

Geratherm®

*SOLUTIONS FOR A
HEALTHY WORLD*

Annual Report 2013

DATES AND FACTS

		31/12/2013	31/12/2012	Change in %
Turnover	TEUR	16,827	15,970	5.4
Including export share	TEUR	14,833	13,900	6.7
Export ratio	%	88	87	1.1
Gross result (EBITDA)	TEUR	1,601	1,714	-6.6
EBITDA margin	%	9.5	10.7	-11.2
Amortization or depreciation	TEUR	-808	-757	6.6
Operating result (EBIT)	TEUR	793	957	-17.1
EBIT margin	%	4.7	6.0	-21.7
Financial results	TEUR	492	491	0.1
Result of ordinary activities	TEUR	1,285	1,448	-11.3
Profits of the parent company's shareholders	TEUR	1,334	1,194	11.7
Long-term assets	TEUR	5,159	5,575	-7.5
Short-term assets	TEUR	23,538	21,810	7.9
Balance sheet total	TEUR	28,697	27,385	4.8
Equity capital	TEUR	20,080	18,621	7.8
Return on equity	%	6.6	6.4	3.6
Equity ratio	%	70.0	68.0	2.9
Cash, cash equivalents and securities	TEUR	15,458	12,528	23.4
Earnings per share according to IFRS (EPS)*	EUR	0.27	0.24	12.5
Earnings per share according to DVFA *	EUR	0.27	0.24	12.5
Proposed dividend	EUR	0.24	0.20	20.0
Annual average number of employees		116	127	-8.7
Unit shares		4,949,999	4,949,999	0.0
*based on unit shares in circulation		4,949,999	4,949,999	0.0

SIMPLE AND CONCISE

2011

The company grows slightly with turnover increasing by 0.9%. Unrest in the Middle East and very mild fourth quarter weather conditions impact on sales and earnings. Frost & Sullivan award a prize to Geratherm warming systems as the best product in the range covered by "Temperature Management Europe". In May 2011, Heidelberg University Hospital publishes positive study data concerning the ability of SRAdoc to detect atrial fibrillation. Geratherm Medical employs 149 people. The turnover has risen to EUR 17.1 million with an operating result (EBIT) of EUR 1.7 million.

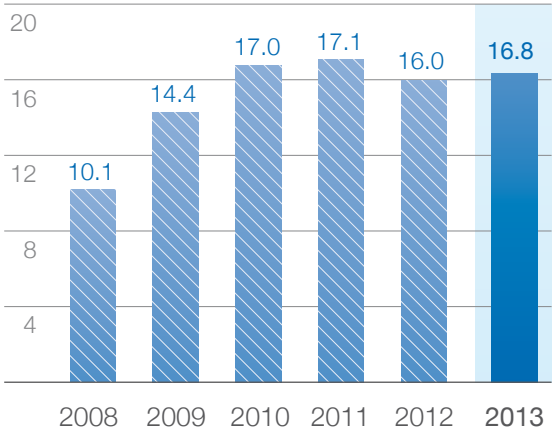
2012

With 127 employees, the company achieves an annual turnover of EUR 16 million. Due to the decline in demand for gallium thermometers, a capacity reduction of 30% had to be imposed at the Geschwenda/Thuringia factory. The new business fields are experiencing dynamic growth. The strongest growth regions for Geratherm are the Middle East and South America. The process of transformation to premium medical devices is being expedited. Geratherm wins an exclusive contract to supply the US military with warming systems for use in rescues. Study results involving the SRAClinic product were published in October in the "Stroke" journal of the American Heart Association.

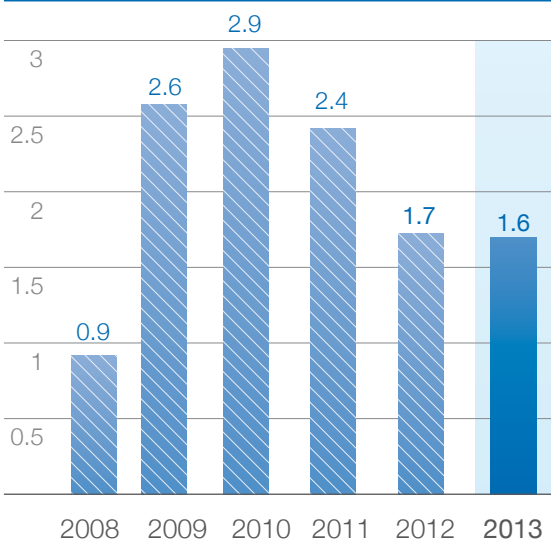
2013

The company continues its growth at +5.4%. The new business segments Warming Systems, Respiratory and Cardio/Stroke, reported a growth between 15.9% and 72.1%. The emerging Women's Care product group is successfully concluding a clinical study with the „ovu control“ fertility product. The study included more than 100 women. The Cardio/Stroke segment signed a cooperation agreement with Philips for the international marketing of the SRAClinic product. The Geratherm Group reported a result after tax of EUR 1.3 million with a sales of EUR 16.8 million. The total consolidated income amounted to EUR 2.5 million, including income recognized directly in the equity capital due to higher valuation of securities.

TURNOVER
in EUR million

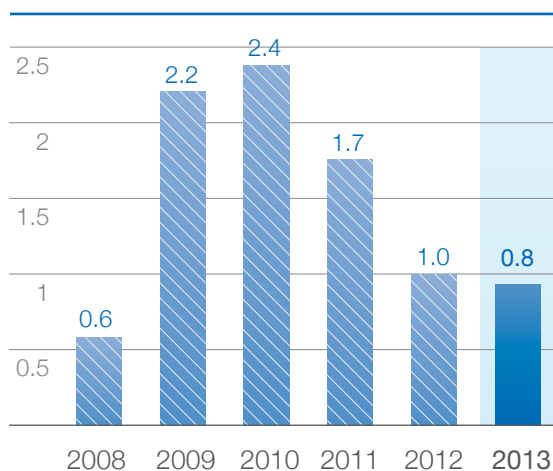


EBITDA
in EUR million

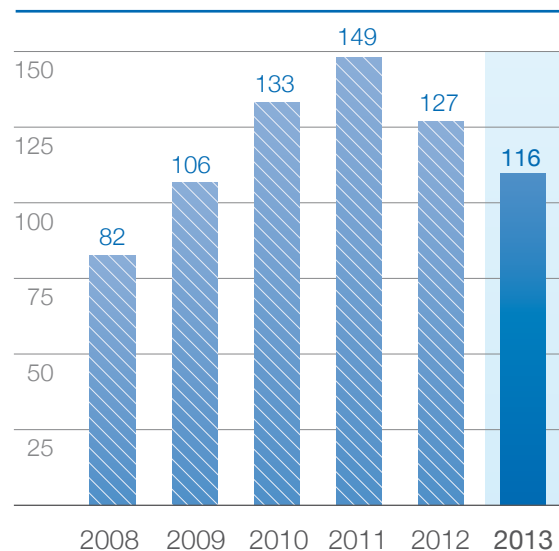


GERATHERM MEDICAL IS A
 GLOBALLY-ORIENTED MEDICAL
 TECHNOLOGY COMPANY WITH
 BUSINESS AREAS INCLUDING
 HEALTHCARE DIAGNOSTIC,
 PRODUCTS TO MEASURE VITAL SIGNS
 MEDICAL WARMING SYSTEMS,
 MEASUREMENT AND MAINTENANCE OF BODY TEMPERATURE
 CARDIO/STROKE AND RESPIRATORY.
 SCREENING OF CARDIAC ARRHYTHMIA PULMONARY FUNCTION DIAGNOSIS

EBIT
 in EUR million



EMPLOYEES



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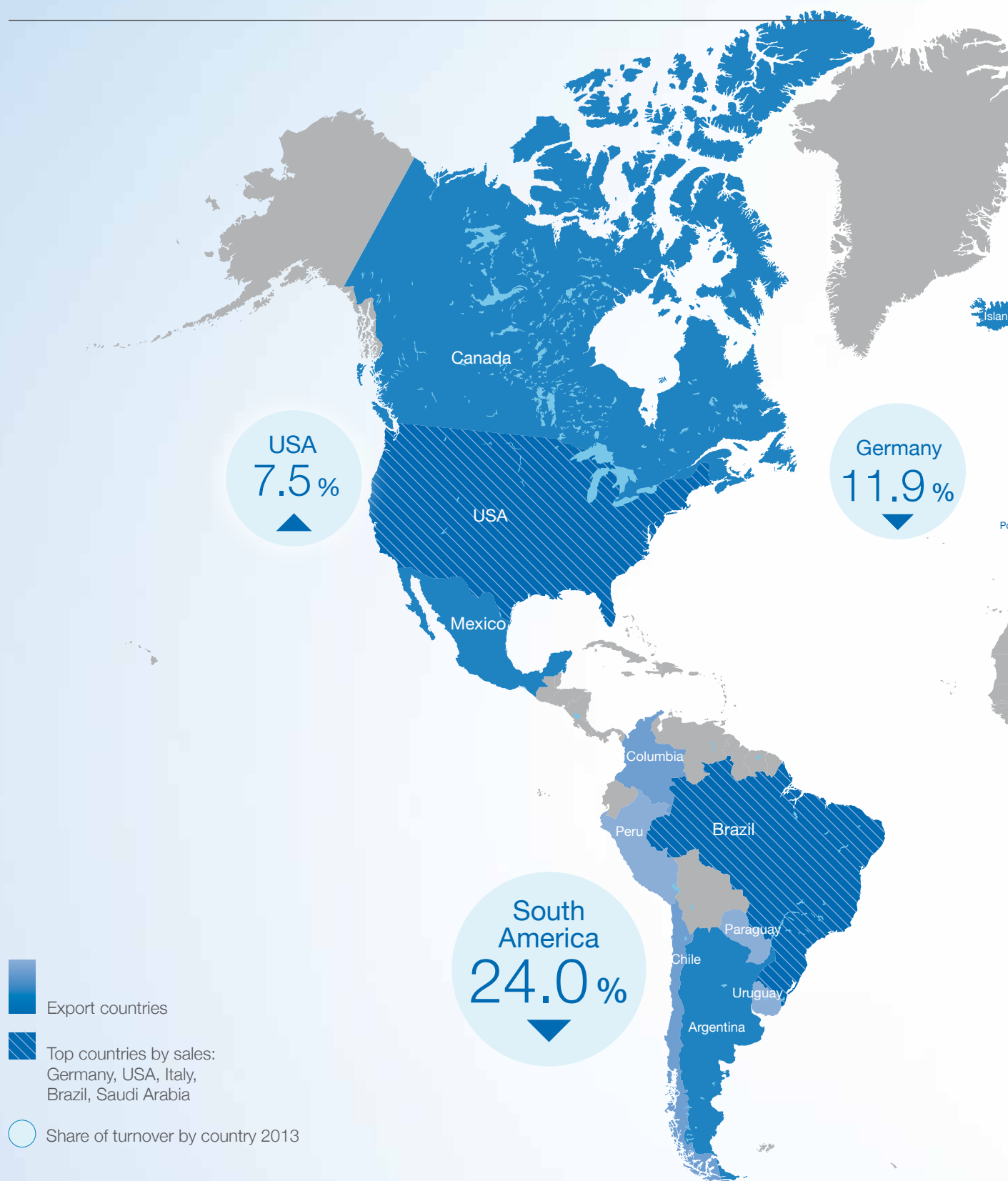
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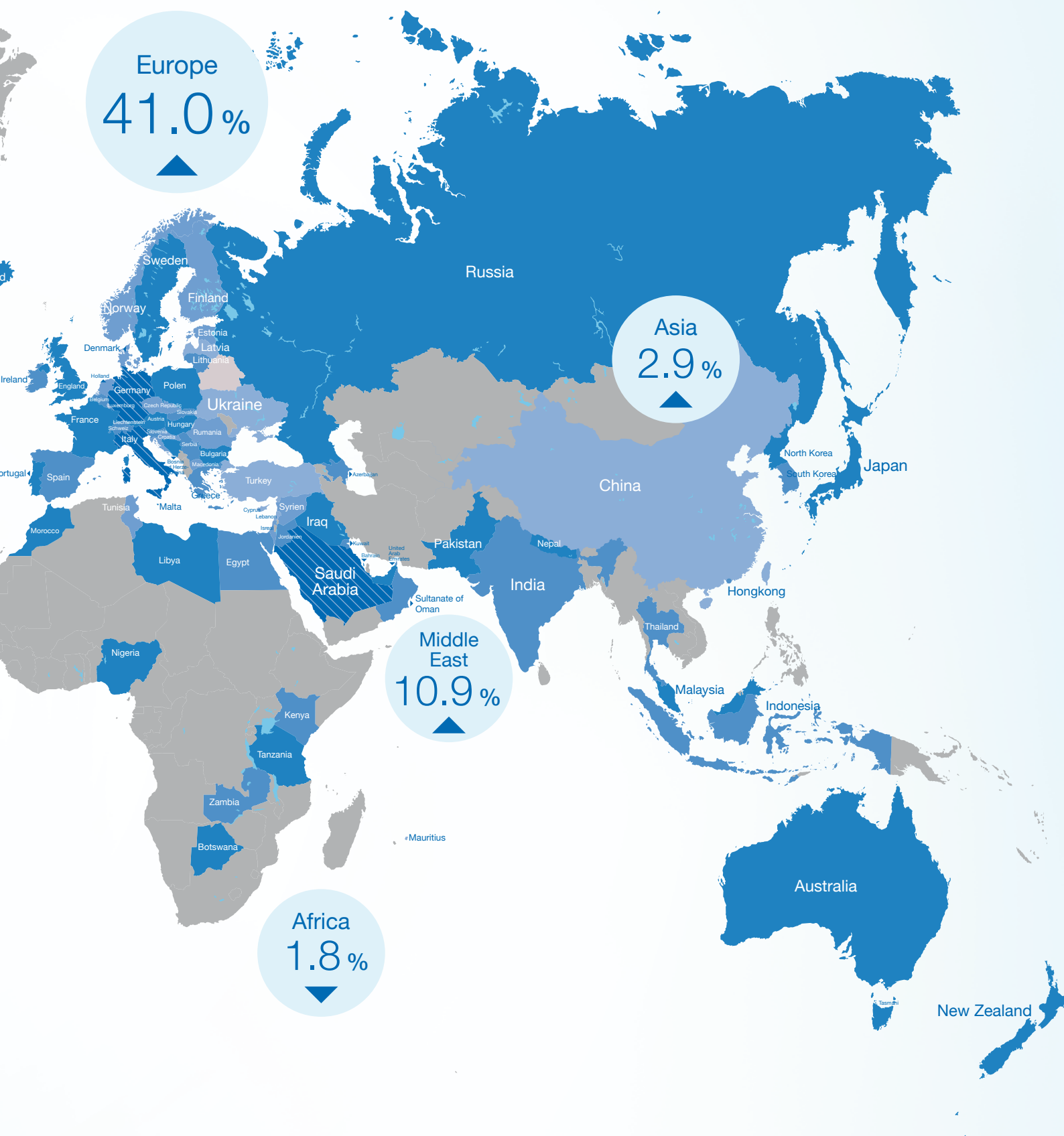
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GERATHERM MEDICAL EXPORTS ITS PRODUCTS TO OVER 60 COUNTRIES





MAGAZINE

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EARLY TO ALL MARKETS OF THE WORLD

Sales in Africa are expected to continue to grow in 2014.
Gerathem will be participating in three trade fairs there.

Compared to Europe and North America, the healthcare system in almost all countries in Africa has much ground to make up. In many countries, there is a shortage of doctors and treatment options available in hospitals are very limited. The public and private sectors are increasingly becoming able to make the urgently needed investments in health care thanks to the continuing economic growth in Africa.

Africa offers German manufacturers of medical equipment good sales opportunities.

In an international context, the African market for medical technology is still a niche market, with South Africa being the most important customer country. The countries south of the Sahara have also started to report significant growth rates for a couple of years now.

Medical products "Made in Germany" enjoy a very good reputation and thus are high in demand in spite of commanding higher prices. The people in Africa have great confidence in the quality and reliability of German products and brands.

Growth opportunities for medical technology products depend increasingly on the middle class that is establishing itself in the so-called emerging markets. Africa is still a relatively new market that is distinguished by very dynamic development.

Countries like Ghana, Nigeria, and Kenya report increases in the gross domestic product ranging between 6 and 8% per year. The demand for medi-

cal technology products could definitely be higher. Healthcare for the general public has started on a very low level, especially in Nigeria. The governments are increasingly becoming aware of this problem. That is why more and more funds are being approved for the modernization of existing hospitals and construction of new ones.

In Ghana, for instance, 60% of Ghanaians have registered in the meantime with the the National Health Insurance System (NHIS) since its inception in 2003 and thus enjoy clearly better access to healthcare. Although healthcare in Kenya is a little better than in the neighboring countries, it is still far from satisfactory. Only the capital Nairobi has healthcare facilities of an acceptable level.

The market for medical technology in South Africa is satisfactory and also promises good growth rates over the next few years. The private sector represents the main customer and serves almost 9 million insured persons.

Gaining a foothold on this market is not easy. A local presence is, however, very important. To leverage the opportunities on the African market, we aim to intensify our efforts to develop the market on this continent.

We are looking forward to maintaining dialog with our potential new customers.



29–31 Mai 2014

Gallagher Convention Centre
Midrand, Johannesburg, South Africa

The significance of the „Africa Health“ trade fair in Johannesburg, South Africa, has been increasing over the past three years. This is an ideal location for entering the South African market in order to discuss and share ideas and medical-technical solutions for health problems with visitors, exhibitors and medical practitioners attending the conventions.

Africa Health is the most important event on the African continent with more than 5,000 attendees.



○ Cities with trade fairs in Africa



23–25 September 2014

Visa Oshwal Centre,
Nairobi, Kenya

The demand for health care is becoming more and more important on the African markets. The Medic East Africa in Nairobi, Kenya, is a hub for the health care system of the east African region. Here decision-makers and suppliers of medical technology gather. However, the frequently difficult underlying conditions are also offset by corresponding opportunities.



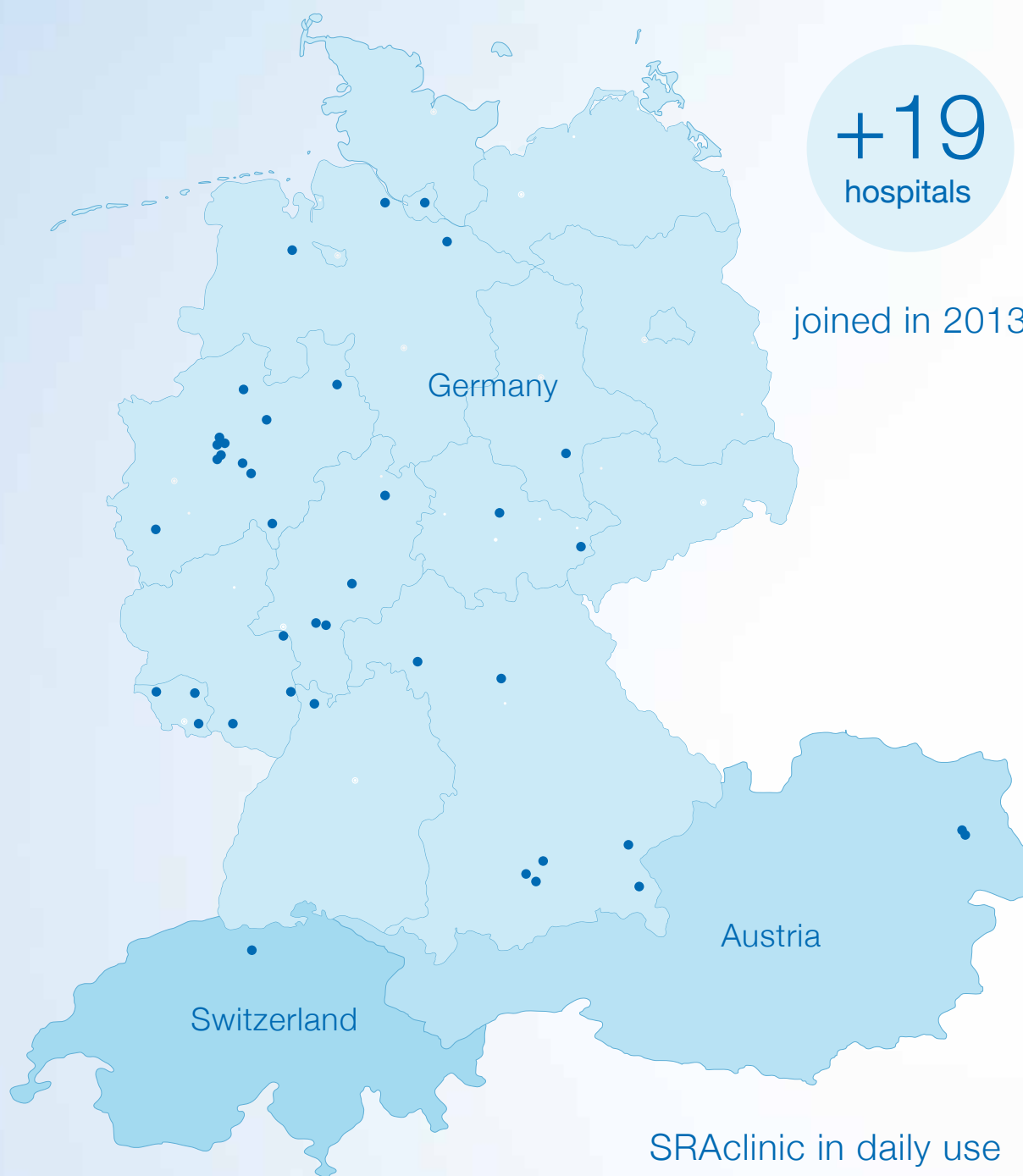
15–17 Oktober 2014

Eko Hotel & Exhibition Centre,
Lagos, Nigeria

After Geratherm had already attended the Medic West Africa in Lagos in 2013, the company will present once again its products at the largest health care trade fair in West Africa. Nigeria with a population of almost 160 million is one of the fastest growing markets for medical technology.

ATRIAL FIBRILLATION, STROKE

We try to help!



HAMBURG

- Asklepios Klinik Nord

LOWER SAXONY

- Evangelisches Krankenhaus Oldenburg
- Elbe Kliniken Stade
- Städtisches Klinikum, Lüneburg

HESSE

- Klinikum Frankfurt Höchst, Frankfurt am Main
- Asklepios Neurologische Klinik,
Nidda / Bad Salzhausen
- Asklepios Klinikum Melsungen
- Klinikum Offenbach GmbH

RHINELAND-PALATINATE

- Universitätsmedizin Mainz
- Klinikum der Stadt
Ludwigshafen am Rhein GmbH
- Städtisches Krankenhaus Pirmasens

NORTH RHINE WESTPHALIA

- Evangelisches Krankenhaus Castrop-Rauxel
- Evangelisches Krankenhaus Hattingen
- Klinikum Lippe GmbH, Lemgo
- Knappschaftskrankenhaus Bochum
- Knappschaftskrankenhaus Recklinghausen
- Kreisklinikum Siegen GmbH
- Märkisches Klinikum Lüdenscheid
- St. Augustinus Krankenhaus Düren
- St. Franziskus-Hospital, Ahlen
- St.-Johannes-Hospital, Hagen
- St. Josef-Krankenhaus Essen-Kupferdreh
- Universitätsklinikum Münster

BAVARIA

- Kreiskliniken Altötting
- Klinikum Traunstein
- Universitätsklinikum Erlangen
- Benedictus Krankenhaus Tutzing GmbH & Co. KG
- Benedictus Krankenhaus
Feldafing GmbH & Co. KG
- Stiftung Juliusspital Würzburg
- Klinikum rechts der Isar der TU München

BADEN WÜRTTEMBERG

- Universität Heidelberg

SAXONY-ANHALT

- Krankenhaus Martha-Maria Halle-Dölau

THURINGIA

- SRH Wald-Klinikum Gera
- Klinikum Erfurt

SAARLAND

- MediClin Bliestal Kliniken, Blieskastel
- SHG Kliniken Merzig
- MediClin Bosenberg Kliniken, St. Wendel

AUSTRIA

- AKH Wien
- Barmherzige Brüder Wien

SWITZERLAND

- Kantonsspital Aarau AG

TO OUR SHAREHOLDERS

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*“THE SUPERVISORY BOARD WOULD LIKE
TO EXPRESS ITS GRATITUDE TO EACH
AND EVERY EMPLOYEE OF ALL COMPANIES
IN THE GERATHERM MEDICAL GROUP FOR
THEIR DEDICATION AND GOOD WORK IN 2013.”*



Rudolf Bröcker, Chairman of Supervisory Board

DEAR SHAREHOLDERS,

During the course of the 2013 business year, the supervisory board has monitored the work of the executive board carefully and regularly in accordance with the laws and company's bylaws, offering advice on furthering the company's development.

As part of the intensive and close cooperation with the supervisory board, the executive board has fulfilled its duties to inform and report at all times.

Besides the weekly advisory phone conversations between the chairman of the supervisory board and the chairman of the management, the supervisory board convened a total of four times during the 2013 business year. During these meetings, the supervisory board was informed

extensively about the current business development and important transactions. The supervisory board always provided timely support to the company's operational management. As in past years, the supervisory board's meetings focused primarily on realizing the ongoing transformation process to further establish Geratherm as a manufacturer of only premium medical products.

Other focal points included the company's market and sales situations while taking general economic development into account. Due to the importance of the company's financial results, the supervisory board's meetings also addressed the investment strategy, liquidity management and risk/return profile when making investment decisions.

The dynamic development of the new business segments Respiratory, Cardio/Stroke and Medical Warming Systems, as well as the development of the subsidiary Geratherm do Brasil were also discussed and closely monitored by the supervisory board.

The year-end financial statements of Geratherm Medical AG, which were prepared according to Germany's Commercial Code (HGB), the consolidated financial accounts compiled in accordance with IFRS and the management report have been checked by the appointed auditor, KPMG AG, Wirtschaftsprüfungsgesellschaft Leipzig, with consideration given to the accounting for the 2013 fiscal year and certified an unqualified audit opinion.

The auditor participated in the supervisory board's meeting with regard to the approval of the 2013 financial statements and reported the significant results of the audit.

We checked the year-end financial statements and the consolidated financial accounts including the management reports and have no objections to raise based on the conclusive results of our audit.

In its meeting on 20 March, 2014, the supervisory board approved the year-end financial statements and the consolidated financial accounts as of 31 December, 2013. The financial statements are thus adopted.

The supervisory board approved the executive board's proposal to use the distributable profit for the year, which envisages a dividend of EUR 0.24 per share.

Contrary to past years, capital gains tax and solidarity surcharge will be applied to the planned dividend.

KPMG AG Wirtschaftsprüfungsgesellschaft has examined the executive board's report on the relations existing with associated companies.

It confirmed that according to its dutiful audit and assessment the advice of this report is accurate and that the performance of the company was suitable.

Following the conclusion of the audit, there are no objections against the executive board's report on the relations with affiliated companies. We agree with the results of the audit.

There were no conflicts of interest on part of the members of the executive board and supervisory board, which would have required immediate disclosure to the supervisory board and at the annual general meeting.

Geschwenda, 20 March, 2014



Rudolf Bröcker
Chairman of the Supervisory Board

“CONTINUING OUR TRANSITION TO MANUFACTURER OF PREMIUM MEDICAL PRODUCTS.”



Dr. Gert Frank, Chairman of the Board

DEAR SHAREHOLDERS,

The number 13 is generally considered to be an unlucky number. For instance, there is no number 13 on Formula 1 cars and most airlines do not have a row 13 in their planes. Even ships do not have a deck 13!

Geratherm, on the other hand, does not want to forego the year 2013. Important milestones were reached and good progress was made in the Company's efforts to become a manufacturer of premium medical products. The diagnostics business segment posted healthy development and the new business segments Medical Warming Systems, Respiratory and Cardio/Stroke took off, reporting growth rates between 15.9% and 72.1% and recording positive results during the last two quarters.

In July of 2013, we were able to sign a cooperation agreement with Philips, which should help us to considerably speed up the installation of our SRAclinic product for improving stroke treatment internationally. We were also able to conclude our clinical study relating to our „Ovu control“ IVD product at the gynecological clinic of the Schleswig-Holstein University Hospital in September of 2013. The study involved more than 100 women participants. The results were published in the international medical journal „Gynecologic and Obstetric Investigation“ in September of 2013.

IN THE MEDICAL WARMING SYSTEMS SEGMENT, GERATHERM WAS SELECTED WITH ITS „UNIQUETEMP“ PRODUCT AS EXCLUSIVE SUPPLIER FOR THE BRAZILIAN NATIONAL TRANSPLANT SYSTEM IN JUNE OF 2013.

Even the business figures generated by the company are a mirror image of the dynamic development experienced by the „New Geratherm“. Sales increased by 5.4%. Our subsidiary in Brazil performed poorly last year and thus had an unfavorable impact on the balance sheet with a loss of -337 TEUR. Consequently, the operating result on an EBIT basis decreased by 17.1%. The operating result generated in our core business at the Geschwenda location did increase by 32.2%. Together with the good financial income or the revaluation of the securities held, the company's comprehensive income recognized in the equity capital was EUR 2.459 million.

Thanks to the positive basic conditions on the capital market, but certainly due also to the performance statement of Geratherm Medical, the company's share price increased by 39.2% during the fiscal year.

Many non-recurring expenses due to studies and product approvals will no longer be incurred in this form during the coming year. The Respiratory, apoplex and Medical Warming Systems segments will greatly strengthen the profitability of the Geratherm Group in the future.

We are heading into 2014 with greater strength.

The medical technology market was all in all rather weak in 2013. The sales growth of the overall market in Germany amounted to only 2.6%. That is why we are looking for opportunities to reinforce the presence of Geratherm products on international markets. The current export share of 88.0% is the result of our international focus.

The proof of added value is becoming increasingly important in the medical technology segment. Approvals require extensive additional case studies. That demands a considerable amount of time, money and documentation.

The medical technology segment is marked by a lot of activity. And companies at the top of their game enjoy significant growth potential, demographically, technologically and geographically. We at Geratherm have the potential to offer our customers products with quality and unique solutions for the active niche markets.

There are different signs indicating that we are on the verge of opening a new dimension for Geratherm.

I would like to take this opportunity to express my gratitude to all persons who support Geratherm with good ideas and dedication as well as financially on the challenging path we have taken.

Yours,



Dr. Gert Frank
Chairman

GERATHERM SHARES

The capital market exhibited very good development during 2013. It did not look like it at the outset, but did turn out very well in the end. Thanks to loose monetary policies of the central banks and the hope for an improved economic development, 2013 became one of the best years on the stock market since 1997.

The MSCI World Index closed with a plus of 20.5%. The shares in emerging market countries (MSCI EM) showed weaker development with a minus of 2.6%. Commodity prices, which were bullish over the past few years, dropped almost 10%. The safe harbor that investing in gold represents was one of the worst investment categories in which to invest in 2013. The price of gold dropped 30.4% within one year. The euro increased by almost 4% compared to the US dollar.

The US' leading stock exchange S&P 500 finished 2013 by posting a new record of 1,848 points – a healthy increase of 29.6%. The Dow Jones also closed with a 26.5% increase over the year. The shares of large corporations in the euro zone, which are represented by the DJ EuroStoxx50, increased by 21.5%.

The German share index DAX also concluded 2013 with 9,552 points or an increase of 25.5%. German bonds (REX), however, closed with a loss of 0.5%.

The shares of the health care sector showed positive development. The European Stoxx Health, which includes large European medical and pharmaceutical companies, finished the year with an 11.6% increase over the year. The shares of companies in the German health care sector, which are grouped in the Prime Pharma Healthcare Index, also exhibited considerable rates of growth. The Prime Pharma Healthcare Index finished 2013 year with a clear increase of 22.7%.

Since the share markets reported such positive development, it is necessary to keep in mind that the dangerous underlying conditions of the zero interest rate policy of central banks and the soaring national debts of industrial countries have changed very little since peacetime. The longer

that interest rates remain at or close to zero, the more dangerous an unanticipated increase in interest rates would be for all participants.

Geratherm shares reported an above-average development and concluded 2013 with a share price of EUR 7.10, boasting a 39.2% increase. The highest market price posted by Geratherm shares during the course of 2013 was EUR 7.85, the lowest price during the course of the year was EUR 4.50.

The trading volume of Geratherm shares on the German stock exchanges amounted to 1,016,505 shares in 2013 (2012: 700,778 shares). The majority of the transactions, amounting to 766,105 shares, were conducted through the electronic platform XETRA. This represents a significant increase of 59% compared to the prior year. The average daily sales volume, standing at 4,018 shares, was considerably higher than in the previous year (2,759 shares).

The highest daily sales volume was reported at 42,035 shares.

The shares of the company are listed in the so-called Prime Standard, the highest quality segment of the German stock exchange. Moreover, Geratherm's shares are listed in the German Entrepreneurial Index (GEX). On page 17 the diagram shows how Geratherm shares have developed over the past three years in comparison to the GEX and Prime Healthcare Index.

Geratherm Medical enjoys a stable shareholder structure. The issued 4,949,999 shares are held by approx. 2,000 shareholders. Main shareholders in 2013 were GMF Capital, Hamburg (52.78%), FPM Funds (6.33%), DWS Investments (5.84%) and Bayerische Landesbank (1.25%).

DEVELOPMENT OF GERATHERM SHARES



Geratherm strives to ensure that all financial communication with its current and potential shareholders remains transparent. Besides the annual general meeting, the three quarterly reports and the annual report, we participated in the "Prior Börse Capital Markets Conference in Frankfurt" on 3 September, 2013 and in the "Hamburg Investor Conference of UBJ" on 21 November, 2013. During these events, the management provided information about the company's business development and strategic focus.

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HEALTHCARE DIAGNOSTIC

GERATHERM'S HEALTHCARE DIAGNOSTIC BUSINESS UNIT PRODUCES INNOVATIVE PRODUCTS FOR RECORDING VITAL STATISTICS AND PRIMARILY OFFERS THEM TO THE HOMECARE SEGMENT. THE PRODUCT GROUP INCLUDES CLINICAL THERMOMETERS, BLOOD PRESSURE MONITORS AND THE NEW WOMEN'S HEALTH PRODUCT LINE. THE PRODUCTS OF THIS UNIT ARE MARKETING INTERNATIONALLY VIA PHARMACIES, HOSPITALS AND CLINICS.

The high recognition level of the Geratherm brand forms the basis for expanding the range of products in the Healthcare Diagnostic segment under the „Geratherm“ family brand in the future.

CLINICAL THERMOMETERS

Geratherm Medical has a long tradition and a depth of experience in manufacturing products for measuring body temperature. This segment accounts for a 49.3% share of the company's total sales. The original main product, the so-called gallium thermometer, is based on the innovative use of an environmentally friendly alternative that replaces mercury in conventional glass thermometers. Today Geratherm offers a broad range of product alternatives ranging from digital clinical thermometers to contact-free medical measuring instruments. The market is distinguished by highly intense competition. In 2013, Geratherm sold 4.3 million units (2012: 4.0 million units).

BLOOD PRESSURE MONITORS

Geratherm uses the same distribution channel for its various upper arm and wrist blood pressure monitors as for its clinical thermometers. The products are also sold internationally. Geratherm sold a total 276,431 units in 2013 (2012: 260,071 units). This corresponds to a 6.3% increase. Blood pressure monitors represent 33.0% of the company's total sales volume. The market for these products in industrial countries is saturated to a large extent. There are sales opportunities in the emerging mar-

kets, which are just at the beginning of a broader supply with this type of products.

WOMEN'S HEALTH

To ensure that the Healthcare Diagnostics segment has a broader basis, we started to build up an attractive product range in the Women's Health segment over the past few years. That includes pregnancy tests, diverse ovulation test solutions, chlamydia tests, yeast infection test kits, pH tests and menopause tests. These so-called in-vitro diagnostic (IVD) products involve a very elaborate approval process and auxiliary clinical studies. The approvals for the Women's Health products are anticipated in early 2014.

A comprehensive clinical study was conducted in 2013 at the Obstetrics and Gynecology Clinic of the Schleswig-Holstein University Hospital for Geratherm's „ovu control“ product, which the company developed to determine a woman's period of fertility based on saliva. The study involved 122 women participants. Besides an additional use and application study, the results served as a basis of the approval. The study results were published in September 2013 in the international journal „Gynecologic and Obstetric Investigation“.

The new product line will be launched in 2014. Customer feedback has been positive thus far and we anticipate good growth for the Healthcare Diagnostic business unit.



ovu control

SALIVA-BASED FERTILITY TEST!

SIMPLE & DISCRETE WAY TO DETERMINE
WHEN A WOMAN IS FERTILE OR NOT.

- Scientifically tested saliva-based method („fern-like pattern“) - Examination of a woman's dried saliva

MEDICAL WARMING SYSTEMS

GERATHERM HAS MANY YEARS OF EXPERIENCE IN THE MEDICAL TEMPERATURE MANAGEMENT SECTOR.

Treating heat loss in patients during surgery or rescue operations plays a key role in maintaining a patient's body temperature. On the other hand, it is particularly important to decrease the body's or brain's oxygen demand by means of induced cooling in cases of cardiac arrest and stroke when this oxygen demand is no longer ensured.

Geratherm develops medical temperature management solutions for addressing heat loss problems and for reducing a patient's body temperature when needed.

UniqueTemp°

Products, which are also intended for use in operations, are provided under the UniqueTemp° brand name. The active warming systems help maintain body temperature during operations. The minimum heat-up time, the possibility of connecting multiple warming blankets with one another, the effective hygiene features when used in operations and the low costs are all advantages that help convince hospitals to choose Geratherm warming systems.

Unique Resc+

Using similar technology, warming systems for the emergency response segment are offered under the Unique Resc+ brand name. Geratherm's products marketed under this brand name are currently used in rescue helicopters of Germany's DRF and ADAC, Switzerland's REGA and by the U.S. special operations force, the Navy SEALs. In this context, Geratherm has an exclusive supplier agreement with the United States Army, Special Operations Forces Survival, Support & Equipment (SSES). Geratherm is the only supplier of tactical medical equipment outside of the U.S., which was taken into account in the Special Operations Forces (SOF) budget.

The products in the medical warming systems segment are marketed internationally in most cases

via tendering process, which is based on specific country approvals. Revenue recognition has a significant lead time.

In 2013, it was necessary for the company to address the new EU prerequisites for medical products.

As part of the so-called „Third Edition“, medical products had to be revised and some products required new approvals too. That involved a significant expenditure in terms of personnel and finances.

In spite of these circumstances, the medical warming systems segment continued to grow by 15.9%. Sales were distributed mainly over Brazil (48.6%), Europe (9.7%) and India/Pakistan (7.8%). Success in Brazil was supported thanks to the company's listing as a vendor for Brazilian transplantation centers.

After a period of extensive groundwork, we managed to attain our first strategic success on the Turkish market in 2013. In addition to different hospitals and clinics in Turkey, we were able to acquire the private „Florence Nightingale“ Group of hospitals as customer. We consider this as a first major step for further developing the market in Turkey.

As in past years, we also managed to supply the Swiss air rescue service „REGA“ with the latest generation of Unique Resc+.

For 2014 we are anticipating a considerable increase in sales in the medical warming systems segment. In our opinion this growth is due to the lead in the operative area and the new development of so-called cooling products for reducing brain damage in case of cardiac rest and stroke.

UniqueResc⁺

MOBILE HYPOTHERMIA PREVENTION FOR RESCUE OPERATIONS.

UNIQUE MICROCHIP TECHNOLOGY COMBINED WITH ULTRA-FINE, CONDUCTIVE TISSUE IS THE SECRET BEHIND THE REVOLUTIONARY PROPERTIES OF THIS ELEGANT ELECTRICAL RESCUE WARMING SYSTEM.

- Quickly stabilizes patients
- Prevents shivering
- Decreases feelings of anxiety



CARDIO/STROKE

SRA PRODUCTS ENSURE A CONSIDERABLE IMPROVEMENT IN STROKE TREATMENT.

Stroke is one of the leading causes for premature death and invalidity for many patients and is also one of the main cost obstacles in the healthcare system.

Atrial fibrillation is one of the most important factors that could trigger a stroke. Unidentified atrial fibrillation is regarded as a possible trigger for suffering a stroke. Atrial fibrillation can be treated effectively using medicines, so-called oral anticoagulants. Many patients with atrial fibrillation can not be treated, as they are usually not diagnosed in time.

apoplex medical technologies developed an algorithm, which evaluates ECG records in the SRA product (Stroke Risk Analyser) and identifies the presence of paroxysmal atrial fibrillation episodes. In this case, the company maintains its own data processing center for the central analysis of the ECG data. An ECG taken of a patient is sent via internet to apoplex medical technologies. There an automatic analysis is conducted to identify a risk and/or confirm the presence of atrial fibrillation. Doctors obtain in just a few minutes an analytical report with information and recommendations for further treating the patient; these possibilities are unique in this form.

The fully automated ECG analysis developed by apoplex medical technologies for identifying atrial fibrillation represents a method that is clearly superior to the previous standard methods.

The application is used both in registered doctors' practices (product: SRAdoc and SRA24) and for

acute treatment in so-called stroke units in hospitals (product: SRAclinic).

The disease atrial fibrillation – which frequently can be identified only by coincidence or with considerable effort – can now be determined quickly, simply and above all cost-effectively. Doctors' practices only need an ECG recorder and an internet connection in order to be able to conduct such an examination. Hospitals can use existing infrastructure in cooperation with the companies Dräger Medical and Philips Medical. That ensures a very convenient solution for recording and sending ECG data.

apoplex products are increasingly meeting with strong demand. The scientific basis for the marketing is, among other things, the clinical study conducted in 2012 with about 500 patients at the stroke unit of the Heidelberg University Hospital. 19 new hospitals and clinics joined the program in 2013. That is also twice as many hospitals and clinics in one year as in the past four years. At the end of 2013, 42 hospitals and clinics were connected to apoplex's atrial fibrillation SRAclinic system. The SRAdoc product was used by approx. 705 doctors' practices.

For 2014 we intend to further push our sales activities, especially on an international level. In Europe, in particular, we expect a clear increase in the use of our SRAclinic product.

For 2014 we expect the number of connected stroke units to double.

A healthcare professional in blue scrubs is looking at a patient's vital signs on a monitor. The monitor displays various waveforms and numbers, including a large green '60' and a large blue '98'. The patient is lying down, and the monitor is positioned above their head.

SRAclinic

IS USED IN STROKE UNITS TO DIAGNOSE THE CAUSE OF A STROKE HAVING OCCURRED.

AS PART OF A COMPREHENSIVE STUDY, THE USE OF SRACLINIC REVEALED 40% MORE PATIENTS WITH ATRIAL FIBRILLATION THAN PREVIOUSLY APPLIED METHODS.

- These results impressively demonstrate the superiority of SRAclinic as a means for diagnosing atrial fibrillation.

RESPIRATORY

THE RESPIRATORY BUSINESS UNIT DEVELOPS PRODUCTS FOR PULMONARY AND CARDIOPULMONARY FUNCTIONAL DIAGNOSTICS.

Diseases affecting lungs and respiratory systems are increasing at a disproportionately fast rate, where asthma and bronchitis and lung cancer have become some of the most common diseases nowadays. The significance of lung diseases is inevitably mounting due to increasing changes affecting the environment. According to the WHO, obstructive pulmonary diseases are expected to become the third leading cause of death worldwide by 2020.

The Respiratory business unit offers the „Spirostik“ and „Spirostik Complete“ products for spirometry which in turn provides fundamental information about the type and scope of the pneumological disorders. The internally developed body plethysmograph is used for more complex examinations, so-called whole body plethysmography.

The „Ergostik“ product offered by Geratherm Respiratory, a so-called spiroergometer, incorporates breathing gas parameters like oxygen intake, carbon dioxide exhalation and ventilation, as well as cardiac parameters under stress.

Geratherm Respiratory is striving to carve out a leading position for itself in this segment with its

extensive development efforts. The products are sold internationally and thus involve considerable lead time for product licensing in the individual countries. After successfully launching the products in Europe, we are now focusing on licensing or launching the products in other international markets like India, CIS and Australia. We are expecting the product approval for the Chinese market in mid 2014. Product approval applications have already been filed for many other countries.

Besides the many new customers we have acquired, we are delighted in particular that we were able to equip the cardiology unit of UNI Lausanne (Switzerland) and the cardiology unit of a hospital in PISA (Italy) with Geratherm spirometry systems. A complete system for pneumological functional diagnostics system was also installed in the Academic Training Hospital in Zwolle, Netherlands, with connection to the hospital information system. In addition to that, we have also canvassed as a new customer the sports medicine department of University of Ulm, which is internationally well-known for sports and rehabilitation medicine.

For 2014 we are assuming that this segment will continue its further growth.



Bodystik

WITH CONVINCING INNOVATIVE TECHNOLOGY, IT REPRESENTS A FORWARD-LOOKING SYSTEM SOLUTION FOR BODY PLETHYSMOGRAPHY.

STURDY ALUMINIUM BOOTH WITH GLASS PANES ON ALL SIDES ENSURES HIGH MEASUREMENT ACCURACY AND OPTIMUM COMFORT FOR PATIENTS.

- Spirometry measurements, flow/ volume, resistance, lung volume and respiratory muscles

GROUP MANAGEMENT REPORT

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A. BASIS OF GERATHERM MEDICAL GROUP

1. BUSINESS MODEL OF GROUP

The Geratherm Medical Group, hereinafter called Geratherm or Geratherm Medical, is an internationally focused medical technology company with the following business units Healthcare Diagnostic, Medical Warming Systems, Cardio/Stroke and Respiratory. The company's business activities lie primarily in measuring body temperature for medical applications. In this segment, Geratherm offers a broad range of products, most of which have distinguishing characteristics. Geratherm provides customers and patients with high quality products that range from clinical thermometers to complex warming systems which are designed for operating rooms and rescue operations. In the Cardio segment, Geratherm focuses its development efforts on products for detecting atrial fibrillation in order to prevent strokes. The Respiratory business unit develops, produces and distributes products for monitoring pulmonary function.

Significant changes were not made to the company's business model compared to the prior year.

2. RESEARCH AND DEVELOPMENT

Geratherm is currently undergoing a transformation process while it transitions to a manufacturer of premium medical products. Geratherm's overall strategy is to establish for the future good distinguishing characteristics with highly innovative products that are associated with complex regulatory hurdles in order to allow us to hold our own in competition with significant product advantages.

Our research and development activities primarily focus on the still new segments such as Warming Systems, Respiratory and Cardio/Stroke. In the Healthcare Diagnostic segment, we initiated an extensive study for the licensing of our product for determining a woman's period of fertility during the 2013 fiscal year. This was the first larger study conducted in the Healthcare Diagnostic unit with more than 100 participants. The study was carried out at the Obstetrics and Gynaecology Clinic of the Schleswig-Holstein University Hospital in Kiel, Germany.

In the Medical Warming Systems unit a wide variety of developments were made with regard to the re-registration of products as part of the „Third Edition“. Development projects were also initiated with regard to cold treatment products.

The research and development expenditure in 2013 amounted to 405 TEUR (2012: 296 TEUR), of which 93 TEUR (2012: 57 TEUR) were capitalized as development projects.

B. ECONOMIC REPORT

1. OVERALL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

OVERALL ECONOMIC CONDITIONS

The overall economic conditions appear to be improving on the world markets. The burdens existing in most industrial countries due to high government debts have lost significance due to the monetary stimulus initiated by the central banks. The consequences of this experiment are still unknown.

Since the summer of 2013, the world economy has been showing signs of recovery. Geratherm is a highly export-oriented company that expects to profit from the improving general conditions in the near future.

INDUSTRY-RELATED CONDITIONS

The medical technology industry is a global industry that involves considerable research, depends on the general economic situation and is very regulated. After an annual growth of approx. 10% for the period between 2000 and 2010, we are currently anticipating only a 3% increase per year for the next decade.

Europe's medical technology industry is currently in the process of making its admission requirements stricter. Higher costs resulting from the increased monitoring of medical products affect small and financially weak companies in particular. At the same time, the competition posed by Asian vendors is also increasing, whereby it is not always understandable how these companies manage to fulfill admission requirements.

It is becoming more and more essential for medical technology companies to demonstrate to consumers the clinical and economic advantages of new products for approval and licensing. These processes increase the complexity of a company's business model and lead to considerably higher costs and risk profiles for product innovations. More than 90% of the medical technology companies in Germany have less than 250 employees.

Innovative, cross-disciplinary companies that have a high level of technological know-how and well-established networks fulfill the prerequisites for succeeding on the medical technology market. The growth prospects of the international medical technology industry are currently driven mainly by emerging markets. Key growth drivers like rise in population, demography and increase in lifestyle-related diseases remain intact. The demand for medical products increasingly comes from emerging markets, which in turn poses new challenges for companies. In these regions, pricing is frequently a decisive factor. Financing models, like those established in industrial countries, are hardly available at the moment. In light of this, it is necessary to develop differentiated price strategies. Another trend is the increasingly international tendering business, where medical technology companies have to prove themselves. And when it comes to comparable products, only the most affordable vendor is considered. Tendering procedures influence the long leadtime required until revenue is finally generated.

Companies from the USA, Japan and Europa constitute 84% of the global supply of medical products. German medical technology accounts for approx. 10% of the world's sales in this segment.

The sales growth reported by the medical technology industry has dropped considerably in Germany in 2013 and amounts to approx. 2.6%. Besides the existing market saturation, medical equipment manufacturers in Germany are experiencing more and more pressure from hospitals and their purchasing syndicates and fee-per-case system. Companies struggle to achieve a quick implementation of their innovations on the market.

The long-term growth prospects of the medical technology market are intact thanks to the international demographic development and the additional demand posed by the emerging markets.

2. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

Geratherm utilizes various indicators to control and gauge performance with regard to the company's objectives. In terms of finances, the performance indicators correspond with those used for controlling the segments. The key objectives for growth and profitability relate to sales and earnings before interests and taxes (EBIT) as performance indicators, and for the non-financial segment to product sales and exports. Moreover, capital management relies on performance indicators such as equity-to-assets ratio and liquidity.

The sections on business trend and situation also make reference to these performance indicators.

3. BUSINESS TREND

GENERAL OVERVIEW

Geratherm Medical continued to enjoy positive development with regard to the sales generated during the 2013 fiscal year. The group's sales increased by 5.4% to EUR 16.8 million. The forecasts for 2013 with a sales growth in a high single-digit percent range were not attained in full. The economic slump in Brazil and the devaluation of the Brazilian Real (BRL) during the course of 2013 weighed on our subsidiary in Brazil. As a result of currency exposure, sales decreased by 519 TEUR. Geratherm do Brasil concluded the business year with a negative result of -337 TEUR. Leaving aside the impact of the exchange rate, the group would have achieved all in all a growth of 8.6%.

Apart from our activities in Brazil, all areas exhibited positive development and reported in part considerable increases in sales and profits. The level of investments for the licensing of new products was considerably higher than in the previous year.

Overall, the operating result (EBIT) was 793 TEUR and was thus 17.1% below the level attained last year. That corresponds with an EBIT margin of 4.7% (2012: 6.0%). Factoring out the „Brazilian effect“ and the results of the new business areas, the EBIT of the core business (63.0%) increased by 32.2% to 899 TEUR. That corresponds to an EBIT margin of 8.5%. Although we have not fulfilled our objective for obtaining a minimum return of 10%, we are on the right path.

The group's overall performance was supported, like last year, by a positive financial result in the amount of 492 TEUR. In addition to that, the securities held appreciated, which were recognized in the equity capital. Besides the after-tax result (shareholders of the parent company) of EUR 1.334 million or EUR 0.27 per share (2012: EUR 0.24), the market assessment reserve appreciated in terms of equity capital and the differences in currency translation were adjusted in the amount of EUR 1.321 million in total.

The overall consolidated income minus the shares of non-controlling shareholders of Geratherm Medical thus amounted to EUR 2.661 million in 2013. Based on the operating results and the financial income, the company managed to increase its equity capital considerably, which totalled EUR 20.080 million as at 31 December, 2013. In light of this, 2013 was a good year for the entire group.

Investments made in new and higher-quality medical products are beginning to bear fruit. That can be seen in the positive growth rates posted, which are expected to continue over the next few years based on current reports. The earning capacity of the new business segments has been attained.

The group had at the end of the year sufficient funds available with EUR 15.5 million in liquid assets and securities for tackling any challenges that may arise and capitalizing on the opportunities occurring in 2014.

SALES DEVELOPMENT BY SEGMENTS

HEALTHCARE DIAGNOSTIC

The Healthcare Diagnostic segment essentially encompasses products that are internationally distributed in hospitals, clinics and pharmacies. The segment represents 78.6% of the company's total sales (2012: 82.4%). It managed to report a slight growth of 0.5%. Without the downward trend noted on the Brazilian market, the segment would have posted a 6.3% growth. With a sales of EUR 13.222 million, the segment's result amounted to 913 TEUR.

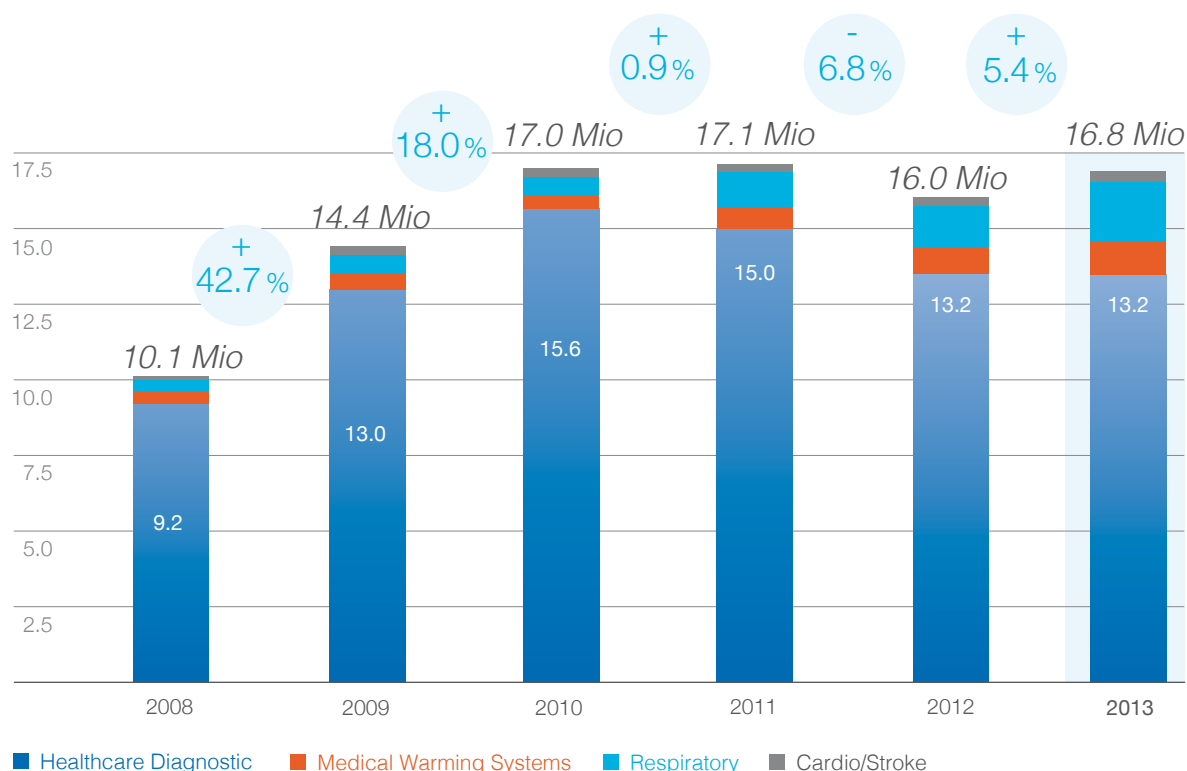
SALES TREND BY SEGMENTS *in thousand euros*

	2008	2009	2010	2011	2012	2013
Healthcare Diagnostic	9,211	12,969	15,564	15,076	13,153	13,222
Respiratory	343	609	590	1,197	1,636	2,095
Medical Warming Systems	408	448	562	625	930	1,078
Cardio/Stroke	117	359	262	231	251	432

The two main product groups in the Healthcare Diagnostic business unit include clinical thermometers (62.7%) and blood pressure monitors (33.0%). For both segments we were able to expand our sales situation again. A total of 4.3 million clinical thermometers were sold in the course of 2013. That represents a growth of 5.5% compared to the year before. Our environmentally friendly gallium-filled clinical thermometers accounted for 3.2 million units (2012: 3.0 million units) and with a sales of EUR 5.6 million for 33.5% (2012: 34.1%) of the company's overall sales. The downward development of the overall sales corresponds with the company's strategic plans for the future.

GROWTH TRENDS BY SEGMENTS *in thousand euros*

	2013	2012	Change in %
Healthcare Diagnostic	13,222	13,153	0.5
Respiratory	2,095	1,636	28.1
Medical Warming Systems	1,078	930	15.9
Cardio/Stroke	432	251	72.1

SALES DEVELOPMENT BY SEGMENTS *in millions of Euro*

As far as the sales of blood pressure monitors are concerned, the company managed to further expand sales by 6.3% to 276,431 units. With an overall sales of EUR 4.4 million, blood pressure monitors account for 25.9% of the company's sales. Main sales markets for the Geratherm blood pressure monitors are South America with 50.7%, Middle East with 31.5% and Europe with 11.9%.

SALES DEVELOPMENT

	2008	2009	2010	2011	2012	2013
Blood pressure monitors (in thousand units)	114	140	189	203	260	276
Thermometers (in million units)	3.7	4.9	5.7	5.5	4.0	4.3

The new product area „Women's Care“ was not able to realize the planned contribution to sales as a result of delays in the approval process and the necessity of additional clinical studies. However, approvals have been obtained for all new products such that this product segment will support the growth of the Healthcare Diagnostic segment in 2014.

RESPIRATORY

In the Respiratory segment we focus on the development, production and marketing of products for cardiopulmonary functional diagnostics. Sales were shared by the spirometry (26.9%), pulmonary function (28.6%) and spiroergometry (23.8%) products. 82.7% of the products (based on sales) were supplied to

customers located outside of Germany. The activities of this business segment are concentrated at our location in Bad Kissingen.

In 2013, the products generated a sales of EUR 2.1 million. This segment's sales exhibited a favorable development with a 28.1% growth. The segment finished the year with a profit of 181 TEUR (2012: 75 TEUR). The EBIT margin was 8.6%. For 2014 we are optimistic that we will manage to further expand this segment.

MEDICAL WARMING SYSTEMS

In the Medical Warming Systems segment, we offer products that are designed to maintain the body's temperature. These product solutions are used, wherever it is necessary to ensure a fast and effective supply of heat to patients in operating rooms or emergency response situations. The segment posted once again a double-digit growth in 2013. All in all, that corresponds to a sales of almost EUR 1.1 million. The demand for Geratherm's warming systems in South America made up a large part of the positive sales trends.

In spite of the increased sales, we are still not happy with how the operating result has developed. The segment finished the year with a loss of -67 TEUR (2012: +22 TEUR). In this context, the high outlay for the reregistration of all products as part of the so-called „Third Edition“ had an unfavorable effect.

The majority of products are marketed on the basis of international tendering procedures. This ensures a long-term development of product sales. 91.8% of our Warming Systems products were exported in 2013 (based on the sales figures). We have been active for some time now on a variety of markets such that we are expecting the segment to develop positively for 2014.

CARDIO/STROKE

We offer stroke prevention products for the Cardio/Stroke segment. Apoplex medical has developed a system for identifying atrial fibrillation, which is used in doctor practices and stroke centers.

Thanks to the publication of the successful results of our trial in „Stroke“, the official journal of the American Heart Association, we noted an increased demand from hospitals and clinics during the course of the fiscal year.

All in all, 2013 progressed favorably for the segment. Sales volume increased by 72.1% to 432 TEUR. The number of hospitals and clinics that joined the network almost doubled. By the end of the year, there were a total of 42 hospitals and clinics. The reported loss decreased to -61 TEUR (2012: -165 TEUR).

For 2014 we are optimistic that we will manage to surpass the threshold of 100 clinics and hospitals which are connected to the system for the first time. A larger study has been concluded for use in doctor practices. As a result, we believe that other market opportunities will open up for stroke prevention products.

SALES DEVELOPMENT BASED ON REGIONS

Geratherm Medical's activities are mainly international. Sales are generated in more than 60 countries. Export activities once again constituted a mainstay for the company. On the whole, 88.1% of sales were generated in markets outside of Germany. Consequently, the level of exports was on the same level as in previous years. Key markets include Europe, South America, Middle East, USA and Other countries, in particular Asia and Africa here. The high and steady export share reflects the continued competitiveness of Geratherm's products on the international market.

A total sales of EUR 16.8 million (+5.4%) was posted for the 2013 fiscal year. The sales growth reported by Geratherm Medical would have been considerably better with an 8.6% increase without the devaluation of Brazil's Real. Currency-related devaluations decreased the group's sales in 2013 by 519 TEUR.

The euro zone outside of Germany is Geratherm's largest sales market, whereas the Italian market dominates here. The sales posted in this region did increase slightly by 11.2%. The European Market accounts for EUR 6.9 million which corresponds to 41.0% of the total sales of Geratherm Medical.

In 2013 we encountered a number of negative underlying factors on the Brazilian market that resulted in a considerable drop in overall sales. Due to supply problems of a sub-contractor, we had to deal with a loss of sales that we were not able to offset during the course of the year. Even a larger tender that we were awarded for warming systems totalling approx. 600 TEUR could not be delivered due to an outstanding payment that was still not made by the purchasing authority by the end of the year. In addition to that, the devaluation of Brazil's Real by 11.9% compared to the euro also had a negative impact on regional sales. On a whole, we were forced to report a significant drop in sales of -11.5% to EUR 4 million for the South American market. The South American market accounts for 24.0% of corporate sales of Geratherm Medical.

The subsidiary Geratherm do Brasil has been very active over the past few months in implementing new sales channels for Geratherm's higher quality medical products. All in all, 2013 was not a good year for our activities in Brazil. Contrary to 2012, we reported an EBIT of -63 TEUR for the South American market. If we did not take our activities on the South American market into account, the sales revenues for all segments of the Geratherm Group would have increased by 12.1%.

Sales recorded in Germany decreased slightly again by -3.7% with almost EUR 2 million. Domestic sales accounted for 11.9% of the company's sales. That is clearly too little. We did not yet achieve our goal to increase sales on the German market in 2013. Sales has continued to drop since 2009. The general conditions on the German market are particularly challenging, especially with regard to pharmacies as sales channel. We have attempted to set up our own distribution network of sales representatives for this sales channel in 2013. Unfortunately, we still have not managed to reverse this negative trend.

The markets in the Middle East showed the strongest growth noted in 2013. The sales generated in this region increased by 52.1% to EUR 1.8 million. The substantial sales increase was supported by the re-registration of Geratherm products and the efforts undertaken by our distributors to push market development activities in the region. Sales on the US market showed above-average development, increasing by 7.0% to EUR 1.3 million. The share of the US market in Geratherm's total sales during the year under review was 7.5% (2012: 7.4%). There gallium-filled thermometers are sold primarily in US drugstore chains.

SALES TREND BY REGIONS *in thousand euros*

	2013	2012	Change in %
Europe	6,905	6,210	11.2
South America	4,035	4,559	-11.5
Germany	1,994	2,070	-3.7
Middle East	1,834	1,206	52.1
USA	1,266	1,182	7.1
Other countries	793	743	6.7

The Other countries group accounts primarily for the sales regions Asia and Africa. All in all, these regions managed to report a slightly above-average growth of 6.7%. When it comes to our products, we consider the African sales market in particular as highly interesting over the medium term and thus have decided to carry out a variety of marketing activities for 2014. We will attempt to leverage our opportunities on the African market.

4. SITUATION

EARNINGS SITUATION

Geratherm Medical did increase group sales by 5.4% during the year under review. The overall performance was slightly above the level attained last year.

Material expenses amounted to EUR 7.369 million in 2013 (2012: EUR 6.980 million), a 5.6% increase. The increase can be attributed to the higher costs of materials used.

The gross margin of the overall performance was 54.6% (2012: 56.9%) and was thus slightly lower than in the prior year. The gross profit amounted to EUR 8.862 million (2012: EUR 9.198 million), a slight decrease of 3.7%.

The gross operating result prior depreciation and amortization (EBITDA) was EUR 1.601 million (2012: EUR 1.714 million), a 6.6% decrease. The operative margin on the EBITDA level amounted to 9.5% (2012: 10.7%).

Amortization of intangible assets and depreciation of tangible assets were increased by 6.6% to 808 TEUR (2012: 757 TEUR). The depreciation of tangible assets amounted to 601 TEUR. The amortization of intangible assets made up the difference. These primarily include capitalized development costs that were written off at the beginning of the marketing activities. The other operating expenses made up EUR 3.996 million (2012: EUR 3.947 million), a moderate 1.2% increase.

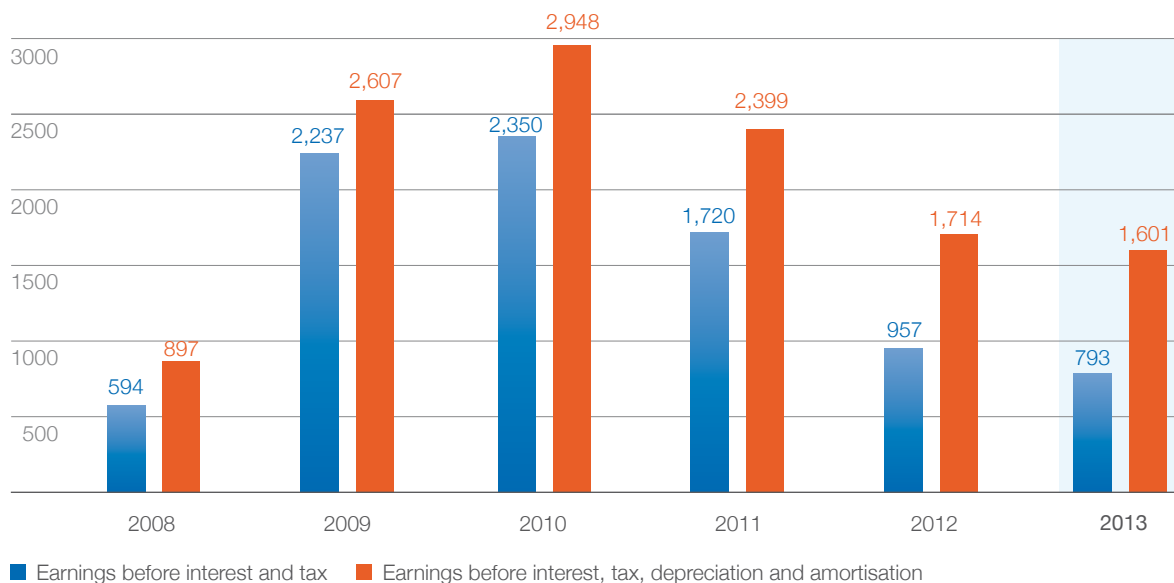
EARNINGS PERFORMANCE *in thousand euros*

	2008	2009	2010	2011	2012	2013
Operating earnings (EBITDA)	897	2,607	2,948	2,399	1,714	1,601
Operating result (EBIT)	594	2,237	2,350	1,720	957	793

The operating result (EBIT) decreased by -17.1% to 793 TEUR (2012: 957 TEUR). The EBIT margin was 4.7% (2012: 6.0%). This did not meet our expectations. The devaluation of currency differentials which are difficult to identify in advance accounted for the negative effects. These devaluations resulted in a surprising loss reported by our Brazilian subsidiary in the amount of -337 TEUR.

Contrary to the prior year, our core business at the Geschwenda location in Germany performed considerably better without taking the business units apoplex, Respiratory and do Brasil into account. The operating result (EBIT) increased by 21.7% to 925 TEUR (2012: 760 TEUR). That corresponds to an EBIT margin of 8.1%.

in thousand euros



The operating result (EBIT) for Respiratory increased to 181 TEUR (2012: 75 TEUR). That corresponds to an EBIT margin of 8.6%.

apoplex had an unfavorable impact of -61 TEUR (2012: -165 TEUR) on the group's operating result for the period.

The Warming Systems unit also reported a similar level of loss. Possible reasons include the required revision of products due to the „Third Edition“, i.e., the new licensing requirements adopted in Europe. The business unit concluded the 2013 fiscal year by reporting a loss of 67 TEUR (2012: +22 TEUR).

The financial result as balance of realized earnings from securities, write-offs and interest earnings made a positive contribution, as in 2012, to the group's consolidated net income. As a result, it was possible to realize a financial result of 492 TEUR (2012: 491 TEUR). In this case, dividend income accounted for 54 TEUR and the gain realized on the sale of securities amounted to 879 TEUR. Depreciation of securities as of the reporting date was not implemented. Other expenses relating to securities and interests amounted to 463 TEUR.

The result from ordinary business activities decreased by 11.3% to EUR 1.285 million (2012: EUR 1.448 million) due to the favorable financial earnings and the slightly lagging operating result reported for 2013.

A consolidated net income of EUR 1.138 million (2012: EUR 1.151 million) was reported for the 2013 business year due to the lower tax burden in the amount of -147 TEUR (2012: -297 TEUR).

The reported taxes do not affect the liquidity position for this period. The decrease of the deferred tax

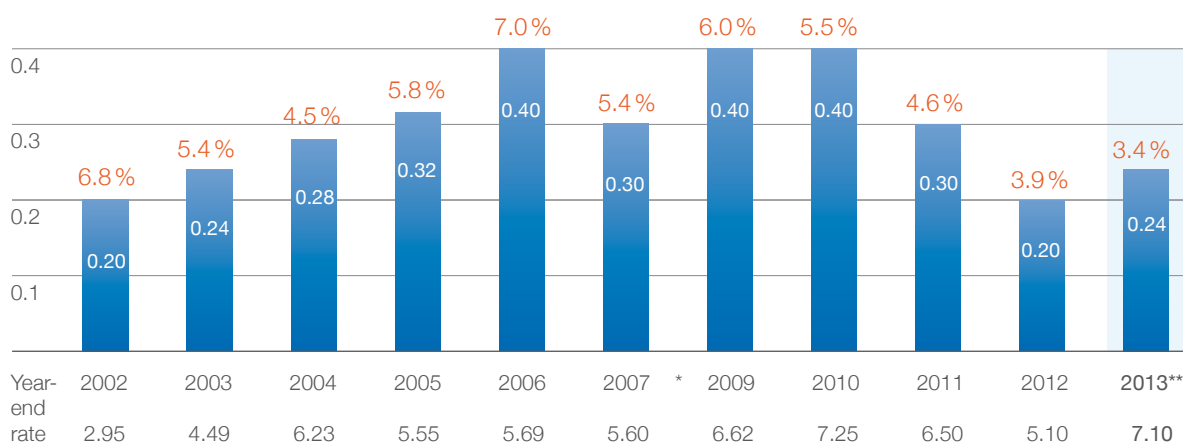
assets due to the use of losses carried forward accounted for the position. The losses carried forward on the group level still amounted to EUR 4.892 million (2012: EUR 5.019 million) as at 31 December, 2013.

The result attributable to minority interests worsened in 2013 due to the poor performance of the subsidiary Geratherm do Brasil. The result attributable to non-controlling shareholders amounts to -196 TEUR (2012: -43 TEUR).

The profits from the shareholders of the parent company (EAT) increased by 11.7% to EUR 1.334 million (2012: EUR 1.194 million). The result per share is EUR 0.27 (2012: EUR 0.24).

TREND OF NET DIVIDEND PAID TO GERATHERM SHAREHOLDERS

Dividend



■ Net disbursement in EUR from "EK 04" * No dividend paid in 2008 ** incl. tax on capital income

The board of directors and supervisory board of Geratherm Medical will propose to the annual general meeting to pay a dividend in the amount of EUR 0.24 per share. This is reasonable in light of the considerable increase in equity capital during the 2013 business year, the available cash and cash equivalents amounting to EUR 15.5 million and the group's overall income of EUR 2.459 million (2012: EUR 1.370 million).

Contrary to past years, we were informed that besides the solidarity surcharge, capital gains tax will be applied to this year's disbursement.

In accordance with the tax regulations, first the distributable profit of the business year and then the tax-recognized capital contributions account shall be used for the planned disbursement of the dividend amounting to EUR 0.24 per share for the 2013 fiscal year (altogether EUR 1.188 million).

For the 2013 business year, the earned distributable profit amounts to EUR 1.913 million and is not utilized in full by the planned dividend disbursement such that access to the tax-recognized capital contributions account that continues to exist with EUR 15.206 million is not possible. That is why the capital gains tax shall be applied besides the solidarity surcharge in the amount of 26.38% (313 TEUR) to the full disbursement amount of EUR 1.188 million.

If the dividend disbursements exceed the profit available for payment of the dividend in future years, these can continue to be rendered tax-free from the tax-recognized capital contributions account.

FINANCIAL SITUATION, INVESTMENTS AND LIQUIDITY

Geratherm Medical exhibited a sound financial position throughout the entire 2013 fiscal year. The cash and cash equivalents available as at 31/12/2013 amounted to EUR 11.112 million (2012: EUR 8.810 million). The past year's liquidity position has thus experienced a significant increase again. The company's healthy financial position allows it to finance product development and market releases on its own, which could also extend over a longer period of time. Even possible acquisitions can be implemented within short notice at any time with the existing framework.

The gross cash flow amounted to EUR 1.272 million in 2013 (2012: EUR 1.584 million).

The cash flow from operations increased considerably from EUR 1.605 million to EUR 2.438 million. The increased cash flow from operations can mainly be attributed to a reduction of inventories and a decrease in trade accounts receivable.

The cash flow from investment activities was with EUR 1.150 million (2012: EUR 1.608 million) lower compared to the reference period of 2012. The cash outflow for investments in fixed assets decreased to 541 TEUR (2012: 816 TEUR). Key purchase commitments for investments did not exist on the balance sheet date. Securities were sold in the amount of EUR 3.168 million. That corresponds for the most part with the level reported last year. Acquisitions were made in the amount of EUR 1.584 million.

The cash flow from financing activities amounted to EUR -1.286 million (2012: EUR +1.373 million). The reported item was influenced by the dividend payments in the amount of 990 TEUR.

In 2013, Geratherm Medical was always in the position of fulfilling its payment obligations as they arose. Cash discounts were utilized as agreed upon. The payment targets are subject to risk management and are defined to suit specific customer and country conventions. Geratherm as company possesses a good to very good financial structure with an above-average equity-to-assets ratio and liquidity position. We do not foresee any situations, which could jeopardize the continued existence of the company.

ASSET SITUATION AND CAPITAL STRUCTURE

Geratherm Medical possessed a very sound assets situation at the end of the 2013 fiscal year. The company's balance sheet total as of 31 December, 2013 was EUR 28.7 million, which was 4.8% higher than on the reporting date of the previous year. The reported equity capital was EUR 20.1 million (2012: EUR 18.6 million) or 70.0% of the balance sheet total. That resulted in a book value of EUR 4.06 per individual share. The cash, cash equivalents and securities amounted at the end of the fiscal year to EUR 15.5 million (2012: EUR 12.5 million). The company is thus able to operate for the most part independently without any external funding and to pursue long-term corporate objectives.

Geratherm possesses adequate financial resources for countering any risks posed by the industry-specific framework conditions.

As of 31 December, 2013, the assets side of the balance sheet contains long-term assets amounting to EUR 5.159 million (2012: EUR 5.575 million). The short-term assets amounted to EUR 23.538 million (2012: EUR 21.810 million).

Within the long-term assets, the intangible assets increased by 30.3% to 693 TEUR. The increase can be attributed to the two large-scale studies that were conducted and the expenses incurred for product approvals in the In-vitro Diagnostic area. The tangible fixed assets decreased by 11.4% to EUR 3.333 million. The investments made in fixed assets over the past three years, especially at the Geschwenda location, will no longer be necessary in this form in the future and will thus decrease considerably. The investments made in fixed assets amounted in 2013 to 173 TEUR (2012: 590 TEUR).

The deferred taxation amounts to EUR 1.084 million (2012: EUR 1.231 million). This represents a decrease of 147 TEUR which is justified by the positive profit statement as per German tax law, which involves the use (consumption) of existing tax losses carried forward. The deferred taxation includes assets from the tax losses carried forward less the deferred tax liabilities on capitalized developments.

With regard to the short-term assets, the inventories decreased by 16.9% to EUR 4.536 million (2012: EUR 5.460 million). As in the previous year, the decrease in inventory can be explained primarily by the disposal of stock of gallium-filled thermometers during the course of 2013. The raw materials and supplies exhibited a slight increase of 1.9% to EUR 1.260 million (2012: EUR 1.236 million). The unfinished products item decreased as a result of the aforementioned reasons by 20.8% to EUR 1.186 million (2012: EUR 1.498 million). The same applied to finished products and goods, which dropped by 23.3% to EUR 2.090 million (2012: EUR 2.726 million).

The total of accounts receivable and other assets fell by 7.3% to EUR 3.544 million (2012: EUR 3.822 million).

The trade accounts receivable dropped by 10.6% to EUR 2.867 million (2012: EUR 3.206 million). The reported tax assets item went up from 233 TEUR to 381 TEUR. The other assets item decreased by 22.7% to 296 TEUR. This item essentially contains prepayments made for inventories. The reported book value of the securities held by Geratherm increased mainly due to the higher market values by 16.9% to EUR 4.346 million (2012: EUR 3.718 million). The cash and cash equivalents available as at 31 December, 2013 amounted to EUR 11.112 million (2012: EUR 8.810 million).

The equity and liabilities side of the balance sheet shows the company's strong equity capital base. The equity capital amounting to EUR 20.080 million (2012: EUR 18.621 million) is set against the liabilities in the amount of EUR 8.617 million (2012: EUR 8.764 million).

The long-term debts amount to EUR 4.229 million (2012: EUR 5.091 million) and include liabilities to banks in the amount of EUR 2.935 million (2012: EUR 3.700 million). The largest loan extended to the company bears interest at 1.4% p.a. Long-term debts also include investment subsidies accrued and received in past years, which amounted to 698 TEUR. The other long-term liabilities were with 596 TEUR on the same level as in the year before. This item includes liabilities to other minority shareholders. The short-term debts increased by 19.5% to EUR 4.388 million (2012: EUR 3.673 million). Short-term liabilities to banks are reported here in the amount of EUR 2.143 million (2012: EUR 1.664 million). The trade accounts receivable increased by 16.0% to EUR 1.358 million. The other liabilities increased by 15.0% to 754 TEUR (2012: 656 TEUR). These essentially include accounts payable to employees and accrued liabilities.

C. EVENTS AFTER REPORTING PERIOD

According to the executive board, no key events occurred during the first weeks of the 2014 fiscal year. The company's development essentially corresponds with our expectations and is following the current trends.

D. FORECAST, CHANCES AND RISK REPORT

1. FORECAST

Looking ahead to 2014, it seems that the global economy is gaining momentum. Many early indicators are pointing to an improvement of the international economy. The World Bank anticipates a 1.1% growth for the euro zone, 2.8% for the USA, 5.3% for emerging markets and 1.4% for Germany. Global economic output should increase by 3.2% in 2014. The underlying economic conditions on an international level seem to indicate once again a clear economic growth after a long period of time.

Globally, the medical product market should increase in 2014 again by approx. 4 to 5%. Therefore, we are anticipating an above-average development for Geratherm. With regard to sales and operating result (EBIT), we are expecting a clear double-digit increase when the general underlying conditions remain the same. That also applies to the volume of products sold. The new business areas Warming Systems, Respiratory and Cardio/Stroke in particular are exhibiting positive signals. Based on our current plans, we expect that these areas will conclude 2014 with higher profits and the current group margin on the EBIT level shall increase at the planned level of 10%.

We would like to point out that the actual results may deviate from our expectations with regard to the foreseeable development, if any of the uncertainties specified above should occur or the assumptions which serve as a basis for the statements prove to be incorrect.

2. RISK REPORT

RISK MANAGEMENT

Geratherm Medical operates as a medical technology company in the Healthcare Diagnostic, Respiratory, Cardio/Stroke and Temperature Management segments. Our products are utilized in operating rooms and in hospitals and clinics as well as by end consumers as medical devices. This is a demanding sector in terms of innovative capability, product reliability and country-specific approvals.

The regulatory requirements on product safety and licensing procedures have gained tremendous significance over the past few years. Approvals now involve an ever-increasing expenditure in light of proof of added value and safety aspects. That in turn calls for more and more additional clinical studies. The period of time between finished product and actual start of marketing keeps getting longer.

The risk for companies in the medical industry is only foreseeable to a certain extent. It is also possible that new regulations can be passed for medical products. That affects product marketing and leads to a devaluation of existing inventories. And in spite of all the safety precautions taken, there is still a risk of injury to be taken into account when using medical products. In most cases, few suppliers are involved in the specific technological know-how. That can also lead to a bottleneck when considering aspects of risk management.

Successful medical products are frequently protected by patent law. Due to the international sales structure, enforcing intellectual property rights can be very costly and time-consuming.

The underlying situation described above gives rise to opportunities and risks that may have a long-term impact on the assets, financial and earnings situation of Geratherm Medical.

As part of the group-wide risk management system, the company's executive board and supervisory board have established goals and methods for enabling the company to take controlled risks when there are prospects of significant increases in the operating results with the required financial earnings.

To reduce any possible risks, management concentrates on diversification by striving to operate in various medical technology markets that are independent of one another. At the same time, an attempt is being made not to accept any dominant country and customer risks. The warming systems markets have nothing in common with the consumer healthcare markets in the pharmacies. That also applies to the areas Respiratory and Cardio/Stroke. When it comes to efficiency, it would make more sense to focus on fewer markets, but this approach is not good when thinking about risks.

In the medical technology segment, it takes a long time to set up new products and business units. That initially involves expenses without there being any guarantee that the anticipated success will indeed be achieved. A successful market launch will also improve the company's opportunity profile, since competition is lower than in other fields. The management works within the specific risks that the respective segments involve and has managed the financial aspects in such a way that the security and independence of Geratherm Medical is not seriously affected in the event of a worst-case scenario occurring.

The company's risk management and control system encompass the operative and strategic risks. For instance, the activities of our subsidiaries, business units and product groups are analyzed and reported on a monthly basis. These analyses include information about sales, order situation, EBIT margin and currency risk exposure. The management of Geratherm Medical is convinced that the established internal controls and risk management systems are capable of meeting the existing requirements in a suitable manner.

An important source for being able to recognize product and market risks early on is participating in international trade fairs and communicating with customers.

Geratherm also attaches great importance to maintaining product approvals and certifications. Changes in licensing bodies could lead to significant expenses for the company. Product approvals may also be revoked or call for the fulfillment of new requirements. Geratherm strives to participate in these processes at an early stage or to do everything in its power to keep up with the changing requirements in order to minimize any possible risks for the company.

FINANCIAL MANAGEMENT

Financial management focuses on the administration of financial aspects of the Geratherm Group. That includes in particular the financing of operating processes, liquidity management, return-oriented use of available capital and all activities relating to the capital market.

FINANCIAL RISKS

LIQUIDITY RISK

Geratherm possesses an excellent liquidity position. Due to its excellent credit standing, it would be possible for the company to obtain additional third party funding or equity capital at any time if necessary.

MARKET PRICE RISK - INTEREST

Since the Geratherm Group operates mainly with its own equity capital, risks arising from fixed interest loans are not expected. Interest income is currently not significant such that changes in this regard do not pose a risk.

MARKET PRICE RISK - FOREIGN CURRENCY

Geratherm Medical is internationally active and thus receives income in dollars as well. We have not hedged the currency risk, since we strive to balance our dollar income by using the same currency to cover expenses. With our business activities in Brazil, we are exposed to the currency risk posed by the Brazilian Real. We strive to keep the risk within reasonable limits by means of corresponding hedging products if appropriate and economically viable.

CREDIT AND BAD DEBT RISK

To minimize the risk of bad debts, the group has implemented a process for monitoring due dates and prompt initiation of debt collection procedures. In case of new customers, advance payments and letters of credit are required for the most part. For existing customers, we arrange customer-specific payment targets. If these are not satisfied, advance payments are required. The bad debt risk has been minimal for the past few years.

MARKET PRICE RISK - RAW MATERIALS

Like every other manufacturing company, we depend on specific raw materials for certain products. Procurement and market risks involve shortages or increases in the prices of the essential raw materials. Even falling raw material prices pose a devaluation risk for the products we have in stock. We are constantly monitoring the most important trends affecting the raw materials we use. The risk of market price changes can only be mitigated to a limited extent. We aim to form long-term supply agreements including fixed prices with suppliers.

MARKET PRICE RISK - SECURITIES

A portion of the liquid funds we have is used to invest in securities in the healthcare sector, to which we are particularly attached. We are aware, however, that when evaluating securities held, fluctuations on the capital market may have negative effects on the assets, financial and earnings situation. Temporary fluctuations in assets that represent a medium to long-term commitment are part of our investment strategy.

PERFORMANCE AND SALES RISKS

RISK - PATENT PROTECTION

Geratherm has patent protection for certain products. Industrial and intellectual property rights may become the target of attacks and violations. Enforcing patent rights internationally is not simple and involves very high financial expenditure. Enforcing industrial property rights especially in countries without any legal security is almost impossible. Geratherm strives to take action against any patent infringements in order to protect patent claims, while taking various criteria into consideration. Currently, we have patent infringement lawsuits in Italy, Poland and the Czech Republic. The processes are time-consuming and involve many expenses. If we are not able to assert our patent claims, additional process costs may arise.

RISK - NEW BUSINESS AREAS

Geratherm has a stable core business. Changes in the underlying conditions may adversely affect the basis of previous business activities. This is why there is a need for constantly investing in new business areas in order to reduce dependencies and stay on track with current market trends. Geratherm has decided to establish the Warming Systems, Respiratory and Cardio/Stroke segments. The products of

these business units are still in part in the early stages of the market launch phase. To expedite growth, we have made various acquisitions. The purchase and integration of businesses also entail certain risks. The original objectives involving own growth or our acquisition strategy may not be fulfilled. The timing and the scope of the planned realization of profits can change. We are aware of the relevant opportunities and risks and manage our activities accordingly.

3. OPPORTUNITY REPORT

MANAGEMENT OF OPPORTUNITIES

In the medical technology segment, well-established business models have good opportunities over the long term. A prerequisite for realizing any opportunities arising is to establish close contact with users such as medical practitioners, patients and procurement structures.

The opportunity to establish a successful business model only exists if the medical products solve a medical problem or help or improve the situation or offer a more affordable solution.

Medical technology relies a lot on trust in the products offered. The establishment of strong brands ensures good opportunities.

The medical technology market is international. Opportunities also exist if the company's business activities are deliberately international.

4. SUMMARY

In the medical technology segment, market success is hardly ever quick. Product development, approvals and marketing involve medium to long term strategies. Short-term risks are thus negligible. One significant risk arises when you realize after the fact that you have released an unappealing product for the wrong market or have missed some necessary product developments. The medical technology market is becoming more and more like the pharmaceutical industry in terms of prerequisites. In order to be successful on the medical technology market, it is necessary to have adequate funds for addressing the prevailing industry-specific risks. We are aware of our dependence on our core business. The new business areas, however, are increasingly showing satisfactory development in terms of sales and earnings. We believe that Geratherm has a well-balanced risk/opportunity profile that is typical for the industry.

E. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM FOR THE FINANCIAL REPORTING PROCESS

The objective of the internal control system for our financial reporting process is to ensure that the financial information is correct.

In this regard, Geratherm Medical is obligated, on the one hand, to prepare financial reports as part of the consolidated financial statements and the individual financial statements. The processes for preparing both financial statements are monitored by the internal control system, which identifies key risks for depicting business transactions.

Such risk include the evaluation of securities, financial assets, capitalized developments and correct allocation of sales revenues.

Significant regulations and instruments of the internal control system are: guidelines both at the group level and in the individual companies, division of tasks and clear assignment of responsibilities, structured reporting system for the individual companies, which permits the group's accounting system to gain insight down to the individual cost level.

To monitor the control system and its effectiveness, detailed monthly analyses, which are based on operating figures, are prepared in Group Controlling. These include the monthly preparation of a breakeven analysis on the product level including the reconciliation of the Group's income statement and a presentation of how security investments have developed. Doing so ensures the possibility of following the individual companies and their development with regard to one another even on a month-to-month basis.

F. ADDITIONAL DETAILS

REPORTING IN COMPLIANCE WITH ARTICLE 315 (4) OF HGB (GERMAN COMMERCIAL CODE).

The subscribed capital of Geratherm Medical AG amounts to EUR 4,949,999 as of 31/12/2013 and is divided into 4,949,999 share certificates issued to the bearers.

The ownership of shares entitles a shareholder to vote during the annual general meeting and to share in the company's profits in case of endorsement of a dividend payment.

Amendments to the bylaws can be passed in accordance with the provisions of Art. 133 of AktG (German Stock Companies Act).

The supervisory board appoints members of the executive board for a maximum 3 years. The executive board members may be reappointed or their term of office extended for no more than 3 years at a time. Moreover, the regulations governing the appointment and dismissal of executive board members correspond with Art. 84 of AktG.

The executive board was authorized to increase the capital stock of the company up to a maximum 2,474,999 subject to the approval of the supervisory board by issuing new share certificates made out in the name of the holder through individual or multiple cash or non-cash contributions not exceeding EUR 2,474,999 by 5 June, 2016 (authorized capital).

The company is authorized to purchase own shares up to a portion of the capital stock not exceeding 10% through to 6/6/2015. The purchase price paid by the company may not be more than 10% above or below the arithmetic mean of the prices determined for the company's share in the opening auction in XETRA trading (or a comparable successor system of the Deutsche Börse AG) during the last 5 trading days prior to acquisition.

The Executive Committee is authorized to resell own shares purchased on the basis of the authorization as per Art. 71 Para. 1 (8) of AktG with the approval of the supervisory board while observing the principle of equal treatment (Art. 53a of AktG) for other purposes than trading in its own shares. The acquired own shares may be sold via the stock exchange. In this regard, the buying option of shareholders is excluded.

The executive board is also authorized to redeem own shares of the company that were purchased based on this authorization without having the general meeting convene to pass another resolution for the performance of this redemption.

The executive board is furthermore authorized up until 6 June, 2015 to purchase shares of the company in order to be able to offer own shares to third parties as part of a merger with companies or the purchase of companies or holdings thereof, whereby the buying option of shareholders to own shares is excluded. This authorization is limited to the purchase of a portion of the capital stock, which may not exceed 10%. The authorization may be exercised in full or in part.

Geratherm Medical AG has not yet made use of such authorizations.

The executive board has issued a separate report on the relations with affiliated companies in accordance with Art. 312 Para. 3 of AktG. The company received or paid a suitable consideration for every legal transaction cited in the report on the relations with affiliated companies and has not been placed at a disadvantage.

The GMF Beteiligungsberatung GmbH, Frankfurt am Main holds a direct share of 52.78% in Geratherm Medical AG.

The annual general meeting of Geratherm Medical AG convened on 7 June, 2013 in Ilmenau, Germany. The attendance at the annual general meeting represented 63.19% of the capital stock.

An amendment relating to Para. 4 - Announcements in the bylaws was adopted at the annual general meeting. Para. 4 (1) Company announcement will be published in the Federal Gazette, unless specified otherwise by law.

The expenses for the stock exchange listing in 2013 was 82 TEUR (2012: 87 TEUR).

Geschwenda, 20 March, 2014



Dr. Gert Frank
Chairman



Thomas Robst
Board member for sales

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CONSOLIDATED FINANCIAL STATEMENTS

in accordance with IFRS as of 31 December 2013

ASSETS	Notes No.	31/12/2013 EUR	31/12/2012 EUR	Change in %
A. LONG-TERM ASSETS				
I. Intangible Assets	1.			
1. Development costs		160,215	254,051	-36.9
2. Other intangible assets		456,845	202,041	>100.0
3. Goodwill		75,750	75,750	0.0
		692,810	531,842	30.3
II. Tangible Assets	2.			
1. Land, land rights and buildings		1,152,585	1,217,897	-5.4
2. Technical equipment and machinery		1,994,532	2,033,047	-1.9
3. Other equipment, factory and office equipment		169,047	208,557	-18.9
4. Construction in process		16,663	302,799	-94.5
		3,332,827	3,762,300	-11.4
III. Other Assets	3.	50,003	50,004	0.0
IV. Deferred Taxes	4.	1,083,646	1,230,609	-11.9
		5,159,286	5,574,755	-7.5
B. SHORT-TERM ASSETS				
I. Inventories	5.			
1. Raw materials and supplies		1,260,058	1,236,130	1.9
2. Unfinished goods		1,185,681	1,497,963	-20.8
3. Finished goods and goods for resale		2,089,779	2,725,996	-23.3
		4,535,518	5,460,089	-16.9
II. Receivables and other assets				
1. Trade receivables	6.	2,866,920	3,205,877	-10.6
2. Tax receivables	7.	380,903	232,540	63.8
3. Other assets	8.	296,250	383,334	-22.7
		3,544,073	3,821,751	-7.3
III. Securities	9.	4,346,104	3,718,382	16.9
IV. Cash and cash equivalents	10.	11,112,484	8,809,871	26.1
		23,538,179	21,810,093	7.9
		28,697,465	27,384,848	4.8

[illegible]

CONSOLIDATED INCOME STATEMENT

in accordance with IFRS for the period from 1 January to 31 December 2013

	Notes No.	1/1 - 31/12/2013 EUR	1/1 - 31/12/2012 EUR	Change EUR	Change in %
Sales	22.	16,827,472	15,969,520	857,952	5.4
Change in inventory of semi-finished and finished products		-936,817	-213,184	-723,633	>100.0
Other capitalised own work		27,437	17,546	9,891	56.4
Other operating income	23.	313,568	404,756	-91,188	-22.5
		16,231,660	16,178,638	53,022	0.3
Cost of materials	24.				
Cost of raw materials, consumables and goods for resale		-6,930,802	-6,514,112	-416,690	6.4
Costs of purchased services		-438,636	-466,171	27,535	-5.9
		-7,369,438	-6,980,283	-389,155	5.6
Gross profit or loss		8,862,222	9,198,355	-336,133	-3.7
Personnel expenses	25.				
Wages and salaries		-2,673,965	-2,850,221	176,256	-6.2
Social security, pension and other benefits		-591,612	-686,608	94,996	-13.8
		-3,265,577	-3,536,829	271,252	-7.7
Amortization of intangible assets and depreciation of tangible assets	26.	-807,543	-757,196	-50,347	6.6
Other operating expenses	27.	-3,995,699	-3,947,382	-48,317	1.2
Operating results		793,403	956,948	-163,545	-17.1
Dividend income		54,145	121,626	-67,481	-55.5
Income from securities trading		879,204	919,247	-40,043	-4.4
Depreciation of securities		0	-395,985	395,985	-100.0
Securities-related expenses		-207,043	-21,970	-185,073	>100.0
Other interest and similar income		20,800	22,343	-1,543	-6.9
Interests and similar expenses		-255,555	-154,313	-101,242	65.6
Financial results	28.	491,551	490,948	603	0.1
Result of ordinary activities		1,284,954	1,447,896	-162,942	-11.3
Income taxes	29.	-146,964	-296,641	149,677	-50.5
Consolidated net income		1,137,990	1,151,255	-13,265	-1.2
Results of non-controlling shareholders		-195,791	-42,935	-152,856	>100.0
Results of the shareholders of the parent company		1,333,781	1,194,190	139,591	11.7
Earnings per share undiluted	30.	0.27	0.24	0.03	12.5
Earnings per share diluted	30.	0.27	0.24	0.03	12.5
Gross result (EBITDA)		1,600,946	1,714,144	-113,198	-6.6

CONSOLIDATED CASH FLOW STATEMENT

for the financial year of 1 January to 31 December 2013 (IFRS)

	Notes No.	1/1 - 31/12/2013 TEUR	1/1 - 31/12/2012 TEUR
Consolidated net income		1,138	1,151
Other non-cash expenses		-12	-18
Dividend income	28.	-54	-122
Interest earnings	28.	-21	-22
Interest expenses		256	154
Decrease in deferred taxes		147	272
Income tax expenditure		0	25
Depreciation of fixed assets		808	757
Income from securities trading	28.	-879	-919
Depreciation of securities		0	395
Amortization of public grants and subsidies	16.	-112	-94
Loss from disposal of fixed assets		1	5
Gross cash flow	32.	1,272	1,584
Decrease in inventories		925	503
Decrease/increase in trade receivables and other assets		202	-484
Increase in current liabilities and other liabilities		274	195
Cash inflow from dividends		54	122
Cash inflow from interest		21	22
Interest payments		-256	-154
Tax payments		-54	-183
Cash flow from operations	33.	2,438	1,605
Cash outflow for investments in fixed assets		-541	-816
Cash inflow from funding sources for investments		107	122
Cash inflow based on financial assets	9.	3,168	3,244
Cash outflow based on financial assets	9.	-1,584	-942
Cash flow from investments	34.	1,150	1,608
Cash inflow from increase in capital		0	39
Cash inflow from non-controlling shareholders		0	32
Distribution of profit to non-controlling shareholders		-10	0
Dividend payments	13.	-990	-1,485
Cash inflow from acceptance of loan obligations	15., 18.	421	3,200
Cash outflow for repayment of loan obligations	15.	-707	-400
Increase/decrease in long-term liabilities		0	-13
Cash flow from financing activities	35.	-1,286	1,373
Change in cash and cash equivalents		2,302	4,586
Cash and cash equivalents at beginning of fiscal year		8,810	4,224
Cash and cash equivalents at end of fiscal year		11,112	8,810

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(IFRS) as of 31 December 2013

	Subscribed Capital 11. EUR	Capital Reserves 12. EUR
As of 01 January, 2012	4,949,999	10,672,874
Increase in share capital of subsidiaries apoplex medical technologies GmbH	0	38,803
Dividend paid to shareholders	0	0
Transactions with shareholders and member partners	0	38,803
Consolidated net income	0	0
Unrealized profits and losses from revaluation of securities	0	0
Currency translation in the group	0	0
Total consolidated income	0	0
As of 31 December, 2012	4,949,999	10,711,677
As of 1 January, 2013	4,949,999	10,711,677
Dividend paid to shareholders	0	0
Transactions with shareholders and member partners	0	0
Consolidated net income	0	0
Unrealized profits and losses from revaluation of securities	0	0
Currency translation in the group	0	0
Total consolidated income	0	0
As of 31 December, 2013	4,949,999	10,711,677

Market valuation reserve	Other Reserves		To be assigned to the sharehold- ers of the parent company	Minority Interests	Equity capital
	Currency conversion reserve	Accumulated Earnings			
	13.			14.	
EUR	EUR	EUR	EUR	EUR	EUR
-92,385	27,232	3,500,315	19,058,035	-393,150	18,664,885
0	0	0	38,803	32,197	71,000
0	0	-1,485,000	-1,485,000	0	-1,485,000
0	0	-1,485,000	-1,446,197	32,197	-1,414,000
0	0	1,194,190	1,194,190	-42,935	1,151,255
237,301	0	0	237,301	0	237,301
0	-9,264	0	-9,264	-8,902	-18,166
237,301	-9,264	1,194,190	1,422,227	-51,837	1,370,390
144,916	17,968	3,209,505	19,034,065	-412,790	18,621,275
144,916	17,968	3,209,505	19,034,065	-412,790	18,621,275
0	0	-989,999	-989,999	-9,888	-999,887
0	0	-989,999	-989,999	-9,888	-999,887
0	0	1,333,781	1,333,781	-195,791	1,137,990
1,332,981	0	0	1,332,981	0	1,332,981
0	-6,103	0	-6,103	-5,865	-11,968
1,332,981	-6,103	1,333,781	2,660,659	-201,656	2,459,003
1,477,897	11,865	3,553,287	20,704,725	-624,334	20,080,391

CONSOLIDATED STATEMENT OF EARNINGS

in accordance with IFRS, for the period from 1 January to 31 December 2013

	1/1 – 31/12/2013 EUR	1/1 – 31/12/2012 EUR
Consolidated net income	1,137,990	1,151,255
Income and expenses directly included in equity capital, which are reclassified under specific conditions to profit or loss:		
Profits and losses from revaluation of securities	1,332,981	237,301
Difference resulting from currency translation	-11,968	-18,166
Income and expenses directly included in equity capital	1,321,013	219,135
Total consolidated income	2,459,003	1,370,390
of which assignable to non-controlling shareholders	-201,656	-51,837
of which assignable to shareholders of parent company	2,660,659	1,422,227

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR 2013 FISCAL YEAR

APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements of Geratherm Medical AG were prepared for the 2013 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 following standards, amendments to existing standards and interpretations will take effect for the first time during the 2013 fiscal year and have affected the 2013 fiscal year as follows:

Standard/ Interpreta- tion	Title of Standards/ Interpretation or Amendment (English)	First-time application ¹	Impact on Geratherm
<i>IAS 8.30</i>			
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	1/7/2012	Additional disclosures in the notes
IAS 12	Amendment Deferred Tax: Recovery of Underlying Asset	1/1/2013	No significant impact
IAS 19 (rev. 2011)	Employee Benefits	1/1/2013	No significant impact
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1/1/2013	No significant impact
IFRS 13	Fair Value Measurement	1/1/2013	Additional disclosures in the notes
IFRS (2009–2011)	Improvements to IFRS	1/1/2013	Additional disclosures in the notes

The option to apply the following standards that have been passed by the International Accounting Standards Board but are not yet mandatory in advance was not exercised.

Standard/Interpretation	Title of Standards/ Interpretation or Amendment (English)	First-time application ²
<i>IAS 8.30, EU endorsement has already been given</i>		
Amendments to IAS 27	Separate Financial Statements	1/1/2014
Amendments to IAS 28	Investments in Associates and Joint Ventures	1/1/2014
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1/1/2014
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1/1/2014
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1/1/2014

¹ Fiscal years that start on or after the indicated date.

² Fiscal years that start on or after the indicated date.

Standard/Interpretation	Title of Standards/ Interpretation or Amendment (English)	First-time application ²
IFRS 10	Consolidated Financial Statements	1/1/2014
IFRS 11	Joint Arrangements	1/1/2014
IFRS 12	Disclosure of Interests in Other Entities	1/1/2014
IFRS 10, 11, 12	Amendments Transition Guidance	1/1/2014
<i>IAS 8.30, EU Endorsement is still pending (as of: 12 March, 2014)</i>		
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1/7/2014
IFRS (2010–2012)	Improvements to IFRS	1/7/2014
IFRS (2011–2013)	Improvements to IFRS	1/7/2014
IFRS 9 (2009, 2010)	Financial Instruments	1/1/2018
IFRS 9 (2013)	Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39	1/1/2018
Amendments to IFRS 9, IFRS 7	Amendment Mandatory Effective Date and Transition Disclosures	Open

The impact of the aforementioned standards has not been analyzed in depth yet. We do not anticipate that the aforementioned standards will have any significant impact on the future consolidated financial statements of Geratherm Medical AG.

LAYOUT AND PREPARATION OF THE FINANCIAL STATEMENTS

The layout of the financial statements is based on IAS 1.

The income statement was prepared according to the “total cost” type of short-term results accounting.

The consolidated financial statements are prepared in full EUR (functional and reporting currency).

Various figures have been indicated in TEUR in the Notes to provide better clarity.

The parent company is Geratherm Medical AG, which is established according to German law and has headquarters in Geschwenda. The shares of the company are admitted to dealings on the official market and are listed in the Prime Standard exchange segment of the Frankfurt Stock Exchange (FWB).

The management of Geratherm AG has released the consolidated financial statements based on IFRS on March 20, 2014 for presentation to the supervisory board. The supervisory board must check the financial statements and state whether it approves the financial statements.

LEGAL AND ECONOMIC MATTERS

Geratherm Medical AG is registered as a legal entity in Germany and is entered under the number HR B 111272 in the Commercial Register B of the Amtsgericht Jena (Local Court). The company has its headquarters in Geschwenda, Fahrenheitstr. 1.

Geratherm Medical AG focuses on the „development, production and marketing of medical products especially in the area of temperature management and vital data as well as investments in the healthcare sector“ in accordance with the Art. 2 of its Articles of Association.

² Geschäftsjahre, die am oder nach dem angegebenen Datum beginnen.

CONSOLIDATION PRINCIPLES

The principles of the IAS 27 and IFRS 2 standards have been applied to the consolidated financial statements.

As part of capital consolidation, the valuation of the shares owned by the parent company in a subsidiary included in the consolidated financial statements was offset by the amount of the equity capital of the subsidiary pertaining to these shares. Losses of a subsidiary are then assigned to shares without controlling influence, if these result in a negative balance.

Receivables and liabilities between the companies taken into consideration are eliminated during debt consolidation.

The effects of transactions within the group are eliminated during the intercompany profit elimination and consolidation of expenses and receipts.

MINORITY INTERESTS

For each business combination, the group has decided on an assessment of any minority interests in the acquired entity – either

- At its fair value or
- According to its share of the identifiable net assets of the acquired company, which is generally assessed at fair value.

Changes in ownership interests in a subsidiary that do not result in a loss of control shall be accounted for as transactions with owners, acting in their capacity as owners. Adjustments of minority interests are based on the prorata amount of the net assets of the subsidiary.

CONSOLIDATED GROUP

The consolidated group includes Geratherm Medical AG, GME Rechte und Beteiligungen GmbH, Geratherm Medical do Brasil Ltda., apoplex medical technologies GmbH and Geratherm Respiratory GmbH. The reporting date of the annual financial statements of these companies corresponds with the consolidated reporting date. The following share quotas apply in detail.

Company	Percentage of shares held 2013	Percentage of shares held 2012
GME Rechte und Beteiligungen GmbH, Geschwenda / Deutschland	100.00 %	100.00 %
apoplex medical technologies GmbH, Pirmasens / Deutschland	59.11 %	59.11 %
Geratherm Respiratory GmbH, Bad Kissingen / Deutschland	61.27 %	61.27 %
Geratherm Medical do Brasil Ltda., Sao Paulo / Brasilien	51.00 %	51.00 %

Shareholdings are accounted for under Financial Assets at fair value in accordance with IAS 39, since they did not have any significant impact or the shareholding was of secondary importance for the consolidated financial statement. If a reliable fair value can not be determined, they are recognized at acquisition costs.

FOREIGN CURRENCY TRANSLATION

We used the concept of functional currency when converting the financial statements of Geratherm Medical do Brasil Ltda., which include figures in a foreign currency. Since this company operates its business independently, it is treated as an independent foreign entity in accordance with IAS 21. Based on that, the assets and liabilities of the foreign subsidiary are translated at the exchange rate prevailing on the reporting date, while the expenses and receipts are translated at the annual mean exchange rate as permissible simplification according to IAS 21.40. The equity capital is valued using the historical exchange rates (the rates prevailing on the date of payment and the respective mean exchange rate of the yield generated). The difference resulting from this currency translation is reported as a separate item in the group's other comprehensive income. When converting the financial statements of Geratherm do Brasil into the local currency, a periodend exchange rate of BRL 3.2576 /EUR and an average exchange rate of BRL 2.8687 /EUR were taken as a basis.

Accountable events in a foreign currency will be shown at the rate prevailing on the date of the accountable event in the individual financial statements of the consolidated companies prepared in the local currency. The monetary items (cash, receivables and liabilities) contained in the balance sheets of individual financial statements are valued at the exchange rate prevailing on the reporting date. The foreign currency translation differences are entered with effect on the income.

PRINCIPLES OF ACCOUNTING AND VALUATION

All accounting and valuation methods were applied uniformly.

The individual assets and liabilities are valued with consideration to the rules of the International Financial Reporting Standards.

INTANGIBLE ASSETS

The acquired intangible assets have a limited useful life and are valued at the historical costs less regular accumulated amortization on a straight-line basis after the operating life expectancy of the assets. The useful life for software and other intangible assets is set at 3 to 5 years, while the useful life for industrial property rights is 10 years.

The goodwill is not written off according to schedule. An impairment test is to be conducted annually or additionally to determine recoverability, if there are new events or changed circumstances which would indicate that a decrease in value could have occurred. As part of the impairment tests, the attainable amount is compared to book value for the unit generating cash or cash equivalents to which the goodwill is to be assigned. The recoverable amount is determined on the basis of calculating the value of use while applying a cash flow prognosis, which is based on current planning. The forecast cash flows are subject to a pretax discount rate.

The development costs are capitalized in accordance with IAS 38 as intangible assets if:

- the intangible asset can be completed technically to the extent in which it can be used or sold,
- Geratherm intends and is capable of completing the intangible asset and to utilize or sell it;
- Evidence has been shown that the intangible asset will probably generate future economic benefit, or if it is to be used internally, will generate a corresponding benefit;
- Adequate technical, financial and other resources are available that the intangible asset is entirely developed and can be subsequently used or sold; and
- The costs attributable to the intangible asset can be reliably assessed during its development.

The intangible components, such as scientific or technical knowledge, design and implementation of new processes, systems or software, must remain the focal point of the development process.

The capitalized development costs include the expenditure for development contracts awarded to third parties, the direct material costs and, the proportionate personnel costs relating to the time expenditure of the employees involved in the development of the relevant projects, including mandatory social security contributions that are paid by the employer.

Depreciation was determined linearly over the estimated useful life between 4 and 15 years.

If the estimates made with regard to future cash inflow require an update, the executive board checks for the presence of a „triggering event“, especially with Cardio/Stroke and Respiratory, which are still in the start-up phase. If such event is present, an impairment test is conducted for the respective area. The recoverable amount is determined on the basis of calculating the value of use while applying a cash flow prognosis, which relies on current planning. That is based on the best assessment made by management with regard to future development. The planning encompasses a detailed plan for the first 4 or 5 years. For the subsequent planning phase, the cash flows were carried on at a growth rate of 0.0% without change. The forecast cash flows are subject to a pre-tax discount rate. A separate risk supplement is recognized in the discount rate in order to take in to account the individual risks of the product areas. The estimate of individual aggregate risks, which are reflected in cash-flow planning and the discount rate, remained almost unchanged. There were no indications of any triggering events during the year under review.

TANGIBLE ASSETS

The tangible assets were accounted and valued at the acquisition costs in accordance with IAS 16.30. All tangible assets such as buildings, technical equipment and machines as well as other equipment, factory and office equipment, are valued at historical costs and manufacturing costs and decreased by regular depreciation. The acquisition and manufacturing costs also include borrowing costs for long-term construction projects, provided the valuation criteria are fulfilled according to IAS 23.

Buildings are depreciated linearly over a useful life of 30 years. The useful life for technical equipment and machinery is 5 to 13 years. Depreciation is linear. The useful life for other equipment, factory and office equipment is set at 3 to 13 years, whereas depreciation is also linear.

Assets are retired at the residual book value at the time of their retirement.

Public grants or subsidies received for the procurement of tangible assets were reported as accrued investment subsidies in the balance sheet and are released to income according to the useful life of the assets they financed.

DECLINE IN VALUE OF INTANGIBLE AND TANGIBLE ASSETS

Tangible and intangible assets that are no longer usable or are only usable to a limited extent are written off irregularly at the remaining utility value, however no more than the attainable disposal proceeds, in accordance with IAS 36. If impairment losses are implemented, these are shown under depreciations.

There were no indications of a decrease in the value of tangible and intangible assets on the reporting date.

LEASING

Lease payments from operating leasing relationships were reported linearly as income for the period of the relevant lease relationship. Moreover, we refer to the statements under „Other financial obligations“.

FINANCIAL ASSETS AND LIABILITIES

The financial assets and liabilities are classified and valued with consideration to IAS 32 and IAS 39 standards. The initial entry is made with the historical costs including incidental acquisition costs (transaction costs) on the day of performance.

The cash in hand and cash in banks are valued at their nominal value. Bank balances in a foreign currency are valued at the exchange rate prevailing on the reporting date.

Securities are to be assigned to the category „available for sale“ and valued at the current market value that is to be included. All securities (shares) are valued at the market price prevailing on the reporting date and marketable. The valuation changes as of the reporting date are shown in the equity capital under the „Market valuation reserve“ item in accordance with IAS 39.55(b). In case of sale of securities or occurrence of long-term decrease in value, accumulated profits and losses taken in the market valuation reserve into account until then are reported in the income statement of the current period. Revenue resulting from interests and dividends from these securities is entered in the income statement. A long-term decline in value is determined when as of the reporting date, the fair value has declined more than 20% under the acquisition costs or on the reporting date, a decline in the fair value has occurred over a period of nine months. This parameter was audited for the 2013 business year, there was no indication of a decline in value.

The trade accounts receivable and other assets belong to the category „Receivables of the company“. They are valued at net book value or the lower value based on a value decrease. Foreign currency receivables are valued at the exchange rate prevailing on the reporting date. These assigned values correspond to the market values. The financial liabilities are valued at the net book values (repayment value). Changes in the repayment value due to the exchange rates prevailing on the reporting date were also taken into account. The values applied in the consolidated financial statements essentially correspond with the market values, in as far as these can be determined.

DEFERRED TAXES

The accounting and valuation of deferred taxes is implemented according to IAS 12. Based on the accounting and valuation method, they are applied to time-limited differences between valuations in the commercial balance sheet and tax balance sheet and to losses carried forward and chargeable taxes.

The tax rates of future years are used to calculate deferred taxes, provided the legislative procedure governing the tax rate has been concluded.

Deferred taxes representing assets and liabilities are offset against each other, if there is an identity of the tax creditors and matching maturities and only then or applied to the extent that a realizability of these tax advantages is probable.

INVENTORIES

The raw materials and consumables shown under the Inventories item as well as goods are valued with their historical costs while taking their usability on the reporting date into account.

Unfinished and finished clinical thermometers, medical warming systems and spirometry products are valued with the manufacturing costs in the individual stages. These include the material costs, labor costs, percentage of indirect production costs and production-related administrative costs.

If impairments of inventories are implemented, these are reported as material expenses or reduction in inventory during the current period. If there is a reversal of impairment losses concerning inventories, these are reported as decrease in material expenditure or increase in inventory during the period, in which the reversal of impairment occurred.

LISTING OF SALES REVENUE

The company generated sales from delivery transactions at the time, when the essential risk for the delivery passes over to the purchaser. The net amount of sales based on cost units (product groups) is recorded separately from domestic and export proceeds while deducting the cash discounts paid, customer bonuses and discounts. Expenses resulting from sales such as transport costs, insurance and/or commissions, are shown as sales expenditure.

INTERESTS PAID AND INTERESTS EARNED

Interests earned are time-proportional, accruing payable interests are reported time-proportional depending on the contractual commitment or by applying the effective interest method.

ESTIMATES AND ASSUMPTIONS

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 recoverability of deferred taxation allocated to the losses carried forward, the long-term decline in value from the fair valuation of assets available for sale (securities) 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.

DETERMINATION OF FAIR VALUES

Some accounting policies and specifications call for determining fair values for financial and non-financial assets and liabilities.

Geratherm Medical AG has established a process for determining fair value. That includes the general responsibility that the management has for monitoring all key valuations relating to fair value.

If third party information, i.e., price quotes from brokers or rate information services, is consulted to determine the fair value, we check whether the documents provided by the third parties are appropriate for concluding that current valuations fulfill IFRS requirements, including the level in the fair value hierarchy in which these valuations are to be classified.

Observable market data are used as much as possible when determining the fair value of an asset or a debt. Based on the input factors used in the valuation practices, the fair values are classified in different levels in the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Valuation methods using parameters that include quoted prices not taken into account in level 1 and which are observable with regard to the asset or the debt either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation methods using parameters for assets or debts which are based on non-observable market data.

Currently fair values are determined exclusively within level 1.

If the input factors used to determine the fair value of an asset or a debt can be classified to different levels of the fair value hierarchy, the valuation of the fair value is assigned in its entirety to the level of the fair value hierarchy that corresponds to the lowest input factor that is essential on a whole for the valuation.

Geratherm Medical AG recognizes a regrouping between different levels of the fair value hierarchy at the end of the reporting period, in which the change has occurred.

Further information about assumptions relating to determining the fair value is included in the following disclosures:

Disclosure 9 – Securities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ASSETS

1. INTANGIBLE ASSETS

As at 31/12/2013, intangible assets totalling 693 TEUR (2012: 532 TEUR) are reported. The development of the intangible assets is shown in the following table:

Intangible Assets	Development costs	Other Intangible Assets	Goodwill	Total
Initial and manufacturing costs in EUR				
1/1/2012	1,962,170	158,820	90,000	2,210,990
Additions	57,442	168,219	0	225,661
Disposals	0	0	0	0
Transfers	0	24,982	0	24,982
31/12/2012	2,019,612	352,021	90,000	2,461,633
1/1/2013	2,019,612	352,021	90,000	2,461,633
Additions	93,217	274,116	0	367,333
Disposals	0	1,144	0	1,144
Transfers	0	0	0	0
31/12/2013	2,112,829	624,993	90,000	2,827,822

Intangible Assets	Development costs	Other Intangible Assets	Goodwill	Total
Amortization or Depreciation in EUR				
1/1/2012	1,535,128	132,478	14,250	1,681,856
Additions	230,433	17,502	0	247,935
Disposals	0	0	0	0
31/12/2012	1,765,561	149,980	14,250	1,929,791
1/1/2013	1,765,561	149,980	14,250	1,929,791
Additions	187,053	19,309	0	206,362
Disposals	0	1,142	0	1,142
31/12/2013	1,952,614	168,147	14,250	2,135,011
Book values in EUR				
1/1/2012	427,042	26,342	75,750	529,134
31/12/2012	254,051	202,041	75,750	531,842
1/1/2013	254,051	202,041	75,750	531,842
31/12/2013	160,215	456,846	75,750	692,811

The development costs for intangible assets created internally during the 2013 fiscal year were capitalized in the amount of 93 TEUR (2012: 57 TEUR). Non-capitalizable research and development costs were posted as expenses in the amount of 312 TEUR (2012: 239 TEUR).

The goodwill contained in the fixed assets relates to the production of medical warming systems. In connection with the takeover of medical warming systems range, 90 TEUR was capitalized in 2003. The goodwill was written off with a useful life of 10 years by December 31, 2004. As of January 1, 2005 no other write-offs were implemented in accordance with the amended IAS 38.

An impairment test with assigned goodwill is performed once a year for the cash-generating unit in order to determine if there is any impairment loss possibly existing. The annual impairment test is based on the expected cash flows of the smallest cash-generating unit over a planning horizon from 2014 to 2017. The Medical Warming Systems segment was identified as the smallest cash-generating unit. This segment possesses a goodwill of 76 TEUR (2012: 76 TEUR) and an additional net worth of 151 TEUR (2012: 119 TEUR) on the reporting date. The attainable amount which is used for comparison as part of the impairment test of the cash-generating unit, is determined by the value in use. To calculate the value in use, the cash flows derived from the planning were discounted with a risk-adjusted, fair market interest rate in the amount of 13.12% before taxes. The planning envisions a sales growth between 8% and 20% p.a. with correspondingly increasing costs, whereas an annual increase in margin was assumed in a lower single-digit percentage range. There were no points of reference for an impairment and none were necessary in this regard. A sensitivity analysis was used to gauge how the value in use responds to a change in the interest rate. A one percent increase in the interest rate results in a minus 7 TEUR change in the cash value. A sustained decrease in the sales revenue during the planning period of 15% would lead to a full write-off of the goodwill amounting to 76 TEUR.

2. TANGIBLE ASSETS

The development of tangible assets is shown in the following table.

Tangible Assets	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in process	Total
Initial and manufacturing costs in EUR					
1/1/2012	2,244,407	5,552,042	673,641	691,035	9,161,125
Additions	11,484	369,279	40,404	168,971	590,138
Disposals	0	3,024	15,290	0	18,314
Transfers	220,000	312,225	0	-557,207	-24,982
31/12/2012	2,475,891	6,230,522	698,755	302,799	9,707,967
1/1/2013	2,475,891	6,230,522	698,755	302,799	9,707,967
Additions	0	64,104	32,444	76,685	173,233
Disposals	0	6,092	1,713	0	7,805
Transfers	0	362,821	0	-362,821	0
31/12/2013	2,475,891	6,651,355	729,486	16,663	9,873,395
Amortization or Depreciation in EUR					
1/1/2012	1,192,681	3,832,925	424,112	0	5,449,718
Additions	65,313	367,574	76,374	0	509,261
Disposals	0	3,024	10,288	0	13,312
31/12/2012	1,257,994	4,197,475	490,198	0	5,945,667
1/1/2013	1,257,994	4,197,475	490,198	0	5,945,667
Additions	65,312	463,917	71,952	0	601,181
Disposals	0	4,569	1,710	0	6,279
31/12/2013	1,323,306	4,656,823	560,440	0	6,540,569
Book values in EUR					
1/1/2012	1,051,726	1,719,117	249,529	691,035	3,711,407
31/12/2012	1,217,897	2,033,047	208,557	302,799	3,762,300
1/1/2013	1,217,897	2,033,047	208,557	302,799	3,762,300
31/12/2013	1,152,585	1,994,532	169,046	16,663	3,332,826

The additions in the area of tangible assets mainly involve the acquisition of additional machinery and systems for expanding the production of gallium-filled thermometers. Impairment losses on fixed assets were not necessary.

3. OTHER LONG-TERM ASSETS

Since 2012, Geratherm Medical AG has a stake in the amount of 50 TEUR in the company alphablom AG which has its registered domicile in Berlin. alphablom AG focuses on the marketing of fertility products via the internet as sales channel.

4. DEFERRED TAXES

The deferred taxes representing assets and liabilities, which are balanced in the consolidated financial statements can be attributed to temporary differences between the book value in the IFRS based consolidated financial statements and the tax book values in the following assets and to the tax losses carried forward.

	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	Deferred tax assets	Deferred tax assets	Deferred tax liabilities	Deferred tax liabilities	Deferred tax balance	Deferred tax balance
	EUR	EUR	EUR	EUR	EUR	EUR
Capitalized development costs/patents	77,550	127,983	176,813	73,253	-99,263	54,730
Goodwill	0	0	14,637	12,142	-14,637	-12,142
Losses carried forward	1,197,546	1,188,021	0	0	1,197,546	1,188,021
Total	1,275,096	1,316,004	191,450	85,395	1,083,646	1,230,609

The changes to the deferred taxes representing assets and liabilities, which are balanced in the consolidated financial statements, are shown as follows:

Change in the balance of deferred taxes	1/1/2013	Change with effect on income	Change without effect on income	31/12/2013
	EUR	EUR	EUR	EUR
Capitalized development costs/patents	54,730	-153,993	0	-99,263
Goodwill	-12,142	-2,495	0	-14,637
Losses carried forward	1,188,021	9,525	0	1,197,546
Total	1,230,609	-146,963	0	1,083,646

Change in the balance of deferred taxes	1/1/2012	Change with effect on income	Change without effect on income	31/12/2012
	EUR	EUR	EUR	EUR
Capitalized development costs/patents	104,267	-49,537	0	54,730
Goodwill	-10,458	-1,684	0	-12,142
Losses carried forward	1,408,575	-220,554	0	1,188,021
Total	1,502,384	-271,775	0	1,230,609

An income tax rate ranging between 29.13% and 30.18% (2012: between 28.08% and 29.83%) was established as basis for calculating the deferred taxation. It also includes the trade tax in addition to the corporate income tax together with the solidarity surcharge.

The deferred taxes on the assets side take into consideration the sustainable positive results reported by Geratherm Medical AG during the past fiscal years. To calculate the recoverability of the tax allocation on the assets side, which affects the losses carried forward by Geratherm Medical, the tax-related income that is planned for the core business (without financial results) for a period of five years is applied,

whereas the losses carried forward of Geratherm Medical AG can presumably be implemented over the next four years according to the current planning. Since the subsidiaries that are included in the consolidated financial statements are still in part under construction and their revenue planning is still subject to the corresponding uncertainty, the deferred taxes exceeding the deferred tax liabilities from temporary differences were not applied.

PRESENTATION OF THE DEFERRED TAXES ON THE ASSETS SIDE FOR THE TAX LOSS CARRIED FORWARD

	2013 TEUR	2012 TEUR
Tax loss carried forward as of 31/12	7,617	6,727
Valued	4,892	5,019
Deferred taxation	1,197	1,188

5. INVENTORIES

	31/12/2013 EUR	31/12/2012 EUR
Raw materials and supplies	1,260,058	1,236,130
Unfinished goods	1,185,681	1,497,963
Finished goods	481,910	1,106,445
Goods	1,607,870	1,619,551
Total	4,535,519	5,460,089

The raw materials and consumables primarily include glass tubes, capillaries, shells, control units and chemical materials.

The unfinished goods as of Dec. 31, 2013 primarily include clinical thermometers in various stages of production.

The finished goods item mainly include thermometers and warming systems as of Dec. 31, 2013. The goods essentially include digital thermometers and blood pressure meters that are earmarked for sales and produced for contracts. Significant impairments were not required.

6. TRADE RECEIVABLES

The trade receivables are structured as follows:

	31/12/2013 EUR	31/12/2012 EUR
Gross sum of trade receivables	2,900,385	3,227,391
Devaluations	-33,465	-21,514
Total	2,866,920	3,205,877

The shown trade receivables are due within one year and results primarily from deliveries of products and goods. The devaluations relate to receivables subject to a risk of non-payment and are recognized on the balance sheet under other expenses of the current period.

7. TAX RECEIVABLES

The tax receivables essentially comprise the receivable from sales tax refunds in the amount of 206 TEUR (2012: 89 TEUR) and social security liabilities in the amount of 175 TEUR (2012: 143 TEUR).

8. OTHER SHORT-TERM ASSETS

The other assets essentially relate to the receivables from advances paid (137 TEUR; 2012: 151 TEUR) and receivables from investment subsidies and grants (15 TEUR; 2012: 125 TEUR).

9. SECURITIES

The securities holdings include the following:

2013	Number/ nominal	Book value as of 31/12 EUR	Rate as of 31/12 EUR
Epigenomics AG	210,017	1,281,104	6.10
Agfa-Gevaert N.V.	700,000	1,162,000	1.66
Eckert & Ziegler Strahlen- und Med. AG	60,000	1,716,000	28.60
FDR Acquisition Rights (Adolor)	460,000	187,000	0.41
Total		4,346,104	
2012	Number/ nominal	Book value as of 31/12 EUR	Rate as of 31/12 EUR
Epigenomics AG	95,778	170,693	1.78
Agfa-Gevaert N.V.	700,000	917,000	1.31
Cardionet Inc.	100,000	159,489	1.59
Eckert & Ziegler Strahlen- und Med. AG	50,000	1,183,500	23.67
Celesio AG	50,000	645,000	12.90
Rhön-Klinikum AG	30,000	455,700	15.19
FDR Acquisition Rights (Adolor)	460,000	187,000	0.41
Total		3,718,382	

During the 2013 fiscal year the level of securities was increased by means of acquisitions in the amount of EUR 1.584 million (2012: 893 TEUR). The level also decreased by means of sales in the amount of EUR 3.168 million (2012: EUR 3.244 million). As a result, it was possible to realize a profit contribution of 879 TEUR (2012: 919 TEUR) .

The held securities (available-for-sale assets) are regularly audited as of the reporting date in accordance with IAS 39.58 and IAS 39.61 for any possible sustained impairment. In case of equity instruments classified as held for sale, a significant or longer lasting decrease in the fair value of the instrument would present an objective indication for a sustained impairment under its acquisition costs. The decision as to what „significant“ or „lasting“ may mean, is a discretionary decision. As part of this decision, the executive board values in addition to other factors the price fluctuations in the past, the duration and scope, in which the fair value of a financial investment is below its acquisition costs. Accordingly, a sustained impairment does exist when as of the reporting date, the fair value has declined more than 20% under the acquisition costs or on the reporting date, a decline in the fair value has occurred over a period of nine months.

For the 2013 business year there were no points of reference for an impairment (2012: 396 TEUR) according to IAS 39.67.

As at the balance sheet date 31/12/2013, the market assessment reserve was increased by sales of securities and exchange rate changes compared to the year before from 145 TEUR to EUR 1.478 million.

10. CASH AND CASH EQUIVALENTS

	31/12/2013 TEUR	31/12/2012 TEUR
Cash on hand	6	7
Credit balances with banks	11,106	8,803
Cash and cash equivalents	11,112	8,810

The credit balances with banks, amounting to EUR 7.917 million (2012: EUR 8.771 million) are invested at the prevailing market rates and are available daily.

EQUITY AND LIABILITIES

EQUITY CAPITAL

The change in the equity capital structure can be noted in the consolidated statement of change to shareholders' equity.

11. SUBSCRIBED CAPITAL

The subscribed capital of Geratherm Medical AG amounts to EUR 4,949,999 as of 31/12/2013 and is divided into 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 number of shares in circulation was 4,949,999 during the 2013 fiscal year.

AUTHORIZED CAPITAL

The executive board was authorized to increase the capital stock of the company up to a maximum 2,474,999 subject to the approval of the supervisory board by issuing new share certificates made out in the name of the holder through individual or multiple cash or non-cash contributions not exceeding EUR 2,474,999 by 5 June, 2016.

PURCHASE OF OWN SHARES

The executive board was also authorized on 7 June, 2010 to purchase own shares up to a portion of the capital stock, not exceeding 10%, by 6 June, 2015. The purchase price paid by the company may not be more than 10% above or below the arithmetic mean of the prices determined for the company's share in the opening auction in Xetra trading (or a comparable successor system of the Deutsche Börse AG) during the last 5 trading days prior to acquisition. The executive board is authorized to resell own shares purchased on the basis of the authorization as per Art. 71 Para. 1 (8) of AktG with the approval of the supervisory board while observing the principle of equal treatment (Art. 53a of AktG) for other purposes than trading in its own shares. The acquired own shares may be sold via the stock exchange. The buying option of shareholders is excluded.

The executive board is authorized to redeem own shares of the company that were purchased based on this authorization without having the general meeting convene to pass another resolution for the performance of this redemption.

The executive board is authorized up until 6 June, 2015 to purchase shares of the company in order to be able to offer own shares to third parties as part of a merger with companies or the purchase of companies or holdings thereof, whereby the buying option of shareholders to own shares is excluded. Authorization is limited to the purchase of a portion of the capital stock, which may not exceed 10 %. The authorization may be exercised in full or in part.

12. CAPITAL RESERVE

The capital reserve shows the amount that was realized, exceeding the nominal amount, with the issuance of the shares after deducting the costs of procuring equity as part of the IPO. They are limited in relation to the parent company according to Germany's corporate law regulations with regard to their usefulness.

13. OTHER RESERVES

The development of the other reserves is shown in the consolidated statement of changes to shareholders' equity.

MARKET ASSESSMENT RESERVE

The change in price of the securities adjusted by the valuation allowances entered with effect on the income was reported in the market valuation reserve item shown in the equity capital as of the reporting date in accordance with the provisions of IAS 39. As at 31/12/2013, the market assessment reserve totals EUR 1.478 million (2012: 145 TEUR).

CURRENCY CONVERSION RESERVE

The currency conversion reserve in the amount of 12 TEUR (2012: 18 TEUR) is based on the consolidation of the financial statements of Geratherm do Brasil Ltda, which are prepared in a foreign currency.

ACCUMULATED EARNINGS

The accumulated earnings are calculated based on the results brought forward as of the reporting date (EUR 3.209 million; 2012: EUR 3.500 million), the current net income of the shareholders of the parent

company (EUR 1.334 million; 2012: EUR 1.194 million) less the distributed dividend (990 TEUR; 2012: EUR 1.485 million).

At the annual general meeting in May 2014, the executive board and supervisory board will propose to distribute a dividend of EUR 0.24 per share for the 2013 fiscal year.

Contrary to past years, we were informed that besides the solidarity surcharge, capital gains tax will be applied to this year's disbursement.

In accordance with the tax regulations, first the distributable profit of the business year and then the tax-recognized capital contributions account shall be used for the planned disbursement of the dividend amounting to EUR 0.24 per share for the 2013 fiscal year (altogether EUR 1.188 million).

For the 2013 business year, the earned distributable profit amounts to EUR 1.913 million and is not utilized in full by the planned dividend disbursement such that access to the tax-recognized capital contributions account that continues to exist with EUR 15.206 million is not possible. That is why the capital gains tax shall be applied besides the solidarity surcharge in the amount of 26.38% (313 TEUR) to the full disbursement amount of EUR 1.188 million.

If the dividend disbursements exceed the profit available for payment of the dividend in future years, these can continue to be rendered tax-free from the tax-recognized capital contributions account.

14. MINORITY INTERESTS

	Total TEUR
Minority interests as of 1/1/2013	-413
Currency translation in the group	-6
Dividend payout by Geratherm do Brasil	-10
Result attributable to non-controlling shares	-196
Minority interests as of 31/12/2013	-625

15. LONG-TERM LIABILITIES TO BANKS

Geratherm Medical AG received on 4/11 September, 2009 a loan in the amount of EUR 2.000 million from the refinancing funds of the aid program „GuW Plus – Gründungs- und Wachstumsfinanzierung“ (start-up and growth financing) of Thüringer Aufbaubank (TAB), which was granted through Commerzbank AG. The loan bears 1.45% interest p. a. The interest rate was fixed for the entire term through 30 September, 2015. The amortization rate is quarterly 100 TEUR, which was due for the first time on 30 December, 2010. An addendum to the loan agreement was concluded with the Commerzbank AG on 18/22 September, 2009, which envisages the assignment of the entire warehouse inventory of Geratherm Medical AG in Geschwenda as collateral.

On 22 November, 2012, Geratherm Medical AG formed an additional entrepreneur loan agreement of Kreditanstalt für Wiederaufbau in the amount of EUR 3.000 million, which was also extended by the Commerzbank AG. The loan bears 1.40% interest over the entire term till 30 December, 2017. The amortization rate is quarterly 187.5 TEUR, starting on 31/03/2014. The loan was paid off in full on 5 December, 2012.

The loan agreement envisages the compliance with certain key financial figures „equity ratio“ and „net debt equity ratio“. As of the reporting date, these key financial figures have been observed.

Multiple loans with a nominal value of 825 TEUR were moreover extended and taken out with regard to Geratherm do Brasil with terms extending up to 2015 or 2017. Except for one loan, these loans have fixed interest rates ranging between 12.4% and 21.9%.

Part of the loans amounting to EUR 2.143 million has a remaining term of up to one year and part amounting to EUR 2.935 million has a remaining term of two to five years.

16. ACCRUED INVESTMENT SUBSIDIES

The item shown in the balance sheet in the amount of 698 TEUR (2012: 795 TEUR) relates to the investment grants and subsidies that have been received or are to be released and which are released to income in accordance with the useful life of the assets they financed. This item basically has long-term character.

Investment grants and subsidies are awarded on the condition that the tangible assets acquired with such remain in the company's assets or in the designated area eligible for development assistance during the binding period.

17. OTHER LONG-TERM LIABILITIES

In the group, the liabilities from bullet bonds from the minority shareholders of apoplex medical technologies GmbH in the amount of 477 TEUR (2012: 477 TEUR) and Geratherm Respiratory GmbH in the amount of 119 TEUR (2012: 119 TEUR) are reported. The loans have a term exceeding one year.

18. SHORT-TERM LIABILITIES TO BANKS

As of the reporting date there were in the group short-term liabilities to banks in the amount of EUR 2.143 million (2012: EUR 1.664 million). Of this, EUR 1.150 million concern the reclassification from the loan of Geratherm, the availment of open credit lines by our subsidiaries Geratherm Respiratory GmbH in the amount of 122 TEUR (2012: 125 TEUR) and apoplex medical technologies GmbH in the amount of 30 TEUR (2012: 92 TEUR) and short-term loan of Geratherm do Brasil in the amount of 841 TEUR (2012: EUR 1.047 million).

19. TRADE ACCOUNTS PAYABLE

The trade payables are included at their repayment value. Corresponding accrued liabilities have been formed for outstanding invoices for deliveries and services on the reporting date. The liabilities fall due within one year. The usual rights to retention of title from the delivery of raw materials and consumables and goods are applicable.

20. TAX LIABILITIES

The tax liabilities shown here relate to liabilities from income taxes 0 TEUR (2012: 23 TEUR), wage taxes 35 TEUR (2012: 30 TEUR) and sales taxes 49 TEUR (2012: 56 TEUR).

21. OTHER SHORT-TERM LIABILITIES

	31/12/2013 TEUR	31/12/2012 TEUR
Accrued liabilities	582	437
Other liabilities	172	219
Other liabilities	754	656

ACCRUED LIABILITIES

The accrued liabilities include the following:

	31/12/2012 TEUR	Consumption TEUR	Dissolution- TEUR	Addition TEUR	31/12/2013 TEUR
Staff related	163	-155	-5	112	115
Bonuses, commissions, credits	82	-82	0	87	87
Outstanding invoices	100	-97	-1	81	83
Other	92	-67	-1	273	297
Total	437	-401	-7	553	582

The accrued liabilities for vacation not yet taken are valued on the basis of the salary plus social security contributions.

The other liabilities primarily include liabilities from wage payments in the amount of 112 TEUR (2012: 108 TEUR) and social security liabilities in the amount of 16 TEUR (2012: 16 TEUR).

All other liabilities shown here fall due within one year.

NOTES TO CONSOLIDATED INCOME STATEMENT

22. SALES REVENUES

Sales revenues based on product groups:

	2013 TEUR	2012 TEUR	Change in %
Healthcare Diagnostic	13,222	13,153	0.5
Respiratory	2,095	1,636	28.1
Medical warming systems	1,078	930	15.9
Cardio/Stroke	432	251	72.1
Total	16,827	15,970	5.4

Sales revenues by regions:

	2013 TEUR	2012 TEUR	Change in %
Europe	6,905	6,210	11.2
South America	4,035	4,559	-11.5
Germany	1,994	2,070	-3.7
Middle East	1,834	1,206	52.1
USA	1,266	1,182	7.1
Other	793	743	6.7
Total	16,827	15,970	5.4

The „Other“ item mainly encompasses sales in Asia over 485 TEUR (2012: 365 TEUR) and Africa over 306 TEUR (2012: 378 TEUR).

23. OTHER OPERATING INCOME

The other operating income includes amortization of capitalized grants and subsidies in the amount of 112 TEUR (2012: 94 TEUR).

The remaining other operating income is essentially based on the differences in exchange rates (2012: 138 TEUR; 2012: 67 TEUR).

24. COST OF MATERIALS

The costs of materials primarily relate to raw materials and consumables, trade goods, heating expenses, energy costs and external services.

25. PERSONNEL EXPENSES

The personnel expenses in the 2013 fiscal year were EUR 3.266 million (2012: EUR 3.537 million). The accounts for this fiscal year included contributions of 198 TEUR (2012: 232 TEUR) made by the employer to the statutory pension scheme. The statutory pension scheme is a contribution-oriented pension scheme within the meaning of IAS 19.

26. AMORTIZATION OR DEPRECIATION

Amortization or depreciation have mainly increased by 6.6% to 808 TEUR (2012: 757 TEUR) as a result of the in the planned investments made in new additional machinery and installations for producing gallium-filled clinical thermometers.

27. OTHER OPERATING EXPENSES

Other operating expenses primarily comprise the costs for sales, advertising and marketing (EUR 1.760 million; 2012: EUR 1.733 million) and administrative expenses (EUR 1.766 million; 2012: EUR 1.900 million). The decrease in the administrative expenses is mainly due to expenses for other fees and contributions (51 TEUR; 2012: 257 TEUR), rents (182 TEUR; 2012: 211 TEUR) and expenses for the maintenance of technical equipment as well as factory and office equipment (125 TEUR; 2012: 209 TEUR). The expenses occurring in connection with foreign currency translation during the fiscal year increased to 372 TEUR (2012: 238 TEUR).

28. FINANCIAL RESULTS

company posted financial results in the amount of 492 TEUR (2012: 491 TEUR). These included dividend income (54 TEUR; 2012: 122 TEUR), gains from sales of securities (879 TEUR (2012: 919 TEUR), devaluation of the securities due to sustained impairment with effect on the income (0 TEUR; 2012: 396 TEUR), expenses occurring in connection with the securities (207 TEUR; 2012: 22 TEUR), interests earned (21 TEUR; 2012: 22 TEUR) and interests paid (256 TEUR; 2012: 154 TEUR).

29. INCOME TAXES

The expenses from taxes encompasses both the actual income taxes to be paid as well as the deferred taxes and may be broken down as follows:

	2013 TEUR	2012 TEUR
Actual taxes	0	-25
Deferred Taxes	-147	-272
Income tax according to IFRS	-147	-297

The nominal tax rate which is valid for the concluded fiscal year of the parent company Geratherm Medical AG of 29.72% (2012: 28.08%) is applied as the applicable tax rate for offsetting and reconciliation. The relevant tax rate for domestic companies in the concluded fiscal year fluctuated between 29.13% and 30.18% depending on the location.

	2013 TEUR	2012 TEUR
Results before income taxes	1,285	1,448
Tax expenses to be expected	-382	-407
Effects from valuation variances (change of permanent differences)	10	-2
Effects due to tax-free income	275	191
Effects due to expenses nondeductible	-3	-39
Change in valuation of tax losses carried forward	-54	-65
Tax rate changes	41	0
Other	-34	25
Income tax according to IFRS	-147	-297

30. EARNINGS PER SHARE

The undiluted earnings per share are based on the profits of the shareholders of the parent company (EAT) divided by the weighted average number of outstanding shares.

	2013	2012
Results of the shareholders of the parent company (TEUR)	1,334	1,194
Weighted average number of outstanding shares (T shares)	4,950	4,950
Undiluted earnings per share (EUR)	0.27	0.24
Diluted earnings per share (EUR)	0.27	0.24

	2013 T Stück	2012 T Stück
Nominal capital in no-par shares	4,950	4,950
Weighted number of outstanding shares	4,950	4,950

The diluted earnings per share correspond to the undiluted earnings per share.

RELATIONSHIPS WITH RELATED PARTIES AND PERSONS

Relationships with related parties as defined by IAS 24 exist with GMF Capital GmbH, Hamburg (GMF). GMF holds a 52.78% share in Geratherm Medical AG. GMF shareholder and thus ultimate controlling party as defined by IAS 24.13 is the executive chairman Dr. Frank. Expenses in the amount of 293 TEUR (2012: 92 TEUR) were recorded for the services performed by the executive chairman Dr. Frank for GMF during the 2013 fiscal year. The amounts are appropriate and comprise the remuneration of the board for 2013 and bonus payments collectively for the financial results of 2010 to 2012. During these years, the bonus payments based on financial results were suspended due to strong devaluations of past years. These devaluations were recovered in 2013.

As of the reporting date 31 December, 2013 there were no outstanding accounts owed to or by GMF. A liability vis-à-vis GMF in the amount of 200 TEUR (2012: 6 TEUR) was discontinued as of the reporting date.

The transactions with affiliated companies and persons are concluded and performed under conditions equivalent to those for third parties. There were no accounts receivable from supervisory board members as of the balance sheet date, as during the last fiscal year. The supervisory board's compensation is recognized in the Other Information.

In 2013 there were no notifications according to Art. 21 Para. 1 of WpHG (Securities Trade Act).

OTHER FINANCIAL OBLIGATIONS

As of 31 December, 2013	Total	< 1 year	1–5 years	> 5 years
Other financial commitments from lease agreements TEUR	306	250	56	0
Other financial commitments from obligation to accept TEUR	25	25	0	0
Other financial commitments from obligation to accept and inventory purchase commitments TEUR	1,169	1,169	0	0

As of 31 December, 2012	Total	< 1 year	1–5 years	> 5 years
Other financial commitments from lease agreements TEUR	288	223	65	0
Other financial commitments from obligation to accept TEUR	240	240	0	0
Other financial commitments from obligation to accept and inventory purchase commitments TEUR	306	306	0	0

The group has entered various rental and leasing agreements with regard to administrative and business premises, vehicles and a phone system as well as for software service agreements. The financial obligations in this regard amount to 306 TEUR (2012: 288 TEUR) for 2014 and subsequent years.

The other purchase commitments mainly comprise purchase commitments from framework agreements to safeguard the production of warming systems for 2014 and the following years and purchase commitments from an order for the purchase of gallium and merchandise.

AUDITOR FEES

In 2013, 52 TEUR (2012: 51 TEUR) was entered as expenditure for the audit services, 1 TEUR (2012: 3 TEUR) for other assurance services and 7 TEUR (2012: 5 TEUR) for other services and 5 TEUR (2012: 6 TEUR) as expenditure for tax consultancy services.

31. SEGMENT INFORMATION

The operating segments have been presented in the current financial statements in accordance with IFRS 8. The operating segments were defined on the basis of the internal group report to the key decision-makers. The following reportable group's segments were identified:

HEALTHCARE DIAGNOSTIC

- Analog and digital products for measuring the body's temperature
- Blood pressure monitors
- Other products for measuring temperature and accessories

MEDICAL WARMING SYSTEMS

- Products for maintaining the body's temperature during operations and in rescue situations

CARDIO/STROKE

- Technological products for preventing strokes

RESPIRATORY

- Products designed for pulmonary functional diagnostics.

In the existing market segment report, the segment revenues, operating results (earnings before interests and taxes) and amortization and depreciation based on the relevant tax parameters for Geratherm are shown. The figures indicated correspond to the company's internal reports. The effects based on the consolidation of income, expenses, assets and debts between the segments are eliminated. The consolidation mainly involves the Healthcare Diagnostic segment and is due to the internal revenue with our subsidiary in Brazil. The reconciliation statement shows the income and expenses or assets which cannot be directly assigned to the segments. The segment assets and debts are not part of our internal reports. The values were directly assigned to the segments or distributed on the basis of sales.

Segmentation according to regions was maintained in accordance with the previous year and is arranged according to the sales markets of the group. The geographical information was provided for Germany, Europe, USA, South America and other countries. Internal sales are reported in the segment's sales figure.

In the South America segment, the main sales were generated with Brazil in the amount of EUR 3.876 million (2012: EUR 4.490 million) and in the Europe segment, the main sales were generated with Italy in the amount of EUR 2.668 million (2012: EUR 3.028 million).

The reconciliation of the segment assets in the segment report based on product areas is made up of the following cash or cash equivalents and securities of Geratherm Medical AG, which are not assigned to a specific segment. These comprise the following:

	2013 TEUR	2012 TEUR
Financial assets of Geratherm Medical AG	50	50
Securities of Geratherm Medical AG	4,346	3,718
Cash and cash equivalents of Geratherm Medical AG	11,078	8,776
Total	15,474	12,544

*GROUP SEGMENT REPORT FOR THE PERIOD
FROM 1 JANUARY TO 31 DECEMBER, 2013*

Based on product groups	Healthcare Diagnostic	Respiratory	Medical Warming Systems	Cardio/Stroke	Consolidation	Reconciliation	Total
2013	January to December	January to December	January to December	January to December	January to December	January to December	January to December
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Segment sales	14,797	1,754	815	432	-971	0	16,827
Operating results	913	181	-67	-61	-131	-42	793
including: Amortization and depreciation of fixed intangible and tangible assets	756	13	20	5	-66	80	808
Segment assets	10,153	880	929	177	0	15,474	27,613
Segment debts	7,341	380	302	594	0	0	8,617
For information only:							
Segment sales	14,797	1,754	815	432	-971	0	16,827
Elimination of intragroup sales and reconciliation	-1,575	341	263	0	971	0	0
Sales revenues to third parties	13,222	2,095	1,078	432	0	0	16,827

Based on product groups	Healthcare Diagnostic	Respiratory	Medical Warming Systems	Cardio/Stroke	Consolidation	Reconciliation	Total
2012	January to December	January to December	January to December	January to December	January to December	January to December	January to December
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Segment sales	14,637	1,328	646	242	-884	1	15,970
Operating results	1,235	75	22	-165	-144	-66	957
including: Amortization and depreciation of fixed intangible and tangible assets	762	9	24	4	-137	95	757
Segment assets	11,714	776	957	162	0	12,545	26,154
Segment debts	7,635	280	222	627	0	0	8,764
For information only:							
Segment sales	14,637	1,328	646	242	-884	1	15,970
Elimination of intragroup sales and reconciliation	-1,484	308	284	9	884	-1	0
Sales revenues to third parties	13,153	1,636	930	251	0	0	15,970

GROUP SEGMENT REPORT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER, 2013

By region	Europe	South America	Germany	Middle East	USA	Other	Total
2013	January to December	January to December	January to December	January to December	January to December	January to December	January to December
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sales revenues	6,905	4,651	2,348	1,834	1,266	794	17,798
Elimination of intragroup sales	0	-617	-354	0	0	0	-971
Sales revenues to third parties	6,905	4,034	1,994	1,834	1,266	794	16,827
Gross profit or loss	3,694	2,003	1,082	981	677	425	8,862
Operating results	461	-63	135	122	85	53	793
including: Amortization/ depreciation of intangible assets and tangible Assets	421	26	124	112	77	48	808
Amortization of public grants and subsidies	60	0	18	16	11	7	112
Amortization of public grants and subsidies	0	0	541	0	0	0	541
Segment assets	0	2,228	25,385	0	0	0	27,613

By region	Europe	South America	Germany	Middle East	USA	Other	Total
2012	January to December	January to December	January to December	January to December	January to December	January to December	January to December
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Sales revenues	6,210	4,996	2,517	1,205	1,182	744	16,854
Elimination of intragroup sales	0	-437	-447	0	0	0	-884
Sales revenues to third parties	6,210	4,559	2,070	1,205	1,182	744	15,970
Gross profit or loss	3,490	2,775	1,173	678	664	418	9,198
Operating results	308	390	103	60	59	37	957
including: Amortization/ depreciation of intangible assets and tangible Assets	393	34	132	76	75	47	757
Amortization of public grants and subsidies	51	0	17	10	10	6	94
Acquisition costs of fixed assets for the period	0	25	791	0	0	0	816
Segment assets	0	2,724	23,430	0	0	0	26,154

NOTES ON CAPITAL FLOW STATEMENT

32. GROSS CASH FLOW, CASH AND CASH EQUIVALENTS

The gross cash flow is determined according to the indirect method. It is calculated by adding the consolidated profits before taxes and dividends received to depreciations of fixed assets, minus profits (losses) from the sales of securities, amortization of grants and subsidies on the liabilities side and the change in long-term accruals.

The cash and cash equivalents encompass the cash on hand and bank balances.

33. CASH FLOW FROM OPERATIONS

The cash flow before any change in the commitment of funds in the amount of EUR 1.272 million (2012: EUR 1.584 million) is set against changes in the operating funds.

Altogether, the consolidated net income for the year and the funds commitment in current assets result in an inflow of funds from operations in the amount of EUR 2.438 million (2012: EUR 1.605 million).

The capital flow statement for 2013 includes in detail the payments received from interests (21 TEUR; 2012: 22 TEUR) and dividends (54 TEUR; 2012: 122 TEUR) and out-going payments from interests (256 TEUR; 2012: 154 TEUR) and income taxes (54 TEUR; 2012: 183 TEUR).

34. CASH FLOW FROM INVESTMENTS

The purchase of fixed assets, financial assets and intangible assets, including development costs, result in expenses in the amount of 541 TEUR (2012: 816 TEUR). Cash inflow and outflow based on financial assets are explained under Item 9 of these Notes.

35. CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities mainly comprises an outflow of funds from the dividend payments or distribution of profits in the amount of 990 TEUR (2012: EUR 1.485 million) and the repayment of loan liabilities in the amount of 707 TEUR (2012: 400 TEUR). New loans were taken in the amount of 421 TEUR (2012: EUR 3.300 million).

CAPITAL MANAGEMENT

Primary objective of the company is to sustainably ensure the financial equilibrium, while efficiently allocating the capital resources available to the group (equity capital) to the business areas at the same time. In this case an internal capital allocation rate is applicable, which allows for monitoring the operating efficiency of the individual areas. Financing is implemented for the most part using own funds. Financial security is gauged primarily by the equity-to-assets ratio and liquidity. The operative and strategic management of capital is an integral part of the company's internal reporting system. The capital comprises the issued shares, capital reserves and other reserves. The capital of the parent company's shareholders is EUR 20.705 million (2012: EUR 19.034 million) as of the reporting date such that a equity-to-assets ratio is derived based on the group's entire capital of 72.1% (2012: 69.5%).

FINANCIAL INSTRUMENTS

a) Financial instruments in the balance sheet

The financial instruments being used in the group can be broken down as follows:

Classification	Valuation methods	Book value	Book value
		31/12/2013	31/12/2012
		TEUR	TEUR
I. Securities – „Financial assets available for sale“		4,346	3,718
Securities – „Financial assets available for sale“	Valuation not affecting net income at the current market value	4,346	2,375
Securities – „Financial assets available for sale“	Valuation adjustment with effect on the income at the current market value	0	1,343
II. Credits and accounts receivable	Net book value	6,822	4,772
1. Trade accounts payables		2,867	3,206
2. Tax receivables and other assets		677	616
3. Cash in hand and cash in banks		11,112	8,810
4. Other long-term debts		-596	-596
5. Liabilities to banks		-5,078	-5,364
6. Liabilities on payments received		-48	-73
7. Trade accounts payables		-1,358	-1,171
8. Other short-term debts		-754	-656

Hedging activities within the meaning of IAS 39 were not made this year nor in the past.

The financial assets are not used to secure liabilities nor contingent liabilities. Decline in values, provided such is to be implemented, is reported directly in the respective balance sheet item.

Since the book value of the credits and accounts receivables according to IFRS 7.29 (a) represents a reasonable approach to the current market value, there is no indication of the current market value. These financial instruments are not valued at fair value. The valuation of the securities available for sale conducted at fair value is implemented according to Level 1 (IFRS 13.93).

b) Profits and losses from financial instruments

The profits and losses, which have occurred in connection with financial assets/debts, are made up as follows:

	available-for-sale		Accounts receivable and credits	
	2013	2012	2013	2012
	TEUR	TEUR	TEUR	TEUR
Interest earnings			21	22
Interests paid			-256	-154
Interest income			-235	-132
Exchange gains			138	67
Exchange losses			-372	-238
Income from currency differences			-234	-171
Exchange gains from sales of securities	879	919		
Exchange losses from sales of securities	0	0		
Sale of securities	0	-396		
Dividend income	54	122		
Securities-related expenses	-207	-22		
Securities-related income	726	623		
Allowance for uncollectible accounts			-15	-2
Net profits and losses entered in the income statement	726	623	-484	-305
Change in market valuation reserve due to sale	6	-345		
Change in market valuation reserve due to change in current net book value	1,327	582		
Overall change in market Market Assessment Reserve	1,333	237		
Overall results from financial instruments	2,059	860	-484	-305

Fiduciary activities are not performed in regard to financial assets.

c) Type and degree of risks resulting from financial instruments

The systematic analysis and monitoring of potential risks associated with financial instruments is an integral part of the group-wide risk management process. Risk sources with regard to the financial instruments available in the group exist in the following aspect:

The financial instruments classified as „financial assets available for sale“ are subjected essentially to market risks in the form of fluctuations in stock exchange prices. Accordingly, the respective part of risk management system includes the daily monitoring of the stock performance, the securities in the portfolio, and the evaluation of price-related market information and is supported by a company-specific investment strategy that envisages, among other things, maximum amounts for individual values and de-fines investment focal points. A near-current exchange of information between the executive board and the monitoring committee represents in this case an obvious characteristic of risk management. With regard to financial instruments assigned to the „Credits and accounts receivables“ category, it is possible to cite credit risks and foreign exchange risks as potential sources of risks.

CREDIT / BAD DEBT RISK

A credit risk entails the possibility of a non-payment or default of payment for accounts receivable, which result from the possible non-fulfillment of a contractual party and thus exists at most in the amount of the positive current market value of the respective accounts receivable. The process that is implemented in the group for minimizing the credit risks encompasses, in particular, the daily monitoring of due dates and the swift initiation of steps to collect debts when necessary. Other instruments leveraged to minimize risks with new customers include requests for advance payments, credit agency queries, event-driven customer-specific credit lines or letters of credit such that the risk of non-payment is regarded as minimal. In other countries, Brazil accounted for significant accounts receivable in the amount of EUR 1.337 million (2012: EUR 1.500 million). Moreover, this risk is adequately taken into account with value adjustments formed for bad debt losses (respectively 100% of the corresponding receivable).

The maximum credit risk for trade accounts receivable and other assets can be broken down as follows:

	2013 TEUR	2012 TEUR
Domestic	272	372
Abroad	2,893	3,182
	3,165	3,554

The age structure of trade accounts receivable not impaired as of the reporting date, tax receivables and other assets is as follows:

	2013 Gross TEUR	2012 Gross TEUR
Not overdue	3,263	3,248
0 – 30 days overdue	143	384
31 – 60 days overdue	41	47
More than 60 days overdue	130	165
	3,577	3,844

The valuation adjustments have developed in this regard as follows:

	2013 TEUR	2012 TEUR
As of 1 January	22	28
Addition	15	2
Claim	-4	-7
Dissolution	0	-1
As of 31 December	33	22

LIQUIDITY RISK

One aspect of the risk management element that focuses on financial instruments encompasses the monitoring and regulation of the liquidity risk, i.e., maintaining the solvency of the group companies both over the short-term as well as the medium to long-term planning interval.

The central instrument for this is a continuous liquidity planning that is supplemented with liquidity-related operating figures. The liquidity situation as of the reporting date is as follows and illustrates that there is currently no significant liquidity risk.

	2013 TEUR	2012 TEUR
Short-term liabilities to banks	-2,143	-1,664
Trade accounts payables	-1,359	-1,171
Tax liabilities	-84	-109
Other liabilities (without advance payments received)	-754	-656
Current financial requirements	-4,340	-3,600
Liquid assets	11,112	8,810
Liquidity 1	6,772	5,210
Trade receivables	2,867	3,206
Tax receivables	381	233
Other assets (without prepayments)	159	232
Liquidity 2	10,179	8,881
Securities held as short-term investments	4,346	3,718
Liquidity 3	14,525	12,599

Below is a breakdown of the cash outflow from the repayment of financial liabilities to banks:

	Book value	Cash outflow		
	TEUR	< 1 year TEUR	1–5 years TEUR	> 5 years TEUR
Liabilities to banks 2013	5,078	2,451	3,125	0
Liabilities to banks 2012	5,364	1,719	3,793	0

The other long-term liabilities will result in a cash outflow of 600 TEUR (2012: 600 TEUR) between one and five years.

The liabilities on payments received, trade payables, tax liabilities and other payables will result in a cash outflow in the amount of the book value during the coming year.

MARKET PRICE RISK – FOREIGN CURRENCY

Foreign currency risks exist for the group insofar as deliveries are made and ordered in part outside of the euro zone. From the group's point of view, the key foreign currency, in which there is an exchange of services, is the US dollar. The increasing significance of Geratherm do Brazil Ltda also means an increase in the foreign exchange risks involving the Brazilian Real.

Consequently, Geratherm Medical is subjected to the following foreign exchange risk as at reporting date.

	31/12/2013 TUSD	31/12/2013 TEUR	31/12/2012 TUSD	31/12/2012 TEUR
Trade accounts payables	1,253	909	1,362	1,032
Bank loans / cash in banks	2,081	1,509	1,593	1,207
Trade accounts payables	-44	-32	-89	-67
Balance sheet items	3,290	2,386	2,866	2,172
Order balance	498	361	165	125
Financial obligations	-165	-120	-19	-14
Purchase commitments	-1,447	-1,049	-385	-292
Pending transactions	-1,114	-808	-239	-181
Net item	2,176	1,578	2,627	1,991

The following currency translations were applied:

	31/12/2013	Average 2013	31/12/2012	Average 2012
US dollar	1.379	1.328	1.319	1.285

To reduce the resulting value fluctuations there is an effort within the group to maintain a balanced ratio of foreign currency receivables and payables (natural hedge). Nevertheless, there are risks which we identify in the following significance analysis based on a further weakening of the US dollar by 10%. All other variables, which could affect the financial instruments, are regarded as non-varying.

	31/12/2013		31/12/2012	
	Equity capital	Perfor- mance	Equity capital	Perfor- mance
US dollar	0	-143	0	-181

A 10% increase in the US dollar over the euro as at the reporting date would have a similar effect but in the opposite direction provided that all other variables remain constant.

	31/12/2013 TBRL	31/12/2013 TEUR	31/12/2012 TBRL	31/12/2012 TEUR
Trade accounts payables	4,355	1,337	4,045	1,501
Other assets	748	230	567	210
Bank loans / cash in banks	101	31	84	31
Liabilities to banks	-3,995	-1,226	-2,821	-1,047
Trade accounts payables	-278	-85	-1,248	-463
Other liabilities	-397	-122	-625	-232
Balance sheet items	534	164	0	0
Net item	534	164	0	0

There were no key pending transactions as of the balance sheet date, as during the 2012 fiscal year.

The following currency translations were applied:

	31/12/2013	Average 2013	31/12/2012	Average 2012
BRL	3.258	2.869	2.695	2.527

We have identified existing risks in the following significance analysis based on a weakening of the Brazilian Real by 10%.

All other variables, which could affect the financial instruments, are regarded as non-varying.

	31/12/2013		31/12/2012	
	Equity capital	Perfor- mance	Equity capital	Perfor- mance
BRL	-5	-15	-27	0

A 10% increase in the Brazilian Real over the euro as at the reporting date would have a similar effect on the foreign currency translation in the group's equity capital but in the opposite direction provided that all other variables remain constant.

MARKET PRICE RISK – INTEREST

Interest rate risks, i.e. possible variations of a financial instrument due to changes in the market interest rates, are pending especially for long-term, fixed-interest receivables and payables. Here opportunity effects could arise in such a way that advantages and disadvantages from the change in market interest rates could not be utilized.

Insofar as we have liquid resources available, we aim to use these funds to improve the financial results. We also view the interest rate trend in this context. Since our free funds are invested at short notice, we are not subjected to any significant risk of interest rate changes.

With regard to long-term debts in the amount of EUR 3.531 million (2012: EUR 4.296 million) opportunity cost effects could occur that we do not view as significant.

Since other inflow from foreign capital is not planned, we do not expect a negative effect on income as a result of the increase in interest rates.

MARKET PRICE RISK – SHARE PRICE

There are other risks for the group to the extent that changes on the capital markets could have a pervasive influence on the group's investments in securities listed on different capital markets of this world. In our security investments, we only have fungible securities which are currently tradeable according to the current state of knowledge such that no long-term, significant risks can be derived. Below we provide a brief overview of the key security investments and highlight the basis for our assessment of a further positive development of the respective involvement. In this case we consider the items that have a book value or historic costs of more than 500 TEUR as at the reporting date as important. With regard to the valuation of the individual items, we refer to item 9 in these notes.

EPIGENOMICS AG

Epigenomics AG is a molecular diagnostic company, which develops and markets a pipeline of inhouse products for treating cancer. These products help doctors to diagnose cancer cases more accurately and at an earlier stage, which allows improved therapeutic success for patients. Epigenomics' key product is the blood-based Epi pro-Colon® test for the early detection of colon cancer. The test is already being marketed in Europe and is in the process of FDA approval for the US market. The high level of acceptance of the company's technologies and products is reflected in the large number of partnerships with leading companies active in the diagnostics industry, including Abbott, QIAGEN, Sysmex and Quest Diagnostics. Epigenomics is a multinational company with branches in Europe and the USA. The value assignment as at 31/12/2013 was posted in the market assessment reserve.

AGFA-GEVAERT N.V.

Agfa-Gevaert is a worldwide leader in image technology with a sales volume of EUR 3 billion. With approx. 42% of total sales, the health care division is an international prominent IT supplier for hospitals. Hospital IT represents a long-term growth market. The value assignment as at 31/12/2013 was posted in the market assessment reserve.

ECKERT & ZIEGLER STRAHLEN- UND MEDIZINTECHNIK AG

Eckert & Ziegler Group is one of the world's largest manufacturers of radioactive components for medical, scientific and metrological purposes. The company focuses on applications in cancer treatment, nuclear medical diagnostics and industrial radiometry. The group has laid claim to being a world leader in certain fields of activity. The operational side of business can be divided into four sectors: radiotherapy, isotope products, radiopharma and environmental services. The value assignment as at 31/12/2013 was posted in the market assessment reserve.

The following table shows the highest and lowest prices respectively on the German capital market for shares included in the balance sheet item securities at the end of the 2013 fiscal year.

	2013		2012	
	Highest price	Lowest price	Highest price	Lowest price
	EUR	EUR	EUR	EUR
Epigenomics AG	7.72	1.44	3.47	0.73
Agfa-Gevaert N.V.	1.76	1.28	1.76	1.17
Eckert & Ziegler Strahlen- und Medizintechnik AG	30.00	23.51	26.00	20,50

MARKET PRICE RISK – RAW MATERIAL PRICES

Certain raw materials are important for the continuous supply of our production processes. The procurement market risks involve the shortage or rising costs of production-essential raw materials or the products acquired during contract manufacturing. The key items are monitored by us constantly such that we currently do not see any significant risks here.

MARKET RISK – NEW PRODUCTS

Geratherm drives development and sales activities of new products in all segments. The technological competence and expertise are strengthened by the collaboration with technology partners. In part these new products are still in the market launch phase and are expected to contribute to noticeable growth in sales once the anticipated market success is attained. There are certain risks and significant opportunities in this regard.

OTHER INFORMATION

INFORMATION ABOUT EXECUTIVE BOARD

The executive board of Geratherm Medical AG included during the year under review:

Chairman

- Dr. Gert Michael Frank, Industrial Engineer, Hamburg
Managing director of GMF Capital GmbH, Hamburg
Managing director of GME Rechte und Beteiligungen GmbH, Geschwenda
Managing director of Geratherm Respiratory GmbH, Bad Kissingen
Board member of GMF Capital AG, Hamburg

Board member

- Thomas Robst, Engineer, Geraberg (*Head of Sales*)

The company is legally represented by two members of executive board or by one member of executive board in conjunction with one authorized officer (authorized signatory). If the executive board has only one member, this person represents the company exclusively. Dr. Frank is authorized to represent the company on his own.

Fixed payments in the amount of 177 TEUR (2012: 170 TEUR) and variable payments in the amount of 203 TEUR (2012: 16 TEUR) were reported for the activities of the executive board during the 2013 fiscal year. The remuneration received by the managing directors in the amount of 9 TEUR (2012: 9 TEUR) represents contributions to the contribution-oriented pension schemes. On 6 June, 2011, the annual general meeting decided while applying Art. 286 Para. 5 of HGB (German Commercial Code) that the information required for five years according to Art. 285 Para. 1(9)a Clause 5 to 9 and Art. 314 Para. 1(6)a Clause 5 to 9 of the HGB be omitted.

As of the reporting date, the executive board held directly and indirectly 2,612,987 shares.

INFORMATION ABOUT SUPERVISORY BOARD

In accordance with the Articles of Association, the supervisory board comprises three members.

Members of the supervisory board are:

- Rudolf Bröcker, Bensheim, Business Administration (*Chairman of the supervisory board*)
Chairman of the supervisory board of GMF Capital AG, Hamburg
- Bruno Schoch, Suresnes, France
Deputy general director of Fromageries Bel SA, Paris
Member of executive board of Unibel SA, Paris
Member of executive board of SICOPA SA, Paris
Member of supervisory board of Société des Domaines SAS, Wattwiller, France
Member of the supervisory board of GMF Capital AG, Hamburg
- Firus Mettler, Frankfurt am Main, Attorney, MBA; Investment Manager
Managing director of Party World GmbH & Co. KG, Dänischenhagen
Managing director of Martius Terrassen GmbH & Co. KG, Kiel
Managing director of Düsternbrooker Weg 45 GmbH & Co. KG, Kiel

A payment in the amount of 12 TEUR (2012: 12 TEUR) is included in the liabilities for the supervisory board's activities in 2013.

The members of the supervisory board hold 3,769 shares.

STAFF TRENDS

		Employees	Technical employees	Trainees	Total
Number of employees (annual average) – excluding managing directors –	2013	49	66	1	116
	2012	55	69	3	127

DECLARATION ON CORPORATE GOVERNANCE CODE

The declaration as prescribed in Art. 161 of Aktiengesetz (German Stock Corporation Act) was issued by the executive board and supervisory board of Geratherm Medical AG and made available to the shareholders on the company's homepage.

(<http://www.geratherm.com/geratherm/investor-relations/berichte/corporate-governance/>).

Geschwenda, 20 March, 2014

Geratherm Medical AG



Dr. Gert Frank
Chairman



Thomas Robst
Board member for sales

CONSOLIDATED FINANCIAL STATEMENTS AFFIDAVIT
FOR 2013 FISCAL YEAR

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Geschwenda, 20 March, 2014

Geratherm Medical AG



Dr. Gert Frank
Chairman



Thomas Robst
Board member for sales

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by Geratherm Medical AG, Geschwenda, Germany, comprising the income statement, consolidated statement of changes in equity, balance sheet, cash flows statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December, 2013. The preparation of the consolidated financial statements and the management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Sect. 315a (1) of HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report on the basis of our audit.

We have performed our audit of the consolidated financial statements in accordance with Sect. 317 of HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit in such a way that inaccuracies and violations affecting substantially the presentation of the net assets, the financial position and earnings situation in the consolidated financial statements in accordance with the accounting principles generally accepted in Germany and in the group management report are detected with reasonable certainty. Knowledge about the group's business activities and the economic and legal environment as well as expectations as possible misstatements have been taken into consideration while determining audit procedures. The effectiveness of the internal controlling system relating to accounting procedures as well as evidence supporting the disclosures in consolidated financial statements and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not reveal any objections.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sect. 315a (1) of HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the company's position and accurately presents the opportunities and risks of future development.

Jena, 20 March, 2014

KPMG AG

Wirtschaftsprüfungsgesellschaft

NOTES

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CORPORATE CALENDER 2014

	2014
Publication Annual Report 2013	16. April
Annual General Meeting in Ilmenau, „Hotel Tanne“	27. May
Interim Report 1st quarter	22. May
Interim Report 2nd quarter	21. August
Interim Report 3rd Quarter	20. November

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