CURANUM

Good care has a home.

CURANUM AG, Munich

QUARTERLY REPORT FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2005

THE GROUP AT A GLANCE

mil. €	9M 2005	9M 2004	yoy	Q3 2005	Q3 2004	yoy	Q2 2005	Q1 2005
	1.1. - 30.9.			1.7. - 30.9.				
Sales	141.1	135.0	4.5%	47.5	45.0	5.6%	47.4	46.2
Personnel costs	71.3	69.9	2.0%	23.9	24.1	- 0.8%	24.0	23.4
Rental expense	24.6	23.9	2.9%	8.3	8.0	3.8%	8.1	8.2
EBITDA	19.8	15.0	32.0%	7.1	4.8	47.9%	6.8	5.9
in % of Sales	14.0	11.1	--	14.9	10.7	--	14.3	12.8
Depreciation	4.5	4.2	7.1%	1.6	1.3	23.1%	1.1	1.9
EBIT	15.3	10.8	41.7%	5.5	3.2	71.9%	5.8	4.0
in % of Sales	10.8	8.0	--	11.6	7.1	--	12.2	8.7
Interest expense	- 4.7	- 5.2	- 9.6%	- 1.5	- 1.7	- 11.8%	- 1.8	- 1.3
EBT	10.6	5.6	89.3%	3.9	1.8	116.7%	4.0	2.7
Net profit	7.1	4.1	73.2%	2.9	1.5	93.3%	2.5	1.6
EPS* (EUR)	0.24	0.14	70.8%	0.10	0.05	100.0%	0.09	0.06
Cash flow	15.5	7.5	106.7%	7.2	1.8	300.0%	6.1	2.2
CPS* (EUR)	0.52	0.25	108.0%	0.24	0.06	300.0%	0.21	0.07
Cash and cash equivalents	5.1	0.5	920.0%	5.1	0.5	920.0%	1.6	2.2
Shareholders' Equity	34.5	27.4	25.9%	34.5	27.4	25.9%	37.8	39.5
in % of balance sheet total	19.0	14.4	--	19.0	14.4%	--	20.7	21.1
Balance sheet total	181.2	190.0	- 4.6%	181.2	190.0	- 4.6%	183.0	187.5
Employees (average)	4,136	3,914	5.7%	4,204	3,887	8.2%	4,149	4,054
Facilities	45	45	0.0%	45	46	- 2.2%	45	45
Care places	5,651	5,641	0.2%	5,651	5,794	- 2.5%	5,651	5,641
Assisted living apartments	689	686	0.4%	689	692	- 0.4%	689	686

* EPS=net profit / number of outstanding shares (29,700,000, basic and diluted)
CPS=net cash movements from current business operations / number of outstanding shares

ENERGY PRICES DAMPEN DOMESTIC DEMAND

The rapid rise in energy prices in the second and third quarter of 2005 considerably depressed domestic demand in real terms in Germany. The momentum from abroad therefore only crossed over to the domestic economy to a very limited extent. Private consumption remained weak as a result of the reduction in purchasing power, while the job market failed to improve. The size of the workforce paying social security saw a further declined and the unemployment rate grew despite the fact that the numbers in employment rose again. This development, however, was attributable to job market policies such as the so-called "one euro jobs".

Due to the further increase in unemployment, as well as the stagnating or even recessive real wages, demand for nursing places showed only little growth. The results of the Bundestag elections on September 18, 2005 did not change the population's feeling of insecurity about the future of the pension and healthcare systems in Germany and the resulting burdens that would accrue to the population in the future. The future ruling parties have so far avoided talking about the nature of the possible changes in the German healthcare system.

MOVEMENT IN THE MARKET FOR NURSING HOME FACILITIES

In past years, nursing home operators grew mainly by opening newly-built properties funded by the social services. while takeovers of nursing care providers were the exception. As a result of the rising cost pressures on operators, which in the private sector for example are often very small and in many cases only operate one or two establishments, there is a shortage of resources for investment. The small size of the operators precludes synergy effects in all areas of services and in addition, there is a lack of economic expertise in the management of the establishments. This development now appears increasingly to be leading to concrete transactions and offers on the market particularly since increasingly financial investors are actually appearing on the buying side, having discovered that the nursing sector can be a lucrative investment. For example, in September a British private equity firm acquired Germany's 5th biggest nursing home operator and numerous smaller groups and operators are up for sale on the market. The consolidation in the nursing care market is therefore moving into a new league at a faster pace and many companies will face the alternative of growth or sale.

SALES REVENUES WELL ON SCHEDULE

Despite the continuingly high unemployment and the related substitution of in-patient care by domestic alternatives, the rate of capacity utilization was maintained at the high level of the end of the first half, amounting to an average of 93.4% in the third quarter of 2005.

Sales revenues rose from €45.0 million in the third quarter of 2004 to € 47.5 million in the third quarter of 2005, representing an increase by 5.6%. There was a definite trend of a lasting upward movement in revenues in the first three quarters, particularly since in the first two quarters we recorded one-off effects from the adjustment of investment costs.

In the first nine months of the current year, sales revenues rose by 5.1% from €134.2 million in the previous year to € 141.1 million in this reporting period. The decisive reason for the rise was the improvement in the capacity utilization rate in the first half-year as well as the adjustment of the investment costs in some facilities in North Rhine-Westphalia region. Of the total figure of € 141.1 million, 90.4% was derived from care and services activities, 6.0% from apartments and 3.6% from other sources.

EBITDA MARGIN SHOWS FURTHER RISE

As a result of further optimization of personnel deployment, assisted by part-time staff, improved peak capacity utilization in our facility clusters and optimization of the administrative function, it was possible to slightly reduce the personnel costs to € 23.9 million in the third quarter of 2005 compared with € 24.1 million in the previous year. Rental costs amounted to € 8.3 million compared with €8.0 million which represents a rental quota of 17.5%.

EBITDA increased by approximately 48% compared with the previous year from € 4.8 million to € 7.1 million. We therefore achieved an EBITDA margin in the third quarter of 14.9% - thereby clearly reflecting the extremely positive trend over the year. EBITDA therefore rose from € 5.9 million in the first quarter of 2005 to over € 6.8 million in the second quarter to € 7.1 million in the third quarter of 2005.

After depreciation of € 1.6 million (previous year, € 1.3 million), EBIT rose by around 72% from € 3.2 million to € 5.5 million, the EBIT margin thereby climbing from 7.1% to 11.6% in the third quarter. Pre-tax profit doubled from €1.8 million to € 3.9 million in the reporting period, while the net profit also rose by almost 100% to € 2.9 million (previous year, € 1.5 million). The CURANUM Group therefore reported an earnings per share figure in the third quarter of € 0.10 doubling the previous year's figure of € 0.05.

In the nine-month period, EBITDA jumped 32% from € 15.0 million to € 19.8 million, while the EBITDA margin rose from 11.1% to 14.0% in the first nine months of the current year. EBIT was up from € 10.8 million to € 15.3 million, representing an increase of approximately 42%. Due to a slight improvement in net financial items, the pre-tax profit climbed by almost 90% to € 10.6 million (previous year, € 5.6 million) whilst the after-tax profit improved from € 4.1 million to € 7.1 million and was therefore slightly above budget. Earnings per share therefore rose by around 70% to € 0.24.

CASH FLOW

Cash flow from ordinary operations rose in the first nine months from € 7.7 million to € 15.5 million. The reduction of trade receivables, as well as the lesser usage of current account credits were very noticeable in the increase, while the repayment of other receivables and liabilities were largely without effect on the cash flow. Cash used for investment purposes amounted to € 45,000, while the resources used for financing activities amounted to € 12.2 million. The cash flow per share (CPS) therefore amounted to € 0.52 per share (previous year: € 0.25)

FURTHER REDUCTION IN WORKING CAPITAL

Liquid funds as at 30 September 2005 rose to € 5.1 million, while the same figure was € 1.9 million at 31 December 2004. Trade receivables were reduced by around € 2 million in comparison with 31 December 2004 which clearly reflects the constant improvement in our treasury management and particularly our reminder procedures.

Other current assets were reduced to € 7.2 million (31.12.2004, € 20.8 million). Accounts payable to shareholders, which at 31 December 2004 still amounted to € 9.1 million, were repaid in full. Furthermore, receivables from partial sales of businesses were repaid sooner than expected. Short-term assets therefore declined as a result from € 29.3 million to € 16.8 million at 30 September 2005.

Fixed assets were reduced to € 86.0 million (31.12.2004, €90.8 million) as a result of planned depreciation. Goodwill rose to € 47.5 million at 30 September 2005, the takeover of parts of businesses which were previously operated under a management contract were strongly in evidence here. Long-term assets rose as a result from € 156.9 million to € 164.5 million. The balance sheet total declined from € 186.2 million to € 181.2 million at the end of the reporting period.

On the liabilities side, short-term loans in 2005 fell by around €4 million due to the continuous fall in the usage of our current account credits which were hardly used at all as a result of the high cash flow. Provisions rose during the year mainly through the normal formation of imputed provisions of € 2.5 million to € 6.1 million. Current liabilities fell by € 1.5 million to € 8.6 million.

The balance sheet loss improved from € 3.3 million at 31 December 2004 to € 0.5 million at 30 September 2005. Equity capital rose from € 31.5 million to € 34.5 million on 31 March 2005, and consequently the equity ratio increased from 16.9% to 19.1% at the end of the reporting period.

Please refer to the explanations in the Notes regarding the restatement of the balance sheet as at 31 December 2004.

INVESTMENTS

We spent € 1.2 million on renovations, installations and equipment at our facilities as well as software in the units and headquarters in Munich.

STAFF

In the first nine months of 2005 financial year, the CURANUM Group employed an average of 4,136 people (previous year, 3,914). On 30 September 2005, the number of employees amounted to 4,204 split between 3,419 salaried employees, 663 temporary workers and 122 apprentices and trainees.

The constant rise in employees in the past when the number of care places was falling stems not only from the rising capacity utilization in the first two quarters of 2005, but also from the considerably higher number of part-time staff compared with full-timers. The advantage of having a higher number of part-time staff is that we can be considerably more flexible in reacting to severe fluctuations in staffing needs than we can with full-time staff working eight-hour shifts. It should be noted that our residents have the advantage that there are never any bottlenecks in personnel at peak times and that everyone receives the best care possible. Equally, the company profits from the optimization of personnel costs to the extent that the personnel cost quota can only amount to 50% with a higher level of quality.

ROADSHOWS IN GENEVA, COPENHAGEN AND EDINBURGH, INVESTOR CONFERENCE IN PARIS

In addition to our numerous investor meetings with institutional investors, in the process of the widening of our shareholder base, we held roadshows in Geneva, Copenhagen and Edinburgh in the second half, which were very well received. The CURANUM business model was without exception recognized as unique and forward-looking. Nevertheless, as a result of the good performance in 2005, some investors wait for a convenient entry point or the announcement of external growth through acquisitions.

In October, the Management Board gave a presentation on the company at the Berenberg German Small & Mid Cap Conference in Paris, which was attended by many new investors and some funds managers who have already invested.

NEW COVERAGE OF THE HVB GROUP

Also in October, HVB Equity Research published a sector analysis on in-patient care in Germany in general and HCB analysts' four favorite companies. In this survey, CURANUM AG was ranked as an "outperformer". On the one hand, the company has introduced controlling systems which optimize the deployment of personnel and remuneration systems and which raise the utilization quota in the existing facilities, on the other hand further expansion measures are now on the agenda. At the same time, the company's in-house trainee programme has eliminated the management bottleneck that was hindering growth.

OUTLOOK

The overall economic prospects for the last quarter of 2005 have become slightly cloudy and the economic research institutes are predicting a GDP rise in real terms of just 0.8%. An upturn in domestic demand is not expected until the coming year, when the dampening influence of the high energy prices should ease off and private consumption should show a moderate increase. Alongside this, economists also expect employment prospects to brighten up. The type and extent of the changes to domestic demand could, however, be considerably affected from the political side, particularly as it is still unclear the nature of the reforms a major coalition would put on the agenda and whether these will improve budgets through savings or higher taxes and duties.

Negotiations are also currently taking place during the coalition discussions on health service reforms with nursing care insurance very much in the foreground. In the German Department of Health, which is still currently run by the SPD, contrary to what was stated prior to the election, there is again talk of reducing the flat-rates at Stage I and II which would have the effect of transferring costs to welfare recipients. In CDU and CSU circles, however, there is talk of reform extending to private nursing care insurance, but there are still no concrete plans.

CURANUM AG is currently working intensively on the expansion strategy of growth through the takeover of existing facilities. Since the third quarter, we have been conducting discussions with operators who are interested in selling and have been checking the facilities and the figures. We have also joined the bidding process for the 5th biggest private operator.

As the company currently has the opportunity to make even larger acquisitions financed from cash flow or assisted by agreed credit lines or project finance, we imagine that we will soon be announcing a takeover deal. But the management board will not buy in new sales revenues at any price and endanger the longer term profitability of the business. CURANUM AG has in the past proved that it can also take over less profitable or loss-making facilities, which can be made successful in a short amount of time by integrating them into the CURANUM system. This requires that the facilities be subject to an intensive audit beforehand, which can also have a negative result, if the risks exceed the opportunities or the acquisition price appears too high. Since the market, as already stated, has entered a period of change, and the business pressure on smaller operators is rising, there are an increasing number of opportunities on offer to CURANUM AG.

The third-quarter results are slightly above budget so we are therefore highly confident that the envisaged sales and profits for 2005 financial year will be reached. The reforms currently being conducted in the administrative function of the facilities will make a significant contribution to profit in the fourth quarter and particularly in the coming year whilst we are working flat out on further increasing the capacity utilization rate.

Munich, November 2005

The Management Board

CURANUM AG, MUNICH

CONSOLIDATED INCOME STATEMENT

IN THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2005 (IFRS)

	Q3 / 2005 1.7.-30.9. T€	Q3 / 2004 1.7.-30.9. T€	9M / 2005 1.1.-30.9. T€	9M / 2004 1.1.-30.9. T€
REVENUES	47,497	45,750	141,112	134,965
Cost of revenues	- 38,394	- 38,944	- 114,670	- 113,403
GROSS PROFIT / LOSS	9,103	6,806	26,442	21,562
Selling and Marketing expenses	- 279	- 174	- 704	- 450
General and administrative expenses	- 3,365	- 3,184	- 10,330	- 9,286
Other operating income and expenses	42	- 264	- 137	- 1,018
OPERATING INCOME / LOSS	5,501	3,184	15,271	10,808
Interest income and expenses	- 1,560	- 1,694	- 4,645	- 5,231
Other income /expense	- 15	3	-11	0
RESULT BEFORE INCOME TAX (AND MINORITY INTEREST)	3,926	1,493	10,615	5,577
Income tax	- 1,037	40	- 3,535	- 1,409
Result before minority interest	2,889	1,533	7,080	4,168
Minority interest	5	32	21	57
NET INCOME / LOSS	2,884	1,501	7,059	4,111
Net income per share (basic) *, €	0.10	0.05	0.24	0.14
Net income per share (diluted) *, €	0.10	0.05	0.24	0.14

* Weighted average shares outstanding (basic and diluted): 29,700,000

CURANUM AG, MUNICH

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2005 (IFRS)

ASSETS	30.9.2005 T€	31.12.2004 T€
Current assets		
Cash and cash equivalents	5,135	1,868
Trade accounts receivable	3,974	6,128
Inventories	483	551
Prepaid expenses and other current assets	7,160	20,798
TOTAL CURRENT ASSETS	16,752	29,344
Non-current assets		
Property, plant and equipment	85,992	90,848
Intangible assets	240	215
Goodwill	47,531	35,132
Investments	1,051	1,061
Deferred tax assets	29,638	29,638
Other assets	0	0
TOTAL NON CURRENT ASSETS	164,452	156,894
TOTAL ASSETS	181,204	186,238

LIABILITIES AND SHAREHOLDERS' EQUITY

	30.9.2005 T€	31.12.2004 T€
Current liabilities		
Short-term portion of finance lease debt	3,760	3,518
Short-term debt and current portion of long-term debt	12,927	16,846
Trade accounts payable	11,087	12,516
Accruals	6,126	2,461
Income tax payable	3,810	4,348
Other current liabilities	8,608	10,114
Others	605	1,528
TOTAL CURRENT LIABILITIES	**46,923**	**51,331**
Non-current liabilities		
Long-term debt, less current portion	2,821	3,937
Capital lease obligations, less current portion	60,589	62,983
Deferred tax liability	23,520	23,520
Others	12,812	12,957
TOTAL NON-CURRENT LIABILITIES	**99,742**	**103,397**
Shareholders' equity		
Share capital	29,700	29,700
Additional paid-in capital	5,136	5,136
Treasury stock	278	171
Retained earnings / accumulated deficit	- 507	- 3,330
Minority interests	- 68	- 167
TOTAL SHAREHOLDERS' EQUITY	**34,539**	**31,510**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**181,204**	**186,238**

CURANUM AG, MUNICH

CONSOLIDATED CASH FLOW STATEMENT
IN THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2005 (IFRS)

	1.1.-30.9.2005 T€	1.1.-30.9.2004 T€
Net profit / loss	7,059	4,111
Adjustments for:		
Minority Interest	21	57
Depreciation and amortization	4,522	4,174
Increase / decrease in provisions and accruals (without deferred tax liability)	3,138	-92
Result from disposals of fixed assets	350	-335
Other expenses and income not affecting payments	-35	43
Change in net working capital	430	-431
CASH FLOWS FROM OPERATING ACTIVITIES	**15,485**	**7,527**
Purchase of property, plant and equipment	-598	-802
Cash inflows from disposals of property, plant and equipment	913	0
Other	-360	-463
CASH FLOWS FROM INVESTING ACTIVITIES	**-45**	**-1,265**
Cash repayments of amounts borrowed	-5,034	-1,330
Payment of capital lease liabilities	-2,981	-2,735
Dividend payment	-4,158	-2,376
CASH FLOWS FROM FINANCING ACTIVITIES	**-12,173**	**-6,441**
Net increase (decrease) in cash and cash equivalents	3,267	-179
Cash and cash equivalents at beginning of period	1,868	686
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5,135**	**507**

CURANUM AG, MUNICH

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY IN THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2005 (IFRS)

	Share capital T€	Additional paid-in capital T€	Retained earnings T€	Accumu-lated profit/loss T€	Equity portion of convert-ible bond T€	Minority interest T€	Total T€
AS OF JAN. 1, 2004	29,700	5,136	1,229	-11,546	322	-29	24,812
Net income for the period	-	-	-	9,047	-	73	9,120
Changes in the consolidated entity	-	-	-	-2,061	-	-211	-2,272
Other changes	-	-	-		-151	-	-151
Total	29,700	5,136	1,229	-4,560	171	-167	31,509
AS OF DEC. 31, 2004	29,700	5,136	1,229	-4,560	171	-167	31,509
Net income for the period	-	-	-	7,059	-	21	7,080
Dividend payment	-	-	-	-4,158	-	-	-4,158
Changes in the consolidated entity	-	-	-	-77	-	78	1
Other changes	-	-	-	-	107	-	107
Total	29,700	5,136	1,229	-1,736	278	-68	34,539
AS OF SEPT. 30, 2005	29,700	5,136	1,229	-1,736	278	-68	34,539

For explanations on the adjustments of retained earnings and accumulated profit/loss we refer to the notes on the transitional accounts 2004 under point 6.

NOTES ON INTERIM REPORT ON SEPTEMBER 30, 2005
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

1.GENERAL DISCLOSURES ON THE COMPANY

Curanum AG (hereafter referred to as "Curanum" or the "Company"), Maximilianstrasse 35c, Munich, was created in November 2000 from the merger of Bonifatius Hospital & Seniorenresidenz AG, Munich, which was founded in 1994 and listed on the stock exchange since 1998, and Curanum AG, Munich, which was set up in 1981. The object of Curanum AG's business is to set up, operate, advise on and manage specialized clinics and rehabilitation centers, medical care and health institutions, old people's homes and nursing homes as well as facilities in the catering and hotel trade.

2.ACCOUNTING AND VALUATION METHODS

Accounting and valuation methods have not been changed since the last quarterly accounts as of March 31 as well as of June 30, 2005. We thus refer to the notes concerning accounting and valuation methods in quarterly report Q1 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 accounts were converted from HGB (German Commercial Code) to IFRS taking into account IFRS 1. With the exception of the regulation governing company mergers, the Company did not use any of the exceptional regulations of IFRS 1.13.

The profit and loss account was converted from the cost-summary method to the cost of sales method in the course of the conversion to IFRS.

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 as of December 31, 2004 produced in accordance with HGB and the quarterly report according to IFRS as of June 30, 2005.

The accounts are prepared using the cost of acquisition principle. This does not apply to derivative financial instruments which were valued at their attributable current market value.

The quarterly accounts were produced in euros. Unless otherwise specified, all values are rounded to thousands of euros (TEUR).

The accounts now drawn up for the first time in accordance with IFRS contain transitional accounts in item 6 of these notes in order to clarify for readers the main balance sheet adjustments to the shareholders' equity shown in accordance with the previous accounting principles (HGB) in converting it to shareholders' equity shown in accordance with IFRS. Item 6 also contains a transitional account of the period earnings prepared in accordance with the previous accounting principles (HGB) in the last quarterly accounts, converting them to the period earnings for the same period in accordance with IFRS. This transitional account is sufficiently detailed to make the main adjustments to the profit and loss account comprehensible to readers.

DECLARATION OF CONFORMITY WITH IFRS

The quarterly accounts of Curanum AG and its subsidiaries were prepared in compliance with International Financial Reporting Standards (IFRS). Comparative information for the third quarter of 2004 has been correspondingly adjusted.

CONSOLIDATED COMPANIES

The following companies were consolidated as of September 30, 2005:

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, Sieglar	Germany	100.00	100.00
Seniorenzentrum Hennef GmbH, Hennef	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
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
MHS Multi-Hygiene-Service GmbH, Herne	Germany	51.00	51.00

The following company is included in the quarterly accounts as of September 30, 2004 but was deconsolidated in the remaining course of the financial year 2004:

– Bad Schwartauer AVG Altenheim-Vermietung GmbH & Co. KG as of December 31, 2004

– The CURANUM Lehrte GmbH, Haan was deconsolidated as of July 31, 2004

CURANUM Bonifatius DT GmbH, Karlsfeld, which is included in the quarterly accounts to September 30, 2004, was merged with CURANUM AG, Munich, in the financial year 2004, and the company's operations were hived off to CURANUM Betriebs GmbH.

Franziskus-Service GmbH, Gelsenkirchen, which was consolidated in the quarterly accounts to September 30, 2004 merged with opticura Service GmbH, Haan, in business year 2004.

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, 2004.

Changes by comparison with the consolidated financial statements as of December 31, 2004 have taken place to the extent that in the third quarter 2005 no relationships with affiliated persons / companies were to be reported.

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.

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 November 10, 2005.

6. TRANSITIONAL ACCOUNTS ON FIRST-TIME APPLICATION OF IFRS

Transitional account for shareholders' equity from HGB to IFRS

	Cut-off date 1.1.2004 T€	Cut-off date 31.12.2004 T€
SHAREHOLDERS' EQUITY ON CUT-OFF DATE UNDER HGB	23,275	26,097
1. Finance lease relationships	-13,307	-14,877
2. Start-up and expansion expenses	-575	0
3. Scheduled depreciation of tangible assets	401	513
4. Convertible participation certificates	322	171
5. Goodwill	12,620	13,614
6. Change to group of consolidated companies	-14	259
7. Deferred taxes	2,091	5,734
SHAREHOLDERS' EQUITY ON CUT-OFF DATE UNDER IFRS	24,813	31,511

Transitional account for quarterly / annual earnings from HGB to IFRS :

	1.1.-30.9.2004 T€	1.1.-31.12.2004 T€
PERIOD EARNINGS UNDER HGB	3,571	5,194
1. Finance lease relationships	-1,160	-1,570
2. Start-up and expansion expenses	215	575
3. Scheduled depreciation of tangible assets	63	112
4. Goodwill	985	994
5. Change to group of consolidated companies	437	99
6. Deferred taxes	0	3,643
PERIOD EARNINGS UNDER IFRS	4,111	9,047

EXPLANATIONS OF TRANSITIONAL ACCOUNTS:

A review of the IFRS year-end figures 2004 published with the quarterly report Q1/2005 showed the following adjustments according to IAS 8:

In comparison with the reporting in the first quarter and the second quarter of 2005, changes arose in the transitional accounts from the HGB to IFRS concerning the formation of deferred taxes which are not of temporary nature. Deferred taxes in the opening balance thus changed from € 7,721,000 to € 2,091,000. The capitalisation of goodwill in the opening balance sheet declined by € 550,000 in comparison to the first and second quarter 2005 reporting.

The transition from HGB to IFRS in the reporting of the earnings for the period ended 31 December 2004 generated changes mainly in the effects arising from financial leasing agreements (+€ 510,000), depreciation of capitalised start-up and expansion costs under HGB (+ €374,000), planned depreciation on fixed assets (+€ 89,000) as well as deferred taxes (€ 625,000) and the change to the structure of the companies consolidated (€ 1,233,000).

NOTES ON INTERIM REPORT ON SEPTEMBER 30, 2005
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

1. FINANCE LEASE RELATIONSHIPS

The Company has concluded numerous rental and lease contracts as the lessee as part of its business operations. Such contracts comprise both the leasing of complete nursing homes and the leasing of individual assets or groups of assets. As part of the classification of leasing relationships in accordance with IAS 17, the object of the contract was split in each case into its main assets in accordance with the "component approach" under IAS 16, to the extent that these assets differ in their useful lives. As of January 1, 2004, the Company capitalized assets of TEUR 64,686 in fixed assets which are to be found in its finance leases. The book value of these assets as of September 30, 2005 is TEUR 58,610.

2. START-UP AND EXPANSION EXPENSES

In accordance with its previous accounting rules (HGB), Curanum had capitalized expenses for the start-up and expansion of its operations and amortized them over a period of 4 years. Under IFRS, the full amount of these costs must be immediately reflected in income when they are incurred.

3. SCHEDULED DEPRECIATION OF TANGIBLE ASSETS

Under IFRS, the amortization period for fixed assets is calculated in accordance with the economic useful life of the assets. These useful lives differ from the amortization periods used previously which were based essentially on specifications issued by the German tax authorities.

4. CONVERTIBLE PARTICIPATION CERTIFICATES

The method of showing convertible participation certificates in the balance sheet under IFRS entails splitting them into a shareholders' equity and borrowed capital component which leads to corresponding differences in the amounts shown.

5. GOODWILL

The Company is applying IFRS 3 Company mergers retrospectively to past mergers. This results in the capitalization of goodwill amounting to TEUR 12,620 in the opening balance, which under previous accounting rules, on the one hand, was set off against the Company's earnings reserves at its time of creation, and, on the other, was subject to scheduled depreciation.

6. CHANGE TO GROUP OF CONSOLIDATED COMPANIES

Companies shown as participating interests in accordance with previous accounting rules were included as subsidiaries of Curanum AG as part of their full consolidation under IFRS.

7. DEFERRED TAXES

In its opening balance as of January 1, 2004, the Company shows deferred tax claims of TEUR 27,085 and deferred tax liabilities of TEUR 24,994 which result essentially from temporary differences in the way in which finance lease relationships are shown in the balance sheet by comparison with their fiscal valuation. Previously, deferred tax assets and deferred tax liabilities were not netted off.

CONTACT

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