

Geratherm®



Interim Report 3rd Quarter of
2008

Course of Business from 1 January to 30 September 2008

- Geratherm set for growth
Turnover as per 30.09.2008 +17.2 %; Q III +30.5 %
- EBIT as per 30.09. +7,0 %; Q III +11.5 %
- EPS as per 30.09. 15 cents (p.y: 14 cents); Q III 8 cents

Dear shareholders of and interested parties in Geratherm Medical,

The third quarter 2008 was one of the best business quarters in a long time. The sales revenue rose by 30.5 % to reach EUR 2.6 million in the 3rd quarter. The operating result grew by 11.5 % and thus also more strongly than in the comparative period of the previous year. Higher turnover was recorded for more or less all product areas, whereby the new business areas of Geratherm Respiratory and apoplex contributed sales worth mentioning for the first time. The strong turnover contribution of our subsidiary Geratherm do Brasil also supported the positive overall development of Geratherm Medical. Including the positive contributions by the financial result, a period result of kEUR 358 (previous year: kEUR 157) was recorded for the shareholders of the parent company for the 3rd quarter. The quarterly result per share amounted to 8 cents (previous year: 4 cents).

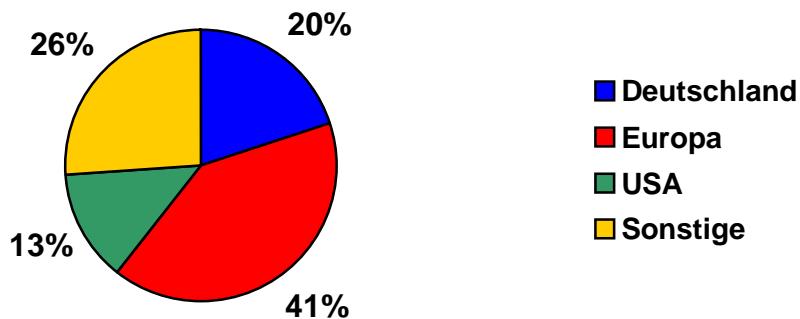
| | III/08 | II/08 | I/08 | IV/07 | III/07 |
|---------------------------------------|--------|-------|-------|-------|--------|
| Facts and Figures (in kEUR) | | | | | |
| Turnover | 2,621 | 2,428 | 2,308 | 2,524 | 2,009 |
| EBITDA | 8.8% | 9.6% | 8.3% | 12.2% | 11.1% |
| EBIT | 160 | 151 | 115 | 218 | 144 |
| EPS (EUR) | 0.08 | 0.04 | 0.03 | 0.17 | 0.04 |
| Cashflow | 191 | 241 | 164 | 294 | 203 |

Turnover development by 30 September 2008

A clearly increased turnover of +17.2 % was achieved during the first nine months of the current business year. This more or less coincided with our plan targets. The consolidated turnover of Geratherm, as per 30 September 2008, amounted to EUR 7.4 million and was achieved – as in the previous year – with an export share of 80.1 %. Turnover on the German market increased by 18.4 % to reach EUR 1.5 million. Sales within the region of Europe also rose by 13.0 % to reach EUR 3 million.

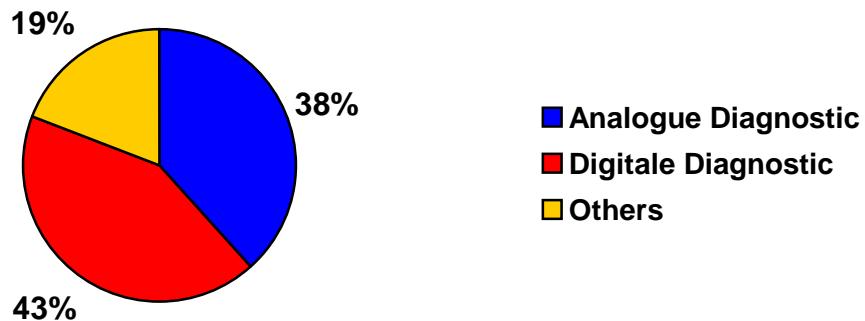
Despite the even weaker dollar on the reference date, a turnover plus of 7.4 % was also achieved on the US market. The Asian market developed more weakly with a minus of 13.2 %. Sales in South America increased by 52.4 % to reach EUR 1.3 million and thus continued the dynamic growth of the previous year.

Turnover according to region 01.01. – 30.09.2008



Digital Diagnostic Products (medical thermometers, blood pressure measuring devices etc.) for pharmacies and hospitals represented the mainstays of turnover with 42.5 %. This product area was able to achieve a turnover growth of +14.2 % as per 30.09., despite strong competition. Analogue Diagnostic Products – primarily medical thermometers filled with gallium – represented the second largest product area with a share of 38.2 % in the overall turnover of the company. This area, too, was able to achieve a turnover growth of +14.0 %. The turnover share of the area Other Products increased over-proportionately by +32.3 %. The new products of Geratherm Respiratory and apoplex made a positive contribution in this area, with a first turnover of kEUR 295. We expect significant turnover increases in both of these new areas for the further course of the year 2008.

Turnover according to product groups 01.01.- 30.09.2008



Earnings situation

The earnings situation also improved over the first nine months of the current business year. The increase in gross earnings totalled EUR 4.2 million and thus amounted to 12.9 % more than during the comparative period of the previous year. The personnel expenditure increased by more than 16.3 % to reach kEUR 1,887, which was due mainly to the personnel pre-production cost of the Respiratory area. Earnings before depreciation and interest (EBITDA) increased by 5.1 % to reach kEUR 654 over the first nine months. Earnings including depreciation (EBIT), without financial results, also increased by 7.0 % to reach kEUR 427. The earnings situation is still being influenced very negatively by the start-up losses of the new product areas of apoplex (kEUR -210), Respiratory (kEUR -67) and Warming Systems (-kEUR 96). The EBIT of the core business of Geratherm, excluding the start-up losses of apoplex and Respiratory, increased by 16.2 % to reach kEUR 704. The EBIT margin of the core business stood at 9.6 % and thus at about the same level as the previous year (9.7 %).

A positive financial result in the amount of kEUR 235 (previous year: kEUR 201) was achieved once more as per 30 September 2008. The market swings of the securities held was checked by the item of market evaluation provisions in equity capital. In total, a result from ordinary business activity in the amount of kEUR 662 (previous year: kEUR 600) was generated from the operating result and the financial result during the first nine months. The period result of the shareholders of the parent company amounted to kEUR 654 (previous year: kEUR 626) as per 30 September 2008. The earnings per share increased by 7.1 % to reach 15 cents per share (previous year: 14 cents) for the first nine months.

Assets and financial situation

As in the previous period, the Geratherm Medical company featured a sound asset situation as per 30 September 2008. The balance sum of EUR 16 million was constituted mainly by equity capital. The equity capital ratio amounted to 84.3 % and was thus a little lower than in the comparative period of the previous year.

As per 30 September 2008, the company held cash and securities in the amount of EUR 5.1 million. The return on equity amounted to 6.4 % (previous year: 5.2 %) for the first nine months. As regards the securities held, there were no changes in the composition of the portfolio worth mentioning. The item of the biotech company "OSI Pharmaceutical" was sold completely by 30 September. This amounted in a profit of kEUR 207. The cash thus freed up in the amount of kEUR 517 is used for financing the operational growth.

As per 30.09.2008, securities held in the amount of EUR 2.8 million were registered as a negative evaluation contribution in the equity capital (in the item of market evaluation provisions) due to market swings. We do not regard the decline in assets as permanent and still expect a positive development of the biotech-healthcare shares, with a focus on cancer, vaccines and CNS, held by us.

As regards the assets, the long-term assets increased by kEUR 250 to reach EUR 5.4 million. Due to the still higher development cost, there was an addition to the intangible assets in the amount of kEUR 314. The inventory increased, due to growth, by 12.1 % to reach EUR 3.3 million. The receivables and other assets increased slightly by 6.6 % to reach EUR 2.3 million. The stock of securities was reduced from EUR 5.9 to 4.5 million since the beginning of the year, mainly through lower prices on the reference date and the sale of the OSI item.

The gross cashflow increased slightly over the first nine months to reach kEUR 596 (previous year: kEUR 582). The cashflow from the operating activity was reduced mainly through building inventories to reach kEUR 143 (previous year: kEUR 908). The cashflow from investments stood at kEUR -970.

Considering also the dividend payment in the amount of kEUR 1,350 on 10 June 2008, the cash balance was reduced to kEUR 671 (previous year: kEUR 1,085) by 30 September 2008.

Research and development

The research and development activities continued to concentrate mainly on the product introductions in the lung function measurement, stroke prevention and a new generation of warming system for the operating theatre.

The new generation of digital **warming systems** is still undergoing the process of approval. Due to various modifications still to be implemented, the approval has been delayed. We expect to achieve the original objective in the coming weeks.

In the area of **Respiratory**, the product introductions are in full swing and are meeting with great interest. The research and development activities for supplementary product versions are being continued with full speed.

The cardio activities are bundled at **apoplex** medical. apoplex holds the know-how for an automatic recognition system for the risk of atrial fibrillation.

The screening procedure for the recognition of the risk of atrial fibrillation is also applicable outside fibrillation episodes and serves to prevent strokes and vascular dementia. apoplex makes available to doctors and stroke centres an automatic 24-hour ECG data analysis service. This innovative analysis method is being used more and more broadly. Currently we are conducting talks with larger networks of doctors that would like to make available the apoplex method to their members. We expect noteworthy contracts to be signed throughout the course of the 4th quarter of 2008.

Personnel

The Geratherm Group employed a total of 82 staff members on 30 September 2008. A total of 89.0 % of the personnel is employed in Germany.

Outlook

We expect a continuation of the positive corporate development for the remaining 4th quarter of the 2008 business year. The high level of cash and the high share of equity capital should form a good foundation for surviving the current turbulence on the financial markets without any significant consequences.

The stronger dollar and the dwindling raw materials prices should increase the earnings quality of Geratherm in the medium term. The corporate growth is going to continue over the next few months. Still, the areas of Respiratory and apoplex will not be going to break even in 2008 yet, which still represents a burden on the Group results. According to our current knowledge, Geratherm Medical is well set up for the year 2009.

There are risks due to changing framework conditions, such as exchange rates, raw materials prices and the capital market development.

GERATHERM

AT A GLANCE

| Group financial ratio | Jan.-Sep. 2008 | Jan.-Sep 2007 | Change |
|--|----------------|---------------|--------|
| Turnover | 7,357 kEUR | 6,278 kEUR | 17.2% |
| Including export share | 5,895 kEUR | 5,043 kEUR | 16.9% |
| Export rate | 80 % | 80 % | 0.0% |
| Gross result (EBITDA) | 654 kEUR | 623 kEUR | 5.1% |
| EBITDA – margin | 8.9 % | 9.9 % | -10.1% |
| Depreciation | -227 kEUR | -224 kEUR | 1.7% |
| Operating results (EBIT) | 427 kEUR | 399 kEUR | 7.0% |
| Financial results | 235 kEUR | 201 kEUR | 16.9% |
| Result of ordinary activities | 662 kEUR | 600 kEUR | 10.3% |
| Net earnings of the parent company`s shareholders in the period concerned | 654 kEUR | 626 kEUR | 4.5% |
| | | | |
| Long-term assets | 5,404 kEUR | 5,206 kEUR | 3.8% |
| Short-term assets | 10,672 kEUR | 12,577 kEUR | -15.1% |
| Balance sheet total | 16,076 kEUR | 17,783 kEUR | -9.6% |
| Equity capital | 13,556 kEUR | 15,965 kEUR | -15.1% |
| Equity return | 6.4 % | 5.2 % | 23.0% |
| Equity ratio | 84.3 % | 89.8 % | -6.1% |
| Cash and securities | 5,135 kEUR | 7,526 kEUR | -31.8% |
| | | | |
| Result per share pursuant to IFRS (EPS)* | 0.15 EUR | 0.14 EUR | 7.1% |
| Result per Share pursuant to DVFA* | 0.15 EUR | 0.14 EUR | 7.1% |
| | | | |
| Number of employees at end of the period | 82 | 78 | 5.1% |
| | | | |
| 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 to 30 September 2008

| | July-Sep. 2008 EUR | July-Sep. 2007 EUR | Change | Jan.- Sep. 2008 EUR | Jan.-Sep. 2007 EUR | Change |
|---|--------------------------|--------------------------|-------------------|---------------------------|--------------------------|--------------|
| Turnover | 2,621,286 | 2,008,339 | 30.5% | 7,357,270 | 6,277,613 | 17.2% |
| Change in inventories of finished products and work in progress | -212,686 | 48,454 | >-100.0% | -408,069 | 105,853 | >-100.0% |
| Other internally produced and capitalized assets | 76,036 | 124,201 | -38.8% | 208,139 | 198,219 | 5.0% |
| Other operating revenue | 7,439 | 37,379 | -80.1% | 123,327 | 96,099 | 28.3% |
| | 2,492,075 | 2,218,373 | 12.3% | 7,280,667 | 6,677,784 | 9.0% |
| Material input | | | | | | |
| Expenditure for raw material and supplies and for purchase goods | -1,085,900 | -871,216 | 24.6% | -2,931,852 | -2,759,645 | 6.2% |
| Expenditure for purchased services | -46,111 | -44,155 | 4.4% | -145,867 | -194,136 | -24.9% |
| | -1,132,011 | -915,371 | 23.7% | -3,077,719 | -2,953,781 | 4.2% |
| Gross profit | 1,360,064 | 1,303,002 | 4.4% | 4,202,948 | 3,724,003 | 12.9% |
| Personnel costs | | | | | | |
| Wages and salaries | -514,942 | -436,927 | 17.9% | -1,543,101 | -1,333,571 | 15.7% |
| Social welfare contributions and expenditure for old-age provision | -115,535 | -100,272 | 15.2% | -343,409 | -289,122 | 18.8% |
| | -630,477 | -537,199 | 17.4% | -1,886,510 | -1,622,693 | 16.3% |
| Amortization of intangible assets and depreciation of property, plant and equipment | -69,706 | -77,912 | -10.5% | -227,551 | -223,807 | 1.7% |
| Other operating expenses | -499,561 | -544,168 | -8.2% | -1,662,162 | -1,478,762 | 12.4% |
| Operating result | 160,320 | 143,723 | 11.5% | 426,725 | 398,741 | 7.0% |
| Income from dividends | 0 | 0 | | 48,026 | 17,198 | >100.0% |
| Income from the sale of securities | 207,211 | 2,020 | >100.0% | 207,211 | 128,834 | 60.8% |
| Losses from the sale of securities | -65 | -4,165 | -98.4% | -866 | -4,165 | >-100.0% |
| Expenditure from securities | -2,353 | -5,830 | -59.6% | -16,015 | -20,585 | -22.2% |
| Other interest and similar income | 1,272 | 13,498 | -90.6% | 26,070 | 82,343 | -68.3% |
| Interest and similar expenses | -18,589 | -207 | >100.0% | -28,801 | -2,136 | >100.0% |
| Financial result | 187,476 | 5,316 | >100.0% | 235,625 | 201,489 | 16.9% |
| Profit (loss) on ordinary activities | 347,796 | 149,039 | >100.0% | 662,350 | 600,230 | 10.3% |
| Taxes on income and profits | -8,859 | -6,760 | 31.1% | -58,815 | -40,281 | 46.0% |
| Group net profit for the period | 338,937 | 142,279 | >100.0% | 603,535 | 559,949 | 7.8% |
| Minority interests result | -18,627 | -14,341 | 29.9% | -50,525 | -65,940 | -23.4% |
| Net earnings of the parent company's shareholders in the period concerned | 357,564 | 156,620 | >100.0% | 654,060 | 625,889 | 4.5% |
| EBITDA | 230,026 | 221,635 | 3.8% | 654,276 | 622,548 | 5.1% |
| Result per share undiluted | 0.08 | 0.04 | 100.0% | 0.15 | 0.14 | 7.1% |

Consolidated balance sheet 30 September 2008

| Assets | 30. Sep. 2008 EUR | 31. December 2007 EUR | Change |
|--|----------------------|--------------------------|---------------|
| A. Long-term assets | | | |
| I. Intangible assets | | | |
| 1. Development costs | 793,971 | 553,338 | 43.5% |
| 2. Software | 55,878 | 41,235 | 35.5% |
| 3. Goodwill | 75,750 | 75,750 | 0.0% |
| | 925,599 | 670,323 | 38.1% |
| II. Fixed assets | | | |
| 1. Land property and buildings | 1,293,072 | 1,348,995 | -4.1% |
| 2. Technical equipment and machinery | 305,262 | 225,003 | 35.7% |
| 3. Other plant, operating and commercial equipment | 168,356 | 148,185 | 13.6% |
| 4. Plant under construction | 9,356 | 0 | |
| | 1,776,046 | 1,722,183 | 3.1% |
| III. Deferred taxes | 2,702,564 | 2,761,380 | -2.1% |
| | 5,404,209 | 5,153,886 | 4.9% |
| B. Short- term assets | | | |
| I. Supplies | | | |
| 1. Raw materials and supplies | 964,292 | 819,208 | 17.7% |
| 2. Unfinished goods | 431,620 | 620,672 | -30.5% |
| 3. Finished products and goods | 1,889,623 | 1,492,181 | 26.6% |
| | 3,285,535 | 2,932,061 | 12.1% |
| II. Receivables and other assets | | | |
| 1. Receivables from deliveries and services | 2,061,699 | 1,885,167 | 9.4% |
| 2. Tax receivables | 76,913 | 113,378 | -32.2% |
| 3. Other assets | 112,835 | 114,110 | -1.1% |
| | 2,251,447 | 2,112,655 | 6.6% |
| III. Securities | 4,464,156 | 5,882,688 | -24.1% |
| IV. Cash and cash equivalents | 670,873 | 2,085,040 | -67.8% |
| | 10,672,011 | 13,012,444 | -18.0% |
| | 16,076,220 | 18,166,330 | -11.5% |
| 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 | 1,425,477 | 4,183,335 | -65.9% |
| Attribute to shareholders of the parent company | 13,495,477 | 16,253,335 | -17.0% |
| Minority interest | 60,893 | 124,808 | -51.2% |
| | 13,556,370 | 16,378,143 | -17.2% |
| B. Long-term debts | | | |
| 1. Accrued investment cost | 527,432 | 560,852 | -6.0% |
| 2. Other long-term liabilities | 355,829 | 255,329 | 39.4% |
| | 883,261 | 816,181 | 8.2% |
| C. Short-term debts | | | |
| 1. Amounts due to banks | 669,911 | 0 | |
| 2. Down payments received | 71,986 | 65,144 | 10.5% |
| 3. Liabilities from deliveries and services | 421,789 | 463,733 | -9.0% |
| 4. Tax liabilities | 69,876 | 45,858 | 52.4% |
| 5. Other liabilities | 403,027 | 397,271 | 1.4% |
| | 1,636,589 | 972,006 | 68.4% |
| | 16,076,220 | 18,166,330 | -11.5% |

Group cash flow statement of 01 January 2008 to 30 September 2008

| | Jan.-Sep. 2008 kEUR | Jan.- Sep. 2007 kEUR |
|--|------------------------|-------------------------|
| Group net profit for the period | 604 | 560 |
| Other non-cash expenditure/income | -14 | 14 |
| Dividend income | -48 | -17 |
| Interest earned | -26 | -82 |
| Interest paid | 29 | 2 |
| Decrease in deferred tax assets | 59 | 40 |
| Depreciation on fixed assets | 227 | 224 |
| Income from the sale of securities | -207 | -129 |
| Losses from the sale of securities | 1 | 4 |
| Amortisation of grants and subsidies | -33 | -36 |
| Losses on disposal of fixed assets | 4 | 2 |
| Gross cash flow | 596 | 582 |
| Decrease / increase in supplies | -354 | -630 |
| Decrease / increase in receivables from deliveries and services and other assets | -139 | 520 |
| Increase in short-term payables and other liabilities | -5 | 339 |
| Income from dividends | 48 | 17 |
| Interest income | 26 | 82 |
| Interest outflow | -29 | -2 |
| Cash flow from operating activities | 143 | 908 |
| Expenses for investments in fixed assets | -540 | -308 |
| Payment received owing to financial investments | 540 | 1,507 |
| Expenses owing to financial investments | -970 | -4,508 |
| Cash flow from investment activities | -970 | -3,309 |
| Flow of funds from minority interest | 0 | 157 |
| Dividend payouts to minority shareholders | -7 | 0 |
| Purchase of own shares | -9 | 0 |
| Sale of own shares | 9 | 0 |
| Dividend payoffs | -1,350 | -1,800 |
| Recourse to short-term bank borrowings | 670 | 0 |
| Assumption of short-term liabilities | 100 | 0 |
| Cash flow from financing activities | -587 | -1,643 |
| Change in amount of available cash and cash equivalents | -1,414 | -4,044 |
| 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 | 671 | 1,085 |

Group equity change calculation by 30. September 2008

| | Other reserves | | | | | | Assignable to the shareholders of the parent company | Shares of other partners | Equity capital |
|---|-----------------------|---------------------|--------------------------------|-----------------------------------|-----------------------|-------------------|--|--------------------------------|-------------------|
| | Subscribed capital | Capital reserves | Market valuation reserve | Currency conversion reserve | Cumulative profits | | | | |
| | 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 | |
| Foundation of the subsidiary Geratherm Respiratory GmbH | | | | | | | 157,500 | 157,500 | |
| Unrealised profits and losses from the valuation of securities | | | -471,398 | | | -471,398 | | -471,398 | |
| Currency translation in the Group | | | | 7,190 | | 7,190 | 6,907 | 14,097 | |
| Dividend paid out to Shareholders | | | | | -1,800,000 | -1,800,000 | | -1,800,000 | |
| Income and expenses recorded in equity capital | | -471,398 | 7,190 | -1,800,000 | -2,264,208 | 6,907 | -2,257,301 | | |
| Net earnings of the parent company's shareholders in the period concerned | | | | 625,889 | 625,889 | -65,940 | 559,949 | | |
| 30. September 2007 | 4,500,000 | 7,570,000 | -392,807 | 9,395 | 4,123,343 | 15,809,931 | 155,083 | 15,965,014 | |
| 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 | | | -2,054,708 | | | -2,054,708 | | -2,054,708 | |
| 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 | | | -7,210 | | | -7,210 | -6,927 | -14,137 | |
| Dividend payouts to minority shareholders | | | | | | | -6,463 | -6,463 | |
| Dividend paid out to Shareholders | | | | -1,350,000 | -1,350,000 | | | -1,350,000 | |
| Income and expenses recorded in equity capital | | -2,054,708 | -7,210 | -1,350,000 | -3,411,918 | -13,390 | -3,425,308 | | |
| Net earnings of the parent company's shareholders in the period concerned | | | | 654,060 | 654,060 | -50,525 | 603,535 | | |
| 30. September 2008 | 4,500,000 | 7,570,000 | -2,771,772 | 3,058 | 4,194,191 | 13,495,477 | 60,893 | 13,556,370 | |

Segment reporting of 1 January to 30 September 2008

| By Region | Germany | | Europe | | USA | | Others | | Total | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Jan.- Sep. 2008 | Jan.- Sep. 2007 |
| | KEUR |
| Turnover | 1,786 | 1,559 | 2,994 | 2,651 | 988 | 920 | 2,455 | 1,783 | 8,223 | 6,913 |
| Elimination of intragroup turnover | -324 | -324 | | | | | -542 | -311 | -866 | -635 |
| Turnover to third parties | 1,462 | 1,235 | 2,994 | 2,651 | 988 | 920 | 1,913 | 1,472 | 7,357 | 6,278 |
| Gross profit | 988 | 864 | 1,633 | 1,503 | 539 | 522 | 1,043 | 835 | 4,203 | 3,724 |
| Operating results | 100 | 93 | 166 | 161 | 55 | 56 | 106 | 89 | 427 | 399 |
| of which: | | | | | | | | | | |
| Amortisation of intangible assets and depreciation of property, plant and equipment | 54 | 52 | 88 | 90 | 29 | 31 | 56 | 51 | 227 | 224 |
| Amortisation of subsidies and allowances | 6 | 7 | 14 | 15 | 4 | 5 | 9 | 9 | 33 | 36 |
| Acquisition costs for fixed assets in the period | 501 | 276 | 0 | 0 | 0 | 0 | 39 | 32 | 540 | 308 |
| Book value of segment assets | 12,211 | 14,650 | 0 | 0 | 0 | 0 | 1,163 | 267 | 13,374 | 14,917 |

| According to areas of activity | Analogue Diagnostic Products | | Digital Diagnostic Products | | Others | | Total | |
|---|------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Jan.- Sep. 2008 | Jan.- Sep. 2007 | Jan.- Sep. 2008 | Jan.- Sep. 2007 | Jan.- Sep. 2008 | Jan.- Sep. 2007 | Jan.- Sep. 2008 | Jan.- Sep. 2007 |
| | KEUR | KEUR | KEUR | KEUR | KEUR | KEUR | KEUR | KEUR |
| Turnover | 2,812 | 2,467 | 3,126 | 2,738 | 1,419 | 1,073 | 7,357 | 6,278 |
| Gross profit | 1,750 | 1,782 | 1,498 | 1,181 | 954 | 761 | 4,202 | 3,724 |
| Operating results | 409 | 466 | 442 | 149 | -424 | -216 | 427 | 399 |
| Financial result | | | | | | | 235 | 201 |
| Taxes on income and earnings | | | | | | | -59 | -40 |
| Group net profit for the period | | | | | | | 603 | 560 |
| of which: | | | | | | | | |
| Amortisation of intangible assets and depreciation of property, plant and equipment | 73 | 68 | 34 | 44 | 120 | 112 | 227 | 224 |
| Amortisation of subsidies and allowances | 13 | 14 | 14 | 16 | 6 | 6 | 33 | 36 |
| Acquisition cost for fixed assets in the period | 96 | 20 | 49 | 42 | 395 | 246 | 540 | 308 |
| Book value of fixed assets | 746 | 735 | 241 | 268 | 1,715 | 1,337 | 2,702 | 2,340 |
| Short-term assets | 1,985 | 2,186 | 2,157 | 1,747 | 6,530 | 8,644 | 10,672 | 12,577 |
| Segment assets | 2,731 | 2,921 | 2,398 | 2,015 | 8,245 | 9,981 | 13,374 | 14,917 |
| Deferred taxes | | | | | 2,702 | 2,865 | 2,702 | 2,865 |
| Total assets | 2,731 | 2,921 | 2,398 | 2,015 | 10,947 | 12,846 | 16,076 | 17,782 |
| Short-term debts | 625 | 491 | 696 | 543 | 316 | 212 | 1,637 | 1,246 |
| Long-term debts | 201 | 225 | 224 | 250 | 458 | 97 | 883 | 572 |
| Segment debts | 826 | 716 | 920 | 793 | 774 | 309 | 2,520 | 1,818 |

Explanation of the Interim Group Financial Statement for the period of 1 January to 30 September 2008

Balancing and evaluation methods

The Interim Group Financial Statement of Geratherm Medical AG for the 3rd quarter of 2008 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.

All balancing, evaluation and consolidation principles were maintained, as detailed in the Annex of the Group Financial Statement 2007.

The evaluation of the assets and debts is based, in part, on estimations or assumptions of future developments. The assessment of the value of the tax accrual and deferral applicable to the losses brought forward as well as the activated development cost is based on the corporate planning, which is naturally determined by insecurity, so that the actual values may deviate in individual cases from the assumptions and estimations made. Estimations and the underlying assumptions are reviewed regularly and assessed with regard to their possible impact on the balance sheet.

Consolidated companies

There were no changes to the group of consolidated companies during the 3rd quarter of 2008.

Explanations

Long-term assets

As per 30 September 2008, development cost was activated for self-developed intangible assets in the amount of kEUR 314 (previous year: kEUR 198). A further kEUR 226 (previous year: kEUR 110) were activated for substitute investment 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 2008, the stock of securities increased by kEUR 970 (previous year: kEUR 4,508) through purchases. Securities were sold in the amount of kEUR 540 (previous year: kEUR 1,507). The purchasing cost as per 30 September 2008 in the amount of kEUR 7,236 (previous year: kEUR 6,834) is matched by a stock of securities evaluated as by the prices of 30 September 2008 in the amount of kEUR 4,464 (previous year: kEUR 6,441).

This results in reference-date related book losses in the amount of kEUR 2,772 (30.09.2007: kEUR 393), which are booked against the equity capital, in conformance with the rules. The profit in the amount of kEUR 207 from the sale of the Osi item has been balanced in the profit and loss accounts. As per 30 September 2008, this amounted to a book loss of the security items held in the amount of 35.5 %. This is not very pleasing, but matches the current development of the majority of the worldwide stock exchange indices.

We are convinced of the quality of the investment portfolio. It will be subjected to market swings, which also means, however, that the value of the portfolio may increase again with a stabilisation of the financial markets. Should there be a permanent reduction in the value, which cannot be recouped anymore, we will book out parts of the portfolio within the framework of an impairment affecting net income.

The change in the available cash was altogether kEUR -1,414 (previous year: kEUR -4,044). This is mainly due to the cash inflow from operating activity in the amount of kEUR 143 (previous year: kEUR 908), the cash outflow for investments in assets in the amount of kEUR 540 (previous year: kEUR 308), the purchase (kEUR 970; previous year: kEUR 4,508) and sale (kEUR 540; previous year: kEUR 1,507) of securities, the cash outflow due to the payment of dividends in the amount of kEUR 1,350 (previous year: kEUR 1,800) and a cash inflow from availing of credit lines in the amount of kEUR 770 (previous year: kEUR 0).

Equity capital

The subscribed capital of Geratherm Medical AG amounted to EUR 4,500,000 on 30 September 2008 and is split into 4,500,000 shares in the name of the bearer. The subscribed capital has been paid in full. The number of shares in circulation on 30 September 2008 amounted to 4,500,000 shares.

The development of the equity capital is included in the Group Statement of Changes in Equity.

This Interim Group Financial Statement of 30 September 2008 has not been subjected to an audit by an auditing company.

Geschwenda, November 2008



Dr. Gert Frank
Chairman of the Board



Thomas Robst
Director of Sales & Marketing

IR Calendar 2009

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|-------------------|--|
| April 16, 2009 | Publication Annual Report 2008 |
| June 8, 2009 | Annual General Meeting - Frankfurt am Main |
| May 20, 2009 | Quarterly Report I. Quarter |
| August 20, 2009 | Quarterly Report II. Quarter |
| November 19, 2009 | Quarterly Report III. Quarter |



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