


Geratherm®



"Investing in Health Care"

Interim Report 1st Quarter of

2008

General course of business: 1st January to 31st March 2008

- Turnover +10.6 %
- Gross margin +18.5 %
- Dollar exchange rate is a burden
- Consolidated operating result (EBIT) -11.9 %

Dear Geratherm Medical shareholders and interested parties,

The beginning of the 2008 business year has seen positive developments in the first quarter. Despite the low exchange rate of the dollar, Geratherm registered a 10.6 % increase in turnover in the first quarter of 2008. This turnover growth was influenced, in particular, by the good development of business in Germany, where an increase of 48.7 % was achieved. The new business areas, apoplex medical technologies and Respiratory, contributed earnings for the first time. The growth of these new business areas is expected to accelerate significantly during the 2nd quarter. Nevertheless, the two new areas still had an adverse effect on the quarterly result owing to start-up losses amounting to 89 kEUR.

The gross margin in the 1st quarter of 2008 was 60 %, 18.5 % higher than in the same period last year. The burden of exchange rate changes led to an operating result which was 11.9 % lower. During the 1st quarter the net earnings per share amounted to 3 cents, 1 cent less than in the same period last year.

Facts and figures

(in kEUR)

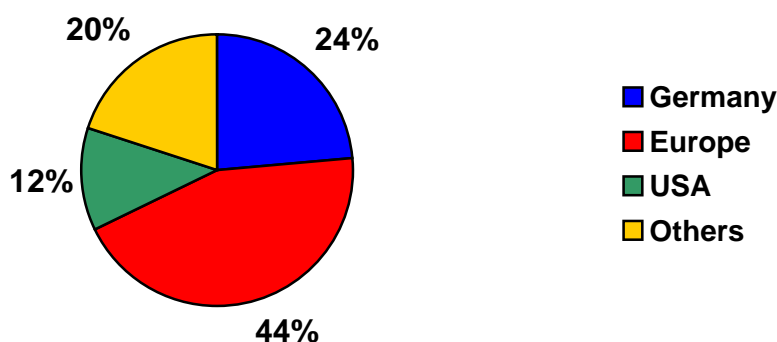
	I/08	IV/07	III/07	II/07	I/07
Turnover	2,308	2,524	2,009	2,183	2,086
EBITDA	8.3%	12.2%	11.1%	9.2%	9.6%
EBIT	115	218	144	124	131
EPS (EUR)	0.03	0.17	0.04	0.06	0.04
Cashflow	164	294	203	192	187

Turnover development

The development of turnover in the first 3 months largely corresponded to our planned expectations. The growth resulted from the good acceptance by the market of the newly launched products and the first contribution to turnover by the Respiratory and apoplex business areas, whose revenues were generated primarily on the domestic market.

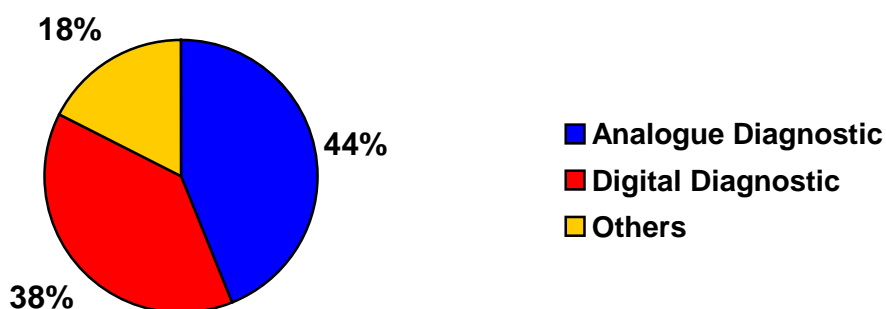
The sales markets in the Middle East and South America contributed disproportionately to the increase in turnover. Sales revenues in the USA increased in the first quarter by 6.9 % compared with the same period last year. Sales in Europe decreased by 7.7 %. The proportion of exports in overall sales revenues decreased by 7.3 % during the first quarter of 2008, accounting for a total of 76 % of group turnover as per 31st March 2008.

Turnover by regions 01.01.-31.03.2008



The main contribution to sales revenues, namely 43.9 %, was made by analogue diagnostic products, which achieved a turnover of 1,012 kEUR in the first quarter. This product group, which consists primarily of gallium thermometers, grew at an above-average rate, seeing an increase of 13.2 %.

Turnover by segments 01.01.-31.03.2008



Turnover from the Digital Diagnostics business area grew slightly, by 3.3 %, to 888 kEUR in the first quarter. The proportion of sales revenues achieved by the Other Products business area saw an above-average increase of 22.6 %, amounting to 407 kEUR. This growth was generated largely by the contributions to turnover made by the new business areas.

Earnings situation

The earnings situation has deteriorated compared with the first quarter of last year owing to higher start-up costs of the new business areas and also as a result of the weakness of the dollar. Related to the reference date, the negative effect of the dollar exchange rate alone on the consolidated operating result amounted to 76 kEUR.

The gross yield for the first three months increased by 18.5 % to 1,383 kEUR. The consolidated result (EBITDA) amounted to 192 kEUR (previous year: 201 kEUR). The consolidated operating result (EBIT), which amounted to 115 kEUR in the first three months of the business year, was 11.9 % below the value achieved in the same period last year. Earnings from financial investments amounted to 7 kEUR (previous year: 64 TEUR) and were thus very much lower than in the period of comparison. Sales of securities were not conducted in the first quarter, so that no earnings or losses were registered. Market fluctuations in the securities were recognised directly in equity and recorded in the market valuation reserves. Overall, a period result for the shareholders (EAT) of 124 kEUR (previous year: 202 kEUR) could be recorded from the operating result and the financial result. The net earnings per share for the first three months of the business year amounted to 3 cents (previous year: 4 cents).

Asset and financial position

The company Geratherm Medical has a sound financial basis. The total assets of 16.5 million EUR consist largely of equity capital. The equity ratio amounted to 88.3 % and is thus slightly lower than in the same period last year. As per 31.03.2008 the company held liquid funds and securities to a value of 6.3 million EUR (31.12.07: 7.9 million EUR). The market weakness in the first quarter was used to build up the stock of securities by 970 kEUR in order to reduce the price of the stocks held. The asset values, which had temporarily decreased at the reference date, have since recovered a little bit. We anticipate the further positive development of the biotech and healthcare shares that we hold.

On the assets side, a write-up of 60 kEUR in the intangible assets occurred owing to the higher development costs. The tangible assets increased slightly from 1,722 kEUR to 1,770 kEUR. The value of stocks of supplies remained generally stable at 2,909 kEUR. The stocks of securities decreased from 5.9 million EUR to 5.0 million EUR, which was largely ascribable to the fall in value of the securities investments.

The cash flow from operating activities amounted to 377 kEUR (previous year: 566 kEUR). The cash flow from investment activities – related to the reference date – amounts to -1,155 kEUR (previous year: -1,991 TEUR), which is mainly due to the purchase of securities investments.

The cash flow from financing activities amounted to 19 kEUR. The stocks of cash and cash equivalents at the end of the reporting period amounted to 1,326 kEUR (previous year: 3,704 kEUR).

Research and Development

Geratherm Medical's R&D activities were mainly concentrated in the first quarter – as in the previous months – on the launching of new products in the Temperature Management, Cardio and Respiratory business areas. The new generation of digital warming systems is currently undergoing the approval process. From the middle of the year, the newly developed warming systems will be launched onto the market. In the Cardio business area, all activities are currently directed towards introducing the products on a large scale within Germany. During the second quarter of 2008 the Kaufmännische Krankenkasse KKH (a health-insurance provider) will be offering the new apoplex product throughout Germany to its customers who are over the age of 50 and are subject to stroke-risk factors. Negotiations are currently underway with various suppliers and service providers in the Cardio business area. In the second quarter we will be equipping the first stroke centres with the new preventive software. In the Respiratory business area the market launch programme for the newly developed products is ongoing.

Employees

As per 31st March 2008, the Geratherm Group has a total of 83 employees (31.12.2007: 83 employees). Of these employees, 89.2 % are employed in Germany.

Outlook

For the second quarter of 2008 we anticipate a positive course of business. The increase in turnover should continue in the second quarter of 2008. We also anticipate that the start-up losses of the new business areas will decrease considerably over the next few months. The value of the stocks of biotech and healthcare shares held by the company, which has temporarily been low, is also expected to recover in the second quarter.

Geratherm faces risks in the current business year from changing general economic circumstances, such as currency exchange rates, prices of raw materials and developments on the capital market. Thanks to its sound financial basis and healthy capital structure, however, Geratherm Medical has the means to ensure the anticipated growth and the financing of the new business areas and to minimise any possible risks.

We look forward to greeting our shareholders at this year's Annual General Meeting at 2 p.m. on 9th June 2008, at the Hotel "Hessischer Hof" in Frankfurt am Main. On that day we shall be pleased to answer any further questions.

Geschwenda, May 2008



Dr. Gert Frank
Chair of the Board



Thomas Robst
Head of Marketing and Sales

GERATHERM

AT A GLANCE

Group financial ratio	Jan.-March 2008	Jan.-March 2007	Change
Turnover	2,308 kEUR	2,086 kEUR	10.6%
Including export share	1,764 kEUR	1,720 kEUR	2.6%
Export rate	76 %	82 %	-7.3%
Gross result (EBITDA)	192 kEUR	201 kEUR	-4.7%
EBITDA - margin	8.3 %	9.6 %	-13.5%
Depreciation	-77 kEUR	-70 kEUR	8.6%
Operating results (EBIT)	115 kEUR	131 kEUR	-11.9%
Result of ordinary activities	122 kEUR	195 kEUR	-37.3%
Financial result	7 kEUR	64 kEUR	-89.2%
Net earnings of the parent company's shareholders in the period concerned	124 kEUR	202 kEUR	-38.6%
Long-term assets	5,238 kEUR	5,159 kEUR	1.5%
Short-term assets	11,270 kEUR	14,606 kEUR	-22.8%
Balance sheet total	16,508 kEUR	19,765 kEUR	-16.5%
Equity capital	14,571 kEUR	18,222 kEUR	-20.0%
Equity return	3.4 %	4.4 %	-23.2%
Equity ratio	88.3 %	92.2 %	-4.2%
Cash and securities	6,294 kEUR	9,965 kEUR	-36.8%
Result per share pursuant to IFRS (EPS)*	0.03 EUR	0.04 EUR	-25.0%
Result per share pursuant to DVFA*	0.03 EUR	0.04 EUR	-25.0%
Number of employees at end of the period	83	76	9.2%
No-par shares	4,500,000	4,500,000	
* relating to non-par shares in circulation	4,500,000	4,500,000	

Consolidated profit and loss statement of 1 January 2008 to 31 March 2008

	Jan.- March 2008 EUR	Jan.- March 2007 EUR	Change
Turnover	2,307,904	2,086,072	10.6%
Change in inventories of finished products and work in progress	-89,507	64,670	>-100.0%
Other internally produced and capitalized assets	72,853	28,731	>100.0%
Other operating revenue	39,914	29,921	33.4%
	2,331,164	2,209,394	5.5%
Material input			
Expenditure for raw materials and supplies			
and for purchase goods	-875,558	-963,215	-9.1%
Expenditure for purchased services	-72,061	-78,381	-8.1%
	-947,619	-1,041,596	-9.0%
Gross profit	1,383,545	1,167,798	18.5%
Personnel costs			
Wages and salaries	-521,023	-457,957	13.8%
Social welfare contributions and expenditure for old-age provision	-111,413	-89,790	24.1%
	-632,436	-547,747	15.5%
Amortization of intangible assets and depreciation of property, plant and equipment	-76,514	-70,426	8.6%
Other operating expenses	-559,006	-418,464	33.6%
Operating results	115,589	131,161	-11.9%
Income from dividends	0	1,421	-100.0%
Income from the sale of securities	0	32,019	-100.0%
Losses from the sale of securities	0	0	
Expenditure from securities	-2,960	-7,995	-63.0%
Other interest and similar income	16,119	38,685	-58.3%
Interests and similar expenses	-6,259	-2	>100.0%
Financial result	6,900	64,128	-89.2%
Profit (loss) on ordinary activities	122,489	195,289	-37.3%
Taxes on income and profits	-22,759	-16,760	35.8%
Group net profit for the period	99,730	178,529	-44.1%
Minority interests result	-24,517	-23,707	3.4%
Net earnings of the parent company's shareholders in the period concerned	124,247	202,236	-38.6%
EBITDA	192,103	201,587	-4.7%
Result per share undiluted	0.03	0.04	-25.0%

Consolidated balance sheet 31 March 2008

Assets	31. March 2008 EUR	31. December 2007 EUR	Change
A. Long-term assets			
I. Intangible assets			
1. Development costs	616,119	553,338	11.3%
2. Software	37,456	41,235	-9.2%
3. Goodwill	75,750	75,750	0.0%
	729,325	670,323	8.8%
II. Fixed assets			
1. Land property and buildings	1,330,353	1,348,995	-1.4%
2. Technical equipment and machinery	236,731	225,003	5.2%
3. Other plant, operating and commercial equipment	150,636	148,185	1.7%
4. Plant under construction	52,194	0	>100.0%
	1,769,914	1,722,183	2.8%
III. Deferred taxes	2,738,621	2,761,380	-0.8%
	5,237,860	5,153,886	1.6%
B. Short-term assets			
I. Supplies			
1. Raw materials and supplies	836,833	819,208	2.2%
2. Unfinished goods	586,274	620,672	-5.5%
3. Finished products and goods	1,485,505	1,492,181	-0.4%
	2,908,612	2,932,061	-0.8%
II. Receivables and other assets			
1. Receivables from deliveries and services	1,839,081	1,885,167	-2.4%
2. Tax receivables	116,566	113,378	2.8%
3. Other assets	112,160	114,110	-1.7%
	2,067,807	2,112,655	-2.1%
III. Securities	4,967,345	5,882,688	-15.6%
IV. Cash and cash equivalents	1,326,155	2,085,040	-36.4%
	11,269,919	13,012,444	-13.4%
	16,507,779	18,166,330	-9.1%
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	2,414,385	4,183,335	-42.3%
Attribute to shareholders of the parent company	14,484,385	16,253,335	-10.9%
Minority interests	86,338	124,808	-30.8%
	14,570,723	16,378,143	-11.0%
B. Long-term debts			
1. Accrued investment cost	549,668	560,852	-2.0%
2. Other long-term liabilities	280,329	255,329	9.8%
	829,997	816,181	1.7%
C. Short-term debts			
1. Down payments received	55,623	65,144	-14.6%
2. Liabilities from deliveries and services	587,696	463,733	26.7%
3. Tax liabilities	29,025	45,858	-36.7%
4. Other liabilities	434,715	397,271	9.4%
	1,107,059	972,006	13.9%
	16,507,779	18,166,330	-9.1%

Group cash flow statement of 01 January 2008 to 31 March 2008

	Jan.- March 2008 kEUR	Jan.- March 2007 kEUR
Group net profit for the period	100	178
Other non-cash expenditure/income	-16	5
Dividend income	0	-1
Interest earned	-16	-39
Interest paid	6	0
Decrease in deferred tax assets	23	17
Depreciation on fixed assets	77	70
Income from the sale of securities	0	-32
Losses from the sale of securities	0	0
Amortisation of grants and subsidies	-11	-12
Losses on disposal of fixed assets	1	1
Gross cash flow	164	187
Decrease / increase in supplies	23	-180
Decrease / increase in receivables from deliveries and services and other assets	45	479
Increase in short-term payables and other liabilities	135	40
Income from dividends	0	1
Interest income	16	39
Interest outflow	-6	0
Cash flow from operating activities	377	566
Expenses for investments in fixed assets	-185	-83
Payment received owing to financial investments	0	244
Expenses owing to financial investments	-970	-2,152
Cash flow from investment activities	-1,155	-1,991
Flow of funds from minority interest	0	0
Dividend payouts to minority shareholders	-6	0
Purchase of own shares	-9	0
Sale of own shares	9	0
Dividend payoffs	0	0
Assumption of short-term liabilities	25	0
Cash flow from financing activities	19	0
Change in amount of available cash and cash equivalents	-759	-1,425
Cash and cash equivalents at the start of the reporting period	2,085	5,129
Cash and cash equivalents at the end of the reporting period	1,326	3,704

Group equity change calculation by 31. March 2008

	Subscribed capital	Capital reserves	Other reserves			Assignable to the shareholders of the parent company	Shares of other partners	Equity capital
			Market valuation reserve	Currency conversion reserve	Cumulative profits			
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
1. January 2007	4,500,000	7,570,000	78,591	2,205	5,297,454	17,448,250	56,616	17,504,866
Unrealised profits and losses from the valuation of securities			533,028			533,028		533,028
Currency translation in the Group				2,660		2,660	2,554	5,214
Income and expenses recorded in equity capital			533,028	2,660		535,688	2,554	538,242
Net earnings of the parent company's shareholders in the period concerned					202,236	202,236	-23,707	178,529
31. March 2007	4,500,000	7,570,000	611,619	4,865	5,499,690	18,186,174	35,463	18,221,637
1. January 2008	4,500,000	7,570,000	-717,064	10,268	4,890,131	16,253,335	124,808	16,378,143
Unrealised profits and losses from valuation of securities			-1,885,237			-1,885,237		-1,885,237
Purchase of own shares	-2,000	-7,000				-9,000		-9,000
Sale of own shares	2,000	7,000				9,000		9,000
Currency translation in the group				-7,960		-7,960	-7,648	-15,608
Dividend payouts to minority shareholders							-6,305	-6,305
Income and expenses recorded in equity capital			-1,885,237	-7,960		-1,893,197	-13,953	-1,907,150
Net earnings of the parent company's shareholders in the period concerned					124,247	124,247	-24,517	99,730
31. March 2008	4,500,000	7,570,000	-2,602,301	2,308	5,014,378	14,484,385	86,338	14,570,723

Segment reporting of 1 January 2008 to 31 March 2008

By Region	Germany		Europe		USA		Others		Total	
	Jan.- March 2008	Jan.- March 2007	Jan.- March 2008	Jan.- March 2007	Jan.- March 2008	Jan.- March 2007	Jan.- March 2008	Jan.- March 2007	Jan.- March 2008	Jan.- March 2007
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Turnover	652	474	1,020	1,104	284	266	605	399	2,561	2,243
Elimination of intragroup turnover	-108	-108	0	0	0	0	-145	-49	-253	-157
Turnover to third parties	544	366	1,020	1,104	284	266	460	350	2,308	2,086
Gross profit	377	230	582	602	162	145	263	191	1,384	1,168
Operating results	31	26	49	68	13	16	22	21	115	131
of which:										
Amortisation of intangible assets and depreciation of property, plant and equipment	21	14	32	36	9	9	15	11	77	70
Amortisation of subsidies and allowances	3	2	5	6	1	2	2	2	11	12
Acquisition costs for fixed assets in the period	182	63	0	0	0	0	3	20	185	83
Book value of segment assets	13,101	16,523	0	0	0	0	668	353	13,769	16,876

According to areas of activity	Analogue Diagnostic Products		Digital Diagnostic Products		Others		Total	
	Jan.- March 2008	Jan.- March 2007	Jan.- March 2008	Jan.- March 2007	Jan.- March 2008	Jan.- March 2007	Jan.- March 2008	Jan.- March 2007
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Turnover	1,013	894	888	860	407	332	2,308	2,086
Gross profit	679	637	440	350	265	181	1,384	1,168
Operating results	159	173	89	67	-133	-109	115	131
Financial result							7	64
Taxes on income and earnings							-23	-17
Group net profit for the period							100	178
of which:								
Amortisation of intangible assets and depreciation of property, plant and equipment	24	20	10	18	43	32	77	70
Amortisation of subsidies and allowances	5	5	4	5	2	2	11	12
Acquisition cost for fixed assets in the period	56	9	17	30	112	44	185	83
Book value of fixed assets	757	765	227	305	1,515	1,200	2,499	2,270
Short- term assets	2,161	2,256	1,475	1,331	7,634	11,019	11,270	14,606
Segment assets	2,918	3,021	1,702	1,636	9,149	12,219	13,769	16,876
Deferred taxes					2,739	2,889	2,739	2,889
Total assets	2,918	3,021	1,702	1,636	11,888	15,108	16,508	19,765
Short-term debts	486	406	426	390	195	151	1,107	947
Long-term debts	241	255	212	246	377	95	830	596
Segment debts	727	661	638	636	572	246	1,937	1,543

Explanations concerning the interim group statement for the period 1st January 2008 to 31st March 2008

Accounting and assessment methods

Geratherm Medical AG's interim group statement for the first quarter of 2008 has been drawn up in compliance with the International Financial Reporting Standards (IFRS) and the interpretations given by the International Financial Reporting Interpretations Committee (IFRIC) that were valid on the reference date, as is required in the European Union.

All accounting, assessment and consolidation principles set out in the 2007 Group Statement have been retained.

The assessment of assets and liabilities is based partly on estimates or assumptions about future developments. The assessment of the intrinsic value of the deferred tax accrual on the carryover of accumulated losses and the capitalised development costs is based on the company's planning, which is, of course, subject to uncertainties, so that in some cases the actual values may diverge from the assumptions and estimates. Estimates and the assumptions on which they are based are revised regularly and their possible effects on accounting are assessed.

Consolidation scope

No changes to the consolidation scope took place during the first quarter of 2008.

Explanations

Long-term assets

As per 31.03.2008 development costs for internally created intangible assets amounting to 91 kEUR (previous year: 29 kEUR) were capitalised. A further 94 kEUR (previous year: 54 kEUR) was capitalised for investments in the replacement of production plant and other business equipment.

Short-term assets

Major changes to the short-term assets are mainly to be found under the points Securities and Liquid Funds. As per 31.03.2008 the stock of securities increased by 970 kEUR (previous year: 2,152 kEUR) as a result of purchases. As per 31.03.2008 the acquisition costs amounted to 7,569 kEUR (previous year: 5,649 kEUR), whereas the value of the stocks according to the exchange rate on the reference date of 31.03.2008 was 4,967 kEUR (previous year: 6,260 kEUR). Hence, reference date-related book losses amounting to 2,602 kEUR (previous year: profit of 611 kEUR) were incurred, and these are recorded in equity as market valuation reserves.

The change in the amount of available cash and cash equivalents amounts to a total of minus 759 kEUR (previous year: -1,425 kEUR). The main reason for this is investment in the form of securities (970 kEUR; previous year: 2,152 kEUR) and cash flow from operating activities amounting to 377 kEUR (previous year: 566 kEUR).

Equity capital

Geratherm Medical AG's total subscribed capital as per 31.03.2008 amounted to 4,500,000 EUR and is divided into 4,500,000 ordinary bearer shares with no par value. The subscribed capital is fully paid up. The number of shares in circulation was 4,500,000 as per 31.03.2008.

The development of the equity capital has been presented in the group's statement of changes in equity.

The Board of Directors and the Supervisory Board will propose to the Annual General Meeting on 09.06.2008 that a tax-free dividend of 0.30 EUR per share should be distributed from the tax-specific contribution account.

Dates for further reporting 2008

General Meeting of Shareholders

09 June 2008

Hotel „Hessischer Hof“ in Frankfurt/Main

Interim Report 2nd Quarter 2008

21 August 2008

Interim Report 3rd Quarter 2008

20 November 2008



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