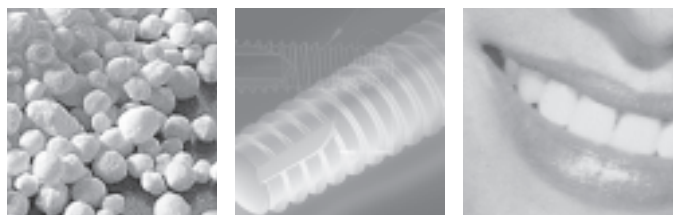




Interim Report 2nd Quarter 2006



For the period from 1 January to 30 June 2006

 CONSOLIDATED GROUP

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

 SHARE DATA

WKN / ISIN / Symbol	549 453 / DE 000 549 453 8 / CUR
Type of stock	No-par-value common stock
Share volume	5.75 million
Free float	53.74 %
Closing price 2.1.06 /	
Closing price 30.6.06 (Xetra)	Euro 3.05 / Euro 2.30
High closing price /	
Low closing price (Xetra)	Euro 2,20 / Euro 3,13
Trading volume Xetra and Frankfurt (1.7.05-30.6.06)	Euro 10.91 million
Market capitalisation as at 30.6.06	Euro 13.23 million
Free float factor acc. to Deutsche Börse AG	0.5374
Free float market capitalisation as at 30.6.06	Euro 7.1 million

 KEY FIGURES

Euro million	1.1.-30.6.06	1.1.-30.6.05	Change
Sales	4.11	3.94	4.3 %
– Biomaterials	3.34	3.25	2.8 %
– Pharmaceuticals	0.77	0.69	11.6 %
EBIT	(1.67)	(0.91)	(83.5 %)
Cash Flow	(1.93)	(0.16)	
Employees (absolute)	77	76	1.3 %

 DEAR SHAREHOLDERS, BUSINESS ASSOCIATES
AND STAFF,

Our second quarterly report for the 2006 financial year outlines the performance of curasan AG and its subsidiary companies for the period from the beginning of January to the end of June 2006.

In the first six months, revenue increased by 4% compared with the same period a year ago. Both the Bio-materials and the Pharmaceuticals segment contributed to this growth. Revenue for the second quarter does not include sales generated from the dental implant system REVOIS®, as distribution of this product did not commence until July. Thus, rollout was slightly later than originally planned.

In June, we had the pleasure of meeting many of you at our sixth General Meeting of Shareholders in Aschaffenburg. All points on the agenda were approved with an overwhelming majority. Moreover, we were encouraged by the factual nature of the meeting and shareholders' appreciation of our decision to focus our sales activities on the dental market, while also continuing with our research and development work in the field of regenerative medicine.

In June, curasan AG was certified in accordance with DIN EN ISO 13485:2003 Medical Devices – Quality Management Systems – Requirements for Regulatory Purposes. The new quality management system fulfils not only all the requirements set out in European legislation on medical devices, it also complies with the provisions of the US Food and Drug Administration (FDA).

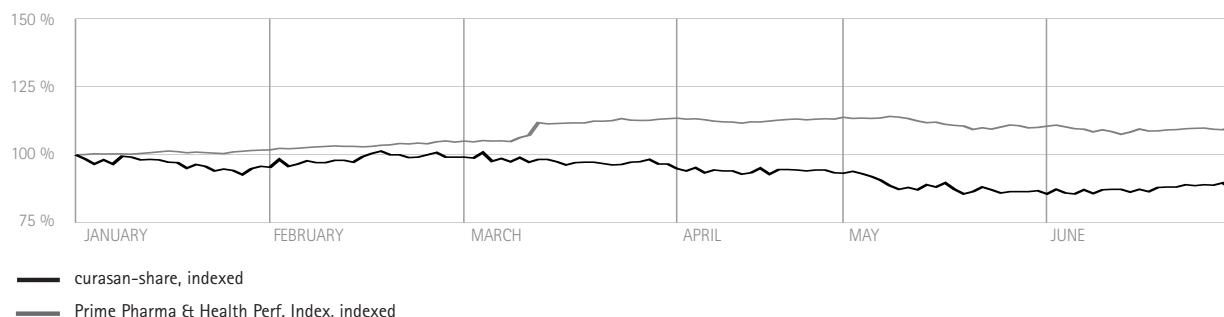
In June, curasan AG also announced the launch of a Guided Positioning Implant System (GPIS), a device which will allow dental implantologists to reduce treatment times per patient by around 50%.

We would like to express our gratitude to our shareholders, business associates and employees for the trust placed in us.

curasan AG
The Management Board

Kleinostheim, July 2006

CURASAN SHARE PERFORMANCE



OUR SHARES

Over the course of the second quarter of 2006 curasan's share price moved between the parameters of EUR 2.20 and EUR 2.77. In spite of the fact that the company's financial results for the first quarter included a year-on-year increase in revenue of 27%, curasan shares lost ground, recovering only towards the end of the quarter. General volatility within the markets impacted on investor sentiment, the adverse effects of which were also felt by curasan shares.

At the end of June, curasan announced the launch of a new product which, alongside REVOIS®, extends the company's product portfolio within the dental market. With the help of the so-called Guided Positioning Implant System (GPIS), dental implantologists can reduce treatment times per patient by around 50%. These promising innovations are expected to have a positive impact on curasan's share price.

SALES OF THE PRODUCT DIVISIONS

Consolidated revenue for the first six months of 2006 rose by 4% compared with the same period a year ago. Growth was driven by both the Biomaterials and the Pharmaceuticals segment.

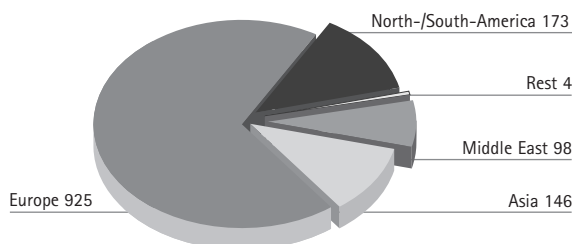
Within the Biomaterials segment, higher revenues were attributable in particular to Cerasorb®. Demand for Cerasorb® was buoyant both in Germany and abroad. Within this context Cerasorb® M recorded the highest growth rates. In the Pharmaceuticals segment revenues associated with Mitem® increased substantially.

Despite this growth, revenue fell short of our original targets. This is due to the fact that our former US sales partners Spinal Concepts and Ascension Orthopedics

are no longer working for the company. A court hearing scheduled to take place after the arbitration proceedings – these proceedings had proved successful for curasan – was postponed; further details are likely to emerge over the course of the coming quarter. Additionally, the launch of the dental system REVOIS® had to be put on hold until the beginning of July.

At the end of June, foreign sales stood at EUR 1.3 million. This corresponds to 32.7% of total revenue (prev. year: 35.4%). External sales generated by our subsidiary in the United States were significantly higher than in the same period a year ago, while curasan Benelux recorded sales at a level comparable to last year's figure.

Export Sales



In terms of segment results for the first six months, the main emphasis was on Biomaterials. A year ago, the Pharmaceuticals segment had failed to meet its targets as a direct result of supply-side delays relating to Mitem®. In the period under review, however, this segment succeeded in attaining its higher target. The segment loss was more pronounced in the period under review due to rising costs. Segment assets declined year on year, particularly as regards other assets, following the sale to a bank of an outstanding receivable connected with Delta Select GmbH. Segment investments and segment depreciation remained more or less unchanged compared with the same period a year ago. Segment liabilities were scaled back considerably following the settlement of trade accounts payable.

Segment reporting (period)

(€'000)	Pharma	Bio	N.A.	Total	Germany	Abroad	N.A.
Segment revenues							
2006	370	1,355	0	1,725	1,217	508	0
2005	623	1,758	0	2,381	1,864	517	0
Segment results							
2006	(361)	(770)	(141)	(1,272)	(684)	(447)	(141)
2005	(122)	(279)	(118)	(519)	(121)	(280)	(118)
Segment investments							
2006	0	5	0	5	5	0	0
2005	0	14	0	14	14	0	0
Segment depreciation							
2006	0	148	0	148	148	0	0
2005	0	123	0	123	123	0	0

Segment reporting (year)

(€'000)	Pharma	Bio	N.A.	Total	Germany	Abroad	N.A.
Segment revenues							
2006	963	2,969	0	3,932	2,974	958	0
2005	757	3,762	0	4,519	3,086	1,433	0
Segment results							
2006	(540)	(903)	(228)	(1,671)	(809)	(634)	(228)
2005	(253)	(447)	(219)	(919)	(234)	(466)	(219)
Segment investments							
2006	0	5	0	5	5	0	0
2005	0	14	0	14	14	0	0
Segment depreciation							
2006	0	296	0	296	296	0	0
2005	0	242	0	242	242	0	0
Segment assets							
2006	715	7,433	0	8,148	5,463	2,685	0
2005	1,315	11,038	0	12,353	8,416	3,937	0
Segment liabilities							
2006	403	1,655	0	2,058	1,460	598	0
2005	398	2,241	0	2,639	1,840	799	0

RESEARCH, DEVELOPMENT, AND REGULATORY AFFAIRS

R&D activities associated with new products progressed in line with corporate planning in the period under review. For this purpose, we invested in a high temperature oven and a high-performance attritor.

On 1 June 2006 we filed a patent application with the German Patent and Trademark Office, covering resorbable biomaterials for bone regeneration that can be produced economically and can be tailored to specific customer requirements.

In the second quarter, we also launched new publications on the successful use of Cerasorb® M in dentistry as well as oral and maxillofacial surgery.

The materials-related assessments required for the registration of our REVOIS® implant system in the United States were completed in the period under review, which means that an application can be made in the third quarter as planned.

CONSOLIDATED INCOME STATEMENT (IAS / IFRS)

(€'000)	Quarter 1.4. – 30.6.06	Quarter 1.4. – 30.6.05	Acc. 1.1. – 30.6.06	Acc. 1.1. – 30.6.05
Revenues	1,964	2,265	4,110	3,947
Other operating income	(135)	211	101	377
Changes in inv. of finished goods and work in progress	(104)	(95)	(279)	195
Production for own fixed assets capitalized	0	0	0	0
Cost of materials / services purchased	872	997	1,539	1,640
Personnel expenses	1,029	1,024	1,936	2,048
Depreciation and amortization	148	123	296	242
Other operating expenses	948	756	1,832	1,508
Operating income/loss	(1,272)	(519)	(1,671)	(919)
Interest income and expenditure	(12)	(22)	(16)	(30)
Other income/expenses	0	0	0	0
Result before taxes	(1,284)	(541)	(1,687)	(949)
Income tax	425	230	569	382
Net income/loss	(859)	(311)	(1,118)	(567)
Earning per share (IAS)	(0.15)	(0.06)	(0.19)	(0.11)
Earning per share (DVFA/SG)	(0.15)	(0.06)	(0.19)	(0.11)
Average number of shares (IAS)	5,750	5,000	5,750	5,021
Cash Earnings per share (DVFA)	(0.20)	(0.08)	(0.24)	(0.14)

INCOME STATEMENT

In the first six months of the financial year, sales revenue totalled EUR 4.1 million (prev. year: EUR 3.9 million). Other operating income fell by EUR 276 thousand year on year – a year ago income had been generated from a major event which only takes place every two years. Compared with the same period a year ago, stock levels of internally produced goods were scaled back substantially by EUR 279 thousand (prev. year: inventory increase of EUR 195 thousand).

The cost of sales at Group level amounted to EUR 1.5 million. In relation to total output – i.e. net sales plus inventory changes plus work performed by the enterprise and capitalised – this corresponds to 40.2% (prev. year: 39.6%)

Full-Time Employees	30.6.06	31.12.05	30.6.05
Marketing / Sales	33	31	30
Operations	19	19	21
Research / Registration	6	5	6
Finance / Controlling	5	5	5
Central Division	5	5	6
Total	68	65	68

At 68 (full-time basis), the overall headcount remained unchanged year on year.

Depreciation and amortisation expense relating to property, plant and equipment as well as intangible assets and goodwill increased in the period under review due to additional write-downs of intangible assets.

Compared with the same period a year ago, other operating expense rose by EUR 0.3 million. This increase is mainly due to front-end costs associated with the market launch of REVOIS®; in addition, we had to pay legal fees for proceedings against former sales partners in the US.

The loss before interest and taxes amounted to EUR 1.7 million (prev. year: EUR 0.9 million). Having accounted for interest expense and deferred taxes, the net loss for the period was EUR 1.1 million (prev. year: EUR 0.6 million).

BALANCE SHEET AND CASH FLOW

The year-on-year increase in cash and cash equivalents is attributable to the sale of a purchase consideration receivable from Delta Select GmbH. In parallel, we recorded a decline in other assets. Compared with the year-end of 2005, cash and cash equivalents fell in the first half of 2006, mainly due to the below-par operating result and outlays associated with the launch of REVOIS®.

Trade receivables increased slightly. In contrast, inventories were scaled back in the first six months.

At EUR 5.6 million, current assets are significantly higher than current liabilities, which now stand at EUR 1.7 million.

Intangible assets are slightly lower than in the same period a year ago. Deferred taxes increased as a result of the net loss for the period.

Trade payables were reduced considerably in the period under review.

The improved equity ratio stands at 85.5 % (prev. year: 84.3).

At the end of the period, cash and cash equivalents totalled EUR 1.5 million, a decline of EUR 1.9 million compared with the beginning of the reporting period. The company will generate additional cash upon the launch of REVOIS®. Over the past months, preliminary outlays connected with inventories as well as expenditure on pre-marketing for REVOIS® led to an outflow of cash.

CONSOLIDATED BALANCE SHEET (IAS / IFRS)

(€'000)	30.6.06	31.12.05
ASSETS		
Current assets		
Cash and cash equivalents	1,472	3,405
Securities held as current assets	0	0
Trade accounts receivable	946	714
Inventories	2,556	2,850
Prepaid expenses and other current assets	600	617
Total current assets	5,574	7,586
Property, plant and equipment	1,722	1,805
Intangible assets	2,150	2,305
Goodwill	0	0
Deferred taxes	7,243	6,674
Other assets	174	354
Total assets	16,863	18,724
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	660	456
Trade accounts payable	598	1,273
Accrued expenses	206	400
Other current liabilities	243	285
Short-term liabilities, total	1,707	2,414
Long-term debt	55	44
Pension accrual	393	383
Other non current-liabilities	296	320
Shareholders' equity		
Share capital	5,750	5,750
Additional paid in capital	20,803	20,803
Adjustment item currency differences	(28)	5
Profit/loss carried forward	(10,995)	(9,051)
Annual result	(1,118)	(1,944)
Total shareholders' equity	14,412	15,563
Total liabilities and shareholders' equity	16,863	18,724

STATEMENT OF CASH FLOW (IAS / IFRS)

(€'000)	1.1. – 30.6.06	1.1. – 30.6.05
Net income / loss	(1,118)	(567)
Depreciation of fixed assets	296	242
Unscheduled depreciation of current assets	0	0
Payment invalid assets (deferred taxes)	(569)	(382)
Increase in long-term accruals	10	14
Proceeds from fixed asset disposals	0	0
Increase / Decrease in inventories, receivables and other assets	79	(520)
Increase / Decrease in accounts payable and other liabilities	(968)	(308)
Cash Flow from operating activities	(2,270)	(1,521)
Expenditure in investments in fixed assets	(58)	(25)
Proceeds from sale of business unit	180	590
Cash Flow from investing activities	122	565
Proceeds from capital increase	0	462
Investments / proceeds from the negotiation / liquidation of bonds and debts	215	331
Cash Flow from financing activities	215	793
Change in cash and cash equivalents	(1,933)	(163)
Other changes in cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the period	3,405	775
Cash and cash equivalents at the end of the period	1,472	612

DIRECTORS' HOLDINGS

Name	Position	i. thsd. Stock	Change since 31.12.05
Hans-Dieter Rössler	Chairman of the Executive Board	2,127	0
Dr. Detlef Wilke	Chairman of Supervisory Board	12	0

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders'Equity million Euro	Share Capital	Reserves	Acc. Deficit	Total
Status as at 1.1.06	5.75	20.80	(10.99)	15.56
Acc. net loss	0.00	(0.03)	(1.12)	(1.15)
Status as at 30.6.06	5.75	20.77	(12.11)	14.41
Status as at 1.1.05	5.0	19.8	(9.0)	15.80
Acc. net loss	0.3	0.2	(0.6)	(0.15)
Status as at 30.6.05	5.3	20.0	(9.6)	15.65

OUTLOOK

On 23 September 2006, curasan AG will once again be hosting its specialist congress on implantology, by the name »Frankfurter Implantologie Tage« (FIT). This year's motto: »FIT 10 – Fit for the Future«. The anniversary event has attracted a number of well-known speakers. They will be discussing the medical indications for the use of pure-phase β -Tricalciumphosphate (Cerasorb®) as a bone regeneration material as well as their experiences with this product. Other topics include the requirements of a modern implant system in terms of material specifications and design, as well as the latest developments relating to doctors' fees within the area of implantology and patient information.

This year's venue for the event will be the Deutsche Bibliothek in Frankfurt am Main, which is the central archival library and national bibliographic centre for the Federal Republic of Germany. This location provides the perfect setting for the symposium, as well as creating a thematic link between the curasan specialist literature service and the publications accessible at the National Library.

We have also planned a number of Investor Relations events, as part of which we will be presenting our future aspirations to analysts and representatives of the business press.

The next quarterly report will be published on 14 November 2006.

