

CONTINUOCARE CORPORATION REPORTS FINANCIAL RESULTS FOR FOURTH QUARTER AND FISCAL YEAR 2006

*- Fourth Quarter And Full Year Adjusted Income From Operations Increased
13% And 78%, Respectively, From Same Periods One Year Ago -*

Miami, FL September 18, 2006 – Continucare Corporation (AMEX: CNU) today reported financial results for its fourth quarter of fiscal 2006 and fiscal year ended June 30, 2006. Financial highlights for the fiscal quarter included:

- Total revenue of \$36.2 million, a 24% increase from \$29.1 million in the fourth quarter of fiscal 2005;
- Income from operations of \$1.3 million compared to \$4.0 million for the same period last year;
- Income before income taxes of \$1.4 million compared to \$4.0 million in the fourth quarter of fiscal 2005; and
- Net income of \$1.1 million, or \$0.02 per diluted share, compared to net income of \$11.2 million, or \$0.21 per diluted share a year ago.

Full Year Results

For the fiscal year ended June 30, 2006, total revenue was \$133.0 million compared to \$112.2 million in the same period one year ago. Income from operations during fiscal 2006 was \$7.9 million compared to \$9.3 million for the same period one year ago. Income before income taxes during fiscal 2006 was \$8.3 million compared to \$8.7 million in the year-ago period. Net income for fiscal 2006 was \$5.3 million, or \$0.10 per diluted share, compared to \$15.9 million, or \$0.31 per diluted share for fiscal 2005.

Adjusted Results

During both the fourth quarter of fiscal 2005 and the full fiscal year ended June 30, 2005 events occurred that impacted Continucare's reported financial results for those periods but which did not have a corresponding impact on the corresponding periods of fiscal 2006. Likewise, Continucare's reported financial results for the fourth quarter of fiscal 2006 and the full fiscal year ended June 30, 2006 were impacted by events which did not impact the corresponding periods of fiscal 2005. Continucare believes it is helpful to investors to discuss those events and to compare Continucare's financial results without giving effect to those items.

Fiscal 2005 Items

- For the fourth quarter of fiscal 2005 Continucare's income from operations included a gain on the extinguishment of debt of \$2.5 million.
- For the fiscal year ended June 30, 2005, Continucare's revenue and income from operations included a \$1.1 million one-time distribution from one of Continucare's HMO affiliates related to Medicare Advantage funding, and Continucare's income from operations included a gain on the extinguishment of debt of \$3.0 million.
- Without giving effect to these fiscal 2005 items, revenue for the fiscal year ended June 30, 2005 would have been \$111.1 million, and income from operations would have been \$1.5 million and \$5.2 million for the fourth quarter of fiscal 2005 and the fiscal year ended June 30, 2005, respectively.

Changes in Stock Option Accounting

- Continucare's results for the fourth quarter of fiscal 2006 and the fiscal year ended June 30, 2006 included \$0.3 million and \$1.3 million, respectively, of compensation expense related to stock options resulting from adoption of accounting guidance that became effective for the first quarter of fiscal 2006.
- Without giving effect to the adoption of this new stock option accounting guidance, income from operations would have been \$1.6 million and \$9.2 million for the fourth quarter of fiscal 2006 and the fiscal year ended June 30, 2006, respectively.

Comparison of Adjusted Results

- Without giving effect to the items discussed above, revenue for the fiscal year ended June 30, 2006 would have increased approximately 20% compared to the same period of fiscal 2005, and income from operations for the fourth quarter of fiscal 2006 and the fiscal year ended June 30, 2006 would have increased approximately 13% and 78%, respectively, compared to the same period a year ago.

Income Tax Provision

- In addition, the results for the fourth quarter of fiscal 2006 and the full fiscal year ended June 30, 2006 included a provision for income taxes of \$0.3 million and \$2.9 million, respectively. The fiscal 2005 periods did not reflect a provision for income tax expense because, in fiscal 2005, Continucare reduced its valuation allowance for deferred tax assets to offset income tax liabilities generated from operations. As previously announced, Continucare eliminated its valuation allowance for its deferred tax assets and recognized a tax benefit of \$7.2 million.

Balance Sheet

Continucare's cash and cash equivalents were \$10.7 million at June 30, 2006 compared to \$5.8 million at June 30, 2005 while working capital increased to \$15.6 million at fiscal year end from \$6.9 million at June 30, 2005 and total liabilities were reduced to \$3.1 million at June 30, 2006 from \$3.8 million at June 30, 2005. The long-term portion of debt at June 30, 2006 was \$112,000. Shareholders' equity increased to \$37.0 million at June 30, 2006 from \$30.3 million at June 30, 2005.

"We are pleased with our fiscal 2006 financial results," stated Richard C. Pfenniger, Jr., Continucare's Chairman and Chief Executive Officer. "Our adjusted operating results demonstrate the strong progress we made during the year. We remain optimistic in our ability to expand upon the opportunities available to us as a result of the current favorable market conditions in the Medicare arena."

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. The Company has 15 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 facilities similar to the Company's medical offices. 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, the Company provides health care services for approximately 24,000 patients. For more information please visit 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 proposed 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 the risk that we may be unable to successfully integrate the Miami Dade Health Centers companies into our business and achieve expected synergies, 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.

Contact:

Fernando L. Fernandez
Senior Vice President Finance
Continucare Corporation
7200 Corporate Center Drive, Suite 600
Miami, Florida 33126
(305) 500-2105

CONTINUCARE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2006	June 30, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,681,685	\$ 5,780,544
Other receivables, net	231,832	144,973
Due from HMOs, net	6,339,526	3,485,530
Prepaid expenses and other current assets	689,096	719,577
Deferred tax assets, net	658,768	585,571
Total current assets	18,600,907	10,716,195
Certificates of deposit, restricted	1,126,987	530,350
Equipment, furniture and leasehold improvements, net.....	824,220	670,665
Goodwill, net	14,342,510	14,342,510
Managed care contracts, net	737,234	1,090,046
Deferred tax assets, net	3,881,061	6,721,353
Other assets, net	551,927	66,816
Total assets	\$ 40,064,846	\$ 34,137,935
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 575,925	\$ 660,139
Accrued expenses and other current liabilities	2,401,933	2,620,802
Note payable	-	520,000
Total current liabilities.....	2,977,858	3,800,941
Capital lease obligations, less current portion	112,068	38,361
Total liabilities	3,089,926	3,839,302
Commitments and contingencies		
Shareholders' equity:		
Common stock	5,024	4,960
Additional paid-in capital	63,838,051	67,924,068
Accumulated deficit.....	(26,868,155)	(32,205,694)
Treasury stock	-	(5,424,701)
Total shareholders' equity	36,974,920	30,298,633
Total liabilities and shareholders' equity	\$ 40,064,846	\$ 34,137,935

CONTINUCARE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited)		Year Ended	
	Three-Months Ended		6/30/06	
	6/30/06	6/30/05	6/30/06	6/30/05
Revenue:				
Medical services revenue, net	\$ 36,192,717	\$ 28,986,500	\$ 132,629,665	\$111,316,174
Management fee revenue and other income	19,535	147,480	361,247	914,939
Total revenue	<u>36,212,252</u>	<u>29,133,980</u>	<u>132,990,912</u>	<u>112,231,113</u>
Operating expenses:				
Medical services:				
Medical claims	28,141,372	21,511,053	97,781,447	81,104,665
Other direct costs	3,373,086	2,855,987	13,137,396	12,648,297
Total medical services	<u>31,514,458</u>	<u>24,367,040</u>	<u>110,918,843</u>	<u>93,752,962</u>
Administrative payroll and employee benefits	1,544,635	1,403,358	6,538,295	5,107,672
General and administrative	1,837,454	1,910,150	7,584,205	7,059,602
Gain on extinguishment of debt	-	(2,500,000)	-	(3,000,000)
Total operating expenses	<u>34,896,547</u>	<u>25,180,548</u>	<u>125,041,343</u>	<u>102,920,236</u>
Income from operations	1,315,705	3,953,432	7,949,569	9,310,877
Other income (expense):				
Interest income	121,778	46,465	331,001	108,000
Interest expense	(2,291)	(2,847)	(12,870)	(702,946)
Income before income tax provision (benefit)	<u>1,435,192</u>	<u>3,997,050</u>	<u>8,267,700</u>	<u>8,715,931</u>
Income tax provision (benefit)	327,020	(7,175,561)	2,930,161	(7,175,561)
Net income	<u>\$ 1,108,172</u>	<u>\$ 11,172,611</u>	<u>\$ 5,337,539</u>	<u>\$ 15,891,492</u>
Net income per common share:				
Basic	<u>\$.02</u>	<u>\$.22</u>	<u>\$.11</u>	<u>\$.32</u>
Diluted	<u>\$.02</u>	<u>\$.21</u>	<u>\$.10</u>	<u>\$.31</u>
Weighted average common shares outstanding:				
Basic	<u>50,197,034</u>	<u>49,971,498</u>	<u>49,907,898</u>	<u>50,231,870</u>
Diluted	<u>51,516,141</u>	<u>52,079,377</u>	<u>51,230,435</u>	<u>52,006,064</u>

CONTINUCARE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	\$ 5,337,539	\$ 15,891,492
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amortization of deferred financing costs	695,095	1,258,289
Provision for bad debts	163,105	15,787
Recognition of compensation expense related to issuance of stock options ..	1,292,235	264,802
Gain on extinguishment of debt	-	(3,000,000)
Deferred tax expense (benefit).....	2,767,095	(7,306,924)
Changes in operating assets and liabilities, excluding the effect of disposals:		
Other receivables	(249,964)	262,455
Due from HMOs, net	(2,853,996)	(783,652)
Prepaid expenses and other current assets.....	30,481	171,230
Other assets	(125,965)	33,667
Accounts payable.....	(84,214)	155,988
Accrued expenses and other current liabilities.....	(98,580)	894,710
Net cash provided by continuing operations.....	6,872,831	7,857,844
Net cash used in discontinued operations	(32,512)	(151,399)
Net cash provided by operating activities	6,840,319	7,706,445
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit.....	(596,637)	(500,000)
Proceeds from maturity of certificates of deposit	-	101,165
Purchase of property and equipment.....	(280,675)	(421,586)
Other assets	(359,147)	-
Net cash used in continuing operations.....	(1,236,459)	(820,421)
Net cash used in discontinued operations	-	-
Net cash used in investing activities	(1,236,459)	(820,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	1,040,000
Repayments on note payable	(520,000)	(520,000)
Payment of fees related to private placement transactions.....	-	(98,244)
Payments on related party notes	-	(7,882)
Principal repayments under capital lease obligations	(127,053)	(74,630)
Proceeds from exercise of stock options.....	640,468	91,699
Repurchase and retirement of common stock	(696,134)	(2,256,783)
Net cash used in financing activities.....	(702,719)	(1,825,840)
Net increase in cash and cash equivalents.....	4,901,141	5,060,184
Cash and cash equivalents at beginning of fiscal year	5,780,544	720,360
Cash and cash equivalents at end of fiscal year	\$ 10,681,685	\$ 5,780,544
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Retirement of treasury stock	\$ 5,424,701	\$ 2,256,783
Stock issued upon conversion of related party notes payable.....	\$ 102,180	\$ 14,550
Purchase of equipment, furniture and fixtures with proceeds of capital lease obligations	\$ 215,162	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for taxes.....	\$ 270,000	\$ -
Cash paid for interest	\$ 12,870	\$ 40,229