

# Semi-annual Report 2012



**CURANUM**

*Gute Pflege hat ein Zuhause.*

## THE GROUP AT A GLANCE

### CURANUM AG, Munich

Overview of key Group figures  
as of June 30, 2012

in € millions	Q2/2012*	Q2/ 2011	H1/2012*	H1/2011	2011*	2010
Revenue	72.0	65.3	142.9	129.3	265.9	256.8
Personnel expense	37.3	33.6	73.7	66.4	136.9	129.6
Other expenses	12.0	11.9	24.4	23.9	48.2	47.2
Rental expense	14.3	13.3	28.5	26.5	53.8	53.7
Operating EBITDA	8.4	6.5	16.3	12.5	27.0	26.3
as % of revenue	11.7	10.0	11.4	9.7	10.2	10.2
One-off effects	0	0	0	0	1.8	6.6
EBITDA after one-off effects	8.4	6.5	16.3	12.5	25.2	19.7
as % of revenue	11.7	10.0	11.4	9.7	9.4	7.7
Depreciation and amortization	3.3	2.6	6.6	5.1	11.1	10.2
EBIT before impairment charges	5.1	3.9	9.7	7.4	14.1	9.5
Impairment charges	0	0	0	0	22.2	16.7
EBIT	5.1	3.9	9.7	7.4	-8.1	-7.2
as % of revenue	7.1	6.0	6.8	5.7	-3.1	-2.8
Net financial result	-3.0	-2.5	-6.1	-4.9	-11.1	-9.7
Earnings before tax	2.1	1.4	3.6	2.5	-19.2	-16.9
Taxes on income	1.2	-2.6	1.7	-2.0	-6.3	-1.1
Earnings after tax	0.9	4.0	1.9	4.5	-12.9	-15.8
Earnings per share (EPS) in €	0.02	0.12	0.05	0.14	-0.35	-0.54
Cash flow from operating activities	10.1	3.4	10.1	3.4	21.0	25.7
CPS in €	0.26	0.10	0.26	0.10	0.54	0.80
Net debt	55.1	55.4	55.1	55.4	50.4	61.3
Equity	48.8	65.1	48.8	65.1	46.9	49.1
Equity ratio	18.4	25.4	18.4	25.4	16.9	20.8
Total assets	265.1	256.5	265.1	256.5	277.6	236.1
Employees	7,129	6,196	7,129	6,196	7,078	6,348

\* Since November 1, 2011, includes the six facilities acquired from GWA

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# Group management report for the semi-annual financial statements

## Macroeconomic trends

The sentiment throughout the German economy picked up noticeably at the start of 2012, before slackening somewhat towards the end of the second quarter. Overall, the German economy continued to prove stable in a difficult international environment. The continued employment upturn and positive income trends continued to form important conditions for a robust domestic economy. Private households' available incomes rose further thanks to the continued increase in employment and positive wage trends, and strengthened consumers' purchasing power.

The care market remained almost untouched by these trends. The care market reported slight gains in the first half of 2012 due to its primary dependency on demographic trends and medical progress, as anticipated.

The labor market continued to report a positive trend, with demand for personnel continuing to rise across all sectors. This is also particularly true of specialist care staff.

The consumer price index was up by around 2% compared with the first half of 2011, although general care rates failed to benefit from this to any notable extent.

## Business progress

### PROFITABILITY

Business trends of the CURANUM Group again registered a significant positive trend in the first half of 2012.

Along with the integration of the GWA facilities that we acquired at the end of 2011, we achieved this gratifying development through focusing on improving our facilities' utilization, and through consistently implementing structural measures.

These concepts fed through to a year-on-year €6.7 million increase in consolidated revenue in the second quarter. The facility in Hennef-Mitte, which was newly opened in 2011, and the GWA facilities that we acquired in the fourth quarter of 2011, contributed €6 million in this context. In the first half of the year, revenue consequently increased by €13.6 million, or 10.5%, to €142.9 million.

Personnel expenses were up by €3.7 million in the second quarter. Of this amount, €2.8 million was attributable to the new facilities, and €0.9 million to the existing facilities. In the case of the latter, the increase is particularly due to higher utilization firstly, and, secondly, to higher salaries due to the strained situation on the market for specialist care staff. In order to meet the challenge entailed in the lack of specialist care staff, we also invested in concepts to train and further

develop our own specialist staff at the CURANUM Academy.

Personnel expenses for the first half of the year rose by 11% to €73.7 million as a consequence.

At €14.3 million, the second quarter rental expense was around €1 million higher than the comparable previous year's level, primarily reflecting the facilities acquired in November. The rental expense for the first half of year consequently increased by 7.5% to €28.5 million.

Despite the expansion of business volumes, other expenses of €12.0 million remained almost constant in the second quarter. For the first half, they amounted to €24.4 million as a consequence, reflecting a 2% increase.

Total second-quarter EBITDA, in other words, earnings before interest, tax, depreciation and amortization, grew by €1.9 million to €3.4 million. Of this amount, €1.2 million is attributable to the acquired facilities. We report a 30% earnings improvement to €16.3 million for the first half of the year.

Primarily due to the takeover of the new facilities, and current investments in the second quarter, amortization/depreciation increased by €0.7 million to €3.3 million. As a consequence depreciation/amortization for the first half of the year stood at €6.6 million. EBIT, in other words, earnings before interest and tax, amounted to €5.1 million in the second quarter. For the first two quarters together, it stood

at €9.7 million, around 31% ahead of the previous year's figure.

The net financial result for the first half of the year deteriorated by €1.2 million to €6.1 million. This is mainly due to additional interest payments for finance leases for the acquired facilities. Interest expenses for existing loans unrelated to leasing were almost unchanged, by contrast, due to a year-on-year lower level of finance debt.

While we reported €2.6 million of tax income based amongst others on the capitalization of loss carryforwards, taxes on income amounted to €1.2 million in the second quarter among other things due to the release in installments of the capitalized item. As a consequence, we report earnings after tax of €1.9 million for the first half year when including €1.7 million of taxes on income. From this €0.02 of earnings per share are calculated for the second quarter, and €0.05 of earnings per share for the first half of the year.

## NET ASSETS

Consolidated total assets fell by 5% compared with the start year, to around €265 million.

On the assets side of the balance sheet, cash and cash equivalents decreased to €12.8 million as of June 30, primarily due to the payment of the remainder of the purchase price to GWA for the facilities acquired in November 2011, and the repayment of the loan that was due in the first half of the year. Other

current assets were almost at the level at the start of the year, at €14.7 million.

Following the GWA transaction, we reduced our other investments in the second quarter in order to conserve our liquidity. To this extent, non-current assets were down by around 5% to €159.2 million.

On the equity and liabilities side of the balance sheet, financial liabilities fell further by a total of €3.7 million to €67.9 million due to the repayment of existing finance debt. Lease liabilities were also reduced by €2.9 million to around €110 million, as planned.

Trade payables were repaid in an amount of €1.5 million, and other current liabilities were reduced by €6.8 million, mainly due to the purchase price payments to GWA.

Total equity grew by €1.9 million to €18.8 million, reflecting current-year earnings. The equity ratio improved from 16.9% at the start of the year to currently 18.4% as a consequence.

## FINANCIAL POSITION

As of June 30, 2012, the CURANUM Group reports a €3.4 million reduction in cash and cash equivalents, reflecting a €10.1 million cash inflow from operating activities, a €8.1 million cash outflow from investing activities, and a €10.5 million cash outflow from financing activities.

The cash inflow from operating activities tripled year-on-year to €10.1 million. Along with the operating earnings improvement, this reflects a working capital reduction that is particularly attributable to effects related to the reporting date.

Along with the €5 million purchase price payment for the acquisition of the new facilities, the cash outflow from investing activities comprises €3.1 million of other investments. Our investments focus on improving our facilities' attractiveness, and on IT required to optimize care processes.

As of the half-year stage, the cash outflow from financing activities reflects the repayment of a loan that was due. It also includes repayments of lease liabilities, and higher financial liabilities due to the partial amount for the acquired facilities that was paid in January.

## Employees

At 7,080 individuals, the number of Group employees in the first half of the year was 862 higher than in the prior-year period. The CURANUM Group employed 295 trainees in the first half. This is around 27 more than in the prior-year period.

## The share

The share price in the first half of the year fell from €1.90 on January 1 to €1.67 on June 30, representing a 12.1% decline. As a conse-

quence, the share price continues to fail to appropriately reflect the positive operating earnings trend. In the first half of 2012, average daily turnover amounted to 8,153 shares.

### Risks and opportunities attached to business development

Compared with the presentation made in our report on the 2011 financial year, there were no notable changes to the risks and opportunities pertaining to business development.

### Outlook

We anticipate that the positive business trend that we reported in the first half of the year will continue over the remainder of the 2012 financial year. Both as a consequence of the takeover of the new facilities, and the operating improvements in our business, we plan that revenue will grow by at least 7%, and that we will generate an EBIT margin of approximately 7%.

Regarding the current negotiations concerning the redemption of the borrower's note loan which is due in December 2012 we expect a positive conclusion.

Munich, July 17, 2012

CURANUM AG  
The Management Board

## Consolidated balance sheet

as of June 30, 2012

Assets in T€	30/06/2012	31/12/2011
<b>Current assets</b>		
Cash and cash equivalents	12,778	21,192
Trade receivables	8,254	7,535
Inventories	1,041	1,067
Other assets	4,256	4,940
Income tax receivables	1,136	1,084
<b>Total current assets</b>	<b>27,465</b>	<b>35,818</b>
<b>Non-current assets</b>		
Property, plant and equipment	154,383	157,433
Other intangible assets	4,851	5,225
Goodwill	57,385	57,385
Deferred tax	16,860	17,619
Other assets	4,125	4,112
<b>Total non-current assets</b>	<b>237,604</b>	<b>241,774</b>
<b>Total assets</b>	<b>265,069</b>	<b>277,592</b>



Equity and liabilities

in T€

30/06/2012

31/12/2011

Current liabilities

Leasing liabilities	6,255	6,018
Financial liabilities	29,693	32,298
Trade payables	10,397	11,870
Provisions	659	750
Income tax liabilities	1,986	1,500
Other liabilities	19,164	25,961
<b>Total current liabilities</b>	<b>68,154</b>	<b>78,397</b>

Non-current liabilities

Leasing liabilities	103,922	107,129
Financial liabilities	38,198	39,336
Deferred tax	4,735	4,483
Provisions	1,244	1,304
<b>Total non-current liabilities</b>	<b>148,099</b>	<b>152,252</b>

Equity

Share capital	39,192	39,192
Additional paid-in capital	37,460	37,460
Treasury shares	-1,241	-1,241
Revenue reserve and earnings carried forward	-27,378	-14,438
Consolidated net income	1,920	-12,864
Other comprehensive income	-1,182	-1,205
Non-controlling interests	45	39
<b>Total equity</b>	<b>48,816</b>	<b>46,943</b>

**Total equity and liabilities**

**265,069**

**277,592**

## Consolidated income statement

for the period from January 1, 2012 until June 30, 2012

in T€	Q2/2012	Q2/2011	H1/2012	H1/2011
1. Revenue	72,099	65,211	142,969	129,258
2. Cost of sales	61,827	56,302	123,970	112,446
3. Gross profit	10,272	8,909	18,999	16,812
4. Selling and marketing expenses	335	494	633	796
5. General administration expenses	6,178	4,959	11,598	9,685
6. Other operating expenses	143	463	434	1,017
7. Other operating income	1,482	821	3,354	2,083
8. Operating profit	5,098	3,814	9,688	7,397
9. Interest and similar expenses	3,041	2,498	6,139	4,957
10. Other interest and similar income	25	34	51	72
11. Earnings before income taxes	2,082	1,350	3,600	2,512
12. Taxes on income	1,209	-2,645	1,673	-2,023
<b>13. Earnings after income taxes</b>	<b>873</b>	<b>3,995</b>	<b>1,927</b>	<b>4,535</b>
of which share of earnings attributable to non-controlling interests	0	1	6	4
of which earnings attributable to CURANUM AG shareholders	873	3,994	1,921	4,531
<b>Earnings per share (diluted and basic) based on earnings attributable to holders of CURANUM AG ordinary shares</b>	<b>0.02</b>	<b>0.12</b>	<b>0.05</b>	<b>0.14</b>
Number of outstanding shares taken as basis	38,799,835	33,185,484	38,799,835	33,185,484

## Presentation of total comprehensive income for the period

Statement of total comprehensive income

in T€	Q2/2012	Q2/2011	H1/2012	H1/2011
Earnings after income taxes	873	3,995	1,927	4,535
Gains/losses from the change in fair value of financial instruments used for hedging purposes	20	-531	32	-275
Losses from other earnings-neutral changes	0	18	0	11
Deferred tax relating to earnings-neutral components of comprehensive income for the period	-5	158	-9	82
Total value changes reported in equity	15	-355	23	-182
<b>Total of after-tax earnings and value changes reported in equity</b>	<b>888</b>	<b>3,640</b>	<b>1,950</b>	<b>4,353</b>
of which attributable to non-controlling interests	0	1	6	4
of which attributable to CURANUM AG shareholders	888	3,639	1,944	4,349

## Consolidated statement of changes in equity

for the period from January 1, 2012 until June 30, 2012

All amounts in T€	Share capital	Capital reserves	Accumulated profit/loss	Revenue reserve	
				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	4,531	0	0
Capital increase	6,532	5,184	0	0	0
Miscellaneous changes	0	0	0	-118	0
30/06/2011	39,192	37,487	-10,823	905	0
31/12/2011	39,192	37,460	-28,217	1,009	-94
Total of after-tax earnings and value changes reported in equity	0	0	1,921	0	0
Miscellaneous changes	0	0	0	-77	0
<b>30/06/2012</b>	<b>39,192</b>	<b>37,460</b>	<b>-26,296</b>	<b>932</b>	<b>-94</b>

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	93	-275	4,349	4	4,353
0	0	0	11,716	0	11,716
0	0	0	-118	0	-118
-1,241	636	-1,110	65,046	51	65,097
-1,241	486	-1,691	46,904	39	46,943
0	-9	32	1,944	6	1,950
0	0	0	-77	0	-77
-1,241	477	-1,659	57,823	45	48,816

## Consolidated cash flow statement

for the 2012 financial year for CURANUM AG, Munich

in T€	30/06/2012	30/06/2011
<b>I. Operating activities</b>		
Result before taxes and minority interests	3,600	2,512
Depreciation/amortization and impairments of non-current assets	6,615	5,147
Other interest and similar income	-51	-72
Interest and similar expenses	6,139	4,957
Gains from the disposal of assets	56	21
Change in working capital	-3,967	-6,273
Income taxes paid	-229	-2,051
Income taxes received	109	1,296
Interest paid	-2,167	-2,175
Interest received	35	70
<b>Cash flow from operating activities</b>	<b>10,140</b>	<b>3,432</b>
<b>II. Investing activities</b>		
Cash outflows from corporate acquisitions	-4,856	0
Cash outflows for investments in property, plant and equipment, and intangible assets	-3,248	-3,703
<b>Cash flow from investing activities</b>	<b>-8,104</b>	<b>-3,703</b>
<b>III. Financing activities</b>		
Cash inflows from drawing down of financial liabilities	0	456
Cash outflows for redemption of financial liabilities	-3,754	-3,867
Cash outflows for finance leasing (interest and redemption components)	-6,697	-4,819
Capital increase	0	11,757
<b>Cash flow from financing activities</b>	<b>-10,450</b>	<b>3,527</b>
<b>Net change in cash and cash equivalents</b>	<b>-8,414</b>	<b>3,256</b>
Cash and cash equivalents at the start of the period	21,192	15,850
<b>Cash and cash equivalents at the end of the period</b>	<b>12,778</b>	<b>19,106</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. General information on the company

CURANUM Aktiengesellschaft (referred to below as "CURANUM AG" or the "Company") has its headquarters 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 ultimate parent company of the CURANUM Group, has prepared this set of consolidated financial statements.

### Basis of preparation

These unaudited financial statements for the first six months of 2012 have been prepared according to International Financial Reporting Standards (IFRS). As of the time of transfer to IFRS on January 1, 2004, CURANUM AG prepared a set of opening accounts that provide the starting point for IFRS accounting.

The income statement has been prepared according to the nature of expense method.

These half-year financial statements have been prepared in harmony with IAS 34, and do not necessarily contain all information presented in the consolidated financial statements. Reference should be made to the consolidated financial statements as of December 31, 2011, which were prepared according to IFRS.

The half-year financial statements are prepared in euros. All values have been rounded to the nearest thousand euros (T€) unless otherwise stated. The tables and notes may contain rounding differences compared with the precisely mathematically calculated figures.

## 2. Accounting principles

The accounting and valuation principles are identical to those used for reporting purposes as of December 31, 2011. Please refer to the related notes in the consolidated financial statements as of December 31, 2011.

### Statement of compliance with IFRS

The half-year financial statements of CURANUM AG and its subsidiaries were prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union.

## SCOPE OF CONSOLIDATION

Name	Registered office	Interest held % <sup>1)</sup>
The following German companies were fully consolidated as of June 30, 2012 (in alphabetical order):		
1 Altenheimbetriebsgesellschaft Ost GmbH <sup>2)</sup>	Munich	100.0
2 Altenheimbetriebsgesellschaft Süd GmbH <sup>2)</sup>	Munich	100.0
3 Altenheimbetriebsgesellschaft West GmbH <sup>2)</sup>	Munich	100.0
4 Alten- und Pflegeheim Sieglar GmbH <sup>2)</sup>	Munich	100.0
5 Bad Schwartauer AVG Altenheim-Vermietung GmbH & Co. KG	Munich	95.0
6 Bremer Wohnstifte gemeinnützige GmbH <sup>3)</sup>	Bremen	100.0
7 CURANUM AG (Muttergesellschaft)	Munich	--
8 CURANUM Akademie Stiftung gemeinnützige GmbH	Munich	100.0
9 CURANUM Bad Hersfeld GmbH <sup>2)</sup>	Munich	100.0
10 CURANUM Baubetreuung und Immobilienmanagement GmbH	Munich	100.0
11 CURANUM Bessenbach GmbH <sup>2)</sup>	Munich	100.0
12 CURANUM Betriebs GmbH <sup>2)</sup>	Munich	100.0
13 CURANUM Dienstleistung GmbH <sup>2)</sup>	Munich	100.0
14 CURANUM Franziskushaus GmbH <sup>2)</sup>	Gelsenkirchen	100.0
15 CURANUM Holding GmbH <sup>2)</sup>	Munich	100.0
16 CURANUM Liesborn GmbH & Co. KG (vormals: ROSEA Grundstücksvermietungs- gesellschaft mbH & Co. Objekt Liesborn KG)	Munich	94.0
17 CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG	Munich	100.0
18 CURANUM Westfalen GmbH <sup>2)</sup>	Munich	100.0
19 Doc Orange GmbH <sup>4)</sup>	Munich	100.0
20 ELISA Seniorenstift GmbH <sup>2)</sup>	Munich	100.0
21 FAZIT Betriebsträgergesellschaft für soziale Einrichtungen mbH <sup>2)</sup>	Munich	100.0
22 GAP Media Service GmbH <sup>2)</sup>	Munich	100.0
23 Krankenhaus Ruhesitz am Wannsee-Seniorenheimstatt GmbH <sup>2)</sup>	Berlin	100.0
24 Lucullus GmbH <sup>2) 3)</sup>	Bremen	100.0
25 OPTICURA Service GmbH <sup>2)</sup>	Munich	100.0
26 Residenzen Niederrhein GmbH	Nettetal-Lobberich	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 <sup>2)</sup>	Munich	100.0
31 Service Gesellschaft West GmbH	Munich	100.0
32 Timmendorfer Wohnstift gemeinnützige GmbH <sup>3)</sup>	Bremen	100.0
33 VGB Beteiligungs- und Vermögensverwaltungs-GmbH	Munich	94.0
34 Wäscherei Ellerich GmbH <sup>2)</sup>	Kaisersesch	100.0
35 Wohnstift Lingen gemeinnützige GmbH <sup>3)</sup>	Bremen	100.0
36 Wohnstift-Salzgitter Bad gemeinnützige GmbH <sup>3)</sup>	Bremen	100.0

<sup>1)</sup> Unless otherwise stated, the equity interest corresponds to the level of voting rights

<sup>2)</sup> These companies are exempt from the requirement to prepare, audit and publish annual financial statements and management reports in accordance with the provisions applying to incorporated firms.

<sup>3)</sup> CURANUM Holding GmbH acquired these companies with effect as of November 1, 2011. Please refer to the section A2 in the 2011 consolidated financial statements "Scope of consolidation" for more information.

<sup>4)</sup> This company was founded on March 28, 2012, and was entered in the commercial register on April 18, 2012.



#### Events after the balance sheet date (IAS 10.21)

The company is not aware of any Group-specific events following the balance sheet date that could have a significant effect on the Group's net assets, financial position and results of operations.

#### Earnings per share

Please refer to the note to the income statement in these half-year financial statements concerning earnings per share.

#### Related parties

Please refer to the notes to the consolidated financial statements as of December 31, 2011, concerning related parties disclosures.

No significant changes have occurred compared with the consolidated financial statements as of December 31, 2011.

### 3. Segment reporting

The CURANUM Group renders all services for an identical group of customers, and operates exclusively on the German market. These services' opportunity and risk profiles are not significantly different, and are interdependent. For this reason, the business segments that have been identified are summarized in line with the provisions of IFRS 8. Since there are no separate reporting segments in the meaning of IFRS 8, there is also no presentation by business divisions.

### 4. Contingent liabilities and claims

Contingent liabilities were not recognized in the half-year financial statements. They are disclosed in the notes to the consolidated financial statements except where a possibility of an outflow of resources embodying economic benefits is highly unlikely.

Contingent claims are not recognized in the half-year financial statements. They are entered in the notes to the consolidated financial statements, however, when the inflow of economic benefits is likely.

### 5. Responsibility statement

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

Munich, July 17, 2012

CURANUM AG

The Management Board



Walther Wever  
(CEO)



Judith Barth  
(CFO)

# FINANCIAL CALENDAR

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October 30, 2012

Third-quarter report

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CURANUMAG  
Engelbertstraße 23-25  
81241 Munich  
Germany

Phone: 089 / 24 20 65 – 0  
Fax: 089 / 24 20 65 – 10  
eMail: [info@curanum.de](mailto:info@curanum.de)  
Website: [www.curanum.de](http://www.curanum.de)