Interim Report 2nd Quarter 2007

For the period from 1 January to 30 June 2007

curasan

Regenerative Medicine

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	67.30 %
Closing price 2.1.07 / Closing price 29.6.07 (Xetra)	Euro 2.96 / Euro 2.49
High closing price / Low closing price (Xetra)	Euro 2.96 / Euro 2.18
Trading volume Xetra and Frankfurt (3.7.06-29.6.07)	Euro 6.88 million
Market capitalisation as at 29.6.07	Euro 16.86 million
Free float factor acc. to Deutsche Börse AG	0.6730
Free float market capitalisation as at 29.6.07	Euro 11.35 million

KEY FIGURES

(€ million)	1.1.-30.6.07	1.1.-30.6.06	Change
Sales	5.20	4.11	26.5 %
– Biomaterials	4.33	3.34	29.6 %
– Pharmaceuticals	0.87	0.77	13.0 %
EBIT	(1.40)	(1.67)	16.2 %
Cash Flow	(0.97)	(1.93)	49.7 %
Employees (absolute)	85	77	10.4 %

DEAR SHAREHOLDERS, BUSINESS ASSOCIATES AND STAFF,

Our second quarterly report for the 2007 financial year outlines the performance of curasan AG and its subsidiary companies for the period from January to the end of June 2007.

In the first six months, revenue increased by 27 per cent compared with the same period a year ago. Both the Biomaterials and the Pharmaceuticals segment contributed to this growth.

In June, we had the pleasure of meeting some of you at our 7th General Meeting of Shareholders in Aschaffenburg. All proposed resolutions on the agenda were adopted with majority votes. The voting results have been published on our website, within the Investors Relations / AGM section. Mr. Hans-Günter Niederehe, who left the Supervisory Board having reached the stipulated retiring age, was replaced by Mr. Richard F. Chambers. Mr. Chambers is a management consultant and can draw on many years of experience within the life science sector.

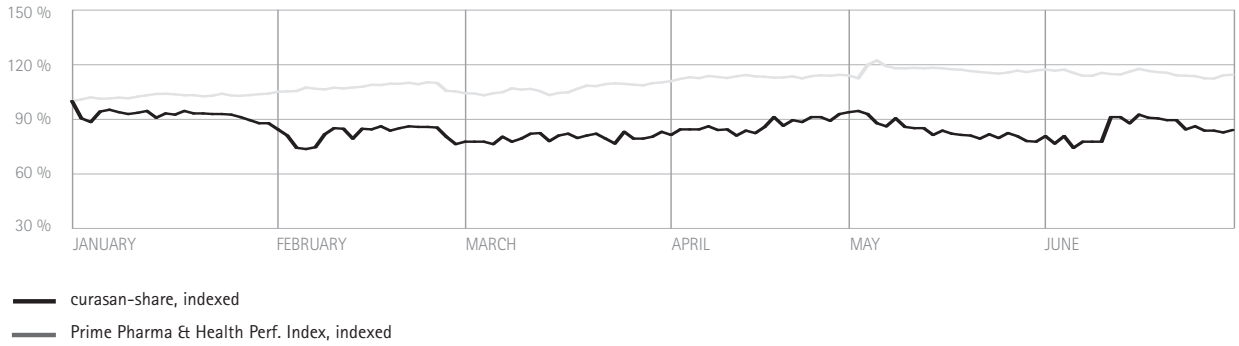
In June, curasan AG was granted Food and Drug Administration (FDA) certification for its dental implant system REVOIS®, as a result of which this product may now be marketed in the United States. What is more, market rollout can be implemented earlier than originally anticipated – in time for the ICOI World Congress in San Francisco at the end of August 2007.

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, July 2007

CURASAN SHARE PERFORMANCE



OUR SHARES

Having made substantial gains in the first quarter, the Prime Pharma and Health Performance Index, which includes all pharmaceutical and healthcare companies listed in the Prime Standard, performed sluggishly over the course of the second quarter. By contrast, curasan shares had to contend with a significant weakening in the first three months, followed by gains of 3.3 per cent in the course of the second quarter. Between the beginning of April and the end of June the company's share price fluctuated between EUR 2.20 and EUR 2.80. Demand for curasan stock was particularly buoyant in mid-June, prompted by the FDA's certification of the company's REVOIS® implant system for sale in the United States.

SALES OF THE PRODUCT DIVISIONS

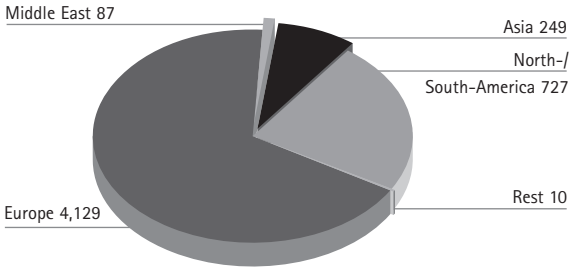
Consolidated revenue for the first six months of 2007 rose by 27 per cent compared with the same period a year ago. Growth was driven by both the Biomaterials (including Cerasorb®) and the Pharmceuticals segment.

In Germany, revenue growth achieved with Cerasorb® was accelerated in particular by sales to medical practitioners. Within this context, Cerasorb®M recorded the most significant growth rates. Within the area of membranes the next generation of Epi-Guide® proved particularly successful, generating a disproportionately high level of growth. Revenue achieved with REVOIS® continued to develop well in the period under review. Demand for Mitem® was also propelled upwards during the second quarter. Overall, domestic sales revenue generated by curasan AG rose by 20 per cent compared with the same period a year ago.

Within the international arena, revenue attributable to Cerasorb® fell short of the previous year's figure. By contrast, the Epi-Guide® membrane generated significant growth abroad. Additionally, international sales activities relating to REVOIS® have been developing favourably, irrespective of the fact that official certifications are still pending in some countries. Although our targets have not been met fully within this area, we remain confident that we can make up ground in the second half of the year. Overall, international business driven by curasan AG rose by 17 per cent compared with the same period a year ago.

As at June 30, 2007, exports at curasan AG stood at 30 per cent, which corresponds to a year-on-year increase of 3 per cent.

Sales per Region (€'000)



External sales generated by the subsidiary in the United States were significantly higher (+ 153 per cent) than in the same period a year ago, while those attributable to curasan Benelux edged up slightly (+ 3 per cent) year on year. Overall, revenues within the curasan Group continued to be generated mainly in Germany and Europe.

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

Segment reporting (period)

(€'000)	Pharma	Bio	N.A.	Total	Germany	Abroad	N.A.
Segment revenues							
2007	606	2,059	0	2,665	1,842	823	0
2006	370	1,355	0	1,725	1,217	508	0
Segment results							
2007	(219)	(692)	(121)	(1,032)	(520)	(391)	(121)
2006	(361)	(770)	(141)	(1,272)	(684)	(447)	(141)
Segment investments							
2007	0	1	0	1	1	0	0
2006	0	5	0	5	5	0	0
Segment depriciation							
2007	0	166	0	166	166	0	0
2006	0	148	0	148	148	0	0

Segment reporting (year)

(€'000)	Pharma	Bio	N.A.	Total	Germany	Abroad	N.A.
Segment revenues							
2007	1,151	4,122	0	5,273	3,832	1,441	0
2006	963	2,969	0	3,932	2,974	958	0
Segment results							
2007	(371)	(825)	(208)	(1,404)	(622)	(574)	(208)
2006	(540)	(903)	(228)	(1,671)	(809)	(634)	(228)
Segment assets							
2007	972	8,902	0	9,874	6,732	3,142	0
2006	1,035	8,513	0	9,548	6,472	3,076	0
Segment liabilities							
2007	865	3,451	0	4,316	3,098	1,218	0
2006	723	2,735	0	3,458	2,470	988	0
Segment investments							
2007	0	4	0	4	4	0	0
2006	0	5	0	5	5	0	0
Segment depriciation							
2007	0	330	0	330	330	0	0
2006	0	296	0	296	296	0	0

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

progress, while segment profit or loss comprises the operating result.

Segment reporting for the first six months 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.

The increase in segment assets was attributable to the addition of intangible assets in the form of rights to REVOIS®; segment liabilities increased as a result of higher trade payables.

RESEARCH, DEVELOPMENT AND REGULATORY AFFAIRS

We saw a number of prototype projects through to fruition for a new generation of highly resorbable bone regeneration materials, as well as identifying suitable raw material suppliers within this area.

The results of initial in vivo experiments involving a product variant of Cerasorb® point to a significantly faster rate of resorption, together with considerable cellular activity, but without inducing adverse immunoreactions.

In April, curasan was granted approval for its 1 ml preparation Curavisc® mini, which was developed in particular for the treatment of smaller joints such as the vertebral joints. Thus, the range of application for this well-tolerated hyaluronic acid product has been further extended.

Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT (IAS / IFRS)

(€'000)	Quarter 1.4. – 30.6.07	Quarter 1.4. – 30.6.06	Acc. 1.1. – 30.6.07	Acc. 1.1. – 30.6.06
Revenues	2,583	1,964	5,202	4,110
Other operating income	89	(135)	105	101
Changes in inv. of finished goods and work in progress	(7)	(104)	(34)	(279)
Work performed by the enterprise and capitalised	0	0	0	0
Total output	2,665	1,725	5,273	3,932
Cost of materials / services purchased	1,126	872	1,851	1,539
Gross profit / loss	1,539	853	3,422	2,393
Personnel expenses	1,206	1,029	2,233	1,936
Depreciation and amortization	166	148	330	296
Other operating expenses	1,199	948	2,263	1,832
Operating income / loss	(1,032)	(1,272)	(1,404)	(1,671)
Interest income and expenditure	(28)	(12)	(49)	(16)
Other income / expenses	0	0	0	0
Result before taxes	(1,060)	(1,284)	(1,453)	(1,687)
Income tax	(6)	(32)	(41)	(34)
Net income / loss	(1,066)	(1,316)	(1,494)	(1,721)
Earning per share (IAS)	(0.17)	(0.23)	(0.24)	(0.30)
Earning per share (DVFA/SG)	(0.17)	(0.23)	(0.24)	(0.30)
Average number of shares (IAS)	6,263	5,750	6,263	5,750
Cash Earnings per share (DVFA)	(0.14)	(0.20)	(0.17)	(0.24)

INCOME STATEMENT

In the first six months of 2007, sales revenue totalled EUR 5.2 million (prev. year: EUR 4.1 million). At EUR 105 thousand, other operating income was comparable to the figure recorded last year. Compared with the same period a year ago, stock levels of internally produced goods were scaled back by EUR 34 thousand (prev. year: inventory reduction by EUR 279 thousand).

The cost of sales at Group level amounted to EUR 1.9 million. In relation to revenue, this corresponds to 35.6 per cent (prev. year: 37.4 per cent). The reduction in cost of sales was mainly due to a higher-margin product mix in the first half of the financial year.

Compared with the same period a year ago, the headcount rose by eight to 76 members of staff (full-time basis), which was also reflected in staff costs (+ EUR 297 thousand). Staff recruitment was prompted by sales and marketing activities for the launch of the REVOIS® implant system as well as sales operations directed by curasan Inc., USA. Some of the newly appointed staff members will be working on the development of biological products.

Full-Time Employees	30.6.07	31.12.06	31.6.06
Marketing / Sales	37	34	33
Operations	24	19	19
Research / Registration	5	5	6
Finance / Controlling	5	5	5
Central Division	5	5	5
Total	76	68	68

Depreciation and amortization expense relating to property, plant and equipment as well as intangible assets and goodwill increased in the period under review due to additional write-downs of intangible assets. Compared with the same period a year ago, other operating expenses rose by EUR 0.4 million. This was attributable mainly to consulting expenses and fees payable in connection with the increases in share capital. This item also included legal fees for proceedings against a former sales partner in the United States.

The loss before interest and taxes (negative EBIT) amounted to EUR 1.4 million (prev. year: EUR 1.7 million). Having accounted for interest expense and deferred taxes, the net loss for the period stands at EUR 1.5 million (prev. year: EUR 1.7 million).

Balance Sheet and Cash Flow

BALANCE SHEET AND CASH FLOW

The decline in cash and cash equivalents is to be seen in connection with the restated comparative information of the first half-year of 2006 and the associated reversed transaction relating to the factoring agreement. As a result, cash resources and, correspondingly, financial loans were scaled back by approx. EUR 1 million. The capital increase in March generated cash proceeds of EUR 1.2 million for the company.

The capital increase from Authorised Capital I was used as the purchase consideration for the rights to REVOIS®, resulting in a reduction in other current liabilities.

Trade receivables increased slightly. By contrast, inventories were scaled back slightly in the first six months.

At EUR 4.5 million, current assets are slightly higher than current liabilities, which now stand at EUR 3.9 million.

At the end of the period, cash and cash equivalents totalled EUR 0.2 million, a decline of EUR 1.0 million compared with the beginning of the reporting period.



CONSOLIDATED BALANCE SHEET (IAS / IFRS)

(€'000)	30.6.07	31.12.06
ASSETS		
Current assets		
Cash and cash equivalents	170	1,143
Securities held as current assets	0	0
Trade accounts receivable	1,115	965
Inventories	2,057	2,283
Prepaid expenses and other current assets	1,199	918
Total current assets	4,541	5,309
Property, plant and equipment	1,552	1,593
Intangible assets	3,401	3,638
Goodwill	0	0
Deferred taxes	153	165
Other assets	550	550
Total assets	10,197	11,255
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	1,292	1,487
Trade accounts payable	1,413	1,248
Accrued expenses	550	502
Other current liabilities	731	1,878
Total Short-term liabilities	3,986	5,115
Long-term debt	0	572
Pension accrual	293	263
Other non-current liabilities	330	544
Shareholders' equity		
Share capital	6,775	5,750
Additional paid in capital	22,099	20,803
Adjustment item currency differences	(21)	(21)
Profit / loss carried forward	(21,771)	(17,471)
Annual result	(1,494)	(4,300)
Total shareholders' equity	5,588	4,761
Total liabilities and shareholders' equity	10,197	11,255

STATEMENT OF CASH FLOW (IAS / IFRS)

(€'000)	1.1. – 30.6.07	1.1. – 30.6.06
Net income / loss	(1,494)	(1,721)
Depreciation of fixed assets	330	296
Unscheduled depreciation of current assets	0	0
Payment invalid assets (deferred taxes)	41	34
Increase in long-term accruals	30	10
Proceeds from fixed asset disposals	0	0
Increase / Decrease in inventories, receivables and other assets	(205)	79
Increase / Decrease in accounts payable and other liabilities	73	(968)
Cash Flow from operating activities	(1,225)	(2,270)
Expenditure in investments in fixed assets	(202)	(58)
Investments from sale of business unit	0	180
Cash Flow from investing activities	(202)	122
Investments from increase in equity capital	1,221	0
Investments / proceeds from the negotiation / liquidation of bonds and debts	(767)	215
Cash Flow from financing activities	454	215
Change in cash and cash equivalents	(973)	(1,933)
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	170	1.472

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	4.761
Acc. net profit / loss	1.025	1.296	0	0	(1.494)	0.827
Status as at 30.6.07	6.775	22.099	(0.021)	(21.771)	(1.494)	5.588
Status as at 1.1.2006	5.750	20.803	0.005	(17.471)	0	9.087
Acc. net profit / loss	0	0	(0.033)	0	(1.721)	(1.754)
Status as at 30.6.06	5.750	20.803	(0.028)	(17.471)	(1.721)	7.333

RISK REPORT

The net outflow of cash and cash equivalents will continue in the 2007 financial year. However, compared with the same period a year ago, the net change in cash and cash equivalents was reduced significantly in the period under review. We will initiate further measures aimed at reining back expenditure. In July, a loan was taken out to cover pre-financing of the outstanding purchase price receivable from our Pharmaceuticals sale. Furthermore, we expect to see a favourable outcome of arbitration proceedings in the US, producing an additional inflow of funds. Ongoing factoring of a large proportion of customer receivables is expected to protect the company against any significant bad debts.

Our most innovative recent development, a resorbable bone adhesive, has again produced a number of very positive results. What is more, we have already been in contact with a number of potential licensees who have shown an interest in this product. The preliminary stage of assessment is expected to be completed in autumn.

REVOIS® looks set to produce significant growth, generating our first revenue flows in the United States in the coming year. In combination with other measures, the revenue increases targeted within this area will help us to scale back the outflow of cash by a significant margin.

GENERAL INFORMATION

This interim report for the first half-year has been prepared in compliance with the International Financial Reporting Standards/International Accounting Standards (IFRS/IAS) promulgated by the International Accounting Standards Board (IASB).

The Management Board of curasan AG provides its assurance that the interim financial report, together with the management report for the period, gives a true and fair view of the current situation and that the interim management report includes a fair review of the principal opportunities and risks.

The interim financial report and management report for the period were not audited in accordance with Section 317 of the German Commercial Code (HGB), nor were they subject to any audit-based examination.

OUTLOOK

We intend to focus our marketing and sales activities more firmly on selected export markets. Having been granted US certification for REVOIS®, they can now be incorporated within an overall concept for the international arena.

On July 21, curasan AG, joined by several regional healthcare companies, hosted a Healthcare Open Day at Aschaffenburg Town Hall. The event was designed to provide first-hand information for the general public, covering a wide range of medical topics. It also highlighted the activities of innovative, high-performance companies that have been contributing to the economic growth of the region as a whole. curasan AG presented information material on dental implants, bone replacement and joint arthrosis.

We have also planned a number of Investor Relations events, as part of which we will be presenting our future aspirations to analysts and representatives of the business press.

The next quarterly report will be published on November 14, 2007.

IMPRINT

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