

**CONTINUCARE CORPORATION REPORTS  
FINANCIAL RESULTS FOR  
SECOND QUARTER OF FISCAL 2007**

Miami, FL February 8, 2007 – Continucare Corporation (AMEX: CNU) today reported financial results for its second quarter of fiscal 2007 and the six months ended December 31, 2006. Financial highlights for the quarter and other recent events include:

- Introduction of Continucare ValuClinic™;
- Completion of Miami Dade Health Centers acquisition and integration proceeding as planned;
- Total revenue of \$55.4 million, an 89% increase from \$29.4 million in the second quarter of fiscal 2006;
- Income from operations of \$2.2 million compared to \$2.3 million for the same period last year; and
- Net income of \$1.4 million, or \$0.02 per diluted share, as compared to \$1.5 million, or \$0.03 per diluted share, for the same period a year ago.

Results of operations for the second quarter of fiscal 2007 include approximately \$0.1 million of charges relating to the restructuring of the former Miami Dade Health Centers, which we acquired on October 1, 2006. Continucare had previously estimated that restructuring charges would be between \$0.5 million and \$0.7 million. The lower actual amount is primarily attributable to lower than estimated lease termination costs. Continucare does not expect to incur material restructuring charges related to Miami Dade Health Centers in future periods.

**Six-Month Results**

For the six-months ended December 31, 2006, total revenue increased 54% to \$91.3 million compared to \$59.3 million in the same period one year ago. Income from operations during the six-month period was \$4.3 million compared to \$4.5 million for the same period one year ago. Net income for the six-month period was \$2.8 million, or \$0.05 per diluted share, compared to \$2.9 million, or \$0.06 per diluted share, one year earlier.

“Activity is at a high level and we continue to make important advances with our business,” said Richard C. Pfenniger, Jr., Continucare’s Chairman and Chief Executive Officer. “Our second fiscal quarter revenues increased substantially with a significant portion of the improvement relating to the inclusion within our operations of the recently acquired Miami Dade Health Centers. We are pleased with the integration effort to date. We have completely integrated the management teams, consolidated three facilities – two medical centers and one outpatient diagnostic imaging center – into other existing facilities, and are working diligently to realize other expected efficiencies from the combination, including, in particular, those relating

to medical utilization. We continue to believe that the acquisition will be accretive to earnings during the first full year of combined operations.

“Our financial position following the acquisition of Miami Dade Health Centers remains strong and is improving. In connection with the acquisition, we incurred approximately \$7.6 million of consolidated net indebtedness and used a significant portion of our available cash. Since the closing, however, we have repaid nearly all of the increased indebtedness and begun replenishing our cash position.

“We are also continuing to prepare for the opening of our first Continucare ValuClinic™ health centers. We are making good progress and currently expect to have our first four health centers, which will be located within Sedano’s Pharmacy stores in South Florida, opened sometime in the Spring of this year,” concluded Mr. Pfenniger.

## **Balance Sheet**

Continucare’s cash and cash equivalents were \$1.8 million at December 31, 2006 compared to \$10.7 million at June 30, 2006, while working capital was \$7.4 million at December 31, 2006 compared to \$15.6 million at June 30, 2006. Total liabilities were \$12.8 million at December 31, 2006 as compared to \$4.7 million at June 30, 2006. Shareholders’ equity increased to \$99.3 million at December 31, 2006 from \$37.0 million at June 30, 2006.

## **About Continucare ValuClinic™**

Continucare ValuClinic™ is a new line of consumer-oriented, retail-based health centers which will offer treatment for common illnesses such as the flu, bronchitis, strep throat, pink eye, skin infections and seasonal allergies, in a quick, convenient, and patient-friendly health care setting. Continucare ValuClinic™ will also offer other high demand health care services such as common vaccinations, physical examinations and diagnostic screenings. The clinics will be staffed primarily by certified nurse practitioners and physician assistants and will be open seven days a week with extended hours on weekdays. No appointment will be necessary and fees for services will represent a meaningful discount to care provided in more traditional health care settings.

## **About Continucare Corporation**

Continucare provides primary care physician services on an outpatient basis through a network of medical facilities and independent physician affiliates (IPAs) in the State of Florida. Continucare has 18 medical offices equipped with state-of-the-practice technology and staffed with experienced physicians and a comprehensive support staff. In addition, Continucare provides health practice management services to IPAs who practice primary care medicine in South Florida. Continucare assists these physicians with medical utilization and pharmacy management and specialist network development, freeing them to devote more time to patient care. Currently, through its network of medical facilities and IPAs, Continucare provides health care services for approximately 40,000 patients. For more information please visit [www.continucare.com](http://www.continucare.com).

*Except for historical matters contained herein, statements made in this press release are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors and others are cautioned that forward-looking statements are subject to risks and uncertainties that may affect our business and prospects and cause our actual results to differ materially from those set forth in the forward-looking statements. These factors include, without limitation, the risk that the current trend in revenue or income growth may not continue or may be less than anticipated, risks and uncertainties relating to our ability to implement our growth strategy and to manage future growth, including our ability to achieve expected levels of patient volumes and control the costs of providing services, risks and uncertainties relating to our acquisition of Miami Dade Health Centers, Inc. and its affiliated companies, including the risk that we may not realize the expected benefits of the acquisition and that the acquisition may not ultimately be accretive to earnings, the risk that we may be unable to successfully complete the integration of the Miami Dade Health Centers companies into our business and achieve expected synergies, and the risk that further restructuring or other acquisition-related charges may be required in future periods, risks relating to the timely opening of Continucare ValuClinic health centers as currently scheduled, risks relating to pricing and other pressures exerted on us by managed care organizations, the risk that the impact of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 and the Medicare Risk Adjustment on payments we receive for our managed care operations may not continue to be positive for us, the risk that future legislation, changes in governmental regulations, including possible changes in Medicare programs, could adversely impact our operations or reduce reimbursements to health care providers and insurers, risks and uncertainties relating to our current dependence on two HMOs for substantially all of our revenues, including our ability to work together effectively with our HMO affiliates, uncertainties relating to technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, health care, and general economic conditions and uncertainties generally associated with the health care business. These and other applicable risks, cautionary statements and factors that could cause actual results to differ from our forward-looking statements are included in our annual report on Form 10-K for the fiscal year ended June 30, 2006 and other filings with the SEC. We undertake no obligation to update or revise these forward-looking statements to reflect events or circumstances after the date hereof except as required by law.*

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**CONTINUCARE CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<b>ASSETS</b>	<b>December 31, 2006</b>	<b>June 30, 2006</b>
Current assets:		
Cash and cash equivalents .....	\$ 1,819,324	\$ 10,681,685
Other receivables, net .....	274,820	231,832
Due from HMOs, net of a liability for incurred but not reported medical claims expense of approximately \$20,436,000 and \$14,207,000 at December 31, 2006 and June 30, 2006, respectively .....	9,006,113	6,339,526
Prepaid expenses and other current assets .....	1,504,565	689,096
Deferred tax assets, net .....	1,263,118	658,768
Total current assets .....	13,867,940	18,600,907
Certificates of deposit, restricted .....	1,157,727	1,126,987
Property and equipment, net .....	8,509,630	824,220
Goodwill, net of accumulated amortization of approximately \$7,610,000 .....	76,309,510	14,342,510
Intangible assets, net of accumulated amortization of \$360,000 .....	7,070,168	-
Managed care contracts, net of accumulated amortization of approximately \$2,949,000 and \$2,773,000 at December 31, 2006 and June 30, 2006, respectively .....	560,828	737,234
Deferred tax assets, net .....	4,456,762	5,519,095
Other assets, net .....	173,610	551,927
Total assets .....	\$ 112,106,175	\$ 41,702,880
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 978,830	\$ 575,925
Accrued expenses and other current liabilities .....	5,484,325	2,401,933
Total current liabilities .....	6,463,155	2,977,858
Capital lease obligations, less current portion .....	136,695	112,068
Deferred tax liability .....	6,181,504	1,638,034
Other liability .....	39,068	-
Total liabilities .....	12,820,422	4,727,960
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.0001 par value: 100,000,000 shares authorized; 70,003,567 shares issued and outstanding at December 31, 2006 and 50,242,478 shares issued and outstanding at June 30, 2006 .....	7,000	5,024
Additional paid-in capital .....	123,369,117	63,838,051
Accumulated deficit .....	(24,090,364)	(26,868,155)
Total shareholders' equity .....	99,285,753	36,974,920
Total liabilities and shareholders' equity .....	\$ 112,106,175	\$ 41,702,880

**CONTINUCARE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>
Revenue:		
Medical services revenue, net .....	\$ 55,276,078	\$ 29,246,624
Management fee revenue and other income .....	123,529	136,082
Total revenue .....	<u>55,399,607</u>	<u>29,382,706</u>
Operating expenses:		
Medical services:		
Medical claims .....	40,123,259	20,147,583
Other direct costs .....	<u>6,393,501</u>	<u>3,134,753</u>
Total medical services .....	<u>46,516,760</u>	<u>23,282,336</u>
Administrative payroll and employee benefits .....	2,740,149	1,782,539
General and administrative .....	<u>3,932,673</u>	<u>2,015,741</u>
Total operating expenses .....	<u>53,189,582</u>	<u>27,080,616</u>
Income from operations .....	2,210,025	2,302,090
Other income (expense):		
Interest income .....	50,621	63,689
Interest expense .....	<u>(36,187)</u>	<u>(4,832)</u>
Income before income tax provision .....	2,224,459	2,360,947
Income tax provision .....	<u>843,784</u>	<u>903,097</u>
Net income .....	<u>\$ 1,380,675</u>	<u>\$ 1,457,850</u>
Net income per common share:		
Basic .....	<u>\$ .02</u>	<u>\$ .03</u>
Diluted .....	<u>\$ .02</u>	<u>\$ .03</u>
Weighted average common shares outstanding:		
Basic .....	<u>70,091,102</u>	<u>49,764,617</u>
Diluted .....	<u>71,232,537</u>	<u>51,134,864</u>

**CONTINUCARE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

	<b>Six Months Ended</b>	
	<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>
Revenue:		
Medical services revenue, net .....	\$ 91,157,993	\$ 58,976,261
Management fee revenue and other income .....	175,211	277,596
Total revenue .....	<u>91,333,204</u>	<u>59,253,857</u>
Operating expenses:		
Medical services:		
Medical claims .....	67,184,301	41,553,762
Other direct costs .....	9,704,695	6,267,177
Total medical services .....	<u>76,888,996</u>	<u>47,820,939</u>
Administrative payroll and employee benefits .....	4,365,384	3,177,886
General and administrative .....	5,769,032	3,717,949
Total operating expenses .....	<u>87,023,412</u>	<u>54,716,774</u>
Income from operations .....	4,309,792	4,537,083
Other income (expense):		
Interest income .....	204,743	122,831
Interest expense .....	(39,121)	(7,801)
Income before income tax provision .....	4,475,414	4,652,113
Income tax provision .....	1,697,623	1,755,511
Net income .....	<u>\$ 2,777,791</u>	<u>\$ 2,896,602</u>
Net income per common share:		
Basic .....	<u>\$ .05</u>	<u>\$ .06</u>
Diluted .....	<u>\$ .05</u>	<u>\$ .06</u>
Weighted average common shares outstanding:		
Basic .....	<u>60,169,568</u>	<u>49,813,860</u>
Diluted .....	<u>61,377,276</u>	<u>51,192,371</u>

**CONTINUCARE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>Six Months Ended December 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income .....	\$ 2,777,791	\$ 2,896,602
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	830,052	353,507
Loss on disposal of fixed assets .....	35,924	-
Provision for bad debts.....	105,795	19,171
Recognition of compensation expense related to issuance of stock options .....	752,258	616,438
Deferred tax expense .....	1,296,780	1,688,989
Changes in operating assets and liabilities, excluding the effects of disposals:		
Other receivables, net .....	(148,783)	88,527
Due from HMOs, net.....	(418,791)	(2,306,208)
Prepaid expenses and other current assets.....	(815,469)	(85,099)
Other assets, net.....	762,739	20,795
Accounts payable .....	340,649	(264,616)
Accrued expenses and other current liabilities .....	114,091	(511,181)
Net cash provided by continuing operations .....	5,633,036	2,516,925
Net cash used in discontinued operations.....	-	(32,512)
Net cash provided by operating activities.....	5,633,036	2,484,413
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificates of deposit .....	(30,740)	(13,550)
Proceeds from sales of fixed assets.....	25,000	-
Acquisition of MDHC Companies, net of cash acquired.....	(6,033,017)	-
Purchase of property and equipment.....	(512,114)	(105,276)
Acquisition costs related to MDHC Companies .....	(359,147)	-
Net cash used in investing activities.....	(6,910,018)	(118,826)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable .....	1,813,317	-
Repayments on note payable.....	(1,813,317)	(520,000)
Proceeds from long-term debt.....	6,916,079	-
Repayment on long-term debt.....	(14,679,439)	-
Excess tax benefit from exercise of stock options .....	249,362	-
Principal repayments under capital lease obligations .....	(46,836)	(74,450)
Proceeds from exercise of stock options.....	17,275	358,668
Payment of fees related to issuance of stock.....	(41,820)	-
Repurchase and retirement of common stock .....	-	(696,134)
Net cash used in financing activities .....	(7,585,379)	(931,916)
Net increase (decrease) in cash and cash equivalents.....	(8,862,361)	1,433,671
Cash and cash equivalents at beginning of period.....	10,681,685	5,780,544
Cash and cash equivalents at end of period.....	\$ 1,819,324	\$ 7,214,215
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for taxes .....	\$ 164,000	\$ -
Cash paid for interest.....	\$ 39,121	\$ 7,801

**CONTINUCARE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>Six Months Ended</b>	
	<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Purchase of equipment, furniture and fixtures with proceeds of capital lease obligations ...	\$ 81,736	\$ 109,106
Retirement of treasury stock .....	\$ —	\$ 5,424,701
Stock issued upon conversion of related party notes payable (102,180 shares) .....	\$ —	\$ 102,180
Information with respect to MDHC acquisition accounted for under the purchase method of accounting is summarized as follows:		
Fair value of assets acquired .....	\$18,035,473	\$ —
Liabilities assumed.....	(13,795,841)	—
Net assets acquired.....	4,239,632	—
Purchase price:		
Cash paid to principal owners of MDHC.....	5,529,352	—
Acquisition costs.....	901,313	—
Cash to be paid related to acquisition .....	1,220,000	—
Fair market value of stock issued.....	58,555,967	—
Total .....	66,206,632	—
Goodwill .....	\$61,967,000	\$ —