

Interim Report 1st Quarter 2007
For the period from 1 January to 31 March 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 % 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 / 30.3.07 (Xetra)	Euro 2.96 / Euro 2.46
High / Low closing price (Xetra)	Euro 2.96 / Euro 2.18
Trading volume Xetra and Frankfurt (1.4.06-30.3.07)	Euro 6.72 million
Market capitalisation as at 30.3.07	Euro 16.67 million
Free float factor acc. to Deutsche Börse AG	0.6730
Free float market capitalisation as at 31.3.07	Euro 11.22 million

KEY FIGURES

Euro million	1.1.-31.3.07	1.1.-31.3.06	Change
Sales	2.62	2.15	22.0 %
– Biomaterials	2.18	1.70	28.2 %
– Pharmaceuticals	0.44	0.45	(2.2 %)
EBIT	(0.37)	(0.40)	6.8 %
Cash Flow	(0.72)	(0.97)	26.3 %
Employees (absolute)	79	75	5.3 %

DEAR SHAREHOLDERS, BUSINESS ASSOCIATES AND STAFF,

Our first 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 March 2007.

Sales revenue increased significantly in the first three months of 2007, up by 22 per cent on the first quarter of 2006. Growth was driven by the Biomaterials segment.

In March, curasan AG placed 525,000 new bearer shares in accordance with a resolution on the increase of capital passed by the General Meeting of Shareholders and authorised by the Supervisory Board. The increase in capital by EUR 525,000, from EUR 6,250,000 to EUR 6,775,000, was executed within the framework of existing Authorised Capital ("Genehmigtes Kapital"). Subscription of the newly issued shares was implemented as part of a private placement. The proceeds will be used primarily to finance a complementary product line centred around biological materials.

Furthermore, in March, curasan AG received from Kensey Nash Corporation, USA, the global distribution rights for Epi-Guide®, a bioresorbable membrane. This deal is to be seen as an extension of the cooperation agreement signed in 2001, which covered distribution in Germany, individual European countries and, since 2005, the United States.

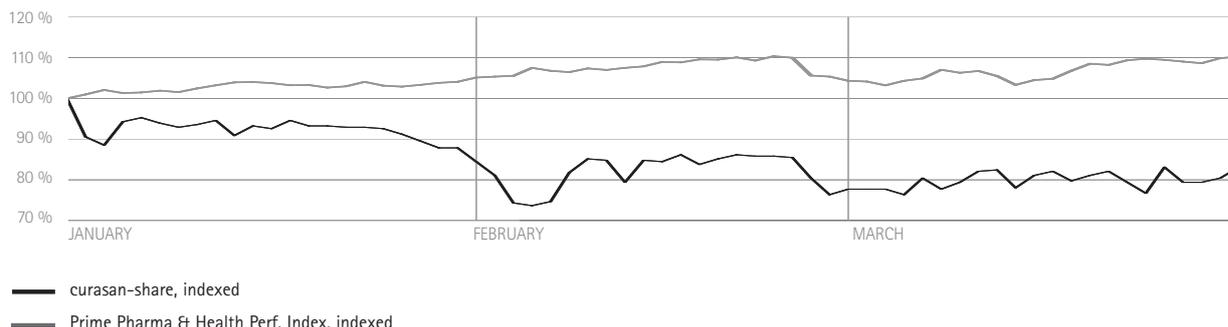
The financial press conference and analysts' meeting on March 27, which was again held as part of the Spring Stock Day in Frankfurt/Germany, proved very encouraging. The Management Board presented curasan's 2006 annual results to a group of about 50 press representatives and analysts. The main objective was to communicate to those present at the event that curasan AG had successfully implemented its programme of corporate realignment, the focus being on dental surgery and implantology. Applying an applications-based marketing approach and implementing a focused sales campaign, curasan AG has positioned itself as a highly competent partner to stakeholders operating within this area.

In accordance with IAS 8, this quarterly report includes a restatement of comparative information relating to the previous year's first quarter ended March 31, 2006. The restatements relate to the derecognition of deferred taxes and the reversal of a receivable disposed of as part of a factoring agreement, as stipulated by Deutsche Prüfstelle für Rechnungslegung e.V. (DPR). These restatements have no effect on liquidity.

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, April 2007

CURASAN SHARE PERFORMANCE



OUR SHARES

In the first quarter of 2007 the curasan share price fluctuated between EUR 2.18 and EUR 2.96. Within this context, curasan's shares were unable to circumvent the turbulence created by the international markets over the course of the first quarter. Caught in this rip current, the stock's market value fell by 17 per cent in the period under review. Since February, however, curasan's share price has been trending higher, buoyed by the stronger focus on small and mid caps within the investment market. In April, the share price maintained a level of over EUR 2.60.

SALES OF THE PRODUCT DIVISIONS

Compared with the same period a year ago, sales revenue within the Group surged by 22 per cent. Revenue growth was attributable to the Biomaterials segment. Within this context, high-margin products proved to be the principal growth drivers. As a result, gross profit rose by 43 per cent.

In Germany, revenue growth achieved with Cerasorb® was driven in particular by sales to medical practitioners. Cerasorb® M recorded the highest growth rates, while membranes – and particularly the next generation of Epi-Guide® – also benefited from greater customer interest. Revenue generated with REVOIS® also developed well, which suggests a considerable improvement in this area over the course of the year. Overall, domestic sales revenue generated by curasan AG rose by 15 per cent compared with the same period a year ago.

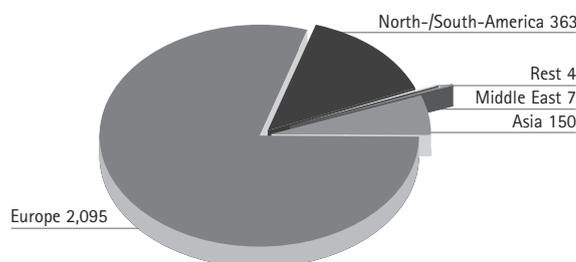
Within the international arena, revenue attributable to Cerasorb® was slightly down on the previous year. However, as was the case in Germany, the Epi-Guide® membrane produced considerable forward momentum in sales at an international level. As a result, internatio-

nal business rose by 14 per cent overall compared with the same period a year ago.

Exports at curasan AG produced EUR 667 thousand in the quarter ended March 31. This corresponds to 25.5 per cent of total sales revenue.

External sales generated by our subsidiary in the United States were significantly higher than in the same period a year ago (+ 182 per cent), while curasan Benelux recorded sales at a level comparable to last year's figure. Overall, revenues within the curasan Group continued to be generated mainly in Germany and Europe.

Sales per Region



In terms of segment results, the primary focus is on the area of Biomaterials. This segment comprises medical products mainly within the area of bone replacement and platelet concentration, hyaluronic acid, stypro® as well as dental implants (REVOIS®).

The segment designated as "Pharma" relates principally to the product Mitem, a drug which is used for the treatment of superficial bladder carcinoma. It is marketed by a urology unit of Schwarz Pharma AG.

The year-on-year changes include higher segment revenue (please refer to sales revenue within the product categories), lower segment assets as a result of the fall in receivables from Delta Select and the associated decline in segment liabilities due to the reduction in long-term loans.

Segment reporting (period)

(€'000)	Pharma	Bio	N.A.	Total	Germany	Abroad	N.A.
Segment revenues							
2007	545	2,063	0	2,608	1,990	618	0
2006	593	1,614	0	2,207	1,757	450	0
Segment results							
2007	(152)	(133)	(87)	(372)	(102)	(183)	(87)
2006	(179)	(133)	(87)	(399)	(125)	(187)	(87)
Segment assets							
2007	928	9,182	0	10,110	7,302	2,808	0
2006	1,299	9,429	0	10,728	7,665	3,063	0
Segment liabilities							
2007	656	3,128	0	3,784	2,827	957	0
2006	1,053	3,396	0	4,449	3,345	1,104	0
Segment investments							
2007	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	0
Segment depreciation							
2007	0	164	0	164	164	0	0
2006	0	148	0	148	148	0	0

RESEARCH, DEVELOPMENT AND REGULATORY AFFAIRS

As regards the development of new products, a number of major steps were undertaken in the first quarter of 2007. A number of contract manufacturers were identified and approached – with great success – for the purpose of producing a faster resorbable bone regeneration material. A newly developed type of Cerasorb®, supplied as a paste, was successfully tested on living tissue for the first time.

An in vivo trial with the bone adhesive was completed without any complications and is currently being analysed in detail.

The initial results of an observational study currently being conducted for Curavisc®, a product based on hyaluronic acid, were very encouraging. Close to 400 patients with degenerative joint conditions were treated by more than 30 registered orthopaedic practitioners within the framework of a five-week programme of injections. The majority of patients showed significant signs of improvement that extended well beyond the period of treatment. At approx. 1 per mille, the rate of side effects was extremely low, particularly when compared to other products based on hyaluronic acid.

The company's 11th FIT event took place on March 23, 2007, as part of the Internationale Dental Schau in Cologne. The main focus was on discussing the principles of bone regeneration and state-of-the-art bone augmentation methods, particularly with the aid of Cerasorb®.

The conference also included presentations on the material properties and design of the REVOIS® implant system, complemented by various case studies. curasan also hosted a debate, allowing those attending the event to exchange their ideas and experiences with the guest speakers.



CONSOLIDATED INCOME STATEMENT (IAS / IFRS)

(€'000)	Quarter	Quarter
	1.1. – 31.3.07	1.1. – 31.3.06
Revenues	2,619	2,146
Other operating income	16	236
Changes in inv. of finished goods and work in progress	(27)	(175)
Production for own fixed assets capitalized	0	0
Cost of materials / services purchased	725	667
Personnel expenses	1,027	907
Depreciation and amortization	164	148
Other operating expenses	1,064	884
Operating income/loss	(372)	(399)
Interest income and expenditure	(21)	(4)
Other income/expenses	0	0
Result before taxes	(393)	(403)
Income tax	(35)	(2)
Net income/loss	(428)	(405)
Earning per share (IAS)	(0.07)	(0.07)
Earning per share (DVFA/SG)	(0.07)	(0.07)
Average number of shares (IAS)	6,092	5,750
Cash Earnings per share (DVFA)	(0.04)	(0.07)

INCOME STATEMENT

Sales revenue amounted to EUR 2.6 million in the first three months. Compared with a total of EUR 2.1 million in the first quarter of 2006, this corresponds to growth of 22 per cent.

Other operating income declined by EUR 220 thousand year on year, taking the total to EUR 16 thousand in the first quarter of 2007. The first quarter of 2006 had included income from the reversal of provisions as well as income from an insurance payout. These items were no longer applicable to the first half of the current financial year.

The cost of sales at Group level amounted to EUR 0.7 million. In relation to revenue, this corresponds to 28 per cent (previous year: 31 per cent). The fall in the cost of sales is mainly attributable to the greater proportion of higher-margin goods in the overall product mix during the period under review.

The headcount increased by 3 (full-time basis), which was reflected in the level of staff costs (+ EUR 120 thousand). The new members of staff are required mainly for sales and marketing activities associated with the launch of the REVOIS® implant system as well as sales operations directed by curasan Inc., USA.

Full-Time Employees	31.3.07	31.12.06	31.3.06
Marketing / Sales	35	34	33
Operations	20	19	19
Research / Registration	5	5	5
Finance / Controlling	5	5	5
Central Division	5	5	5
Total	70	68	67

Depreciation and amortisation 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.

Other operating expenses rose by EUR 180 thousand year on year. This was attributable to consulting fees and charges associated with curasan's share issue.

The loss before interest and taxes remained unchanged year on year at EUR 0.4 million. Having accounted for interest expense and deferred taxes, the net loss for the period stands at EUR 0.4 million (prev. year: EUR 0.4 million).

BALANCE SHEET AND CASH FLOW

The decline in cash and cash equivalents is also to be seen in connection with the restated comparative information of the prior-year quarter and the associated reversed transaction relating to the factoring agreement. As a result, cash and cash equivalents and, correspondingly, short- and long-term 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.

At EUR 5 million, current assets are considerably higher than current liabilities, which amount to EUR 3.2 million.

From a cash flow perspective the utilisation of cash is due to the loss before interest and taxes as well as the purchase price payments for REVOIS®.

At the end of the period, cash and cash equivalents totalled EUR 0.4 million, a decline of EUR 0.7 million compared with the beginning of the reporting period. Revenue increases, proceeds from remaining purchase price payments attributable to the asset deal, as well as claims from damages will result in an inflow of funds at the level stipulated as part of curasan's financial planning for 2007.



CONSOLIDATED BALANCE SHEET (IAS / IFRS)

(€'000)	31.3.07	31.12.06
ASSETS		
Current assets		
Cash and cash equivalents	426	1,143
Securities held as current assets	0	0
Trade accounts receivable	1,231	965
Inventories	2,342	2,283
Prepaid expenses and other current assets	1,061	918
Total current assets	5,060	5,309
Property, plant and equipment	1,554	1,593
Intangible assets	3,522	3,638
Goodwill	0	0
Deferred taxes	159	165
Other assets	400	550
Total assets	10,659	11,255
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	1,024	1,487
Trade accounts payable	1,291	1,248
Accrued expenses	429	502
Other Current liabilities	428	1,878
Total current liabilities	3,172	5,115
Long-term debt	0	572
Pension accrual	278	263
Other non current-liabilities	612	544
Shareholders' equity		
Share capital	6,775	5,750
Additional paid in capital	22,099	20,803
Adjustment item currency differences	(42)	(21)
Profit/loss carried forward	(21,771)	(17,471)
Annual result	(428)	(4,300)
Total shareholders' equity	6,633	4,761
Total liabilities and shareholders' equity	10,695	11,255

STATEMENT OF CASH FLOW (IAS / IFRS)

(€'000)	1.1. –	1.1. –
	31.3.07	31.3.06
Net income / loss	(428)	(405)
Depreciation of fixed assets	164	148
Unscheduled depreciation of current assets	0	0
Payment invalid assets (deferred taxes)	35	2
Increase in long-term accruals	15	(169)
Proceeds from fixed asset disposals	0	0
Increase / Decrease in inventories, receivables and other assets	(318)	(202)
Increase / Decrease in accounts payable and other liabilities	(258)	(534)
Cash Flow from operating activities	(790)	(1,160)
Expenditure in investments in fixed assets	(85)	(29)
Cash Flow from investing activities	(85)	(29)
Investments from increase in equity capital	1,193	
Investments / proceeds from the negotiation / liquidation of bonds and debts	(1,035)	216
Cash Flow from financing activities	158	216
Change in cash and cash equivalents	(717)	(973)
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	426	2,432

DIRECTORS' HOLDINGS

Name	Position	i. thsd.		
		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	12

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders'Equity million €	Share Capital	Reserves	Acc. Deficit	Total
Balance at 1.1.07	5.750	20.803	(21.792)	4.761
Change	1.025	1.296	(0.449)	1.872
Balance at 31.3.07	6.775	22.099	(22.241)	6.633
Balance at 31.3.06	5.750	20.803	(17.860)	8.693



 OUTLOOK

curasan AG is committed to generating exponential growth in the coming quarters.

In the second quarter, the company will be presenting its products at major conference events, such as the Annual Meeting of the German Working Group on Maxillofacial Surgery in Wiesbaden and the Annual Congress of the German Association for Oral and Maxillofacial Surgery, which is to be held in Rostock-Warnemünde.

Our Seventh General Meeting of Shareholders will take place on June 21, 2007. Once again, the Supervisory Board and the Management Board look forward to meeting curasan's shareholders at Stadthalle Aschaffenburg, Schloss Johannisburg.

The Management Board intends to put forward to the Annual General Meeting of shareholders a resolution that authorises the Management Board to increase the share capital of the company, in one or more stages, in the period up to June 20, 2012, by a total of EUR 3,000,000 through the issuance of new bearer shares against cash contribution or contribution other than cash, while deciding on the rights attributable to shares and the conditions of issuance with the consent of the Supervisory Board (Authorised Capital).

In addition, the Management Board intends to install a share option plan for the issuance of share options with warrants to purchase curasan AG shares. These are to be granted to members of the Management Board and selected senior managers as well as other high-achievers at curasan AG and its Group entities.

The election of the Supervisory Board is another item on the agenda of the Annual General Meeting of Shareholders to be held on June 21, 2007. Having reached the specified age limit, one of the members of the Supervisory Board will no longer be eligible for nomination. This member will have to be replaced by a new candidate.

The official invitation with the detailed agenda will be forwarded via the bank responsible for managing the shareholder's securities account.

The interim report for the first half will be published on August 10, 2007.

 FINANCIAL CALENDAR

21 June 2007	Annual General Meeting of Shareholders
10 August 2007	Interim Report for the First Half
14 November 2007	Interim Report for the First Nine Months

 IMPRINT

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