuber Chairman and member of the Management Board	Bernd Rothe Management Board member	Sabine Merazzi-Weirich Management Board member

CONTACT

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

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YOUR NOTES

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CURANUM
Good care has a home.