



Report on the 1st Quarter of 2005
Period under review January 1, 2005 till March 31, 2005

curasan

Regenerative Medicine

CONSOLIDATED GROUP

curasan AG, D-Kleinostheim	Parent Company
curasan Benelux BV, NL-Barneveld	100 % Sales
curasan Inc., US-Raleigh	100 % Sales
Pro-tec Medizinische Produkte GmbH, D-Kleinostheim	100 % Manufacturing

SHARE DATA

WKN / ISIN / Kürzel	549 453 / DE 000 549 453 8 / CUR
Type of stock	No-par-value common stock
Share volume	5.0 million
Free float	53.74 %
Closing price 3.1.05 / 31.3.05 (Xetra)	Euro 2.24 / Euro 2.20
High / Low (closing price Xetra)	Euro 2.50 / Euro 2.10
Trading volume Xetra and Frankfurt (01.4.04 – 31.3.05)	Euro 6.2 million
Market capitalisation as at 31.3.05	Euro 6.2 million
Free float factor acc. to Deutsche Börse AG	0.5374
Free float market capitalisation as at 30/09/04	Euro 3.3 million

KEY FIGURES

Euro million	1.1.-31.3.05	1.1.-31.3.04	Change
Sales	1.7	2.4	– 29 %
– Biomaterials	1.6	2.1	– 24 %
– Pharmaceuticals	0.1	0.3	– 67 %
EBIT	– 0.4	– 0.5	20 %
Cash Flow	– 0.5	– 2.2	
Employees (absolute)	79	77	3 %

DEAR SHAREHOLDERS, BUSINESS ASSOCIATES,
AND COLLEAGUES,

Our first quarterly report for the 2005 financial year outlines the performance of curasan AG in the period from January to March 2005.

At Euro 1.7 million, revenue for the first three months of the current financial year was lower than in the same period a year ago. Within this context, the domestic market was the main decelerating force. The redesign of specific product packaging resulted in delayed deliveries and a significant increase in our order backlog. The issue of delays has now been addressed.

Our press and analysts' conference, held at the beginning of April for the purpose of presenting our financial results, proved extremely successful. The event was once again hosted as part of the »Stock Day Spring« conference in Frankfurt, which attracted over 120 visitors. Addressing an audience of more than 50 financial analysts and members of the press, curasan's Management Board presented the company's annual results for 2004. Following this, we had the opportunity to discuss our company's activities with those present on a more detailed, one-to-one basis.

Several days after the press and analysts' meeting, curasan showcased its product portfolio at the Internationale Dental Schau (IDS) in Cologne. Drawing crowds of around 75,000 trade visitors from 141 countries, this dental congress is considered to be one of the industry highlights in 2005. In parallel, curasan AG hosted the 9th »Frankfurter Implantologie Tage« (FIT), a specialist event that focuses on implantology. As in the past, a number of highly respected specialists discussed their clinical findings and experiences within the area of bone regeneration.

We would like to take this opportunity to thank our members of staff for their dynamism and commitment, and express our gratitude to you, our shareholders, for the trust placed in our company.

curasan AG,
The Management Board

Kleinostheim, April 2005

OUR SHARES

Curasan's share performance in the first quarter was characterised by considerable volatility. The company's share price stood at Euro 2.24 at the beginning of the year and reached a quarterly low of Euro 2.10 on 26 January 2005. Subsequently, it managed to gain forward momentum, reaching an initial high of Euro 2.45 at the beginning of February. This gain was prompted mainly by the announcement of a new sales cooperation, on the basis of which curasan was granted the right to market and distribute Epi-Guide® membranes in the US.

In the ensuing weeks, the company's shares began to lose ground slightly, eventually returning to the level recorded at the beginning of the year. Following the announcement of curasan's preliminary annual results, our share price was propelled upwards to a high of Euro 2.50 on 8 March 2005. At the end of the quarter, it stood at Euro 2.20.

The Prime Pharma & Health Performance Index, which covers the performance of all pharmaceutical and health-care companies listed in Germany's Prime Standard, remained relatively flat in the first quarter of 2005, closing at 980.01 points, from a base level of 960.92 points at the beginning of the year (+1.99%).

CURASAN SHARE PERFORMANCE



SALES OF THE PRODUCT DIVISIONS

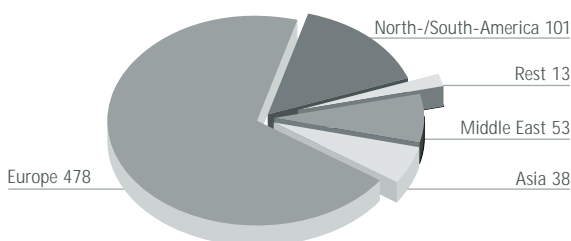
Compared with the same period a year ago, consolidated revenue for the Group receded temporarily by 31 per cent in the first quarter of 2005.

This was attributable chiefly to supply-side difficulties, which have now been rectified. The build-up in orders associated with this situation will be reduced over the course of the second quarter. Furthermore, it should be noted that our first-quarter results for the previous financial year had included relatively high revenues associated with our sales partners in the US, thus distorting the overall picture for the first quarter.

Public debate concerning social and, in particular, health-care reform, coupled with the high level of unemployment currently witnessed in Germany, has prompted many patients to postpone specific operations that can be planned in advance. The dental market, in particular, has been bearing the brunt of this stagnation. The problems currently evident within this area are attributable to a large extent to internal processing by Germany's health insurers. The latter have been delaying authorisations required for cost and treatment schedules, mainly because the National Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung – KZBV) and the statutory health insurance companies have been unable to reach a consensus on the form to be used for cost and treatment schedules. The form is an integral part of the flat-rate allowance to be implemented within the framework of the Health Care Modernisation Act (Gesundheitsmodernisierungsgesetz – GMG).

As at March 2005, foreign sales stood at Euro 683 thousand, i.e. 40.6 % of overall revenue (Q1 2004: 40.7 %). Foreign sales generated by the subsidiary curasan Benelux were considerably higher than in the same period a year ago, and curasan's US subsidiary has also been recording month-on-month revenue growth.

Export Sales



In terms of segment results, the main emphasis is on the area of Biomaterials. Owing to supply-side delays concerning Mitem®, the Pharma segment contracted substantially in the period under review. However, it looks set to regain its footing in the course of the year. Segment assets decreased year on year, particularly as regards trade receivables.

Segment reporting (period)

	Pharma	Bio	N.A.	Total	Germany	Abroad	N.A.
Segment revenues							
2005	134	2,004	0	2,138	1,222	916	0
2004	393	2,434	0	2,827	1,702	1,125	0
Segment results							
2005	- 131	- 168	- 101	- 400	- 113	- 186	- 101
2004	- 15	- 295	- 206	- 516	- 189	- 121	- 206

Segment reporting (year)

	Pharma	Bio	N.A.	Total	Germany	Abroad	N.A.
Segment revenues							
2005	134	2,004	0	2,138	1,222	916	0
2004	393	2,434	0	2,827	1,702	1,125	0
Segment results							
2005	- 131	- 168	- 101	- 400	- 113	- 186	- 101
2004	- 15	- 295	- 206	- 516	- 189	- 121	- 206
Segment assets							
2005	798	12,293	0	13,091	8,446	4,645	0
2004	1,713	11,865	0	13,578	8,044	5,534	0

CONSOLIDATED INCOME STATEMENT (IAS)

(€'000)	Quarter	Quarter
	1.1. – 31.3.05	1.1. – 31.3.04
Revenues	1,682	2,437
Other operating income	166	356
Changes in inv. of finished goods and work in progress	290	– 22
Production for own fixed assets capitalized	0	56
Cost of materials / services purchased	643	836
Personnel expenses	1,024	1,073
Depreciation and amortization	119	178
Other operating expenses	752	1,256
Operating income/loss	– 400	– 516
Interest income and expenditure	– 8	– 13
Other income/expenses	0	0
Result before taxes	– 408	– 529
Income tax	152	194
Net income/loss	– 256	– 335
Earning per share (IAS)	– 0.05	– 0.07
Earning per share (DVFA/SG)	– 0.05	– 0.07
Average number of shares (IAS)	5,000	5,000
Cash Earnings per share (DVFA)	– 0.06	– 0.06

Sales revenues amounted to Euro 1.7 million in the first three months of the financial year. In aggregate, net sales plus changes in inventories plus work performed by the enterprise and capitalised totalled Euro 2.0 million.

At 38.2 %, the cost of sales in relation to revenue was slightly higher than in the same period a year ago (Q1 2004: 34.3 %).

The company's overall headcount is comparable to last year's figure. However, staffing levels will be scaled back substantially by mid-2005 as a result of restructuring and due to the fact that we shall not be recruiting new members of staff to replace those leaving the company.

Full-Time Employees	31.3.2005	31.12.2004	31.3.2004
Marketing / Sales	31	30	33
Operations	23	23	22
Research / Registration	6	6	5
Finance / Controlling	6	6	4
Central Division	6	6	7
Total	72	71	71

Depreciation and amortisation expense associated with property, plant and equipment, as well as intangible assets and goodwill was lower in the period under review, mainly due to the absence of goodwill amortisation for Pro-Tec GmbH.

Other operating expenses were reined back by Euro 0.5 million with the help of stringent cost management in all areas of the company.

Overall, staff costs, depreciation/amortisation, and other operating expenses were Euro 0.6 million lower than in the same period a year ago.

The loss before interest and taxes improved by Euro 0.1 million year on year to Euro 0.4 million. Having accounted for interest expenses and deferred taxes, the net loss for the period was Euro 0.2 million (Q1 2004: Euro 0.3 million).

RESEARCH, DEVELOPMENT, AND REGULATORY AFFAIRS

In the quarter under review, the recommendations put forward by the FDA were successfully implemented at the cerasorb research and development centre in Frankfurt. Ongoing studies regarding the cerasorb product line provided further insights and concrete evidence concerning the reproducibility of this product. Within this context, one of the highlights was cerasorb's reference listing by the ICDD (International Center of Diffraction Data). The ICDD file contains approx. 165,000 entries regarding solid and crystalline substances; it serves as a reference catalogue for the comparison of substances within the same class. Following its inclusion in the database, cerasorb is now recognised as a global standard for all b-Tricalciumphosphate materials worldwide.

Development work on cerasorb block forms continued in the period under review. In preparation for the 9th Frankfurter Implantologie Tage in April 2005, we introduced the curasan »Literature Service«, which will in future provide regular updates on relevant publications within the field of regenerative medicine.



BALANCE SHEET AND CASH FLOW

Trade receivables were comparable to last year's figure. Registering Euro 6.3 million, our current assets are significantly higher than our current liabilities.

Intangible assets remained virtually unchanged year on year. Deferred taxes increased as a result of the net loss for the period.

Overall, liabilities were comparable to the total reported for the same period a year ago. The net outflow of cash resources was attributable to the below-par operating result as well as product-related investments.

As in the same period a year ago, the equity ratio was 82.8%.

Compared with Q1 2004, we managed to reduce the outflow of cash substantially due to the fact that loans were almost completely repaid in the 2004 financial year.

Cash and cash equivalents stood at Euro 0.2 million at the end of the period, a decline of Euro 0.5 million compared with the balance reported at the beginning of the period. The purchase consideration payable to curasan in connection with the sale of the Pharma unit is sufficiently high to safeguard the continued financing of business activities in 2005 if the underlying parameters of financial forecasting are achieved.

CONSOLIDATED BALANCE SHEET (IAS)

(€'000)	31.3.2005	31.12.2004
ASSETS		
Current assets		
Cash and cash equivalents	243	775
Securities held as current assets	0	0
Trade accounts receivable	770	672
Inventories	2,427	2,207
Prepaid expenses and other current assets	2,869	3,482
Total current assets	6,309	7,136
Property, plant and equipment	1,967	2,023
Intangible assets	2,258	2,309
Goodwill	0	0
Deferred taxes	5,404	5,250
Other assets	2,800	1,961
Total assets	18,738	18,679
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	369	187
Trade accounts payable	970	962
Accrued expenses	681	776
Other current liabilities	510	297
Total current liabilities	2,530	2,222
Long-term debt	60	65
Pension accrual	275	269
Other non current-liabilities	365	365
Shareholders' equity		
Share capital	5,000	5,000
Additional paid in capital	19,844	19,844
Adjustment item currency differences	– 28	– 35
Profit/loss carried forward	– 9,052	– 6,736
Annual result	– 256	– 2,315
Total shareholders' equity	15,508	15,758
Total liabilities and shareholders' equity	18,738	18,679

STATEMENT OF CASH FLOW (IAS)

(€ 000)	1.1. – 31.3.2005	1.1. – 31.3.2004
Net income / loss	– 256	– 335
Depreciation of fixed assets	119	178
Unscheduled depreciation of current assets	0	0
Payment invalid assets (deferred taxes)	– 152	– 194
Increase in long-term accruals	6	10
Proceeds from fixed asset disposals	0	0
Increase / Decrease in inventories, receivables and other assets	– 547	0
Increase / Decrease in accounts payable and other liabilities	133	– 906
Cash Flow from operating activities	– 697	– 1,247
Expenditure in investments in fixed assets	– 12	– 400
Cash Flow from investing activities	– 12	– 400
Investments / proceeds from the negotiation / liquidation of bonds and debts	177	– 529
Cash Flow from financing activities	177	– 529
Change in cash and cash equivalents	– 532	– 2,176
Other changes in cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the period	775	5,636
Cash and cash equivalents at the end of the period	243	3,460

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IAS)

Shareholders' Equity € m	Share Capital	Reserves	Acc. Deficit	Total
Status as at 1.1.2005	5,0	19,8	- 9,0	15,8
Acc.net loss	0,0	0,0	- 0,3	- 0,3
Status as at 31.3.05	5,0	19,8	- 9,3	15,5
Status as at 31.3.05	5,0	19,8	- 7,0	17,8

DIRECTORS' HOLDINGS

i. thsd.		Change since	
Name	Position	Stock	31.12.04
Hans-Dieter Rössler	Chairman of the Executive Board	2,126	0
Dr. Detlef Wilke	Chairman of Supervisory Board	12	0



OUTLOOK

curasan AG has established a solid position for growth in the coming quarters. Our track record within the US dental sector has been very encouraging, and the order backlog built up as a result of temporary delays on the part of suppliers is substantial. Moreover, market pundits are generally in agreement that the reduced number of operations performed in the first months of the year will lead to higher demand in the second half of the year, prompting a surge in revenues.

The company will continue to showcase its products at key congresses and trade shows. The Süddeutsche Orthopädenkongress and the 2nd World Congress on Regenerative Medicine in Leipzig are just two of the events planned for the coming months.

Supported by stringent cost management and targeted HR policies, we have successfully taken the first step towards earnings growth, despite the fact that our revenue base is still relatively meagre at this moment in time.

Our Fifth General Meeting of Shareholders will take place on 23 June 2005. The Supervisory Board and the Management Board of curasan AG look forward to meeting the company's shareholders at Stadthalle Aschaffenburg. The official invitation with the detailed agenda will be forwarded via the bank responsible for managing the shareholder's securities account.

The next quarterly report will be published on 11 August 2005.

FINANCIAL CALENDAR

June 23, 2005	Annual Shareholders' Meeting
August 11, 2005	Publication of second quarter report
November 14, 2005	Publication of third quarter report
February 2006	Announcement of preliminary annual results 2005

IMPRINT

curasan AG

Lindigstraße 4

D-63801 Kleinostheim

Phone.: +49 (0) 6027 4686-0

Fax: +49 (0) 6027 4686-686

info@curasan.de

www.curasan.de

Concept and realisation:

fischerAppelt, ziegler GmbH, Hamburg

Contact:

curasan AG · Lindigstr. 4 · 63801 Kleinostheim

Phone: +49 (0)6027 – 46 86 – 0

Fax: +49 (0)6027 – 46 86 – 686

info@curasan.de · www.curasan.de

Investor Relations:

Dr. Erwin Amashauffer

Phone: +49 (0)6027 – 46 86 – 467

Fax: +49 (0)6027 – 46 86 – 469

ir@curasan.de