Annual Report 2012

CURANUM

Gute Pflege hat ein Zuhause.

THE GROUP AT A GLANCE

as of December 31, 2012

In € mill.	2012	2011*	2010**	2009**	2008
Revenue	**288.8**	**264.4**	**255.3**	**251.5**	**255.7**
Personnel expense (excluding one-off effects)	146.8	134.6	126.7	124.3	126.2
Other expenses (excluding one-off effects)	53.8	49.0	48.6	45.2	45.6
Rental expense (excluding one-off effects)	55.9	53.8	53.7	54.0	54.6
Operating EBITDA	**32.2**	**27.0**	**26.3**	**28.0**	**29.3**
as % of revenue	11.1	10.2	10.3	11.1	11.5
One-off effects	0.0	1.8	6.6	0.0	0.0
EBITDA after one-off effects	**32.2**	**25.2**	**19.7**	**28.0**	**29.3**
as % of revenue	11.1	9.6	7.7	11.1	11.5
Depreciation / amortization	14.4	11.1	10.2	9.7	9.5
EBIT before impairment charges	**17.8**	**14.1**	**9.5**	**18.3**	**19.7**
Impairment charges	0.0	22.2	16.7	0.0	0.0
EBIT	**17.8**	**-8.1**	**-7.2**	**18.3**	**19.7**
as % of revenue	6.2	-3.1	-2.8	7.2	7.7
Net financial result	-12.6	-11.1	-9.7	-8.9	-9.5
Earnings before tax	5.2	-19.2	-16.9	9.4	10.2
Taxes on income	1.0	-6.3	-1.1	3.0	3.2
Earnings after tax	**4.2**	**-12.9**	**-15.8**	**6.4**	**7.0**
Earnings per share (EPS) in €	0.11	-0.35	-0.54	0.18	0.22
Cash flow (from operating activities)	24.0	20.5	25.7	19.8	19.8
CPS in €	0.61	0.56	0.80	0.62	0.61
Net debt	46.4	50.4	61.3	76.7	79.1
Equity	55.9	46.8	49.1	66.1	64.1
Equity ratio	21.3	16.9	20.8	28.0	27.0
Total assets	262.5	277.6	236.1	236.4	237.7
Employees (as of balance sheet date including trainees and staff on maternity/paternity leave)	7,124	7,078	6,348	6,179	5,953

* Pursuant to IFRS 3.45, adjustments (please refer to Note A2) and reclassifications (please refer to Note C 14) were performed. The six former GWA facilities have been included in the key figures since November 2011.
** Excluding discontinued operation in Vienna

OUR VISION:

We aim to consolidate our position as one of the leading private operators of senior residences and care facilities by delivering outstanding services tailored to our residents' needs. Humanity, respect and understanding are the essential qualities that underpin our innovative care and support concepts.

Curanum AG

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OUR PHILOSOPHY

WHY CURANUM?

In our activities at all our facilities we are committed to the claim: "Good care has a home". Consequently, in serving our occupants and interacting with our staff we adhere to the following guiding principles:

Proximity - regional presence of our homes

Nationwide footprint and yet close at hand: we provide our residents with a home in our care facilities in senior residences by adopting innovative support concepts in a variety of residential forms. Our homes are oriented to individual requirements in all areas. Attractive cultural activities and good links with the local community make them a veritable home from home.

Individuality - outstanding quality in care

We know our residents, and our inpatient facilities feature flexible, 24/7 admissions for new residents, with care designed to maintain the individual's independence by making full use of their existing capabilities. We place particular emphasis on utilizing our care and management concepts to encourage and support our residents in pursuing their well-being. With our multifaceted offerings and activities, which are reviewed by a quality and complaints management system that is implemented across the whole of Germany, we ensure that all occupants' expectations are met with regard to a lifestyle that is safe, secure and characterized by respect.

Commitment - promotion of our employees

We are well aware that the training and motivation of our employees is the decisive factor in the quality of our care and support. Our employees are on hand around the clock for residents, providing each individual with the care he or she may need. Our IT systems are designed to largely relieve our staff of administrative tasks in this context. We actively foster team spirit and encourage our employees to take initiative. With our foundation CURANUM Academy, we are establishing new directions in training and development, and we are deploying this attractive institution to train our new up-and-coming staff.

Stability - a strong framework

Our commercial stability allows us to create long-term security for our residents and staff. Our solid business approach makes us a reliable contractual partner providing above-average services in well cared-for properties.

In view of these strengths, we stand firmly behind our claim of "Good care has a home".

Look no further – CURANUM!

LETTER TO SHAREHOLDERS

Dear shareholders,

In 2012 we benefited from the acquisition of the six GWA facilities. At the same time, we realized operating improvements to our existing business. In doing so, it was evidently positive that we not only transferred responsibility for the management of our facilities to our regional managers, but also, from the summer of this year, the responsibility for the coordination of Group-internal services. Moreover, initial successes from our new real estate management approach became visible. This policy aims not only to improve the quality of our homes, but also to enter into new rental agreements wherever individual tenants were achieving unjustifiably excess returns. As a consequence, we boosted EBITDA by around one quarter to reach a five-year high, and reported a marked increase in EBIT, thereby marking a return to generating an after-tax profit.

We placed a particular focus on refinancing our borrower's note loan, which expired in December 2012. Given our continuous repayment of net debt, we ensured our basis financing through two groups of banks - cooperative banks and savings banks. These banking groups also insisted that we implement an equity capital increase, which we successfully completed in October.

Having repositioned ourselves in 2011 with our new regional management structure, our focus in 2012 was on strengthening our central departments. This included creating a powerful real estate management function, and a significantly strengthened care rate administration whose fruits will mainly become evident in the next financial year. We also made additions to our IT team, which launched a new IT-based care documentation system across almost our entire care home network. In addition, we restructured our corporate development and project management department, and developed standard management and cooperation guidelines for the Group. Finally, we pushed ahead in the autumn of 2012 with preparing the streamlining of Group structures. This concept, which we are currently implementing with retroactive effect as of January 1, 2013, will be documented in the next annual report, however.

Despite the earnings improvements presented in our three last quarterly reports, our share price remained at an almost unchanged level at significantly below € 2.00 per share, even after the successful follow-on financing, although it also reflected the sale of lines of stock by some major shareholders. To this extent we identified a business opportunity to conduct limited due diligence of Europe's largest care home chain, Korian S.A., and to institute a limited mutual audit of a business combination with its German Phoenix subgroup with Curanum AG. Once these audits had been concluded, Korian Deutschland AG, Mannheim, Germany, announced on December 10, 2012 that it would submit a voluntary public takeover offer for Curanum AG at € 2.50 per share. On February 4, 2013, the Management and Supervisory boards issued a positive appraisal of this takeover offer in the context of its prospective effects on CURANUM, its future operating activities and strategic orientation, its staff and employment conditions, and locations, and welcomed the offer from a corporate and business perspective. The Management and Supervisory boards also regarded the price offered as appropriate when taking into account the fairness opinion commissioned from investment bank Freitag & Co. GmbH, and in the overall light of the valuation methods and factors included in this fairness opinion, which we published on our website. On February 13, 2013, Korian extended its offer until March 4, 2013, while at the same time waiving its condition for the completion of the offer that at least 75% of the shares be tendered. This subscription period had not yet expired as of the date when this annual report was prepared.

We are convinced that the business concept of a close co-operation with Korian Deutschland AG can be executed successfully. We are also assuming that we will further improve our revenue and earnings levels in the coming year.

Munich, February 15, 2013

Walther Wever
(CEO)

Judith Barth
(CFO)

THE CURANUM SHARE

Stock market and CURANUM share in 2012

The DAX index of leading German shares reported a continuously positive trend in 2012, albeit with minor fluctuations. It started the year at 5,900 points, before rising 29% to reach 7,612 points by the end of 2012.

The CURANUM share registered a significantly more volatile performance. It started the year at € 1.88, before outperforming the general trend to reach around € 2.53 by February. It then reported a continuous slump to € 1.48 by June 2012, not least due to the continued lack of refinancing of the borrower's note loan, which was due to expire in December 2012. The share price then gravitated at a level below € 2.00, despite the capital increase at a subscription price of € 1.50 per share in October 2012, and the successful follow-on financing in November 2012. During the last three months before the announcement that Korian Deutschland AG was to issue a voluntary public takeover offer for CURANUM shares, the volume-weighted average price stood at € 1.88. The share price moved up to € 2.50 per share when the takeover offer was announced on December 10, 2012. The share closed the year on December 28 at € 2.50.

Our market capitalization consequently amounted to around € 106 million at the end of 2012, up by approximately 44% year-on-year, which is due not only to the capital increase of 3,315,000 shares which was conducted in October, but also to the transaction-related share price increase at the end of the year. A total of around 10.6 million shares with a value of € 22.8 million were traded in total in the financial year elapsed. Trading volumes doubled year-on-year as a consequence.

Peer group

In light of the small number of listed senior home operators in Germany, the CURANUM share's European peer group includes the domestic operators Marseille Kliniken AG, Rhön-Klinikum AG and Maternus Kliniken AG, as well as the two French competitors Group Orpea S.A. and Korian S.A. The CURANUM share outperformed its peer group, not least due to the voluntary public takeover offer.

Key stock market data for the share as of December 31, 2012

ISIN	DE 0005240709
WKN	524070
Class	Ordinary no par value bearer shares
Share capital	€ 42,507,000
Number of shares	42,507,000
Number of treasury shares from share repurchase program	405,102
Listing and indices	Regulated Market Frankfurt, Munich, Prime Standard Regulated Unofficial Market Hamburg, Düsseldorf, Berlin, Stuttgart
Designated Sponsor	VEM Aktienbank AG
Financial year	January 1 to December 31
Ticker symbol	BHS, Reuters: BOHG.DE, Bloomberg: BHS GR
Market capitalization	106,267,500
Year high / low	€ 2.53 / € 1.48
Opening / closing price	€ 1.88 / € 2.50

REPORT OF THE SUPERVISORY BOARD 2012

We were required to deal with numerous statutory and regulatory changes in 2012. We discussed in detail with the Management Board the strategy and further implementation of the measures in the agenda submitted by the Management Board. We were updated extensively about the business policy and basic issues surrounding company management and planning, financial development and performance, the improvement of risk management, as well as transactions and events which were significant to the company. We advised the Management Board and supervised its management activities. Assessing matters concerning Korian, including the interests involved, formed a focus in this context. Votes on resolutions were taken using the notational voting process where such decisions had to be made between the scheduled meetings.

Supervisory Board meetings

A total of eleven Supervisory Board meetings were held in the year under review, four of which were face-to-face meetings. At our first meeting on February 27, 2012, we were intensively occupied with the 2011 annual financial statements which the Management Board had submitted, and the results of the external audit. At the second meeting on March 20, 2012, the agenda primarily comprised current business trends, questions relating to the follow-on financing, the Management Board's risk report, and preparations for the 2011 Shareholders' General Meeting. We utilized a checklist to review the Supervisory Board's efficiency, and established that no conflicts of interests had arisen due to consultancy mandates or board functions at business partners with respect to any of the Supervisory Board members.

At the third meeting on April 19, 2012, the Supervisory Board requested and received an in-depth report on business trends in the first quarter of 2012, as well as on financing matters. The status of the planned follow-on financing also formed the focus of the fourth meeting on May 16, 2012. Topics at the Supervisory Board's fifth meeting on June 4, 2012 included Management Board personnel matters, the status of the follow-on financing, and the reorganization within the Supervisory Board. The launching of discussions with Korian S.A., Paris, which had indicated its interest in reviewing a potential takeover, formed the central topic of the sixth meeting on July 19, 2012. We also discussed again the status of the Management Board's financing discussions with banks. Agenda items additionally comprised questions relating to Management Board compensation. At the seventh meeting on August 10, 2012, the Management Board reported on the progress of the financing negotiations, as well as the status of discussions with Korian S.A., Paris. These topics also formed the subject of discussion at the eighth meeting held on September 17, 2012. At the ninth meeting on September 27, 2012, we granted our consent to the capital increase from approved capital which the Management Board requested, and the planning for 2013-2015 which the Management Board had submitted. The Management Board's risk report and the potential takeover by Korian were the main topics of discussion at the tenth meeting on the December 6, 2012. The Supervisory Board also concerned itself with the replacement for the vacant Supervisory Board position. The announcement by Korian that it would submit a voluntary public takeover offer formed the topic of the eleventh meeting held on December 10, 2012.

Supervisory Board committees

The Audit Committee held a total of six meetings. Discussion at the Audit Committee meeting on February 23, 2012 focused on the annual financial statements. The quarterly reports were discussed at further meetings held on May 7, July 13 and October 15, 2012. The meetings on September 27 and December 6, 2012 covered preparatory topics related to the 2012 annual financial statements, as well as their related auditing. The Strategy Committee met twice. Discussions on the March 20 and May 16, 2012 focused on the company's strategic positioning within a changing market. The Personnel and Nomination Committee held five meetings: on February 22, focusing on compensation questions, as well as on March 20, July 17, December 6 and December 11, 2012, focusing on new appointments to the Supervisory Board.

Single-entity and consolidated financial statements for 2012

The financial accounting, the single-entity annual financial statements with the management report for 2012, and the consolidated financial statements and Group management report have been audited by the external auditor Wirtschaftstreuhand GmbH, Stuttgart, elected by the Shareholders' General Meeting. Both audits resulted in unqualified audit opinions. The Audit Committee discussed at length the documents relating to the annual financial statements and consolidated financial statements, taking into consideration the auditor's report and discussions with the auditor concerned. The Chairman of the Audit Committee reported on these deliberations in today's Supervisory Board meeting. We have approved, on the recommendation of the Audit Committee, the findings of the audits after examining the auditor's reports and following detailed discussions with the auditor, and established that no objections were to be raised following the conclusive results of our reviews.

The annual financial statements and the consolidated financial statements prepared by the Management Board have been approved today. The annual financial statements are thereby adopted. Following its own review, the Supervisory Board concurs with the Management Board proposal to carry forward the profit to a new account.

Personnel changes

At the Supervisory Board meeting on June 4, 2012, Dr. Thomae stepped down from his position as Supervisory Board Chairman for personal reasons. Dr. Ganzer was then appointed Supervisory Board Chairman as well as Chairman of the Personnel Committee, while Dr. Thomae was appointed Deputy Supervisory Board Chairman.

On May 16, 2012, the Shareholders' General Meeting elected Mr. Dieter Wopen as Supervisory Board member. Due to his having been appointed a management board member at a competitor, a few weeks later Mr. Wopen then relinquished his Supervisory Board mandate in a letter dated September 29, 2012. At the company's request, and with Supervisory Board approval, Prof. Norbert Klusen was court-appointed to be a Supervisory Board member with effect as of December 13, 2012.

Also on behalf of my Supervisory Board colleagues, I would like to thank the Management Board and the staff members of the CURANUM Group for their dedication and genuine commitment.

Munich, February 26, 2013
On behalf of the Supervisory Board

Dr. Uwe Ganzer

CORPORATE GOVERNANCE REPORT 2012

Curanum AG's activities are governed by the principles of responsible corporate management and supervision, driven by a sense of proper collaboration between the Management Board and Supervisory Board, while preserving the shareholders' interests and appropriately managing risks, which maintain and promote confidence among business partners, staff and the public at large.

We regard corporate governance as an ongoing process that involves coming to terms with the requirements of the German Corporate Governance Code. Curanum AG complies with the Corporate Governance Code in its latest version dated May 2012 with only a few exceptions. (Publication in the German Federal Gazette [Bundesanzeiger] on June 15, 2012).

Since 2005 the company has been preparing its consolidated financial statements in accordance with the principles of the International Financial Reporting Standards (IFRS) and its single-entity financial statements according to the provisions of the German Commercial Code (HGB). The consolidated financial statements which have been audited by the independent auditor and adopted by the Supervisory Board is to be be published within 90 days. The Shareholders' General Meeting elected Wirtschaftstreuhand GmbH, Stuttgart, as auditor for the year under review.

As a matter of principle, Curaum AG treats all shareholders, financial analysts, and similar target groups on an equal basis. All information is provided immediately, in full and consistently, through appropriate communications media. All discussions, whether in telephone conferences, one-on-one meetings or roadshows, convey the same information content. Curanum AG's business position and results are reported in the annual report, at the results press conference, in the half-yearly financial report and in the two quarterly reports. Individuals who are interested in our company will find extensive information on our website at www.curanum.de. The company also uses its website to publish information requiring ad-hoc (current) disclosure, directors' dealings, corporate management statements, press releases, as well as information about the CURANUM share, key figures and the financial calendar. Curanum AG has set up the mandatory insider register and the persons concerned have been notified about their statutory duties and sanctions.

Supervisory Board

The Supervisory Board consists of six members as representatives of the shareholders, namely the chairman and his deputy, as well as four further ordinary members. The term of office of the Supervisory Board members expires at the close of the Shareholders' General Meeting that passes a resolution concerning the discharge of the Supervisory Board for the 2012 financial year.

The Supervisory Board formed an Audit Committee, a Strategy Committee and a Personnel and Nomination Committee - each of which consists of two members. The Audit Committee looks at issues relating to accounting, risk management and compliance, defines key areas for the audit, and engages the external auditor. Apart from supporting Management Board members, the Human Resources Committee also constitutes the Nominations Committee for proposing suitable Supervisory Board election candidates to the Shareholders' General Meeting. The Strategy Committee is involved with the company's further strategic development.

At the end of the financial year, the Supervisory Board held 12.1% of the company's shares in total. A total of 10,854 shares were attributable to Dr. Ganzer, 3,514 shares to Dr. Thomae, 6,969 shares to Dr. Hoyos, and 5,127,287 shares to Dr. Michael Treichl via Audley European Opportunities Master Funds Ltd.

No members of the Supervisory Board were involved in conflicts of interest in 2012.

Management Board

Curanum AG's Management Board currently consists of two members. In the financial year under review, the Management Board ensured compliance with statutory provisions and the company's internal guidelines. This also includes the further expansion of Group risk management and controlling. D&O insurance has been taken out for the Management Board with a deductible of 10%. Chief Executive Officer Mr. Walther Wever holds 3,228 shares. None of the Management Board members were involved in conflicts of interest.

Management Board compensation is composed of a fixed and a variable component. The variable compensation is based firstly on the attainment of short-term corporate objectives measured using EBITDA earnings. Variable compensation in the form of a phantom stock program also takes the company's sustainable development into account.

Securities transactions and voting rights notifications requiring mandatory announcement

Please refer to our publications on the Internet at www.curanum.de for information about directors' dealings notified pursuant to §15 of the German Securities Trading Act (WpHG) and threshold notifications pursuant to §21 of the German Securities Trading Act (WpHG).

Declaration of Compliance by the Management and Supervisory boards

The Supervisory and Management boards declare that, since the last declaration was issued, the recommendations of the "Government Commission German Corporate Governance Code" in the version of May 26, 2010 has been complied with, and since the publication of the version of the Code dated May 15, 2012 in the German Federal Gazette of June 15, 2012, the new version of valid from that date has been complied with, and continues to be complied with the following exceptions:

Re section 3.8.:

The German Corporate Governance Code envisages that an appropriate deductible should be agreed for the Supervisory Board if the company takes out directors & officers (D&O) insurance.

There is no deductibles agreement for the Supervisory Board since Curanum AG believes that this is not required to encourage the Supervisory Board members to properly discharge their supervisory functions.

Re section 5.4.6.:

Until the new version of May 15, 2012, the German Corporate Governance Code recommended that supervisory board members should also receive performance-based remuneration along with fixed remuneration.

The Supervisory Board members at Curanum AG receive only fixed remuneration since Curanum AG is convinced that a fixed remuneration contributes substantially to ensuring the neutrality of the Supervisory Board. Since this recommendation is no longer included in the Code's latest version, this exception will cease to apply in the future.

Munich, January 29, 2013

Management and Supervisory boards of Curanum AG

GROUP MANAGEMENT REPORT

for the 2012 financial year of Curanum AG, Munich

1. Overall environment and business progress

Macroeconomic trends

While the economy was characterized by a general upturn in the first half of 2012, it cooled again in the second half of the year. Gross domestic product reported only slight growth overall, while inflation increased slightly. Both exports and the domestic economy contributed to positive trends on the labor market. The impending insolvency of some highly indebted Eurozone states precipitated a further crisis of confidence on European financial markets, not only feeding through to political impositions, but also to a diminishing preparedness by banks to lend.

Sector trends

Economic trends in the care sector are predominantly dependent on demographics and medical advances. General economic trends play a secondary role for the care sector. The positive growth trend in our market segment due to the increase in the number of senior citizens as a share of the total population resulted in a slight rise in demand. Driven by legislation, the outpatient care area reported stronger growth. The supply side for inpatient facilities continues to be characterized by a rising number of new care homes, which is particularly placing greater competitive preasure on smaller operators'. The consequence is a continuing consolidation trend in the sector.

Business progress

After the residents in our Ennepetal facility moved to our Ochsenkamp facility in Schwelm, we now operate a network of 76 care homes across Germany. With its around 7,700 care places and 2,050 managed apartments, the CURANUM Group ranks as one of Germany's leading senior residence and care center operators.

Our new regional management structure bore its first fruits in 2012 with above-average capacity utilization and good care grades. In the summer, we made our four regional managers additionally responsible for coordinating Group-internal services with the consequence that communication and coordination with service-providers improved significantly. We also further strengthened our central areas. This applies particularly to real estate management, care rate administration and the financial area.

In the autumn, we implemented an equity capital increase from approved capital through issuing new shares at a price of € 1.50 per share in order to improve our financial soundness, and also create the preconditions for the successful follow-on financing of our basis loan.

2. The Group's position

Profitability

Revenue trends

After adjusting for miscellaneous reimbursements, revenue grew by 9% year-on-year to almost € 289 million in the financial year under review. This growth is due not only to a higher level of utilization at our facilities and higher care rates, but also attributable to the full-year consolidation of the six GWA facilities which contributed almost € 22 million to the revenue increase.

Operating earnings

The following picture emerges when examining the key cost items of personnel expenditure and rent: personnel expenses were up in line with revenue by 9% to almost € 147 million due to the higher occupancy, the full-year consolidation for the first time of the GWA facilities, and the wage increases that were implemented. By contrast, rental expenses rose by only 4% year-on-year, despite the additional facilities. These amounted to almost € 56 million (previous year: € 54 million), and were primarily due to the relieving effects felt from the renegotiation of some rental agreements where tenants were achieving excessive returns.

Given this, the consolidated income statement showed the following changes: the costs of sales were up by around 8% to approximately € 250 million. This is largely due to higher personnel expenses of around € 10 million. The relieving effects arising from rental expenses that grew at a slower rate than revenue were offset by cost increases for food and energy, in particular. At around € 13 million, depreciation and amortization also reported an increase, mainly as a consequence of the takeover of the six GWA facilities.

Selling and marketing expenses, which in the previous year were impacted by our marketing campaign to standardize our CURANUM profile, and which relate solely to marketing for our facilities, rose slightly to around € 1 million.

General administrative costs were up by around € 2 million to approximately € 23 million. This primarily reflects the creation and establishment of central functions which was accompanied by a decline in consulting costs.

Other operating expenses of € 3.6 million included a provision for impending losses for a purchase obligation for one facility. The previous year's amount of € 24.7 million was predominantly impacted by high asset impairments. By contrast, other operating income of € 6.8 million stood at around the previous year's level.

EBITDA was up by around one quarter to approximately € 32 million. This earnings improvement of almost € 7 million consists of € 2 million relating to existing homes, and almost € 5 million to the new facilities.

Amortization and depreciation stood at around € 14 million in the financial year under review, with the year-on-year increase also reflecting the full consolidation for the first time of the GWA facilities. As a consequence, we report a significantly positive result of almost € 18 million at the EBIT level (in other words, earnings before interest and tax), representing an almost € 26 million improvement compared with the previous year.

The net financial result declined to almost € -13 million, principally due to lease agreements for our new facility and the takeover of facilities acquired from the GWA Group. Earnings before tax (EBT) stand at around € 5 million as a consequence. Compared with the previous year's figure of around € -19 million, we improved earnings before tax by € 24 million, and mark a return to generating a profit at the net income level of around € 4 million, representing € 0.11 of earnings per share.

Net assets

Our cash and cash equivalents fell by around € 5 million year-on-year to € 16 million. This also reflects the fact that we focused particularly on paying our liabilities on time. As a consequence, current assets also dropped by around one fifth in total to approximately € 29 million (previous year: € 35 million).

Property, plant and equipment was down by 4% to € 149 million, reflecting the impact of depreciation. Non-current assets also diminished, to almost € 234 million. Total assets were down by 5% to € 263 million as a consequence.

While current provisions reported only a minimal change, non-current provisions were up by € 2 million. Lease liabilities fell 5% to € 107 million due to the contractual repayments agreed for lease agreements. At the same time, our bank borrowings were down by 13% to almost € 63 million. As a consequence, our net debt (excluding lease liabilities and including liquid assets) fell by 8% to around € 46 million.

Equity rose by one fifth to € 56 million, not only due to the equity capital increase that was implemented in the autumn, but also thanks to the net profit that was generated. This corresponds to a 21.4% equity ratio, compared with almost 17% in the previous year. The net debt to equity ratio improved from 107% to 82% as a result. Consequently, net debt lies significantly below the level of reported equity for the first time in several years.

Financial position

The net change in cash of the CURANUM Group of around € 5 million is composed of € 24 million of cash inflow from operating activities (previous year: approximately € 20 million), an almost € -12 million cash outflow from investing activities (previous year: around € -7 million), and the almost € 17 million cash outflow from financing activities (previous year: € -8 million).

At around € 24 million, the cash inflow from operating activities lay ahead of the average of several past years. Despite the targeted reduction in trade accounts payable to suppliers, this mainly reflects the significant year-on-year earnings improvement.

The cash outflow from investing activities of almost € 12 million was considerably above the previous year's level and is composed of the almost € 5 million paid in 2012 for the proportional purchase price for the GWA facilities, and almost € 7 million of investments in our other facilities.

The cash outflow from financing activities of around € -17 million is especially attributable to the approximately € -9 million repayment of bank borrowings, interest payments, and redemptions of finance leases of € -13 million, less the approximately € 5 million from the successfully placed capital increase.

3. Organization and administration

Supervisory Board

Dr. Dieter Thomae stepped down from the position of Supervisory Board Chairman in June 2012 for personal reasons in order to continue to belong to the Supervisory Board as Deputy Chairman. Dr. Uwe Ganzer was elected as Supervisory Board Chairman in June 2012. Following a proposal from our major shareholder Triton, Mr. Dieter Wopen was elected to the Supervisory Board by the Shareholders' General Meeting in May, before he then relinquished his mandate in September 2012 due to his having been appointed a management board member at a competitor. At the company's request, and with Supervisory Board approval, Prof. Norbert Klusen was court-appointed as Supervisory Board member in December 2012. Total gross remuneration paid to Supervisory Board members amounted to T€ 194 (previous year: T€ 210). Remuneration for the individual Supervisory Board members is reported in the notes to the consolidated financial statements.

Management Board

In the 2012 financial year, the Management Board of Curanum AG received total remuneration of T€ 1,332 (previous year: T€ 892). Individual compensation paid to the Management Board members and details about compensation components are disclosed in the notes to the consolidated financial statements.

Employees

In the 2012 financial year, the average number of Group staff was up by 6% from 6,535 in 2011 to 6,919, mainly as a result of the full-year inclusion of the acquired GWA facilities, and the higher occupancy level. Of these, an average of 394 trainees were employed across the Group. Compared with the previous year, with 313 trainees, this reflects a marked increase of around 81 trainees, or 25.9%. As of December 31, 2012, the number of staff including trainees and employees on maternity or paternity leave stood at 7,124 individuals in the Group (previous year: 7,078 individuals).

Ancillary care and specialist staff are trained at all facilities in cooperation with established care colleges. Through the CURANUM Academy foundation, which also trains staff who do not belong to the Group, we offer extensive further training programs ranging from basic knowledge up to expert standards. For our managers, we conduct discussions to establishtarget agreements. We aim to gradually introduce such discussions at further employee levels from next year on. Individual training and development programs at the Academy will be selected on this basis from now on.

4. Risks and opportunities attached to business development

Numerous opportunities and risks that could affect the performance of the business are associated with our operations.

The Management Board further refined and added to the existing risk management system in the first half of 2012, so that risk management is now performed quarterly using an extensive risk catalogue. This includes a critical assessment of all risks within a risk inventory list.

The Management Board reviews this risk inventory list every quarter. Risks are then split into sector, operating, personnel, financial, property and other risks. The aim of the risk management system is to identify opportunities and, in particular, risks at an early stage in order to address them with corresponding actions in good time. The risk management system sets out related responsibilities, and defines risk monitoring and the form of reporting to the Management and Supervisory boards.

Sector-related opportunities and risks

Our commercial and financial success and profitability is significantly affected by the average occupancy that we achieve in our facilities. We identify opportunities in the successful implementation of our marketing strategies, risks in declining occupancy rates, especially as a result of more intense competitive conditions, as well as changes in consumer behavior and demographic trends. Our business is based on negotiated care rates, which entails the risk that if sponsors potentially fail to provide refunding, rising procurement costs cannot be fully reimbursed. Moreover, in the case of regulated payments in the outpatient care area, in which around two thirds of our income is derived from public sector funds, cuts can be implemented due to financial weakness on the part of sponsors.

Changes to care insurance regulations at the German national federal level, changes to care home legislation at the individual federal *Länder* level, and changing preferences among more elderly citizens with respect to new residential forms can affect demand for inpatient care places. Our aim is to react in good time to market risks through our own market monitoring, innovative entrepreneurial concepts, and networking with institutions that conduct care research, such as associations.
The constant changes to statutory conditions offer opportunities to invoice additional care services. Risks may also be connected with these changes, however, due to the cutting of care benefit payments.

Operational opportunities and risks

Our occupancy campaign, and our growth strategy of opening new facilities and taking over already existing facilities, offers opportunities for sustainable earnings improvement. Risks arise from the respective market environments of our facilities, the conditions of their buildings and the qualified personnel that they employ. Growth that is connected with opportunities and risks requires the successful integration of processes and systems. When opening new facilities, opportunities for boosting revenue contrast with occupancy risks during the start-up phase.

The large number of regulations, laws and other ordinances to which our facilities are subject may lead to additional regulation as part of statutory inspections. The same applies particularly for the care quality appraisals conducted by the Medical Service of Health Funds (MDK). In this connection, our facilities are exposed to grading and assessment risks, as well as cost risks due to expenditure on documentation, which continues to be required, and which is becoming ever more extensive. With the help of our internal Total Quality Management (TQM) team we strive to pre-empt and minimize potential risks from the Medical Service of the Health Funds (MDK) assessment. We also constantly update our quality manuals.

Despite our quality management, frequent inspections, and employee training courses, errors cannot be ruled out as a result of the personnel-intensive nature of our business, which may result in quality problems. Where serious quality problems do occur, the care home regulatory authorities may prohibit the acceptance of new residents, and even order a facility's closure. Early-warning systems built into the internal inspection system tend to ensure that problems that do occur are identified in time.

Personnel-related opportunities and risks

Our business stands and falls with well-qualified and highly-motivated staff. Due to the strained labor market situation for specialist care staff, a general hiring risk exists, which particularly impacts the managerial level for care facilities. We are actively involved in recruiting new staff in order to minimize specialist staff shortages in the care areas of our facilities. We also focus on our own training, and are pushing ahead in the recruitment of our own trainees. Finally, with our CURANUM Academy foundation, we have made an important contribution to the training and development of our staff, in order to retain these professionals within the company on a long-term basis.

Financial risks

Syndicated loans of € 24 million that were entered into with two banking groups in 2012 serve as our basis financing. As part of these loan agreements, Curanum AG has obligated itself to provide evidence that it complies with various financial covenants at the end of each quarter. The loan-providers are entitled to a special right of cancellation if the fixed covenants are breached. The company complied with these newly agreed covenants as of the year-end. Based on our planning calculations, we are assuming that we will continue to comply with them in 2013. These syndicated loan agreements contain change of control clauses whereby the financing banks are entitled to a special right of cancellation given a change in the ownership of the majority of the company's shares. A going-concern risk would arise if a change of control were to occur, and if the banks were to utilize this special right of cancellation. In connection with their announced majority takeover, Korian S.A. and Korian Deutschland AG as the bidding entity have committed to working together with CURANUM in order to ensure the continued existence of these syndicated loans, or to locate alternative financing.

Some real estate financing loans also include change of control clauses. New financing facilities would need to be found for the related facilities if a change of control were to occur, and if the contractual partners utilized their special rights of cancellation. The banks financing the syndicated loans would also enjoy a special right of cancellation in this instance.
a

Finally, two lease agreements also contain change of control clauses. If a change of control were to occur, and if the contractual partners utilized their special rights of cancellation, they would be entitled to take over the related facilities on contractually defined terms.

The interest-rate risk of CURANUM essentially relates to interest-bearing financial debt. For this reason, we have largely agreed fixed interest rates for their duration. As a consequence, loans collateralized by real estate have fixed and long-term interest-rate arrangements.

The syndicated loan financing carries a variable interest rate. The company has entered into swaps which carry congruent maturities, and which are adjusted to reflect the respective repayment status, in order to hedge the related interest-rate risk.

Property-related risks

As far as the properties in which we operate our facilities are concerned, opportunities and risks exist in connection with the construction-related equipment of the facilities, as well as applicable statutory and official regulations and requirements. We are required to provide evidence of compliance with such regulations. Our real estate concept entails us operating our care facilities for the very greater part in rented or leased properties. Depending on the structure of rental and lease agreements, a financial and commercial risk generally exists relating to their durations and the refinancing of these long-term contractual obligations.

Opportunities and risks arise especially due to regulatory changes for architecturally/structurally related conditions for care homes, which would result in considerable reconstruction expense. Such changes have already been approved for North Rhine-Westphalia, although they will not come into force until 2018. Comparable or similar regulations could be implemented in other German federal states. Such changes could generate both opportunities and risks for us. In particular, we identify opportunities to achieve higher investment rates through corresponding reconstruction measures or, where buildings are protected due to architectural/structural circumstances, high utilization rates can be achieved due to attractive offer prices. Risks exist relating to agreements where reconstruction expenses and lease obligations cannot be passed on to the contractual partners.

Through the introduction of a real estate management function (which also comprises checking whether requirements have been satisfied, for example), we are ensuring that risks existing in this area are appropriately monitored, and addressed through corresponding measures where required.

Other risks

Current litigation, which had not been concluded as of the balance sheet date, might result in charges in the future. The risk relating to potential expense has been estimated for this purpose, and provisions of T€ 539 (previous year: T€ 700) have been formed accordingly.

Opportunities and risks also exist in connection with our central purchasing. Our aim is to minimize such risks through organizational regulations, especially the requirement to conduct legal, contractual checks.

Environmental risks also exist - albeit to a limited extent - for example, where drugs or other hazardous materials are not disposed of properly. Total Quality Management also monitors such risks.

Internal control and risk management system with respect to the accounting and financial reporting process

Curanum AG also operates an internal control and risk management system with respect to its accounting and financial reporting process. It ensures compliance with statutory norms and financial accounting regulations which are binding for all companies included in the consolidated financial statements. Amendments to laws and accounting standards are continuously analyzed for their effects on the consolidated financial statements. Internal Group systems are adjusted to reflect any resultant changes.

Besides defined control mechanisms, such as system-based and manual reconciliation processes, the internal control system is based on functional separation, as well as compliance with directives and operating procedures. At CURANUM, the finance and accounting departments manage the Group accounting and financial reporting process.

As part of the accounting and financial reporting process, measures are implemented that are intended to ensure the regulatory compliance of consolidated financial statements. The consolidated financial statements are prepared centrally on the basis of the data of the subsidiaries included in the consolidation scope. The financial and accounting departments perform the consolidation activities, certain coordination work and the monitoring of deadlines and process regulations. At least one additional check by a second person is carried out at every level. The entire financial accounting process entails various approvals procedures.

Risk management for financial risks

Curanum AG is subject to credit, market and liquidity risks with respect to its assets, liabilities and planned transactions. Risk management for financial risks at Curanum AG pursues the goal of limiting such risks. To this end, the treasury department makes particular use of selected derivative hedging instruments to hedge risks.

Managing financial risks is a primary task incumbent on the Management Board of Curanum AG. The Management Board determines the main features of financial policy. The Management Board is regularly informed about current risks and their management. Outstanding trade receivables are monitored constantly. Default risks are reflected using specific valuation adjustments. No significant concentrations of risk exist due to the company's diversified customer structure, as well as the creditworthiness of any providers of social security benefits. The carrying amount of receivables represents the maximum default risk.

In order to reduce risk, derivative financial instruments are utilized exclusively with contractual partners that enjoy investment-grade credit ratings. Cash resources are invested exclusively in overnight and term deposits with a maximum duration of up to three months, and exclusively with German banks of investment grade rating.

Since the CURANUM Group carries out its operating activities exclusively in the Eurozone, there are no currency-specific risks.

In the case of liabilities carrying variable rates of interest, the CURANUM Group is exposed to the risk of interest-rate changes. The CURANUM Group endeavors to limit such risks through the deployment of interest-rate derivatives in the form of interest-rate swaps. Curanum AG also counters the risk from unexpected increases in interest expense by distributing related risks among several banks, and constant monitoring of current interest rate trends.

Since some of the financing facilities carry variable interest rates, and become more expensive as interest rates rise, the interest-rate swaps hedge against rising interest rates by swapping the variable interest rate for a fixed interest rate. The interest rate swaps are monitored constantly by the treasury function, and changes to the interest rate and relevant spreads are reported directly to the Management Board. Curanum AG also cultivates intensive exchange with commercial banks so as to be informed about current interest rate developments and relevant influencing factors. The bank also reports regularly regarding the development of the interest rate derivatives.

Curanum AG measures interest rate risks either on the basis of their value, or a cash flow sensitivity analysis, and aggregates these in order to calculate overall risk for the Group.

The CURANUM Group's liquidity risk relates to its potentially being unable to satisfy its financial obligations, for example, the redemption of finance debt, the payment of trade payables or other liabilities, and finance lease obligations. Curanum AG limits such risk through effective cash management and invoice reminders system.

The central treasury function monitors existing financial assets and liabilities. The overall view of liquidity and debt is established through calculating the net debt position, and is used for internal financial management, as well as for external communications with financial investors, analysts, and banks.

Group management is responsible for the implementation and supervision of the internal control system. The CURANUM Management Board has assessed the efficacy of the internal control system for accounting and financial reporting, and has determined that it is functional.

5. Compliance

In order to record all risks without delay, we have a risk management system in the form of a risk matrix, which documents the individual risks and the likelihood of such risks occurring. The Curanum AG risk management system consists of a loop made up of four elements: (1) It involves the respective areas responsible identifying risks; (2) The internal information system acts as an information hub throughout the Group by providing training for all staff at head office and in the facilities; (3) The external communications system in the form of extensive complaints management; (4) The internal control system, which is responsible for checking that all functions are working in line with statutory requirements, including a department in Schwelm responsible for auditing accounts receivable management and the finances of our facilities.

All of CURANUM facilities and service companies are networked with the administrative headquarters in Munich via our SAP system. Real-time availability of all SAP data ensures efficient planning, management, and evaluation, as well as the subsequent utilization of data in the internal and external accounting system. As a consequence, we operate a coordinated cycle consisting of planning, controlling, and financial accounting, which allows potential risks to be identified at an early stage, and to be forwarded to the management in summarized form.

6. Takeover law disclosures

The subscribed capital of Curanum AG amounts to € 42,507,000 (previous year: € 39,192,000), and is split into a 42,507,000 (previous year: 39,192,000) ordinary bearer shares. It is fully paid in. The ordinary shares carry a nominal amount of € 1.

The following shareholdings exceed 10% of the voting rights according to the notifications in our possession:

- Young Luxco S.à.r.l (Triton)
- NAVITAS B.V.
- Audley European Opportunities Master Fund Limited

Regarding the composition of the subscribed capital and information on the acquisition of treasury shares, we would like to draw your attention to our remarks on shareholders' equity in the notes to the consolidated financial statements.

The appointment and withdrawal of members of the Management Board and the amendment to the company bylaws are based on the statutory provisions of the German Stock Corporation Act (AktG). None of the provisions of the company bylaws are in derogation of the above.

The following Management Board authorizations exist to issue or repurchase shares: Pursuant to § 4 of the company bylaws, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the company's issued share capital until June 21, 2016, through the issue, either once or several times, of new ordinary bearer shares against cash or non-cash capital contributions by a total of up to € 8,000,000 (Approved Capital 2011). The authorization may be utilized in partial amounts. This authorization was utilized in 2012 through the issuing of € 3,315,000 of new shares. This capital increase was entered in the commercial register on November 16, 2012. Approved Capital 2011 consequently amounts to € 4,685,000 following this partial utilization. The Management Board is authorized, subject to the approval of the Supervisory Board, to determine the further nature of share rights and the terms of the share issue. Subscription rights are to be granted to shareholders as a matter of principle when performing the capital increase. The shares must be accepted by a bank or another company operating according to § 53 Para. 1 Clause 1 or § 53b Para. 1 Clause 1 or Para. 7 of the German Banking Act (KWG) with the obligation to offer them to shareholders for subscription.

The Management Board is authorized, with Supervisory Board consent, to exclude shareholders' subscription rights in the case of capital increases against non-cash capital contributions in order to grant shares for the purpose of acquiring companies, parts of companies, or interests in companies.

Furthermore, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights in the case of capital increases against cash capital contributions, to the extent that the shares issued against cash capital contributions during the period of this authorization under exclusion of shareholders' subscription rights do not in total exceed 20% of the issued share capital, neither at the time when this authorization becomes effective nor at the time when it is utilized. Further details can be found in § 4 of the company bylaws which are published on our website.

At the Shareholders' General Meeting on July 1, 2010, the Management Board was authorized to acquire and sell treasury shares under exclusion of shareholders' subscription rights. This authorization expires on June 30, 2015, and is limited to 10% of the issued share capital. The authorization may be exercised either wholly or in partial amounts, once or several times, in the pursuit of one or several purposes on the part of the company, its Group companies, or by third parties either on behalf of the company or Group companies. At the discretion of the Management Board, the purchase may be made either via the stock exchange or by means of a public offer. The Management Board is authorized to utilize all company shares acquired on the basis of this authorization for all legally permissible purposes. Further details can be found in the invitation to the Ordinary 2011 Shareholders' General Meeting which is published on our website.

On December 10, 2012, Korian Deutschland AG announced that it would issue a voluntary public takeover offer for the shares of Curanum AG. This offer was published on January 21, 2013. Please refer to the "Financial risks" section on page 17 regarding some contractual agreements which are subject to a change of control as the result of a takeover offer.

In the company bylaws, § 20 Para. 1 Clause 2 states that for resolutions at the Shareholders' General Meeting where law does not require a majority of the share capital to be represented when the resolution is voted upon, a simple majority of the capital represented at the voting is sufficient. This diverges from the § 179 Para. 2 Clause 1 of the German Stock Corporation Act (AktG), which requires a majority of three quarters of the share capital represented when amendments to bylaws are approved.

7. Report on events subsequent to the reporting date

No events of special significance occurred up to the date on which the consolidated financial statements were prepared. On February 13, 2013, Korian Deutschland AG extended its a voluntary public takeover offer, which is subject to some conditions, until March 4, 2013 while at the same time waiving the condition for the takeover's completion that at least 75% of the shares be tendered. The acceptance period for this takeover offer has not yet expired.

8. Forecast report

Outlook

Economic leading indicators suggest that gross domestic product will report only slight growth. With a look to serviced apartments and inpatient care, we forecast a further increase in demand in the care market as a whole as a result of demographic change and medical advances.

Given the financially strained situation of care insurance providers, we are assuming that policy will continue to focus on the "outpatients before inpatients" concept, although outpatient care is significantly more expensive when higher care rates apply. In the medium term following the 2013 election year, we anticipate that a new care concept will be introduced with a statutory initiative towards private top-up insurance that is capital-backed, since the current refinancing of care insurance as a cost-share system cannot fulfill its role in the long term.

Outlook for the company

We are assuming that our operating reorientation will feed through to continued high utilization of our serviced apartments and in our facilities' inpatient areas. We also plan to further adjust care rates to our cost trends, and to improve the performance impact of our central departments. This also includes streamlining our Group structure through bundling business within fewer subsidiaries. As a consequence, we are assuming that revenue, EBIT and after-tax earnings will report growth next year.

9. Thanks

The Management Board would like to extend its thanks to all staff members for their dedication and outstanding performance. We appreciate their high level of commitment and quality-conscious customer-orientation given the particular physical and mental challenges entailed in care, as well as in the context of our streamlined organizational structure in our central areas.

In concluding, we would also like to thank our residents and their families for the confidence they have invested in us. As before, we are endeavoring to repay this trust by once again delivering first-class services in 2013.

Munich, February 15, 2013

Curanum AG
The Management Board

Walther Wever
(CEO)

Judith Barth
(CFO)

Consolidated balance sheet

as of December 31, 2012

Assets In T€	Note	31/12/2012	31/12/2011
Current assets			
Cash and cash equivalents	(1)	16,207	21,192
Trade receivables	(2)	8,392	7,535
Inventories	(3)	1,207	1,067
Other assets*	(4)	3,053	4,589
Income tax receivables	(5)	112	1,084
Total current assets*		28,971	35,467
Non-current assets			
Property, plant and equipment*	(6)	149,450	156,164
Other financial assets*	(7)	4,681	5,525
Goodwill*	(7)	57,644	57,899
Deferred tax *	(20)	17,862	17,825
Other assets	(4)	3,892	4,112
Total non-current assets*		233,529	241,525
Total assets*		**262,500**	**276,992**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

Equity and liabilities

In T€	Note	31/12/2012	31/12/2011
Current liabilities			
Lease liabilities	(8)	6,538	6,018
Financial liabilities	(9)	10,659	32,298
Trade payables	(10)	6,782	11,870
Provisions	(11)	768	750
Income tax liabilities*	(12)	1,421	945
Other liabilities*	(12)	19,330	25,938
Total current liabilities*		45,498	77,819
Non-current liabilities			
Lease liabilities	(8)	100,740	107,129
Financial liabilities	(9)	51,955	39,336
Deferred tax*	(20)	4,898	4,467
Provisions	(11)	3,509	1,304
Total non-current liabilities*		161,102	152,236
Equity			
Share capital	(13)	42,507	39,192
Additional paid-in capital	(13)	39,003	37,460
Treasury shares	(13)	-1,241	-1,241
Revenue reserve and profit/loss carried forward	(13)	-27,763	-14,438
Consolidated net profit/loss*	(13)	4,163	-12,870
Other comprehensive income	(13)	-822	-1,205
Non-controlling interests		53	39
Total equity*		55,900	46,937
Total equity and liabilities*		**262,500**	**276,992**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

Consolidated income statement

for the period from January 1, 2012 to December 31, 2012

In T€	Note	2012	2011
1. Revenue**	(14)	288,772	264,412
2. Cost of sales*	(15)	250,050	231,794
3. Gross profit*		38,722	32,618
4. Selling and marketing expenses	(16)	1,165	1,476
5. General administration expenses	(17)	23,061	21,052
6. Other operating expenses	(18)	3,634	24,690
7. Other operating income**	(18)	6,885	6,517
8. Operating profit*		17,747	-8,083
9. Interest and similar expenses	(19)	12,961	11,339
10. Other interest and similar income	(19)	426	257
11. Earnings before income taxes*		5,212	-19,165
12. Taxes on income*	(20)	1,035	-6,287
13. Earnings after income taxes*		**4,177**	**-12,878**
of which earnings attributable to non-controlling interests	(13)	14	-8
of which are earnings attributable to Curanum AG shareholders	(13)	4,163	-12,870
Basic and deluted earnings per share on basis of earnings attributable to bearers of Curanum AG ordinary shares	**(21)**	***0.11***	***-0.35***
Number of outstanding shares taken as basis		39,203,537	36,478,328

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

** In the financial year under review, reimbursements unconnected with the operating business were reclassified to other operating income. The previous year's figures were adjusted accordingly (please refer to Notes C14 and C18)

Consolidated statement of comprehensive income

Comprehensive income statement

In T€	2012	2011
Earnings after income taxes*	4,177	-12,878
Gains/losses from change in fair value of financial instruments deployed for hedging purposes	576	-1,229
Losses from other earnings-neutral changes	-17	-57
Deferred tax relating to earnings-neutral components of comprehensive income for the period	-176	373
Actuarial gains/losses on pension provisions	-374	94
Total value changes reported directly in equity	9	-819
Total of after-tax earnings and value changes reported in equity*	**4,186**	**-13,697**
of which share attributable to non-controlling interests	14	-8
of which attributable to Curanum AG shareholders*	4,172	-13,689

* The previous year's figures have been adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

Consolidated statement of changes in equity

for the period from January 1, 2012 until December 31, 2012

			Revenue reserve		
All amounts in T€	Share capital	Capital reserves	Accumulated profit/loss	Other revenue reserves	Actuarial gains/losses
31/12/2010	32,660	32,303	-15,354	1,023	0
Total of after-tax earnings and value changes reported in equity	0	0	-12,870	0	94
Cash capital increase after issue costs and tax	6,532	5,157	0	0	0
Miscellaneous changes	0	0	0	-201	0
31/12/2011*	39,192	37,460	-28,224	822	94
Total of after-tax earnings and value changes reported in equity	0	0	4,163	0	-374
Cash capital increase after issue costs and tax	3,315	1,543	0	0	0
Miscellaneous changes	0	0	0	-81	0
31/12/2012	**42,507**	**39,003**	**-24,061**	**741**	**-280**

* The previous year's figures have been adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

	Other comprehensive income			Equity attributable to CURANUM shareholders	Non-controlling interests	Equity
	Repurchase of treasury shares	Revaluation reserve	Cash flow hedge	Total	Total	Total
	-1,241	543	-835	49,099	47	49,146
	0	-57	-856	-13,689	-8	-13,697
	0	0	0	11,689	0	11,689
	0	0	0	-201	0	-201
	-1,241	486	-1,691	46,898	39	46,937
	0	-17	400	4,172	14	4,186
	0	0	0	4,858	0	4,858
	0	0	0	-81	0	-81
	-1,241	**469**	**-1,291**	**55,847**	**53**	**55,900**

Consolidated cash flow statement

for the 2012 financial year of Curanum AG, Munich

In T€	31/12/2012	31/12/2011
I. Operating activities		
Profit/loss before taxes and minority interests*	5,212	-19,165
Depreciation/amortization and impairments of non-current assets*	14,451	33,331
Other interest and similar income	-426	-257
Interest and similar expenses	12,961	11,339
Loss on the disposal of assets	64	25
Increase in provisions	1,988	186
Change in working capital	-6,114	-16
Income taxes paid	-1,336	-1,511
Income taxes received	1,709	1,391
Interest paid	-4,852	-4,985
Interest received	344	130
Cash inflow from operating activities*	24,001	20,468
II. Investing activities		
Cash outflows for corporate acquisitions	-4,856	599
Cash outflows for investments in property, plant and equipment, and intangible assets	-6,701	-7,757
Cash outflow from investing activities	-11,557	-7,158
III. Financing activities		
Cash inflows from drawing down of financial liabilities	24,000	1,357
Cash outflows for redemption of financial liabilities	-32,984	-10,924
Cash outflows for finance leasing (interest and redemption components)	-13,418	-10,158
Cash inflow from capital increase	4,973	11,757
Cash outflow from financing activities	-17,429	-7,968
Net change in cash and cash equivalents	**-4,985**	**5,342**
Cash and cash equivalents at the start of the period	21,192	15,850
Cash and cash equivalents at the end of the period	**16,207**	**21,192**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 2012 financial year of Curanum AG, Munich

A. General remarks

1. Principles and methods

Curanum Aktiengesellschaft (referred to below as "Curanum AG" or the "Company") is headquartered at Engelbertstraße 23-25, 81241 Munich, Germany. The business objective of Curanum AG and its subsidiaries is the creation and operation of senior citizen and residential care homes. Curanum AG, Munich, as the parent company of the CURANUM Group, has prepared this set of consolidated financial statements.

The consolidated financial statements of Curanum AG as of December 31, 2012, have been prepared according to International Financial Reporting Standards (IFRS), as applicable in the European Union (EU). We have taken into account the standards of the International Accounting Standards Board (IASB), London, applicable in the EU as of the reporting date, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid for the financial year. We have satisfied the requirements of the applied standards and interpretations without exception. The financial statements consequently convey a true and fair view of the net assets, financing position and results of operations of the CURANUM Group.

The consolidated financial statements in this version comply with the requirements of § 315a of the German Commercial Code (HGB). This forms the legal basis for consolidated accounting according to international accounting standards in Germany, together with (EC) Directive No. 1606/2002 of the European Parliament and Council of July 19, 2002, concerning the application of international accounting standards.

The financial statements of the subsidiaries have been prepared using the reporting date of the consolidated financial statements, which corresponds to the reporting date of Curanum AG.

The financial year of the CURANUM Group comprises the period from January 1 to December 31. The consolidated financial statements have been prepared in thousands of Euros (T€). Figures in the notes to the financial statements are presented in thousands of Euros (T€), unless stated otherwise. The tables and notes may contain rounding differences compared with the precisely mathematically calculated figures. The consolidated financial statements have been prepared on the going-concern principle.

The 2012 consolidated financial statements are affected by the takeover of the six senior citizen homes from Bremen-based Gesellschaft für Wohnen im Alter (GWA), which were acquired in November 2011 (for more details please refer to Section A2 "Scope of Consolidation").

The consolidated income statement has been prepared according to the cost of sales accounting format.

The consolidated financial statements and Group management report are published in the official register of companies (www.unternehmensregister.de), and in the electronic Federal Gazette.

The Management Board approved Curanum AG's consolidated financial statements and Group management report for forwarding to the Supervisory Board on February 15, 2013, which will decide concerning the approval of the consolidated financial statements at its meeting on February 26, 2013.

2. Scope of consolidation

The consolidated financial statements of Curanum AG include all companies where Curanum AG, either directly or indirectly, enjoys the opportunity to determine the financial and business policy, and to draw related benefits (control relationship). A company is included for the first time when possibility of control is achieved. Inclusion ends when the possibility of control no longer exists.

Along with Curanum AG, the scope of fully-consolidated companies includes the 35 (previous year: 34) German subsidiaries which are listed as an annex. In this context, please also refer to the overview "Consolidation scope and utilization of the release provision".

Changes to the consolidation scope in the year under review

On March 28, 2012, CURANUM Holding GmbH founded doc Orange GmbH (hereinafter referred to as "doc Orange") which is based in Munich (Germany). The entry in the commercial register occurred on April 18, 2012. The object of this company is the care of senior citizens in need of help, and in search of help, especially the operating of senior residential care homes, as well as the rendering of social services.

Changes to the consolidation scope in the previous year

Pursuant to approval by the Supervisory Board on July 8, 2011, the six senior homes of the Bremen-based company Gesellschaft für Wohnen im Alter were acquired. In this context, CURANUM Holding GmbH acquired 100% of the shares in Lucullus GmbH, Wohnstift Lingen GmbH (formerly: Wohnstift Lingen gemeinnützige GmbH), and Wohnstift Salzgitter-Bad gemeinnützige GmbH (hereinafter referred to as: GWA Group). In turn, Wohnstift Salzgitter-Bad GmbH (formerly: Wohnstift Salzgitter-Bad gemeinnützige GmbH) holds 100% shares in Wohnstift Timmendorf GmbH (formerly: Timmendorfer Wohnstift gemeinnützige GmbH), which in turn holds all of the shares in Wohnstift Bremen GmbH (formerly: Bremer Wohnstift gemeinnützige GmbH).

These GWA companies were included in the consolidated financial statements for the first time from November 7, 2011. We did not pay a large proportion of the purchase price until January 2012.

Final purchase price allocation

In compliance with IFRS 3.45 and the related 12-month deadline, the purchase price allocation connected with the acquisition of the shares in the GWA Group was completed as of November 1, 2012. Pursuant to IFRS 3.45, adjustments to provisional fair values are to be reported as if the reporting of the business combination had been completed on the acquisition date. Comparative information for reporting periods before the completion of the first-time accounting of the acquisition transaction are to be reported retrospectively as if the purchase price allocation had already been concluded. The following overview prevents the fair values as of the first consolidation date according to the provisional and final purchase price allocations:

Fair value on the acquisition date in T€	Provisional purchase price allocation	Final purchase price allocation
Non-current assets		
Intangible assets	3,328	3,642
Real estate	25,555	24,281
Other assets	970	970
Deferred tax assets	346	509
Current assets		
Inventories	53	53
Trade accounts receivable	160	45
Other assets	448	211
Cash and cash equivalents	3,299	3,299
Liabilities		
Lease liabilities and bank borrowings	-25,751	-25,751
Trade accounts payable	-158	-158
Other liabilities	-3,539	-3,462
Deferred tax liabilities	-1,199	-1,141
Net assets	**3,512**	**2,498**

Assets and liabilities were measured at fair value as part of the final purchase price allocation.

In the case of the final purchase price allocation, the fair value of intangible assets (customer base) was increased from T€ 3,328 to T€ 3,642 compared with the provisional purchase price allocation. In addition, the fair value of real estate was adjusted from T€ 25,555 to T€ 24,281 compared with the provisional purchase price allocation. Receivables and trade accounts payable in debit were reduced to reflect uncollectible receivables totaling T€ 370. This resulted in an increase of T€ 7,558 in goodwill at Group level (preliminary purchase price allocation: T€ 7,044). Deferred tax liabilities were recognized at T€ 1,141 in the final purchase price allocation (provisional purchase price allocation: T€ 1,199). Deferred tax assets stood at T€ 509 (provisional purchase price allocation: T€ 346). The purchase price liability was adjusted by T€ 500 to the fair value of T€ 10,056 (provisional purchase price allocation: T€ 10,556).

Purchase cost reconciliation on the acquisition date

in T€	Acquisition date
Acquisition costs	**10,056**
Intangible assets	3,642
Real estate	24,281
Other assets	1,181
Inventories	53
Trade accounts receivables	45
Cash and cash equivalents	3,299
Lease liabilities and bank borrowings	-25,751
Trade accounts payable	-158
Other liabilities	-3,462
Deferred tax liabilities	-632
Net assets	**2,498**
Goodwill	7,558

The comparable figures in the consolidated balance sheet and consolidated income statement as of December 31, 2011 required adjustments due to the conclusion of the final purchase price allocation for the GWA Group.

Changes to the consolidated balance sheet

The following overview shows the changes in the consolidated balance sheet as of December 31, 2011, which arose from the final purchase price allocation:

in T€	Final purchase price allocation	Provisional purchase price allocation	Change
Assets			
Other current assets	4,589	4,940	-351
Property, plant and equipment	156,164	157,433	-1,269
Other intangible assets	5,525	5,225	300
Goodwill	57,899	57,385	514
Deferred tax	17,825	17,618	207
			-601

Liabilities			
Income tax liabilities	945	1,500	-555
Other liabilities	25,938	25,961	-23
Deferred tax	4,467	4,483	-16
Consolidated net income	-12,870	-12,864	-7
			-601

Changes to the consolidated income statement

The following overview shows the changes in the consolidated income statement as of December 31, 2011, which arose from the final purchase price allocation:

In T€	Final purchase price allocation	Provisional purchase price allocation	Change
Cost of sales	-11	0	-11
Tax	4	0	4
Change to consolidated net profit/loss	**-7**	**0**	**-7**

The reported goodwill of T€ 7,558 results from expected earnings contributions and synergies. It was distributed among three acquired care facilities on the basis of material relative company valuations, and allocated to the North-East Region.

3. Principles of consolidation

Equity consolidation is performed using the purchase method as per IFRS 3 "Business Combinations". Acquired assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. If shares in companies are acquired, the consideration paid for the acquired shares is offset with the subsidiary's proportional revalued equity. Any remaining positive difference from the offsetting of the consideration paid with the identified assets and liabilities is reported as goodwill among intangible assets. Where assets and liabilities are acquired ("asset deal"), the differential amount between the consideration paid and the identified net assets is reported as goodwill.

If the consideration paid for the business combination is less than the identified net assets as measured according to IFRS 3, the re-measured fair values are immediately recognized in the income statement in the year of the merger.

Expenses and income, as well as receivables, liabilities, and provisions between consolidated companies, are offset. Deferred tax is formed for consolidation measures with income tax effects. Besides this, warranties and guarantees that either Curanum AG or one of its consolidated subsidiaries acquires to the benefit of other consolidated subsidiaries are eliminated.

A non-controlling interest is the equity of a subsidiary that cannot be directly or indirectly allocated to a parent company. This interest is to be reported in the consolidated balance sheet in equity, although separately from the equity attributable to the parent company owners. Profits and losses of non-controlling interests are reported separately in the consolidated income statement.

4. Summary of significant accounting principles

The following section explains the underlying accounting principles applied in the preparation of the consolidated financial statements.

The assets and liabilities of Curanum AG, and those of its fully consolidated subsidiaries, are recognized and measured using uniform accounting principles that apply across the whole of the CURANUM Group. Comparable information for the 2011 financial year is based on the same accounting principles as applied in the 2012 financial year. With the exception of certain items such as derivative financial instruments, the consolidated financial statements have been prepared according to the historical cost principle.

Accounting matters sensitive to estimates and assumptions

Discretionary decisions and estimates are required to a certain extent in the preparation of the consolidated financial statements. These have an impact on the recognition, measurement, and reporting of assets, liabilities, income and expenses, as well as contingent claims and liabilities. All information currently available is taken into account in this respect. Assumptions and estimates are based on premises that reflect the respective currently available status of knowledge. In particular, expected future business trends are based on circumstances existing at the time when the consolidated financial statements are prepared, and the anticipated future trend for the sector-related environment. Where actual developments differ from expected trends, the assumptions, and, if required, carrying amounts of the respective assets and liabilities are adjusted accordingly. Until the time when the Management Board approved the financial statements for forwarding to the Supervisory Board, there was no information relating to any significant adjustment that might be required to the carrying amounts of assets and liabilities as reported in the consolidated balance sheet. The management's estimates and appraisals were based on assumptions that are presented below. The main items affected by such discretionary decisions and estimates relate to Group-standard useful lives, and the recoverable amounts for tangible and intangible fixed assets, including goodwill, the classification of leases as operating or finance leases, the measurement of derivative financial instruments, the extent to which receivables can be realized, the accounting treatment and measurement of deferred tax, as well as the accounting treatment and measurement of provisions. The values that actually occur may diverge from estimates in individual cases. The carrying amounts of assets and liabilities affected by estimates are presented in the breakdown of individual balance sheet items.

Impairments pursuant to IAS 36 – CURANUM tests goodwill and its trademark right for impairment once per year in accordance with Group accounting guidelines. Determining the recoverable amount of a cash-generating unit ("CGU") to which goodwill is allocated requires management estimates. The selection of the cash-generating units and the allocation of goodwill to these units are subject to discretionary scope that might have a significant impact on goodwill impairment testing. Please refer in this connection to the remarks in section A 4 "Impairment test pursuant to IAS 36".

The company generally calculates the recoverable amount using valuation methods based on discounted cash flows. These discounted cash flows are based on three-year forecasts, which in turn are based on financial plans approved by the management. The cash flow forecasts take into account past experience, and are based on the management's best estimate of future trends. Cash flows beyond the planning period are extrapolated using a growth rate. The most important assumptions on which the value-in-use calculation is based contain estimated growth rates, weighted average costs of capital (WACC), future business trends and tax rates. These assumptions and the underlying methodology may have a considerable impact on the relevant outcomes, and finally on the level of any potential goodwill impairment.

Please refer to the "Impairment test pursuant to IAS 36" in section A 4 concerning assumptions made, and potential effects of modifications to budget assumptions, for the goodwill impairment test, as well as impairment tests for non-current assets.

Categorization of leases into finance leases and operating leases pursuant to IAS 17 – CURANUM categorizes the leases into which it enters as either finance leases or operating leases. The key factor with a finance lease is that all risks and opportunities connected with ownership are transferred to the lessee. This is not the case with operating leases. Among other things, the present values of future lease payments are compared with the fair value of the assets for the purposes of categorization. As far as the calculation of the property fair values and present values is concerned, the company's management enjoys discretionary scope, particularly with respect to interest rates and useful lives, which might result in divergent classification of leases where estimates change. Above and beyond this, assumptions are also made when splitting the recognized present values between land and buildings.

Measurement of real estate – The valuations of real estate assets in the consolidated balance sheet were largely corroborated by real estate surveys of developed and undeveloped land conducted by independent surveyors. This entails recognizing a price for the value of the administration buildings that could be achieved at the time when the calculation was performed, as follows: that it should be in the normal course of business and according to its legal circumstances and actual characteristics, as well as taking into account the further particularity and location of the land without regard for unusual or personal relationships. The market value of care facilities is calculated using the capitalized value of potential earnings, which is derived from the income per bed achievable over the long term while taking into account management costs for the building. This is mainly based on the remuneration rates for the investment cost portion, taking into account subsidies per care bed. Property surveys are generally based on calculable data and facts such as land registry extracts, floor area calculations, and building descriptions as far as the building valuation is concerned, and fixed data as far as the calculation of the capitalized earnings value is concerned. Recourse must also generally be made to parameters that are subject to discretion, such as an assessment of location, residual useful life, competitive situation, rental cost per square meter, investment requirements and interest rates.

For this reason, market valuations may differ significantly when parameters that are subject to major scope for discretion are varied. The surveyors compiled their valuations to the best of their knowledge and belief after having conducted personal and in-depth viewings of the properties, and having conducted precise reviews of the related circumstances.

Measurement of financial instruments – CURANUM has entered into interest rate derivative transactions to hedge variable interest rate loans. The market values of these derivatives are calculated using the present value method, and are reported on the balance sheet dates. In doing so, the management has scope for the use of discretion, particularly when estimating interest rates and future changes in interest rates, as well as the company's credit ratings, which may result in significant changes in market value when the related parameters change. The same applies to reporting the hedging relationship of cash flow hedges. The efficacy of the hedging relationship may be negatively affected by a change in the parameters when determining the fair values of the hedged items and hedging instruments.

Please refer to section E 24 "Additional disclosures about financial instruments pursuant to IFRS 7" regarding assumptions that have been made for financial instruments, and the potential effects of changes to planning assumptions.

Deferred tax – When recognizing and measuring deferred tax, assumptions are made as to whether, in individual cases, temporary differences exist between the tax balance sheet and the IFRS financial statements, which will reverse in the future. When capitalizing deferred tax on loss carry forwards, the management also makes estimates as to whether these loss carry forwards can be used for tax purposes within a given timeframe.

Provisions – Depending on the respective underlying transaction, the measurement of provisions can sometimes be complex and significantly dependent on estimates. The assumptions made by management about the event risk and potential level of utilization are based on empirical values, estimates and discounting factors, among other factors. As a consequence, the actual outflow of benefits can diverge from the recognized provisions.

Changes to estimates pursuant to IAS 8.32 ff.

As a change to an estimate, additional tax claims and tax arrears due to an external audit in 2011 must be recognized through the consolidated income statement during the period in which this information became known. Consequently, T€ 387 of provisions were formed in the 2011 financial year, and receivables for tax and interest of T€ 733 were recognized.

Property, plant and equipment

Property, plant, and equipment is measured at cost, and diminished to reflect depreciation corresponding to economic useful life and, if required, additional impairment losses. Repair and maintenance costs are reported as current expense. The costs of acquisition and production are depreciated straight-line in line with the expected progression of consumption of the future economic benefit, except for prepayments rendered and plant under construction. An impairment test is conducted for property, plant and equipment, and capitalized finance leases, if specific indications of impairment exist. In this instance, the recoverable amounts of the real estate or capitalized finance leases are compared with their carrying amounts.

Depreciation is based mainly on the following useful lives:

Buildings	22 to 50 years
Fittings	8-20 years
Other plant, operating and office equipment	3 to 20 years

Investment properties comprise land and buildings that are held to generate rental income or value appreciation, and not for the company's own rendering of services, administration purposes, or for sale as part of normal business operations. In order to expand the range of services it offers to occupants, the CURANUM Group leases commercial and other spaces (for example, hairdressing salons, doctors' consulting rooms, etc.) to third parties on the basis of operating leases. These comprise minor sub-areas of buildings, as a consequence of which we have refrained from making a separate related presentation.

Financing costs

Financing costs are not recognized as part of purchase and production costs due to the lack of qualifying assets.

Leases

Determining whether an agreement contains a lease is performed on the basis of the economic content of the agreement at the time of the conclusion of the agreement. It requires an estimate as to whether the satisfaction of the contractual agreement depends on the use of a particular asset, or particular assets, and whether the agreement provides a right to the use of the asset. As a lessee, the CURANUM Group is a contractual partner to a number of leases for property, as well as individual assets or groups of other assets. Leases where all opportunities and risks connected with ownership of the transferred asset are essentially transferred to the CURANUM Group are classified as finance leases, and recognized accordingly.

Assets arising from finance leases are capitalized at the lower of either the fair value of the lease asset at the start of the lease, or the present value of the minimum lease payments. They are depreciated over the shorter of either the duration of the agreement or the economic useful life of the lease asset. The payment obligations arising from leases are recognized as liabilities. Lease payments are split into the financing components, and the repayment component of the residual debt. Depreciation is performed over 20 years for fittings of care facilities capitalized as part of finance leasing, where 90% of capitalized carrying amounts are depreciated in the first ten years, and the remaining 10% are depreciated from the 11th to the 20th years. For reasons of immateriality, no distinction was made between land real estate as operating leases, and buildings as finance leases.

Leases where essentially all opportunities and risks connected with ownership remain with the lessor are classified as operating leases. The lease payments for operating leases are reported on a straight-line basis over the duration of the leasing agreement.

Public authority subsidies

Public authority subsidies are not reported until there is sufficient assurance that the company will be able to fulfill the conditions attached to them, and that the company will in fact receive the subsidies. Insofar as the public authority subsidies have been granted on the basis that the company will acquire property, plant and equipment, they reduce the carrying amount of such assets.

Intangible assets / goodwill

Intangible assets include intangible assets acquired as part of corporate acquisitions, such as customer bases as well as purchased software, licenses, and similar rights. Intangible assets are recognized if it is likely that they will generate a future inflow of financial benefits. These assets' cost corresponds to their fair value on the acquisition date.

In accordance with IAS 38, intangible assets of finite useful life are capitalized at cost, and amortized on a straight-line and scheduled basis over their economic useful life; additional impairment losses are reported if required. The useful life for software and licenses is generally five years. Useful lives of customer bases have been calculated on the basis of statistics relating to occupancy and durations of stay, and amount to between two and five years.

The useful life of a trademark right was classified as of indeterminable duration in line with the contractual agreements. Modifications to useful lives are treated as modifications of estimates. Besides this, residual values and methods of amortization are reviewed at the end of the financial year, and adjusted if required. Intangible assets with useful lives of indeterminable duration are not subjected to scheduled amortization but are instead subjected to an impairment test at least once per year, or on an even more regular basis if there are indications that their values have become impaired (goodwill, occupancy rights and brand rights).

Impairment test pursuant to IAS 36

An impairment test is performed at least once per year as of September 30 for goodwill, and for other intangible assets of indefinite or indeterminable useful life, and otherwise, as in the case of other intangible assets of limited useful life, property, plant, and equipment, and capitalized finance leases, when specific signs emerge that impairment has occurred. An impairment is booked through the income statement if the recoverable amount of the asset is less than its carrying amount. A review is performed at least once per year to establish whether there is an indication that the reason for impairment loss no longer exists, or the amount of the impairment loss has fallen. In this instance, the recoverable amount is recalculated, and, with the exception of goodwill, the impairment previously applied is reversed correspondingly.

The recoverable amount is always calculated individually for each asset. If this proves impossible, the calculation is performed on the basis of a group of assets representing a cash-generating unit (CGU). The recoverable amount is the higher of either fair value less costs to sell, or value-in-use. Fair value less costs to sell corresponds to the recoverable amount arising from the sale of an asset or cash-generating unit established between professional contracting parties on normal market terms, less disposal costs. Value-in-use is the present value of future cash flows that can be prospectively derived from an asset or cash-generating unit.

Distribution at CGU level is performed for the goodwill impairment test. This is based on the individual care facility as a CGU. Goodwill is aggregated into regions for better overview.

For the IAS 36 impairment test of assets, both assets and financial plans are aggregated according to the cash-generating units, taking the equivalence principle into account. If possible, costs for centrally-rendered services, and assets that are attributed to them, are directly allocated to the cash-generating units.

The recoverable amount of these cash-generating units is calculated on the basis of value-in-use, applying cash flow forecasts, as in the previous year. The cash-generating units are regarded as continuing units producing ongoing cash flows.

The cash flow forecasts are based on three-year planning for each individual facility. The growth rates for the individual care facilities are based on realistic utilization rates per facility while taking into account the respective competitive environment and assumed negotiation results for care rates. The growth discount was set at one percentage point on the basis of this detailed planning. The basis for this is the average growth rate assumed in the observation period of three years, which was modeled using average growth rates for care rates over the last five years. Revenues were calculated on the basis of occupancy and forecast care levels. Personnel costs and other significant cost types were budgeted on a volume-dependent basis where appropriate. Sensitivity analyses were performed as part of the budget, and values in use were calculated for each facility applying the discounted cash flow method. Budgeted post-tax cash flows taken from financial plans approved by the management are used for this purpose.

The weighted average cost of capital (WACC) used for the discounting is based on a risk-free rate of 2.31% p.a. (previous year: 3.23%) and a risk premium of 7.00% (previous year: 5.50%). Curanum AG's beta factor as of September 30, 2012, and the Group's capital structure and financing costs, were also applied. The debt interest rate as of September 30, 2012 was calculated at 6.43% p.a (previous year: 6.43% p.a.).

This generated a weighted average cost of capital (WACC) of 5.71% after tax as of September 30, 2011 (previous year: 5.78%), and 7.70% before tax (previous year: 8.19%).

The value-in-use calculated as of the reporting date is compared with the carrying amount of the cash-generating unit. No impairment is required if the calculated value-in-use is greater than the carrying amount of the relevant cash-generating unit. Impairment charges totaling T€ 255 were applied to goodwill in the 2012 financial year (previous year: T€ 9,461).

The following section presents goodwill as of September 30, 2012, and September 30, 2011, after impairment charges for the individual regions:

For the North-West Region, goodwill after an impairment charge for one facility whose rental agreement expires in 2013 totaled T€ 10,793 (previous year: T€ 12,910), distributed among a total of 11 locations. The Frankfurt location was reallocated to the South Region in the 2012 financial year for organizational reasons. An impairment charge of T€ 255 was reported for one facility in 2012. In 2011, the North-West Region incurred total impairment charges of T€ 7,422, which were distributed among the following locations: Geseke (T€ 2,082), Werl (T€ 3,821), Liesborn (T€ 755) and two further locations (T€ 764).

For the North-East Region, and when taking into account the GWA companies, goodwill totaled T€ 16,910 (previous year: T€ 9,351), distributed among a total of 13 locations. No impairment charge was required in the year under review. Impairment charges totaling T€ 480 were incurred in the North-East Region in 2011, which related to one location.

In the West Region, goodwill totaled T€ 14,486 (previous year: T€ 14,486), and was distributed among a total of 11 locations. No impairment charge was required for the West Region in the year under review. Impairment charges totaling T€ 325 were reported for the West Region in 2011, relating to three locations.

In the South Region, goodwill totaled T€ 15,455 (previous year: T€ 13,594), distributed among a total of 15 locations. In the 2011 financial year, the Frankfurt location formed part of the North-West Region, and was reallocated to the South Region in the 2012 financial year for organizational reasons. No impairment charge was required for the South Region in the year under review. Impairment charges totaling T€ 1,234 were reported for the South Region in 2011, relating to the Bad Dürrheim location.

Sensitivity analyses performed on the basis of a 10% higher discounting rate as of September 30, 2012 would have resulted in T€ 336 of goodwill impairment charges at three CGU's (previous year: T€ 2,800) if the remaining valuation parameters were to remain unchanged. The carrying amounts of the CGU's potentially affected by impairment totaled T€ 4,345 after this adjustment as of September 30, 2012 (previous year: T€ 28,883). Moreover, we applied a 5% discount to the EBIT of the perpetual return to discount regulatory risks in North Rhine-Westphalia, which resulted in a T€ 13 impairment charge.

As of December 31, 2012, the significant assumptions and estimates made as part of budgeting and the discounting factor were subject to no significant changes. There were also no particular events between the impairment testing and December 31, 2012, which would indicate potential additional requirements for impairment charges.

Given specific indications of potential impairment, the company conducts impairment tests for both non-current assets owned by the company and non-current assets arising from finance leases.

Indications of potential impairments to real estate were identified on the basis of the results of current budget/actual divergence analysis, and impairment tests were performed as of the balance sheet date.

The calculated market values were derived from the future achievable revenue per bed, or apartment, while taking into account property management costs. The management costs were calculated specifically for the respective property, and, depending on property, amounted to between 1% and 1.5% for administration costs, 4% for rental default, and between € 8.0 and € 12.5 per square meter for maintenance costs, as a consequence of which the property-specific management costs lay between 10.3% and 18.5%. The management costs included in the external valuation surveys amounted to between 10.3% and 17% depending on care facility, and to 25.0% in one instance. The key factor influencing the value-in-use calculation is the forecast utilization for the respective facilities which the management applies for the residual useful life. A further significant impacting factor is the remuneration rates for the investment portion in the care area. These are derived from an economic analysis calculation between production costs that are relevant for subsidies and calculations, and the sum of refinancing funds of total expenses for maintenance expenditure and capital service costs, respectively monthly rent excluding heating in the apartment area. Along with remuneration rates for investment costs and rent excluding heating, monthly gross rents also take into account room and direct pay premiums, as well as income from third party rentals.

The ground value is deducted when calculating building values. The ground value is based on the relevant community land reference values and the land size of the respective properties, as well as the applicable discount rate. The interest rate applied for calculating market value is based on the interest rate for land use. The interest rate for land is the interest rate used to calculate the average market value of real estate. The level of this interest rate is determined according to the type and location of the property, the residual useful life, and the conditions prevailing on the real estate market as of the valuation date. A discount rate (interest rate for land use) of between 5.4% and 7.5% p.a. (previous year: 5.4% to 7.5% p.a.) was used to calculate market value. The discount rates (interest rates for land use) used in the external experts survey report lay between 5.4% and 7.0% p.a. (previous year: between 5.4% and 7.0% p.a.).

The impairment tests conducted according to the above assumptions led to the following results:

An impairment loss of T€ 701 (previous year: T€ 9,137) resulted for real estate held by the company. No impairment charge was required for long-term real estate capitalized as part of leases (previous year: T€ 3,639). Impairments reported in the financial year under review are recognized in the consolidated income statement under the "Other operating expenses" item.

As part of the impairment testing of non-current assets, sensitivity analyses were also performed for the values-in-use that were calculated. The sensitivity analysis showed that a 10% increase in the discount rate could result in additional impairment losses of T€ 37 (previous year: T€ 906) for real estate held on a long-term basis by the company. An additional impairment expense of T€ 0 (previous year: T€ 2,572) would arise for non-current assets capitalized as part of finance leases.

Inventories

Raw materials and supplies are reported among inventories. Inventories are recognized at cost, and are largely reported at fixed values due to their subordinate significance for the net assets, financial position and results of operations.

The CURANUM Group does not generally need to apply valuation adjustments for inventory risks arising from warehousing duration and reduced usability since raw materials and supplies comprise consumables required on a daily basis.

Financial instruments

A financial instrument is an agreement that simultaneously gives rise to a financial asset at one company, and to a financial liability or equity instrument at another company.

Financial instruments are reported at the time of the conclusion of the related agreement. In the case of normal market purchases, the settlement date is used instead of the date of the agreement. A financial instrument is generally derecognized if the contractual right to cash flows expires, or if this right is transferred to a third party.

Financial instruments include primary financial assets, financial liabilities and derivatives.

Primary financial assets

Financial assets include, in particular, trade receivables, other financial assets, and cash and cash equivalents.

Financial assets are measured at fair value on initial recognition. Incidental costs directly attributable to the purchase are taken into account as part of amortized cost for those assets that are not subsequently measured at fair value through profit or loss. The measurement of financial assets depends on their allocations to IAS 39 categories. The assets are allocated to the relevant measurement category as of the date of the addition.

For the purposes of subsequent measurement, a differentiation should be made between the following categories according to IAS 39:

- Financial Assets Held for Trading – FAHfT
- Financial assets Held to Maturity – HtM
- Loans and Receivables – LAR
- Financial assets Available for Sale – AfS

The CURANUM Group makes no use of the option to designate financial assets as at fair value through profit or loss at the time of their addition (fair value option).

Fair value corresponds to the market or stock exchange price, to the extent that the financial instruments being measured are traded on an active market. If there is no active market for a financial instrument, the fair value is calculated using appropriate finance-mathematical methods, such as recognized option pricing models, or the discounting of future cash flows applying the risk-adjusted market rate of interest. Amortized cost corresponds to cost less redemptions, impairments, and the amortization of any difference between cost and the amount repayable at maturity.

Financial assets held for trading (FAHfT) are measured at fair value through profit or loss. Financial assets held to maturity (HtM) are measured at amortized cost using the effective interest rate method. No primary financial instruments in the AfS categories existed in the CURANUM Group as of the balance sheet date. No primary financial instruments in the HtM categories existed in the CURANUM Group as of the balance sheet date of either the year under review or the previous year. Financial assets in the LaR category are measured at amortized cost, if required using the effective interest rate method, and taking impairments into account.

Financial assets not attributed to the categories presented above are categorized as "available-for-sale" (AfS) and are measured at fair value. Gains and losses arising on measurement are reported in equity, taking deferred tax into account (revaluation reserve). Measurement is carried to the consolidated income statement in the case of a significant or long-lasting reduction of fair value to below cost. Cumulative changes in value reported in equity are rebooked through the consolidated income statement at the time of the disposal of the financial asset.

Impairment of financial assets

The carrying amount of financial assets that are not measured at fair value through profit or loss are tested on each balance sheet date as to whether there are objective and substantial indications that the fair value has fallen below the carrying amount.

Fair value is generally calculated for each individual asset. The CURANUM Group measures financial assets on the basis of various parameters, such as interest rates, the specific creditworthiness of customers, and the risk structure of the financing transaction. Objective indications of impairment may consist of the following:

- Significant financial difficulties on the part of the issuer or counterparty;
- Default, or delay in payment, of interest or redemption payments; or
- Increased probability that the debtor enters insolvency, or another type of reorganization.

A review is performed at least once per year to establish whether there is an indication that the reason for impairment loss no longer exists, or the amount of the impairment loss has fallen. In this case, the fair value of the financial assets is recalculated, and the impairment previously applied is reversed correspondingly if required.

Cash and cash equivalents

Cash and cash equivalents include cash positions, current account deposits, and bank deposits with residual maturities of up to three months. They are measured at cost. Deposits of up to three months are counted as cash and cash equivalents if they are exposed to insignificant value fluctuation risk, or cancellation is possible at any time on the basis of contractual agreements.

Primary financial liabilities

Financial liabilities represent contractual obligations giving rise to a repayment claim in cash or another financial asset. These particularly include trade payables, others securitized liabilities, bank borrowings, finance lease liabilities and syndicated loans.

Financial liabilities are measured at fair value on recognition. Incidental costs directly attributable to purchase are deducted from cost for those liabilities that are not subsequently measured at fair value through profit or loss. Primary financial liabilities are generally subsequently measured at amortized cost using the effective interest rate method.

Primary financial liabilities relate particularly to financial liabilities measured at amortized cost (FLAC). These include trade payables, financial liabilities (bank borrowings and syndicated loans), and Other financial liabilities. Non-current, non-interest-bearing liabilities are recognized at their settlement amount discounted to the balance sheet date, as long as the difference to the nominal value is not included in the valuation of an asset financed with a non-current non-interest-bearing liability. The interest rate used is a pre-tax interest rate that reflects current market expectations with respect to the interest rate effect, as well as risks applying specifically to the circumstances.

Derivative financial instruments

At the CURANUM Group, derivative financial instruments relate to interest rate derivative transactions that are generally used to hedge interest rate risks. Derivative financial instruments are measured at fair value, which is predominantly derived from stock market or market values. If no stock market or market values are available, fair value is calculated using recognized finance-mathematical models. According to this, the fair value is determined by discounting the expected future cash flows over the residual contractual term as of the measurement date, on the basis of risk-adjusted zero interest rate curves.

When measuring derivatives, a differentiation is to be made as to whether there is an (effective) hedging relationship between derivative and the hedged item. Derivative financial instruments that do not form part of an effective hedging relationship in the meaning of IAS 39 must be categorized as "held for trading" (HfT), and recognized at fair value through profit or loss. Positive fair values result in their recognition as "financial assets held for trading" (FAHfT). Negative fair values are categorized as "financial liabilities held for trading"– FLHfT.

If the requirements of IAS 39 regarding hedge accounting have been satisfied, the hedges are designated from this time either as at fair value or as cash flow hedges.

Fair value hedging entails the hedging of the fair value of a reported asset or liability, or of an unreported fixed obligation. The changes in the fair values of derivative financial instruments, and their related underlying transactions, are booked through the income statement.

A cash flow hedge entails the hedging of highly probable future cash flows. Where a cash flow hedge exists, the effective portion of the value change in the hedging instruments is reported in the cash flow hedge reserve in miscellaneous equity – if required, taking into account deferred tax – until the profit or loss from the hedged item is reported.

When the hedged item and its related earnings impact comes into effect, the earnings-effective transaction is booked out of cumulative miscellaneous equity and rebooked through the consolidated income statement. The ineffective portion of the value change of the hedging instruments is reported immediately through the income statement under the financial result.

The CURANUM Group deploys derivative financial instruments mainly to hedge interest rate risks, and, as a matter of principle, concludes such transactions with banks, as contractual partners, that enjoy investment-grade ratings. Derivatives used by the company are presented in detail in Section B 9 "Non-current and current financial liabilities" and in Section E 24 "Additional disclosures relating to financial instruments pursuant to IFRS 7".

Deferred tax

The formation of deferred tax is performed by applying the balance sheet-oriented liability method to all temporary differences arising between the fiscal valuations of an asset or liability, and IFRS valuations, as well to consolidation measures. Deferred tax relating to loss carryforwards are capitalized as long as it is anticipated with a degree of probability bordering on certainty that they can be used. Adjustments are applied to deferred tax assets whose realization is no longer expected within the foreseeable future. Unrecognized deferred tax claims are reviewed, and capitalized to the extent that it has become likely that future taxable earnings will make it possible to realize them.

The tax rates used at the time of realization as the basis for the measurement of deferred tax are those applying on the basis of the current legal situation, or which are expected to apply. Deferred tax relating to items reported directly in equity is also reported directly in equity. Deferred tax assets and liabilities are offset against each other if the Group would have an enforceable claim to net actual tax reimbursement claims against each other, and these relate to income tax applying to the same tax object, levied by the same tax authority.

Actual tax

Actual tax claims and liabilities of the current or prior periods are measured using the amount the tax authority is expected to reimburse, or the amount expected to be paid to the tax authority. If the period until realization is estimated to be in excess of one year, the claims or liabilities are discounted to present value. Calculation of the amount is based on tax rates and tax laws applying as of the reporting date.

Share-based compensation – phantom shares

The performance-based compensation system for the Management Board members of Curanum AG is based on an appreciation of the company's value. To this end, value-appreciation rights in the form of so-called phantom shares were granted to the Management Board in the 2012 and 2011 financial years, which can be settled only in cash (so-called cash-settled transaction). These phantom shares comprise virtual shares which are based on the total value of one CURANUM share. There fair values are measured applying the so-called Monte Carlo simulation method. The fair values are distributed over the period until the end of the performance period through profit and loss while recognizing a corresponding liability. The liability is remeasured on each balance sheet date and settlement date. Fair value changes are carried through profit and loss.

Other provisions

Other provisions are formed if a current legal or de facto obligation based on a past event exists with respect to third parties that would lead to a probable future outflow of resources, and the extent of the obligation can be estimated reliably. Non-current provisions are recognized using the amount required to satisfy the obligation, and discounted to the reporting date. The interest rate used is a pre-tax interest rate that reflects current market expectations with respect to the interest rate effect, as well as risks specifically applying to the circumstances.

Pension provisions

Pension provisions exist which were granted in the past as part of labor-management contracts arising from an employer-financed pension plan. Curanum AG measures benefit claims arising from defined benefit pension plans applying the projected unit credit method, which reflects the actuarial present value of vested rights to future pension payments. Actuarial measurement is based on various assumptions which can differ from actual future outcomes. These include, for example, determining discounting rates and mortality rates (applying Prof. Klaus Heubeck's "Richttafel 2005G" mortality tables). Expected salary and pension trends, and turnover rates, are not included in the calculation since the pension plan commitment was limited until the year 2005. Due to the complexity of the related valuation, the underlying assumptions and their long-term nature, defined benefit obligations react highly sensitively to changes in such assumptions. All assumptions are reviewed on each qualifying date.

Liabilities

Non-current liabilities are carried at amortized cost. Differences between cost and repayment amount are reflected using the effective interest rate method. Current liabilities are recognized at their repayment or fulfillment amount.

Income and expenses

Income is always reported if it is likely that the economic benefit will accrue to the Group, and the extent of the income can be determined reliably. Income from the supply of services is reported in the period in which the service is rendered.

Services rendered by Curanum AG consist mainly of care services in both the inpatient and outpatient areas, as well as rental and supplementary services connected with serviced apartments. Residents as well as sponsors such as health insurance funds/care funds and social services institutions are invoiced on a monthly basis for services.

Expenses-related to operations are expensed at the time of delivery or utilization of the service, and all other expenses are expensed at the time when they are incurred.

Interest income is reported at the time when the interest claim arises. Interest and other debt costs are booked pursuant to periodic expense, to the extent that there is no qualifying asset.

Contingent liabilities and assets

Contingent liabilities represent potential obligations to third parties arising from past events, and whose existence must yet be confirmed by the occurrence or non-occurrence of one or several uncertain future events not entirely within the control of the CURANUM Group.

Contingent liabilities also arise from a current obligation based on past events, but which cannot be recognized in the balance sheet because the outflow of resources is unlikely, or the extent of the obligation cannot be estimated sufficiently reliably.

Contingent liabilities cannot be recognized, but are instead subject to the reporting requirement pursuant IAS 37.89 to the extent that the future inflow of resources is likely.

5. New and amended accounting methods

New and amended standards and interpretations applied for the first time

The previous year's accounting methods continued to apply for the preparation of the consolidated financial statements as of December 31, 2012. The following standards and interpretations that were applied for the first time as of January 1, 2012, form an exception to this principle. These exceptions generally had no effects on the Group's net assets, financial position and results of operations. They resulted in additional disclosures, however.

Standard	Title	Published by the IASB	Comes into force*	EU endorsement as of 31/12/2012	Effects on Curanum AG
New and amended standards and interpretations					
IFRS 7	Amendments to IFRS 7 – Financial Instruments: Disclosures	10/2010	01/01/2012	22/11/2011	immaterial

* For companies with the same fiscal year as the calendar year

Not yet applicable accounting regulations

The IASB and IFRIC have issued the following standards, amendments and reviews of standards and interpretations whose application is not yet mandatory.

Among other factors, the pre-requisite for the application of these new and revised standards and interpretations is that they are adopted by the European Union as part of the IFRS adoption procedure.

Standard	Title	Published by the IASB	Comes into force*	EU endorsement	Effects on Curanum AG
New and amended standards and interpretations					
IAS 1	Amendment IAS 1 – Presentation of Items of Other Comprehensive Income	06/2011	01/01/2013	05/06/2012	immaterial
IAS 12	Amendment to IAS 12 – Deferred Tax: Recovery of underlying assets	12/2010	01/01/2013	11/12/2012	immaterial
IAS 19	Amendment to IAS 19 – Employee Benefits	06/2011	01/01/2013	05/06/2012	immaterial
IAS 27	New version of IAS 27 – Consolidated and Separate Financial Statements	05/2011	01/01/2014	11/12/2012	immaterial
IAS 28	New version of IAS 28 – Shares in Associates and Joint Ventures	05/2011	01/01/2014	11/12/2012	none
IAS 32	Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities	11/2011	01/01/2014	13/12/2012	immaterial
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	11/2011	01/01/2013	11/12/2012	none
IFRS 1	Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	12/2010	01/01/2013	11/12/2012	none
IFRS 1	Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards – Government loans	03/2012	01/01/2013	Planned for Q1 2013	none
IFRS 7	Amendments to IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	12/2011	01/01/2013	13/12/2012	immaterial
IFRS 9	Financial Instruments: Revision and replacement of all existing standards (classification and measurement)	11/2009	01/01/2015	Still open	immaterial
IFRS 9 / IFRS 7	Amendments to IFRS 9 and IFRS 7, mandatory application date and disclosures on transition	12/2011	01/01/2015	Still open	immaterial
IFRS 10	Consolidated Financial Statements	05/2011	01/01/2014	11/12/2012	immaterial
IFRS 11	Joint Arrangements	05/2011	01/01/2014	11/12/2012	immaterial
IFRS 12	Disclosure of Interests in Other Entities	05/2011	01/01/2014	11/12/2012	immaterial
IFRS 13	Fair Value Measurement	05/2011	01/01/2013	11/12/2012	immaterial
Diverse	Improvements to International Financial Reporting Standards (2009-2011)	05/2012	01/01/2013	Planned for Q1 2013	immaterial
Diverse	Amendment to IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities, transition regulations	06/2012	01/01/2013	Planned for Q1 2013	immaterial
Diverse	Investment Entities Amendments of IFRS 10, IFRS 12 and IAS 27	10/2012	01/01/2014	Planned for Q3 2013	immaterial

* For companies with the same fiscal year as the calendar year

Curanum AG does not intend to make early voluntary application of these standards and interpretations above.

B. Notes to the consolidated balance sheet

(1) Cash and cash equivalents

Cash and cash equivalents of T€ 16,207 (previous year: T€ 21,192) relate to cash holdings and bank accounts in credit with a term of up to three months. The change in cash and cash equivalents is presented in the consolidated statement of cash flows.

Credit lines and guarantee credit facilities were reported in an amount of € 11 million as of December 31, 2012 (previous year: € 26.8 million), which were utilized through guarantee credit in an amount of € 9 million (previous year: € 13.7 million).

The Group provided € 5 million of short-term deposits as collateral (previous year: € 2.6 million). Besides this, there are no cash and cash equivalents that are held by companies, and over which the Group has no control. Maximum default risk corresponds to the carrying amounts.

(2) Trade receivables

in T€	2012	2011
Trade receivables	9,027	8,084
Charges for doubtful receivables	-635	-549
Trade receivables, net	**8,392**	**7,535**

The term structure of overdue receivables excluding impairments is as follows:

in T€	Total	Neither overdue nor impaired	Overdue but not impaired < 3 months	3-6 months	6-12 months	> 12 months
2012	8,392	4,635	2,757	270	307	423
2011	7,535	5,109	1,264	258	140	764

The receivables which are neither overdue nor impaired relate to a large number of customers and care funds. This counters systematic default risk and risk concentration.

Valuation allowances to trade receivables changed as follows:

in T€	2012	2011
Opening position	549	705
Release	-311	-264
Addition	602	512
Utilization	-205	-404
Closing position	**635**	**549**

The adjustments to doubtful receivables relate to a significant extent to estimates and assessments of individual receivables based on the creditworthiness of the relevant customer and the analysis of historic receivables default rates on the basis of individual items.

The fair values of trade receivables approximately correspond to their carrying amounts due to the fact that their terms are up to one year.

There is no significant concentration of risk among the trade receivables as a result of the diversified customer structure. Maximum default risk corresponds to the carrying amounts. Besides additions to the valuation adjustments of T€ 602 (previous year: T€ 512), receivables of T€ 270 (previous year: T€ 155) were written off as uncollectible.

(3) Inventories

in T€	2012	2011
Raw materials, consumables and supplies	**1,207**	**1,067**

The holdings comprise mainly food, commercial and medical-care items, and fuel for facilities. With the exception of fuel and food, the holdings are recognized at a fixed value. Inventories of T€ 21,478 (previous year: T€ 19,486) are expensed in the year under review. No inventories were assigned as collateral for liabilities during the period under review.

(4) Non-current and current assets

in T€	IAS 39 category	2012	2011*
Deferred expenses			
Lease prepayments	n.a.	3,182	3,580
Rent prepayments	n.a.	978	1,503
Prepayments and accrued income	n.a.	356	415
Other receivables	LAR / n.a.	2,429	3,554
IFRS 3.45 adjustment to other receivables*	n.a.	0	-351
Total other receivables	LAR / n.a.	**2,429**	**3,203**
		6,945	**8,701**
of which non-current		3,892	4,112
of which current		3,053	4,589

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

The fair values of other assets mainly correspond to their carrying amounts.

The prepayments for corporate lease agreements relate to prepayments for leases that in each case commenced on January 1, 2006, and which have been entered into for an initial period of 15 years. Amounts of T€ 2,784 (previous year: T€ 3,182) have a residual term of longer than one year, and amounts of T€ 398 (previous year: T€ 398) a residual term of up to one year. Further rental prepayments of T€ 499 (previous year: T€ 328) have a residual term of more than one year, and of T€ 479 (previous year: T€ 1,175) of up to one year.

The assets-side deferred and accrued items relate to prepayments for vehicle tax, insurance, as well as rent, leasing and maintenance for technical plants, and have a residual term of up to one year.

Other receivables comprise financial assets in the following categories in the meaning of IAS 39, as well as miscellaneous assets as follows:

in T€	IAS 39 category	2012	2011*	2011 IFRS 3.45*	2011 Previous year's figures
Receivables due from suppliers arising from good reimbursements, and creditor accounts in debit	n.a.	1,137	1,527	-256	1,783
Receivables due from staff and deposits	n.a.	127	201	-114	315
VAT reimbursement claims	n.a.	92	3	0	3
Loan to facility at Armbrustergasse	n.a.	380	350	0	350
Fixed-income securities	AfS	137	253	0	253
Miscellaneous assets	n.a.	556	869	19	850
		2,429	**3,203**	**-351**	**3,554**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

There were no overdue receivables as of the December 31, 2012 and December 31, 2011 balance sheet dates.

(5) Income tax receivables

in T€	2012	2011
Current income tax receivables	**112**	1,084

Income tax receivables primarily comprise corporation and trade tax receivables.

(6) Property, plant and equipment

Changes in 2012 in T€	Land, rights similar to land and constructions	Other plant, operating and office equipment	Prepayments rendered	Total
Cost				
01/01/2012*	217,537	65,247	1,399	284,183
Additions	2,265	3,627	333	6,225
Disposals	-2	-563	0	-565
Transfers	1,283	68	-1,351	0
31/12/2012	**221,083**	**68,379**	**381**	**289,843**
Cumulative depreciation and impairment charges				
01/01/2012*	80,737	47,282	0	128,019
Depreciation	7,303	4,872	0	12,175
Impairment charges	701	0	0	701
Disposals	-2	-500	0	-502
31/12/2012	**88,739**	**51,654**	**0**	**140,393**
Carrying amount	**132,344**	**16,725**	**381**	**149,450**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

Changes in 2011* in T€	Land, rights similar to land and constructions	Other plant, operating and office equipment	Prepayments rendered	Total
Cost				
01/01/2011	176,973	60,618	260	237,851
Additions	15,922	3,900	1,358	21,180
Disposals	0	-100	0	-100
Transfers	360	-114	-246	0
Additions due to acquisition of subsidiaries	25,555	943	27	26,525
IFRS 3.45 adjustment*	-1,273	0	0	-1,273
31/12/2011	**217,537**	**65,247**	**1,399**	**284,183**
Cumulative depreciation and impairment charges				
01/01/2011	61,858	43,164	0	105,022
Depreciation	5,960	4,332	0	10,292
Impairment charges	12,777	0	0	12,777
Disposals	0	-68	0	-68
Transfers	146	-146	0	0
Additions due to acquisition of subsidiaries	0	0	0	0
IFRS 3.45 adjustment*	-4	0	0	-4
31/12/2011	**80,737**	**47,282**	**0**	**128,019**
Carrying amount	**136,800**	**17,965**	**1,399**	**156,164**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

Please refer to Section A4 "Impairment test pursuant to IAS 36" for notes relating to impairment charges applied to land, buildings and operating facilities, and capitalized finance leases. Operating and office equipment includes assets arising from hire purchase agreements of T€ 1,318 (previous year: T€ 465), which were assigned as collateral for the respective obligations arising from these agreements. Please refer to our remarks under section B9 "Non-current and current financial liabilities" regarding collateral for land and writes equivalent to land.

Investment grants

The federal states of Saxony-Anhalt, Thuringia, and Mecklenburg-Vorpommern granted subsidies of T€ 13,902 to the company in the years 1998-2000 in order to construct care properties; the grants were made subject to them being used to create residential homes for senior citizens and nursing homes. The grants were deducted from the carrying amounts of the tangible fixed assets to which the grants apply.

An interest-free, repayable loan was granted to finance a care property on the basis of a grant decision by the Landschaftsverband Westfalen-Lippe. The benefit from the interest-free nature of the loan was included in the calculation of the present value of the property, and consequently formed part of the purchase price allocation for the corresponding corporate acquisition.

(7) Other intangible assets / goodwill

Intangible assets include customer bases, occupancy and brand rights, licenses and software. Recognized goodwill arises from corporate acquisitions.

Amortization of intangible assets is reported under the two functional areas of cost of sales and general administrative costs.

Changes in 2012 in T€	Goodwill	Software / Licenses / similar rights	Total
Cost			
01/01/2012*	73,276	10,223	83,499
Additions (purchased individually)	0	476	476
31/12/2012	**73,276**	**10,699**	**83,975**
Cumulative amortization and impairment charges			
01/01/2012*	15,377	4,698	20,075
Amortization	0	1,320	1,320
Impairment charges	255	0	255
31/12/2012	**15,632**	**6,018**	**21,650**
Carrying amount	**57,644**	**4,681**	**62,325**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

As in the previous year, as of December 31, 2012 there were no assets with restricted ownership rights, and no assets that have been assigned as collateral.

Please refer to Section A4 "Impairment test pursuant to IAS 36" for the allocation of impairment losses to the individual CGUs.

The column "Software, licenses, and similar rights" includes a trademark brand of unlimited useful life for the company FAZIT with a carrying amount of T€ 500 (previous year: T€ 500). The brand name that was acquired as part of the acquisition of the FAZIT Group was capitalized in the acquiring company since the brand was appraised to have future benefit for the company. When appraising its useful life, this brand was imputed to have an indefinite economic useful life on the basis of past data and management estimates relating to future developments for this brand. This entailed, in particular, an examination of considerations concerning the prospective utilization of the brand, potential commercial obsolescence, the competitive position, the sector environment, the level of maintenance expenditures, legal or similar restrictions on use, and the dependency of the useful life relating to other company assets.

The brand name was impairment-tested on December 31, 2012 on the basis of value in use. The calculation reflected a three-year budget. Appropriate growth rates were taken as the basis for the timeframe extending beyond this period. The weighted average cost of capital (WACC) used for the discounting is based on a risk-free interest rate of 2.31% (previous year: 3.23%) and a risk premium of 7.0% (previous year: 5.5%. Curanum AG's beta factor, and the individual capital structures and relevant financing costs of the CGUs, were also applied. The pre-tax discount rate that was applied amounted to 7.70% (previous year: 8.19%). The growth discount was set at 1% (previous year: 1%) on the basis of this detailed planning. The impairment test necessitated no impairment charge in the period under review.

Changes in 2011* in T€	Goodwill	Software / Licenses / similar rights	Total
Cost			
01/01/2011	65,718	5,424	71,142
Additions (purchased individually)	0	1,155	1,155
Additions due to acquisition of subsidiaries	7,044	3,329	10,373
IFRS 3.45 adjustment*	514	315	829
31/12/2011	**73,276**	**10,223**	**83,499**
Cumulative amortization and impairment losses			
01/01/2011	5,916	3,894	9,810
Amortization	0	789	789
Impairment charges	9,461	0	9,461
IAS 3.45 adjustment *	0	15	15
31/12/2011	**15,377**	**4,698**	**20,075**
Carrying amount	**57,899**	**5,525**	**63,424**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

(8) Leases and other financial obligations

Finance leases

Property rented by the company includes land, buildings, and other facilities and equipment. The main obligations that have been entered into during the period of the leasing agreements, besides the lease payments themselves, are costs for maintenance, tenant loans, insurance contributions, and property taxes. The lease agreements may contain extension or purchase options, as well as price adjustment clauses. In general, the durations of leasing agreements for land, buildings, and operating and office equipment range between three and 50 years. For reasons of immateriality, no distinction was made between land real estate as operating leases, and buildings as finance leases. Rental expenses (impairment charges/depreciation of asset items in connection with finance leasing, and interest payments arising from finance leasing) in connection with finance leases amounted to T€ 14,762 (previous year: T€ 11,032). They are reported as expense under the items depreciation and interest payments in the period in which they are incurred. In the cost of sales method, depreciation is reported in the functional areas of production, administration and sales costs, depending on which area the underlying lease agreement is attributed to. The interest expenses are included in the financial result. The terms of the leases contain no restrictions with respect to dividends, additional borrowings, or further leases.

A purchase option exists in the case of one real estate lease agreement, which was classified as a finance lease. This purchase right can be exercised from May 1, 2016. The exercise price corresponds to the fiscal residual book value at the exercise date. The right to purchase the property was measured at T€ 5,345.

The carrying amounts of capitalized property, plant and equipment arising from financing leases are as follows:

in T€	2012	2011**
Acquisition costs	155,407	154,355
of which land	884	884
of which buildings	125,312	124,587
of which IFRS 3.45 adjustment**	0	-481
of which total buildings	125,312	124,106
of which fittings and operational equipment	29,211	29,365
Cumulative depreciation and impairment charges	-67,920	-60,763
of which land	0	0
of which buildings	-43,250	-37,204
of which IFRS 3.45 adjustment**	0	-1
of which total buildings	-43,250	-37,205
of which fittings and operational equipment	-24,670	-23,558
Carrying amounts*	**87,487**	**93,592**
of which land	884	884
of which buildings	82,062	86,901
of which fittings and operational equipment	4,541	5,807

* The carrying amounts of buildings, fittings and operational equipment as of December 31, 2011 included additions due to the acquisition of subsidiaries of T€ 22,319 (IFRS 3.45) and T€ 308.

** The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

The future minimum lease payments (MLPs) and present values of the minimum lease payments for the aforementioned finance leases amount to:

in T€	2012 MLPs	2012 present value	2011 MLPs	2011 present value
Up to 1 year	13,408	7,024	13,298	6,528
1 to 5 years	51,597	28,483	53,994	29,168
Longer than 5 years	122,349	74,620	133,183	80,300
Total minimum lease obligations	**187,354**	**110,127**	**200,475**	**115,996**
Special lease payments for buildings (purchase option)	-3,068	-2,849	-3,068	-2,849
Total net minimum lease obligations	**184,286**	**107,278**	**197,407**	**113,147**
less interest	-77,008	0	-84,260	0
Present value of minimum lease obligation	**107,278**	**107,278**	**113,147**	**113,147**

The lease liabilities have the following maturities:

in T€	2012	2011
Up to 1 year	6,538	6,018
1 to 5 years	26,121	26,829
Longer than 5 years	74,619	80,300
Total	**107,278**	**113,147**

Operating leases

Various operating lease agreement for buildings, office equipment, and other facilities and fittings were entered into. Most leases contain extension options allowing extensions for periods of five or ten years. Some contain price adaptation clauses in the form of indexation, and provide for rental payments that are conditional on the basis of fixed percentages of turnover generated by the assets held as part of operating lease agreements. The terms of the leases contain no restrictions with respect to dividends, additional borrowings or further lease agreements. Lease expenses amounted to T€ 56,391 in the financial year under review (previous year: T€ 53,966).

Other financial obligations

The other financial obligations of the CURANUM Group consist of obligations arising from rental, leasing, and maintenance agreements. These contain further obligations arising from finance lease agreements with respect to the office and operating equipment, and which have largely ended, or have only very short residual durations, and are inseparable from the remaining leases due to cost-benefit relationships.

The maturities of the minimum lease payments arising from non-cancellable leases relating to real estate and maintenance service agreements are as follows as of the December 31, 2012, reporting date:

in T€	< 1 year	1 to 5 years	> 5 years
Building rents	60,859	241,925	353,790
Maintenance agreements	2,228	2,150	269
Total	**63,087**	**244,075**	**354,059**

The maturities of the minimum lease payments arising from non-cancellable leases relating to real estate and maintenance service agreements are as follows as of the December 31, 2011, reporting date:

in T€	< 1 year	1 to 5 years	> 5 years
Building rents	62,581	249,644	401,108
Maintenance agreements	2,398	2,148	269
Total	**64,979**	**251,792**	**401,377**

A put option also exists for one property, in which one Curanum AG subsidiary operates a facility. The purchase price for the property would amount to € 19.9 million if the put option were to be exercised (previous year: € 19.9 million). The put option can be exercised between January 1, 2015 and December 31, 2017. A contingent loss provision in an amount of € 3.0 million (previous year: € 1.1 million) was formed in 2012 due to the valuation circumstances as of the balance sheet date.

As of the December 31, 2012, balance sheet date, the company does not anticipate that guarantees, warranties or the provision of collateral for third-party liabilities will be utilized.

(9) Non-current and current financial liabilities

in T€	Residual term < 1 year	Residual term 1-5 years	Residual term > 5 years
31/12/2012			
Liability component of Fazit participation right	0	0	3,898
Negative fair value from cash flow hedge	0	2,362	0
Bank loans	10,659	34,268	11,427
Total	**10,659**	**36,630**	**15,325**

in T€	Residual term < 1 year	Residual term 1-5 years	Residual term > 5 years
31/12/2011			
Liability component of Fazit participation right	0	0	4,035
Negative fair value from cash flow hedge	0	2,431	0
Bank loans	32,298	16,102	16,768
Total	**32,298**	**18,533**	**20,803**

In the 2011 financial year, the bank loans item with a residual maturity of up to one year included a borrower's note loan in an amount of T€ 27,300.

An interest-rate swap was entered into to hedge the variable interest-rate risk arising from the syndicated loan that was entered into in 2012. In the previous year, three interest-rate swaps existed to hedge such risks in the case of the corporate financing that was in place at the time. The nominal value of these interest rate derivative transactions amounted to T€ 23,750 as of December 31, 2012 (previous year: T€ 33,650), and is derived from the following table.

		Term		
No.	Interest rate/reference rate	Start	End	Nominal T€
1	3M-EUR-EURIBOR / 4.99 %	04/08/2008	29/06/2012	1,063
2	3M-EUR-EURIBOR / 4.5 %	06/10/2008	29/06/2012	1,063
3	3M-EUR-EURIBOR / 3.7 %	27/01/2011	13/11/2012	31,100
4	3M-EUR-EURIBOR / 4.7 %	14/11/2012	19/11/2012	27,000
5	3M-EUR-EURIBOR / 4.7 %	19/12/2012	16/11/2015	23,750

The year-on-year change in fair values was as follows:

No.		2012 in T€	2011 in T€
1	3M-EUR-EURIBOR / 4.99 %	0	-22
2	3M-EUR-EURIBOR / 4.5 %	0	-19
3	3M-EUR-EURIBOR / 3.7 %	0	-2,390
4	3M-EUR-EURIBOR 4.7 %	0	0
5	3M-EUR-EURIBOR / 4.7 %	-2,362	0
	Total	**-2,362**	**-2,431**

The fair values of the swaps are reported directly in equity (other comprehensive income), including deferred tax in the case of financial liabilities.

The fair values were calculated on the basis of bank valuations. The fair values were also verified by expert reports by discounting the expected future cash flows (discounted cash flow method).

The fair values arising from cash flow hedges are recognized under financial liabilities with a residual term of three years (previous year: between one and three years).

One of the reported interest-rate swaps relates to a follow-on derivative (please see Number 3) pursuant to IAS 39.101 a. As part of accounting for this follow-on derivative, the ineffective portion of the hedge was released through profit or loss in an amount of T€ 545.

Curanum AG has obligated itself contractually to several banks as part of two syndicated loans to evidence that it abides by a predetermined financial indicator, the net debt to EBITDA ratio, at the end of each quarter. The banks enjoy the right to special cancellation of the loan agreements if this fixed ratio is exceeded. Please refer in this connection to the remarks in Section E. 24 "Additional disclosures relating to financial instruments pursuant to IFRS 7".

Normal banking collateral is in place for the bank borrowings, especially assigned receivables and land charges (land registry entries) in an amount of T€ 56,009 (previous year: T€ 64,144) with a carrying amount as of the balance sheet date of T€ 31,400 (previous year: T€ 33,258).

(10) Trade payables

Trade payables contain open items arising from invoices received for supplies and services that have been utilized. As of the reporting date, these amounted to T€ 6,782 (previous year: T€ 11,870). They have a residual term of less than one year. The reported carrying amounts correspond approximately to their fair values due to their short maturities.

(11) Non-current and current provisions

Provisions changed as follows:

in T€	Status January 1, 2012	Utilization	Release	Addition	Status December 31, 2012
Pension provisions	0	0	0	290	290
Phantom shares	61	0	0	246	307
Other	1,993	385	121	2,193	3,680
Total	**2,054**	**385**	**121**	**2,729**	**4,277**

in T€	Status January 1, 2011	Utilization	Release	Addition	Status December 31,2011
Phantom shares	0	0	0	61	61
Other	1,808	333	394	912	1,993
Total	**1,808**	**333**	**394**	**973**	**2,054**

Other provisions contained non-current provisions (residual duration greater than one year) of T€ 3,509 (previous year: T€ 1,304).

Pension provisions
Commitments exist arising from an employer-funded company pension scheme as part of labor-management agreements. These labor-management agreements qualify as defined benefit plans according to IAS 19.7. The obligation's present value was calculated as of December 31, 2012 (previous year: December 31, 2011) on the basis of an actuarial appraisal applying the projected unit credit method, which entailed a 5.75% (previous year: 5.25%) interest rate. At the same time, reinsurance was entered into to cover the respective pension payments arising from the pension commitments, and their payments were pledged to the pension beneficiaries. Such reinsurance policies, entailing pledging to the pension beneficiaries of the claims, are recognized as plan assets since they comprise qualified insurance policies pursuant to IAS 19.7.

The past service cost is expensed immediately whereby the payment is immediately unforfeitable and reported among general administrative cost, and the interest portion is reported in the net financial result.

The negative balance calculated pursuant to IAS 19.54 derived from the present value of the defined benefit obligation on the balance sheet date and the fair value of plan assets as of the balance sheet date, adjusted to reflect past service cost not yet carried through profit or loss, and actuarial gains and losses, is reported under the "Pension provisions" balance sheet item.

Where the value of plan assets exceeds the corresponding pension obligation, the surplus amount is reported under the "Other current assets" item.

The obligation's present value was calculated as of December 31, 2012 (previous year: December 31, 2011) on the basis of an actuarial appraisal applying the projected unit credit method, which entailed a 3.40% (previous year: 5.75%) interest rate. Please refer to the consolidated statement of changes in equity regarding the accumulated actuarial gains and losses.

CURANUM reported the following expenses and income relating to these defined benefit pension plans in the net income for the financial year under review:

in T€ Expense (+), income (-)	2012	2011
Current service cost	0	0
Interest expense / income	82	81
Expected / actual income from plan assets	-54	-55
Pension plan expenses	**28**	**26**

The present value of the defined benefit pension obligation is calculated applying the projected unit credit method in accordance with IAS 19.64, and changed as follows:

in T€	2012	2011
Present value of the defined benefit obligation as of January 1	1,426	1,540
Current service cost	0	0
Interest expense	82	81
Pension payments	54	85
Actuarial gains / losses	419	-110
Present value of the defined benefit obligation as of December 31	**1,873**	**1,426**

Changes to the fair value of the plan assets are as follows:

in T€	2012	2011
Fair value of plan assets as of January 1	1,538	1,560
Expected income from Plan assets	54	55
Actuarial gains / losses	45	-25
Employer contributions	54	52
Fair value of the plan assets as of December 31	**1,583**	**1,538**

The amount of the defined benefit pension obligation reported under the "Pension provisions" item in the consolidated balance sheet is derived as follows:

in T€	2012	2011
Present value of the defined benefit obligation	1,873	1,426
Fair value of plan assets	1,583	1,538
Liabilities / assets reported in the balance sheet	**-290**	**112**

The amounts for the current and previous reporting periods:

in T€	2012	2011
Present value of the defined benefit obligation	1,873	1,426
Fair value of plan assets	1,583	1,538
Experience-related adjustments	7	-32

Phantom shares

Management activities at Curanum AG are based on value-oriented corporate management. As a consequence, Curanum AG's performance-based compensation scheme aims to reward Management Board members for value enhancement. To this end, the company's Management Board members were granted value-enhancement rights in the form of so-called phantom shares (hereinafter referred to as "phantom share programs" or PSPs), which can only be settled in cash (so-called cash-settled share-based payment arrangements). These phantom shares comprise virtual shares, each of which is based on the total value of one CURANUM share.

The costs arising from cash-settled transactions are initially measured applying a Monte Carlo simulation at fair value on the vesting date. The fair value is carried through profit or loss, distributed across the period until the end of the performance period, while reporting a corresponding liability. The liability is remeasured on each balance sheet date and on the satisfaction date. Fair value changes are carried through profit or loss. No expense is reported for value-enhancement rights which cannot be exercised. If the terms of a cash-settled transaction are changed, such changes are taken into account in the context of re-measurement on the respective balance sheet date. If a cash-settled transaction is annulled, the corresponding liability is derecognized through profit or loss.

In the 2011 financial year (2011-2013 Phantom Share Program) and 2012 financial year (2012-2014 Phantom Share Program), the company approved a plan to issue virtual shares, and communicated this to the Management Board members. As of the exercise date of the virtual shares, the beneficiaries receive a cash payment that reflects the value of the CURANUM share at the end of the so-called performance period. The virtual share plan represents a cash-settled share-based compensation arrangement. These plans were neither cancelled nor modified in the 2012 financial year.

The virtual shares are subject to the following terms:

- The payment on the vested virtual shares occurs in May 2013 for the PSP 2011-2013, and in May 2014 for the PSP 2012-2014.
- The level of the payment is measured as the product of the number of vested virtual shares and the so-called closing price.
- The closing price is defined as the average price of the CURANUM shares (closing price in XETRA trading on the Frankfurt Stock Exchange) between January 1, 2013 and the date before the 2013 accounts meeting of the Supervisory Board of Curanum AG (PSP 2011-2013), and between January 1, 2014 and the date before the 2014 accounts meeting of the Supervisory Board of Curanum AG (PSP 2012-2014).
- The beneficiaries are entitled to receive a dividend-equivalent payment during the plan's duration.
- The number of vested phantom shares is calculated as the ratio between the allocation volume of the respective beneficiary and the opening price.
- The average price is calculated as the average price of the CURANUM share (opening price in XETRA trading on the Frankfurt Stock Exchange) between January 1, 2011 and March 15, 2011 (PSP 2011-2013), and between January 1, 2012 and February 26, 2012. The opening price for the PSP 2011-2013 amounts to € 2.31, and for the PSP 2012 2014 amounts to € 2.00.
- All allocated virtual shares lapse in the instance of cancellation, irrespective of which party cancels. The virtual shares are paid out on a proportional basis based on the number of phantom shares allocated at the start of the plan if the beneficiary leaves the company for another reason (for example, end of employment contract, amicable dissolution of employment contract, retirement, decease). Payment is proportional on the basis of a 12-month duration.

The virtual shares changed as follows during the 2012 financial year:

PSP	2011-2013	2012-2014
Virtual shares outstanding at the start of the reporting period	104,032	0
Virtual shares granted during the reporting period	0	105,000
Virtual shares forfeited during the reporting period	0	
Virtual shares exercised during the reporting period	0	
Virtual shares lapsed during the reporting period	0	
Virtual shares outstanding at the end of the reporting period	104,032	105,000
Virtual shares that can be exercised at the end of the reporting period	0	0

The virtual shares changed as follows during the 2011 financial year:

PSP	2011- 2013	2012-2014
Virtual shares outstanding at the start of the reporting period	0	0
Virtual shares granted during the reporting period	104,032	0
Virtual shares forfeited during the reporting period	0	0
Virtual shares exercised during the reporting period	0	0
Virtual shares lapsed during the reporting period	0	0
Virtual shares outstanding at the end of the reporting period	104,032	0
Virtual shares that can be exercised at the end of the reporting period	0	0

The weighted average expected residual terms for the value-appreciation rights outstanding as of December 31, 2012 amounted to 0.2 years for the PSP 2011-2013. This figure stood at 1.2 years for the PSP 2012-2014.

The fair value of the virtual shares is calculated applying the Monte Carlo simulation and taking into account the terms on which the instruments were granted. The expense for payments received, respectively the liability to settle such payments, is reported over the vesting period. The liability is remeasured on each balance sheet date and on the satisfaction date. Fair value changes are carried to profit and loss.

The weighted average fair value of the virtual shares granted during the year under review amounts to € 2.50. Measurement was based on the following parameters:

Parameter	31/12/2012
Dividend yield (%)	n.a.
Expected volatility (%)	38.10% to 45.80%
Risk-free rate (%)	0.02%
Residual term (years)	0.20 to 1.20
Share price on measurement date (EUR)	2.5
Exercise price	0
Model applied	Monte Carlo simulation

Parameter	31/12/2011
Dividend yield (%)	n.a.
Expected volatility (%)	32.77%
Risk-free rate (%)	0.04% to 0.06%
Residual term (years)	1.21
Share price on measurement date (EUR)	2.0
Exercise price	0
Model applied	Monte Carlo simulation

The expected duration of the value-enhancement rights is based on the contractual details, and must correspond to the exercise behavior that actually occurs.

The expected volatility is based on the assumption that, over a period that corresponds to the expected duration of the value-enhancement rights, conclusions can be drawn from the historical volatility, as a consequence of which the volatility that actually occurs can diverge from the assumptions that have been made.

The risk-free rates were derived from the market using a residual term that corresponds to the expected term of the options being value.

Since the beneficiaries are entitled to the payment of an annual dividend equivalent to the level of the dividends that are actually distributed on genuine CURANUM shares during the duration of the virtual shares, the vested virtual shares are to be measured as if no dividends were distributed on the underlying shares.

The reported personnel expenditure for benefits received during the year under review is as follows overall:

T€	2012	2011
Expense arising from cash-settled share-based compensation transactions	246	61

As of December 31, 2012, the carrying amount of the liability arising from the virtual shares amounts to T€ 307 (previous year: T€ 61). The liability in an amount of T€ 229 (previous year: T€ 0) is reported among other current provisions, and in an amount of T€ 78 (previous year: T€ 61) among other non-current provisions.

Other provisions

The other provisions are composed as follows:

in T€	2012	2011
Current proceedings / cost of lawyers	539	700
Contingent loss provision arising from purchase commitment	3,035	1,140
Other	106	153
Total	**3,680**	**1,993**

The T€ 3,035 contingent loss provision for purchase commitments (previous year: T€ 1,140) relates to a property whose purchase price at the exercise date is higher than its fair value as of the December 31, 2012 balance sheet date. Cumulative interest of T€ 189 (previous year: T€ 53) was applied to the contingent loss provision.

(12) Current liabilities arising from income tax and other liabilities

in T€	IAS 39 category**	2012	2011*	2011 IFRS 3.45*	2011 Previous year's figures
Corporation tax liabilities	n.a.	1,219	928	-555	1,483
Trade tax liabilities	n.a.	202	17	0	17
Income tax liabilities		**1,421**	**945**	**-555**	**1,500**
Other current liabilities					
Liabilities to staff	FLAC	3,522	3,347	107	3,240
Salary and wage liabilities (including social security contributions)	FLAC	19	35	0	35
Liability as part of corporate acquisition	FLAC	2,000	6,856	-500	7,356
Wage/church tax and VAT liabilities	n.a.	1,223	1,048	3	1,045
Prepayments received	n.a	3,145	3,111	0	3,111
Liabilities to occupants	FLAC	993	3,297	0	3,297
Debtor accounts in credit	FLAC	1,535	1,344	0	1,344
Deferred income	n.a.	397	382	0	382
Outstanding invoices	FLAC	4,577	4,645	281	4,364
Professional co-operative contributions	FLAC	792	787	0	787
Other	FLAC/n.a.	1,127	1,086	86	1,000
Total other current liabilities* **		**19,330**	**25,938**	**-23**	**25,961**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)
** For more information, these refer to Chapter A "Accounting principles"
*** The residual duration of other liabilities is predominantly less than one year. For this reason, they have not been split into current and non-current other liabilities.

The corporation tax liabilities of T€ 527 (previous year: T€ 527) arise mainly from the relinquishing of the non-profit status of the facilities that were newly acquired in 2011.

Liabilities to employees are composed of outstanding claims for vacation days of T€ 921 (previous year: T€ 1,051), T€ 2,045 relating to overtime, bonuses, contributions for the severely disabled, short-term age-related short-time working obligations and settlements (previous year: T€ 1,905), and time allowances of T€ 519 (previous year: T€ 391).

The obligation arising from age-related short-time working agreements with employees amounts to T€ 0 (previous year: T€ 23), less insolvency-protected value credits of T€ 0 (previous year: T€ 23). When calculating the obligation, provisions were formed for the employer's supplements to gross salaries and pension insurance contributions, as well as the company's employee remuneration arrears in the case of the "Blockmodell". The residual term of the obligation arising from age-related short-time working agreements amounted to less than one year as of December 31, 2011. Earnings for the 2012 period include income from the reduction of the obligation of T€ 23 (previous year: T€ 52), which was reported in the consolidated income statement as a reduction to personnel expense.

A land charge of T€ 440 (previous year: T€ 1,272) was issued as collateral for loans to residents to finance serviced apartments, which were acquired as part of the acquisition of the company in 2007.

Other liabilities comprise financial liabilities measured at amortized cost (FLAC) in the meaning of IAS 39 as follows :

in T€	IAS 39 category	2012	2011*
Deferred interest and participation right interest	FLAC	366	351
Supervisory Board remuneration	FLAC	194	204
Auditing and financial statement liabilities	FLAC	380	137
Miscellaneous liabilities	n.a.	187	394
Total		**1,127**	**1,086**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

(13) Equity

The change in equity is presented in the consolidated statement of changes in equity.

Share capital

The subscribed share capital of Curanum AG amounts to € 42,507,000 (previous year: € 39,192,000), and is split into 42,507,000 (previous year: 39,192,000) ordinary bearer shares. It is fully paid in. The ordinary shares carry a nominal amount in the share capital of € 1. The increase in subscribed share capital results from the capital increase. For further information, please refer to the section concerning the 2012 capital increase.

Approved Capital (2011)

As the result of a resolution of the Shareholders' General Meeting on July 13, 2011, the Management Board was authorized, with the approval of the Supervisory Board, to increase the issued share capital of the company in exchange for cash or non-cash capital contributions, once or on several occasions until June 21, 2016, by a total, however, of up to T€ 8,000 through the issue of a maximum of 8,000,000 new ordinary bearer shares. Subscription rights are to be granted to shareholders as a matter of principle when performing the capital increase. Under certain preconditions, the Management Board may, with the approval of the Supervisory Board, exclude shareholders' subscription rights.

Additional paid-in capital

Additional paid-in capital contains premiums arising from share issues.

2011 capital increase

With Supervisory Board assent, the Management Board of Curanum AG passed a resolution on March 31, 2011 to increase the company share capital by utilizing the capital that was approved by the Shareholders' General Meeting (2009) through granting subscription rights to all shareholders. The new shares were offered to shareholders in a 4.9:1 ratio at a subscription price of € 1.80 per share. The subscription period ran between April 12, 2011 and May 2, 2011.

The capital increase raised the share capital of Curanum AG from T€ 32,660 to T€ 39,192. The gross issue proceeds from the capital increase that accrued to Curanum AG after deduction of issue costs amounted to T€ 11,757. This cash inflow served to finance the company's growth path.

The transaction was entered in the commercial register on May 10, 2011, after which the Approved Capital 2009 was fully utilized. The capital increase totaling T€ 11,757 increased subscribed capital by T€ 6,532 in the previous year (nominal amount of the shares), and additional paid-in capital by the T€ 5,226 (less T€ 69 of transaction costs).

2012 capital increase

With Supervisory Board assent, the Management Board of Curanum AG passed a resolution on September 27, 2012 to increase the company share capital by utilizing the capital that was approved by the Shareholders' General Meeting 2011 through granting subscription rights to all shareholders. The new shares were offered to shareholders in an 11.7:1 ratio at a subscription price of € 1.50 per share. The subscription period ran between October 4, 2012 and October 18, 2012.

The capital increase raised Curanum AG's share capital from T€ 39,192 to T€ 42,507 in the 2012 financial year. The gross issue proceeds from the capital increase that accrued to Curanum AG after deduction of issue costs amounted to T€ 4,973. The capital increase in the year under review raised the subscribed share capital by T€ 3,315 (nominal amount of the shares) and the additional paid-in capital by T€ 1,543 (less T€ 115 transaction costs). These cash inflows served to strengthen the operating business, and enabled the company to secure its follow-on financing for its borrower's note loan.

The transaction was entered in the commercial register on November 16, 2012. Approved Capital (2011) consequently still amounts to T€ 4,685 after the partial utilization.

Purchase of treasury shares

Through a resolution of the 2010 Shareholders' General Meeting the company was authorized until June 30, 2015, with the approval of the Supervisory Board, to acquire or resell once or on several occasions treasury shares in the company. The arithmetic share of the shares acquired as part of this authorization may not exceed 10% of the subscribed capital.

The following table shows the change in the treasury shares item in equity in 2012.

	Treasury shares in T€	Number of treasury shares
Status as of 01/01/2012 / 31/12/2012	1,241	405,102

The equity item treasury shares represents the acquisition value of Curanum AG shares purchased on the market, which are held by a trustee. Curanum AG held 405,102 of its own shares as of the balance sheet date. This corresponds to share of € 405,102 of the issued share capital, or 0.95% (previous year: 1.03%). These treasury shares are reported in equity to an amount of T€ 1,241. No treasury shares were purchased in either the 2011 or 2012 financial years.

Revenue reserve and profit/loss carried forward

The revenue reserve essentially contains the cumulative results of previous years, and other revenue reserves of Curanum AG. The cumulative results contain gains and losses generated by Curanum AG and its consolidated subsidiaries in previous years, which were neither distributed nor allocated to other revenue reserves.

Repayments connected with participation right capital are reported in revenue reserves with no impact on income to the level to which the participation right capital was classified as equity at the time of the purchase price allocation. Actuarial gains/losses of T€ -374 (previous year: T€ 94) from the measurement of pension commitments are reported in the revenue reserve.

Appropriation of earnings

The annual financial statements of Curanum AG as of December 31, 2012, which are based on German commercial law (HGB), report unappropriated retained earnings of T€ 7,054.

The Management and Supervisory boards recommend to the Shareholders' General Meeting that the unappropriated retained earnings be carried forward to a new account.

No dividends were paid in the 2012 financial year.

Other comprehensive income

Other comprehensive income contains revaluations of property, plant and equipment that are booked through equity (revaluation reserve), and the market valuation booked through equity of derivative financial instruments in the cash flow hedge area totaling T€ -822 (previous year: T€ -1,205). Recognition takes into account deferred tax assets of T€ 176 in the financial year under review (previous year: T€ -373). Please refer to the consolidated statement of changes in equity.

The revaluation reserve, which is reported in other comprehensive income, arises from the first-time consolidation of CURANUM Betriebs GmbH West (formerly: VGB Beteiligungs- und Verwaltungs GmbH) (proportional release of hidden reserves of companies that were previously included at equity, in line with IAS 16 revaluation regulations) from the year 2006, and are released in line with the depreciation of the property.

C. Notes to the consolidated income statement

(14) Revenue

Revenue is mainly composed of the following:

in T€	2012	2011
Inpatient care including related services (catering/cleaning and laundry)	240,158	226,145
Rental income from serviced apartments/outpatient care services	43,341	33,452
Other	5,273	4,815
Total	**288,772**	**264,412**

Compared with the previous year, other reimbursements are no longer reported under other revenue, but instead under other operating income. The previous year's figures were adjusted accordingly. The reclassifications between revenue and other operating income amounted to T€ 1,515 for this year's period.

(15) Cost of sales

Cost of sales contains:

in T€	2012	2011*
Personnel expenditure	131,209	121,739
Rents	55,934	53,844
Miscellaneous expense	50,016	45,565
Depreciation / amortization	12,891	10,635
IAS 3.45 adjustment to depreciation / amortization	0	11
Total depreciation / amortization	12,891	10,646
Total	**250,050**	**231,794**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

Miscellaneous expense contains the following:

in T€	2012	2011
Food	11,996	11,091
Water / energy / electricity	11,579	10,350
Maintenance / repairs and building services	5,019	5,323
Business requirements	2,957	2,481
Medical care supplies	2,491	2,295
Property and other charges	2,759	2,619
Third-party cleaning services for buildings/ laundry	1,256	963
Vehicle fleet expenses	1,531	1,390
Insurance	979	965
Care expense	943	840
Temporary help staff / freelancers	2,420	2,308
Miscellaneous	6,086	4,940
Total	**50,016**	**45,565**

In the 2012 financial year, the expense for temporary help staff and freelancers was reclassified within the cost of sales item from personnel expenditure to other expenses. The previous year's figures were adjusted accordingly. The expenditure for temporary help staff and freelancers amounted to T€ 2,308 in 2011.

(16) Selling and marketing expenses

Selling and marketing expenses are composed as follows:

in T€	2012	2011
Personnel expenditure	213	273
Miscellaneous expense	942	1,198
Depreciation / amortization	10	5
Total	**1,165**	**1,476**

Miscellaneous expenses include mainly expenses for advertising and public relations activities of T€ 896 (previous year: T€ 1.169).

(17) General administration expenses

The administration costs are composed as follows:

in T€	2012	2011
Personnel expenditure	15,393	12,580
Miscellaneous expense	7,074	8,031
Depreciation / amortization	594	441
Total	**23,061**	**21,052**

The miscellaneous expense includes mainly legal and consultancy costs of T€ 2,072 (previous year: T€ 4,118). The previous year included T€ 1,312 of one-off effects. Miscellaneous expense also includes telecommunications charges of T€ 662 (previous year: T€ 591), and office materials, postage, ancillary money transfer costs, IT and office organization, and other administrative costs of T€ 1,502 (previous year: T€ 924).

Depreciation/amortization relates to amortization of intangible assets (mainly software), and depreciation of buildings, and of operating and office equipment.

Personnel expense and average number of employees

The personnel expense is allocated to the individual functional areas (15) to (17) as follows:

in T€	2012	2011
Wages and salaries (including settlements)	121,831	111,574
Professional cooperative	1,169	1,097
Social contributions	23,815	21,921
Total	**146,815**	**134,592**

In the case of defined contribution pension plans, the company pays contributions to state and private pension funds on the basis of statutory and contractual provisions. The company is exposed to no further payment obligations once the amounts have been paid. Expenses of T€ 10,636 (previous year: T€ 10,668) were reported for defined contribution pension plans in the 2012 financial year. Social security contributions to the level of the employer share of T€ 25 were paid out for the Management Board members.

The average number of staff employed during the financial year, counted by heads, was:

	2012	2011
Salaried employees	5,641	5,429
Temporary personnel	884	793
Total excluding trainees	6,525	6,222
Trainees	394	313
Total	**6,919**	**6,535**

(18) Other operating expenses / income

Other operating income mainly includes income from reimbursements of T€ 1,270 (previous year: T€ 1,341), income from the release of valuation adjustments to receivables of T€ 314 (previous year: T€ 593), income from the release of liabilities of T€ 530 (previous year: T€ 769), other reimbursements of T€ 1,878 (previous year: T€ 1,514), and income unrelated to the period of T€ 1,800 (previous year: T€ 1,620). In the 2012 financial year, this item also included T€ 700 of income arising from a damage compensation payment in connection with the acquisition of the ELISA Group. Compared with the previous year, other reimbursements are no longer reported under other revenue, but instead under other operating income. The previous year's figures were adjusted accordingly. The reclassifications for the previous year between revenue and other operating income amounted to T€ 1,515.

Other operating expenses include impairment losses due to asset impairment in an amount of T€ 956 (previous year: T€ 22,239) (please refer to Section A4 "Impairment test pursuant to IAS 36"). This item also includes expenses for the addition to a pending loss provision of T€ 1,706 (previous year: T€ 440), and expenses unrelated to the period of T€ 378 (previous year: T€ 432). In the previous year, this item included expenses for a fiscal audit of T€ 411, and specific valuation allowances applied to other assets in an amount of T€ 198.

(19) Interest expense / income

The net financial result was composed as follows:

in T€	Arising from financial instruments in category (IAS 39*)	2012	2011
Interest income from cash and cash equivalents	LaR	353	257
Interest income from swap adjustment	FAHfT	43	0
Interest income from compounding applied to financial assets	LaR	30	0
Total interest income		**426**	**257**
Interest expense for diverse loans	FLAC	2,995	3,501
Interest expense for finance lease agreements	IAS 17	7,259	5,963
Interest expense relating to participation rights	FLAC	329	329
Interest expense for current financial liabilities	FLAC	165	250
Guarantee commissions	n.a.	116	64
Interest expense from interest rate derivatives	FAHfT	918	807
Interest expense on financial assets	LaR	0	164
Interest expense from swap adjustment	FAHfT	545	0
Interest expense from compounding applied to pending loss provision	FAHfT	189	53
Other interest expense	n.a.	445	208
Total		**12,961**	**11,339**

* Please refer to the remarks concerning financial instruments in the "Accounting principles" chapter for more information about the financial instruments presented, and the IAS 39 categories, particularly with respect to the designations and abbreviations used.

(20) Income tax

The breakdown of the reported income tax expense is as follows:

in T€	2012	2011*
Actual tax expenditure	**756**	**135**
Deferred income tax	279	-6,418
IAS 3.45 adjustment*	0	-4
Total deferred Income tax	279	-6,422
Total	**1,035**	**-6,287**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

in T€	2012	2011
Income tax for the current year	1,446	334
Income tax for previous years	-690	-199
Total	**756**	**135**

In 2011, Curanum AG as the controlling company concluded a control and profit-and-loss transfer agreement with CURANUM Holding GmbH as the controlled company on the basis of a resolution passed by the Shareholders' General Meeting of July 13, 2011. The transaction was entered in the commercial register on July 18, 2011.

On the basis of the profit-and-loss transfer agreement, the total profits and losses of the fiscal group of companies accrued to Curanum AG for income tax purposes. The trade tax loss carryforwards can be utilized in the future as a consequence. Curanum AG reports a trade tax loss of approximately € 13.3 million as of December 31, 2012. The net change in deferred tax in the year under review is presented in the following overview:

in T€	2012	2011*
Deferred tax assets status January 1	13,358	7,220
Consolidation change	-6	263
Changes without impact on income	-115	-503
Changes carried through income statement	-273	6,378
Deferred tax assets status December 31	**12,964**	**13,358**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

An average income tax rate of 30.245% (previous year: 30.10%) is applied since all subsidiaries are located in Germany.
The consolidation disclosures relate primarily to effects arising from the first-time consolidation of the newly acquired companies of the GWA Group, and from the subsequent consolidation of the CURANUM Betriebs GmbH West (formerly: VGB Beteiligungs-und Verwaltungs GmbH) sub-group.

The change of T€ 5 (previous year: T€ 23) that was reported without impact on the income statement primarily reflects the release of deferred tax liabilities arising from the subsequent consolidation (hidden reserve) of the VGB subgroup. The further change of T€ 0 (previous year: T€ 853) arises from the first-time consolidation of the newly acquired companies of the GWA Group.

As in the previous year, the loss carryforwards can be carried forward indefinitely. No deferred tax assets were formed with respect to the loss carryforwards of three subsidiaries amounting to T€ 14,520 (previous year: T€ 14,673).

Deferred tax assets of T€ 1,975 (previous year: T€ 2,660) were carried through the income statement due to the profit-and-loss transfer agreement that was concluded between Curanum AG and CURANUM Holding GmbH, and the future usability of the trade tax loss carryforward that this is generated. Consequently, the company's deferred tax assets and liabilities arising from temporary differences are composed follows:

in T€	Deferred tax assets 2012	Deferred tax liabilities 2012	Deferred tax assets 2011*	Deferred tax liabilities 2011*	Change through P&L 2012	Change carried directly to equity 2012
Property, plant and equipment						
Divergent useful life and impairment charges	3,578	1,042	3,027	875	384	0
Finance leasing	7,603	89	7,121	56	448	0
Goodwill / customer base / brand right	464	1,532	734	1,310	-492	0
Market value of derivatives	715	0	732	0	159	-176
Provisions	918	0	343	0	575	0
Tax loss carryforwards	2,272	0	3,361	0	-1,089	0
Other items	2,262	284	2,259	23	-258	0
Total	**17,812**	**2,947**	**17,577**	**2,264**	**-273**	-176
Consolidation	50	1,951	248	2,203	-6	61
Total	**17,862**	**4,898**	**17,825**	**4,467**	**-279**	**-115**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2and the following table)

in T€	Deferred tax assets 2011*	IFRS 3.45	Deferred tax assets 2011 Previous year's figures	Deferred tax liabilities 2011*	IFRS 3.45	Deferred tax liabilities 2011 Previous year's figures
Property, plant and equipment						
Divergent useful life and impairment charges	3,027	0	3,027	875	-137	1,012
Finance leasing	7,121	187	6,934	56	45	11
Goodwill / customer base / brand right	734	0	734	1,310	0	1,310
Market value of derivatives	732	0	732	0	0	0
Provisions	343	0	343	0	0	0
Tax loss carryforwards	3,361	0	3,361	0	0	0
Other items	2,259	0	2,259	23	0	23
Total	**17,577**	**187**	**17,390**	**2,264**	**-92**	**2,356**
Consolidation	248	20	228	2,203	76	2,127
Total	**17,825**	**207**	**17,618**	**4,467**	**-16**	**4,483**

* The previous year's figures were adjusted pursuant to IFRS 3.45.

The differences between the expected tax expense based on the arithmetic rate of taxation, and the income tax expense reported in the consolidated income statement, is presented in the following reconciliation:

in T€	2012	2011*
Gain / loss before tax	5,212	-19,165
Expected tax expense/income applying tax rate applicable to the parent company of 30.2% (2011: 30.1%)	1,574	-5,765
Other, non-tax-deductible expenses / trade tax additions	-211	153
Trade tax adjustment effects	-1,089	-3,093
Prior years' tax	641	-401
First-time consolidation of "GWA"	-4	-1,578
Other effects	124	4,401
IAS 3.45 adjustment	0	-4
Tax expense (actual and deferred)	**1,035**	**-6,287**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

The other effects item primarily contains effects arising from the goodwill impairment test, and impairment losses applied to the carrying amounts of equity participation interests. The latter had no effect on the consolidated profit / loss.

(21) Earnings per share

	2012	2011*
Net income attributable to Curanum AG shareholders (in T€)	4,163	-12,863
IAS 3.45 adjustment*	0	-7
Total net income attributable to Curanum AG shareholders (in T€)	**4,163**	**12,870**
Weighted average number of ordinary shares outstanding (in thousands)	39,204	36,478
Earnings per share (basic and diluted) in €	**0.11**	**-0.35**

* The previous year's figures were adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

The basic earnings per share and earnings per share have been calculated by dividing the periodic result attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of shares includes the weighted average effect due to the capital increase in the 2011 and 2012 financial years. There were no dilution effects in the 2012 and 2011 reporting years that needed to be taken into consideration.

(22) Segment reporting

The CURANUM Group renders all services for an identical group of customers, and operates exclusively on the German market. The profile of opportunities and risks relating to the services is not significantly different, and is interdependent. For this reason, the identified business segments are aggregated pursuant to the provisions of IFRS 8. Since there are no separate reporting segments in the meaning of IFRS 8, there is no presentation by business divisions.

D. Notes to the consolidated cash flow statement

(23) Information about the consolidated cash flow statement

The cash and cash equivalents item reported in the cash flow statement is identical with the reported balance sheet item, and comprises cash holdings and bank deposits. Cash and cash equivalents amount to T€ 16,207 in the CURANUM Group (previous year: T€ 21,192). Please refer to section B 1 "Cash and cash equivalents" in these notes to the financial statements.

The item for depreciation/amortization and impairment losses for non-current assets includes impairment losses of T€ 956 (previous year: T€ 22,239). Please refer in this connection to our remarks in section A 4 "Summary of significant accounting principles".

The cash flow statement shows how the cash and cash equivalents of the CURANUM Group changed during the course of the reporting year as a result of cash inflows and outflows. This entails separating the cash flows into the areas of operating activities, investing activities, and financing activities. The cash inflows and outflows from operating activities are calculated using the indirect method. This entails adjusting pre-tax earnings to reflect non-cash expenses (mainly composed of depreciation/amortization and changes in provisions), as well as changes in operating assets and liabilities.

The changes in balance sheet items used in the cash flow statement are adjusted to reflect non-cash effects. For this reason, changes in the related balance sheet items cannot be reconciled directly with the corresponding values in the consolidated balance sheet. Non-cash effects include, among other items, additions arising from finance leases. Further notes relating to finance leases can be found in Section B 8 "Leases and other financial liabilities".

The cash inflows and outflows from investment and financing activities are presented using the direct method.

Outgoing interest payments totaled T€ 12,111 (previous year: T€ 10,948). Of this amount, T€ 4,852 is reported in the operating area (previous year: T€ 4,985). The interest portion from finance leasing is reported in the financing area. The cash flow hedge is reported in the item "cash outflows for redemption of financial liabilities" in the cash flow statement; please refer to the statement of consolidated changes in equity for the related figures.

The outgoing payments for finance leases contain both the interest and redemption components. The interest portion amounted in the year under review to T€ 7,259 (previous year: T€ 5,963).

E. Other disclosures and notes

(24) Additional disclosures relating to financial instruments pursuant to IFRS 7

The following section shows the significance of financial instruments for the CURANUM Group, and provides additional information about balance sheet items that contain financial instruments.

The previous year's disclosures concerning financial instruments were partially adjusted due to the finalization of the provisional purchase price allocation for the GWA Group. The explanations about the adjustments can be found in the respective detailed individual notes concerning the financial instruments affected.

Please refer to the remarks concerning financial instruments in Section A 4 "Summary of significant accounting principles" for more information about the financial instruments presented, and the IAS 39 categories, particularly with respect to the designations and abbreviations used.

The following table shows the carrying amounts of all categories of financial assets and liabilities (FV: Fair Value; AC: Amortized Cost):

in T€		2012	2011*
Financial assets			
Cash and cash equivalents	AC	16,207	21,192
Financial assets available for sale	FV	137	253
Loans and receivables	AC	10,036	9,613
Total		**26,380**	**31,058**
Financial liabilities			
Financial liabilities at amortized cost	AC	188,690	215,223
Derivative financial instruments with hedging relationships	FV	2,362	2,431
Total		**191,052**	**217,654**

* The previous year's figures have been adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

Financial assets available for sale as of December 31, 2012, relate to securities that are traded on an active market. For this reason, the CURANUM Group applied the fair value as of the balance sheet date (Level 1 pursuant to IFRS 7.27A).

The company deploys derivative financial instruments exclusively to hedge interest-rate risks, and generally concludes such transactions with banks, as contractual partners, which enjoy investment-grade ratings. The derivative financial instruments (interest-rate swaps) satisfied the formal criteria of a hedging relationship in the meaning of IAS 39, and were formally designated as hedges pursuant to IAS 39. The fair values were calculated using bank valuations; the fair values were also verified by expert third-party reports by discounting the expected future cash flows (discounted cash flow method) (Step 2 pursuant to IFRS 7.27A).

The following table presents the fair values and carrying amounts of financial assets and liabilities measured at cost or amortized cost:

in T€	Fair value 2012	Carrying amount 2012	Fair value 2011*	Carrying amount 2011*
Financial assets measured at (amortized) cost				
Cash and cash equivalents	16,207	16,207	21,192	21,192
Trade receivables	8,392	8,392	7,535	7,535
Other receivables	1,644	1,644	2,078	2,078
Financial assets measured at amortized cost				
Trade payables	6,782	6,782	11,870	11,870
Bank borrowings and participation right capital	60,780	60,252	71,515	69,203
Finance lease liabilities	114,663	107,278	116,561	113,147
Other financial liabilities	14,378	14,378	21,003	21,003

* The previous year's figures have been adjusted pursuant to IFRS 3.45. (Please refer to Note A2)

The fair values of cash and cash equivalents, trade receivables, other current financial receivables, trade payables, and other current financial liabilities, mainly correspond to their carrying amounts. This is particularly due to the short maturity of these instruments.

Curanum AG determines the fair value of bank borrowings, other financial debt, and other non-current financial liabilities through discounting expected future cash flows using interest rates for similar types of financial debt with comparable maturities.

When determining the fair value of finance lease liabilities, the nominal value of the minimum lease payments is distributed evenly over the assumed average residual maturity. The maturity is calculated on the basis of weighted average residual maturity. This is used to calculate the interest rate for similar financial debt, which is used to discount future cash flows.

The net gains and losses on financial instruments are as follows:

in T€	2012	2011
Interest income on assets measured at amortized cost	383	257
Financial assets available for sale	0	0
Impairment charges and losses arising from loans and receivables	21	93
Interest payments on financial instruments held for trading	-1,420	-807
Interest expense from financial instruments measured at amortized cost	-10,748	-10,207

Net gains and losses arising from loans and receivables contain changes in adjustments, gains or losses arising from elimination, and cash inflows and revaluations relating to loans and receivables originally written off.

Net gains and losses arising from financial assets and liabilities held for trading purposes contain changes to fair value, as well as realized disposal gains relating to derivative financial instruments (including interest income and expenses), for which no hedge accounting is applied.

Interest expenses and income arising from financial instruments measured at amortized cost comprise interest income and expenses from loans that have been drawn down, the profit-sharing certificate of FAZIT Betriebsträgergesellschaft für soziale Einrichtungen mbH, and finance lease liabilities. This item continues to include current interest payments arising from derivative hedging transactions.

Risk management and financial derivatives

Curanum AG is subject to credit, market and liquidity risks with respect to its assets, liabilities and planned transactions. CURANUM's risk management system pursues the goal of limiting these risks. To this end, the treasury department makes particular use of selected derivative hedging instruments to hedge risks that have an impact on the CURANUM Group's cash flow.

Managing financial market risks is a primary task incumbent on the Management Board of Curanum AG. The Management Board of Curanum AG carries overall responsibility, and delegates this responsibility to the central treasury department for operating reasons. The Management Board determines the main features of financial policy each year. The Management Board is regularly informed about the current risk position and its management. Curanum AG pursues risk management using a system based on sensitivity analyses. These sensitivity analyses enable the treasury department to approximately gauge the risk emerging within given assumptions as part of an observation performed on a ceteris paribus basis, and when particular variables are changed within a defined scope. The analysis of interest-rate risk regularly entails parallel movements of yield curves by up to 100 basis points (+/- 1.0%).

Credit and default risks

Curanum AG is exposed to certain default risks as a result of its operating business and its financing activities. Outstanding trade receivables are monitored constantly. Specific valuation adjustment take default risks into account (please see section B 2 "Trade receivables"). There are no significant concentrations of risk due to the company's diversified customer structure, as well as the creditworthiness of any providers of social security benefits. The carrying amount of receivables represents the maximum default risk.

In the case of derivative financial instruments, Curanum AG is exposed to credit risk in the instance that contractual partners fail to satisfy their contractual obligations. In order to reduce risk, financing agreements are entered into exclusively with contractual partners with investment grade ratings.

Cash resources are invested exclusively in overnight and term deposits with a maximum duration of up to three months, and exclusively with German banks of investment grade rating.

Maximum default risk reflects the carrying amounts of the financial assets reported in the consolidated balance sheet, including derivative financial instruments with positive market values.

Market price risks

Market price risks generally existed in the form of exchange rate, interest and other price risks.

Currency risk

The Group's financial assets and liabilities are nominated exclusively in euros as of the balance sheet date. Since the CURANUM Group carries out its operating activities exclusively in the Eurozone, there are no currency-specific risks.

Interest-rate risk

Curanum AG is subject to interest-rate risk mainly as a result of its variable-rate bank borrowings. In the case of finance debt measured at amortized cost, changes in the market interest rates of finance debt with fixed and normal rates of interest do not have an impact on earnings and equity. An effect on earnings can result only from early repayment or maturity. The differences between the carrying amounts and the fair values are presented in the tabular overview of financial instruments according to IAS 39 categories.

Variable-rate finance debt is subject to payment fluctuation risk due to changes in market interest rates. Curanum AG endeavors to limit such risks through the use of interest rate derivatives. Curanum AG also counters the risk from unexpected increases in interest expense by distributing related risks among several banks, and constant monitoring of current interest rate trends.

When such hedging transactions are entered into, a check is performed to see whether the preconditions for hedge accounting according to IAS 39 are satisfied. If all of these prerequisites are satisfied, the hedge is formally designated as such. The accounting treatment of interest rate derivatives and cash for hedging relationships used is presented under Section A 4 "General accounting principles".

As of the balance sheet date, Curanum AG had entered into an interest-rate swap (previous year: three interest-rate swaps) to hedge the interest-rate risk arising from a syndicated loan with DZ Bank AG and a further loan with Kreissparkasse Köln. Since the financing facilities carry variable interest rates, and become more expensive as interest rates rise, the interest-rate swap hedges against rising interest rates by swapping the variable interest rate for a fixed interest rate. The interest-rate swap reduces in volume equivalent to the repayment of the corresponding loans.

As part of the restructuring of liabilities in 2012, a portion of the existing hedging relationship was dissolved, and negative market values of T€ 545 were reported through profit or loss for no longer expected cash flows which had previously been reported in equity.

The interest rate swaps are monitored constantly by the treasury function, and changes to the interest rate and relevant spreads are reported directly to the Management Board. Curanum AG also cultivates intensive exchange with commercial banks so as to be informed about current interest rate developments, relevant influencing factors, and their effects on future interest rates. The bank also reports regularly regarding the development of the interest rate derivatives.

Curanum AG measures interest-rate risks either on the basis of their value, or a cash flow sensitivity analysis, and aggregates these in order to calculate overall risk for the Group. On the investment side, interest-rate risks exist with respect to falls in variable market interest rates, and, on the borrowing side, with respect to fixed interest rates when market interest rates decrease; in the case of investments with fixed rates, and borrowings with variable rates, the risk results from rising market interest rates.

When calculating the sensitivities of the fair values of fixed interest rate instruments (including derivative financial instruments), the change in fair value, defined as net present value, is simulated by a parallel movement of the yield curve by 100 basis points. In the first step of the calculation, gross cash flows are discounted using term-congruent interest rates taken from the yield curve, in other words, the net present value of the future interest and redemption payments of the fixed-interest financial instruments calculated. In the second step of the calculation, the gross cash flows are discounted by moving the yield curve in parallel by 100 basis points (-1.0%). As a result of the fixed interest or collar structure of the interest rate derivatives on the part of Curanum AG, the variable gross cash flows of the relevant bank (and, as far as relevant, those of Curanum AG) are calculated using a 100 basis point shift in the yield curve (-1.0%), and discounted using the corresponding discount rate. Generally recognized and published yield curves as of the relevant reporting date are used as the basis for the calculation. The interest-rate risk of the fair values results primarily from long-term fixed-interest finance debt, as well as from interest-bearing investments.

Based on the assumptions previously presented, the sensitivity analysis calculated an interest-rate risk arising from the interest-rate swap of T€ 1,090 as of December 31, 2012 (previous year: T€ 40) for the new circumstances concerning the new Group financing facilities whose nominal value is less than the previous borrower's note loans. Due to the measurement of the respective financial instruments at amortized cost, this would only have had an effect on profit and loss if the financial instruments were disposed of early.

In the case of variable interest rate instruments, Curanum AG measures interest-rate risk using a cash flow sensitivity analysis. In this case too, a parallel shift in the yield curve of 100 basis points (+1.0%) is applied to the interest rate paid, and discounted correspondingly from the financial instrument. Such risks result mainly from variable interest rate finance debt.

Based on the assumptions described above, the sensitivity analysis generates a cash flow interest-rate risk of T€ -138 as of December 31, 2012, (previous year: T€ 207). Due to the hedging of interest-rate risk using swaps, a corresponding counter position is in place, as a consequence of which a net cash flow risk of T€ 0 exists as of December 31, 2012 and as of December 31, 2011.

Liquidity risk

Curanum AG's liquidity risk relates to its potentially being unable to satisfy its financial obligations, for example, the redemption of finance debt, the payment of trade payables or other liabilities, and finance lease obligations. Curanum AG limits this risk through effective cash management, as well as access to credit lines at various banks with good credit ratings.

Curanum AG limits liquidity risks through continuous improvement to its treasury function and payment reminders system.

The following table presents all contractually fixed, non-discounted cash outflows and payments as of December 31, 2012, for redemptions, repayments, and interest rate payments arising over coming years from financial liabilities/obligations entered in the balance sheet.

31/12/2012 in T€	2013	2014-2017	2018 and after
Non-derivative financial liabilities			
Bank borrowings	7,825	44,381	14,470
Miscellaneous financial liabilities (participation right)	309	1,235	n/a**
Trade payables	6,782	0	0
Other financial obligations*	77,465	244,075	354,059
Finance lease liabilities	13,408	51,597	122,349
Derivative financial liabilities			
Swap liabilities	948	1,511	0

* Other financial liabilities include future obligations arising from rental, leasing and maintenance agreements
** Due to the indeterminate duration of the of the participation capital no information is provided for cash flows from 2018.

31/12/2011 in T€	2012	2013-2016	2017 and after
Non-derivative financial liabilities			
Bank borrowings	35,318	24,057	19,098
Miscellaneous financial liabilities (participation right)	319	1,274	n/a**
Trade payables	11,870	0	0
Other financial obligations*	85,982	251,792	401,377
Finance lease liabilities	13,298	53,994	133,183
Derivative financial liabilities			
Swap liabilities	560	1,509	0

* Other financial liabilities include future obligations arising from rental, leasing and maintenance agreements
** Due to the indeterminate duration of the of the participation capital no information is provided for cash flows from 2017.

The tables solely present the risk of payment outflows. Liabilities arising from finance leasing, trade payables, and other financial liabilities derive from the financing of utilized operating assets, such as property, plant, and equipment, and from the financing of working capital (e.g. inventories and trade receivables). Other financial liabilities presented as part of this overview are generally not financial liabilities pursuant to IFRS 7. Curanum AG nevertheless takes them into account in the same way as miscellaneous financial liabilities as part of its effective management of overall liquidity risk. The central treasury department is responsible for the monitoring of financial assets and liabilities that are in place, and for effectively managing future risks. The overall view of liquidity and debt is established through calculating the net debt position, and is used for internal financial management, as well as for external communication with financial investors, analysts and banks.

Curanum AG has obligated itself contractually to several banks as part of a syndicated loan to provide evidence that it abides by a predetermined financial indicator, the net debt to EBITDA ratio, at the end of each quarter. A predefined adjustment is applied to the lending margin depending on this key figure. If this key figure were to worsen, Curanum AG would be exposed to the risk of higher interest costs on the loan. The banks also enjoy a special right of cancellation if financial covenants relating to net debt to EBITDA, EBITDA interest cover and minimum liquidity failed to be satisfied. No direct risk is identifiable in this respect as of the qualifying date. However, if the covenants are not satisfied in the future, Curanum AG could face a cancellation of the loan, and consequently liquidity problems.

The following table presents the net debt position:

in T€	31/12/2012	31/12/2011
Cash and cash equivalents	16,207	21,192
Current financial liabilities	10,659	32,298
Non-current financial liabilities	51,955	39,336
Total financial liabilities	**62,614**	**71,634**
Net debt	**46,407**	**50,442**

The net debt position reflects total cash and cash equivalents less current and non-current financial liabilities. Finance lease liabilities of € 107 million (previous year: € 113 million) are reported separately in this context.

(25) Related parties

According to IAS 24, disclosure must be made of persons or companies that control Curanum AG, or are controlled by Curanum AG. The disclosure requirements of IAS 24 extend to include persons and their close relatives who may exercise a significant degree of influence on the company by participating in the company's financial and business policy, but without controlling the company. In the 2011 and 2012 financial years, this concerned the members of the Supervisory Board and Management Board of Curanum AG.

Supervisory Board members

Dr. Ganzer rendered legal advice services for T€ 3 (previous year: T€ 20).

Prof. Oberender also received advisory board fees of T€ 3 (previous year: T€ 5) and Prof. Klusen received advisory board fees of T€ 2 (previous year: T€ 0) for the Scientific Advisory Board of CURANUM Akademie Stiftung gemeinnützigen GmbH.

CURANUM Verwaltungs GmbH

The Management Board members of Curanum AG are the shareholders of CURANUM Verwaltungs GmbH as the general partner of CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG. To this extent, it qualifies as a related company in the meaning of IAS 24. CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG rendered annual compensation totaling T€ 1 (previous year: T€ 17) to this general partner as liability compensation and reimbursement of expenses. As of the balance sheet date, there were receivables in an amount of T€ 11 (previous year: T€ 10), and liabilities in an amount of T€ 2 relating to this company (previous year: T€ 1). The receivables and liabilities open as of the balance sheet date are not collateralized.

(26) Auditor's fee

Auditor's fees of T€ 475 relating to the audit of the separate and consolidated annual financial statements of Curanum AG, and audit-related consultancy services, were expensed in 2012. Of this amount, T€ 170 related to the previous financial year, and T€ 5 to audit-related advice.

(27) Utilization of the release provision pursuant to § 264 Paragraph 3 / § 264 (b) of the German Commercial Code (HGB)

All companies included as part of full consolidation in the consolidated financial statements of Curanum AG, and which utilize the exemption from the obligation to prepare, audit and publish annual financial statements and management reports in accordance with the provisions applying for stock corporations, are designated correspondingly in the list of the scope of consolidation attached as an annex.

(28) Curanum AG boards and compensation report

The following section presents details about Curanum AG's boards. The information also covers the compensation report, which explains the underlying principles, level and structure of compensation for the Management and Supervisory boards.

The compensation report is based on the requirements of § 314 Paragraph 1 Number 6 of the German Commercial Code (HGB), the DRS 17 general accounting standard that was approved on December 13, 2010, "Reporting on board members' compensation", and the recommendations of the German Corporate Governance Code. This also takes into account the requirements as set out in IAS 24 "Related Party Transactions" in International Financial Reporting Standards relating to information about the compensation of key managers "Key Management Personnel Compensation".

The Supervisory Board approves the compensation scheme for Management Board members as proposed by the Supervisory Board Chairperson, including its significant contractual elements, and reviews it regularly.

The new system focuses on orienting Management Board compensation to a corporate management approach that is sustainable and long-term. This requires an appropriate composition of fixed and variable compensation components.

Multi-year measurement bases were established for the variable compensation, and large parts of the variable compensation were granted on a delayed basis. A long-term interest in the company is intended to combine Management Board members' interests with the company's interests.

The fixed components consist of basic salary and other payments, which are reviewed regularly, and paid monthly. Other payments comprise taxable expense reimbursement payments, and the monetary benefit of non-monetary benefits such as company cars for business and private use, and pension contributions. The Management Board employment contracts include settlement caps.

Management Board

The company's Management Board comprises the following members:

Walther Wever, Hanover
(Management Board Chairman, CEO)

Judith Barth, Munich
(CFO)

The remuneration of the Management Board totaled T€ 1,332 in the year under review. The previous year's compensation of T€ 892 included compensation for Mrs. Sabine Merazzi-Weirich, who was a regular Management Board member until September 30, 2011.

2012

Management Board member	Salary in T€	Benefits in kind in T€	Bonus in T€	Incentive commitment in T€	Phantom shares in T€	Total in T€
Walther Wever	320	16	100	100	435	971
Judith Barth	162	12	50	50	87	361

2011

Management Board member	Salary in T€	Benefits in kind in T€	Bonus in T€	Phantom shares in T€	Total in T€
Walther Wever	310	6	40	173	529
Judith Barth	157	12	40	35	244
Sabine Merazzi-Weirich (until 30/09/2011)	113	6	0	0	119

On July 1, 2011, variable compensation was agreed for Mr. Wever with effect as of January 1, 2011, and as of July 1, 2011 for Mrs. Barth. Variable compensation is measured on the basis of a short-term EBITDA target, and through the phantom share program reflecting sustainable share price performance (for more information about the Phantom share program, please refer to section A 4 "Share-based compensation – Phantom shares").

In the new compensation scheme, variable compensation for the short-term corporate target amounts to T€ 50 for a regular Management Board member, and to T€ 100 for the Management Board Chairperson. The measurement basis is the EBITDA reported in the consolidated financial statements for each business year. Management Board members receive a partial bonus for each year-on-year half percentage point improvement in earnings, with caps of T€ 100 for the CEO and T€ 50 for regular Management Board members. Appropriate adjustments are applied if operating EBITDA is significantly affected by special effects. Variable compensation is adjusted pro rata where a contract lasts for less than one year. Adjusted EBITDA of € 32.1 million was calculated for the year under review, which exceeded the previous year's figure by € 5.1 million.

One-off incentive commitments for the realization of a follow-on financing of at least 18 months for the borrower's note loan which expired in December 2012 were also agreed with both Management Board members in the 2012 financial year. Both syndicated loans replaced the borrower's note loan in December 2012, and carry terms until September 30, 2015. The criteria for December 31, 2012 for the incentive commitments have been satisfied as a consequence.

For the phantom share program, Mr. Walther Wever was granted 174,193 (previous year: 86,693) virtual shares, and Mrs. Judith Barth was granted 34,839 (previous year: 17,339) virtual shares. Payment is to occur in May 2013 and May 2014. The fair value is reported in the table above in addition to the provision recognized in section B 11 "Non-current and current provisions". Of this amount, T€ 246 (previous year: T€ 61) was expensed in the 2012 financial year.

When Management Board activities are discontinued early without an important reason, the new regulation envisages a settlement to maximum of two thirds of the amount that would have been paid on satisfaction of the agreement from the start of the Management Board appointment until the end of the period. The virtual shares lapse in such instances. Where a Management Board member leaves the services of Curanum AG as the result of decease, the heirs are entitled to receive the fixed salary for the six months following the month of decease.

Supervisory Board

The company's Supervisory Board comprised the following members in the 2012 financial year:

Dr. Uwe Ganzer, lawyer, Bochum, (Supervisory Board Chairman since June 4, 2012, Chairman of the Personnel and Nomination Committee since June 4, 2012, and Audit Committee member).

Dr. Dieter Thomae, business studies graduate, Member of the Bundestag (retired), health service partner, Sinzig-Bad Bodendorf (Deputy Supervisory Board Chairman since June 4, 2012, Chairman of the Personnel and Nomination Committee until June 4, 2012, and since that date a Regular Supervisory Board member and member of the Strategy Committee)

Dr. Michael B. Treichl, managing shareholder of Audley Capital Advisors LLP in London, UK (member of the Strategy Committee)

Dr. Martin Hoyos, auditor, Vienna/Austria (Audit Committee Chairman)

Prof. Dr. Dr. h.c. Peter Oberender, Bayreuth, Director of the Research Center for Social Law and the Health Sector at Bayreuth University (Strategy Committee Chairman)

Prof. Dr. Norbert Klusen, Hamburg, business consultant (since December 13, 2012).

Mr. Dieter Wopen, Schöneburg/Hunsrück, graduate of health fund management (from May 16, 2012 until September 29, 2012).

Dr. Uwe Ganzer is a member of the following supervisory boards required by law, and the following German or foreign controlling bodies of commercial companies comparable to supervisory boards required by law:
- expert AG, Langenhagen (Supervisory Board member)
- KUKA AG, Augsburg (Supervisory Board member)

Dr. Treichl is a member of the following supervisory boards required by law, and the following German or foreign controlling bodies of commercial companies comparable to supervisory boards required by law:
- TAS-NCH Holding S.p.r.l., Milan, Italy,
- Egmont Investments S.A., Geneva, Switzerland (member of the Board of Directors)

Prof. Dr. Dr. h.c. Peter Oberender is a member of the following supervisory boards required by law, and the following German or foreign controlling bodies of commercial companies comparable to supervisory boards required by law:
- Supervisory Board Chairman of EconoMedic AG, Bayreuth
- Imaging Service AG, Niederpöcking (Supervisory Board Chairman)
- TruDent Zahnärztliche Behandlungskonzepte AG, Eckernförde (Supervisory Board Chairman)
- Advisory Board member of the University Clinic of Jena
- HR Medico AG, Munich (Supervisory Board Chairman)

Dr. Hoyos is a member of the following supervisory boards required by law, and the following German or foreign controlling bodies of commercial companies comparable to supervisory boards required by law:
- KPMG AG, Berlin (Supervisory Board member),
- AMG NV (Advanced Metallurgical Group), Amsterdam (Netherlands) (Supervisory Board member)
- CAG Holding GmbH, Marktl (Austria) (Supervisory Board member)
- Prinzhorn Holding GmbH, Oberwaltersdorf (Austria) (Supervisory Board member).

Prof. Dr. Norbert Klusen is a member of the following supervisory boards required by law, and the following German or foreign controlling bodies of commercial companies comparable to supervisory boards required by law:
- Fischer-Appelt AG, Hamburg (Supervisory Board member)

Fixed remuneration for members of the Supervisory Board including fees for meetings totaled T€ 194 gross (previous year: T€ 210).

Supervisory Board member	in T€
Dr. Uwe Ganzer	49
Dr. Dieter Thomae	46
Dr. Martin Hoyos	32
Prof. Dr. Dr. Peter Oberender	31
Dr. Michael B. Treichl	28
Prof. Dr. Norbert Klusen (since December 13, 2012)	1
Dieter Wopen (from May 16 until September 29, 2012)	7

The regulations for Supervisory Board compensation are set out in the bylaws of Curanum AG. Along with compensation of expenses, all Supervisory Board members receive compensation plus VAT incurred. The table above presents the entire gross amount. This compensation amounts to T€ 15 per calendar year. Supervisory Board members who belong to the Supervisory Board for only part of a given financial year receive pro rata compensation. These amounts are payable once the financial year has elapsed. The Chairperson receives three times this amount, and the Deputy Chairperson twice this amount. In addition, committee chairpersons received twice the T€ 15 compensation, and each committee member receives one and a half times the T€ 15 compensation. When Supervisory Board members hold several offices simultaneously, they receive compensation only for the highest remunerated office. Supervisory Board members also receive € 200 per day as a meeting fee for Supervisory Board meetings and Supervisory Board committee meetings.

(29) Declaration relating to the Corporate Governance Code

The company's Management and Supervisory boards issued the declaration required pursuant to § 161 of the German Stock Corporation Act (AktG) (the so-called "declaration of compliance") relating to the German Corporate Governance Code on January 29, 2013 for the 2013 financial year, and it has been made permanently available for shareholders on the company's website (www.curanum.de) within the Investor Relations area under "Statement of compliance".

(30) Particular events following the balance sheet date

No events of special significance occurred up to the date on which the consolidated financial statements were prepared. On February 13, 2013, Korian Deutschland AG extended until March 4, 2013 its voluntary public takeover offer, which is attached to certain conditions, while at the same time waiving its condition for completion that at least 75% of the shares be tendered. The exceptions period for this takeover offer has not yet expired.

Munich, February 15, 2013

Curanum AG

The Management Board

Walther Wever (CEO)	Judith Barth (CFO)

SCOPE OF CONSOLIDATION AND UTILISATION OF THE RELEASE PROVISION

pursuant to § 264 Paragraph 3 / § 264 (b) of the German Commercial Code (HGB)

	Name	Headquarters	Interest held % [1]
	The following German companies were fully consolidated as of December 31, 2012 (in alphabetical order):		
1	Altenheim Betriebsgesellschaft Ost GmbH [2]	Munich	100.0
2	Altenheim Betriebsgesellschaft Süd GmbH [2]	Munich	100.0
3	Altenheim Betriebsgesellschaft West GmbH [2]	Munich	100.0
4	Alten-und Pflegeheim Sieglar GmbH [2]	Munich	100.0
5	Bad Schwartauer AVG Altenheim-Vermietung GmbH & Co. KG	Munich	95.0
6	Curanum AG (parent company)	Munich	--
7	CURANUM Akademie Stiftung gemeinnützige GmbH	Munich	100.0
8	CURANUM Bad Hersfeld GmbH [2]	Munich	100.0
9	CURANUM Baubetreuung und Immobilienmanagement GmbH	Munich	100.0
10	CURANUM Bessenbach GmbH [2]	Munich	100.0
11	CURANUM Betriebs GmbH [2]	Munich	100.0
12	CURANUM Betriebs GmbH Mitte (formerly: Residenzen Niederrhein GmbH) [9]	Munich	100.0
13	CURANUM Betriebs GmbH West (formerly: VGB Beteiligungs- und Verwaltungs-GmbH) [10]	Munich	94.0
14	CURANUM Dienstleistung GmbH [2]	Munich	100.0
15	CURANUM Franziskushaus GmbH [2]	Gelsenkirchen	100.0
16	CURANUM Holding GmbH [2]	Munich	100.0
17	CURANUM Liesborn GmbH & Co. KG	Munich	94.0
18	CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG	Munich	100.0
19	CURANUM Westfalen GmbH [2]	Munich	100.0
20	doc Orange GmbH [2] [4]	Munich	100.0
21	ELISA Seniorenstift GmbH [2]	Munich	100.0
22	FAZIT Betriebsträgergesellschaft für soziale Einrichtungen mbH [2]	Munich	100.0
23	GAP Media Service GmbH [2]	Munich	100.0
24	Krankenheim Ruhesitz am Wannsee-Seniorenheimstatt GmbH [2]	Berlin	100.0
25	Lucullus GmbH [2] [3]	Bremen	100.0
26	OPTICURA Service GmbH [2]	Munich	100.0
27	RIAG Seniorenzentrum "Ennepetal" GmbH & Co. KG	Munich	99.6
28	RIAG Seniorenzentrum "Erste" GmbH & Co. KG	Munich	100.0
29	RIAG Seniorenzentrum Zweite GmbH & Co. KG	Munich	100.0
30	Seniorenzentrum Hennef GmbH [2]	Munich	100.0
31	Service Gesellschaft West GmbH	Munich	100.0
32	Wäscherei Ellerich GmbH [2]	Kaisersesch	100.0
33	Wohnstift Bremen GmbH (formerly: Bremer Wohnstifte gemeinnützige GmbH) [3] [5]	Bremen	100.0
34	Wohnstift Lingen GmbH (formerly: Wohnstift Lingen gemeinnützige GmbH) [3] [6]	Bremen	100.0
35	Wohnstift Salzgitter-Bad GmbH (formerly: Wohnstift Salzgitter-Bad gemeinnützige GmbH) [3] [8]	Bremen	100.0
36	Wohnstift Timmendorf GmbH (formerly: Timmendorfer Wohnstift gemeinnützige GmbH) [3] [7]	Bremen	100.0

[1] Unless otherwise stated, the interest corresponds to the voting right share
[2] These companies utilize the release from the obligation to prepare, audit and publish annual financial statements and a management report applicable to incorporated firms.
[3] CURANUM Holding GmbH acquired these companies with effect as of November 7, 2011. For further information, please refer to section A 2 "Scope of consolidation".
[4] This company was founded on March 28, 2012, and was entered in the commercial register on April 18, 2012
[5] This company changed its corporate name, and cancelled it not-for-profit status; these changes were entered in the commercial register on December 13, 2012
[6] This company changed its corporate name, and cancelled it not-for-profit status; these changes were entered in the commercial register on November 28, 2012
[7] This company changed its corporate name, and cancelled it not-for-profit status; these changes were entered in the commercial register on December 7, 2012
[8] This company changed its corporate name, and cancelled it not-for-profit status; these changes were entered in the commercial register on January 21, 2013
[9] This company changed its corporate name; this change was entered in the commercial register on February 14, 2013
[10] This company changed its corporate name; this change was entered in the commercial register on February 14, 2013

STATEMENT OF RESPONSIBILITY

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

The Management Board of Curanum AG

Munich, February 15, 2013

AUDIT OPINION

We have audited the consolidated financial statements prepared by Curanum AG, Munich – consisting of consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statements, and the notes to the consolidated financial statements – as well as the Group management report for the financial year from January 1 until December 31, 2012. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Paragraph 1 of the German Commercial Code (HGB), are the responsibility of the company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements as promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany / IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financing position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework, and in the Group management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group, and expectations as to possible misstatements, are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system, and the evidence supporting the disclosures in the consolidated financial statements and the Group management reports, are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit led to no objections.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Paragraph 1 of the German Commercial Code (HGB), and provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, and, as a whole, provides an appropriate view of the Group's position, and suitably presents the opportunities and risks relating to future development.

Without limiting this assessment, we refer to the matters presented by the Management Board in Section 4 "Opportunities and risks attached to business development" in the "Financial risks" chapter of the Group management report. There, it is detailed that the € 24 million of syndicated loans serving as basis financing contain so-called "change of control" clauses according to which the financing banks are entitled to a special right of cancellation given a change in the ownership of the majority of the company's shares. In the instance that a change of control were to occur, and were the banks to utilize their special right of cancellation, the Management Board indicates the potential for a going-concern risk. In connection with their announced majority takeover, Korian S.A. and Korian Deutschland AG have committed to work together with Curanum AG in order to secure the continued existence of the syndicated loans, or to find alternative financing.

Munich, February 21, 2013

WirtschaftsTreuhand GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Richter	Haberstock
Public Auditor	Public Auditor

FINANCIAL CALENDAR

28/02/2013	Results press conference in Munich
17/04/2013	Q1/2012 report
18/07/2013	Half-yearly financial report
17/10/2013	Q3/2012 report

IMPRINT

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CURANUM

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