

Geratherm®



9-Month Report 2010

Innovative Medical Solutions

GERATHERM

AT A GLANCE

Group financial ratio	Jan. - Sept. 2010	Jan. - Sept. 2009	Change
Turnover	12,463 kEUR	10,148 kEUR	22.8%
Including export share	10,913 kEUR	8,254 kEUR	32.2%
Export rate	88 %	81 %	8.6%
Gross result (EBITDA)	2,328 kEUR	1,832 kEUR	27.1%
EBITDA-Margin	18.7 %	18.1 %	3.3%
Depreciation	-445 kEUR	-249 kEUR	78.7%
Operating result (EBIT)	1,883 kEUR	1,583 kEUR	19.0%
EBIT-Margin	15.1 %	15.6 %	-3.2%
Financial result	635 kEUR	31 kEUR	>100.0%
Result of ordinary activities	2,518 kEUR	1,614 kEUR	56.0%
Attributable to the shareholders of Geratherm	2,001 kEUR	1,483 kEUR	34.9%
Long-term assets	5,912 kEUR	5,762 kEUR	2.6%
Short-term assets	20,501 kEUR	13,217 kEUR	55.1%
Balance sheet total	26,413 kEUR	18,979 kEUR	39.2%
Equity capital	20,823 kEUR	16,299 kEUR	27.8%
Equity return	12.8 %	12.1 %	5.8%
Equity ratio	78.8 %	85.9 %	-8.3%
Cash and securities	12,103 kEUR	7,681 kEUR	57.6%
Result per share pursuant to IFRS (EPS)*	0.40 EUR	0.33 EUR	21.2%
Result per share pursuant to DVFA*	0.40 EUR	0.33 EUR	21.2%
Number of employees at end of the period	133	106	25.5%
No-par shares	4,949,999	4,500,000	10.0%
* relating to non-par shares in circulation	4,949,999	4,500,000	10.0%

Business development from 1st January to 30th September 2010

- **Turnover 12.5 million EUR +22.8 %**
- **EBITDA 2,328 kEUR +27.1 %**
- **EBIT 1,883 kEUR + 19.0 %**
- **Earnings after tax (EAT) 2,001 kEUR + 34.9 %**
- **Earnings per share 40 cents (previous year: 33 cents)**

[Dear shareholders and interested parties of Geratherm Medical,](#)

The positive revenue and earnings development of Geratherm also continued in the 3rd quarter of 2010. Geratherm's core business in the Healthcare sector developed in extremely strong fashion for the sixth successive quarter with an above-average growth rate of 26.1 %.

Important milestones were reached in the still new business areas, forming the basis for the further business development. Thus, we obtained FDA approval in the Warming Systems sector on 20th September 2010 for our newly developed rescue systems. The same applies to the operating room warming systems, for which we subsequently likewise received FDA approval on 19th October 2010, paving the way for their marketing on the US market. An initial joint study with the University of Heidelberg on our product SRA for the detection of atrial fibrillation was published in August 2010.

Expenditure on further product developments in the new business sectors and investments in the capacity increase at the Thuringia site are currently at an above-average level. We are however of the opinion that we are thereby creating a sound platform for further company growth.

Overall turnover grew by 17.5 % in the 3rd quarter of 2010 compared with the relatively strong quarter of the previous year. The gross profit again increased at an above-average rate with a plus of 23.4 % compared with the previous year's quarter. Higher preproduction costs in the personnel sector and other operating expenses led to a below-average operating result. The EBIT margin in the 3rd quarter of 2010 was 14.0 % (previous year: 16.3 %).

There was strong demand for Geratherm products in virtually all regions. Our biggest growth in the first nine months was in South America with a plus of 63.4 %. Sales on the European market in the first nine months increased by 28.8 %, while those on the German market showed below-average development with a minus of 18.2 % compared with the previous year.

Owing to higher preproduction cost for personnel and other operating expenses, the operating result in the 3rd quarter only increased slightly to 627 kEUR. A result of 76 kEUR (previous year 65 kEUR) was recorded for the financial result in the 3rd quarter. The result from ordinary business activities in the third quarter totalled 702 kEUR. With the 167 kEUR reduction of deferred taxes (non-cash), a period result for Geratherm shareholders of 465 kEUR (-18.6 %) is derived.

The accumulated result for ordinary business activities for the first nine months is 2,518 kEUR (previous year: 1,614 kEUR). The period result for Geratherm shareholders for the nine-month period of the current business year amounts to 2,001 kEUR (previous year: 1,483 kEUR). The result per share increased in this period to 40 cents (previous year: 33 cents).

Data and Facts

(in kEUR)

	3 rd /10	2 nd /10	1 st /10	4 th /09	3 rd /09
Turnover	4,466	4,039	3,958	4,237	3,803
EBITDA	17.3%	21.1%	17.8%	18.3 %	18.9%
EBIT	627	707	549	654	619
EPS (EUR)	0.09	0.13	0.18	0.27	0.13
Cash flow	734	868	502	785	715

Turnover development

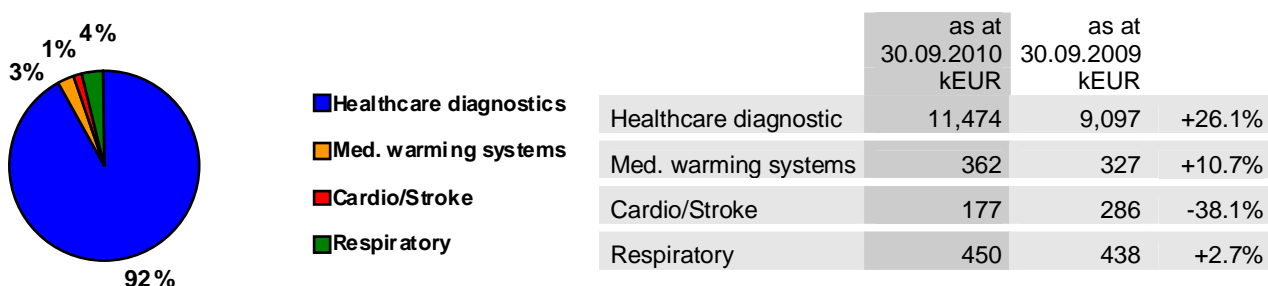
Turnover development in the first nine months of 2010 was in line with our plan estimates with a plus of 22.8 %. Total turnover of 12.5 million EUR was recorded. Demand for Geratherm products, particularly for environmentally friendly products with gallium filling, remains high. Our subsidiary in Sao Paulo also showed positive development by reason of the dynamic economic growth in Brazil with an increase in turnover of 63.4 %. Turnover development on the domestic market is unsatisfactory with a minus of 18.2 %, but has been exhibiting an improving trend in the past two months. 88 % of Geratherm products are exported.

Turnover by region 1st January ÷ 30th September 2010



The mainstay of sales of Geratherm Medical in the first nine months, with a 92.1% share, are products in the healthcare diagnostics segment, which are marketed internationally to pharmacies and hospitals. Important products in this segment are gallium-filled thermometers (48.8 %) and sphygmomanometers (19.1 %).

Turnover by segment 1st January ÷ 30th September 2010



Sales in the healthcare diagnostics segment rose by 26.1 % in the first nine months. The medical warming segment likewise exhibited an increase in turnover of 10.7 % compared with the previous year. Development in the Cardio/Stroke segment was markedly weaker. However, it needs to be taken into consideration here that a major order was transacted in September last year for a clinical study, so that there is no precise comparability. The customer base and the settled analyses in this segment are increasing strongly. By the end of September, 7,960 analyses of patients with atrial fibrillation had been carried out . that is 57.7 % more than in the comparable period of the previous year. Licence agreements likewise currently exist with nine stroke centres in Germany (previous year: 3), which are permanently using our technology in their atrial fibrillation diagnostics.

The respiratory segment managed to make up the fall in sales of the last three months, but in total only exhibits a below-average growth of 2.7 %. We expect strong sales impulses from this segment in the 4th quarter of 2010.

Profit situation

The operative profit situation of Geratherm Medical has improved compared with the same period of the previous year. With a plus of 25.1 % in the first nine month of 2010, gross profit developed at an above-average rate to increase in turnover (+22.8 %). Material costs increased in parallel to the higher volume of sales. Personnel costs increased at an above-average rate in relation to increase in turnover with a plus of 26.4 %.

Gross earnings (EBITDA) rose in the course of the first nine months to 2,327 kEUR (+27.1 %). The higher volume of investment in the expansion of production facilities led to a higher depreciable amount. The same applies to the marketing launch of nine products and the associated first-time depreciations of development costs. The overall depreciable amount increased sharply by 78.7 % to 445 kEUR.

The operating result (EBIT) increased to 1,883 kEUR (+19.0 %). In addition, a positive financial result of 635 kEUR was achieved for the period under review, January . September 2010. Together with the operational results, this gave a profit from ordinary business activities of 2,518 kEUR (+56.0 %) for the first nine months of the current business year. Minus taxes amounting to 608 kEUR, principally burdened by a reduction of deferred taxes totalling 447 kEUR, a group period result is shown for the nine months of 1,909 kEUR (+36.3 %). The period result of the minority equity amounts to -91 kEUR.

In total, a net period result for Geratherm shareholders of 2,001 kEUR (+34.9 %) was achieved. Earnings per share for the first nine months amount to 40 cents (previous year: 33 cents).

Asset and financial position

Geratherm Medical has a sound financial basis. The total assets of 26.4 million EUR are largely represented by equity capital of 20.8 million EUR. The equity ratio as at the reporting date is 78.8 %. The return on equity for the allocated capital amounts to 12.8 % for the first nine months. At the end of the period under review, the company has liquid assets and securities amounting to 12.1 million EUR (previous year: 7.7 million EUR). The company is thereby financially well equipped for the current growth phase.

The rise in the balance sheet total from 22.7 million EUR to 26.4 million EUR is principally attributable to the capital increase in the 1st quarter of this year. Long-term assets, at 5.9 million EUR, remained at approximately the same level as at the end of last year. Intangible assets fell by 19.1 % to 839 kEUR. This is principally attributable to the first-time depreciation of the capitalised investment costs. Tangible assets increased through investment from 2.3 million EUR to 2.8 million EUR. Current assets increased markedly as a result of the strong company growth, particularly inventories and trade receivables. Stock value increased by 51.1 % to 4.3 million EUR. Receivables likewise increased by 48.2 % to 4.1 million EUR. The securities portfolio on 30th September 2010 amounted to 6.8 million EUR (+26.7 %); the instruments of payment amounted to 5.3 million EUR (-6.8 %).

Gross cash flow as at 30th September 2010 totalled 2,104 kEUR (previous year: 1,847 kEUR). Owing to the strong growth, the funds commitment increased significantly through an increase in inventories and trade receivables, so that cash flow from operating activities in the period under review was -380 kEUR. Cash flow from investment activity was -1,764 kEUR. 773 kEUR of this flowed as investment into fixed capital. Instruments of payment at the end of the period under review amounted to 5,315 kEUR.

Research and development

We reached various milestones in the field of product development and approval in the 3rd quarter. After a year's preparation, we have obtained FDA approval for the active warming systems developed by us in the fields of rescue and operating theatres in hospitals, clearing the way to the US market.

A study was published jointly with the Department of Neurology and Cardiology of the University of Heidelberg and the Department of Epidemiology and Gerontology at the German Centre for Cancer Research (DKFZ) in Heidelberg on the product SRA for the detection of atrial fibrillation on 18th August 2010. A total of 136 patients were included in the study. The study findings with the Automatic Screening Algorithm ASA (SRA) were published in the Cardiovascular Disease Journal.

The product SRA (Stroke/Risk/Analyser) is encountering an increasingly dynamic market. In particular, from the pharmaceutical industry, drugs are coming onto the market for the first time that treat strokes caused by atrial fibrillation. All the big pharmaceutical companies are currently working on active agents to combat strokes. The medicine Multaq from Sanofi Aventis has already been approved since last year.

On 21st October this year, the drug Pradaxa from Boehringer Ingelheim for the prevention of strokes in the event of cardiac arrhythmias was approved for the US market. Bayer likewise is currently developing, under the name Xarelto, a medicine to prevent strokes in patients with atrial fibrillation. The market for this type of medicines is estimated at more than 10 billion US dollars and is just emerging.

Personnel

On 30th September 2010, the Geratherm Group employed a total of 133 employees (previous year: 106 employees). 93.2 % of staff is employed in Germany. The growth in personnel resulted principally from the production expansion in the gallium thermometer segment at our location in Thuringia.

Outlook

We expect a continuation of the current business development in the further course of the year. If general conditions remain unchanged, we should again be able to record a double-digit increase in turnover in the 4th quarter.

With its sound financial position and healthy capital structure, Geratherm has the right prerequisites for financing the intended growth and cushioning possible risks.

It should also be mentioned that on 4th November 2010, after the period under review, our subsidiary apoplex medical technologies GmbH, Pirmasens, was awarded the 2010 Innovation Prize of the State of Rhineland-Palatinate for the %development of a stroke-risk analysis for clinical use for the fully automatic detection of atrial fibrillation or a risk of atrial fibrillation%.

Geschwenda, November 2010

Your



Dr. Gert Frank
CEO of Geratherm Medical AG

Statement of comprehensive income for the period 1 January to 30 September 2010

	July-Sept. 2010 EUR	July-Sept. 2009 EUR	Change	Jan.-Sept. 2010 EUR	Jan.-Sept. 2009 EUR	Change
Sales revenue	4,466,503	3,802,808	17.5%	12,463,365	10,147,977	22.8%
Change in inventories of semi-finished and finish products	31,767	42,127	-24.6%	127,019	57,987	>100.0%
Other capitalized own work	0	14,441	-100.0%	0	46,503	-100.0%
Other operating income	96,549	64,679	49.3%	373,723	374,408	-0.2%
	4,594,819	3,924,055	17.1%	12,964,107	10,626,875	22.0%
Cost of Materials						
Cost of raw materials, consumables and goods for resale	-1,838,763	-1,682,501	9.3%	-5,003,138	-4,257,793	17.5%
Costs of purchased services	-65,709	-61,632	6.6%	-219,817	-182,690	20.3%
	-1,904,472	-1,744,133	9.2%	-5,222,955	-4,440,483	17.6%
Gross profit or loss	2,690,347	2,179,922	23.4%	7,741,152	6,186,392	25.1%
Personnel expenses						
Wages and salaries	-771,556	-606,090	27.3%	-2,304,167	-1,796,775	28.2%
Social security, pension and other benefits	-169,746	-139,285	21.9%	-480,699	-405,761	18.5%
	-941,302	-745,375	26.3%	-2,784,866	-2,202,536	26.4%
Amortization of intangible assets and depreciation of tangible assets	-144,531	-97,422	48.4%	-444,616	-248,860	78.7%
Other operating expenses	-978,228	-718,393	36.2%	-2,628,960	-2,152,425	22.1%
Operating result	626,286	618,732	1.2%	1,882,710	1,582,571	19.0%
Dividend income	5,610	0	-	83,972	56,760	47.9%
Income from securities trading	139,335	92,700	50.3%	872,893	496,056	76.0%
Losses from securities	-47,967	-16,862	>100.0%	-105,556	-488,055	-78.4%
Securities-related expenses	-4,299	-1,523	>100.0%	-167,600	-17,000	>100.0%
Other interest and similar income	5,927	-452	-	20,458	9,914	>100.0%
Interests and similar expenses	-22,593	-8,498	>100.0%	-69,336	-26,357	>100.0%
Financial result	76,013	65,365	16.3%	634,831	31,318	>100.0%
Result of ordinary activities	702,299	684,097	2.7%	2,517,541	1,613,889	56.0%
Income taxes	-255,051	-125,521	>100.0%	-608,085	-213,103	>100.0%
Group net profit for the period	447,248	558,576	-19.9%	1,909,456	1,400,786	36.3%
Minority interests result	-18,084	-12,905	40.1%	-91,072	-82,424	10.5%
Earnings for the period of Geratherm shareholders	465,332	571,481	-18.6%	2,000,528	1,483,210	34.9%
EBITDA	770,817	716,154	7.6%	2,327,326	1,831,431	27.1%
Result per share undiluted	0.09	0.13	-30.8%	0.40	0.33	21.2%

Statement of financial position as at the end of the period by 30 September 2010

Assets	30 September 2010 EUR	31 December 2009 EUR	Change
A. Long-term assets			
I. Intangible assets			
1. Development costs	725,631	916,792	-20.9%
2. Software	37,883	44,604	-15.1%
3. Goodwill	75,750	75,750	-
	839,264	1,037,146	-19.1%
II. Tangible assets			
1. Land, land rights and buildings	1,143,944	1,199,867	-4.7%
2. Technical equipment and machinery	1,168,180	734,082	59.1%
3. Other equipment, factory and office equipment	200,333	150,462	33.1%
4. Construction in process	326,532	234,940	39.0%
	2,838,989	2,319,351	22.4%
III. Deferred taxes	2,233,845	2,625,639	-14.9%
	5,912,098	5,982,136	-1.2%
B. Short-term assets			
I. Inventories			
1. Raw materials and supplies	1,179,583	990,887	19.0%
2. Unfinished goods	593,704	510,274	16.4%
3. Finished goods and merchandise	2,491,993	1,321,896	88.5%
	4,265,280	2,823,057	51.1%
II. Receivables and other assets			
1. Trade receivables	3,620,669	2,364,659	53.1%
2. Tax receivables	170,370	103,705	64.3%
3. Other assets	341,965	320,683	6.6%
	4,133,004	2,789,047	48.2%
III. Securities	6,787,469	5,355,347	26.7%
IV. Cash and cash equivalents	5,315,330	5,702,573	-6.8%
	20,501,083	16,670,024	23.0%
	26,413,181	22,652,160	16.6%
Equity and Liabilities			
A. Equity capital			
I. Subscribed capital	4,949,999	4,500,000	10.0%
II. Capital reserves	10,577,354	7,570,000	39.7%
III. Other reserves	5,311,164	5,597,396	-5.1%
Attributable to the shareholders of Geratherm	20,838,517	17,667,396	17.9%
Minority interests	-15,553	3,030	>100.0%
	20,822,964	17,670,426	17.8%
B. Long-term debts			
1. Liabilities to banks	2,000,000	2,000,000	-
2. Accrued investment subsidies	563,831	607,462	-7.2%
3. Other long-term liabilities	522,079	465,329	12.2%
	3,085,910	3,072,791	0.4%
C. Short-term debts			
1. Liabilities to banks	608,407	441,288	37.9%
2. Payments on accounts	171,829	80,088	>100.0%
3. Trade payables	686,364	708,352	-3.1%
4. Tax liabilities	323,369	147,204	>100.0%
5. Other short-term liabilities	714,338	532,011	34.3%
	2,504,307	1,908,943	31.2%
	26,413,181	22,652,160	16.6%

Statement of cash flow for the period 01 January to 30 September 2010

	Jan. . Sept. 2010 kEUR	Jan. . Sept. 2009 kEUR
Group net profit for the period	1,909	1,401
Other costs affecting income/expenses	37	63
Dividend income	-84	-57
Interest earnings	-20	-10
Interest expenses	69	26
Decrease in deferred taxes	392	136
Income tax expenditure	161	77
Depreciation of fixed assets	445	249
Income from securities trading	-873	-496
Losses from valuation of securities	106	488
Amortisation of public grants and subsidies	-44	-33
Loss from disposal of fixed assets	6	3
Gross cash flow	2,104	1,847
Increase in inventories	-1,442	405
Increase in trade receivables and other assets	-1,344	-718
Increase in current liabilities and other liabilities	278	548
Monies received from dividends	84	57
Monies received from interest	20	10
Cash outflow from interest	-69	-26
Cash outflow for income taxes	-11	-22
Cash flow from operations	-380	2,101
Cash outflow for investments in fixed assets	-773	-677
Monies received based on financial assets	1,446	846
Cash outflow based on financial assets	-2,437	-909
Cash flow from Investments	-1,764	-740
Incoming payment from capital increase	3,600	0
Outgoing payment for equity capital procurement costs	-198	0
Tax effect from equity capital procurement costs	55	0
Funds inflow from minorities	63	0
Dividend payout to minority interests	-8	-20
Dividend payments	-1,980	0
Increase/decrease in loan liabilities	167	-363
Inflow from long-term liabilities	57	60
Cash flow from financing activities	1,756	-323
Change in cash and cash equivalents	-388	1,038
Cash and cash equivalents at the start of the reporting period	5,703	1,373
Cash and cash equivalents at the end of the reporting period	5,315	2,411

Statement of changes in equity for the period by 30 September 2010

	Subscribed capital	Capital reserves	Other reserves			Attributable to the shareholders of Geratherm	Shares of other partners	Equity capital
			Market valuation reserve	Currency conversion reserves	Cumulative profits			
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of January 1, 2009	4,500,000	7,570,000	-71,885	-22,937	619,514	12,594,692	52,386	12,647,078
Dividend payment to shareholders	0	0	0	0	0	0	-20,107	-20,107
Transactions with shareholders	0	0	0	0	0	0	-20,107	-20,107
Group period result	0	0	0	0	1,483,210	1,483,210	-82,424	1,400,786
Unrealised capital gains and losses from evaluation of securities	0	0	2,207,365	0	0	2,207,365	0	2,207,365
Currency translation in group	0	0	0	32,486	0	32,486	31,213	63,699
Total consolidated income	0	0	2,207,365	32,486	1,483,210	3,723,061	-51,211	3,671,850
As of September 30, 2009	4,500,000	7,570,000	2,135,480	9,549	2,102,724	16,317,753	-18,932	16,298,821
As of January 1, 2010	4,500,000	7,570,000	2,274,419	24,918	3,298,059	17,667,396	3,030	17,670,426
Increase of equity capital	449,999	3,149,993	0	0	0	3,599,992	0	3,599,992
Equity capital costs	0	-198,316	0	0	0	-198,316	0	-198,316
Tax effect from equity capital costs	0	55,677	0	0	0	55,677	0	55,677
Increase of share capital of the subsidiary Geratherm Respiratory GmbH	0	0	0	0	0	0	26,750	26,750
Increase of share capital of the subsidiary apoplexy medical technologies GmbH	0	0	0	0	0	0	36,000	36,000
Dividend payment to shareholders	0	0	0	0	-1,979,999	-1,979,999	-8,635	-1,988,634
Transactions with shareholders	449,999	3,007,354	0	0	-1,979,999	1,477,354	54,115	1,531,469
Group period result	0	0	0	0	2,000,528	2,000,528	-91,072	1,909,456
Unrealised capital gains and losses from evaluation of securities	0	0	-325,884	0	0	-325,884	0	-325,884
Currency translation in group	0	0	0	19,123	0	19,123	18,374	37,497
Total consolidated income	0	0	-325,884	19,123	2,000,528	1,693,767	-72,698	1,621,069
As of September 30, 2010	4,949,999	10,577,354	1,948,535	44,041	3,318,588	20,838,517	-15,553	20,822,964

Segment Report for the period from 1 January 2010 to 30 September 2010

	01/01-30/09/2010	01/01-30/09/2009
	EUR	EUR
Earnings for the period of Geratherm shareholders	2,000,528	1,483,210
Minority interests result	-91,072	-82,424
Group net profit for the period	1,909,456	1,400,786
Profit and losses from the revaluation of securities	-325,884	2,207,365
Difference resulting from currency translation	37,497	63,699
Income and expenses directly included in equity capital	-288,387	2,271,064
Total consolidated income	1,621,069	3,671,850
of which assignable to minority interests	-72,698	-51,211
of which attributable to the shareholders of Geratherm	1,693,767	3,723,061

Segment Report for the period from 1 January 2010 to 30 September 2010

According to product segments	Healthcare Diagnostics	Med. Warming Systems	Cardio/Stroke	Respiratory	Consolidation	Transition	Total
2010	January-Sept. kEUR	January-Sept. kEUR	January-Sept. kEUR	January-Sept. kEUR	January-Sept. kEUR	January-Sept. kEUR	January-Sept. kEUR
Segment sales	12,199	386	177	464	-772	9	12,463
Operating results	2,444	-18	-136	-84	-255	-68	1,883
of which:							
Amortisation of intangible assets and depreciation of tangible assets	135	27	3	8	178	94	445
Segment assets	10,389	828	327	575	0	12,060	24,179
Segment liabilities	4,751	69	569	201	0	0	5,590

According to product segments	Healthcare Diagnostics	Med. Warming Systems	Cardio/Stroke	Respiratory	Consolidation	Transition	Total
2009	Jan.-Sept. kEUR	Jan.-Sept. kEUR	Jan.-Sept. kEUR	Jan.-Sept. kEUR	Jan.-Sept. kEUR	Jan.-Sept. kEUR	Jan.-Sept. kEUR
Segment sales	9,510	327	281	439	-415	6	10,148
Operating results	1,905	-40	-171	-99	76	-88	1,583
of which:							
Amortisation of intangible assets and depreciation of tangible assets	89	18	9	6	58	69	249
Segment assets	6,947	881	393	562	0	7,667	16,450
Segment liabilities	1,922	52	548	158	0	0	2,680

According to regions	Germany	Europe	USA	South- America	Sonstige	Gesamt
	January- Sept.	January- Sept.	January- Sept.	January- Sept.	January- Sept.	January- Sept.
2010	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Sales revenue	1,887	6,345	1,125	3,050	1,152	13,559
Elimination of sales within the group	-337	0	0	-759	0	-1,096
Sales revenue to third parties	1,550	6,345	1,125	2,291	1,152	12,463
Gross profit or loss	950	3,888	689	1,508	706	7,741
Operating results	210	861	153	502	157	1,883
Of which:						
Amortisation of intangible assets and depreciation of tangible assets	65	265	47	20	48	445
Amortisation of grants and allowances	7	27	5	0	5	44
Acquisition costs fixed Assets in the period	708	0	0	65	0	773
Segment assets	22,273	0	0	1,906	0	24,179

According to regions	Germany	Europe	USA	South- America	Sonstige	Gesamt
	Jan.-Sept.	Jan.-Sept.	Jan.-Sept.	Jan.-Sept.	Jan.-Sept.	Jan.-Sept.
2009	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Sales revenue	2,218	4,925	953	1,817	974	10,887
Elimination of sales within the group	-324	0	0	-415	0	-739
Sales revenue to third parties	1,894	4,925	953	1,402	974	10,148
Gross profit or loss	1,139	2,892	560	1,024	571	6,186
Operating results	302	767	149	213	152	1,583
Of which:						
Amortisation of intangible assets and depreciation of tangible assets	52	130	25	16	26	249
Amortisation of grants and allowances	7	19	3	0	4	33
Acquisition costs fixed Assets in the period	649	0	0	28	0	677
Segment assets	15,442	0	0	1,008	0	16,450

Notes on the consolidated interim financial statement for the period from 1st January 2010 to 30th September 2010

Accounting and valuation methods

The unaudited interim financial statement of Geratherm Medical AG as at 30th September 2010 was drawn up in accordance with the International Financial Reporting Standards (IFRS) as effective at the closing date and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they are mandated in the European Union.

The accounting, valuation and consolidation methods were, as shown in the annex of the 2009 consolidated financial statement, maintained.

The valuation of assets and liabilities is partially based on estimates or assumptions of and about future developments. Thus, the specification of economic useful lives for non-current assets in particular is based on assumptions and estimates. In addition, the assessment of the intrinsic value of the tax deferrals and accruals attributable to the tax losses carried forward and the capitalised development costs rests on corporate planning, which is naturally associated with uncertainties, so that in particular cases the actual values may deviate from the assumptions and estimates made. Estimates and their underpinning assumptions are regularly checked and evaluated on their possible effects on the accounting.

Consolidated companies

The consolidated companies changed in the 3rd quarter of 2010 as follows:

Companies	Amount of holding 2010	Amount of holding 2009
GME Rechte und Beteiligungen GmbH, Geschwenda / Germany	100.00 %	100.00 %
apoplex medical technologies GmbH, Pirmasens / Germany	61.00 %	60.00 %
Geratherm Respiratory GmbH, Bad Kissingen / Germany	61.27 %	55.00 %
Geratherm Medical do Brasil Ltda., Sao Paulo / Brazil	51.00 %	51.00 %

The share capital of Geratherm Respiratory GmbH was increased in line with a corporate decision of 27th April 2010 by 150,000 EUR to 650,000 EUR. Geratherm Medical AG took over a further company share of this of 123,250 EUR. The amount of holding thereby increased from 55.00 % to 61.27 %. The new share capital of Respiratory has been paid in full. Registration in the commercial register took place on 25th May 2010.

The share capital of apoplex medical technologies GmbH was increased in line with the shareholders' resolution of 20th September 2010 by 100,000 EUR to 400,000 EUR. Geratherm Medical AG took over a company share of this of 64,000 EUR in total. The amount of holding thereby increased from 60.00 % to 61.00 %. The increased company shares participate in the company's profit and loss from 1st October 2010. The new share capital of apoplex has been paid in full. Registration in the commercial register took place on 11th October 2010.

Non-current assets

The increase in non-current assets as at 30th September 2010 results mainly from investments in the field of tangible assets. Technical assets and machines as well as assets under construction worth 764 kEUR were capitalised for the increase in production capacities for gallium thermometers.

Current assets

Current assets increased as a result of growth as at 30th September 2010 by 1,442 kEUR with inventories and by 1,344 kEUR with receivables and other assets.

The securities portfolio changed through purchase and through the exercise of subscription rights by 2,437 kEUR (previous year: 909 kEUR) as well as through the sale of securities by 1,446 kEUR (previous year: 846 kEUR). A profit of 873 kEUR (previous year: 496 kEUR) derives from the sale of securities. The change in the securities portfolio at the period-end exchange rate on 30th September 2010 was recorded largely without affecting profit or loss in the market assessment reserve and amounts to 1,949 kEUR (previous year: 2,135 kEUR). In accordance with IAS 39.67, the write-off for Adolor Corp. was recognised in profit and loss at 106 kEUR.

As at 30th September 2010, the change in available means of payment is -388 kEUR (previous year: 1,038 kEUR). Cash flow before any change in the budgetary commitment amounting to 2,104 kEUR (previous year: 1,847 kEUR) is to be seen alongside changes in cash assets amounting to -2,484 kEUR (previous year: +254 kEUR). Cash flow from investment activity amounting to -1,764 kEUR (previous year: -740 kEUR) derives from the acquisition of tangible fixed assets and intangible assets and the acquisition and sale of financial assets. Cash flow from financing activities principally comprises the capital inflow from the capital increase in the 1st quarter and the capital outflow from the dividend distribution and was 1,756 kEUR on the effective date (previous year: -323 kEUR).

Equity capital

The board of directors of Geratherm Medical AG, with the approval of the supervisory board, implemented an increase of the share capital on 11th March 2010 utilising the authorised capital stock through the issue of 449,999 new no-par-value bearer shares to the exclusion of the shareholders' subscription rights. The new shares were successfully placed at a price of 8.00 EUR per share.

The subscribed capital of Geratherm Medical AG as at 30th September 2010 totals 4,949,999 EUR (previous year: 4,500,000 EUR) and is divided into 4,949,999 (previous year: 4,500,000) no-par-value bearer shares. The subscribed capital has been paid in full. The capital increase was entered in the Commercial Register on 15th March 2010. The number of shares in circulation as at 30th September 2010 was 4,949,999.

The authorisation of 12th June 2006 of the board of directors, with the approval of the supervisory board, to increase the share capital to 11th June 2011, against contributions in cash or in kind, on one or on several occasions, by a total of up to 2,250,000 EUR, whereby the subscription rights of shareholders may be excluded, was reduced to 1,800,001 EUR.

The capital reserve as at 30th September 2010 is 10,577 kEUR (previous year: 7,570 kEUR). The increase of 3,150 kEUR from the capital increase is reduced by the equity procurement costs after tax amounting to 143 kEUR.

At the annual general meeting in Erfurt on 7th June 2010, the shareholders of Geratherm Medical AG approved of the distribution of a tax-neutral dividend of 0.40 EUR per share from the shareholders' contribution account for tax purposes (according to § 27 of the KStG (Corporation Tax Act)) on the share capital amounting to 4,949,999 EUR. Dividend payment of 1,979,999.60 EUR took place on 8th June 2010.

The development in share capital was presented in the statement of changes in Group equity.

Geschwenda, November 2010



Dr. Gert Frank
Chairman



Thomas Robst
Director of Marketing/Sales

Financial calendar 2010/2011

Publication Annual Report 2010
04/20/2011

Publication Three MonthsqStatement 2011
05/25/2011

Annual General Meeting
06/06/2011

Publication Six MonthsqStatement 2011
08/24/2011

Publication Nine MonthsqStatement 2011
11/23/2011

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