

CONTINUOCARE CORPORATION REPORTS FINANCIAL RESULTS FOR THIRD QUARTER OF FISCAL 2006

*- Third Quarter Revenue Grew 26% -
- Income From Operations Increased 27% -*

Miami, FL, May 11, 2006 – Continucare Corporation (AMEX: CNU) today reported financial results for its third quarter of fiscal 2006 and the nine-months ended March 31, 2006. Financial highlights for the fiscal quarter included:

- Total revenues of \$37.5 million, a 26% increase from \$29.8 million in the third quarter of fiscal 2005;
- Income from operations of \$2.1 million, a 27% increase from \$1.7 million for the same period last year;
- Income before income taxes of \$2.2 million, a 48% increase from \$1.5 million in the third quarter of fiscal 2005; and
- Net income of \$1.3 million, or \$0.03 per diluted share, compared to net income of \$1.5 million, or \$0.03 per diluted share a year ago.

Nine-Month Results

For the nine-months ended March 31, 2006, total revenue increased 16% to \$96.8 million compared to \$83.1 million in the same period one year ago. Income from operations during the nine-month period increased 24% to \$6.6 million compared to \$5.4 million for the same period one year ago. Income before income taxes during the nine-month period ended March 31, 2006 increased 45% to \$6.8 million compared to \$4.7 million in the year-ago period. Net income for the nine-month period was \$4.2 million, or \$0.08 per diluted share, compared to \$4.7 million, or \$0.09 per diluted share.

Adjusted Results

The nine-months ended March 31, 2005 included in revenue and income from operations a \$1.1 million one-time distribution from one of Continucare's HMO affiliates relating to Medicare Advantage funding, and also included in income from operations a \$0.5 million gain on the extinguishment of debt. Without giving effect to these items, revenue for the nine-months ended March 31, 2005 was \$81.9 million, and income from operations was \$3.7 million. Also, as required by accounting guidance relating to stock options that became effective for the first quarter of fiscal 2006, Continucare's results for the third quarter of fiscal 2006 and the nine-months ended March 31, 2006 included \$0.3 million and \$0.9 million, respectively, of compensation expense related to stock options resulting from adoption of this accounting guidance. Without giving effect to the adoption of this new accounting guidance, income from operations was \$2.4 million and \$7.6 million for the third quarter of fiscal 2006 and the nine-months ended March 31, 2006, respectively. Excluding the effect of these items, revenue for the nine-months ended March 31, 2006 increased approximately 18% compared to the same period of fiscal 2005, and income from operations for the third quarter of fiscal 2006 and the nine-months ended March 31, 2006 increased approximately 47% and 104%, respectively, compared to the same period a year ago.

In addition, the results for the third quarter of fiscal 2006 and the nine-month period ended March 31, 2006 included a provision for income taxes of \$0.8 million and \$2.6 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 during the fourth quarter of fiscal 2005.

Balance Sheet

Continucare's cash and cash equivalents were \$8.8 million at March 31, 2006 compared to \$5.8 million at June 30, 2005 while working capital increased to \$14.7 million at quarter-end from \$6.9 million at June 30, 2005 and total liabilities were reduced to \$2.6 million at March 31, 2006 from \$3.8 million at June 30, 2005. The long-term portion of debt at March 31, 2006 was \$52,000. Shareholders' equity increased to \$35.5 million at March 31, 2006 from \$30.3 million at June 30, 2005.

"We are proud to have turned in another outstanding quarter which reflected significant growth in revenues, meaningfully improved profit, and a solid cash position," said Richard C. Pfenniger, Jr. Continucare's Chairman and Chief Executive Officer. "We have worked hard to make our business more competitive in the marketplace and our third quarter results demonstrate our success. Moving forward we will continue to actively seek opportunities for growth by leveraging our infrastructure to serve more patients, expanding our network of IPAs and complementing our organic efforts with acquisitions."

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 26,000 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 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, 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 STATEMENTS OF INCOME (Unaudited)

	Three-Months Ended	
	March 31,	
	2006	2005
Revenue:		
Medical services revenue, net	\$ 37,460,690	\$ 29,608,640
Management fee revenue and other income	64,114	166,801
Total revenue.....	37,524,804	29,775,441
Operating expenses:		
Medical services:		
Medical claims	28,086,314	21,976,703
Other direct costs	3,497,134	3,019,984
Total medical services	31,583,448	24,996,687
Administrative payroll and employee benefits	1,815,775	1,312,965
General and administrative	2,028,805	1,810,418
Total operating expenses	35,428,028	28,120,070
Income from operations	2,096,776	1,655,371
Other income (expense):		
Interest income	86,398	40,223
Interest expense	(2,779)	(224,139)
Income before income tax provision	2,180,395	1,471,455
Income tax provision	847,630	-
Net income	<u>\$ 1,332,765</u>	<u>\$ 1,471,455</u>
Net income per common share:		
Basic	<u>\$.03</u>	<u>\$.03</u>
Diluted	<u>\$.03</u>	<u>\$.03</u>
Weighted average common shares outstanding:		
Basic	<u>49,832,351</u>	<u>50,345,997</u>
Diluted	<u>51,046,373</u>	<u>52,373,915</u>

CONTINUCARE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Nine-Months Ended March 31,	
	2006	2005
Revenue:		
Medical services revenue, net	\$ 96,436,949	\$ 82,329,781
Management fee revenue and other income	341,710	767,459
Total revenue.....	96,778,659	83,097,240
Operating expenses:		
Medical services:		
Medical claims	69,640,075	59,593,218
Other direct costs	9,764,311	9,717,310
Total medical services	79,404,386	69,310,528
Administrative payroll and employee benefits	4,993,661	3,780,809
General and administrative	5,746,754	5,148,457
Gain on extinguishment of debt	-	(500,000)
Total operating expenses	90,144,801	77,739,794
Income from operations	6,633,858	5,357,446
Other income (expense):		
Interest income	209,229	61,534
Interest expense	(10,580)	(700,099)
Income before income tax provision	6,832,507	4,718,881
Income tax provision	2,603,141	-
Net income	\$ 4,229,366	\$ 4,718,881
Net income per common share:		
Basic	\$.08	\$.09
Diluted	\$.08	\$.09
Weighted average common shares outstanding:		
Basic	49,820,024	50,319,126
Diluted	51,143,705	51,982,091

CONTINUCARE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

ASSETS	<u>March 31, 2006</u>	<u>June 30, 2005</u>
Current assets:		
Cash and cash equivalents	\$ 8,802,949	\$ 5,780,544
Other receivables, net.....	200,761	144,973
Due from HMOs, net of a liability for incurred but not reported medical claims expense of approximately \$13,700,000 and \$11,700,000 at March 31, 2006 and June 30, 2005, respectively	6,868,227	3,485,530
Prepaid expenses and other current assets	797,558	719,577
Deferred tax assets, net.....	585,571	585,571
Total current assets	<u>17,255,066</u>	<u>10,716,195</u>
Certificates of deposit, restricted.....	548,373	530,350
Equipment, furniture and leasehold improvements, net.....	755,070	670,665
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 \$2,687,000 and \$2,422,000 at March 31, 2006 and June 30, 2005, respectively	825,436	1,090,046
Deferred tax assets, net.....	4,214,135	6,721,353
Other assets, net	151,358	66,816
Total assets	<u>\$ 38,091,948</u>	<u>\$ 34,137,935</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 432,156	\$ 660,139
Accrued expenses and other current liabilities	2,037,561	2,489,439
Note payable	-	520,000
Income taxes payable	87,286	131,363
Total current liabilities	<u>2,557,003</u>	<u>3,800,941</u>
Capital lease obligations, less current portion	52,043	38,361
Total liabilities	<u>2,609,046</u>	<u>3,839,302</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.0001 par value: 100,000,000 shares authorized; 50,130,812 shares issued and outstanding at March 31, 2006 and 52,591,895 shares issued and 49,595,702 shares outstanding at June 30, 2005.....	5,013	4,960
Additional paid-in capital.....	63,454,217	67,924,068
Accumulated deficit	(27,976,328)	(32,205,694)
Treasury stock, 2,996,193 shares at June 30, 2005	-	(5,424,701)
Total shareholders' equity	<u>35,482,902</u>	<u>30,298,633</u>
Total liabilities and shareholders' equity	<u>\$ 38,091,948</u>	<u>\$ 34,137,935</u>

CONTINUCARE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine-Months Ended March 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	\$ 4,229,366	\$ 4,718,881
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amortization of deferred financing costs.....	518,897	1,101,481
Provision for bad debts.....	159,518	-
Stock-based compensation expense.....	959,140	261,627
Deferred tax expense.....	2,507,218	-
Gain on extinguishment of debt	-	(500,000)
Changes in operating assets and liabilities, excluding the effect of disposals:		
Other receivables	(215,306)	199,710
Due from HMOs, net	(3,382,697)	306,554
Prepaid expenses and other current assets.....	(77,981)	65,091
Other assets	(4,206)	33,178
Accounts payable	(227,983)	25,848
Accrued expenses and other current liabilities	(313,913)	727,905
Income taxes payable.....	(44,077)	-
Net cash provided by continuing operations.....	4,107,976	6,940,275
Net cash used in discontinued operations.....	(32,512)	(89,454)
Net cash provided by operating activities	4,075,464	6,850,821
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(18,023)	(398,835)
Purchase of equipment and furniture.....	(229,587)	(406,578)
Other assets	(80,336)	-
Net cash used in investing activities	(327,946)	(805,413)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable.....	-	1,040,000
Payments on note payable.....	(520,000)	(259,051)
Payment of fees related to private placement transaction.....	-	(98,244)
Payments on related party notes	-	(4,358)
Principal repayments under capital lease obligations	(98,697)	(56,470)
Proceeds from exercise of stock options.....	589,718	91,700
Repurchase and retirement of common stock	(696,134)	(346,410)
Net cash (used in) provided by financing activities	(725,113)	367,167
Net increase in cash and cash equivalents.....	3,022,405	6,412,575
Cash and cash equivalents at beginning of period.....	5,780,544	720,360
Cash and cash equivalents at end of period	\$ 8,802,949	\$ 7,132,935