


Geratherm®



Interim Report
3rd Quarter of 2007

"Investing in Health Care"

Course of Business from 1 January to 30 September 2007

- turnover as per Q III 2007 + 6.7 %; EBIT + 15.8 %
- favorable development of operations
- weaker financial result; EPS 14 cents (p.y.: 24 cents)

Dear shareholders of and interested parties in Geratherm Medical,

We were able to achieve a favorable business development in the third quarter of 2007. The turnover (+ 20.4 %) as well as the result of operations (+ 23.4 %) were clearly higher than in the comparable period of last year. However, the very high result from the financial division – as in the last year – could not be repeated again in the current quarter. Despite the clearly better development of operations in the third quarter of 2007, there was only a result per share of 4 cents (p.y.: 16 cents) because of the lower financial results during the period in question.

Facts and Figures

(in kEUR)

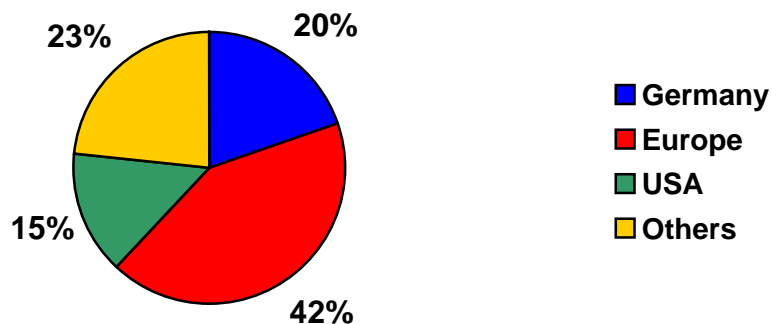
	III/07	II/07	I/07	IV/06	III/06
Turnover	2,009	2,183	2,086	2,709	1,668
EBITDA	11.1%	9.2%	9.6%	15.0%	12.4%
EBIT	144	124	131	314	116
EPS (EUR)	0.04	0.06	0.04	0.18	0.16
Cashflow	203	192	187	215	187

Turnover development by 30 September 2007

A clearly higher turnover of + 6.7 % could be achieved during the first nine months. There were strong turnover impulses from the Asian markets and the South American region. The turnover of kEUR 6,278 during the first nine months was achieved – as in the previous year – with an export share of 80 %. The domestic market grew with a plus of 6.3 % and was thus clearly above the growth rates of the previous years. The turnover of Geratherm Medical was generated mainly by the foreign business.

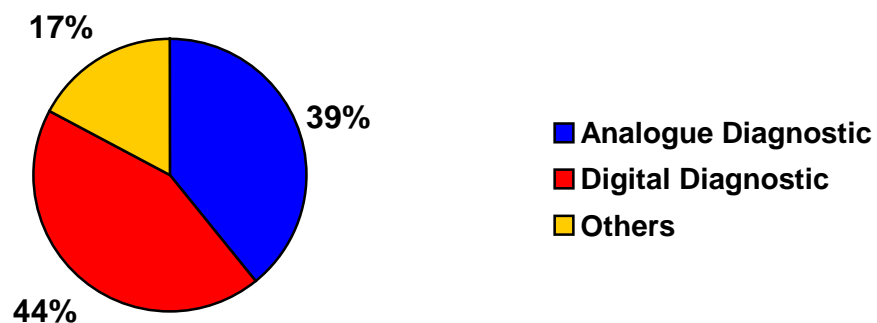
The turnover split across the respective regions has not changed much. Despite a dropping dollar, we were able to achieve a turnover plus of 4.0 % in the US market, as compared to the previous year's period. The turnover in the other European countries remained stable with a plus of 1.4 %. Within the group of Other Countries, the highest growth rates were to be found in Asia, displaying a plus of 47.8 % and South America a plus of 47.0 %. The subsidiary Geratherm do Brasil is on a course of growth – as in the previous year.

Turnover by regions 01.01.- 30.09.2007



Digital Diagnostic Products proved to be the mainstay of turnover with a share of 43.6 % and a turnover of kEUR 2,738. This segment grew above average with a plus of 11.3 % also in the year 2007. The second largest product segment is constituted by the Analogue Diagnostic Products with a share of 39.3 %. This segment saw a slight turnover decrease of 1.4 %.

Turnover by segments 01.01.- 30.09.2007



The turnover share of the segment Other Products increased above average by 16.6 %. The growth in turnover is due especially to the new product area of Warming Systems, which recorded a turnover of kEUR 395 (+66.0 %). The turnover of the cardio segment, with its apoplex medical technologies GmbH subsidiary, recorded invoice sales in the amount of kEUR 27 for the first time. The company is planning to increase the turnover significantly over the months to come. The Geratherm Group turnover stood at kEUR 6,278 for the first nine months of the current business year.

Earnings situation

The earnings situation from the main business has improved considerably – as compared to the previous year. The high start-up losses of the new business divisions, however, reflect this improvement only insufficiently. Despite the burden posed by the consolidation of the losses of apoplex (kEUR -181) and Respiratory (kEUR -21), there was a clear increase in the earnings quality. The cost-cutting program at the end of the year as well as the higher turnover have had a positive impact. As we are purchasing approximately 46 % of our goods on a dollar basis meanwhile, high operative profits could be achieved on the basis of the currency situation.

Gross earnings of the first nine months increased by 10.7 % to reach kEUR 3,724. The gross margin amounted to 59.3 %. The gross result (EBITDA) stood at kEUR 623 (previous year: kEUR 596). The operating result (EBIT) in the amount of kEUR 399 for the first nine months of the business year 2007 displayed a growth of 15.8 % and was thus considerably over the result achieved over the same period last year.

As per 30 September 2007, we were able to achieve a positive financial result in the amount of kEUR 201 (previous year: 753 kEUR). The interest yield amounted to kEUR 80 (previous year: kEUR 73). Much fewer securities were sold by the balancing day, so that the financial results were considerably lower than in the previous year's period. In total, a result from ordinary business activity in the amount of kEUR 600 was generated from the operating result and the financial result. Due to lacking financial results, this was 45.3 % lower than that of the comparative period during the last year. The Group's after tax result (EAT) amounted to kEUR 626 during the first nine months of 2007 (previous year: kEUR 1,068), which corresponds with a decline of 41.4 %. The earnings per share were 14 cents for the first nine months of the business year (previous year 24 cents).

Assets and financial situation

The Geratherm Medical company features a sound asset situation. The balance sum of EUR 17.8 million was constituted mainly by equity capital. The equity capital ratio amounted to 89.8 % and was, thus, slightly lower than during the comparable period of last year.

As per 30 September 2007, the company held cash and securities in the amount of EUR 7.5 million (previous year: EUR 8.2 million). The return on equity amounted to 5.2 % over the first nine months (previous year: 8.4 %).

As regards the assets, the greatest changes were recorded in the short-term assets, receivables and cash. Due to the strong increase in turnover, greater stocks were needed, so that the item of finished products and goods increased considerably by 24.5 % to reach kEUR 3,202. There was a clear decrease in the receivables from deliveries and services, which were reduced by 21.9 % to reach kEUR 1,848, due to the inflow of larger receivables.

By shifting cash into securities, the item of cash was reduced significantly in favor of securities. By 30 September 2007, the stock of securities amounted to kEUR 6,441 (previous year: kEUR 3,787).

The cashflow from the operating activity increased significantly over the previous year to reach kEUR 908 (previous year: kEUR -300) during the first nine months. The cashflow from investments amounted to kEUR -3,309 (previous year: kEUR -1,313), relating to the balancing date, which is due to new securities investments in the health care area. The cashflow from financing activity amounted to kEUR -1,643. This item reflects mainly the dividend payout in the amount of EUR 1.8 million for the business year 2006. The cash balance at the end of the reporting period stood at kEUR 1,085 (previous year: 2,912 kEUR).

Research and development

The research and development activities mainly concentrated on new product developments in the new Geratherm business areas of **Temperature Management, Cardio and Respiratory** during the first nine months of 2007. In the area of Temperature Management, we are currently focussing on the development of a new generation of warming systems, which we will introduce internationally as of the middle of next year. In the Cardio area, we are continuing our efforts to broaden the group of users for the stroke monitor. At the German Prevention Congress in Dresden, on 24 October 2007, our subsidiary apoplex was awarded the Innovation Prize 2007 of the Kaufmännische Krankenkasse (KKH) sick fund for the development of the early stroke warning system, the so-called SRA method. In future, the KKH sick fund will support the introduction of the method. The new products in the Respiratory area are currently undergoing the licensing process. Market launch is planned for the beginning of 2008.

Miscellaneous

On 30 September 2007, the Geratherm Group employed a total of 78 staff members (31 December 2006: 74 staff members). 93.6 % of the staff members are employed in Germany.

For the fourth quarter of 2007, we expect a positive course of business. The turnover growth of Geratherm should continue also in the fourth quarter; with a clear increase in the operating earning quality. The order from the US military for warming systems has not been placed yet but should not impair the development planned so far up to the end of the year.

There are significant risks for Geratherm through changing framework conditions, such as exchange rates, raw material prices and the capital market development.

The European Parliament adopted the Directive on the "Restriction of certain mercury containing measuring devices" on 10 June 2007. The member states will apply the Guideline "Law on the Ban of Mercury" as of 3 April 2009, at the latest. As of this point in time, only mercury-free products may be put into circulation. The new legal situation should have a positive impact on the Geratherm Medical course of business as of 2009.

GERATHERM

AT A GLANCE

Group financial ratio	Jan.-Sep. 2007	Jan.-Sep. 2006	Change
Sales	6,278 kEUR	5,881 kEUR	6.7%
Export share	5,043 kEUR	4,719 kEUR	6.9%
Export ratio	80 %	80 %	0.0%
Gross profit (EBITDA)	623 kEUR	596 kEUR	4.5%
EBITDA – Margin	9.9 %	10.1 %	-2.0%
Amortization and depreciation	-224 kEUR	-252 kEUR	-11.1%
Operating results (EBIT)	399 kEUR	344 kEUR	15.8%
Result of ordinary activities	600 kEUR	1,097 kEUR	-45.3%
Financial results	201 kEUR	753 kEUR	-73.2%
Group period result (EAT)	626 kEUR	1,068 kEUR	-41.4%
Long-term assets	5,206 kEUR	5,174 kEUR	0.6%
Short-term assets	12,577 kEUR	13,107 kEUR	-4.0%
Total assets	17,783 kEUR	18,281 kEUR	-2.7%
Equity capital	15,965 kEUR	17,039 kEUR	-6.3%
Return on equity	5.2 %	8.4 %	-37.4%
Equity ratio	89.8 %	93.2 %	-3.6%
Cash, cash equivalents and securities	7,526 kEUR	8,170 kEUR	-7.9%
Earnings per share according to IFRS (EPS)*	0.14 EUR	0.24 EUR	-41.7%
Earnings per Share according to DVFA*	0.14 EUR	0.24 EUR	-41.7%
Number of employees at end of the period	78	74	5.4%
Individual shares	4,500,000	4,500,000	
* based on individual shares in circulation	4,500,000	4,500,000	

Consolidated profit and loss statement of 1 January 2007 to 30 September 2007

	July-Sep. 2007 EUR	July-Sep. 2006 EUR	Change	Jan.-Sep. 2007 EUR	Jan.-Sep. 2006 EUR	Change
Sales revenues	2,008,339	1,667,556	20.4%	6,277,613	5,880,909	6.7%
Change in inventory of semi-finished and finished products	48,454	170,703	-71.6%	105,853	267,980	-60.5%
Other capitalized own work	124,201	24,987	> 100.0%	198,219	76,182	>100.0%
Other operating income	37,379	44,729	-16.4%	96,099	126,289	-23.9%
	2,218,373	1,907,975	16.3%	6,677,784	6,351,360	5.1%
Cost of materials						
Cost of raw materials, consumables and						
Goods for resale	-871,216	-802,528	8.6%	-2,759,645	-2,815,769	-2.0%
Costs of purchased services	-44,155	-77,873	-43.3%	-194,136	-171,960	12.9%
	-915,371	-880,401	4.0%	-2,953,781	-2,987,729	-1.1%
Gross profit or loss	1,303,002	1,027,574	26.8%	3,724,003	3,363,631	10.7%
Personnel expenses						
Wages and salaries	-436,927	-370,440	17.9%	-1,333,571	-1,218,457	9.4%
Social security, pension and other benefits	-100,272	-83,979	19.4%	-289,122	-275,190	5.1%
	-537,199	-454,419	18.2%	-1,622,693	-1,493,647	8.6%
Amortization of intangible assets and depreciation of tangible assets	-77,912	-89,939	-13.4%	-223,807	-251,644	-11.1%
Other operating expenses	-544,168	-366,709	48.4%	-1,478,762	-1,274,013	16.1%
Operating result	143,723	116,507	23.4%	398,741	344,327	15.8%
Dividend income	0	16,079	-100.0%	17,198	57,654	-70.2%
Income from securities trading	2,020	582,694	-99.7%	128,834	656,932	-80.4%
Losses from securities trading	-4,165	0		-4,165	-35,069	-88.1%
Securities-related expenses	-5,830	0		-20,585	0	
Other interest and similar income	13,498	18,879	-28.5%	82,343	84,152	-2.1%
Interest and other expenses	-207	-2,796	-92.6%	-2,136	-11,001	-80.6%
Financial result	5,316	614,856	-99.1%	201,489	752,668	-73.2%
Profit (loss) on ordinary activities	149,039	731,363	-79.6%	600,230	1,096,995	-45.3%
Income taxes	-6,760	-16,769	-59.7%	-40,281	-50,772	-20.7%
Net profit for the period	142,279	714,594	-80.1%	559,949	1,046,223	-46.5%
Result allotted to other shareholders	-14,341	4,545	>-100.0%	-65,940	-22,120	>-100.0%
Group period result	156,620	710,049	-77.9%	625,889	1,068,343	-41.4%
EBITDA	221,635	206,446	7.4%	622,548	595,971	4.5%
Earnings per share undiluted	0.04	0.16	-75.0%	0.14	0.24	-41.7%

Consolidated balance sheet 30 September 2007

Assets	30. Sep. 2007 EUR	31. December 2006 EUR	Change
A. Long-term assets			
I. Intangible assets			
1. Development costs	469,303	356,150	31.8%
2. Software	39,421	34,951	12.8%
3. Goodwill	75,750	75,750	0.0%
	584,474	466,851	25.2%
II. Tangible assets			
1. Land, land rights and buildings	1,367,636	1,423,559	-3.9%
2. Technical equipment and machinery	229,195	229,035	0.1%
3. Other equipment, factory and office equipment	159,424	127,586	25.0%
4. Prepayments	0	10,895	-100.0%
	1,756,255	1,791,075	-1.9%
III. Deferred taxation	2,865,617	2,905,898	-1.4%
	5,206,346	5,163,824	0.8%
B. Short-term assets			
I. Inventories			
1. Raw materials and supplies	913,986	979,283	-6.7%
2. Unfinished goods	568,450	673,780	-15.6%
3. Finished goods and merchandise	1,719,996	918,701	87.2%
	3,202,432	2,571,764	24.5%
II. Receivables and other assets			
1. Trade receivables	1,697,095	2,195,113	-22.7%
2. Tax receivables	104,360	116,133	-10.1%
3. Other assets	46,919	56,876	-17.5%
	1,848,374	2,368,122	-21.9%
III. Securities	6,441,228	3,786,646	70.1%
IV. Cash and cash equivalents	1,084,554	5,129,570	-78.9%
	12,576,588	13,856,102	-9.2%
	17,782,934	19,019,926	-6.5%
Equity and Liabilities			
A. Equity capital			
I. Subscribed capital	4,500,000	4,500,000	0.0%
II. Capital reserves	7,570,000	7,570,000	0.0%
III. Other reserves	3,739,931	5,378,250	-30.5%
IV. Minority interest	155,083	56,616	>100.0%
	15,965,014	17,504,866	-8.8%
B. Investments subsidies received	572,126	608,031	-5.9%
C. Short-term debts			
1. Amounts due to banks	34,627	0	
2. Payments on accounts	31,572	22,451	40.6%
3. Trade payables	554,655	282,251	96.5%
4. Tax liabilities	30,041	47,286	-36.5%
5. Other liabilities	594,899	555,041	7.2%
	1,245,794	907,029	37.3%
	17,782,934	19,019,926	-6.5%

Group cash flow statement of 01 January 2007 to 30 September 2007

	Jan.-Sep. 2007 kEUR	Jan.- Sep. 2006 kEUR
Group period result	626	1,068
Earnings Minority interests	-66	-22
Other costs affecting income/expenses	14	0
Dividend income	-17	-58
Interest income	-82	-84
Interest costs	2	11
Decrease of deferred taxes	40	51
Depreciation on fixed assets	224	252
Income from securities trading	-129	-657
Losses from securities trading	4	35
Amortization of public grants and subsidies	-36	-59
Losses from disposal of fixed assets	2	0
Gross cash flow	582	537
Increase of inventories	-630	-873
Decrease of trade receivables and other assets	520	35
Decrease / increase in current liabilities and other liabilities	339	-130
Monies received from dividends	17	58
Monies received from interest	82	84
Cash outflow from interest	-2	-11
Cash flow from operations	908	-300
Cash outflow for investments in fixed assets	-308	-205
Monies received based on financial assets	1,507	3,844
Cash outflow based on financial assets	-4,508	-4,952
Cash flow from investments	-3,309	-1,313
Cash inflow from minority interest	157	0
Dividend payments	-1,800	-1,440
Cash flow from financing activities	-1,643	-1,440
Change in cash and cash equivalents	-4,044	-3,053
Cash and cash equivalents at beginning of the reporting period	5,129	5,965
Cash and cash equivalents at the end of the reporting period	1,085	2,912

Group equity change calculation by 30. September 2007

	Subscribed capital	Capital reserve	Other reserves			Minority interests	Equity capital
			Market valuation reserve	Currency conversion reserve	Accumulated earnings		
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
1. January 2006	4,500,000	7,570,000	150,816	4,542	4,834,408	62,522	17,122,288
Not realized profit/losses from evaluation of securities			310,445				310,445
Currency conversion in the Group				-202		-194	-396
Dividend paid out to shareholders					-1,440,000		-1,440,000
Income and expenses included in equity capital			310,445	-202	-1,440,000	-194	-1,129,951
Group period result					1,068,343	-22,120	1,046,223
30. September 2006	4,500,000	7,570,000	461,261	4,340	4,462,751	40,208	17,038,560
1. January 2007	4,500,000	7,570,000	78,591	2,205	5,297,454	56,616	17,504,866
Foundation of the subsidiary Geratherm Respiratory GmbH						157,500	157,500
Not realized profit/losses from evaluation of securities			-471,398				-471,398
Currency conversion in the Group				7,190		6,907	14,097
Dividend paid out to Shareholders					-1,800,000		-1,800,000
Income and expenses included in equity capital			-471,398	7,190	-1,800,000	6,907	-2,257,301
Group period result					625,889	-65,940	559,949
30. September 2007	4,500,000	7,570,000	-392,807	9,395	4,123,343	155,083	15,965,014

Segment reporting of 1 January 2007 to 30 September 2007

By Region	Germany		Europe		USA		Others		Total	
	Jan.- Sep. 2007	Jan.- Sep. 2006	Jan.- Sep. 2007	Jan.- Sep. 2006	Jan.- Sep. 2007	Jan.- Sep. 2006	Jan.- Sep. 2007	Jan.- Sep. 2006	Jan.- Sep. 2007	Jan.- Sep. 2006
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Sales revenues	1,235	1,162	2,651	2,614	920	885	1,472	1,220	6,278	5,881
Gross profit or loss	864	751	1,503	1,447	522	490	835	675	3,724	3,363
Operating results	93	77	161	148	56	50	89	69	399	344
including:										
Amortization of intangible assets and depreciation of tangible assets	52	56	90	108	31	37	51	51	224	252
Amortization of public grants and subsidies	7	12	15	26	5	9	9	12	36	59
Acquisition costs of fixed assets for the period	276	201	0	0	0	0	32	4	308	205
Book value of fixed assets	2,280	2,252	0	0	0	0	61	9	2,341	2,261

According to areas of activity	Analogue Diagnostic Products		Digital Diagnostic Products		Others		Total	
	Jan.-Sep. 2007	Jan.-Sep. 2006	Jan.-Sep. 2007	Jan.-Sep. 2006	Jan.-Sep. 2007	Jan.-Sep. 2006	Jan.-Sep. 2007	Jan.-Sep. 2006
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Sales revenues	2,467	2,502	2,738	2,459	1,073	920	6,278	5,881
Gross profit or loss	1,782	1,814	1,181	894	761	655	3,724	3,363
Operating results	466	466	149	146	-216	-268	399	344
Financial results							201	753
Taxes							-40	-51
Minority share in results							66	22
Group period result							626	1,068
including:								
Amortization of intangible assets and depreciation of tangible assets	68	87	44	46	112	119	224	252
Amortization of public grants and subsidies	14	25	16	25	6	9	36	59
Acquisition cost of fixed assets for the period	20	31	42	9	246	165	308	205
Book value of fixed assets	735	832	268	285	1,338	1,144	2,341	2,261
Deferred taxes					2,865	2,913	2,865	2,913
Short- term assets	2,186	2,455	1,747	1,416	8,644	9,236	12,577	13,107
Total assets	2,921	3,287	2,015	1,701	12,847	13,293	17,783	18,281
Short- term liabilities	219	44	242	44	785	531	1,246	619
Investment subsidies received					572	623	572	623

Explanation of the IFRS Interim Group Financial Statement for the period of 1 January 2007 – 30 September 2007

Applying the International Financial Reporting Standards

The Interim Group Financial Statement of Geratherm Medical AG for the third quarter of 2007 was prepared according to the rules of the International Financial Reporting Standards (IFRS), valid on the accounting date, and pursuant to the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they are to be applied bindingly within the European Union.

Consolidated companies

All consolidation principles were maintained, as detailed in the Annex of the Group Financial Statement 2006. There were changes to the group of consolidated companies during the second quarter of 2007 through the foundation of the Geratherm Respiratory GmbH.

The group of consolidated companies consists of Geratherm Medical AG, GME Rechte und Beteiligungen GmbH, Geratherm Medical do Brasil Ltda., apoplex medical technologies GmbH and Geratherm Respiratory GmbH.

Company	Shareholding
GME Rechte und Beteiligungen GmbH, Geschwenda/Germany	100 %
Geratherm Medical do Brasil Ltda., Sao Paulo/Brazil	51 %
apoplex medical technologies GmbH, Pirmasens/Germany	60 %
Geratherm Respiratory GmbH, Bad Kissingen/Germany	55 %

Principles of balancing and evaluation

The balancing and evaluation methods for assets, financial assets as well as liabilities, stocks, receivables from deliveries and services, provisions and registration of the turnover revenue were applied uniformly and according to the presentation in the Group Financial Statement 2006.

The tax accrual and deferral was established in line with the presentation in the Group Financial Statement 2006. The tax amendments to the trade and corporate tax laws were included in establishing the active tax accrual and deferral, resulting from a future tax relief through the losses brought forward by the Geratherm AG. Especially through the marketing of newly developed products, taxable profits are to be expected in the following years, through which the losses brought forward maybe used up. The active tax accrual and deferral is balanced to such an extent as it is probable that the result to be taxed in the future may be offset against the tax losses not utilized to date.

Explanations

Long-term assets

As per 30 September 2007, development cost was activated for self-developed intangible assets in the amount of kEUR 198 (previous year: kEUR 76). kEUR 85 (previous year: kEUR 76) of this sum relates to the development of the new Stroke Risk Analyser SRA IV for the prevention of strokes; kEUR 79 (previous year: kEUR 0) to the development of the new generation of warming systems and kEUR 34 (previous year: kEUR 0) to the development of a spirometer.

Further additions to the long-term assets in the amount of kEUR 110 (previous year: kEUR 129) mainly relate to substitute investments in production plant as well as other furniture and fixtures.

Short-term assets

The short-term assets display greater changes mainly in the items of securities and cash. As per 30 September 2007, the stock of securities increased by kEUR 4,508 (previous year: kEUR 4,952) through purchases. Securities were sold in the amount of kEUR 1,507 (previous year: kEUR 3,844). Thus, a profit in the amount of kEUR 129 (previous year: kEUR 657) and a loss of kEUR 4 (previous year: loss of kEUR 35) were realized. The purchasing cost as per 30 September 2007 in the amount of kEUR 6,834 (previous year: kEUR 4,797) is matched by a stock of securities evaluated as by the prices of 30 September 2007 in the amount of kEUR 6,441 (previous year: kEUR 5,258).

This results in non-realized profits and losses in the amount of kEUR -393 (previous year: kEUR 461), relating to the balancing day. These are included in the item of market evaluation provisions in equity capital.

The change in the available cash was altogether kEUR -4,044 (previous year: kEUR -3,053) as per 30 September 2007. This is mainly due to the payment of the dividends on 12 June 2007 in the amount of kEUR 1,800 (previous year: kEUR 1,440) and the investment in the form of securities.

Equity capital

The subscribed capital of Geratherm Medical AG amounted to EUR 4,500,000 on 30 September 2007 and is split into 4,500,000 shares in the name of the bearer. The subscribed capital has been paid in full. The company did not own any own shares on 30 June 2007.

The development of the Other Provisions is included in the Group Statement of Changes in Equity.

Geschwenda, dated November 2007



Dr. Gert Frank
Chairman of the Board



Thomas Robst
Director of Sales & Marketing

IR Calendar 2008

April 10, 2008	Publication Annual Report 2007
April 15, 2008	MedTech Day – analyst conference, Frankfurt
June 9, 2008	Annual General Meeting

May 21, 2008	Quarterly Report I. Quarter
August 21, 2008	Quarterly Report II. Quarter
November 20, 2008	Quarterly Report III. Quarter



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