



**CURANUM**

*Good care has a home.*



*CURANUM AG, Munich*

HALF-YEARLY AND QUARTERLY REPORT  
JANUARY 1 TO JUNE 30, 2008





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## GLOBAL ECONOMIC CLIMATE COOLS DETECTABLY

The global economic climate deteriorated further in the second quarter 2008, and with it the economic climate in the Eurozone. According to the ifo Institute Economic Research, Munich, the global economic climate indicator fell to its lowest level for over six years, and the indicator for the Eurozone economic climate deteriorated further, falling to its lowest level for five years.

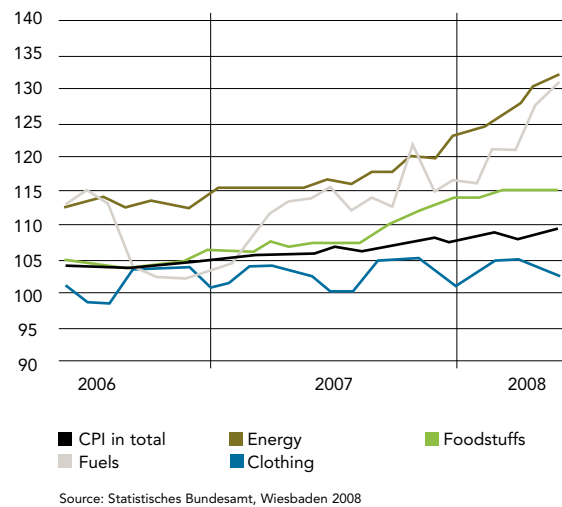
Inflation expectations of 3.5% in the US for 2008 are significantly higher than the rate of price increase in 2007 (2.8%). In Western Europe too, inflation expectations of 2.9% for 2008 are markedly higher than the 2.1% rate registered in 2007.

## ROBUST ECONOMY AND GOOD GROWTH IN THE GERMAN LABOUR MARKET

The German economy was remarkably strong through into the spring. The general business situation of companies was appraised somewhat less favorably than in the previous month, however. The outlook for the second half of the year is characterized by skepticism, according to the ifo Institute. Sharp rises in oil prices are clearly placing a growing burden on the German economy.

The German consumer price index for June 2008 registered a 3.3% year-on-year increase. This is the highest level of inflation since December 1993 (+ 4.2% at that time). The high rate of annual inflation recorded in June 2008 particularly reflects the sharp rises in prices for energy and foodstuffs. It was especially these two areas that were responsible for more than half the entire price increase compared with the previous year, and reflected around 20% of private household spending.

CONSUMER PRICE INDEX (CPI)  
2005 = 100



The labor market, by contrast, continued to register good growth. There were 3,285,670 unemployed in the second quarter of 2008. In the second quarter of 2007 there were 539,744 more unemployed.

## 2008 CARE REFORM COMES INTO FORCE ON JULY 1, 2008

The German Care Reform Act – the act relating to the further structural development of care insurance – came into force on July 1, 2008, and aims to improve services, and create new care and consulting structures. The aim is that those suffering from dementia, the mentally ill, and the mentally handicapped, should receive specific reliefs, and detectable improvements in the care they are offered. The first changes to finance these improvements have already been implemented: the care insurance contribution rate was raised by 0.25% from July 1, 2008 to 1.95%. The childless will now pay 2.2%. The German Federal Government says

that, from today's perspective, these higher payments will be sufficient to finance care insurance services until around 2015.

The act contains a number of changes. There is a great need, however, to clarify how individual aspects will be implemented, which means further guidelines and agreements are clearly required. The publication of audit reports by the Health Insurance Medical Service (MDK) provides one example. The aim is to take into account results of audits by other institutions in the future, such as care home regulatory authorities, and now also independent auditing institutions. Above and beyond this, care funds, as well as care institutions, can now commission repeat audits themselves. The institution bears the costs of the repeat audits in all cases. Sponsors and service-providers now have the task of regulating details relating to the publication of the reports by the end of September. It is clear there is an immense requirement for clarification and action until the procedure for the publication of these audit reports is clearly defined.

According to the Act concerning the Further Development of Care, the Federal Länder themselves can decide whether to set up care support points in the meaning of the act, or not. This means a standardized range of consulting services for relatives and those in need of care is not guaranteed. Baden-Württemberg, Bremen, Schleswig-Holstein, the Saarland, Rhineland Palatinate, Mecklenburg-Vorpommern, and Saxony are planning to set up care support points. Berlin, Bavaria, Saxony-Anhalt, Thuringia, and Lower Saxony are still at the research stage, and are gathering ideas and suggestions. North Rhine Westphalia and Hesse have taken an extremely skeptical approach, and will prospectively decline.<sup>1)</sup>

### FIRST HALF SALES UP 12.1%

CURANUM AG generated second-quarter sales in the current financial year of € 63.7 million (previous year: € 56.9 million), which corresponds to an increase of 11.9%. Sales in the first half of 2008 totaled € 127.5 million, with the comparable figure for the first six months of the previous year being € 113.5 million. This is equivalent to a 12.3% year-on-year increase. The key factor for the increase was the first-time consolidation of ELISA Seniorenstift GmbH, which was acquired as of January 1, 2008. ELISA Seniorenstift GmbH has six facilities, a total of 435 care places, 755 managed apartments, and six outpatient services.

Sales in the reporting period were composed of fully inpatient care of € 108.7 million or 85.3%, services rendered for apartment tenants of € 1.5 million or 1.2%, apartment rental income of € 10.8 million or 8.4%, outpatient services of € 3.3 million or 2.6%, and other income such as incontinence refunds or kiosk income of € 3.3 million or 2.6%. To provide a better overview of sales, CURANUM AG is reporting sales from apartment services and the related rent separately for the first time in the second quarter of 2008. Some outpatient services were previously reported among sales from inpatient care, which had the effect of optically increasing them.

During the course of the first half of the year, occupancy fell due to greater competition, with a decline between February and the end of April to 88%, although it has been rising again since May. However, this positive trend in the second quarter was unable to fully compensate for the fall in utilization, which meant first-half sales fell short of our expectations.

<sup>1)</sup> CAREkonkret No. 21 published May 23, 2008

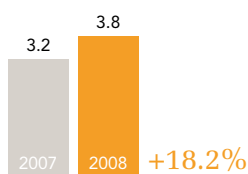
## DOUBLING OF SECOND-QUARTER EARNINGS

Staff costs climbed from € 28.9 million in the second quarter of 2007 to € 32.3 million in the second quarter of 2008. This was due to the newly added staff costs of the ELISA Group, and additions to personnel provisions. Rent expenses rose from € 11.1 million to € 13.4 million. Earnings before interest, tax, depreciation and amortization (EBITDA) increased slightly in the second quarter of 2008 from € 6.4 million to € 6.8 million. Depreciation and amortization rose from € 2.1 million to € 2.4 million, and EBIT earnings before interest and tax grew from € 4.3 million to € 4.5 million in the second quarter. After-tax earnings doubled from € 0.8 million to € 1.7 million when compared with the prior-year reporting period, primarily due to lower interest payments and a lower tax rate. Earnings per share correspondingly rose from € 0.02 to € 0.05 per share.

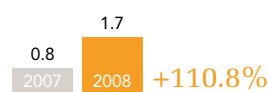
Staff costs in the first half of 2008 amounted to € 63.8 million (previous year: € 56.8 million), rental costs € 27.2 million (previous year: € 22.2 million), and EBITDA € 14.7 million (previous year: € 14.5 million). The EBITDA margin fell to 11.5% (previous year: 12.8%). EBIT decreased from € 10.3 million in the first half of 2007 to € 10.0 million in the first half of 2008. This was due to depreciation and amortization, which rose from € 4.2 million in the first half of 2007 to € 4.7 million in the first half of 2008 as a result of the property in Herne and the capitalization of customer bases.

Net profit rose 18.2% from € 3.2 million in the first half of 2007 to € 3.8 million. This resulted in earnings per share of € 0.12 for the first half of 2008 (previous year: € 0.11).

NET PROFIT  
1ST HALF 2007 - 1ST HALF 2008  
MIL. €



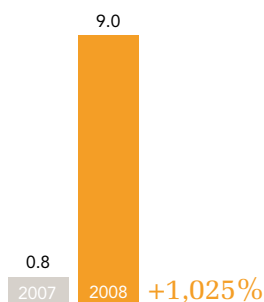
NET PROFIT  
2ND QR 2007 - 2ND QR 2008  
MIL. €



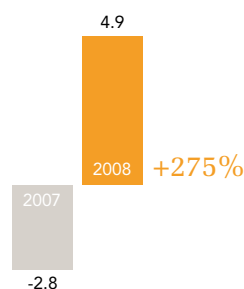
## STRONG RISE IN CASH FLOW

Cash flow from operating activities rose due to the slight increase in depreciation and amortization, the increase in provisions, and due to tax rebates of around € 2.0 million in the first half of the year, from € 0.8 million in the previous year to € 9.0 million in the reporting period just passed, and consequently increased tenfold compared with the previous year. However, cash flow rose in year-on-year comparison even after the elimination of special effects. For instance, gross cash flow (excluding changes in provisions and working capital) rose from € 8.0 million in the previous year to € 11.0 million in the first half of 2008.

CASH FLOW  
1ST HALF 2007 - 1ST HALF 2008  
MIL. €



CASH FLOW  
2ND QR 2007 - 2ND QR 2008  
MIL. €



## MANAGEMENT REPORT

Cash flow from investment activities amounted to -€ 17.5 million during the reporting period (previous year: -€ 3.6 million). This mainly reflected outgoing payments for the acquisition of the ELISA Group of € 15.4 million, and maintenance and restructuring investments in our facilities of € 2.1 million.

Cash flow from financing activities totaled -€ 6.0 million in the first half of 2008 (previous year: € 9.5 million). This was due to the redemption of loans (€ 2.9 million), and outgoing payment for lease liabilities totaling € 3.8 million.

### EQUITY RISES TO € 66.6 MILLION

Total assets rose € 6.3 million to € 246.0 million as of the June 30, 2008 reporting date, compared with December 31, 2007 (€ 239.7 million). Current assets amounted to € 32.9 million in the first half of 2008 (December 31, 2007: € 47.9 million), and non-current assets totaled € 213.1 million in the reporting period (December 31, 2007: € 192.0 million).

Since no significant changes occurred within the individual balance sheet items on the asset side during the reporting period compared with the first quarter of 2008, please refer to the January to March 2008 quarterly report.

In terms of liabilities, current liabilities rose slightly from € 32.2 million as of December 31, 2007 to € 32.5 million in the first half of 2008. Despite this, other current liabilities fell from € 17.1 million as of December 31, 2007 to € 14.2 million in the second half of 2008. This reflected the reallocation of salary payments from the start of the subsequent month to the end of the relevant month, which had a € 4.5 million impact on other current liabilities. Current financial liabilities, which solely contain the current redemption component of long-term loans, rose from € 3.8 million as of December 31, 2007 to € 4.9 million in the first half

of 2008. It continues to be the case that no credit lines of any type are utilized within the CURANUM Group.

Non-current liabilities rose from a total of € 145.0 million as of December 31, 2007 to € 146.9 million in the current reporting period. The main reason for the increase in financial liabilities to € 86.0 million (December 31, 2007: € 84.2 million) was the first-time recognition of the real estate loan for the building in Herne amounting to € 4.5 million. This was offset by the redemption of existing loans amounting to € 2.1 million.

Equity rose as a result of the second-half result to € 66.6 million (December 31, 2007: € 62.5 million). This is equivalent to an equity ratio of 27.1% (December 31, 2007: 26.1%).

### INVESTMENTS

CURANUM AG invested € 15.4 million in the acquisition of the ELISA Group, after deducting cash acquired, in the first six months of the current financial year. A total of € 2.1 million was also invested in maintenance, replacement investment, and additional equipment for the buildings in the second half of 2008.

### EMPLOYEES

The number of staff members in the Group rose from 5,211 in the second quarter of 2007 to 5,931 in the second quarter of 2008. This rise mainly results from the takeover of six care homes for the elderly from the Munich-based Doblinger Group, and from our new opening in Bad Lauterberg, and represents an increase of 13.8%. CURANUM AG employed a total of 5,982 staff members in the overall Group in the first quarter of 2008, by comparison.

## MANAGEMENT REPORT

The average number of employees in the first half of 2007 rose from 5,205 to 5,957 in the reporting period just passed. This represents an increase of 14.4%.

### CURANUM SHARE PRICE PERFORMANCE

Share prices were subject to considerable turbulence from early 2008, and equity indices overall fell across a broad front. The subprime crisis had a significantly disturbing impact on the equity market, and the growing likelihood of a recession in the USA, in some European countries, and in Germany, had a growing influence on investors. Besides this, uncertainty persisted relating to a 13.1% stake in CURANUM's equity held by a German Landesbank, which was not accepted by a customer.

CURANUM AG's share was unable to avoid the impact of equity market performance. The share opened the second quarter of 2008 at a price of € 5.02 (previous year: € 7.20), and closed on June 30, 2008 at a price of € 4.03 (previous year: € 7.62). This share-price move in the second quarter of 2008 corresponded to a 19.7% decline. An average of 67,425 shares was traded per day in the electronic XETRA trading system (previous year: 142,329 shares per day).

MARKET TREND AUG, 07 UNTIL JULY, 08



The shareholder structure presented here is based on voting rights reported pursuant to § 21 Paragraph 1 of the German Securities Trading Act (WpHG), and discloses the current status:

Shareholders'	Voting rights
Norddeutsche Landesbank	13.14%
VATAS Holding	12.15% (plus 7.65% options)
NAVITAS B.V.	8.81%
Free Float:	65.90%
Audley European Opportunities Master Fund Limited	12.82%
Lehman Brothers International	7.98%
Dr. Thomas van Aubel	7.58%
Artio Global Holdings LLC	7.51%
Guy P. Wyser-Pratte	5.01%

Eight analysts currently provide regular coverage of the CURANUM share. Two new analysts have produced first-time coverage during the reporting period. The share was recommended as a buy in seven instances, based on current studies, and one analyst recommended selling the share. Independent research houses applied an average valuation of € 6.20 to the CURANUM share. Since some major shareholders are clearly seeking to sell the CURANUM share, this has resulted in the analysts overall applying a discount due to the uncertainty in the equity environment.

The management presented CURANUM AG's business progress and strategy at the balance sheet conference for the press and analysts, as well as at the healthcare day in Frankfurt, roadshows at the financial centers of London, Paris, and Zurich, and at numerous meetings held with analysts and investors at the company's head office in Munich.



## MANAGEMENT REPORT

Date	Research house	Opinion
May 14, 2008	Berenberg Bank	„Buy“
May 14, 2008	HSBC	„Overweight“
May 15, 2008	DZ Bank	„Buy“
May 15, 2008	UniCredit	„Sell“
May 20, 2008	WestLB	„Buy“
June 20, 2008	VISCARDI*	„Buy“
June 25, 2008	DEXIA*	„Buy“
July 16, 2008	Goldman Sachs	„Buy“

\* DEXIA and VISCARDI initiated coverage in the second quarter.

### SHAREHOLDERS' GENERAL MEETING AND CHANGES WITHIN THE SUPERVISORY BOARD

CURANUM AG's ordinary Shareholders' General Meeting was held in Munich on July 24, 2008. 105 shareholders and 40 representatives were present among the 145 attendees. They represented a total of 14.7 million shares, which corresponds to the presence of 45.06% of the 32.66 million ordinary shares.

Besides standard topics, voting related to the Supervisory Board elections of Dr. Uwe Ganzer and Bernd Scheweling, the resolution concerning the amendment of § 16 Paragraph (2) and § 15 of the company's bylaws, the resolution concerning the cancellation of Approved Capital 2005, and the creation of Approved Capital 2008 (amendment of company bylaws), the resolution concerning the cancellation of Conditional Capital I (amendment of bylaws), the resolution concerning the cancellation of the resolution of the Shareholders' General Meeting of November 27/28, 2000 (agenda item 4) relating to the authorization to issue option rights (Stock Option Program 2000), and the cancellation of the existing Conditional Capital II (amendment of bylaws). The resolution regarding authorization to acquire own shares as per § 71 para-

graph 1 No. 8 of the German Stock Corporation Act (AktG) was a further topic of the Shareholders' General Meeting.

All items on the agenda were accepted with the requisite majority with the exception of TOP 9 (resolution concerning the cancellation of Approved Capital 2005, and the creation of Approved Capital 2008). This item was rejected due to the requisite threequarters majority, and an acceptance rate of only 66.79% of the voting-entitled presence.

The ordinary Shareholders' General Meeting of CURANUM AG held on July 24, 2008 also resolved to pay a dividend of € 3,266,000.00 to shareholders from the unappropriated retained earnings for the 2007 financial year of € 20,318,154.35. This corresponded to a dividend of € 0.10 per ordinary bearer share, relating to 32,660,000 dividend-entitled shares. The remaining amount of € 17,052,154.35 was carried forward to the new account.

The detailed results of the voting and all further relevant information regarding the Shareholders' General Meeting can be found as usual on the Internet at [www.curanum.de](http://www.curanum.de) under the item Investor Relations/English Version/Stockholders' meeting.

After the ordinary Shareholders' General Meeting of CURANUM AG in Munich elected Dr. Uwe Ganzer and Bernd Scheweling to the Supervisory Board with a large majority, the Supervisory Board elected Dr. Dieter Thomae at the subsequent Supervisory Board Meeting to be its chairman, and Bernd Scheweling to be deputy chairman.

## MANAGEMENT REPORT

The Supervisory Board of CURANUM AG is consequently composed as follows since July 25, 2008:

- Dr. Dieter Thomae, Graduate of Business Studies, Sinzig, (Chairman of the Supervisory Board)
- Bernd Scheweling, Graduate of Business Management, Walchwil (Deputy Chairman of the Supervisory Board)
- Dr. Uwe Ganzer, sole management board member of Varta AG, Hanover
- Angelika Pohl, Commercial Clerk, Walchwil
- Sabine Klöckner, Commercial Clerk, Schwelm
- Michael Sasse, Lawyer and Notary, Schwelm

### OUTLOOK AND PLANNING

The accelerated pace of consolidation in the care market allows us to be confident we can make further acquisitions in the second half of 2008. We are currently sifting through, and evaluating, numerous projects and offers of operators. The important factor in this respect is the ability to integrate these facilities into the existing cluster system, or to be able to create new clusters. Besides various other criteria, location plays a central role, particularly with respect to new openings.

CURANUM AG is maintaining its strategy of acquiring seven to eight facilities, or 800 to 1,000 beds, in the current business year, and of opening one to three new facilities in the medium term.

Extending the horizontal and vertical value chain that surrounds our occupants will be a further approach that accompanies our consistent growth path. After occupancy fell at the end of the first quarter of 2008, we have once again registered an uptrend as of the end of the second quarter. We expect this positive trend in occupancy to continue in the second half of 2008.

We also take a positive view of the reform of care that came into force on July 1, 2008, although many aspects have yet to be specified. When setting up care support points, CURANUM AG, for example, is actively participating in implementing the creation of support points, and has launched consulting services in the market. We shall also realize the opportunity to appoint additional personnel for residents suffering dementia, as soon as the specific structure has been clarified.

We shall work further on raising quality and occupancy during this business year, and we are assuming we shall maintain our current budgeting for the 2008 financial year.

Munich, August 2008

The Management Board

CURANUM AG, MUNICH  
CONSOLIDATED INCOME STATEMENT  
IN THE PERIOD FROM JANUARY 1 TO JUNE 30, 2008 (IFRS)

	2nd Quarter 2008 T€	2nd Quarter 2007 T€	1st Half 2008 T€	1st Half 2007 T€
<b>REVENUES</b>	<b>63,713</b>	56,920	<b>127,479</b>	113,525
Cost of sales	54,802	48,256	109,012	95,039
<b>GROSS PROFIT / LOSS</b>	<b>8,911</b>	<b>8,664</b>	<b>18,467</b>	<b>18,486</b>
Selling and marketing expenses	222	373	430	728
General and administration expenses	4,819	3,960	9,294	8,236
Other operating expenses	337	798	1,736	1,225
Other operating income	990	792	3,031	2,030
<b>OPERATING INCOME / LOSS</b>	<b>4,523</b>	<b>4,326</b>	<b>10,038</b>	<b>10,327</b>
Interest and other expenses	2,583	3,011	5,469	5,253
Interest and other income	305	0	717	214
<b>EARNINGS BEFORE TAX</b>	<b>2,245</b>	<b>1,315</b>	<b>5,286</b>	<b>5,288</b>
Income tax	442	528	1,097	2,062
Deferred tax expense	144	0	377	0
<b>EARNINGS AFTER TAXES</b>	<b>1,659</b>	<b>787</b>	<b>3,812</b>	<b>3,226</b>
Profit or loss attributable to minority interest	-14	0	-26	0
thereof shareholder earnings	1,673	787	3,838	3,226
Net income per share (basic)	0.05	0.03	0.12	0.11
Net income per share (diluted)	0.05	0.03	0.12	0.11
<b>Number of underlying outstanding shares</b>	<b>32,660,000</b>	<b>29,979,556</b>	<b>32,660,000</b>	<b>29,979,556</b>

CURANUM AG, MUNICH  
CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2008 (IFRS)

<b>ASSETS</b>	June 30, 2008 T€	Dec 31, 2007 T€
<b>Current assets</b>		
Cash and cash equivalents	11,162	25,646
Trade accounts receivable	6,595	6,411
Inventories	1,004	862
Current assets	7,017	7,021
Tax receivables	1,239	2,022
Security investment	375	380
Assets held for sale	5,516	5,516
<b>TOTAL CURRENT ASSETS</b>	<b>32,908</b>	<b>47,858</b>
<b>Non-current assets</b>		
Property, plant and equipment	123,142	117,586
Intangible assets	3,449	1,702
Goodwill	68,963	54,067
Shareholdings	1	1
Deferred tax assets	7,814	7,969
Other financial assets	9,696	10,473
<b>TOTAL NON-CURRENT ASSETS</b>	<b>213,065</b>	<b>191,798</b>
<b>TOTAL ASSETS</b>	<b>245,973</b>	<b>239,656</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

	June 30, 2008 T€	Dec 31, 2007 T€
<b>Current liabilities</b>		
Finance lease debt	3,874	4,009
Short-term debt	4,897	3,834
Trade accounts payable	4,125	3,194
Provisions	4,690	2,567
Income tax payable	694	1,478
Other current liabilities	14,201	17,083
<b>TOTAL CURRENT LIABILITIES</b>	<b>32,481</b>	<b>32,165</b>
<b>Non-current liabilities</b>		
Financial lease obligations	53,717	54,121
Long-term debt	85,970	84,246
Deferred tax liabilities	6,864	6,068
Provisions	340	575
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>146,891</b>	<b>145,010</b>
<b>Shareholders' equity</b>		
Share capital	32,660	32,660
Additional paid-in capital	32,303	32,303
Revenue reserve	-4,045	-8,970
Consolidated profit	3,839	4,917
Other shareholders' equity	1,844	1,571
<b>Before minorities</b>	<b>66,601</b>	<b>62,481</b>
Minority Interest	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>66,601</b>	<b>62,481</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>245,973</b>	<b>239,656</b>

CURANUM AG, MUNICH  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
IN THE PERIOD FROM JANUARY 1 TO JUNE 30, 2008 (IFRS)

Balance date	Share capital T€	Additional paid-in capital T€	Retained earnings	
			Accumulated profit/loss T€	Other retained earnings T€
<b>AS OF DEC 31, 2006</b>	<b>29,700</b>	<b>12,808</b>	<b>-14,912</b>	<b>0</b>
Dividend payment	--	--	--	--
Balance carried forward	--	--	6,080	--
Capital increase after issuing costs and taxes	2,960	19,495	--	--
Earnings after taxes	--	--	--	--
Minority Interest	--	--	6	0
Changes in consolidated entity	--	--	284	--
<b>AS OF JUNE 30, 2007</b>	<b>32,660</b>	<b>32,303</b>	<b>-8,542</b>	<b>0</b>
<b>AS OF DEC 31, 2007</b>	<b>32,660</b>	<b>32,303</b>	<b>-8,944</b>	<b>-26</b>
Balance carried forward	--	--	4,917	--
Financial instruments according IAS 39	--	--	--	--
Earnings after taxes	--	--	--	--
Minority Interest	--	--	--	-27
Changes in revaluation reserve	--	--	35	--
Changes in consolidated entity	--	--	--	--
<b>AS OF JUNE 30, 2008</b>	<b>32,660</b>	<b>32,303</b>	<b>-3,992</b>	<b>-53</b>

Consolidated profits T€	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
3,226	--	--	3,226	--	3,226
--	--	--	6	--	6
--	--	--	284	--	284
3,226	1,617	0	61,264	34	61,298
4,917	1,562	8	62,480	0	62,480
-4,917	--	--	0	--	0
--	--	300	300	--	300
3,812	--	--	3,812	--	3,812
27	--	--	0	--	0
--	-26	--	9	--	9
--	--	--	0	--	0
3,839	1,536	308	66,601	0	66,601

CURANUM AG, MUNICH  
**CONSOLIDATED CASHFLOW STATEMENT**  
 IN THE PERIOD FROM JANUARY 1 TO JUNE 30, 2008 (IFRS)

	1st Half 2008 T€	1st Half 2007 T€
<b>I. OPERATING ACTIVITIES</b>		
Result before income tax and minority interest	5,286	5,288
Depreciation	4,693	4,168
Other interest and similar income	-717	-214
Interest and similar expenses	5,469	5,253
Result from disposals of fixed assets	-4	0
Other expenses and income not affecting payments	0	-245
Increase/decrease in provisions and accruals	1,800	209
Change in net working capital	-3,764	-7,442
	-3,155	-3,719
Tax paid	-3,155	-3,719
Tax received	1,994	18
Interest paid	-2,861	-2,647
Interest received	254	145
<b>Cash flow from operating activities</b>	<b>8,995</b>	<b>814</b>
<b>II. INVESTING ACTIVITIES</b>		
Cash outflow for acquisitions (less acquired cash reserves)	-15,405	0
Cash outflow for property, plant, equipment and intangible assets	-2,125	-3,587
Cash inflow from disposal of property, plant and equipment	20	0
<b>Cash flow from investing activities</b>	<b>-17,510</b>	<b>-3,587</b>
<b>III. FINANCING ACTIVITIES</b>		
Cash inflows from borrowing/cash repayments of amounts borrowed	-2,126	-5,046
Cash outflows for outstanding finance-lease liabilities	-3,843	-4,409
Cash inflow from capital increase	0	22,194
Dividend payments	0	-3,266
<b>Cash flow from financing activities</b>	<b>-5,969</b>	<b>9,473</b>
<b>Change in cash and cash equivalents</b>	<b>-14,484</b>	<b>6,700</b>
Cash and cash equivalents at the beginning of period	25,646	9,112
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>11,162</b>	<b>15,812</b>



CURANUM AG, MUNICH  
NOTES TO THE INTERIM FINANCIAL REPORT AS OF JUNE 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.

CURANUM AG, MUNICH  
NOTES TO THE INTERIM FINANCIAL REPORT AS OF JUNE 30, 2008  
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

SCOPE OF CONSOLIDATION

Name	Domicile	Stake <sup>1)</sup> in %
<b>The following German companies were fully consolidated as of June 30, 2008 (in alphabetical order):</b>		
accurato GmbH <sup>2)</sup>	Munich	100.00
Altenheimbetriebsgesellschaft Nord GmbH <sup>2)</sup>	Munich	100.00
Altenheimbetriebsgesellschaft Ost GmbH <sup>2)</sup>	Munich	100.00
Altenheimbetriebsgesellschaft Süd GmbH <sup>2)</sup>	Munich	100.00
Altenheimbetriebsgesellschaft West GmbH <sup>2)</sup>	Munich	100.00
Alten-und Pflegeheim Sieglar GmbH <sup>2)</sup>	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 <sup>2)</sup>	Munich	100.00
CURANUM Baubetreuung und Immobilienmanagement GmbH	Munich	100.00
CURANUM Bessenbach GmbH <sup>2)</sup>	Munich	100.00
CURANUM Betriebs GmbH <sup>2)</sup>	Munich	100.00
CURANUM Franziskushaus GmbH <sup>2)</sup>	Gelsenkirchen	100.00
CURANUM Holding GmbH <sup>2)</sup>	Munich	100.00
CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG <sup>2)</sup>	Munich	100.00
CURANUM Westfalen GmbH <sup>2)</sup>	Munich	100.00
ELISA Seniorenstift GmbH	Munich	100.00
ELISA Seniorenstift Aschaffenburg GmbH	Aschaffenburg	100.00
FAZIT Betriebsgesellschaft für soziale Dienstleistungen mbH <sup>2)</sup>	Nuremberg	100.00
GAP Media Service GmbH <sup>2)</sup>	Munich	100.00
Krankenheim Ruhesitz am Wannsee GmbH <sup>2)</sup>	Berlin	100.00
Opticura Service GmbH <sup>2)</sup>	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 <sup>2)</sup>	Munich	100.00
Servicegesellschaft West GmbH	Munich	100.00
VGB Beteiligungs- und Verwaltungs GmbH	Munich	94.00
Wäscherei Ellerich GmbH <sup>2)</sup>	Kaisersesch	100.00

CURANUM AG, MUNICH  
NOTES TO THE INTERIM FINANCIAL REPORT AS OF JUNE 30, 2008  
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Name	Domicile	Stake <sup>1)</sup> in %
<b>The following foreign companies were fully consolidated as of June 30, 2008:</b>		
CB Seniorenresidenz Armbrustergasse GmbH	Vienna/Austria	94.00
CB Management-Service GmbH	Kitzbühel/Austria	94.00
<b>The following companies were not consolidated as of June 30, 2008 due to lack of materiality:</b>		
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

#### EARNINGS PER SHARE

Please refer to the consolidated income 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.

CURANUM AG, MUNICH  
NOTES TO THE INTERIM FINANCIAL REPORT AS OF JUNE 30, 2008  
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

#### 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 August 12, 2008.

#### ASSURANCE OF THE LEGAL REPRESENTATIVES

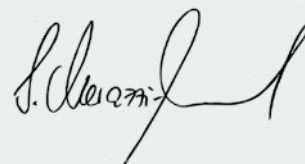
According to the best of our knowledge, we assure that, in accordance with the applicable accounting principles for half-year reporting, the consolidated interim financial statements convey a true and fair view of the Group's assets, financing, and earnings; that the development of business, including the company's earnings, and the position of the Group are presented in the Group interim management report in such a way, that a true and fair view of actual circumstances is conveyed; and that the significant opportunities and risks pertaining to the prospective development of the Group in the remainder of the financial year are described.



Hans-Milo Halhuber  
Chairman and member of the  
management board



Bernd Rothe  
Management board member



Sabine Merazzi-Weirich  
Management board member

## CONTACT

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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More information about our company and our facilities: [www.curanum.de](http://www.curanum.de)

YOUR NOTICE



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