



Interim Report 1st Quarter 2008

For the period from 1 January to 31 March 2008

curasan

Regenerative Medicine

SCOPE OF CONSOLIDATION

curasan AG, Kleinostheim, Germany	Parent company
curasan Benelux BV, Veenendaal, the Netherlands	100 % sales
curasan, Inc., Raleigh, USA	100 % sales
Pro-tec Medizinische Produkte GmbH, Kleinostheim, Germany	100 % sales

FUNDAMENTALS

WKN/ISIN/code	549 453/DE 000 549 453 8/CUR
Type of stock	No-par value common stock
Number of shares	6.78 million
Free float	61.99 %
Closing price 2 Jan. 08/	€ 2.05
closing price 31 Mar. 08 (Xetra)	€ 1.80
Highest/lowest closing price (Xetra)	€ 2.05/€ 1.64
Trading volume for Xetra and Frankfurt (1 Apr. 07–31 Mar. 08)	€ 3.95 million
Market capitalisation, quarter-end	€ 12.20 million
Free float factor acc. to Deutsche Börse AG	0.6199
Free float market capitalisation, 31 Mar. 08	€ 7.56 million

SUMMARY

(€ million)	1 Jan. to 31 Mar. 08	1 Jan. to 31 Mar. 07	Change
Sales revenues	2.96	2.62	12.9 %
Biomaterials	2.56	2.18	17.3 %
Pharmaceuticals	0.40	0.44	(9.1 %)
EBIT	0.11	(0.37)	N/A
Cash flow	(0.21)	(0.72)	70.2 %
Employees (full-time)	57	70	(18.5 %)

DEAR SHAREHOLDERS, BUSINESS ASSOCIATES
AND STAFF,

our first quarterly report for the 2008 financial year outlines the performance of curasan AG and its subsidiary companies for the period from January to the end of March.

Revenue increased in the first three months of 2008, up by 13 per cent on the first quarter of 2007. Growth was driven by the Biomaterials segment. Measures to reduce costs, such as the closure of the production plant in Freilassing (Pro-tec Medizinische Produkte GmbH), are having a clear and positive effect on results.

In March curasan AG obtained an approval for Cerasorb® in Taiwan, enabling us to further expand our business activities in Asia.

In March we also signed a sales agreement with the US company Osteogenics Biomedical, Inc., in Lubbock, Texas. This agreement gives curasan AG the distribution rights for a strong product package consisting of five membrane lines, which is expected to be on sale across Europe from summer 2008 under a curasan AG brand name. This broad expansion of our product line for dental surgery and implantology will enable curasan AG to offer users both the usual, top-quality products and new solutions that ideally complement the existing product line.

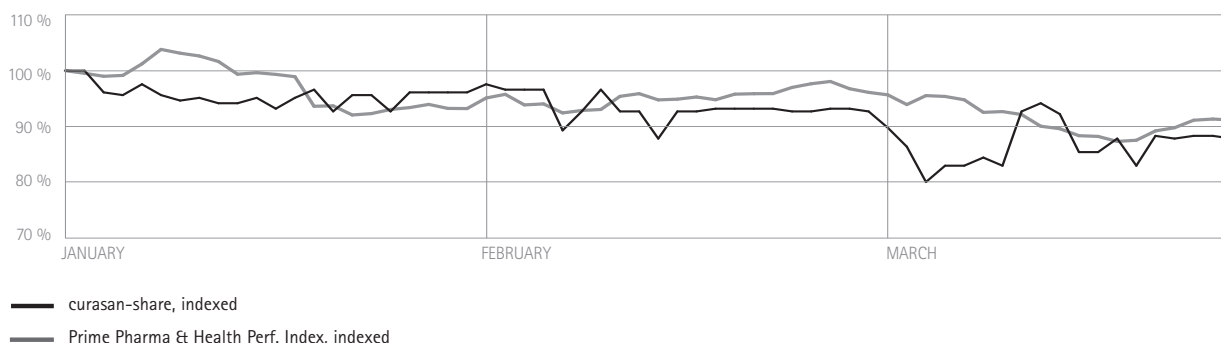
On 29 April the analysts' conference took place in Frankfurt am Main as part of Stock Day Spring. The curasan Management Board presented the previous year's figures to an audience of around 35 interested journalists and analysts. The Board provided a clear outline of how curasan AG has successfully refocused its activities on dental surgery and implantology. The use of application-oriented marketing and focussed distribution makes curasan AG an expert partner for third parties in this market.

We would like to take this opportunity to express our gratitude to our employees, our customers and our shareholders. Your trust is the foundation upon which our activities are built.

curasan AG,
The Management Board

Kleinostheim, May 2008

CURASAN SHARE PERFORMANCE



OUR SHARES

The Prime Pharma and Health Performance Index, which covers all pharmaceutical and healthcare companies listed in the Prime Standard segment, continued to be affected by the worldwide financial crisis in the first quarter of 2008, losing around nine per cent of its value. Shares in curasan mirrored the trend of the index. The share price fluctuated between €1.64 and €2.05 in the first quarter of 2008. Having reached a low on 5 March, there was strong demand for shares at the end of the quarter when curasan AG signed the sales agreement with the US company Osteogenics Biomedical, Inc. This agreement gives curasan AG the distribution rights for a strong product package which is expected to form an essentially high level of revenue growth planned. The share price was €1.80 at the end of the quarter.

SALES BY THE PRODUCT DIVISIONS

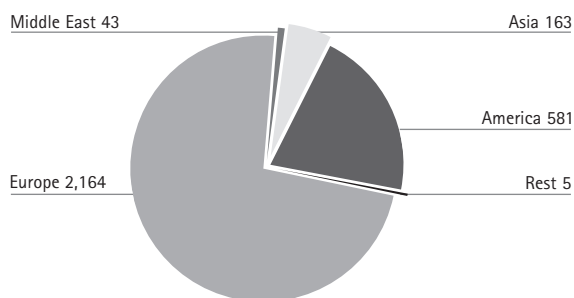
Compared with the same period a year ago, revenue within the Group increased by 13 per cent. This increase in revenue was attributable to the Biomaterials segment.

The revenue increases in the first quarter of 2008 are primarily due to double-digit revenue growth in exports. The marketing of the company's proprietary product, Curavisc®, which is used for the treatment of osteoarthritis, also contributed to the increase in revenue. curasan AG's exports totalled €1.2 million as of March. This figure accounts for 41 per cent of total revenue (previous year: 25 per cent).

External revenue generated by our subsidiary in the USA was significantly higher than in the same period a year

ago (+39 per cent), and curasan Benelux also recorded significant revenue growth (+168 per cent). Overall, revenue within the curasan Group continued to be generated mainly in Germany and Europe.

Group revenue by region (€ thousand)



Segment reporting reveals a strong emphasis on Bio-materials. This segment comprises medical products mainly within the area of bone replacement (Cerasorb®) and membranes, hyaluronic acid (Curavisc®), haemostasis (stypro®) and dental implants (REVOIS®).

The segment designated as Pharmaceuticals primarily comprises the product Mitem®, a drug which is used for the treatment of superficial bladder carcinoma. It is marketed by Schwarz Pharma AG/UCB.

The year-on-year changes include higher segment revenue (see "Sales by the product divisions"), a positive segment result for the first time and lower segment assets as a result of the fall in receivables from Delta Select.

Segment liabilities increased, primarily as a result of the increase in short-term loans and short-term provisions (in particular provisions for impending losses relating to the shutdown of production at Pro-tec GmbH).

Quarterly segment reporting

(€ 000)	Pharma	Bio	N.A.	Total	Domestic	Foreign	N/A
Segment revenue							
2008	630	2,659	0	3,289	2,000	1,289	0
2007	545	2,063	0	2,608	1,990	618	0
Segment result							
2008	(98)	279	(71)	110	337	(156)	(71)
2007	(152)	(133)	(87)	(372)	(102)	(183)	(87)
Segment assets							
2008	780	8,162	0	8,942	6,299	2,643	0
2007	928	9,182	0	10,110	7,302	2,808	0
Segment liabilities							
2008	958	5,014	0	5,972	4,168	1,804	0
2007	656	3,128	0	3,784	2,827	957	0
Segment capital expenditure							
2008	0	0	0	0	0	0	0
2007	0	0	0	0	0	0	0
Segment depreciation and amortisation							
2008	0	165	0	165	165	0	0
2007	0	164	0	164	164	0	0

INCOME STATEMENT

Sales revenue amounted to €2.9 million in the first three months. Compared with sales revenue of €2.6 million for the same period a year ago, this corresponds to an increase of 13 per cent.

Other operating income increased slightly on the previous year by €20,000 to €36,000.

Stock levels of goods increased by €297,000 year on year (prev. year: inventory reduction of €27,000). The sales input at Group level amounted to €1.2 million. In relation to sales revenue, this corresponds to 41 per cent. The increase in the cost of sales compared to the previous year is primarily due to a lower-margin product mix – resulting from increases in exports – in the reporting quarter.

Compared with the previous year, the headcount fell by 13 members of staff (full-time basis). This was primarily due to the shutdown of production at Pro-tec GmbH. Reductions in the number of people employed in other functional areas were achieved by means of natural staff fluctuations.

Employees (full-time)	31 Mar. 08	31 Dec. 07	31 Mar. 07
Marketing/sales	34	32	35
Operations	13	18	20
Research/regulatory affairs	4	4	5
Finance/controllers	3	3	5
Administration	3	4	5
Total	57	61	70

Depreciation and amortisation expense relating to property, plant and equipment as well as intangible assets and goodwill remained the same as in the previous year.

Compared with the same period a year ago, other operating expenses fell by €236,000 as a result of strict cost management.

At €110,000, earnings before interest and taxes (EBIT) were positive for the first time. Having accounted for interest expenditure and deferred taxes, the net profit for the quarter was €73,000 (previous year: - €428,000).

CONSOLIDATED INCOME STATEMENT (IAS)

(€ 000)	Quarter	Quarter
	1 Jan.– 31 Mar. 08	1 Jan.– 31 Mar. 07
Sales revenues	2,956	2,619
Other operating income	36	16
Changes in inventories of finished goods and work in progress	297	(27)
Own work capitalised	0	0
Cost of materials and services purchased	1,218	725
Staff costs	968	1,027
Depreciation and amortisation of property, plant and equipment and intangible assets	165	164
Other operating expenses	828	1,064
Operating result	110	(372)
Interest income and expenditure	(35)	(21)
Other financial income and expenditure	0	0
Result before taxes	75	(393)
Income taxes	(2)	(35)
Net profit/loss for the period	73	(428)
Earnings/loss per share (IAS)	0.01	(0.07)
Earnings/loss per share (DVFA/SG)	0.01	(0.07)
Average number of shares (IAS)	6,775	6,092
Cash earnings per share (DVFA)	0.08	(0.04)

RESEARCH, DEVELOPMENT AND REGULATORY AFFAIRS

In the first quarter, further publications on successful Cerasorb® studies and the observational study for the hyaluronic acid product Curavisc® – which documented the high degree of effectiveness and tolerance among 525 patients with osteoarthritis – appeared in international professional journals. The publication of such studies forms an excellent basis for increased international measures with Curavisc®.

We achieved further successes with our ongoing regulatory activities all over the world and obtained approvals for Cerasorb® in Brazil and Taiwan.

With regard to our development products, preliminary talks were held in relation to in vivo studies which are expected to begin in the second and third quarter.

A Federal Ministry of Economics-funded project to develop a flexible augmentation material together with a public research institute over three years was approved in January. This should support the further expansion of the product line. Having successfully set up prototype production, we are pressing ahead with documentation for three new products for bone regeneration. We expect to have at least one of these products at the registration phase by year-end.

BALANCE SHEET AND CASH FLOW

The balance sheet total grew by €1 million to €9.5 million in the reporting quarter. This is essentially due to increases in trade accounts receivable of € 0.5 million and increases in inventories of €0.6 million on the assets side. The increases in receivables are the result of the business expansion, primarily in exports where the time allowed for payment is usually longer. The increase in inventories is due to stockpiling of REVOIS® for the market launch in the USA and the transition to external production of stypro®.

There was a slight increase in the curasan Group's equity due to the positive quarterly result.

The liabilities side is characterised by an increase in trade accounts payable (€0.1 million) and an increase in provisions (€ 0.2 million). The provisions include reserves for impending losses relating to the shutdown of production at Pro-tec GmbH.

Cash flow from operating activities improved by €0.7 million compared with the previous year. Along with the presence of a net profit, the change in working capital (inventories, trade accounts receivable and payable) made a positive contribution to this figure.

At the end of the period, cash and cash equivalents totalled €0.5 million, a decline of €0.2 million compared with the beginning of the reporting period. We expect to meet our revenue and results targets while the restructuring measures should take effect and ensure sufficient liquidity.



CONSOLIDATED BALANCE SHEET (IAS)

(€ 000)	31 Mar. 08	31 Dec. 07
ASSETS		
Current assets		
Cash and cash equivalents	470	684
Marketable securities	0	0
Trade accounts receivable	1,405	859
Inventories	2,404	1,783
Prepaid expenses and other current assets	54	420
Total current assets	4,333	3,746
Property, plant and equipment	1,442	1,430
Intangible assets	3,021	3,086
Goodwill	0	0
Deferred taxes	165	129
Other assets	616	136
Total assets	9,577	8,527
EQUITY AND LIABILITIES		
Current liabilities		
Short-term loans	1,961	1,952
Trade accounts payable	1,622	1,473
Provisions	1,309	1,133
Other current liabilities	1,080	810
Total current liabilities	5,972	5,368
Long-term loans	0	0
Pension provisions	509	210
Other non-current liabilities	0	0
Equity		
Subscribed capital	6,775	6,775
Capital reserves	22,143	22,099
Translation reserve	(32)	(62)
Accumulated losses brought forward	(25,863)	(21,771)
Net profit/loss for the period	73	(4,092)
Total equity	3,096	2,949
Total equity and liabilities	9,577	8,527

CASH FLOW STATEMENT

(€ 000)	1 Jan.–	1 Jan.–
	31 Mar. 08	31 Mar. 07
Net profit/loss for the period	73	(428)
Depreciation and amortisation of fixed assets	165	164
Write-downs of current assets	0	0
Non-cash items (deferred taxes)	2	35
Increase in long-term provisions	299	15
Proceeds from the disposal of fixed assets	0	0
Increase/decrease in inventories, trade accounts receivable and other assets	(1,275)	(318)
Increase/decrease in trade accounts payable and other liabilities	625	(258)
Cash flow from operating activities	(111)	(790)
Payments for investments in fixed assets	(112)	(85)
Cash flow from investing activities	(112)	(85)
Proceeds from increases in equity	0	1,193
Proceeds from/payments for bonds and loans/repayment of bonds and loans	9	(1,035)
Cash flow from financing activities	9	158
Net change in cash and cash equivalents	(214)	(717)
Other changes in cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the period	684	1,143
Cash and cash equivalents at the end of the period	470	426

DIRECTORS' HOLDINGS

(in thousands)	Name	Position	Stock		Stock 31. Mar. 07
			31. Mar. 08	Change	
	Hans-Dieter Rössler	Chairman of the Management Board	2,232	0	2,232
	Dr Detlef Wilke	Chairman of the Supervisory Board	12	0	12

STATEMENT OF EQUITY

Shareholders' Equity (€ million)	Share Capital	Reserves	Acc. losses	Total
Balance at 1 Jan. 08	6.775	22.099	(25.925)	2.949
Change	0.000	0.012	0.135	0.147
Balance at 31 Mar. 08	6.775	22.111	(25.790)	3.096
Balance at 31 Mar. 07	6.775	22.099	(22.241)	6.633

 OUTLOOK

curasan AG aims to continue growing in the coming quarters.

The Q2 nationwide workshops offered as part of the curasan training programme for dentists and implantologists engaged in surgery have met with great interest and are largely booked up already. These information and training events have proven to be a good platform for creating new and sustainable customer relationships in the past and should contribute towards revenue growth.

The ongoing negotiations on the sale of the product Mitem® are expected to be brought to a successful conclusion during the second quarter, thereby noticeably improving the liquidity position.

The Annual General Meeting will take place on 26 June 2008. Once again, the Supervisory Board and the Management Board look forward to meeting shareholders at Aschaffenburg community hall at Johannisburg Castle.

As usual, the official invitation with the detailed agenda will be forwarded on request via the bank responsible for managing your securities account.

The interim report for the first half will be published on 12 August 2008.

 FINANCIAL CALENDAR

26 Jun. 08	Annual General Meeting
12 Aug. 08	Q2 interim report published
12 Nov. 08	Q3 interim report published

 IMPRINT

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