

Geratherm®

→ SOLUTIONS

FOR A HEALTHY WORLD

Interim Report 1st Quarter of 2012



GERATHERM

AT A GLANCE

Group financial ratio	Jan.-March 2012	Jan.-March 2011	Change
Sales revenues	4,118 kEUR	4,781 kEUR	-13.9 %
Export share	3,696 kEUR	4,119 kEUR	-10.3 %
Export ratio	90 %	86 %	4.7 %
Gross result for first quarter of year (EBITDA)	320 kEUR	763 kEUR	-58.1 %
EBITDA-Margin	7.8 %	16.0 %	-51.3%
Amortization or depreciation	-172 kEUR	-166 kEUR	3.4 %
Operating results (EBIT)	148 kEUR	597 kEUR	-75.2 %
EBIT margin	3.6 %	12.5 %	-71.2 %
Financial results	42 kEUR	1 kEUR	>100.0 %
Result of ordinary activities	190 kEUR	598 kEUR	-68.2 %
Net earnings of the parent company's shareholders in the period concerned	133 kEUR	476 kEUR	-72.2 %
Long-term assets	5,881 kEUR	5,933 kEUR	-0.9 %
Short-term assets	19,352 kEUR	20,591 kEUR	-6.0 %
Total assets	25,233 kEUR	26,524 kEUR	-4.9 %
Equity capital	19,454 kEUR	20,825 kEUR	-6.6 %
Return on equity	2.7 %	9.1 %	-70.1 %
Equity ratio	77.1 %	78.5 %	-1.8 %
Cash, cash equivalents and securities	9,674 kEUR	12,514 kEUR	-22.7 %
Earnings per share according to IFRS (EPS)*	0.03 kEUR	0.10 kEUR	-70.0 %
Earnings per share according to DVFA*	0.03 kEUR	0.10 kEUR	-70.0 %
Number of employees at end of the period	135	139	-2.9 %
Total shares issued	4,949,999	4,949,999	
* based on total shares issued	4,949,999	4,949,999	

Business Performance from January 1 to March 31, 2012

- Sales revenues EUR 4.1 million -13.9%
- Gross result for first quarter of year (EBITDA) 320 kEUR -58.1%
- Operating result (EBIT) 148 kEUR -75.2%
- Consolidated net income 136 kEUR

Dear Shareholders and Parties Interested in Geratherm Medical,

Business development of Geratherm Medical was not satisfactory during the 1st quarter of 2012. The very moderate temperatures of the past winter and the absence of a flu epidemic in Europe required us to adjust the production of clinical thermometers at the plant in Thuringia, which had an adverse impact on the operating result. The new business segments Medical warming systems and Respiratory reported a positive development with a good double-digit increase in sales. Even Geratherm do Brasil reported above-average growth as well.

With a 13.9% decline in sales during the 1st quarter, the gross profit experienced an above-average decrease by -20.6%. This can be explained, above all, by the lower production volume of the gallium-filled thermometers which have high profit margins.

The gross margin of the company as a whole amounted during the first 3 months to 56.3% (2011: 61.0%). The personnel expenses decreased by -14.6%. The other operating expenses remained on the same level as the prior year. The lower sales and the temporary 30% reduction in production at the Geschwenda plant in Thuringia resulted in considerably lower results compared to the same quarter last year.

The operating result (EBIT) was during the 1st. quarter 148 kEUR (2011: 597 kEUR). The result from ordinary activities amounted to 190 kEUR (2011: 598 kEUR). The shareholders' back tax result amounted to 133 kEUR or 3 EUR cents per share (2011: 10 EUR cents).

Facts and Figures

(in kEUR)

	I/12	IV/11	III/11	II/11	I/11
Sales	4,118	3,843	4,756	3,749	4,781
EBITDA	7.8%	12.0%	14.2%	13.3%	16.0%
EBIT	148	284	506	333	597
EPS (EUR)	0.03	-0.03	0.05	0.17	0.10
Cashflow	222	439	615	458	717

Sales Development

The sales development of Geratherm Medical varied greatly in the individual regions. Especially, the very low demand for gallium-filled thermometers in Germany and in Europe resulted in a drop in sales of up to 50% during the 1st. quarter. We were also not able to completely escape the weak economic conditions prevailing in Europe. It is encouraging to note that Geratherm's growth in the Middle East and South America is healthy.

90% of Geratherm products are exported. Sales in Germany showed very weak development during the 1st quarter, exhibiting a decrease of -36.2%. The sales in Europe also fell by -41.2%. The sales of Geratherm products showed positive development in the US, recording a sales increase of 14.6% for the 1st quarter. Healthier growth was noted for Geratherm products in South America with +36.3% and in the area designated as Other countries, mainly Middle East, showing a growth of +64.5%.

Sales by regions 1/1 to 3/31/2012

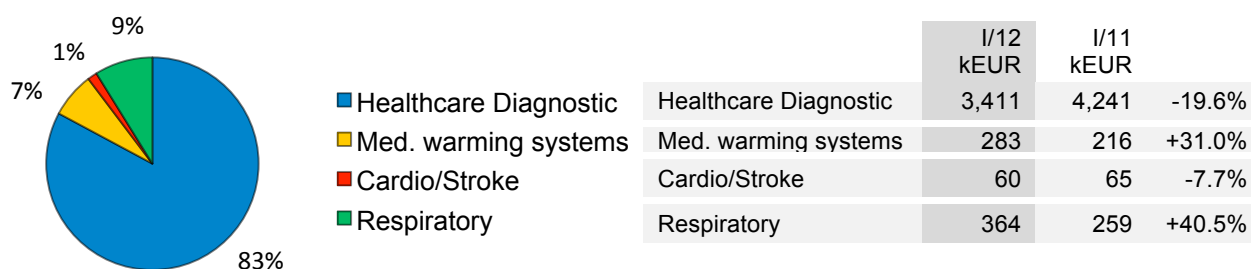


The sales generated by the Healthcare Diagnostic segment decreased by -19.6% during the first three months of the current year. The absence of a flu season and the ailing economic conditions led to a considerable decrease in sales in the "Home Healthcare" product segment. The new product segments did exhibit more dynamics. The Medical warming systems segment posted a sales growth of 31.0% compared to the same quarter last year.

The sales development of new products for testing pulmonary function was positive. Sales increased by +40.5% during the 1st quarter of 2012 compared to the prior year. For both segments we are anticipating the growth dynamics to remain stable for the current business year.

With a -7.7% decrease, the Cardio/Stroke segment remained slightly below the previous year's level. The number of participating stroke centers using the apoplex SRAclinic product increased to 17 clinics and hospitals (2011: 11).

Sales by segments 1/1 to 3/31/2012



Earnings Situation

The operating result was considerably below the level reported for the same quarter last year as a result of reduced production in Geschwenda, Thuringia, and the overall lower sales. With a gross profit reduced by 20.6% and lower personnel expenses in the amount of 14.6%, the company reported a gross balance (EBITDA) of 320 kEUR (2011: 763 kEUR) for the first three months of the current fiscal year.

The write-offs increased slightly by 3.4% to 172 kEUR. The other operating expenses remained with EUR 1.1 million on the same level compared to the same quarter last year.

The operating result (EBIT) decreased by 75.2% to 148 kEUR for the first three months of the current fiscal year. The EBIT margin amounted to 3.6% (2011: 12.5%). The financial result was positive with 42 kEUR. The result from ordinary business activities amounted to 190 kEUR (-68.2%) during the first three months of the current fiscal year. Income taxes weigh on the result with 54 kEUR, whereas 34 kEUR of that was effective tax burden. The non-cash decrease of the deferred tax assets accounted for the rest with 20 kEUR due to the use of losses carried forward. A consolidated net profit was reported for the first three months of 136 kEUR (2011: 387 kEUR).

During the first quarter of 2012, a net result was generated for shareholders of the parent company in the amount of 133 kEUR (2011: 476 kEUR). The result per share for the first quarter of 2012 is 3 EUR cent (2011: 10 EUR cents).

Net Assets and Financial Situation

Geratherm Medical enjoys a stable asset situation. The balance sheet total has remained almost the same with EUR 25.2 million compared to 2011 and is essentially formed by equity capital in the amount of EUR 19.5 million. The equity-to-assets ratio was 77.1% as of the reporting date (2011: 78.5%). As of March 31, 2012 the company had cash, cash equivalents and securities in the amount of EUR 9.7 million (2011: EUR 12.5 million). Thus, the company has a solid financial position.

The long-term assets increased slightly by 2.4% to EUR 5.9 million. With regard to intangible assets, there was a slight decrease of 11.6% to 468 kEUR due to the amortization of development costs during the 1st quarter. For tangible assets the company reported an increase of EUR 3.7 million to EUR 3,9 million. The increase in the tangible assets is due to the purchase of a warehouse that is located close to the plant in Thuringia.

The short-term assets also increased slightly by 2.7% to EUR 19.4 million. Inventories increased by 3.1% to EUR 6.1 million. The accounts receivable and other assets also increased slightly by 5.5% to EUR 3.5 million.

As of March 31, 2012, the company held securities worth EUR 5.7 million (+7.4%). The cash and cash equivalents declined slightly by 5.9% to EUR 4.0 million (2011: EUR 4.2 million).

The gross cash flow for the first three months decreased to 306 kEUR (2011: 717 kEUR). The cash flow from operations amounted to 222 kEUR (2011: 836 kEUR). The cash flow from investment activities was -36 kEUR (2011: -931 kEUR).

Research and Development

No special events were reported for research and development during the 1st quarter of 2012. Our R&D activities continue to focus primarily on the long-term provision of sophisticated medical products.

Staff

The Geratherm Group had a staff of 135 persons in total as of March 31, 2012 (2011: 139). 83.7% of the employees are located in Germany. 19 jobs were cut at the plant in Thuringia, and 13 new employees were hired at the plant in Sao Paulo.

Outlook

We are expecting the dynamic growth exhibited by the premium medical products from our Medical warming systems, Respiratory and Cardio/Stroke segments to continue into the next quarters as well. The dynamics shown with the sales growth of Geratherm do Brasil will compensate the current weak results in Europe. For the second quarter of 2012, we are anticipating an upturn in the core business segment of clinical thermometers. A production cutback, as was done during the 1st quarter of 2012, is currently not planned for the following quarter such that we expect to see an improvement in the quality of earnings.

We are looking forward to welcoming our shareholders at this year's annual general meeting on June 8, 2012, at 2 p.m., at Hilton Munich City Hotel, Rosenheimer Straße 15, in Munich. On that day, we will happily answer any questions.

Geschwenda, May 2012



Dr. Gert Frank
Chairman of the Board



Thomas Robst
Head of Sales

Statement of comprehensive income for the period January 1, 2012 to March 31, 2012

	Jan.-March 2012 EUR	Jan.-March 2011 EUR	Change
Sales revenue	4,117,509	4,780,959	-13.9 %
Change in inventories of semi-finished and finish products	-3,448	113,922	>100.0 %
Other capitalized own work	0	0	-
Other operating income	61,139	106,935	-42.8 %
	4,175,200	5,001,816	-16.5 %
Cost of Materials			
Cost of raw materials, consumables and goods for resale	-1,764,603	-1,996,888	-11.6 %
Costs of purchased services	-93,219	-87,198	6.9 %
	-1,857,822	-2,084,086	-10.9 %
Gross profit or loss	2,317,378	2,917,730	-20.6 %
Personnel expenses			
Wages and salaries	-691,500	-866,729	-20.2 %
Social security, pension and other benefits	-203,798	-181,489	12.3 %
	-895,298	-1,048,218	-14.6 %
Amortization of intangible assets and depreciation of tangible assets	-171,891	-166,302	3.4 %
Other operating expenses	-1,102,037	-1,106,093	-0.4 %
Operating results	148,152	597,117	-75.2 %
Dividend income	8,544	10,852	-21.3 %
Income from securities trading	39,983	0	-
Losses from securities	0	0	-
Securities-related expenses	-1,200	-6,256	-80.8 %
Other interest and similar income	9,556	10,833	-11.8 %
Interests and similar expenses	-14,428	-14,019	2.9 %
Financial results	42,455	1,410	>100.0 %
Result of ordinary activities	190,607	598,527	-68.2 %
Income taxes	-54,444	-211,305	-74.2 %
Group net profit for the period	136,163	387,222	-64.8 %
Minority interests result	3,565	-88,990	>100.0 %
Net earnings of the parent company's shareholders in the period concerned	132,598	476,212	-72.2 %
Gross result for first quarter of year (EBITDA)	320,043	763,419	-58.1 %
Earnings per share undiluted	0.03	0.10	-70.0 %

Statement of financial position as at the end of the period by March 31, 2012

Assets	31. March 2012 EUR	31. December 2011 EUR	Change
A. Long-term assets			
I. Intangible assets			
1. Development costs	366,847	427,043	-14.1 %
2. Software	25,357	26,342	-3.7 %
3. Goodwill	75,750	75,750	0.0 %
	467,954	529,135	-11.6 %
II. Tangible assets			
1. Land, land rights and buildings	1,253,885	1,051,726	19.2 %
2. Technical equipment and machinery	1,728,115	1,719,117	0.5 %
3. Other equipment, factory and office equipment	244,261	249,529	-2.1 %
4. Construction in process	705,225	691,035	2.1 %
	3,931,486	3,711,407	5.9 %
III. Deferred taxes	1,482,106	1,502,384	-1.3 %
	5,881,546	5,742,926	2.4 %
B. Short-term assets			
I. Inventories			
1. Raw materials and supplies	1,412,627	1,473,887	-4.2 %
2. Unfinished goods	1,677,783	1,364,390	23.0 %
3. Finished goods and merchandise	3,059,094	3,124,793	-2.1 %
	6,149,504	5,963,070	3.1 %
II. Receivables and other assets			
1. Trade receivables	2,925,351	2,890,938	1.2 %
2. Tax receivables	244,375	98,069	>100.0 %
3. Other assets	358,006	354,226	1.1 %
	3,527,732	3,343,233	5.5 %
III. Securities	5,700,747	5,309,329	7.4 %
IV. Cash and cash equivalents	3,973,611	4,224,480	-5.9 %
	19,351,594	18,840,112	2.7 %
	25,233,140	24,583,038	2.6 %
Equity and Liabilities			
A. Equity capital			
I. Subscribed capital	4,949,999	4,949,999	0.0 %
II. Capital reserves	10,672,874	10,672,874	0.0 %
III. Other reserves	4,217,921	3,435,162	22.8 %
Minority interests assigned to the shareholders of the parent	19,840,794	19,058,035	4.1 %
Non-controlling interests	-386,389	-393,150	-1.7 %
	19,454,405	18,664,885	4.2 %
B. Long-term debts			
1. Liabilities to banks	1,000,000	1,000,000	-9.1 %
2. Accrued investment subsidies	763,215	782,680	-2.5 %
3. Other long-term liabilities	596,079	609,444	-2.2 %
	2,359,294	2,492,124	-5.3 %
C. Short-term debts			
1. Liabilities to banks	1,140,505	1,463,485	-22.1 %
2. Payment on accounts	87,489	41,825	>100.0 %
3. Trade payables	1,332,528	1,131,346	17.8 %
4. Tax liabilities	192,661	136,096	41.6 %
5. Other short-term liabilities	666,258	653,277	2.0 %
	3,419,441	3,426,029	-0.2 %
	25,233,140	24,583,038	2.6 %

Statement of cash flow for the period January 01, 2012 to March 31, 2012

	January – March 2012 kEUR	January – March 2011 kEUR
Group net profit for the period	136	387
Other costs affecting income/expenses	7	-22
Dividend income	-9	-11
Interest earnings	-9	-11
Interest expenses	14	14
Decrease in deferred taxes	20	159
Income tax expenditure	34	52
Depreciation of fixed assets	172	166
Income from securities trading	-40	0
Losses from securities trading	0	0
Losses from valuation of securities	0	0
Amortisation of public grants and subsidies	-19	-17
Loss from disposal of fixed assets	0	0
Gross cash flow	306	717
Increase/decrease in loan liabilities	-186	146
Increase/decrease in trade receivables and other assets	-184	670
Increase/decrease in current liabilities and other liabilities	282	-676
Monies received from dividends	9	11
Monies received from interest	9	11
Cash outflow from interest	-14	-14
Cash outflow for income taxes	0	-29
Cash flow from operations	222	836
Cash outflow for investments in fixed assets	-331	-182
Monies received based on financial assets	295	0
Cash outflow based on financial assets	0	-749
Cash flow from investments	-36	-931
Dividend payout to minority interests	0	0
Dividend payments	0	0
Decrease in loan liabilities	-423	-142
Decrease/increase of long-term liabilities	-13	37
Cash flow from financing activities	-436	-105
Change in cash and cash equivalents	-250	-200
Cash and cash equivalents at the start of the reporting period	4,224	5,519
Cash and cash equivalents at the end of the reporting period	3,974	5,319

Statement of changes in equity for the period by March 31, 2012

	Subscribed capital	Capital reserves	Other reserves			To be assigned to the shareholders of the parent company	Non-controlling interests	Equity capital
			Market valuation reserve	Currency conversion reserves	Accumulated earnings			
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of January 1, 2011	4,949,999	10,577,354	1,004,598	55,346	4,029,635	20,616,932	-100,176	20,516,75
Group period result	0	0	0	0	476,212	476,212	-88,990	387,222
Unrealised profits and losses from valuation of securities	0	0	-56,800	0	0	-56,800	0	-56,800
Currency translation in group	0	0	0	-11,133	0	-11,133	-10,697	-21,830
Total consolidated income	0	0	-56,800	-11,133	476,212	408,279	-99,687	308,592
As of March 31, 2011	4,949,999	10,577,354	947,798	44,213	4,505,847	21,025,211	-199,863	20,825,348
As of January 1, 2012	4,949,999	10,672,874	-92,385	27,232	3,500,315	19,058,035	-393,150	18,664,885
Group period result	0	0	0	0	132,598	132,598	3,565	136,163
Unrealised profits and losses from valuation of securities	0	0	646,835	0	0	646,835	0	646,835
Currency translation in group	0	0	0	3,326	0	3,326	3,196	6,522
Total consolidated income	0	0	646,835	3,326	132,598	782,759	6,761	789,520
As of March 31, 2012	4.949.999	10.672.874	554,450	30,558	3,632,913	19,840,794	-386,389	19,454,405

Consolidated Statement of Earnings (IFRS) for the period from January 1, 2012 to March 31, 2012

	01/01-31/03/2012 EUR	01/01-31/03/2011 EUR
Net earnings of the parent company's shareholders in the period concerned	132,598	476,212
Result of the minority interests	3,565	-88,990
Group net profit for the period	136,163	387,222
Profit and losses from the revaluation of securities	646,835	-56,800
Difference resulting from currency translation	6,522	-21,830
Income and expenses directly included in equity capital	653,357	-78,630
Total consolidated income	789,520	308,592
of which assignable to minority interests	6,761	-99,687
of which assignable to shareholders of parent company	782,759	408,279

Segment Report for the period from January 1, 2012 to March 31, 2012

According to product segments	Healthcare Diagnostic Jan.-March kEUR	Med. Warming Systems Jan.-March kEUR	Cardio/ Stroke Jan.-March kEUR	Respiratory Jan.-March kEUR	Consolidation Jan.-March kEUR	Reconciliation Jan.-March kEUR	Total Jan.-March kEUR
2012							
Segment sales	3,900	221	60	281	-344	0	4,118
Operating results	226	40	-52	11	-189	112	148
of which:							
Amortisation of intangible assets and depreciation of tangible assets	168	6	1	2	-32	27	172
Segment assets	12,273	990	201	626	0	9,661	23,751
Segment debts	4,798	252	522	207	0	0	5,779

According to product segments	Healthcare Diagnostic Jan.-March kEUR	Med. Warming Systems Jan.-March kEUR	Cardio/ Stroke Jan.-March kEUR	Respiratory Jan.-March kEUR	Consolidation Jan.-March kEUR	Reconciliation Jan.-March kEUR	Total Jan.-March kEUR
2011							
Segment sales	4,526	207	65	265	-285	3	4,781
Operating results	699	12	-46	-16	-16	-36	597
of which:							
Amortisation of intangible assets and depreciation of tangible assets	165	12	1	2	-42	28	166
Segment assets	10,280	835	283	695	0	12,498	24,591
Segment debts	4,597	106	663	333	0	0	5,699

According to regions	Germany	Europe	USA	South America	Others	Total
2012	Jan.-March kEUR	Jan.-March kEUR	Jan.-March kEUR	Jan.-March kEUR	Jan.-March kEUR	Jan.-March kEUR
Sales revenue	562	1,514	219	1,485	682	4,462
Elimination of intercompany Sales	140	0	0	204	0	344
Sales revenue to third parties	422	1,514	219	1,281	682	4,118
Gross profit or loss	232	832	120	758	375	2,317
Operating results	8	30	4	92	14	148
of which:						
Amortisation/depreciation of intangible assets and tangible assets	24	87	13	9	39	172
Amortisation of public grants and subsidies	3	10	1	0	5	19
Acquisition costs of fixed assets for the period	316	0	0	15	0	331
Segment assets	21,867	0	0	1,884	0	23,751

According to regions	Germany	Europe	USA	South America	Others	Total
2011	Jan.-March kEUR	Jan.-March kEUR	Jan.-March kEUR	Jan.-March kEUR	Jan.-March kEUR	Jan.-March kEUR
Sales revenue	770	2,574	191	1,114	414	5,063
Elimination of intercompany Sales	-108	0	0	-174	0	-282
Sales revenue to third parties	662	2,574	191	940	414	4,781
Gross profit or loss	408	1,587	118	550	255	2,918
Operating results	74	286	21	170	46	597
of which:						
Amortisation/depreciation of intangible assets and tangible assets	27	106	8	8	17	166
Amortisation of public grants and subsidies	3	11	1	0	2	17
Acquisition costs of fixed assets for the period	178	0	0	4	0	182
Segment assets	23,412	0	0	1,179	0	24,591

Notes on Interim Consolidated Financial Statements for the Period from January 1, 2012 to March 31, 2012

Accounting and valuation methods

The unaudited interim consolidated financial statements of Geratherm Medical AG were prepared for the first quarter of the 2012 fiscal year 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 2011 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 the intrinsic value of deferred taxation allocated to the losses carried forward and the impairment tests of the cash-generating units and the assets 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 in the consolidation group have occurred during the first quarter of 2012.






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 March 31, 2012 (2011: EUR 4,949,999) and is divided into 4,949,999 (2011: 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 Executive Board and Supervisory Board will propose to the general meeting in June 2012 to distribute a dividend of EUR 0.30 per share for the 2011 fiscal year. Since a dividend is disbursed in full from the tax contribution account in accordance with Art. 27 of KStG (not contributions to nominal capital), the payment is made without any deduction of capital gains tax and solidarity surcharge.

KEY DATES FOR 2012

-  Annual General Meeting
June 8, 2012 in Munich
-  Investor Conference
June 25/26, 2012 in Paris
December 11/12, 2012 in Geneva
-  Analysts Conference
November 29, 2012 in Hamburg
-  Interim Report 2nd Quarter
August 23, 2012
-  Interim Report, 3rd Quarter
November 22, 2012

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