



CURANUM

Good care has a home.

CURANUM AG, München

QUARTERLY REPORT FOR THE PERIOD
FROM JANUARY 1 TO MARCH 31, 2006

THE GROUP AT A GLANCE

mil. €	Q1 - 2006	Q1 - 2005	yoy	2005
Sales	50.9	46.2	10.2%	188.5
Personnel costs	25.8	23.4	10.3%	95.5
Rental expense	10.2	8.2	24.4%	32.7
EBITDA	7.4	5.9	25.4%	25.8
in % of Sales	14.5	12.8		13.7
Depreciation	1.6	1.9	-15.8%	6.1
EBIT	5.8	4.0	45.0%	19.6
in % of Sales	11.4	8.7		10.4
Financial results	-1.7	-1.3	30.8%	-7.4
EBT	4.1	2.7	51.9%	12.2
Net profit	2.6	1.6	62.5%	7.3
EPS (€)	0.09	0.06	50.0%	0.25
Cash Flow	4.2	2.0	110.0%	12.3
CPS (€)	0.14	0.07	100.0%	0.43
Cash and cash equivalents	7.2	2.2	227.3%	2.2
Shareholders' Equity	39.7	39.5	0.5%	35.9
in % of balance sheet total	22.9	21.1		22.4
Balance sheet total	173.5	187.5	-7.5%	160.5
Employees (average)	4,756	4,054	17.3%	4,150
Facilities	52	45	15.6%	45
Care places	6,520	5,641	15.6%	5,641
Assisted living apartments	693	686	1.0%	686



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NOTICEABLE RECOVERY IN GERMANY AT THE BEGINNING OF THE YEAR 2006

The economic situation in Germany developed in a clearly positive manner in the first quarter of the year 2006. After a noticeable upturn in the second half of last year with regard to equipment and building investments are concerned, the purchasing mood on the part of consumers also brightened up in the first quarter of the current financial year and retail trade sales also saw a slight increase after the turn of the year. Although private consumption continued to be checked by higher energy prices, the real gross domestic product increased clearly in the first quarter. Economic recovery also made an impact on the job market. The decline in the number of employed persons liable to contribute to social security was halted, while the unemployment rate amounted to 11.4% in the first quarter.

AMBIGUITY REGARDING EU SERVICE DIRECTIVE

The EU Service Directive was initiated in order to avoid protectionism within the service industry and/or to make ensure that resourceful legislation would not succeed in preventing services from being introduced. This directive regulates the introduction of services throughout Europe in accordance with the country of origin principle, e.g. providers of nursing care services in Germany would have to comply with the valid safety and quality guidelines in the country of the provider of the respective service(s). This would have implied that, for example, Eastern European nursing care services in Germany would only have to observe the laws and standards of their home countries, but not the high quality requirements in Germany – which inevitably are connected with corresponding costs. Therefore, this directive would have had serious consequences for all dome-

stic nursing care services and facilities as these would have been placed at a disadvantage vis-à-vis those of foreign suppliers as a result of this strict government control.

After numerous protests from professional associations, the European Parliament adopted a clearly weakened service directive on February 16, 2006, in accordance with which the providers of services abroad in Europe are obligated to adhere to the safety and quality standards of the particular country in which they furnish their services. However, nursing care services were subsequently omitted from the directive's scope of application. In the meantime, the European Commission has determined that all services rendered against payment should be subject to the directive. It now remains to be determined whether the service directive is to be used or not, depending on the definition as to whether nursing care services are of general economic interest. A decision on these matters is still pending.

INTEGRATION OF NEW FACILITIES ON SCHEDULE

In the first quarter of the current financial year we directed our focus toward integration of the seven facilities belonging to the Dr. Lohbeck Group in North Rhine-Westphalia, which we took over as of January 1, 2006. Consequently, in an initial step the central CURANUM systems were introduced in the various facilities in the areas of purchasing, controlling, planning, marketing, nursing fees, bookkeeping, quality management and services, and training conducted accordingly. At the same time, the program for improving nursing care operations and quality was started by the company's operative management staff. In a second step, synergies in the service areas will be optimized and existing CURANUM facilities integrated into the new facility cluster. All

MANAGEMENT REPORT

in all, we are very satisfied with the process of integration for the new facilities, although occupancy is slightly below our planning figures.

The Ellerich laundry which was also taken over as of January 1, 2006 is already involved in washing flat laundry items for our facilities. However, in order to carry out the complete washing and sorting of the laundry of our residents, we invested EUR 1.5 million in the first quarter in order to expand the laundry and procure the required equipment.

The sales revenues of the CURANUM Group increased in the first quarter of 2006 from EUR 46.2 million to EUR 50.9 million (+10.2%) and thus fell within the scope of our planning. A total of EUR 47.2 million or 92.6% was generated with nursing care and service offers, while EUR 2.5 million came from renting assisted living apartments and outpatient nursing care services as well as EUR 1.2 million from other sales revenues.

Overall performance amounted to EUR 51.9 million (compared with EUR 46.7 million in the previous year).

EBIT MARGIN INCREASES TO 11.4%

Personnel costs rose in the first three months by 10.3% to reach a total of EUR 25.8 million (preceding year: 23.4 million EUR), and the rental expenditure increased from EUR 8.2 million to EUR 10.2 million in the just elapsed period under review. Due to lower capacity utilization and somewhat higher restructuring expenditures in the new facilities the result ratios developed at the lower end of our planning. The result before interest, tax, depreciation and amortization (EBITDA) improved by 25.4% to reach a total of EUR 7.4 million (EUR 5.9 million in the preceding year), and thus the EBITDA margin

rose in the first quarter of 2006 from 12.8% to 14.5%. We were able to increase the result before interest and taxes (EBT) by 45.0% to a total of EUR 5.8 million (preceding year EUR 4.0 million), while the EBIT margin amounted to 11.4% (preceding year: 8.7%). Due to greater bank and finance leasing liabilities the financial result declined from -EUR 1.3 million to -EUR 1.7 million, and profits before tax climbed from EUR 2.7 million to EUR 4.1 million.

The result after taxes developed positively from EUR 1.6 million in the previous year to EUR 2.6 million in the just elapsed period under review; earnings per share rose from EUR 0.06 to EUR 0.09.

CASH FLOW AND FINANCIAL POSITION

The cash flow from business activity rose in the first quarter from EUR 2.0 million to EUR 4.2 million; the improved result and the increase in imputed reserves made a clear impact here. The cash flow from investment activity amounted to EUR 4.7 million (-EUR 195,000 in the previous year), EUR 2.2 million of which was disbursed for investments in the laundry and hardware, and EUR 2.5 million were for additions from finance leasing and were non-cash. The cash flow from financing activity in the amount of EUR 4.6 million (-EUR 1.5 million in the preceding year) was characterized by a new loan which was taken out for the purchased Lohbeck Group (EUR 10.2 million); repayment of short-term loans in the amount of EUR 3.0 million as well as EUR 1.3 million off-balance for finance leasing. Cash and cash equivalents at the end of the period under review accordingly amounted to EUR 7.2 million.

Compared with December 31, 2005 the balance sheet picture was characterized by a balance sheet extension due to an increase in fixed assets, cash and cash equivalents and long-term liabilities along with

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simultaneous repayment of short-term loans.

Thus cash and cash equivalents of EUR 2.2 million increased to EUR 7.2 million, current claims from December 31, 2005 in the amount of EUR 3.8 million were reduced to EUR 2.0 million. Altogether, short-term assets rose from EUR 14.4 million to EUR 18.7 million as of the end of the period under review.

Tangible fixed assets increased from EUR 85.4 million to EUR 89.8 million through addition of the laundry and equipment in the new facilities, while long-term assets were thus increased from EUR 150.4 million to EUR 154.8 million as of March 31, 2006.

Short-term leasing commitments rose from EUR 3.8 million to EUR 4.2 million; current account loans increased to EUR 6.1 million (December 31, 2005: EUR 4.7 million). As a result of periodical imputed reserves, the reserve amount of EUR 3.4 million rose to EUR 5.4 million. Liabilities from taxes on earnings increased from EUR 4.8 million to EUR 6.0 million. Other current liabilities declined to EUR 9.5 million as of March 31, 2006 through advance payment of social insurance contributions starting from the year 2006 and repayment of a loan in the amount of EUR 17.3 million as of December 31, 2005. Current liabilities thus diminished from EUR 39.5 million to EUR 36.4 million.

Long-term loans were increased from EUR 13.5 million to EUR 21.8 million as a result of new liabilities; altogether long-term liabilities thus increased to a total amount of EUR 97.4 million (December 31, 2005: EUR 88.2 million).

Equity capital rose due to the improved result from EUR 37.1 million to EUR 39.7 million, and thus the equity ratio amounted to 22.9% as of March 31, 2006.

INVESTMENTS

Apart from the purchase price for the machinery of the Ellerich laundry in the amount of EUR 1.7 million, we invested a further EUR 1.5 million in the first quarter of 2006 in buildings and equipment in order to completely take over care of our residents' laundry for all of the facilities belonging to the CURANUM Group which are able to be supplied on an economic basis as well as for preparation of the planned logistics center. For the new facilities at CURANUM Westfalen GmbH we capitalized equipment in the amount of EUR 2.1 million. Moreover, we invested EUR 350,000 in new hard and software; among other things, an SAP-compatible resident facilities management program.

STAFF

The average number of staff in the first quarter of the current financial year amounted to 4,756; thus the number of employees increased by 702 persons over the same period of the previous year (4,054). An additional 565 persons joined the company compared with December 31, 2005 (4,191).

POSITIVE SHARE PERFORMANCE DURING U.S. ROAD SHOW

From January 30 to February 2, 2006 the Management Board presented the company to interested investors for the first time within the scope of a road show in the USA. Since the nursing care market in the USA has already been dominated by large, private operators for quite some time, there was great interest in an upcoming German nursing care operator and the road show ran a successful course. Other road shows in Belgium and Sweden in March and a number of individual discussions with institutional

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investors provided for very good performance on the part of the CURANUM share already in the year 2006. Thus the share price rose from EUR 6.45 at the beginning of the year to EUR 8.83 by the middle of March and ended the first quarter with a closing price of EUR 8.31 (+28.8%).

growth strategy by means of acquisitions, while continuing to increase our occupancy and quality.

Munich, in May 2006

The Management Board

OUTLOOK

Economic research institutes expect to see even stronger recovery in Germany in the further course of the current financial year. Domestic demand appears to be picking up pace. Apart from transfer effects from high export activity and the favorable valuation of the Euro, this can be attributed to positive financing conditions and improved depreciation possibilities for companies, as well as improvement of the situation on the job market.

In connection with the improvement in the income situation of private households and the trend toward declining unemployment, there are signs for an improvement in the demand for nursing care places as far as the overall economic climate is concerned. As a result of the continued decline with regard to the commissioning of new nursing facilities due to rising costs and the waning willingness to care for relatives at home, we anticipate a further increase in demand for the current financial year.

In spite of the considerable input of time and expenditure involved with the audit in the first quarter we are already in the midst of further negotiations and examination processes for interesting acquisition targets. In addition, we are working on enhancing the quality of our facilities even further and increasing our capacity utilization. With regard to the current financial year we are therefore confident that we will be able to take a further step in our

CURANUM AG, MUNICH
CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2006 (IFRS)

ASSETS	31.3.2006 T€	31.12.2005 T€
Current assets		
Cash and cash equivalents	7,150	2,175
Trade accounts receivable	1,989	3,782
Inventories	468	468
Prepaid expenses and other current assets	7,122	6,319
Tax receivables	1,995	1,646
TOTAL CURRENT ASSETS	18,724	14,390
Non-current assets		
Property, plant and equipment	89,775	85,440
Intangible assets	491	297
Goodwill	41,650	41,650
Shares in associated companies	24	0
Deferred tax assets	11,801	11,801
Other financial assets	10,865	11,002
Minority interests	200	208
TOTAL NON CURRENT ASSETS	154,806	150,397
TOTAL	173,531	164,787

LIABILITIES AND SHAREHOLDERS' EQUITY

	31.3.2006 T€	31.12.2005 T€
Current liabilities		
Short-term portion of finance lease debt	4,187	3,803
Short-term debt and current portion of long-term debt	6,126	4,727
Trade accounts payable	4,376	4,385
Accruals	5,363	3,384
Income tax payable	6,049	4,822
Other current liabilities	9,489	17,269
Others	823	1,082
TOTAL CURRENT LIABILITIES	36,412	39,472
Non-current liabilities		
Long-term debt	21,849	13,476
Capital lease obligations	61,054	60,259
Deferred tax liability	1,596	1,596
Accruals	757	757
Others	12,191	12,158
TOTAL NON-CURRENT LIABILITIES	97,447	88,247
Shareholders' equity		
Share capital	29,700	29,700
Additional paid-in capital	11,763	11,763
Treasury stock	1,051	1,051
Retained earnings	2,937	2,937
Accumulated profit/loss	-5,779	-8,383
TOTAL SHAREHOLDERS' EQUITY	39,672	37,068
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	173,531	164,787

CURANUM AG, MUNICH
CONSOLIDATED CASH FLOW STATEMENT
IN THE PERIOD FROM JANUARY 1 TO MARCH 31, 2006 (IFRS)

	1.1.-31.3.2006 T€	1.1.-31.3.2005 T€
Net income before tax	4,136	2,712
Adjustments for:		
Depreciation	1,645	1,886
Financial results	-215	-281
Interest expenses	1,865	1,563
Other expenses and income not affecting payments	-513	--
Increase / decrease in provisions and accruals	1,829	-117
Change in net working capital	-3,382	-2,690
Interest paid	-836	-840
Tax paid	-297	-229
CASH FLOWS FROM OPERATING ACTIVITIES	4,232	2,004
Purchase of property, plant and equipment	-2,191	-119
Interest received	18	21
Others (Increase in financial lease positions not affecting payments)	-2,459	-97
CASH FLOWS FROM INVESTING ACTIVITIES	-4,632	-195
Cash inflows from amounts borrowed	10,184	--
Cash outflows for granted loans	-530	--
Cash repayments of amounts borrowed	-2,997	-325
Payment of capital lease liabilities	-1,282	-1,539
Other	--	357
CASH FLOWS FROM FINANCING ACTIVITIES	5,375	-1,507
Net increase (decrease) in cash and cash equivalents	4,975	302
Cash and cash equivalents at beginning of period	2,175	1,871
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	7,150	2,173

CURANUM AG, MUNICH
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
IN THE PERIOD FROM JANUARY 1 TO MARCH 31, 2006 (IFRS)

	Share capital T€	Additional paid-in capital T€	Retained earnings T€	Accumu- lated profit/loss T€	Equity portion of convertible bond T€	Total T€
AS OF DEC 31, 2004	29,700	11,763	2,937	-11,551	1,051	33,900
Net income for the period	--	--	--	7,326	--	7,326
Divident payment	--	--	--	-4,158	--	-4,158
Changes in the consolidated entity	--	--	--	--	--	0
Other changes	--	--	--	--	--	0
Total	29,700	11,763	2,937	-8,383	1,051	37,068
AS OF DEC 31, 2005	29,700	11,763	2,937	-8,383	1,051	37,068
Net income for the period	--	--	--	2,604	--	2,604
Changes in the consolidated entity	--	--	--	--	--	0
Other changes	--	--	--	--	--	0
Total	0	0	0	-5,779	0	2,604
AS OF MARCH 31, 2006	29,700	11,763	2,937	-5,779	1,051	39,672

CURANUM AG, MUNICH
NOTES ON INTERIM REPORT ON MARCH 31, 2006
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, 2005. We thus refer to the notes concerning accounting and valuation methods in the consolidated financial statements as of December 31, 2005.

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, 2005.

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

DECLARATION OF CONFORMITY WITH IFRS

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

CURANUM AG, MUNICH
 NOTES ON INTERIM REPORT ON MARCH 31, 2006
 IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

CONSOLIDATED COMPANIES

The following companies were consolidated as of March 31, 2006

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
Curanum Westfalen GmbH, Haan	Germany	100,00	100,00
Altenheim Betriebsgesellschaft NORD GmbH, Munich	Germany	100,00	100,00
Altenheim Betriebsgesellschaft SÜD GmbH, Munich	Germany	100,00	100,00
Altenheim Betriebsgesellschaft WEST GmbH, Munich	Germany	100,00	100,00
Altenheim Betriebsgesellschaft OST GmbH, Munich	Germany	100,00	100,00
Curanum Bessenbach GmbH, Haan	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 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
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

CURANUM AG, MUNICH
NOTES ON INTERIM REPORT ON MARCH 31, 2006
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Curanum AG holds 24% of the shares in Bad Schwartauer AVG Altenheimvermietung GmbH & Co. KG. According to IAS 28.6/28.7, CURANUM AG exerts a significant influence on the company. As a consequence, the shareholding is accounted at equity.

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, 2005.

In comparison to the consolidated financial statements as of December 31, 2005 we report the following significant changes:

The loans of TEUR 2,584 reported in the financial statements as of December 31, 2005 granted by further related persons where repaid to the full amount as of March 31, 2006.

In comparison to the financial statements as of December 31, 2005 loan receivables from Bonifatius AT GmbH rose by TEUR 530 to TEUR 6,393.

3. SEGMENT REPORTING

Curanum provides all its services for an identical 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.

CURANUM AG, MUNICH
NOTES ON INTERIM REPORT ON MARCH 31, 2006
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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 May 11, 2006.

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
Bernd Rothe
Corporate Communications
Maximilianstrasse 35c
D-80539 Munich

Phone: +49-(0)89-24 20 65-60

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

E-mail: info@curanum.de

If you should have any requests concerning our facilities you can call our free info hotline under 0800/CURANUM (2872686).

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

CURANUM AG
Maximilianstrasse 35c
80539 Munich
Germany



CURANUM

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

E-mail: info@curanum.de
Website: www.curanum.de