



**CURANUM**

*Good care has a home.*

*CURANUM AG, Munich*

QUARTERLY REPORT FOR THE PERIOD  
FROM JANUARY 1 TO SEPTEMBER 30, 2007

## THE GROUP AT A GLANCE (IFRS)

mil. €	1.7. – 30.9.		1.1. – 30.9.		2006
	Q3 – 2007	Q3 – 2006	9M – 2007	9M – 2006	
Sales	58.3	54.2	171.8	157.9	215.7
Personnel costs	29.2	26.7	86.0	78.8	106.9
Rental expenses	11.4	10.4	33.6	31.0	42.4
EBITDA	7.5	8.3	22.0	22.3	29.5
in % of Sales	12.9	15.3	12.8	14.1	13.7
Depreciation	2.2	1.7	6.4	5.0	6.8
EBIT	5.4	6.6	15.7	17.3	22.8
in % of Sales	9.3	12.2	9.1	11.0	10.6
Financial result	-1.9	-1.9	-6.9	-5.4	-7.2
EBT	3.4	4.7	8.7	11.9	15.6
Net profit before tax adjustment	2.1	2.5	5.4	7.1	9.3
Tax adjustment	-2.5	0.0	-2.5	0	0
Net profit after tax adjustment	-0.4	2.5	2.9	7.1	9.3
EPS (€) after tax adjustment	-0.01	0.08	0.09	0.24	0.31
Cashflow	7.1	8.3	7.8	14.5	15.4
CPS (€)	0.22	0.28	0.24	0.49	0.52
Cash and cash equivalents	3.5	5.3	3.5	5.3	9.1
Shareholders' equity	60.6	41.2	60.6	41.2	39.2
in % of balance sheet total	28.9	21.7	28.9	21.7	17.8
Balance sheet total	210.0	189.6	210.0	189.6	220.5
Employees (average)	5,294	4,825	5,234	4,754	4,883
Facilities	62	60	62	60	61
Care places	7,300	7,134	7,300	7,134	7,250
Assisted living apartments	875	897	875	897	900

## GERMAN ECONOMY SLOWING DOWN

In the first half of 2007 the pace at which the German economy was expanding slowed under the effects of restrictive fiscal policy. The situation was then further exacerbated after the second quarter as the effects of the real estate crisis in the USA and the resulting credit squeeze in Germany became apparent. Nevertheless the upturn has established itself to the extent that Germany's economy still continued to grow in the third quarter, albeit at a slower rate.

The increase in value added tax and higher oil and food prices continue to weigh heavily on private consumption, with low-income households particularly affected by the erosion of their purchasing power.

The situation in the labor market has continued to improve, however since the spring the number of persons in employment and the number of man hours worked have ceased to develop as positively as before. In the first eight months the number in employment rose by 448,000, however since then the rate of increase has tailed off. In August there were a total of 638,000 more persons in work than in the year before and the positive development in demand saw even the long-term unemployed coming back into paid employment. As a result unemployment declined noticeably, with a year-on-year fall of 376,000 recorded in September. There has also been a positive improvement in job security and income prospects which by the end of the year is likely to lead to rising personal consumption.

## FEDERAL CABINET APPROVES CARE SYSTEM REFORM

Following extensive negotiations between the coalition partners, on October 17, 2007, the Federal Cabinet set in motion a reform of the care system. As described in our last quarterly report, inpatient benefits at Care Levels I and II will initially remain unchanged. Benefits at Level III and Level III/hardship cases will be raised in stages up to 2012. The additional benefit for the severely handicapped, that is to say, dementia sufferers and disabled persons, will be increased to up to € 2,400 per year. In addition, with effect from 2015, care insurance benefits are to be dynamically reviewed on a three-yearly cycle.

The greater refinancing available to care home occupants and their relatives ought also to lead to an improvement in refinancing the increased costs incurred by care home operators, not least in view of the current rise in insolvencies in this sector. However since there is to be no change in the negotiation of care rates, despite rising costs hard-up local authorities can continue to demand that rates stay the same. Nevertheless the decision to increase financial benefits for dementia sufferers will have positive effects in terms of occupancy, classification and above all demand for places for these patients.

## MANAGEMENT REPORT

### NEW MDS REPORT PAINTS A MADIOCRE PICTURE

The report published in August 2007 by the health insurers organization MDS (Medizinischer Dienst der Spitzenverbände der Krankenkassen e.V.) regarding the quality of in- and outpatient care caused a stir in the market for care services. According to the report which reflects the years 2004 to 2006, inspections revealed that on average one in ten care home occupants and 5.7 % of those being cared for in their own homes suffered from an “inadequate standard of care”. The first report in November 2004 indicated this to be the case for 17.4 % of care home occupants and 8.8 % of those receiving care in their own homes.

Care institutions and outpatient services are subject to quality checks at least once every three years. These obligatory reports are required by law under the terms of the German Social Security Code (SGB XI).

This issue has now been firmly incorporated in the reform of the care system and health insurers and care institutions are to be obliged to agree binding standards for the quality of care. Moreover, inspection reports are to be published in plain language, enabling members of the public to clearly understand at first glance what level of quality care institutions are providing.

We welcome this intention with open arms: This is after all the only way in which to distinguish good quality institutions from bad before deciding which one to choose. It is however thus far unclear what specific form these standards should take and in what time frame they are to be implemented in practice. It is however imperative that all facilities are treated equally in terms of the frequency, intensity and criteria for inspection. That is to say, institutions must be objectively inspected irrespective of the agency to whom they belong.

### SALES REVENUES CLIMB TO € 58.3 MILLION IN THE THIRD QUARTER

Sales revenues in the third quarter developed positively as planned, increasing from € 54.2 million to € 58.3 million. The primary reason for this increase lay in the consolidation of the Fazit Group, that is to say, in the effect of the two additional months trading in July and August which were not reflected in last year's accounts. Other factors of note relative to the preceding quarter were an extra day to be billed, the increase in capacity utilization in Bad Lauterberg and the increase in turnover at the laundry resulting from better use of capacity and more additional services.

The Group generated 92.3 % of revenues, equal to € 53.7 million, from inpatient care and secondary services, with 4.5 % (€ 2.6 million) coming from the rental of managed apartments, 0.6 % (T€ 327) from outpatient care services and 2.6 % (€ 1.6 million) from other income sources.

In the first nine months of the year sales revenues rose from € 157.9 million to € 171.8 million, representing an increase of 8.8 %. Due however to the poor second quarter and the effects described in the last quarterly report, gross earnings made little progress, standing at € 28.4 million for the first nine months (previous year: € 29.0 million).

### EARNINGS INCREASED AGAIN

Gross earnings which had slipped in the second quarter to € 8.7 million climbed back to € 9.9 million in Q3 while the gross margin improved once again from 15.2 % to 17.0 %. Nevertheless it proved impossible to match the previous year's strong figure of € 10.1 million.

As a result of the increased workforce at the laundry and in Bad Lauterberg as well as allocations to reserves for semi-retirement benefits, personnel costs

## MANAGEMENT REPORT

rose from € 28.9 million in the second quarter of 2007 to € 29.2 million in the third quarter of the year. Personnel costs were also up in comparison with the same period last year when the figure stood at € 26.7 million. Rental costs developed as expected, rising from € 10.4 million in the previous year to € 11.4 in the reporting period.

Earnings before interest, taxes, depreciation and amortization (EBITDA) climbed from € 6.4 million in the second quarter to € 7.5 million, representing an EBITDA margin of 12.9 %. A large part of the negative effects described in the last quarterly report were reversed during the third quarter, however as expected some of these impacted on the quarter under review and some will persist into the fourth quarter. Accordingly EBITDA in the third quarter lagged behind the previous year's figure of € 8.3 million.

Due to the effects of consolidation, depreciation rose as expected from € 1.7 million in the previous year to € 2.2 million in the third quarter of 2007. Earnings before interest and taxes (EBIT) for the reporting period came in at € 5.4 million, down from € 6.6 million in the year before. Nevertheless this represented an improvement of 25.6 % over the second quarter (€ 4.3 million).

Following the repayment of the convertible bond at the end of August and a reduction in current account borrowings, interest costs were reduced from € 3.0 million in the second quarter to € 2.0 million, and the financial result as in the previous year came in at -€ 1.9 million. Earnings before taxes improved from € 1.3 million in Q2 to € 3.4 million, still somewhat behind the previous year's pre-tax earnings of € 4.7 million. After tax and prior to the one-off tax charge described below, net income for the period amounted to € 2.1 million (previous year: € 2.5 million), equal to earnings of € 0.07 per share (previous year: € 0.08).

Personnel costs in the first nine months of the year rose from € 78.8 million to € 86.0 million, however the personnel cost ratio increased only marginally from of 49.9 % to 50 %. Rental costs climbed minimally from € 31.0 million to € 33.6 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) declined slightly from € 22.3 million to € 22.0 million, however the EBITDA margin was down relative to the previous year from 14.1 % to 12.8 %. With depreciation up from € 5.0 million to € 6.4 million, the operating result (EBIT) slipped to € 15.7 million (previous year: € 17.3 million), while the EBIT margin at the end of nine months stood at 9.1 % (previous year: 11.0 %). As a result of acquisitions the financial result came in at - € 6.9 million (previous year: - € 5.4 million). This in turn contributed to a reduction in the result for the period thus far which amounted (prior to the one-off tax effect) to € 5.4 million (previous year: € 7.1 million). EPS in the first nine months of the current financial year prior to the one-off tax charge accordingly stood at € 0.16.

### ONE-OFF TAX CHARGE DUE TO CORPORATION TAX REFORM

Following ratification by the Federal Council on July 6, 2007, of the corporation tax reform proposals approved earlier this year on May 25 by the Federal Parliament, the new legislation will take effect on January 1, 2008. Irrespective of whether companies retain or distribute their profits, the rate of corporation tax has been reduced from the previous level of 25 % to a uniform 15 % for all corporations. And while the basic federal rate of trade tax has been cut from 5 % to 3.5 %, this particular tax charge has ceased to be deductible as a business expense. Overall as a result, the combined rate of corporation and trade tax payable under German Commercial Code (HGB) regulations by the parent company CURANUM AG will be reduced from the previous level of 38.5 % to 29.8 % effective January 1 next year.

## MANAGEMENT REPORT

However, while there will be a welcome effect on cash flow and earnings after tax in 2008, in financial year 2007 there will also be a one-off tax charge pursuant to IFRS. This results from a correction in deferred taxes as per IFRS and will thus have no impact on actual tax payments or cash flow. The one-off effect will likely be to increase the tax rate for the full year to around 70%.

After the adjustment in deferred taxes as per IFRS, earnings after tax in the third quarter of the current year stand at - T€ 376. The figure for the first nine months after adjusting for this effect amounts to € 2.9 million.

### DEVELOPMENT IN CASH FLOW

Cash flow from operations declined relative to the preceding year from € 14.5 million to € 7.8 million. Nevertheless this represented a cash flow increase of € 7.1 million in comparison with the first half of 2007. Beside the lower result for the period, the factors responsible relative to the year before included a substantially lower reduction in accrued liabilities and allowance provisions to € 0.9 million (previous year: € 3.1 million), a reduction of € 2.0 million in trade accounts payable (previous year: increase of € 0.8 million) and a decline of € 5.9 million in other liabilities (previous year: € 3.1 million).

Cash flow from investment activities in the first nine months amounted to - € 4.9 million (previous year: - € 13.0 million) and was comprised mainly of disbursements to fund investments in fixed assets (see Investments below). The cash flow from financing activities in the reporting period amounted to - € 8.5 million (previous year: + € 1.6 million) and was characterized in contrast to the year before by the repayment of liabilities and an influx of funds resulting from the increase in capital. In detail, current account borrowings amounting to € 5.4 million were

repaid (previous year: new borrowings of € 5.6 million), as were acquisition loans of € 2.8 million (previous year: € 7.8 million raised in loans) and the convertible bond amounting to € 12.3 million (previous year: 0).

### DEBT REDUCED – CAPITAL RATIO CONTINUES TO RISE

The balance sheet total on September 30, 2007, had declined by € 10.5 million to € 210.0 million, relative to December 31 last year (€ 220.5 million). The principal factors behind this development included on the assets side a decline of € 9.1 million in liquidity which fell to € 3.5 million, a reduction of € 5.9 million in trade accounts receivable which fell to € 4.2 million and the downward adjustment in capitalized deferred taxes from € 12.5 million to € 8.5 million for reasons described above. Other short-term assets in particular declined sharply from € 17.9 million on the closing date at the end of the previous quarter to € 5.9 million at the end of Q3. The effect of the repayment of convertible bonds on August 31, 2007, was evident here.

Short-term liabilities were reduced with the redemption of current account borrowings and repayment of convertible bonds which cut debt from € 26.4 million on December 31, 2006 to € 8.8 million at the end of the third quarter of 2007. As a result of a turnover tax back payment of € 2.2 million, other short-term debt fell to € 0.7 million at the end of the reporting period.

Following the increase in capital in the second quarter of 2007, subscribed capital rose from € 29.7 million to € 32.6 million. Coupled with the reduction in accumulated deficit and the lower balance sheet total, this lifted the equity ratio from 17.8% to 28.9%.

## MANAGEMENT REPORT

### INVESTMENTS

In the third quarter we invested € 1.2 million in maintenance and conversion works, including T€ 475 spent on upgrading the facility in Bad Schwartau and T€ 176 invested in additional laundry equipment. Total investment in the first nine months amounted to € 5.1 million, of which € 1.8 million was accounted for by works at the new facility in Bad Lauterberg, € 1.2 by the laundry and € 0.7 million on conversion work at the facility in Bad Schwartau.

### EMPLOYEES

The number of staff employed by the group rose from 5,198 in the first quarter of 2007 to 5,294 in Q3. This equates to an increase of 1.84 % and reflects the greater utilization of capacity at the laundry in Ellerich and the new opening in Bad Lauterberg. By comparison the number of employees in the third quarter of 2006 amounted to 4,825. The average number of persons employed in the first nine months rose from 4,754 last year to 5,234 in the period under review, representing an increase of 10.1 %.

### MANAGEMENT AND SUPERVISORY BOARD CHANGES

On September 27, 2007 Bernd Scheweling, the co-founder of CURANUM AG, stood down as a member of the Management Board and became an ordinary member of the Supervisory Board.

Mr. Scheweling had been planning this move for some time and will in future continue to support us in his capacity as a Supervisory Board member. The former Chairman of the Supervisory Board, Dr. Michael Roggen, has also stood down from office. The Supervisory Board of CURANUM AG has elected Dr. Dieter Thomae as its new Chairman and Bernd Scheweling as its Deputy Chairman.

#### The following persons comprise the Supervisory Board of CURANUM AG:

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Dr. Dieter Thomae: Business Graduate, Sinzig,  
Chairman of the Supervisory Board

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Bernd Scheweling: Business Economist, Munich,  
Vice Chairman of the  
Supervisory Board

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Michael Sasse: Attorney, Schwelm

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Angelika Pohl: Commercial employee, Munich

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Sabine Klöckner: Commercial employee, Schwelm

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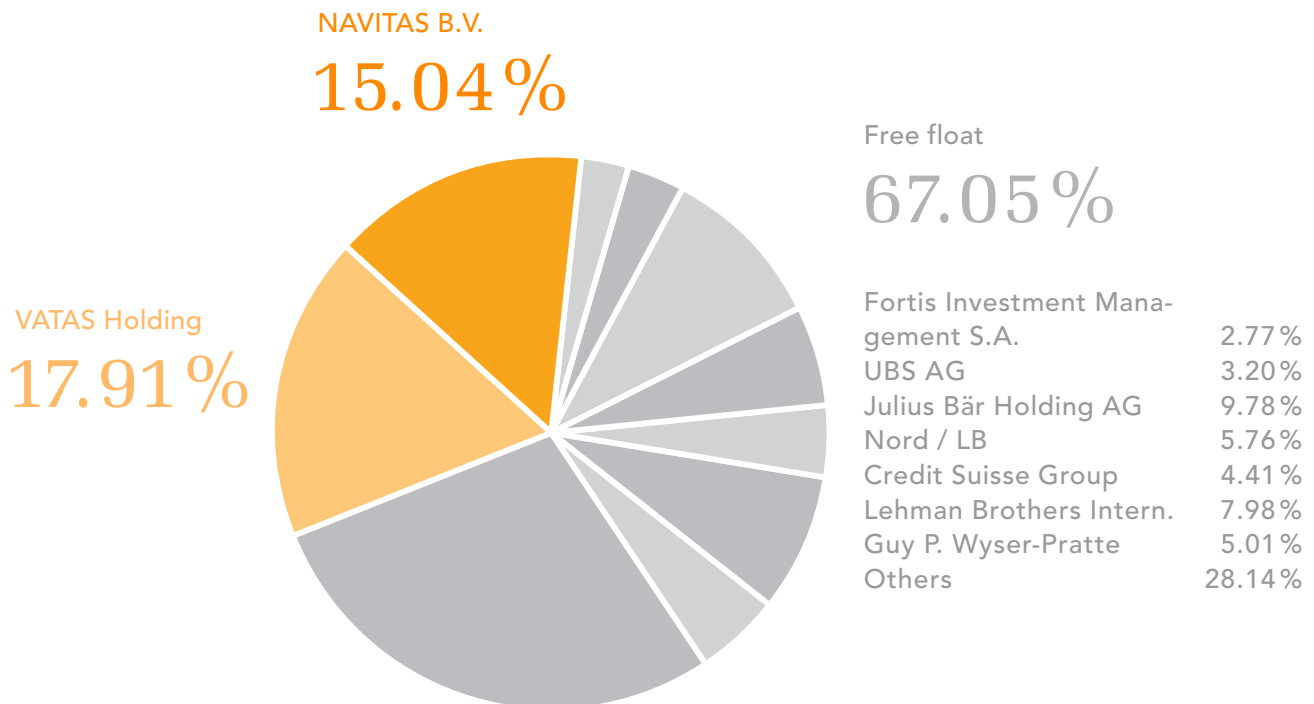
## MANAGEMENT REPORT

### SHARE PRICE AND SHAREHOLDER STRUCTURE

The CURANUM AG share price was characterized by high volatility in the third quarter. The negative results in Q2 accompanied by a profit warning triggered sharp sales, causing the share price to sink as low as € 4.42. Analysts trimmed their upside targets by around € 1.50 to € 2.00. Under the effects of high trading volumes, however, the stock climbed back once again to € 7.00 in September and shot to an all-time high in October of € 9.20.

This trend led to a significant change in the CURANUM AG shareholder structure as numerous small positions increasingly developed into substantial blocks held not only by equity funds but also by investment companies. The largest individual holdings are those held by German company VATAS Holding GmbH in Berlin and Dutch NAVITAS B.V. in Bilthoven. The following shareholder structure is based on the voting rights reported to us pursuant to § 21, Para. 1 of the German Securities Trading Act (WpHG) at the time this report went to press and does not necessarily reflect the actual shareholder structure.

### SHAREHOLDER STRUCTURE





## MANAGEMENT REPORT

### OUTLOOK AND PLANNING

The dynamic development in the economy will continue in 2008. Economic research institutes anticipate that private consumption will increase by 1.9% in real terms, while unemployment is expected to fall from just under 3.8 million in 2007 to an average of 3.4 million in 2008. This trend will to a large extent be supported by an increase in man hours worked and rising salaries. However the net upside will be perceptibly less than in the current year as rising incomes are subject to a rising burden of income tax and social security contributions are on balance only marginally reduced. The rate of unemployment insurance contributions will be cut at the start of the year from 4.2% to 3.9%, however care insurance contributions are due to rise in the middle of the year from 1.7% to 1.95%.

Demographic change and the steadily increasing demand for professional care means that the market for care institutions remains attractive. Our acquisition strategy of adding 800 to 1,000 beds per 12-month period will be consistently pursued. As a result of the rising cost of, among other things, energy, water and basic foodstuffs during the reporting period and the increase in value added tax to 19%, since the beginning of the year more and more of our competitors are finding themselves under pressure. Particularly those operators who lack their own service subsidiaries and are forced to outsource secondary services such as catering, cleaning and laundry are either facing insolvency or have already declared bankruptcy in recent months. This situation is increasingly also affecting non-profit operators backed by the churches, whose facilities have in the past only rarely been up for disposal. The number of institutions offered for sale is rising sharply, allowing us to select those

that are most attractive. Naturally our expectations of the facilities on offer are high, with the result that the majority of offers must be declined. However we are confident of being able to make further acquisitions in the coming months.

Leaving aside the one-off tax charge, we anticipate that our targets for the current financial year will be achieved. Without further acquisitions, we anticipate that sales in financial year 2008 will reach € 231.9 million, with earnings before interest, taxes, depreciation and amortization (EBITDA) amounting to € 31.7 million and a net profit of € 11.3 million.

Munich, November 2007

The Management Board

CURANUM AG, MUNICH  
CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2007 (IFRS)

<b>ASSETS</b>	30.09.2007 T€	31.12.2006 T€
<b>Current assets</b>		
Cash and cash equivalents	3,471	9,105
Trade accounts receivable	4,181	5,953
Inventories	752	729
Other current assets	5,888	4,155
Tax receivables	1,654	978
<b>TOTAL CURRENT ASSETS</b>	<b>15,946</b>	<b>20,920</b>
<b>Non-current assets</b>		
Property, plant and equipment	121,724	122,743
Intangible assets	1,674	1,982
Goodwill	53,666	53,397
Shareholdings	1	1
Deferred tax assets	8,460	12,531
Other financial assets	8,534	8,928
<b>TOTAL NON CURRENT ASSETS</b>	<b>194,058</b>	<b>199,582</b>
<b>TOTAL ASSETS</b>	<b>210,004</b>	<b>220,502</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	30.09.2007 T€	31.12.2006 T€
<b>Current liabilities</b>		
Short-term portion of finance lease debt	4,547	4,813
Short-term debt and current portion of long-term debt	8,771	26,384
Trade accounts payable	1,214	3,210
Accruals	5,710	4,075
Income tax payable	1,091	1,742
Other current liabilities	11,592	15,953
Others	731	2,230
<b>TOTAL CURRENT LIABILITIES</b>	<b>33,654</b>	<b>58,407</b>
<b>Non-current liabilities</b>		
Long-term debt	54,360	57,293
Capital lease obligations	54,687	57,315
Deferred tax liability	6,108	7,091
Others	567	1,229
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>115,722</b>	<b>122,928</b>
<b>Shareholders' equity</b>		
Share capital	32,660	29,700
Additional paid-in capital	31,252	11,757
Equity portion convertible bond	0	1,051
Retained earnings	-156	886
Revaluation reserve	1,617	1,616
Accumulated profit / loss	-4,778	-5,876
Minority interests	34	33
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>60,628</b>	<b>39,167</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>210,004</b>	<b>220,502</b>

CURANUM AG, MUNICH  
**CONSOLIDATED INCOME STATEMENT**  
 IN THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007 (IFRS)

	Q3 – 2007 1.7. – 30.9. T€	Q3 – 2006 1.7. – 30.9. T€	9M – 2007 1.1. – 30.9. T€	9M – 2006 1.1. – 30.9. T€
<b>REVENUES</b>	<b>58,256</b>	<b>54,278</b>	<b>171,781</b>	<b>157,944</b>
Cost of revenues	48,363	44,219	143,401	128,946
<b>GROSS PROFIT / LOSS</b>	<b>9,894</b>	<b>10,059</b>	<b>28,380</b>	<b>28,998</b>
Selling and marketing expenses	164	287	893	781
General and administrative expenses	4,390	4,100	12,626	12,566
Other operating expenses	8	56	1,233	922
Other operating income	18	1,044	2,048	2,610
<b>OPERATING INCOME / LOSS</b>	<b>5,349</b>	<b>6,660</b>	<b>15,676</b>	<b>17,339</b>
Interest and other expenses	1,976	2,189	7,229	6,119
Interest and other income	66	220	280	610
Profit participation associated companies	0	17	0	66
<b>RESULT BEFORE INCOME TAX AND MINORITY INTEREST</b>	<b>3,439</b>	<b>4,709</b>	<b>8,727</b>	<b>11,896</b>
Income tax	1,300	2,225	3,362	4,762
Taxation expenditure deferred taxes <sup>1</sup>	2,515	0	2,515	0
Minority interest	0	9	0	15
<b>NET INCOME / LOSS</b>	<b>-376</b>	<b>2,475</b>	<b>2,850</b>	<b>7,120</b>
Net income per share (basic) <sup>2</sup>	-0.01 €	0.08 €	0.09 €	0.22 €
Net income per share (diluted) <sup>2</sup>	-0.01 €	0.08 €	0.09 €	0.22 €
1) Taxation expenditure due to the change of tax rate in consequence of the corporate tax reform 2008				
2) Net income / number of outstanding shares (32,660,000 basic and diluted)				

CURANUM AG, MUNICH  
CONSOLIDATED CASHFLOW STATEMENT  
IN THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007 (IFRS)

	1.1. – 30.9.2007 T€	1.1. – 30.9.2006 T€
Net income before tax	8,728	11,896
Adjustments for:		
Depreciation	6,353	5,033
Financial results	-280	-610
Interest expenses	7,228	6,119
Result from disposals of fixed assets	0	7
Other expenses and income not affecting payments	-114	-56
Increase / decrease in provisions and accruals	947	3,126
Change in net working capital	-6,121	-1,839
Interest paid	-5,077	-6,457
Tax paid	-3,914	-2,671
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>7,750</b>	<b>14,548</b>
Cash outflow for purchase of assets	-4,415	-8,030
Prepayment for purchase of assets	-740	-5,133
Interest received	241	162
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-4,914</b>	<b>-13,001</b>
Cash inflows / cash outflow for:		
Short-term debt	-5,416	5,557
Long-term debt	0	13,300
Cash repayments of amounts borrowed	-2,804	-7,540
Cash outflow for finance lease obligations	-6,658	-6,736
Cash inflow capital increase	22,194	0
Cash outflow convertible bond	-12,271	0
Cash outflow for profit participation right	-280	0
Dividend payment 2006	-3,266	-2,970
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-8,501</b>	<b>1,611</b>
Net increase (decrease) in cash and cash equivalents	-5,665	3,158
Cash and cash equivalents at beginning of period	9,136	2,176
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>3,471</b>	<b>5,334</b>

CURANUM AG, MUNICH  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
IN THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007 (IFRS)

	Share capital T€	Additional paid-in capital T€	Retained earnings T€	Revalu- ation reserve T€	Accumu- lated profit / loss T€	Minority interests T€	Equity portion of conver- tible bond T€	Total T€
<b>AS OF JAN 1, 2006</b>	<b>29,700</b>	<b>11,763</b>	<b>841</b>	<b>--</b>	<b>-12,217</b>	<b>--</b>	<b>1,051</b>	<b>31,138</b>
Net income for the period	--	--	--	--	9,346	--	--	9,346
Divident payment	--	--	--	--	-2,970	--	--	-2,970
Negative minority interests	--	--	45	--	--	--	--	45
Changes in the consolidated entity	--	--	--	1,616	--	34	--	1,650
Accumulated other shareholders' equity	--	-6	--	--	-35	--	--	-41
<b>Total</b>	<b>29,700</b>	<b>11,757</b>	<b>886</b>	<b>1,616</b>	<b>-5,876</b>	<b>34</b>	<b>1,051</b>	<b>39,168</b>
<b>AS OF DEC 31, 2006</b>	<b>29,700</b>	<b>11,757</b>	<b>886</b>	<b>1,616</b>	<b>-5,876</b>	<b>34</b>	<b>1,051</b>	<b>39,168</b>
Net income for the period	--	--	--	--	2,850	--	--	2,850
Negative minority interests	--	--	6	--	--	--	--	6
Capital increase	2,960	19,495	--	--	--	--	--	22,455
Dividend payment	--	--	--	--	-3,266	--	--	-3,266
Reimbursement convertible bond	--	--	105	--	946	--	-1,051	0
Not affecting net income due to auditing	--	--	-763	--	189	--	--	-574
Reclassifications	--	--	-390	--	393	--	--	3
Consolidation effect not affecting net income	--	--	--	--	-14	--	--	-14
<b>Total</b>	<b>32,660</b>	<b>31,252</b>	<b>-156</b>	<b>1,616</b>	<b>-4,778</b>	<b>34</b>	<b>0</b>	<b>60,628</b>
<b>AS OF SEPTEMBER 30, 2007</b>	<b>32,660</b>	<b>31,252</b>	<b>-156</b>	<b>1,616</b>	<b>-4,778</b>	<b>34</b>	<b>0</b>	<b>60,628</b>

CURANUM AG, MUNICH  
NOTES ON INTERIM REPORT ON SEPTEMBER 30, 2007  
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

## 1. GENERAL DISCLOSURES ON THE COMPANY

CURANUM AG (referred to as “CURANUM” or the “Company”) Maximilianstrasse 35c, was created in November 2000 from the merger of Bonifatius Hospital & Seniorenresidenz AG, which was in turn founded in 1994 and which has been quoted on the stock exchange since 1998, and CURANUM AG, Munich, which was founded in 1981. The business objective of CURANUM AG is the creation and operation of senior citizen and residential care homes.

## 2. ACCOUNTING AND VALUATION METHODS

Accounting and valuation methods have not been changed since the annual financial statements as of December 31, 2006 with following exceptions. We thus refer to the notes concerning accounting and valuation methods in the consolidated financial statements as of December 31, 2006.

### THE REPORTING BASIS

The present, unaudited quarterly accounts were initially produced in compliance with the International Financial Reporting Standards (IFRS) devised by the International Accounting Standards Board (IASB). At the time of transferring to IFRS, CURANUM AG prepared an opening balance on January 1, 2004 which represents the starting point for accounting in accordance with IFRS.

The income statement was converted to the cost of sales method.

The quarterly accounts were produced in accordance with IAS 34, and do not necessarily include all the information contained in the consolidated financial statements. Reference is made to the consolidated financial statements produced according to IFRS as of December 31, 2006.

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

### DECLARATION OF CONFORMITY WITH IFRS

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

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CONSOLIDATED COMPANIES

The following companies were consolidated as of September 30, 2007

Company	Country of incorporation	Stake %	Share of voting rights %
CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG, Munich	Germany	100.00	100.00
CURANUM Holding GmbH, Munich	Germany	100.00	100.00
CURANUM Betriebs GmbH, Munich	Germany	100.00	100.00
CURANUM Bad Hersfeld GmbH, Munich	Germany	100.00	100.00
Krankenheim Ruhesitz am Wannsee – Seniorenheimstatt GmbH, Berlin	Germany	100.00	100.00
CURANUM Franziskushaus GmbH, Gelsenkirchen	Germany	100.00	100.00
Altenheimbetriebsgesellschaft NORD GmbH, Munich	Germany	100.00	100.00
Altenheimbetriebsgesellschaft SÜD GmbH, Munich	Germany	100.00	100.00
Altenheimbetriebsgesellschaft WEST GmbH, Munich	Germany	100.00	100.00
Altenheimbetriebsgesellschaft OST GmbH, Munich	Germany	100.00	100.00
Alten- und Pflegeheim Sieglar GmbH, Munich	Germany	100.00	100.00
Seniorenzentrum Hennef GmbH, Munich	Germany	100.00	100.00
Residenz Lobberich GmbH, Nettetal	Germany	100.00	100.00
accurato GmbH, Munich	Germany	100.00	100.00
OPTICURA Service GmbH, Munich	Germany	100.00	100.00
Servicegesellschaft West GmbH, Munich	Germany	100.00	100.00
Wäscherei Ellerich GmbH, Kaisersesch	Germany	100.00	100.00
CURANUM Westfalen GmbH, Munich	Germany	100.00	100.00
Fazit Betriebsträgergesellschaft für soziale Einrichtungen mbH, Nuremberg	Germany	100.00	100.00
CURANUM Baubetreuung und Immobilienmanagement GmbH, Munich	Germany	100.00	100.00
GAP Media Service GmbH, Munich	Germany	100.00	100.00
Bonifatius GPG Gesellschaft für Pflege und Gesundheit mbH, Munich	Germany	55.00	55.00
CURANUM Bessenbach GmbH, Munich	Germany	100.00	100.00
RIAG Seniorenzentrum "Ennepetal" GmbH & Co. KG, Munich	Germany	92.68	9.09
RIAG Seniorenzentrum "Erste" GmbH & Co. KG, Munich	Germany	93.75	9.64
RIAG Seniorenzentrum "Zweite" GmbH & Co. KG, Munich	Germany	100.00	10.00
VGB Beteiligungs- und Vermögensverwaltungs GmbH, Munich	Germany	100.00	100.00
CB Seniorenresidenz Armbrustergasse GmbH, Vienna	Austria	100.00	100.00
CB Managementservice GmbH, Kitzbühel	Austria	100.00	100.00
Bad Schwartauer AVG Altenheim-Vermietung GmbH & Co. KG, Munich	Germany	99.50	99.50
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Liesborn KG, Düsseldorf	Germany	100.00	100.00



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#### EARNINGS PER SHARE

With regard to earnings per share, we refer to the information in the profit and loss account of these quarterly accounts.

#### RELATIONSHIPS WITH AFFILIATED PERSONS / COMPANIES

With regard to the Company's relationships with affiliated persons / companies, we refer to the explanations given in the annual statement of accounts as of December 31, 2006.

In comparison to the consolidated financial statements as of December 31, 2006 there had been no substantial changes.

#### CONVERTIBLE BOND REPAYMENT

The convertible bond reported in the consolidated financial statements to December 31, 2006, under the headings of short-term financial liabilities (T€ 12,167) and shareholders' equity (T€ 1,051) was due for repayment on August 31, 2007.

The liability was accordingly repaid and no longer exist as of September 30, 2007.

The proportion of shareholders' equity in the convertible bond, representing the difference between the issue proceeds and the cash value of the repayment obligation at the time of issue continues to be reported under shareholders' equity but is not shown as a separate item. It has been reallocated to other retained earnings / profit brought forward.

#### CORPORATION TAX REFORM 2008

Following ratification by the Bundesrat on July 6, 2007, of the corporation tax reform proposals approved earlier this year on May 25 by the Bundestag, the new legislation will take effect on January 1, 2008. The rate of corporation tax has been reduced from the previous level of 25 % to a uniform 15 % for all corporations, irrespective of whether companies retain or distribute their profits. And while the basic federal rate of trade tax has been cut from 5 % to 3.5 %, this particular tax charge has ceased to be deductible as a business expense. Overall as a result, the combined rate of corporation and trade tax payable under German Commercial Code (HGB) regulations by the parent company CURANUM AG will be reduced from the previous level of 38.5 % to 29.8 % effective January 01 next year.

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As a result of this change in the tax rate, a one-off tax charge in the amount of T€ 2,515 is shown in the interim financial statements to September 30, 2007, due to the revaluation of deferred taxes carried as assets and liabilities at the rate which will in future apply.

Alterations arising from the current tax audit which impact on deferred taxes were also considered as part of the revaluation. Audit adjustments for previous years will be recognized in shareholders' equity.

### 3. SEGMENT REPORTING

CURANUM provides all its services for an identical group of customers. The opportunity-risk profile of these services does not vary significantly and is interdependent. The Company's internal reporting structure also makes no distinction between segments. No segment reporting is carried out as the Company cannot be divided into different business segments or different geographical segments.

### 4. CONTINGENT LIABILITIES AND CONTINGENT RECEIVABLES

No contingent liabilities are shown in the quarterly accounts. They are disclosed in the Notes except if the possibility of an outflow of economically beneficial resources is very unlikely.

No contingent receivables are shown in the quarterly accounts. However, they are disclosed in the Notes if the inflow of a financial benefit is likely.

### 5. EVENTS AFTER THE BALANCE SHEET CLOSING DATE

By a notarized contract of purchase and sale dated June 26, 2007, between Gestrim Deutsche Fonds Management (the vendor) and Altenheimbetriebsgesellschaft Süd GmbH (the purchaser), Altenheimbetriebsgesellschaft Süd GmbH, Munich, is to acquire the entire inventory of the "Hirschhalde" institution in Bad Dürkheim at a purchase price of T€ 1,182.

Title will transfer upon payment of the purchase price in full, the due date for payment being dependent on confirmation by the notary that the contract is valid.

Pursuant to confirmation by the notary on October 12, 2007, the contract for the purchase of inventory became legally effective on this date.

The present quarterly accounts were approved for publication by the Company's Management Board on November 7, 2007.

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## ASSURANCE OF THE LEGAL REPRESENTATIVES

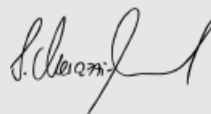
According to the best of our knowledge, we assure that, in accordance with the applicable accounting principles for half-year reporting, the consolidated interim financial statements convey a true and fair view of the Group's assets, financing, and earnings; that the development of business, including the company's earnings, and the position of the Group are presented in the Group interim management report in such a way, that a true and fair view of actual circumstances is conveyed; and that the significant opportunities and risks pertaining to the prospective development of the Group in the remainder of the financial year are described.



Hans-Milo Halhuber  
Chairman and member of the  
management board



Bernd Rothe  
Management board member



Sabine Merazzi-Weirich  
Management board member

## CONTACT

If you should have further questions concerning our company  
or if you like to sign up for the company mailing list please contact:

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More information about our company and our facilities: [www.curanum.de](http://www.curanum.de)

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