

SOLUTIONS FOR A HEALTHY WORLD

Half-yearly Report 2014

GERATHERM

AT A GLANCE

Group financial ratio	January-June 2014	January-June 2013	Change
Turnover	8,874 kEUR	8,698 kEUR	2.0 %
Including export share	7,139 kEUR	7,650 kEUR	-6.7 %
Export rate	80 %	88 %	-9.1 %
Gross result (EBITDA)	1,382 kEUR	1,009 kEUR	36.9 %
EBITDA-Margin	15.6 %	11.6 %	34.5 %
Depreciation	-317 kEUR	-407 kEUR	-22.2 %
Operating results (EBIT)	1,065 kEUR	602 kEUR	76.9 %
EBIT margin	12.0 %	6.9 %	73.9 %
Financial results	-86 kEUR	142 kEUR	-
Result of ordinary activities	979 kEUR	744 kEUR	31.6 %
Net earnings of the parent company's shareholders in the period concerned	698 kEUR	589 kEUR	18.5 %
Long-term assets	4,954 kEUR	5,423 kEUR	-8.6 %
Short-term assets	22,662 kEUR	21,574 kEUR	5.0 %
Balance sheet total	27,616 kEUR	26,997 kEUR	2.3 %
Equity capital	19,134 kEUR	18,442 kEUR	3.8 %
Return on equity	7.3 %	6.4 %	14.2 %
Equity ratio	69.3 %	68.3 %	1.5 %
Cash and securities	12,708 kEUR	12,956 kEUR	-1.9 %
Result per share pursuant to IFRS (EPS)*	0.14 EUR	0.12 EUR	16.7 %
Result per share pursuant to DVFA*	0.14 EUR	0.12 EUR	16.7 %
Number of employees at end of the period	130	118	10.2 %
No-par value shares	4,949,999	4,949,999	-
* compared to registered shares in circulation	4,949,999	4,949,999	-

Business Performance from January 1 to June 30, 2014

- Sales revenues EUR 8.9 million +2.0%
- Overall performance EUR 9.5 million +14.2%
- Gross result for first six months (EBITDA) EUR 1.4 million +36.9%
- Operating result (EBIT) EUR 1.1 million +76.9%
- Results from ordinary business activities EUR 1 million +31.6%
- Earnings after taxes (EAT) 698 kEUR +18.5%
- A healthy second quarter offsets the decreases reported in sales and income of the first three months

Dear Shareholders and Parties Interested in Geratherm Medical,

Thanks to a very strong second quarter, Geratherm Medical has managed to post good growth both in terms of sales and earnings.

The drop in sales of minus 12.0% during the first three months was thus made up and as a result we were able to report a cumulative growth of +2.0% for the first six months of the year. With regard to earnings we almost doubled the operating result during the first six months. The establishment of the new company Sensor Systems on April 1 of this year had a positive effect. The company manufactures filters and sensor systems for monitoring pulmonary function. We believe that in-house production will ensure better quality as standard and that we are prepared for the fast growing sales of the disposable products in the future. The sales of the Respiratory segment increased by +77.8% for the first six months.

The sales of the Healthcare Diagnostic segment declined by -10.9%. The Medical warming systems segment also posted a temporary decline of -21.1%. The Cardio/Stroke segment reported a positive development of 7.1%.

A sales of more than EUR 5 million (+16.2%) was generated for the first time during the second quarter. The quality of the earnings was substantially higher once again. During the second quarter, the gross result EBITDA increased to 881 kEUR (2013: 387 kEUR). The EBIT was 719 kEUR (2013: 180 kEUR).

The financial result was slightly negative during the second quarter with -40 kEUR (2013: +193 kEUR). No securities were sold. After deducting income tax, the company reported during the second quarter a consolidated net profit of 534 kEUR (2013: 339 kEUR). Less the minority interests, the result after taxes amounted during the second quarter to 10 EUR cents per share (2013: 7 EUR cents).

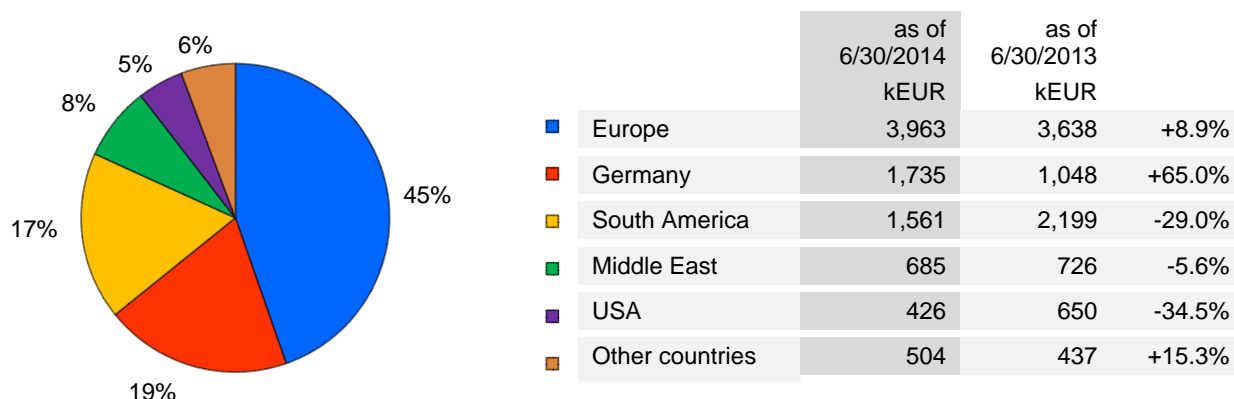
Facts and Figures (in kEUR)

	II/14	I/14	IV/13	III/13	II/13
Sales	5,027	3,847	3,909	4,220	4,324
EBITDA	17.5%	13.0%	5.8%	8.7%	8.9%
EBIT	719	346	30	161	180
EPS (EUR)	0.10	0.04	0.14	0.01	0.07
Cash flow	854	479	179	266	216

Sales Development

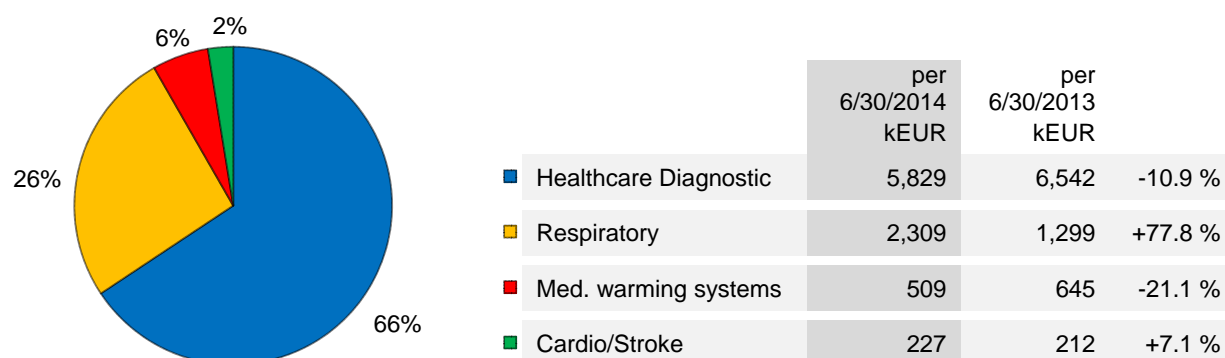
Geratherm's sales development varied in the individual markets over the first six months. The market in Europe was altogether positive with a plus of 8.9%. The drastic decline in South America of -41.7% in the first quarter could not be completely offset by a healthy second quarter such that the comparable sales was still -29.0% compared to the prior year. This is expected to change considerably in a positive way over the next few months. The share of sales for the German market increased by 65.6% due to the start of our own sensor production. For the Middle East, we had to concede a weaker development with a minus of 5.6%. Sales in the US has not been satisfactory so far due the lagging development exhibited by clinical thermometers (-34.5%). The sales in Other countries developed favorably with a plus of 15.3%. This group of countries essentially includes Africa and Asia.

Sales by regions 1/1 – 6/30/2014



The mainstay of Geratherm's sales with a 65.7% share (2013: 75.2%) includes products from the Healthcare Diagnostic segment, which are marketed in hospitals, clinics and pharmacies. The decline in sales reported on the Brazilian market negatively affected the sales of the product segment. All in all, the segment is characterized by intense competition. We have taken this segment's decline in relative and absolute terms into consideration in our corporate strategy.

Sales by segments 1/1 to 6/30/2014



As already mentioned, the Respiratory segment was favorably influenced by the formation and start-up of the Geratherm subsidiary Sensor Systems. The segment's strong growth in sales and earnings can be attributed to that.

The Medical warming systems were subject to product changes and approval-related requirements during the first few months such that the segment was not able to perform to its fullest. As a result, sales development declined by -21.1% during the first six months. This is expected to change in a positive way in the next few months thanks to a large order from Brazil.

The Cardio/Stroke segment managed to increase the sales slightly by +7.1%. Here we also anticipate a positive development during the second half of the year.

Earnings situation

The operating result developed very well for the first six months of the year thanks to the positive trends noted during the second quarter. Our activities in Brazil managed to post once again positive results for the first six months on a cumulative basis after initial difficulties. Even the sensor production which was launched on April 1 for pulmonary function diagnostics showed a good profit contribution.

The overall performance recorded in the group increased by 14.2% compared to the same period last year.

The gross margin of the overall performance amounted during the first six months to 57.0% (2013: 55.3%). The gross profit (EBITDA) was EUR 1.382 million (2013: EUR 1.009 million). The EBITDA margin increased from 11.6% to 15.6% compared to the same period last year. The write-offs decreased to 317 kEUR (2013: 407 kEUR).

The operating result (EBIT) increased by +76.9% to EUR 1.065 million during the course of the first six months of the year. The EBIT margin improved significantly from 6.9% to 12.0%. We attained on average our target return of at least 10.0%, for the group, for the first six months.

The result from ordinary business activities of 979 kEUR (+31.6%) was generated for the first half of the year less the reported financial results of -86 kEUR (2013: +142 kEUR). Income taxes weighed on the result with 265 kEUR (2013: 158 kEUR). The effective taxes amounted, however, to only 57 kEUR. The remaining amount of 208 kEUR accounted for the decrease of non-cash effective deferred tax assets due to the use of losses carried forward.

The consolidated net profit for the first six months of 2014 is 714 kEUR (2013: 587 kEUR), corresponding to a plus of 21.8%.

Less the result attributable to minority interests, a net income for the first half of the year was generated for the shareholders of the parent company of 698 kEUR, an increase of 18.5%. The result per share for the first six months is 14 EUR cents. In this case, 10 EUR cents were recorded during the second quarter of the year.

Net Assets and Financial Situation

The asset situation of Geratherm Medical is above average. The balance sheet total of EUR 27.6 million is essentially formed by equity capital in the amount of EUR 19.1 million. The equity-to-assets ratio was 69.3% as of the reporting date (2013: 68.3%). The return on equity amounted to 7.3% (2013: 6.4%).

As of June 30, 2014 the company had cash, cash equivalents and securities in the amount of EUR 12.7 million.

The long-term assets amount to EUR 5.0 million (-4.0%). The intangible assets increased by +9.9% to 761 kEUR.

The tangible assets remained essentially at about the same level as last year with a slight decrease of -2.0% and amounted to EUR 3.3 million. The deferred taxes decreased by the reported profits to 876 kEUR (2013: EUR 1.084 million).

The short-term assets increased temporarily from EUR 4.5 million to EUR 5.8 million. The inventories will be decreased again during the course of the third quarter.

The accounts receivable and other assets increased by +16.8% to EUR 4.1 million during the first six months of the year.

As at June 30, 2014, the company held securities worth EUR 3.9 million (-10.8%). The cash and cash equivalents amounted to EUR 8.8 million (-20.5%)

The gross cash flow for the first six months increased to EUR 1.333 million (2013: 827 kEUR). The cash flow from operations was -554 kEUR (2013: EUR 1.622 million). The cash flow from investments decreased to -315 kEUR (2013: -537 kEUR)

Research and Development

The focal points of our research and development efforts have not changed and primarily involved the business segments Medical warming systems, Respiratory and Cardio/Stroke. In the Warming Systems segment, we are currently working on a new generation of cooling systems.

Geratherm is right now in the process of becoming a premium product medtec company. 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.

Annual General Meeting

Our annual general meeting was held on May 27, 2014, at 1:30 PM, in the "Hotel Tanne" in Ilmenau, Thuringia. All items on the agenda were discussed and adopted by our shareholders. The shareholders in attendance represented 58.9% (2013: 63.2%) of the share capital.

Staff

The Geratherm Group had a staff of 130 persons in total as of June 30, 2014 (2013: 118). 109 employees are in Germany.

Outlook

We anticipate a good operating performance for the third quarter. The outlook is supported by an order placed by the Brazilian government in mid July to equip approx. 100 clinics and hospitals with Geratherm warming systems over the short term. The delivery shall take place within the next twelve months. The order has an overall value of BRL 15.6 million, which corresponds to a potential sales of EUR 5.2 million based on the current foreign exchange rate.

To bolster the Warming Systems segment, we have acquired a majority interest in the company LMT Medical Systems, Lübeck, as of July 1, 2014. The company develops, produces and distributes MRT-capable incubator systems for preterm births. Geratherm will market its warming systems for pediatrics via the new subsidiary LMT. LMT shall help to further expand the operational business over the next few months.

To strengthen the company and bolster the anticipated growth phase, we have placed 2% of the shares in the subsidiary apoplex medical with an institutional investor on July 25, 2014. As a result, the company gained 560 kEUR. apoplex medical was appraised at EUR 28 million. Geratherm Medical holds 59.1% of the company. The book value is 358 kEUR.

Due to the current underlying conditions, we expect the positive business performance will continue.

Geschwenda, August 2014



Dr. Gert Frank
Chairman of the Board



Thomas Robst
Head of Sales

Statement of comprehensive income for the period January 1, 2014 to June 30, 2014

	April- June 2014 EUR	April- June 2013 EUR	Change	Jan.-June 2014 EUR	Jan.-June 2013 EUR	Change
Sales revenue	5,027,243	4,324,568	16.2 %	8,874,301	8,698,372	2.0 %
Change in stocks of finished and unfinished goods	416,089	-131,396	-	438,580	-528,566	-
Other own work capitalized	0	14,079	-	0	21,781	-
Other operating income	81,783	-5,132	-	222,189	155,222	43.1 %
	5,525,115	4,202,119	31.5 %	9,535,070	8,346,809	14.2 %
Material costs						
Costs for consumables, supplies and goods and for specific products	-2,253,695	-1,765,817	27.6 %	-3,872,949	-3,494,672	10.8 %
Costs of purchased services	-113,575	-126,827	-10.4 %	-226,547	-232,121	-2.4 %
	-2,367,270	-1,892,644	25.1 %	-4,099,496	-3,726,793	10.0 %
Gross profit	3,157,845	2,309,475	36.7 %	5,435,574	4,620,016	17.7 %
Personnel expenses						
Wages and salaries	-929,533	-699,157	33.0 %	-1,649,666	-1,327,824	24.2 %
Social contributions and expenditures for pensions	-187,747	-159,674	17.6 %	-353,175	-306,834	15.1 %
	-1,117,280	-858,831	30.1 %	-2,002,841	-1,634,658	22.5 %
Depreciation of intangible assets and tangible fixed assets	-162,226	-206,675	-21.5 %	-317,006	-407,206	-22.2 %
Other operating expenditure	-1,159,345	-1,063,957	9.0 %	-2,050,699	-1,976,046	3.8 %
Operating results	718,994	180,012	>100.0 %	1,065,028	602,106	76.9 %
Income from dividends	36,000	54,145	-33.5 %	36,000	54,145	-33.5 %
Income from sale of securities	0	295,244	-	0	295,244	-
Depreciation of securities	0	0	-	0	0	-
Expenses from securities	-309	-101,961	-99.7 %	-809	-102,460	-99.2 %
Other interest and related income	4,866	4,062	19.8 %	13,513	11,500	17.5 %
Interests and similar expenses	-80,413	-58,743	36.9 %	-134,514	-116,234	15.7 %
Financial result	-39,856	192,747	-	-85,810	142,195	-
Result of normal business activity	679,138	372,759	82.2 %	979,218	744,301	31.6 %
Taxes on income and profit	-144,716	-33,592	>100.0 %	-264,778	-157,671	67.9 %
Group net profit for the period	534,422	339,167	57.6 %	714,440	586,630	21.8 %
Result of non-controlling shareholders for the period	27,349	5,664	>100.0 %	16,912	-1,951	
Net earnings of the parent company's shareholders in the period concerned	507,073	333,503	52.0 %	697,528	588,581	18.5 %
Gross result for first quarter of year (EBITDA)	881,220	386,687	>100.0 %	1,382,034	1,009,312	36.9 %
Earnings per share undiluted	0.10	0.07	42.9 %	0.14	0.12	16.7 %

Statement of financial position as at the end of the period by June 30, 2014

Assets	30. June 2014 EUR	31. December 2013 EUR	Change
A. Long-term assets			
I. Intangible assets			
1. Development costs	162,964	160,215	1.7 %
2. Other intangible assets	522,453	456,845	14.4 %
3. Goodwill	75,750	75,750	-
	761,167	692,810	9.9 %
II. Tangible assets			
1. Land and buildings	1,119,928	1,152,585	-2.8 %
2. Plant and machinery	1,916,151	1,994,532	-3.9 %
3. Other plants, operating and office equipment	172,840	169,047	2.2 %
4. Assets under construction	57,819	16,663	>100.0 %
	3,266,738	3,332,827	-2.0 %
III. Other assets	50,003	50,003	-
IV. Deferred taxes	876,060	1,083,646	-19.2 %
	4,953,968	5,159,286	-4.0 %
B. Current assets			
I. Inventories			
1. Raw, auxiliary and operating materials	1,668,269	1,260,058	32.4 %
2. Unfinished products	1,255,363	1,185,681	5.9 %
3. Finished products and goods	2,890,548	2,089,779	38.3 %
	5,814,180	4,535,518	28.2 %
II. Receivables and other assets			
1. Trade accounts receivable	3,474,510	2,866,920	21.2 %
2. Tax claims	407,611	380,903	7.0 %
3. Other assets	257,736	296,250	-13.0 %
	4,139,857	3,544,073	16.8 %
III. Securities	3,877,867	4,346,104	-10.8 %
IV. Means of payment	8,830,505	11,112,484	-20.5 %
	22,662,409	23,538,179	-3.7 %
	27,616,377	28,697,465	-3.8 %
Equity and Liabilities			
A. Equity			
I. Subscribed capital	4,949,999	4,949,999	-
II. Capital reserves	10,711,677	10,711,677	-
III. Other reserves	4,082,099	5,043,049	-19.1 %
Attributable to parent company shareholders	19,743,775	20,704,725	-4.6 %
Non-controlling shareholders	-609,574	-624,334	-2.4 %
	19,134,201	20,080,391	-4.7 %
B. Non-current liabilities			
1. Liabilities to banks	2,403,980	2,934,852	-18.1 %
2. Accrued investment subsidies	641,746	697,787	-8.0 %
3. Other long-term liabilities	596,079	596,079	-
	3,641,805	4,228,718	-13.9 %
C. Current liabilities			
1. Amounts owed to credit institutions	2,450,193	2,143,250	14.3 %
2. Advances received	31,756	48,104	-34.0 %
3. Trade accounts payable	1,326,801	1,358,482	-2.3 %
4. Tax liabilities	148,008	84,127	75.9 %
5. Other current liabilities	883,613	754,393	17.1 %
	4,840,371	4,388,356	10.3 %
	27,616,377	28,697,465	-3.8 %

Statement of cash flow for the period January 1, 2014 to June 30, 2014

	January – June 2014 kEUR	January – June 2013 kEUR
Group net profit for the period	714	587
Other non-cash expenses	-2	-25
Dividend income	-36	-54
Interest income	-14	-11
Interest paid	135	116
Decrease in deferred taxes	208	118
Expenditure from income taxes	57	39
Depreciation of fixed assets	317	407
Income from the sale of securities	0	-295
Losses from securities trading	0	0
Depreciation of securities	0	0
Amortization of allowances and subsidies	-56	-55
Loss on disposal of fixed assets	10	0
Gross cash flow	1,333	827
Increase/decrease in inventories	-1,279	660
Increase/decrease in trade receivables and other assets	-728	2
Increase in current and other liabilities	98	218
Cash from dividends	36	54
Inflow from interest	14	11
Outflow from interest	-135	-116
Inflow/Outflow of taxes	107	-34
Cash flow from operations	-554	1,622
Outflow for investment in fixed assets	-330	-373
Inflow from funds for investments	15	0
Payments from financial investments	0	865
Cash for financial investment	0	-1,029
Cash flow from investments	-315	-537
Cash inflow from non-controlling shareholders	0	0
Distribution of profits to non-controlling shareholders	0	-10
Dividend distribution	-1,188	-990
Proceeds from the repayment of loans	416	0
Outflows for the repayment of loans	-641	-375
Decrease/increase in fixed liabilities	0	0
Cash flow from financing activities	-1,413	-1,375
Change in cash and cash equivalents	-2,282	-290
Cash and cash equivalents at the start of the reporting period	11,112	8,810
Cash and cash equivalents at the end of the reporting period	8,830	8,520

Statement of changes in equity for the period by June 30, 2014

	Subscribed capital	Capital reserves	Other reserves			To be assigned to the shareholders of the parent company	Non-controlling interests	Equity capital
			Market valuation reserve	Currency conversion reserves	Accumulated earnings			
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of January 1, 2013	4,949,999	10,711,677	144,916	17,968	3,209,505	19,034,065	-412,790	18,621,275
Dividend payment to shareholders	0	0	0	0	-990,000	-990,000	-9,591	-999,591
Transaction with associates and shareholders	0	0	0	0	-990,000	-990,000	-9,591	-999,591
Group period result	0	0	0	0	588,581	588,581	-1,951	586,630
Unrealized profits and losses from valuation of securities	0	0	258,585	0	0	258,585	0	258,585
Currency translation in group	0	0	0	-12,774	0	-12,774	-12,274	-25,048
Total consolidated income	0	0	258,585	-12,774	588,581	834,392	-14,225	820,167
As of June 30, 2013	4,949,999	10,711,677	403,501	5,194	2,808,086	18,878,457	-436,606	18,441,851
As of January 1, 2014	4,949,999	10,711,677	1,477,897	11,865	3,553,287	20,704,725	-624,334	20,080,391
Dividend payment to shareholders	0	0	0	0	-1,188,000	-1,188,000	0	-1,188,000
Transaction with associates and shareholders	0	0	0	0	-1,188,000	-1,188,000	0	-1,188,000
Group period result	0	0	0	0	697,528	697,528	16,912	714,440
Unrealized profits and losses from valuation of securities	0	0	-468,236	0	0	-468,236	0	-468,236
Currency translation in group	0	0	0	-2,242	0	-2,242	-2,152	-4,394
Total consolidated income	0	0	-468,236	-2,242	697,528	227,050	14,760	241,810
As of June 30, 2014	4,949,999	10,711,677	1,009,661	9,623	3,062,815	19,743,775	-609,574	19,134,201

Consolidated Statement of Comprehensive Income (IFRS) for the period from January 1, 2014 to June 30, 2014

	01.01.-30.06.2014 EUR	01.01.-30.06.2013 EUR
Net earnings of the parent company's shareholders in the period concerned	714,440	586,630
Income and expenses directly included in equity capital		
Which are reclassified under specific conditions to profit or loss:		
Profit and losses from the revaluation of securities	-468,236	258,585
Difference resulting from currency translation	-4,394	-25,048
Income and expenses directly included in equity capital	-472,630	233,537
Total consolidated income	241,810	820,167
Of which for non-controlling shareholders	14,760	-14,225
Of which for parent company shareholders	227,050	834,392

Segment Report for the period from January 1, 2014 to June 30, 2014

According to product segments	Healthcare Diagnostic Jan.- June kEUR	Respiratory Jan.- June kEUR	Med. Warming Systems Jan.- June kEUR	Cardio/ Stroke Jan.- June kEUR	Consolidation Jan.- June kEUR	Reconciliation Jan.- June kEUR	Total Jan.- June kEUR
2014							
Segment revenues	6,406	2,069	310	228	-139	0	8,874
Operating results	766	407	-65	-39	37	-41	1,065
of which:							
Amortization of intangible assets and depreciation of tangible assets	273	11	6	3	-5	29	317
Segment assets	10,929	2,465	1,018	169	0	12,159	26,740
Segment liabilities	6,723	811	321	627	0	0	8,482

According to product segments	Healthcare Diagnostic Jan.- June kEUR	Respiratory Jan.- June kEUR	Med. Warming Systems Jan.- June kEUR	Cardio/ Stroke Jan.- June kEUR	Consolidation Jan.- June kEUR	Reconciliation Jan.- June kEUR	Total Jan.- June kEUR
2013							
Segment revenues	7,534	995	390	212	-433	0	8,698
Operating results	879	160	-88	-67	-24	-258	602
of which:							
Amortization of intangible assets and depreciation of tangible assets	388	5	11	2	-41	42	407
Segment assets	10,986	900	909	149	0	12,941	25,885
Segment liabilities	7,416	327	205	607	0	0	8,555

According to regions	Europe Jan.-June kEUR	South America Jan.-June kEUR	Germany Jan.-June kEUR	Middle East Jan.-June kEUR	USA Jan.-June kEUR	Others Jan.-June kEUR	Total Jan.-June kEUR
2014							
Sales revenue	3,963	1,619	1,816	685	426	504	9,013
Elimination of intercompany Sales	0	-58	-81	0	0	0	-139
Sales revenue to third parties	3,963	1,561	1,735	685	426	504	8,874
Gross profit or loss	2,462	892	1,078	426	265	313	5,436
Operating results	492	158	215	85	53	62	1,065
of which:							
Amortization/depreciation of intangible assets and tangible assets	168	7	74	29	18	21	317
Amortization of public grants and subsidies	31	0	13	5	3	4	56
Acquisition costs of fixed assets for the period	0	14	316	0	0	0	330
Segment assets	0	2,798	23,942	0	0	0	26,740

According to regions	Europe Jan.-June kEUR	South America Jan.-June kEUR	Germany Jan.-June kEUR	Middle East Jan.-June kEUR	USA Jan.-June kEUR	Others Jan.-June kEUR	Total Jan.-June kEUR
2013							
Sales revenue	3,638	2,234	1,446	726	650	437	9,131
Elimination of intercompany Sales	0	-35	-398	0	0	0	-433
Sales revenue to third parties	3,638	2,199	1,048	726	650	437	8,698
Gross profit or loss	1,887	1,237	555	376	337	227	4,619
Operating results	235	181	69	47	42	28	602
of which:							
Amortization/depreciation of intangible assets and tangible assets	219	15	64	44	39	26	407
Amortization of public grants and subsidies	31	0	9	6	6	4	56
Acquisition costs of fixed assets for the period	0	-3	376	0	0	0	373
Segment assets	0	2,110	23,775	0	0	0	25,885

Notes on Interim Consolidated Financial Statements for the Period from January 01, 2014 to June 30, 2014

Accounting and Valuation Methods

The interim consolidated financial statements of Geratherm Medical AG as at June 30, 2014 were prepared in accordance with the rules of the International Financial Reporting Standards (IFRS) valid on the date of the financial statements and in consideration of the guidance provided by the International Financial Reporting Interpretations Committee (IFRIC), as is mandatory in the European Union.

The accounting, evaluation and consolidation principles were maintained, as shown in the Notes to Consolidated Financial Statements for 2013 Fiscal Year.

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

Consolidated Group

The following changes occurred in the consolidation group as of June 30, 2014:

Company	Share quota 6/30/2014	Share quota 6/30/2013
GME Rechte und Beteiligungen GmbH, Geschwenda, Germany	100.00%	100.00%
Sensor Systems GmbH, Steinbach Hallenberg / Germany	100.00%	-
apoplex medical technologies GmbH, Pirmasens, Germany	59.11%	59.11%
Geratherm Respiratory GmbH, Bad Kissingen, Germany	61.27%	61.27%
Geratherm Medical do Brasil Ltda., Sao Paulo, Brazil	51.00%	51.00%

Sensor Systems GmbH was founded with the Articles of Association from February 25, 2014. The nominal capital is €25,000 and has been paid in full. The formation was entered in the Commercial Register on March 14, 2014. Sensor Systems GmbH is a wholly owned subsidiary of Geratherm Medical AG and started its activities on April 1, 2014. The company is engaged in the development, production and distribution of sensors, filters, connecting elements, electronic components and similar products for different industries, especially for the medical technology segment.

Equity Capital

The development of the equity capital is shown in the consolidated statement of change to the shareholders' equity. The subscribed capital of Geratherm Medical AG amounts all in all to EUR 4,949,999 as at 6/30/2014 (2013: EUR 4,949,999) and is divided into 4,949,999 (2013: 4,949,999) share certificates issued to the bearers. The subscribed capital has been paid in full. As of the reporting date there were no shares held by the company.

The shareholders of Geratherm Medical AG have agreed during the annual general meeting of the company on May 27, 2014 in Ilmenau to distribute a dividend of 0.24 EUR per individual share.

The dividend was distributed in the amount of EUR 1,187,999.76 on May 28, 2014.

These interim consolidated financial statements as at June 30, 2014 were not audited or reviewed by the company's auditors.

Financial Statement Affidavit

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim 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 interim 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 for the remaining months of the financial year.

Geschwenda, August 2014



Dr. Gert Frank
Chairman of the Board



Thomas Robst
Head of Sales

COMPANY CALENDAR 2014

12. SCC Small Cap Conference/ Frankfurt am Main	1. September
9-Month Report	20. November

COMPANY CALENDAR 2015

3-Month Report	21. May
6-Month Report	20. August
9-Month Report	19. November

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