

Interim Report 3rd Quarter 2007
For the period from 1 January to 30 September 2007

 CONSOLIDATED GROUP

curasan AG, D-Kleinostheim	Parent Company
curasan Benelux BV, NL-Veenendaal	100 % Sales
curasan Inc., US-Raleigh	100 % Sales
Pro-tec Medizinische Produkte GmbH, D-Kleinostheim	100 % R&D / Manufacturing

 SHARE DATA

WKN / ISIN / Symbol	549 453 / DE 000 549 453 8 / CUR
Type of stock	No-par-value common stock
Share volume	6.775 million
Free float	67.06 %
Closing price 2.1.07 /	Euro 2.96 /
Closing price 28.9.07 (Xetra)	Euro 1.95
High closing price /	Euro 2.96 /
Low closing price (Xetra)	Euro 1.48
Trading volume Xetra and Frankfurt (2.10.06-28.9.07)	Euro 7.22 million
Market capitalisation as at 28.9.07	Euro 13.21 million
Free float factor acc. to Deutsche Börse AG	0.6706
Free float market capitalisation as at 28.9.07	Euro 8.86 million

 KEY FIGURES

(€ million)	1.1.-30.9.07	1.1.-30.9.06	Change
Sales	7.43	6.23	19 %
- Biomaterials	6.26	5.05	24 %
- Pharmaceuticals	1.17	1.18	(1 %)
EBIT	(2.20)	(2.53)	13 %
Cash Flow	(0.32)	(2.04)	84 %
Employees (absolute)	77	76	1 %

 DEAR SHAREHOLDERS, BUSINESS ASSOCIATES
AND STAFF,

Our third quarterly report for the 2007 financial year outlines the business performance of curasan AG for the period from January to the end of September 2007.

The favourable revenue trend witnessed over the course of the first six months was further cemented during the third quarter. Indeed, compared with the same period a year ago, sales revenue increased by 19 per cent in the first nine months of 2007. Revenue growth was driven by our core business, Biomaterials.

From 14 to 16 June we presented Curavisc® and Cerasorb® at the Orthopaedics Congress in Vienna for the first time. Despite the summer heat, attendance at the Congress Centre of the Hofburg Imperial Palace was good, which gave us a chance to strengthen and extend our customer relations.

Similarly, the public "Gesundheitstag" event initiated by our company and hosted at Stadthalle Aschaffenburg on 21 July proved to be a great success. The rationale behind the company-organised Health Care Day was to generate additional demand for our products and raise public awareness of our company throughout the region. Medical practitioners and health care professionals visiting the event showed interest in our product portfolio.

As a Gold Sponsor, curasan AG also played an active part in the 4th International Annual Conference of the DGOI (Deutsche Gesellschaft für Orale Implantologie – German Society for Oral Implantology), which was held at the Congress Centre Frankfurt from 27 to 29 September. According to figures published by the organisers, some 500 participants registered for the conference, which included a wide range of presentations. The workshop sponsored by curasan focused on augmentation methods used in preparation for the insertion of dental implants.

We would like to express our gratitude to our shareholders, business associates and employees for the trust placed in us.

curasan AG, The Management Board
Kleinostheim, November 2007

CURASAN SHARE PERFORMANCE



OUR SHARES

The Prime Pharma and Health Performance Index, which covers all pharmaceutical and health care companies listed in the Prime Standard, began the year on a strong footing but was unable to maintain its forward momentum over the course of the third quarter. Towards the end of July, both the index and curasan shares became entangled in the all-enveloping subprime crisis. The problems witnessed within the US subprime mortgage industry had a severe impact on confidence levels among market participants in general, thus precipitating a far-reaching sell-off of stock in all sectors. As a result, the index was unable to regain its footing over the entire course of the third quarter. Shares in curasan fluctuated between EUR 1.48 and EUR 2.50 during this period. Having said that, more recently the company's stock has been mirroring the upward trend witnessed since the end of September.

SALES OF THE PRODUCT DIVISIONS

In the first nine months of 2007, Group sales revenue increased by 19 per cent compared with the same period a year ago. Growth was attributable solely to Biomaterials, which includes Cerasorb® as well as REVOIS®.

The increase in revenue generated with Cerasorb® was particularly prominent in curasan's domestic market and in the United States. Within the area of membranes the next generation of Epi-Guide® proved very successful, generating a disproportionately high level of growth. Revenue achieved with REVOIS® continued to develop well in the period under review. As anticipated, revenue generated with Mitem® was comparable to last year's figure. On this basis, domestic revenue growth achieved by curasan AG stood at 8 per cent.

Revenue attributable to the Epi-Guide® membrane was propelled upwards by a significant margin in curasan's non-domestic markets. Likewise, global business associated with REVOIS® continued to move

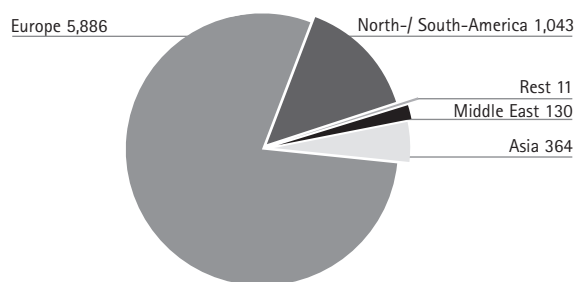
forward in the period under review. Overall, international business driven by curasan AG rose by 20 per cent compared with the same period a year ago.

Our targets have yet to be met when it comes to sales revenues generated with REVOIS®. However, we remain confident that we will reach our goals in the future, supported by the international registrations we hope to secure within this area and a solid standing on our domestic market.

External sales generated by our subsidiary in the US were significantly higher than in the same period a year ago (+ 125 per cent), and curasan Benelux also recorded solid revenue growth (+ 20 per cent). Overall, revenues within the curasan Group continued to be generated mainly in Germany and Europe.

As at September 30, 2007, exports at curasan AG stood at 33 per cent, which corresponds to a year-on-year increase of one percentage point.

Sales per Region (€'000)



curasan operates within the Biomaterials and Pharmaceuticals business segments. The segment designated as Pharmaceuticals relates principally to the product Mitem®. All other products are included in the Biomaterials segment. As a matter of course, segment information is based on the same principles of presentation and accounting policies as those applied to the consolidated financial statements. Segment revenue encompasses sales revenues, other operating income and changes in inventories of finished goods and work in progress, while segment profit or loss comprises the operating result.

Segment reporting (period)

(€'000)	Pharma	Bio	N.A.	Total	Germany	Abroad	N.A.
Segment revenues							
2007	362	1,794	0	2,156	1,397	759	0
2006	532	1,522	0	2,054	1,591	463	0
Segment results							
2007	(48)	(633)	(120)	(801)	(365)	(316)	(120)
2006	(236)	(546)	(79)	(861)	(474)	(308)	(79)
Segment investments							
2007	0	3	0	3	3	0	0
2006	0	158	0	158	158	0	0
Segment depreciation							
2007	0	155	0	155	155	0	0
2006	0	159	0	159	159	0	0

Segment reporting (year)

(€'000)	Pharma	Bio	N.A.	Total	Germany	Abroad	N.A.
Segment revenues							
2007	1,513	5,916	0	7,429	5,229	2,200	0
2006	1,495	4,491	0	5,986	4,565	1,421	0
Segment results							
2007	(419)	(1,458)	(328)	(2,205)	(987)	(890)	(328)
2006	(776)	(1,449)	(307)	(2,532)	(1,283)	(942)	(307)
Segment investments							
2007	0	12	0	12	12	0	0
2006	0	11	0	11	11	0	0
Segment depreciation							
2007	0	485	0	485	485	0	0
2006	0	455	0	455	455	0	0
Segment assets							
2007	754	8,170	0	8,924	5,878	3,046	0
2006	1,018	8,387	0	9,405	6,452	2,953	0
Segment liabilities							
2007	996	3,905	0	4,901	3,445	1,456	0
2006	886	3,189	0	4,075	2,952	1,123	0

The unallocated segment result (N.A.) is attributable to administration costs.

Segment reporting for the period under review reveals a strong emphasis on Biomaterials. Year-on-year changes relate to higher segment revenue due to growth in sales revenue, which ultimately translated into an improved segment result.

RESEARCH, DEVELOPMENT AND REGULATORY AFFAIRS

Ongoing development projects progressed in line with our targets during the period under review. A pilot production programme for highly porous structures relating to the third and fourth generation of bone regeneration materials is now in place, which will provide us with material for the purpose of trials and clinical deployment.

We also made significant progress in R&D work on a new type of the company's highly successful Cerasorb® product, to be supplied as a paste. The results of initial in vivo experiments point to a more pronounced level of cell activity, in combination with an outstanding rate of resorption, thus underlining the great potential of this product as a high-performance biomaterial.

Production documentation is currently being prepared for three development projects. In the coming year, we plan to channel investments into a range of projects, the objective being to evolve newly developed solutions into medical products to be manufactured on a sustainable basis.

Several of our external research partners associated with development units and clinics have registered as

guest speakers at the World Biomaterials Congress, which takes place in Amsterdam early next year. These presentations will be centred around our development projects.

INCOME STATEMENT

In the first nine months of the financial year, sales revenues totalled EUR 7.4 million (prev. year: EUR 6.2 million). Other operating income amounted to EUR 8 thousand. Compared with the same period a year ago, stock levels of internally produced goods were scaled back by EUR 13 thousand (prev. year: inventory reduction by EUR 387 thousand).

The cost of sales at Group level amounted to EUR 2.9 million. In relation to revenue, this corresponds to 39.5 per cent (prev. year: 38.1 per cent).

Compared with 30 September 2006, the headcount at the end of the period under review rose by 2 to 70 members of staff (full-time basis). By contrast, this represents a reduction in staffing levels by 6 employees compared with the first half of 2007. The decline in the number of people employed within the company was attributable mainly to natural staff fluctuation. In this case, the vacant positions will not be filled in the foreseeable future. At present, staff costs remain EUR 0.4 million above last year's figure. However, by the end of the financial year this expense item is expected to recede to the level recorded a year ago.

Full-Time Employees	30.9.07	31.12.06	30.9.06
Marketing / Sales	35	34	34
Operations	20	19	19
Research / Registration	5	5	5
Finance / Controlling	5	5	5
Central Division	5	5	5
Total	70	68	68

Depreciation and amortisation expense relating to property, plant and equipment as well as intangible assets and goodwill increased slightly in the period under review due to additional write-downs of intangible assets.

Compared with the same period a year ago, other operating expense rose by EUR 0.1 million. This increase is mainly due to front-end costs associated with the market launch of REVOIS®; in addition, we had to pay legal fees for proceedings against former sales partners in the US.

The loss before interest and taxes (negative EBIT) amounted to EUR 2.2 million (prev. year: EUR 2.5 million). Having accounted for interest expense and deferred taxes, the net loss for the period was EUR 2.3 million (prev. year: EUR 2.6 million).

CONSOLIDATED INCOME STATEMENT (IAS / IFRS)

(€'000)	Quarter 1.7. – 30.9.07	Quarter 1.7. – 30.9.06	Acc. 1.1. – 30.9.07	Acc. 1.1. – 30.9.06
Revenues	2,232	2,128	7,434	6,238
Other operating income	(97)	34	8	135
Changes in inv. of finished goods and work in progress	21	(108)	(13)	(387)
Work performed by the enterprise and capitalised	0	0	0	0
Cost of materials / services purchased	1,085	838	2,936	2,377
Personnel expenses	1,109	952	3,342	2,888
Depreciation and amortization	155	159	485	455
Other operating expenses	608	966	2,871	2,798
Operating income / loss	(801)	(861)	(2,205)	(2,532)
Interest income and expenditure	(35)	(12)	(84)	(28)
Other income / expenses	0	0	0	0
Result before taxes	(836)	(873)	(2,289)	(2,560)
Income tax	5	0	(36)	(34)
Net income / loss	(831)	(873)	(2,325)	(2,594)
Earning per share (IAS)	(0.13)	(0.15)	(0.36)	(0.45)
Earning per share (DVFA/SG)	(0.13)	(0.15)	(0.36)	(0.45)
Average number of shares	6,433	5,750	6,433	5,750
Cash Earnings per share (DVFA)	(0.10)	(0.13)	(0.27)	(0.37)

BALANCE SHEET AND CASH FLOW

The increase in cash and cash equivalents compared with the second quarter of 2007 is attributable to the early settlement of the purchase consideration receivable from Delta Select. In parallel, we recorded a decline in other assets. Compared with the year-end of 2006, cash and cash equivalents declined over the course of the first nine months, prompted among other factors by the below-par operating result and the initial outlays associated with the REVOIS® launch.

Trade receivables increased slightly. By contrast, inventory levels were downsized in the first nine months.

At EUR 4.2 million, current assets are comparable to the company's current liabilities of EUR 4.4 million. Intangible assets are slightly lower than in the same period a year ago.

The rise in trade payables is attributable among other factors to one-off licence and patent costs for a new generation of bone regeneration material.

At the end of the period, cash and cash equivalents totalled EUR 0.8 million, a decline of EUR 0.3 million compared with the beginning of the reporting period. To date, preliminary outlays connected with inventories as well as expenditure on pre-marketing for REVOIS® have resulted in an outflow of cash. This phase has now been concluded, and the company will record an inflow of cash as revenues from REVOIS® become more buoyant.



CONSOLIDATED BALANCE SHEET (IAS / IFRS)

(€'000)	30.9.07	31.12.06
ASSETS		
Current assets		
Cash and cash equivalents	821	1,143
Securities held as current assets	0	0
Trade accounts receivable	1,277	965
Inventories	2,085	2,283
Prepaid expenses and other current assets	44	918
Total current assets	4,227	5,309
Property, plant and equipment	1,520	1,593
Intangible assets	3,314	3,638
Goodwill	0	0
Deferred taxes	168	165
Other assets	684	550
Total assets	9,913	11,255
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	1,102	1,487
Trade accounts payable	2,211	1,248
Accrued expenses	512	502
Other current liabilities	576	1,878
Total Short-term liabilities	4,401	5,115
Long-term debt	500	572
Pension accrual	313	263
Other non-current liabilities	0	544
Shareholders' equity		
Share capital	6,775	5,750
Additional paid in capital	22,099	20,803
Adjustment item currency differences	(79)	(21)
Profit / loss carried forward	(21,771)	(17,471)
Annual result	(2,325)	(4,300)
Total shareholders' equity	4,699	4,761
Total liabilities and shareholders' equity	9,913	11,255

STATEMENT OF CASH FLOW (IAS / IFRS)

(€'000)	1.1. – 30.9.07	1.1. – 30.9.06
Net income / loss	(2,325)	(2,594)
Depreciation of fixed assets	485	455
Unscheduled depreciation of current assets	0	0
Payment invalid assets (deferred taxes)	36	34
Increase in long-term accruals	50	(15)
Proceeds from fixed asset disposals	0	0
Increase / Decrease in inventories, receivables and other assets	760	449
Increase / Decrease in accounts payable and other liabilities	355	(650)
Cash Flow from operating activities	(639)	(2,321)
Expenditure in investments in fixed assets	(313)	(134)
Investments from sale of business unit	(134)	(380)
Cash Flow from investing activities	(447)	(514)
Investments from increase in equity capital	1,221	0
Investments / proceeds from the negotiation / liquidation of bonds and debts	(457)	789
Cash Flow from financing activities	764	789
Change in cash and cash equivalents	(322)	(2,046)
Other changes in cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the period	1,143	3,405
Cash and cash equivalents at the end of the period	821	1,359

DIRECTORS' HOLDINGS

i. Thsd.				
Name	Position	Stock	Change since 31.12.06	
Hans-Dieter Rössler	Chairman of the Executive Board	2,215	88	2,127
Dr. Detlef Wilke	Chairman of Supervisory Board	12	-	0



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' Equity (€ million)	Share Capital	Reserves	Currency translation reserve	Acc. Deficit	Net profit for the year	Total
Status as at 1.1.07	5.750	20.803	(0.021)	(21.771)	0.000	4.761
Acc. net profit / loss	1.025	1.296	(0.058)	0.000	(2.325)	(0.062)
Status as at 30.9.07	6.775	22.099	(0.079)	(21.771)	(2.325)	4.699
Status as at 1.1.06	5.750	20.803	0.005	(17.471)	0.000	9.087
Acc. net profit / loss	0.000	0.000	(0.026)	0.018	(2.594)	(2.602)
Status as at 30.9.06	5.750	20.803	(0.021)	(17.453)	(2.594)	6.485

 OUTLOOK

As part of a decisive cost management programme, warehouse administration and order picking at our Kleinostheim facility will be outsourced to an external service provider effective from the fourth quarter. By relocating staff responsible for order processing from the warehouse building to our head office premises, we will be able to close an entire operating site, thus producing tangible savings in this area.

In addition, we intend to discontinue our own production of the haemostatic sponge stypro®, currently performed by Pro-Tec Medizinische Produkte GmbH in Freilassing, at the end of the year and source this product from a contract manufacturer.

The aforementioned measures to be initiated in the fourth quarter of the current financial year are expected to produce cost savings that will in turn have a positive impact on earnings performance.

The final quarter of the financial year will see the launch of various road shows aimed at supporting our marketing efforts for the REVOIS® implant system on a national scale. We will also be organising two 2-day seminars with live surgery broadcasts. Additionally, curasan AG will be taking part in the annual conference of the BDIZ-EDI (Bundesverband der implantologisch tätigen Zahnärzte in Europa e.V. – European Association of Dental Implantologists) in Berlin.

Our annual report for the 2007 financial year will be published at the end of March 2008.

 FINANCIAL CALENDAR

March 2008	Annual Report 2007
May 2008	Publication of Q1 Report
June 2008	General Meeting of Shareholders
August 2008	Publication of Q2 Report
November 2008	Publication of Q3 Report

 IMPRINT

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