

# Geratherm®

## *SOLUTIONS FOR A HEALTHY WORLD*

Interim Report 3<sup>st</sup> Quarter of 2011



## GERATHERM

## AT A GLANCE

Group financial ratio	January -Sept. 2011	January -Sept. 2010	Change
<b>Sales revenues</b>	<b>13,286 kEUR</b>	<b>12,463 kEUR</b>	<b>6.6 %</b>
Export share	11,761 kEUR	10,913 kEUR	7.8 %
Export ratio	89 %	88 %	1.1 %
Gross profit (EBITDA)*	1,937 kEUR	2,328 kEUR	-16.8 %
<b>EBITDA-Margin</b>	<b>14.6 %</b>	<b>18.7 %</b>	<b>-21.9 %</b>
Amortization or depreciation	-501 kEUR	-445 kEUR	12.6 %
<b>Operating results (EBIT)</b>	<b>1,436 kEUR</b>	<b>1,883 kEUR</b>	<b>-23.7 %</b>
<b>EBIT margin</b>	<b>10.8 %</b>	<b>15.1 %</b>	<b>-28.5 %</b>
Financial results	455 kEUR	635 kEUR	-28.3 %
Result of ordinary activities	1,891 kEUR	2,518 kEUR	-24.9 %
<b>Net earnings of the parent company's shareholders in the period concerned</b>	<b>1,582 kEUR</b>	<b>2,001 kEUR</b>	<b>-20.9 %</b>
Long-term assets	5,739 kEUR	5,912 kEUR	-2.9 %
Short-term assets	18,424 kEUR	20,501 kEUR	-10.1 %
Total assets	24,163 kEUR	26,413 kEUR	-8.5 %
Equity capital	17,823 kEUR	20,823 kEUR	-14.4 %
Return on equity	11.8 %	12.8 %	-7.5 %
Equity ratio	73.8 %	78.8 %	-6.3 %
Cash, cash equivalents and securities	9,030 kEUR	12,103 kEUR	-25.4 %
<b>Earnings per share according to IFRS (EPS)**</b>	<b>0.32 EUR</b>	<b>0.40 EUR</b>	<b>-20.0 %</b>
<b>Earnings per share according to DVFA**</b>	<b>0.32 EUR</b>	<b>0.40 EUR</b>	<b>-20.0 %</b>
Number of employees at end of the period	138	133	3.8 %
Total shares issued	4,949,999	4,949,999	-
** based on total shares issued	4,949,999	4,949,999	-

\*EBITDA=profits from ordinary business activities adjusted by financial results and write-offs.

## Business Performance from January 1 to September 30, 2011

- Sales revenues EUR 13.3 million +6.6%
- Gross result for the period (EBITDA) EUR 1.937 million -16.8%
- Operating result (EBIT) EUR 1.436 million -23.7%
- Earnings after taxes (EAT) EUR 1.582 million -20.9%
- Earnings per share 32 EUR cents (2010: 40 EUR cents)

### **Dear Shareholders and Parties Interested in Geratherm Medical,**

Geratherm Medical managed during the third quarter of the current fiscal year to expand its sales volume by 6.5% compared to the same period last year. Following the weaker second quarter, the sales were able to build again on the previous positive growth phase.

The gross profit also increased by +4.1% during the third quarter. We experienced a considerably higher increase in costs. The operating result was decreased by input costs for marketing activities, external consulting fees and increased costs for expanding a production unit in our Brazilian subsidiary. An operating result (EBIT) of 506 kEUR (-19.3%) was posted during the 3<sup>rd</sup> quarter.

The financial result reported in the 3<sup>rd</sup> quarter of 2011 was negative with -173 kEUR. All in all, the result from ordinary business activities amounted to 333 kEUR. The net income for the period after minority interest is 248 kEUR or 0.05 EUR cents (2010: 0.09 EUR cents) per share.

For the first nine months there was a cumulative result for ordinary business activities in the amount of EUR 1.891 million (2010: EUR 2.518 million). The net income of Geratherm's shareholders amounted to EUR 1.582 million (2010: EUR 2.001 million) for the nine month period of the current fiscal year. The result per share is 0.32 EUR (2010: 0.40 EUR).

## Facts and figures

(in kEUR)

	III/11	II/11	I/11	IV/10	III/10
Turnover	4,756	3,749	4,781	4,515	4,466
EBITDA	14.2%	13.3%	16.0%	13.7%	17.3%
EBIT	506	333	597	467	627
EPS (EUR)	0.05	0.17	0.10	0.16	0.09
Cash flow	615	458	717	617	734

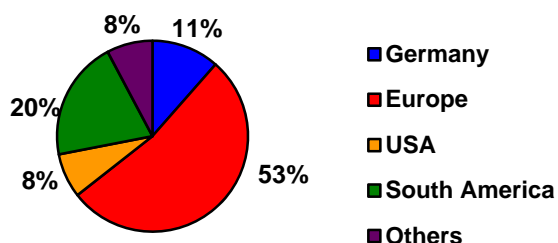
## Sales Development

The development of sales with a 6.6% growth during the first nine months of the current fiscal year did not really meet our expectations. On the whole the company posted a sales revenue of EUR 13.3 million.

The export share of Geratherm products amounted to 89%, exhibiting an above-average growth of 7.8%. The German market exhibited only a slight decline of -1.6%.

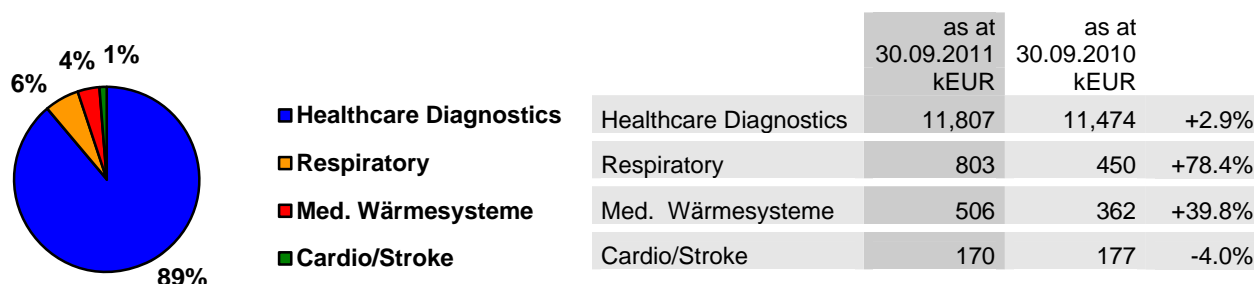
The demand for Geratherm products experienced an above-average increase of +10.8% in Europe and +17.6% in South America. Weaker development was reported for the US market (-11.1%) and the Other countries segment (-10.3%). The lower sales of Geratherm products in the latter segment was attributed in part to rioting in the Arab region.

## Sales by regions Jan. 1 – Sept. 30, 2011



	as at 30.09.2011 kEUR	as at 30.09.2010 kEUR	
Germany	1,525	1,550	-1.6%
Europe	7,033	6,345	+10.8%
USA	1,000	1,125	-11.1%
South America	2,695	2,291	+17.6%
Others	1,033	1,152	-10.3%

## Sales by segments Jan. 1 – Sept. 30, 2011



Geratherm Medical's mainstay of sales with a share of 88.9% comprises products of the Healthcare Diagnostic segment, which are marketed internationally in hospitals, clinics and pharmacies. Key products are gallium-filled clinical thermometers (50.1%) and blood pressure monitors (19.0%). The sales of products in this segment increased slightly by 2.9% during the first nine months compared to 2010. The sale of environmentally friendly gallium-filled clinical thermometers (+9.4%) posted above-average development. The sales in the segments Medical warming systems (+39.4%) and Respiratory (+78.4%) were characterized by dynamic growth. The sales posted in the Cardio/Stroke segment were slightly below last year's level with a -3.7% decline.

## Earnings Situation

Geratherm Medical's earnings situation from business operations experienced a below-average development as a result of higher write-offs (+12.6%) and higher other operating expenses (+27.9%). The higher operating expenses were caused by greater expenses for marketing (+87 kEUR) of our Brazilian subsidiary and due to higher legal fees (+162 kEUR) and logistics advice.

During the first nine months of 2011, the gross profit recorded an above-average 8.2% development compared to growth in sales. The gross margin represents 63.1% of sales. The personnel costs posted an above-average 10.6% development compared to growth in sales. The gross profit (EBITDA) decreased to EUR 1.937 million (-16.8%) during the first nine months. The volume of write-offs increased to 501 kEUR (+12.6%) due to higher investments.



The operating result (EBIT) decreased to EUR 1.436 million for the first nine months (2010: EUR 1.883 million). The decrease in the quality of earnings can be attributed to the increase in other operating expenses and the increased loss from business activities in Brazil (-169 kEUR) and apoplex medical (-274 kEUR).

As of Sept. 30, 2011, the company posted positive financial results in the amount of 455 kEUR (2010: 635 kEUR).

Together with the operating result, the result from ordinary business activities amounted to EUR 1.891 million (-24.9%) during the first nine months of the current fiscal year. Less the income taxes in the amount of 553 kEUR, which are encumbered significantly by a reduction in the deferred taxes due to the use of losses carried forward in the amount of 430 kEUR, Geratherm reported a consolidated net profit of EUR 1.582 million after deducting minority interests. The result per share for the first nine months is 32 EUR cents (2010: 40 EUR cents).

## **Net Assets and Financial Situation**

Geratherm Medical enjoys a stable asset situation. The balance sheet total as at Sept. 30, 2011 amounted to EUR 24.2 million (2010: EUR 26.4 million). Geratherm Medical's equity capital as of Sept. 30 amounted to EUR 17.8 million (2010: EUR 20.8 million). The equity capital in the balance sheet total is 73.8%. The return on equity was 11.8% for the first nine months of the current fiscal year. As of the end of September, the company had cash, cash equivalents and securities in the amount of EUR 9.0 million (2010: EUR 12.1 million). Thus, the company has a solid financial position, even for the arising opportunities.

With regard to long-term assets, development costs in the amount of 181 kEUR were written off. The write-offs were implemented together with the launch of new products. In case of tangible assets, technical equipment and machinery increased considerably (+407 kEUR), which was attributed mainly to expanding the capacity and increasing the productivity.

Inventories increased by 5.2%. The receivables and other assets also increased by 7.0%. As of the end of September, the company held securities worth EUR 6.2 million (2010: EUR 6.5 million).

The gross cash flow for the first nine months was EUR 1.790 million (2010: EUR 2.104 million). The cash flow from operations was 987 kEUR (2010: -380 kEUR). The cash flow from investments was EUR -1.918 million (2010: EUR -1.764 million). The cash and cash equivalents at the end of the period under review amounted to EUR 2.814 million (2010: EUR 5.315 million).

## Research and Development

Research and development focused primarily on the field of pulmonary function testing and early detection of strokes. With regard to the latter, we are still waiting for the publication of an important study. In both areas we are gaining a better position on the market thanks to the highly innovative products.

## Staff

The Geratherm Group had a staff of 138 persons in total as of September 30, 2011 (2010: 133). 93.5 % of the employees are in Germany.

## Outlook

For the remaining 4th quarter, we are anticipating a weaker operational performance compared to the year before. The mild climate which has been lasting up to November has resulted so far in a below-average demand for clinical thermometers. The financial result will develop more positively. Geratherm Medical has held a one-percent participating interest in the biopharmaceutical company Adolor (460,000 shares) for several years. The book value is EUR 0.91 per share. On October 24, 2011, the company Cubist agreed to a takeover offer of US\$ 8.75 per share for Adolor. The cash portion, as advance payment, is US\$ 4.25 per share. The remaining US\$ 4.50 will be paid upon licensing of the active agent ADL 5945 which is in the late phase. The cash portion shall be paid during the 4<sup>th</sup> quarter of 2011. Based on this prerequisite, Geratherm will receive an amount of US\$ 1.955 million from the cash portion contribution of US\$ 4.25. The partial profit from the sale of Adolor shares will increase Geratherm's financial result by EUR 1 million. Thus, we are anticipating good overall results for the entire 2011 year.

Geschwenda, November 2011



Dr. Gert Frank  
Chairman of the Board



Thomas Robst  
Head of Marketing/Sales

## Statement of comprehensive income for the period 1 January to 30 September 2011

	July-Sept. 2011 EUR	July-Sept. 2010 EUR	Change	Jan.- Sept. 2011 EUR	Jan.- Sept. 2010 EUR	Change
Sales revenue	4,756,125	4,466,503	6.5%	13,286,066	12,463,365	6.6%
Change in inventories of semi-finished and finish products	127,945	31,767	>100.0%	580,680	127,019	>100.0%
Other capitalized own work	0	0		0	0	
Other operating income	86,512	96,549	-10.4%	334,129	373,723	-10.6%
	4,970,582	4,594,819	8.2%	14,200,875	12,964,107	9.5%
Cost of Materials						
Cost of raw materials, consumables and goods for resale	-2,079,407	-1,838,763	13.1%	-5,555,850	-5,003,138	11.0%
Costs of purchased services	-90,025	-65,709	37.0%	-266,731	-219,817	21.3%
	-2,169,432	-1,904,472	13.9%	-5,822,581	-5,222,955	11.5%
<b>Gross profit or loss</b>	<b>2,801,150</b>	<b>2,690,347</b>	<b>4.1%</b>	<b>8,378,294</b>	<b>7,741,152</b>	<b>8.2%</b>
Personnel expenses						
Wages and salaries	-819,875	-771,556	6.3%	-2,538,457	-2,304,167	10.2%
Social security, pension and other benefits	-176,851	-169,746	4.2%	-542,349	-480,699	12.8%
	-996,726	-941,302	5.9%	-3,080,806	-2,784,866	10.6%
Amortization of intangible assets and depreciation of tangible assets	-169,837	-144,531	17.5%	-500,619	-444,616	12.6%
Other operating expenses	-1,129,003	-978,228	15.4%	-3,361,270	-2,628,960	27.9%
<b>Operating result</b>	<b>505,584</b>	<b>626,286</b>	<b>-19.3%</b>	<b>1,435,599</b>	<b>1,882,710</b>	<b>-23.7%</b>
Dividend income	6,497	5,610	15.8%	112,045	83,972	33.4%
Income from securities trading	0	139,335	-100.0%	908,021	872,893	4.0%
Losses from securities	-173,281	-47,967	>100.0%	-512,086	-105,556	>100.0%
Securities-related expenses	-3,053	-4,299	-29.0%	-33,331	-167,600	-80.1%
Other interest and similar income	11,016	5,927	85.9%	35,183	20,458	72.0%
Interests and similar expenses	-14,050	-22,593	-37.8%	-54,527	-69,336	-21.4%
<b>Financial result</b>	<b>-172,871</b>	<b>76,013</b>	<b>&gt;-100.0%</b>	<b>455,305</b>	<b>634,831</b>	<b>-28.3%</b>
<b>Result of ordinary activities</b>	<b>332,713</b>	<b>702,299</b>	<b>-52.6%</b>	<b>1,890,904</b>	<b>2,517,541</b>	<b>-24.9%</b>
Income taxes	-196,445	-255,051	-23.0%	-552,570	-608,085	-9.1%
<b>Group net profit for the period</b>	<b>136,268</b>	<b>447,248</b>	<b>-69.5%</b>	<b>1,338,334</b>	<b>1,909,456</b>	<b>-29.9%</b>
Minority interests result	-112,069	-18,084	>100.0%	-244,023	-91,072	>100.0%
<b>Earnings for the period of Geratherm shareholders</b>	<b>248,337</b>	<b>465,332</b>	<b>-46.6%</b>	<b>1,582,357</b>	<b>2,000,528</b>	<b>-20.9%</b>
<b>EBITDA</b>	<b>675,421</b>	<b>770,817</b>	<b>-12.4%</b>	<b>1,936,218</b>	<b>2,327,326</b>	<b>-16.8%</b>
<b>Result per share undiluted</b>	<b>0.05</b>	<b>0.09</b>	<b>-44.4%</b>	<b>0.32</b>	<b>0.40</b>	<b>-20.0%</b>



## Statement of financial position as at the end of the period by September 30, 2011

Assets	30 September 2011 EUR	31 December 2010 EUR	Change
<b>A. Long-term assets</b>			
<b>I. Intangible assets</b>			
1. Development costs	487,238	667,824	-27.0%
2. Software	30,903	39,095	-21.0%
3. Goodwill	75,750	75,750	0.0%
	593,891	782,669	-24.1%
<b>II. Tangible assets</b>			
1. Land, land rights and buildings	1,069,382	1,125,303	-5.0%
2. Technical equipment and machinery	1,656,192	1,249,095	32.6%
3. Other equipment, factory and office equipment	221,919	256,563	-13.5%
4. Construction in process	536,035	571,162	-6.2%
	3,483,528	3,202,123	8.8%
<b>III. Deferred taxes</b>	1,661,485	2,091,495	-20.6%
	<b>5,738,904</b>	<b>6,076,287</b>	<b>-5.6%</b>
<b>B. Short-term assets</b>			
<b>I. Inventories</b>			
1. Raw materials and supplies	1,631,704	1,573,475	3.7%
2. Unfinished goods	869,509	676,235	28.6%
3. Finished goods and merchandise	2,545,516	2,549,516	-0.2%
	5,046,729	4,799,226	5.2%
<b>II. Receivables and other assets</b>			
1. Trade receivables	3,686,704	3,200,158	15.2%
2. Tax receivables	188,863	329,605	-42.7%
3. Other assets	471,835	534,529	-11.7%
	4,347,402	4,064,292	7.0%
<b>III. Securities</b>	6,215,374	6,502,161	-4.4%
<b>IV. Cash and cash equivalents</b>	2,814,349	5,519,458	-49.0%
	<b>18,423,854</b>	<b>20,885,137</b>	<b>-11.8%</b>
	<b>24,162,758</b>	<b>26,961,424</b>	<b>-10.4%</b>
<b>Equity and Liabilities</b>			
<b>A. Equity capital</b>			
I. Subscribed capital	4,949,999	4,949,999	0.0%
II. Capital reserves	10,577,354	10,577,354	0.0%
III. Other reserves	2,653,006	5,089,579	-47.9%
Minority interests assigned to the shareholders of the parent company	18,180,359	20,616,932	-11.8%
Non-controlling interests	-357,430	-100,176	>100.0%
	<b>17,822,929</b>	<b>20,516,756</b>	<b>-13.1%</b>
<b>B. Long-term debts</b>			
1. Liabilities to banks	1,200,000	1,500,000	-20.0%
2. Accrued investment subsidies	675,582	729,079	-7.3%
3. Other long-term liabilities	596,079	522,079	14.2%
	<b>2,471,661</b>	<b>2,751,158</b>	<b>-10.2%</b>
<b>C. Short-term debts</b>			
1. Liabilities to banks	1,543,175	1,127,748	36.8%
2. Payments on accounts	122,357	240,535	-49.1%
3. Trade payables	1,347,126	1,126,602	19.6%
4. Tax liabilities	126,972	446,272	-71.5%
5. Other short-term liabilities	728,538	752,353	-3.2%
	<b>3,868,168</b>	<b>3,693,510</b>	<b>4.7%</b>
	<b>24,162,758</b>	<b>26,961,424</b>	<b>-10.4%</b>

## Statement of cash flow for the period January 01, 2011 to September 30, 2011

	January – Sept. 2011 kEUR	January – Sept. 2010 kEUR
Group net profit for the period	1,338	1,909
Other costs affecting income/expenses	-61	37
Dividend income	-112	-84
Interest earnings	-35	-20
Interest expenses	55	69
Decrease in deferred taxes	430	392
Income tax expenditure	123	161
Depreciation of fixed assets	501	445
Income from securities trading	-908	-873
Losses from securities trading	0	0
Losses from valuation of securities	512	106
Amortisation of public grants and subsidies	-53	-44
Loss from disposal of fixed assets	0	6
<b>Gross cash flow</b>	<b>1,790</b>	<b>2,104</b>
Increase in loan liabilities	-248	-1,442
Decrease/ increase in trade receivables and other assets	-344	-1,344
Decrease/ increase in current liabilities and other liabilities	-18	278
Monies received from dividends	112	84
Monies received from interest	35	20
Cash outflow from interest	-55	-69
Cash outflow for income taxes	-285	-11
<b>Cash flow from operations</b>	<b>987</b>	<b>-380</b>
Cash outflow for investments in fixed assets	-593	-773
Monies received based on financial assets	1,515	1,446
Cash outflow based on financial assets	-2,840	-2,437
<b>Cash flow from Investments</b>	<b>-1,918</b>	<b>-1,764</b>
Cash inflow from capital increase	0	3,600
Cash outflow for equity capital procurement costs	0	-198
Taxes regarding equity capital procurement costs	0	55
Cash inflow from minority interests	39	63
Dividend payout to minority interests	-22	-8
Dividend payments	-1,980	-1,980
Decrease/ increase in loan liabilities	115	167
Inflow from long-term liabilities	74	57
<b>Cash flow from financing activities</b>	<b>-1,774</b>	<b>1,756</b>
<b>Change in cash and cash equivalents</b>	<b>-2,705</b>	<b>-388</b>
<b>Cash and cash equivalents at the start of the reporting period</b>	<b>5,519</b>	<b>5,703</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2,814</b>	<b>5,315</b>

## Statement of changes in equity for the period by September 30, 2011

			Other reserves					
	Subscribed capital	Capital reserves	Market valuation reserve	Currency conversion reserves	Accumulated earnings	To be assigned to the shareholders of the parent company	Non-controlling interests	Equity capital
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>As of January 1, 2010</b>	<b>4,500,000</b>	<b>7,570,000</b>	<b>2,274,419</b>	<b>24,918</b>	<b>3,298,059</b>	<b>17,667,396</b>	<b>3,030</b>	<b>17,670,426</b>
Increase in Share Capital	449,999	3,149,993	0	0	0	3,599,992	0	3,599,992
Transaction costs	0	-198,316	0	0	0	-198,316	0	-198,316
Taxes regarding transaction costs	0	55,677	0	0	0	55,677	0	55,677
Increase in share capital of the subsidiary Geratherm Respiratory GmbH	0	0	0	0	0	0	26,750	26,750
Increase in share capital of the subsidiary apoplexy medical technologies GmbH	0	0	0	0	0	0	36,000	36,000
Dividend paid to shareholders	0	0	0	0	-1,979,999	-1,979,999	-8,635	-1,988,634
<b>Transactions with shareholders and member partners</b>	<b>449,999</b>	<b>3,007,354</b>	<b>0</b>	<b>0</b>	<b>-1,979,999</b>	<b>1,477,354</b>	<b>54,115</b>	<b>1,531,469</b>
Group period result	0	0	0	0	2,000,528	2,000,528	-91,072	1,909,456
Unrealised profits and losses from valuation 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
<b>Total consolidated income</b>	<b>0</b>	<b>0</b>	<b>-325,884</b>	<b>19,123</b>	<b>2,000,528</b>	<b>1,693,767</b>	<b>-72,698</b>	<b>1,621,069</b>
<b>As of Sept. 30, 2010</b>	<b>4,949,999</b>	<b>10,577,354</b>	<b>1,948,535</b>	<b>44,041</b>	<b>3,318,588</b>	<b>20,838,517</b>	<b>-15,553</b>	<b>20,822,964</b>
<b>As of January 1, 2011</b>	<b>4,949,999</b>	<b>10,577,354</b>	<b>1,004,598</b>	<b>55,346</b>	<b>4,029,635</b>	<b>20,616,932</b>	<b>-100,176</b>	<b>20,516,756</b>
Increase in share capital of the subsidiary apoplexy medical technologies GmbH	0	0	0	0	0	0	39,000	39,000
Dividend paid to shareholders	0	0	0	0	-1,979,999	-1,979,999	-22,273	-2,002,272
<b>Transactions with shareholders and member partners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,979,999</b>	<b>-1,979,999</b>	<b>16,727</b>	<b>-1,963,272</b>
Group period result	0	0	0	0	1,582,357	1,582,357	-244,023	1,338,334
Unrealised profits and losses from valuation of securities	0	0	-2,007,750	0	0	-2,007,750	0	-2,007,750
Currency translation in group	0	0	0	-31,181	0	-31,181	-29,958	-61,139
<b>Total consolidated income</b>	<b>0</b>	<b>0</b>	<b>-2,007,750</b>	<b>-31,181</b>	<b>1,582,357</b>	<b>-456,574</b>	<b>-273,981</b>	<b>-730,555</b>
<b>As of Sept. 30, 2011</b>	<b>4,949,999</b>	<b>10,577,354</b>	<b>-1,003,152</b>	<b>24,165</b>	<b>3,631,993</b>	<b>18,180,359</b>	<b>-357,430</b>	<b>17,822,929</b>

## Consolidated Statement of Earnings (IFRS) for the period from January 1, 2011 to September 30, 2011

	01/01-30/09/2011 EUR	01/01-30/09/2010 EUR
<b>Net earnings of the parent company's shareholders in the period concerned</b>	<b>1,582,357</b>	<b>2,000,528</b>
Result of the minority interests	-244,023	-91,072
<b>Group net profit for the period</b>	<b>1,338,334</b>	<b>1,909,456</b>
Profit and losses from the revaluation of securities	-2,007,750	-325,884
Difference resulting from currency translation	-61,139	37,497
<b>Income and expenses directly included in equity capital</b>	<b>-2,068,889</b>	<b>-288,387</b>
<b>Total consolidated income</b>	<b>-730,555</b>	<b>1,621,069</b>
of which assignable to minority interests	-273,981	-72,698
of which assignable to shareholders of parent company	-456,574	1,693,767

## Segment Report for the period from January 1, 2011 to September 30, 2011

According to product segments	Healthcare Diagnostics Jan.-Sept. kEUR	Med. Warming Systems Jan.-Sept. kEUR	Cardio/Stroke Jan.-Sept. kEUR	Respiratory Jan.-Sept. kEUR	Consolidation Jan.-Sept. kEUR	Reconciliation Jan.-Sept. kEUR	Total Jan.-Sept. kEUR
<b>2011</b>							
<b>Segment sales</b>	<b>12,763</b>	<b>474</b>	<b>170</b>	<b>813</b>	<b>-963</b>	<b>29</b>	<b>13,286</b>
<b>Operating results</b>	<b>1,896</b>	<b>-2</b>	<b>-213</b>	<b>-34</b>	<b>305</b>	<b>-517</b>	<b>1,435</b>
of which:							
Amortisation of intangible assets and depreciation of tangible assets	498	25	3	7	-248	216	501
<b>Segment assets</b>	<b>11,772</b>	<b>955</b>	<b>252</b>	<b>653</b>	<b>0</b>	<b>8,870</b>	<b>22,502</b>
<b>Segment debts</b>	<b>5,170</b>	<b>121</b>	<b>735</b>	<b>314</b>	<b>0</b>	<b>0</b>	<b>6,340</b>

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

According to regions	Germany	Europe	USA	South America	Others	Total
2011	Jan.-Sept. kEUR	Jan.-Sept. kEUR	Jan.-Sept. kEUR	Jan.-Sept. kEUR	Jan.-Sept. kEUR	Jan.-Sept. kEUR
<b>Sales revenue</b>	<b>1,856</b>	<b>7,033</b>	<b>1,000</b>	<b>3,327</b>	<b>1,033</b>	<b>14,249</b>
Elimination of intercompany Sales	-331	0	0	-632	0	-963
<b>Sales revenue to third parties</b>	<b>1,525</b>	<b>7,033</b>	<b>1,000</b>	<b>2,695</b>	<b>1,033</b>	<b>13,286</b>
<b>Gross profit or loss</b>	<b>1,003</b>	<b>4,627</b>	<b>658</b>	<b>1,411</b>	<b>679</b>	<b>8,378</b>
<b>Operating results</b>	<b>217</b>	<b>1,002</b>	<b>143</b>	<b>-73</b>	<b>147</b>	<b>1,436</b>
of which:						
Amortisation/depreciation of intangible assets and tangible assets	69	317	45	24	47	502
Amortisation of public grants and subsidies	8	35	5	0	5	53
<b>Acquisition costs of fixed assets for the period</b>	<b>491</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>501</b>
<b>Segment assets</b>	<b>20,781</b>	<b>0</b>	<b>0</b>	<b>1,721</b>	<b>0</b>	<b>22,502</b>

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

## Notes on Interim Consolidated Financial Statements for the Period from January 1 to September 30, 2011

### Accounting and Valuation Methods

The unaudited interim consolidated financial statements of Geratherm Medical AG as at 9/30/2011 were prepared in accordance with the rules of the International Financial Reporting Standards (IFRS) valid on the date of the financial statements and in consideration of the guidance provided by the International Financial Reporting Interpretations Committee (IFRIC), as is mandatory in the European Union.

The accounting, evaluation and consolidation principles were maintained, as shown in the Notes to Consolidated Financial Statements for 2010 Fiscal Year.

The valuation of assets and liabilities is based in part on estimates and/or assumptions about future developments. For instance, the statements on economic useful life for long-term assets are based on estimates and assumptions. In addition, the assessment of recoverability of deferred taxation allocated to the losses carried forward and the capitalized development costs is based on the corporate planning, which of course involves uncertainties such that the actual values may deviate from the made assumptions and estimates in individual cases. Estimates and the underlying assumptions are regularly checked and evaluated with regard to possible impact on accounting.

### Consolidated Group

No changes occurred in the composition of the consolidation group as of Sept. 30, 2011. The following share quotas apply in detail:

Company	Percentage of shares held in 2011	Percentage of shares held in 2010
GME Rechte und Beteiligungen GmbH, Geschwenda, Germany	100.00 %	100.00 %
apoplex medical technologies GmbH, Pirmasens, Germany	61.00 %	61.00 %
Geratherm Respiratory GmbH, Bad Kissingen, Germany	61.27 %	61.27 %
Geratherm Medical do Brasil Ltda., Sao Paulo, Brazil	51.00%	51.00%

The share capital of apoplex medical technologies GmbH was increased by EUR 100,000 to EUR 500,000 in accordance with the resolution of the shareholders' meeting from May 9, 2011. Of which Geratherm Medical AG assumed a capital share of EUR 61,000 in accordance with its percentage of shares. The new share capital of apoplex was paid in full. Entry in the Commercial Register was carried out on June 16, 2011.



## Long-term assets

The slight decrease in long-term assets as at Sept. 30, 2011 is due mainly to the write-offs for the capitalized development costs and the decrease in deferred tax assets as a result of the use of losses carried forward. In the area of tangible assets, 589 kEUR were invested to increase production capacities for gallium-filled thermometers.

## Short-term assets

The short-term tangible assets increased with regard to inventories to EUR 5.047 million (2010: EUR 4.799 million and to EUR 4.347 million in the area of receivables and other assets (2010: EUR 4.064 million). The company's level of securities changed as a result of purchase by EUR 2.840 million (2010: EUR 2.437 million) and the sale of securities by EUR 1.515 million (2010: EUR 1.446 million). The sale of securities resulted in a gain in the amount of 908 kEUR (2010: 873 kEUR). The change in the securities at the prices valid on the reporting date, Sept. 30, 2011, was mainly reported in the market assessment reserve without having any effect on the income statement and amounted to EUR -1.003 million (2010: EUR 1.949 million). The value adjustment of Epigenomics AG in the amount of 512 kEUR was posted with effect on the bottom line in accordance with IAS 39.67.

As of Sept. 30, 2011 the change in the available cash and cash equivalents is EUR -2.705 million (2010: -388 kEUR). The cash flow before any change in the commitment of funds in the amount of EUR 1.790 million (2010: EUR 2.104 million) is set against changes in the operating funds in the amount of -803 kEUR (2010: EUR -2.484 million). The cash flow from investments amounting to EUR -1.918 million (2010: EUR -1.764 million) resulted from the purchase of fixed assets and intangible assets and the purchase and sale of financial assets. The cash flow from financing activities encompassed essentially the outflow of funds from the dividend payments and amounted to EUR -1.774 million as of the reporting date (2010: EUR 1.756 million).

## Equity capital

The development of the equity capital is shown in the consolidated statement of change to the shareholders' equity.

The subscribed capital of Geratherm Medical AG amounts all in all to EUR 4,949,999 as at Sept. 30, 2011 (2010: EUR 4,949,999) and is divided into 4,949,999 (2010: 4,949,999) share certificates issued to the bearers. The subscribed capital has been paid in full. As of the reporting date there were no shares held by the company.

The shareholders of Geratherm Medical AG have agreed during the annual general meeting of the company on June 6, 2011 in Hamburg to distribute a tax-free dividend of 0.40 EUR per individual share from the tax deposit account (according to Art. 27 of KStG (*Corporation Tax Law*)) on the capital stock in the amount of EUR 4,949,999. The dividend was distributed in the amount of EUR 1,979,999.60 on June 7, 2011.

## **Financial calender 2011/2012**

Publication Annual Report 2011  
April 24, 2012

Quarterly Reports 1<sup>st</sup> Quarter 2012  
Mai 24, 2012

Half-yearly Report 2012  
August 23, 2012

Quarterly Reports 3<sup>rd</sup> Quarter 2012  
November 22, 2012

### **Geratherm Medical AG**

Fahrenheitstraße 1  
D-98716 Geschwenda  
Telefon: +49 36205/980  
Fax: + 49 36205/98 115  
E-Mail: [info@geratherm.com](mailto:info@geratherm.com)  
Internet: [www.geratherm.com](http://www.geratherm.com)