

**CONTINUCARE CORPORATION REPORTS RECORD
FINANCIAL RESULTS FOR
FOURTH QUARTER AND FULL FISCAL 2005**

*- Fourth Fiscal Quarter and Full Year Revenue 10% Higher Than One Year Ago -
- Fourth Fiscal Quarter and Full Year Income From Operations Increase 215% and 85%, Respectively -
- Fourth Fiscal Quarter and Full Year EPS Significantly Higher Than One Year Ago -
- Balance Sheet Significantly Improved -*

Miami, FL, September 19, 2005 – Continucare Corporation (AMEX: CNU) today reported financial results for its fourth quarter of fiscal 2005 and fiscal year ended June 30, 2005.

Fourth Quarter Results

For the fourth quarter of fiscal 2005, total revenue increased 10% to \$29.1 million compared to \$26.5 million for the fourth quarter of fiscal 2004. Income from operations during the fourth quarter of fiscal 2005 increased 215% to \$4.0 million compared to \$1.3 million for the same period one year ago. Income from continuing operations before tax benefit in the fourth quarter of fiscal 2005 increased 302% to \$4.0 million compared to \$1.0 million in the year-ago period. There was no income or loss from discontinued operations during either the fourth quarter of fiscal 2005 or in the year-ago period. Net income for the fourth quarter of fiscal 2005 was \$11.2 million, or \$0.21 per diluted share, compared to net income of \$1.0 million, or \$0.02 per diluted share, one year ago.

Full Year Results

For the fiscal year ended June 30, 2005, total revenue increased 10% to \$112.2 million compared to \$101.8 million for fiscal 2004. Income from operations during fiscal 2005 increased 85% to \$9.3 million compared to \$5.0 million for the same period one year ago. Income from continuing operations before tax benefit during fiscal 2005 increased 40% to \$8.7 million compared to \$6.2 million in the prior fiscal year. There was no income or loss from discontinued operations during fiscal 2005 compared to a loss of \$1.6 million in the year-ago period. Net income for fiscal 2005 was \$15.9 million, or \$0.31 per diluted share, compared to net income of \$4.7 million, or \$0.09 per diluted share, one year ago.

Income from continuing operations during fiscal 2004 included \$2.2 million of other income that related to a previously disclosed settlement of an alleged Medicare obligation. Income from operations during fiscal 2005 and 2004 and the fourth quarters of both years included a gain on extinguishment of debt. In fiscal years 2005 and 2004, the gain was \$3.0 million and \$0.9 million, respectively. In the fourth quarter of fiscal 2005 and 2004, the gain was \$2.5 million and \$0.5 million, respectively. These gains related to a previously disclosed arrangement to extinguish an obligation to an HMO, and the obligation to that HMO has now been fully extinguished. Also, income from continuing operations for the fourth fiscal quarter of 2005 and the full year includes a one-time tax benefit of \$7.2 million which resulted from the elimination of our valuation allowance for deferred tax assets. These items will not contribute to Continucare's results of operations for future periods.

The discontinued operations reflected in Continucare's financial results for the fiscal 2004 period relate to its former home health operations which were disposed of in a series of transactions completed in the third fiscal quarter of fiscal 2004 and a group of independent physician contracts terminated effective January 1, 2003.

Balance Sheet

Continucare's cash and cash equivalents increased to \$5.8 million at June 30, 2005 from \$0.7 million one year earlier, while total liabilities were reduced to \$3.8 million at the end of fiscal 2005 from \$5.5 million one year earlier. The long-term portion of long-term debt at June 30, 2005 was \$38,000. Working capital increased by \$7.4 million to \$6.9 million at June 30, 2005 from a working capital deficit of \$0.5 million one year earlier, and shareholders' equity increased by \$13.9 million to \$30.3 million at June 30, 2005 from \$16.4 million one year earlier.

"Fiscal 2005 was a record year for Continucare," commented Richard C. Pfenniger, Jr., Continucare's Chief Executive Officer. "Revenues grew and profits increased significantly. At the same time, our financial position, as evidenced by our balance sheet, improved dramatically. During the course of the past fiscal year, we completed the transformation of Continucare. Our company is now a profitable, prosperous and growing enterprise. In the new fiscal year we intend to build on the successes of the past two years by pursuing more robust internal growth and seeking further improvement in operating efficiencies while continuing our commitment to prudent financial discipline."

Share Repurchase Plan

Continucare also announced that to date it has repurchased 957,467 shares of its common stock at a total cost of approximately \$2.5 million under a previously announced 2,500,000 share stock repurchase program. An aggregate of 1,542,533 shares remain available for purchase under the plan. The plan authorizes management, in its discretion, to repurchase shares from time to time on the open market or in privately negotiated transactions subject to market conditions and other factors.

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 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, the risk that we may not conduct repurchases of our common stock in the full amount authorized under our repurchase program, the risk that any repurchases of our common stock that we effect may adversely impact our future liquidity or capital resources, 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, 2005 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

	June 30, 2005	June 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 5,780,544	\$ 720,360
Other receivables, net.....	144,973	423,215
Due from HMOs, net of a liability for incurred but not reported medical claims expense of approximately \$11,700,000 and \$11,450,000 at June 30, 2005 and 2004, respectively.....	3,485,530	2,701,878
Prepaid expenses and other current assets.....	719,577	992,321
Deferred tax assets, net.....	585,571	-
Total current assets.....	10,716,195	4,837,774
Certificates of deposit, restricted.....	530,350	30,000
Equipment, furniture and leasehold improvements, net.....	670,665	492,054
Goodwill, net of accumulated amortization of approximately \$7,608,000.....	14,342,510	14,342,510
Managed care contracts, net of accumulated amortization of approximately \$2,422,000 and \$2,069,000 at June 30, 2005 and 2004, respectively.....	1,090,046	1,442,858
Deferred financing costs, net of accumulated amortization of \$222,500 at June 30, 2004.....	-	662,502
Deferred tax assets, net.....	6,721,353	-
Other assets, net.....	66,816	100,483
Total assets.....	\$ 34,137,935	\$ 21,908,181
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 660,139	\$ 504,151
Accrued expenses and other current liabilities.....	2,620,802	1,794,019
Note payable.....	520,000	-
Deferred revenue.....	-	3,000,000
Total current liabilities.....	3,800,941	5,298,170
Capital lease obligations, less current portion.....	38,361	101,177
Related party notes payable, less current portion.....	-	117,717
Total liabilities.....	3,839,302	5,517,064
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.0001 par value: 100,000,000 shares authorized; 52,591,895 shares issued and 49,595,702 shares outstanding at June 30, 2005 and 53,296,379 shares issued and 50,300,186 shares outstanding at June 30, 2004.....	4,960	5,031
Additional paid-in capital.....	67,924,068	69,907,973
Accumulated deficit.....	(32,205,694)	(48,097,186)
Treasury stock, 2,996,193 shares at June 30, 2005 and 2004.....	(5,424,701)	(5,424,701)
Total shareholders' equity.....	30,298,633	16,391,117
Total liabilities and shareholders' equity.....	\$ 34,137,935	\$ 21,908,181

CONTINUCARE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited)		Year Ended			
	Three-Months Ended		6/30/05		6/30/04	
	6/30/05	6/30/04	6/30/05	6/30/04	6/30/05	6/30/04
Revenue:						
Medical services revenue, net	\$ 28,986,500	\$ 26,327,520	\$111,316,174	\$101,123,346		
Management fee revenue and other income	147,480	164,242	914,939	700,756		
Total revenue	29,133,980	26,491,762	112,231,113	101,824,102		
Operating expenses:						
Medical services:						
Medical claims	21,511,053	20,400,851	81,104,665	76,333,580		
Other direct costs	2,855,987	2,904,081	12,648,297	11,665,894		
Total medical services	24,367,040	23,304,932	93,752,962	87,999,474		
Administrative payroll and employee benefits	1,403,358	904,909	5,107,672	3,822,949		
General and administrative	1,910,150	1,525,589	7,059,602	5,821,871		
Gain on extinguishment of debt	(2,500,000)	(500,000)	(3,000,000)	(850,000)		
Total operating expenses	25,180,548	25,235,430	102,920,236	96,794,294		
Income from operations	3,953,432	1,256,332	9,310,877	5,029,808		
Other income (expense):						
Interest income	46,465	2,000	108,000	4,793		
Interest expense	(2,847)	(263,155)	(702,946)	(1,006,082)		
Medicare settlement related to terminated operations	-	-	-	2,218,278		
Income from continuing operations before income tax benefit	3,997,050	995,177	8,715,931	6,246,797		
Income tax benefit	7,175,561	-	7,175,561	-		
Income from continuing operations	11,172,611	995,177	15,891,492	6,246,797		
Income (loss) from discontinued operations:						
Home health operations	-	-	-	(1,666,934)		
Terminated IPA	-	-	-	73,091		
Loss from discontinued operations	-	-	-	(1,593,843)		
Net income	<u>\$ 11,172,611</u>	<u>\$ 995,177</u>	<u>\$ 15,891,492</u>	<u>\$ 4,652,954</u>		
Basic net income (loss) per common share:						
Income from continuing operations	\$.22	\$.02	\$.32	\$.14		
Loss from discontinued operations	-	-	-	(.03)		
Net income per common share	<u>\$.22</u>	<u>\$.02</u>	<u>\$.32</u>	<u>\$.11</u>		
Diluted net income (loss) per common share:						
Income from continuing operations	\$.21	\$.02	\$.31	\$.12		
Loss from discontinued operations	-	-	-	(.03)		
Net income per common share	<u>\$.21</u>	<u>\$.02</u>	<u>\$.31</u>	<u>\$.09</u>		
Basic weighted average common shares outstanding	49,971,498	47,728,126	50,231,870	43,763,835		
Diluted weighted average common shares outstanding	<u>52,079,377</u>	<u>52,194,597</u>	<u>52,006,064</u>	<u>49,232,716</u>		

CONTINUCARE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 15,891,492	\$ 4,652,954
Loss from discontinued operations.....	–	1,593,843
Income from continuing operations.....	15,891,492	6,246,797
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amortization of deferred financing costs.....	1,258,289	1,201,675
Provision for bad debts.....	15,787	104,296
Recognition of compensation expense related to issuance of stock options	264,802	–
Medicare settlement related to terminated operations	–	(2,218,278)
Gain on extinguishment of debt	(3,000,000)	(850,000)
Deferred tax benefit.....	(7,306,924)	–
Changes in operating assets and liabilities, excluding the effect of disposals:		
Other receivables.....	262,455	(12,450)
Due from HMOs, net.....	(783,652)	(1,287,409)
Prepaid expenses and other current assets	171,230	(105,724)
Other assets	33,667	3,763
Accounts payable	155,988	(179,337)
Accrued expenses and other current liabilities	894,710	(608,629)
Net cash provided by continuing operations	7,857,844	2,294,704
Net cash used in discontinued operations.....	(151,399)	(998,872)
Net cash provided by operating activities	7,706,445	1,295,832
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	(500,000)	(30,000)
Proceeds from maturity of certificates of deposit.....	101,165	29,743
Purchase of property and equipment	(421,586)	(144,585)
Net cash used in continuing operations	(820,421)	(144,842)
Net cash used in discontinued operations.....	–	(938)
Net cash used in investing activities.....	(820,421)	(145,780)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	1,040,000	–
Payments on note payable	(520,000)	–
Proceeds from issuance of stock in private placement transaction.....	–	3,464,609
Payment of fees related to private placement transactions	(98,244)	–
Payments on convertible subordinated notes.....	–	(233,716)
Payments on related party notes.....	(7,882)	(35,953)
Principal repayments under capital lease obligations.....	(74,630)	(76,000)
Payment of deferred financing costs	–	(15,000)
Proceeds from exercise of stock options	91,699	351,370
Repurchase of common stock.....	(2,256,783)	–
Payments on credit facility.....	–	(2,315,000)
Repayments to Medicare per agreement	–	(1,730,745)
Net cash used in financing activities	(1,825,840)	(590,435)
Net increase in cash and cash equivalents	5,060,184	559,617
Cash and cash equivalents at beginning of fiscal year	720,360	160,743
Cash and cash equivalents at end of fiscal year	\$ 5,780,544	\$ 720,360