CURANUM

Good care has a home.

CURANUM AG, Munich

QUARTERLY REPORT FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2007

THE GROUP AT A GLANCE (IFRS)

mil.. €	Q1 - 2007	Q1 - 2006	yoy	2006
Sales	56.6	50.9	11.2%	215.7
Personnel costs	27.9	25.8	8.1%	106.9
Rental expenses	11.1	10.2	8.8%	42.4
EBITDA	8.1	7.4	9.5%	29.5
in % of Sales	14.3	14.5	-1.6%	13.7%
Depreciation	2.1	1.6	31.3%	6.8
EBIT	6.0	5.8	3.4%	22.8
in % of Sales	10.6	11.4	-7.0%	10.6%
Financial result	-2.0	-1.7	17.6%	-7.2
EBT	4.0	4.1	-2.4%	15.6
Net profit	2.4	2.6	-7.7%	9.3
EPS (€)	0.08	0.09	-7.7%	0.31
Cashflow	3.5	4.2	-16.7%	15.4
CPS (€)	0.12	0.14	-14.3%	0.52
Cash and cash equivalents	4.2	7.2	-41.7%	9.1
Shareholders' equity	41.4	39.7	4.3%	39.2
in % of balance sheet total	19.3	22.9	-15.8%	17.8%
Balance sheet total	214.9	173.5	23.9%	220.5
Employees	5,198	4,756	9.3%	4,883
Facilities	62	52	19.2%	61
Care places	7,330	6,520	12.4%	7,250
Assisted living apartments	900	693	29.9%	900

ECONOMY CONTINUES ON THE UP AND UP

The German economy continued to develop positively in the first quarter of 2007. The momentum slowed slightly compared with the previous year. Despite this, the equally anticipated decline in macroeconomic production did not occur. The dynamics of the upturn appeared to be sufficient to mitigate the fiscal dampening effects.

The economic revival in Germany has resulted in a significant improvement in conditions in the employment market. The number of unemployed fell below 4 million in the first quarter, and the unemployment rate at 9% was around 2% below the level a year ago. Private consumption fell slightly, as expected, as a result of accelerated purchasing effects and the increase in value added tax. The extent of the decline, however, lay below expectations, and private consumption expenditure is anticipated to recover again in the second quarter of the year.

FEDERAL LÄNDER SET THE PACE FOR DEREGULATION

Following the transfer of legislative responsibility for the Care Home Act (HeimG) to the Federal Länder as part of the reform of federalism, some Länder are now attempting to rapidly introduce a new Care Home Act that corresponds to their own ideas. The new regional care laws attempt increasingly to take the budgetary circumstances of the Länder into consideration, and to ease regulations that have existed to date.

For instance, it is intended that care centers in Hamburg will have more flexibility and scope for self-determination with respect to establishing investment costs. The Senate has submitted a new version of the regional care act (HmbLPG), in which care homes constructed without public subsidies are no longer required to seek official approval of their investment costs, thereby obligating themselves to fixed prices for all residents. The plan is to conclude only one agreement with the provider of social security benefits, which envisages granting income-dependent support on an individual basis to those in need of care. The unitary price for investment costs will also be discontinued, even if varying standards apply within a facility. If this submission is approved, it would represent a first step towards greater flexibility for facilities to offer differentiated price structures and services.

REVENUE RISES 11.2% IN THE FIRST QUARTER

Revenue in the first quarter of 2007 rose from € 50.9 million to € 56.6 million, representing an increase of 11.2%. The rise reflects the contribution made by the FAZIT Group, which was acquired in September 2006, and by the Seniorenresidenz Armbrustergasse in Vienna, which was consolidated for the first time in November. First-quarter revenue was in line with our expectations, although occupancy was approximately one percentage point lower than in the first quarter of the previous year.

We generated € 52.1 million or 92.1% of total revenue through the provision of inpatient care services and related services, 5.1% from the rental of managed apartments and outpatient care services, and 2.8% from other sources.

DEPRECIATION/AMORTIZATION AND INTEREST PAYMENTS PLACE A BURDEN ON EARNINGS

Personnel expenses in the first quarter of 2007 rose under-proportionally from € 25.8 million to € 27.9 million, representing an increase of 8.1%. Rental expenses also rose more slowly than revenue growth, increasing from € 10.2 million to € 11.1 million, equivalent to an increase of 8.8%.

Gross profit improved during the reporting period from € 9.1 million to € 9.8 million. The under-proportional increase of 8.2% resulted mainly from a higher level of amortization related to capitalized customer bases, higher depreciation on real estate, as well as the redemption component of additional finance leasing.

Earnings before interest, tax, depreciation and amortization (EBITDA) rose from € 7.4 million to € 8.1 million, corresponding to an increase of 9.5%. The EBITDA margin fell slightly as a consequence, and declined from 14.5% in the first quarter of 2006 to 14.3% in the first quarter of 2007. We are satisfied with the operating earnings we have achieved, given the lower level of occupancy, costs of integrating the FAZIT Group that have yet to be incurred, as well as the final conversion costs for the laundry, and particularly given the fact that the first quarter, in our experience, is slightly weaker than the three subsequent quarters. An additional factor is that the first quarter of 2006 was particularly strong.

The consolidations performed in the 2006 annual financial statements as well as the capitalization required by IFRS of customer bases purchased as part of corporate acquisitions, resulted in an above-average rate of increase in depreciation and amortization in the first quarter. These will reduce partially in the course of the financial year, since the amortization period for the customer bases is in part very brief, and there are also plans to dispose of real estate. Amortization and depreciation overall rose from € 1.6 million in 2006 to € 2.1 million in the first quarter of 2007, with the increase arising entirely from the above-described effects.

Growth in earnings before interest and tax (EBIT) was correspondingly less strong, with an increase from € 5.8 million to € 6.0 million. The EBIT margin fell from 11.4% in the first quarter of 2006 to 10.6% in the first quarter of 2007. The higher level of debt in the reporting period just passed resulted in an increase of interest expense from € 1.9 million to € 2.2 million. The net financial result reduced from € -1.7 million in the reporting period of the previous year to € -2.0 million in the first quarter of 2007. Earnings before tax fell to € 4.0 million (Q1 2006: € 4.1 million), and earnings after tax amounted to € 2.4 million (Q1 2006: € 2.6 million). Earnings per share correspondingly fell from € 0.09 to € 0.08 per share.

CASHFLOW

Cashflow from operating activities declined from € 4.3 million in the first quarter of 2006 to € 3.5 million in the first quarter of 2007. Operating cash flow reduced by € 0.8 million as a consequence of higher tax payments of € 2.1 million (Q1 2006: € 0.4 million) as well as higher interest payments of € 1.3 million (Q1 2006: € 0.9 million).

Cashflow from investment activities amounted to € -2.2 million in the first quarter (Q1 2006: € -3.7 million), of which € 1.1 million was paid for the facility in Bad Lauterberg, and € 1.2 million for equipment, replacement investment, and renovation work for care facilities.

Cash flow from financing activities amounted in the first three months of the current financial year to € -6.1 million (Q1 2006: € +4.4 million), of which € 2.2 million was utilized to pay down short-term bank borrowings, € 2.2 million was utilized for finance leasing, € 0.9 million was utilized for loans granted, and € 0.8 million was used to pay down loans. The cash and cash equivalents position at the end of the period amounted to € 4.3 million (Q1 2006: € 7.2 million).

LITTLE CHANGE IN BALANCE SHEET

There has been hardly any change in assets and liabilities between December 31, 2006 and March 31, 2007. Liquid funds fell in the first quarter of 2007 from € 9.1 million to € 4.3 million, and the utilization of overdraft facilities fell from € 10.5 million to € 8.2 million. Current assets overall fell from € 20.9 million to € 15.1 million, and current liabilities reduced from € 58.4 million to € 52.7 million.

Non-current assets were almost unchanged at € 199.8 million (previous year: € 199.6 million), financial liabilities fell to € 56.3 million (previous year: € 57.3 million), and leasing liabilities declined also to a level of € 56.4 million (previous year: € 57.3 million) in accordance with redemptions and amortization.

The reduction in the net retained loss resulted in an improvement in equity from € 39.2 million to € 41.6 million. The equity ratio, as a consequence, improved from 17.8% on December 31, 2006 to 19.3% on March 31, 2007.Total assets fell from € 220.5 million to € 214.9 million as of the reporting date.

STAFF

The consolidation of the FAZIT Group and the higher utilization of the laundry facility led to an increase in the number of staff employed in the Group, with the number rising from 4,756 in the prior year period to 5,198 in the first quarter of 2007. Compared with the year-and reporting date for the 2006 annual financial statements, the number of employees fell by 76 on a Group-wide basis as a result of adaptations and synergies.

OPPORTUNITIES AND RISKS

As Germany's third largest operator of care facilities, we enjoy outstanding opportunities in the consolidating care market to participate actively in the consolidation process, and to exploit acquisition opportunities. Our existing capital backing and the loan facilities we have in place give us the opportunity to achieve our growth objectives in the 2007 financial year, and to develop new and innovative services.

The related risks have not changed since the publication of the last Group management report. In this respect, please refer to the Group management report published in the 2006 consolidated financial statements.

OUTLOOK

Leading economic research institutes hold an extremely positive assessment of the business outlook for Germany for the coming months. They are forecasting a robust economic upturn with an average annual growth rate in gross GDP of 2.4% for 2007.

We do not anticipate a major change in either the regulatory environment or legislation before the end of 2008, particularly since the reform of care insurance is subject to continued delay, and the grand coalition parties are still a long way from consensus. Proposals whereby more funds will be made available for those suffering from dementia, and payments for care insurance will be accelerated, point in the right direction. How additional expenditures will be financed, however, remains so far unclear, and forms the core of debate within the grand coalition.

Competition will also intensify in the current business year. For innovative operators with modern concepts, however, this represents more of an opportunity than a risk, especially since a decision in favor of a particular care institution depends mainly on the quality of its care and the standard of its real estate. CURANUM AG is optimally positioned in this respect. Our Medical Care Centers, which we wish to expand in the 2007 financial year, as well as the planned pharmacy concept will also help to raise quality, occupancy, and last, but not least, profitability.

We continue to anticipate the acquisition of seven to eight facilities in the current 2007 business year, and a resultant strengthening of the related clusters.

Munich, May 2007

The Management Board

CURANUM AG, MUNICH

CONSOLIDATED INCOME STATEMENT
IN THE PERIOD FROM JANUARY 1 TO MARCH 31, 2007 (IFRS)

	1.1.-31.3.2007 T€	1.1.-31.3.2006 T€
1. REVENUES	56,605	50,908
2. Cost of revenues	46,783	41,827
3. GROSS PROFIT / LOSS	**9,822**	**9,081**
4. Selling and Marketing expenses	356	228
5. General and administrative expenses	4,276	3,812
6. Other operating expenses	427	290
7. Other operating income	1,238	1,034
8. OPERATING INCOME / LOSS	**6,001**	**5,785**
9. Interest and other expenses	2,242	1,872
10. Interest and other income	214	191
11. Profit/loss participation associated companies	0	24
12. RESULT BEFORE INCOME TAX	**3,973**	**4,128**
13. Income tax	1,534	1,524
NET INCOME / LOSS	**2,439**	**2,604**
Net income per share (basic) *	0.08	0.09
Net income per share (diluted) *	0.08	0.09

* Net income / number of outstanding shares (29,700,000 basic and diluted)

CURANUM AG, MUNICH

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2007 (IFRS)

ASSETS	31.3.2007 T€	31.12.2006 T€
Current assets		
Cash and cash equivalents	4,262	9,105
Trade accounts receivable	3,581	5,953
Inventories	735	729
Other current assets	4,989	4,155
Tax receivables	1,544	978
TOTAL CURRENT ASSETS	**15,110**	**20,920**
Non-current assets		
Property, plant and equipment	123,192	122,743
Intangible assets	1,889	1,982
Goodwill	53,342	53,397
Shareholdings	0	1
Deferred tax assets	12,532	12,531
Other financial assets	8,854	8,928
TOTAL NON CURRENT ASSETS	**199,809**	**199,582**
TOTAL ASSETS	**214,919**	**220,502**

LIABILITIES AND SHAREHOLDERS' EQUITY

	31.3.2007 T€	31.12.2006 T€
Current liabilities		
Finance lease debt	4,748	4,813
Financial liabilities	24,333	26,384
Trade accounts payable	4,350	3,210
Accruals	5,541	4,075
Income tax payable	1,700	1,742
Other current liabilities	11,634	15,953
Others	432	2,230
TOTAL CURRENT LIABILITIES	**52,737**	**58,407**
Non-current liabilities		
Financial liabilities	56,349	57,293
Capital lease obligations	56,355	57,315
Deferred tax liability	7,091	7,091
Others	827	1,229
TOTAL NON-CURRENT LIABILITIES	**120,622**	**122,928**
Shareholders' equity		
Share capital	29,700	29,700
Additional paid-in capital	11,693	11,757
Equity portion convertible bond	1,051	1,051
Retained earnings	502	886
Revaluation reserve	1,617	1,616
Accumulated profit/loss	-3,036	-5,876
Minority interests	34	33
TOTAL SHAREHOLDERS' EQUITY	**41,560**	**39,167**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**214,919**	**220,502**

CURANUM AG, MUNICH

CONSOLIDATED CASHFLOW STATEMENT IN THE PERIOD FROM JANUARY 1 TO MARCH 31,2007 (IFRS)

	1.1.-31.3.2007 T€	1.1.-31.3.2006 T€
Net income before tax		
	3,973	4,135
Adjustments for:		
Depreciation	2,067	1,644
Financial results	-215	-191
Interest expenses	2,242	1,864
Result from disposals of fixed assets	0	2
Other expenses and income not affecting payments	-187	-24
Increase / decrease in provisions and accruals	896	1,985
Change in net working capital	-1,944	-3,827
Interest paid	-2,072	-418
Tax paid	-1,275	-898
CASHFLOWS FROM OPERATING ACTIVITIES	**3,485**	**4,272**
Cash outflow for purchase of assets	-1,150	-2,192
Prepayment for purchase of assets	-1,109	-1,525
Interest received	61	18
CASHFLOWS FROM INVESTING ACTIVITIES	**-2,198**	**-3,699**
Cash inflows / cash outflow for:		
– Short-term debt	-2,200	190
– Long-term debt	0	10,000
Cash outflow for granted loans	-902	-530
Cash repayments of amounts borrowed	-820	-2,996
Cash outflow for finance lease obligations	-2,209	-2,262
CASHFLOWS FROM FINANCING ACTIVITIES	**-6,131**	**4,402**
Net increase (decrease) in cash and cash equivalents	-4,844	4,975
Cash and cash equivalents at beginning of period	9,106	2,175
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**4,262**	**7,150**

CURANUM AG, MUNICH

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY IN THE PERIOD FROM JANUARY 1 TO MARCH 31, 2007 (IFRS)

	Share capital T€	Additional paid-in capital T€	Retained earnings T€	Revaluation reserve T€	Accumulated profit/loss T€	Minority interests T€	Equity portion of convertible bond T€	Total T€
AS OF JAN. 31, 2006	**29,700**	**11,763**	**841**	**--**	**-12,217**	**0**	**1,051**	31,138
Net income for the period	--	--	--	--	9.346	--	--	9,346
Divident payment	--	--	--	--	-2.970	--	--	-2,970
Negative minority interests	--	--	45	--	--	--	--	45
Changes in the consolidated entity	--	--	--	1,616	--	33	--	1,649
Accumulated other shareholders´ equity	--	-6	--	--	-35		--	-41
Total	29,700	11,757	886	1,616	-5,876	33	1,051	39,167
AS OF DEC. 31, 2006	**29,700**	**11,757**	**886**	**1,616**	**-5,876**	**34**	**1,051**	**39,168**
Net income for the period	--	--	--	--	2,439	--	--	2,439
Profit participation right Fazit		-65	--	--	--	--	--	-65
Negative minority interests	--	--	6	--	--	--	--	6
Changes in the consolidated entity	--	--	--	--	8	--	--	8
Other changes	--	--	-390	--	393	--	--	3
Total	29,700	11,692	502	1,616	-3,036	34	1,051	41,559
AS OF MAR. 31, 2007	**29,700**	**11,692**	**502**	**1,616**	**-3,036**	**34**	**1,051**	**41,559**

NOTES ON INTERIM REPORT ON MARCH 31, 2007
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

1. GENERAL DISCLOSURES ON 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 creation and operation of senior citizen and residential care homes.

2. ACCOUNTING AND VALUATION METHODS

Accounting and valuation methods have not been changed since the annual financial statements as of December 31, 2006. We thus refer to the notes concerning accounting and valuation methods in the consolidated financial statements as of December 31, 2006.

THE REPORTING BASIS

The present, unaudited quarterly accounts were initially produced in compliance with the International Financial Reporting Standards (IFRS) devised by the International Accounting Standards Board (IASB). At the time of transferring to IFRS, CURANUM AG prepared an opening balance on January 1, 2004 which represents the starting point for accounting in accordance with IFRS.

The income statement was converted to the cost of sales method.

The quarterly accounts were produced in accordance with IAS 34, and do not necessarily include all the information contained in the consolidated financial statements. Reference is made to the consolidated financial statements produced according to IFRS as of December 31, 2006.

The consolidated financial statements were prepared in euros (€). As long as not otherwise declared, all values have been rounded to the nearest thousand euros (T€).

DECLARATION OF CONFORMITY WITH IFRS

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

CONSOLIDATED COMPANIES

The following companies were consolidated as of March 31, 2007

Company	Country of incorporation	Stake %	Share of voting rights %
CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG, Munich	Germany	100.00	100.00
CURANUM GmbH, Haan	Germany	100.00	100.00
CURANUM Betriebs GmbH, Haan	Germany	100.00	100.00
CURANUM Bad Hersfeld GmbH, Haan	Germany	100.00	100.00
Krankenheim Ruhesitz am Wannsee – Seniorenheimstatt GmbH, Berlin	Germany	100.00	100.00
CURANUM Franziskushaus GmbH, Gelsenkirchen	Germany	100.00	100.00
Altenheimbetriebsgesellschaft NORD GmbH, Munich	Germany	100.00	100.00
Altenheimbetriebsgesellschaft SÜD GmbH, Munich	Germany	100.00	100.00
Altenheimbetriebsgesellschaft WEST GmbH, Munich	Germany	100.00	100.00
Altenheimbetriebsgesellschaft OST GmbH, Munich	Germany	100.00	100.00
Alten- und Pflegeheim Sieglar GmbH, Bad Honnef	Germany	100.00	100.00
Seniorenzentrum Hennef GmbH, Haan	Germany	100.00	100.00
Residenz Lobberich GmbH, Nettetal-Lobberich	Germany	100.00	100.00
accurato GmbH, Munich	Germany	100.00	100.00
OPTICURA Service GmbH, Haan	Germany	100.00	100.00
Wäscherei Ellerich GmbH, Haan	Germany	100.00	100.00
Curanum Westfalen GmbH, Haan	Germany	100.00	100.00
Fazit Betriebsträgergesellschaft für soziale Einrichtungen mbH, Nuremberg	Germany	100.00	100.00
CURANUM Baubetreuung und Immobilienmanagement GmbH, Haan	Germany	100.00	100.00
GAP Media Service GmbH, Munich	Germany	100.00	100.00
Bonifatius GPG Gesellschaft für Pflege und Gesundheit mbH, Munich	Germany	55.00	55.00
Curanum Bessenbach GmbH, Haan	Germany	100.00	100.00
RIAG Seniorenzentrum "Ennepetal" GmbH & Co. KG, Bad Honnef	Germany	92.68	9.09
RIAG Seniorenzentrum "Erste" GmbH & Co. KG, Bad Honnef	Germany	93.75	9.64
RIAG Seniorenzentrum "Zweite" GmbH & Co. KG, Bad Honnef	Germany	100.00	10.00
VGB Beteiligungs- und Vermögensverwaltungs GmbH, Grünwald	Germany	100.00	100.00
CB Seniorenresidenz Armbrustergasse GmbH, Vienna	Austria	100.00	100.00
Bad Schwartauer AVG Altenheim-Vermietung GmbH & Co. KG, Munich	Germany	99.50	99.50
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Liesborn KG, Düsseldorf	Germany	100.00	100.00

EARNINGS PER SHARE

With regard to earnings per share, we refer to the information in the profit and loss account of these quarterly accounts.

RELATIONSHIPS WITH AFFILIATED PERSONS / COMPANIES

With regard to the Company's relationships with affiliated persons / companies, we refer to the explanations given in the annual statement of accounts as of December 31, 2006.

In comparison to the consolidated financial statements as of December 31, 2006 there proceeded no significant changes.

3. SEGMENT REPORTING

Curanum provides all its services for an indentical group of customers. The opportunity-risk profile of these services does not vary significantly and is interdependent. The Company's internal reporting structure also makes no distinction between segments. In addition, the Company is only engaged in the German market. No segment reporting is carried out as the Company cannot be divided into different business segments or different geographical segments.

4. CONTINGENT LIABILITIES AND CONTINGENT RECEIVABLES

No contingent liabilities are shown in the quarterly accounts. They are disclosed in the Notes except if the possibility of an outflow of economically beneficial resources is very unlikely.

No contingent receivables are shown in the quarterly accounts. However, they are disclosed in the Notes if the inflow of a financial benefit is likely.

5. EVENTS AFTER THE BALANCE SHEET REFERENCE DATE

There have been no significant events since the balance sheet reference date.

The present quarterly accounts were approved for publication by the Company's management board on March 10, 2007.

CONTACT

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

CURANUM AG
Corporate Communications
Maximilianstrasse 35c
80539 Munich
Germany

Phone: +49-(0)89-24 20 65-0
Fax: +49-(0)89-24 20 65-10

E-mail: info@curanum.de

More information about our company and our facilities: www.curanum.de

CURANUM AG
Maximilianstrasse 35c
80539 Munich
Germany

Phone: +49 (0)89/24 20 65-0
Fax: +49 (0)89/24 20 65-10

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