

A man in a blue shirt is seen from the back, with his right arm outstretched towards a bright blue sky filled with white, fluffy clouds. He is wearing a watch on his left wrist. The overall mood is one of openness and aspiration.

# Geratherm®

*SOLUTIONS FOR A  
HEALTHY WORLD*

Half-yearly Report 2016

## GERATHERM

## AT A GLANCE

Facts and Figures	January-June 2016	January-June 2015	Change
<b>Sales revenues</b>	<b>11,327 kEUR</b>	<b>10,654 kEUR</b>	<b>6.3 %</b>
of which export share	9,620 kEUR	9,154 kEUR	5.1 %
Export ratio	85 %	86 %	-1.2 %
Gross result (EBITDA)	2,110 kEUR	1,901 kEUR	11.0 %
<b>EBITDA margin</b>	<b>18.6%</b>	<b>17.8%</b>	<b>4.5 %</b>
Amortisation or depreciation	-562 kEUR	-422 kEUR	33.0 %
<b>Operating result (EBIT)</b>	<b>1,548 kEUR</b>	<b>1,479 kEUR</b>	<b>4.7 %</b>
<b>EBIT margin</b>	<b>13.7 %</b>	<b>13.9 %</b>	<b>-1.4 %</b>
Financial result	-154 kEUR	-182 kEUR	-15.8 %
Result of ordinary activities	1,394 kEUR	1,297 kEUR	7.5 %
<b>Net earnings of the parent company's shareholders in the period concerned</b>	<b>988 kEUR</b>	<b>1,057 kEUR</b>	<b>-6.5 %</b>
Long-term assets	5,022 kEUR	4,252 kEUR	18.1 %
Short-term assets	21,857 kEUR	24,464 kEUR	-10.7 %
Balance sheet total	26,879 kEUR	28,716 kEUR	-6.4 %
Equity capital	19,561 kEUR	20,573 kEUR	-4.9 %
Return on equity	10.1 %	10.3 %	-1.7 %
Equity ratio	72.8 %	71.6 %	1.7 %
Cash, cash equivalents and securities	9,528 kEUR	13,464 kEUR	-29.2 %
<b>Earnings per share according to IFRS (EPS)*</b>	<b>0.20 EUR</b>	<b>0.21 EUR</b>	<b>-4.8 %</b>
<b>Earnings per share according to DVFA*</b>	<b>0.20 EUR</b>	<b>0.21 EUR</b>	<b>-4.8 %</b>
Number of employees at end of period	204	162	25.9 %
Unit shares	4,949,999	4,949,999	-
* based on united shares in circulation	4,949,999	4,949,999	-

## Business Performance from 1 January to 30 June 2016

- Sales revenues EUR 11.3 million +6.3 %
- Gross result for first half of year (EBITDA) 2,110 kEUR +11.0 %
- Operating result (EBIT) 1,548 kEUR +4.7 %
- Results from ordinary business activities 1,394 kEUR +7.5 %
- Consolidated net profit for period under review 1,131 kEUR +27.5 %
- Earnings after taxes (EAT) 988 kEUR -6.5 %
- Healthy Performance during 2nd. Quarter of 2016

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

Geratherm Medical posted a healthy performance for the first six months of the current business year. In the past three months, the company succeeded in reporting a substantial increase in turnover and revenue. This development was supported by the favourable situation in the new business segments.

Sales on the group level grew by +6.3 % to EUR 11.3 million during the first two quarters. The gross profit increased by +9.9 % to EUR 7.6 million. Based on an overall performance, that equates to a gross margin of 64.2 % (2015: 63.3 %).

The EBITDA margin at the group level amounted to 18.6 % (2015: 17.8 %), the EBIT margin amounted to 13.7 % (2015: 13.9 %).

The sales of the Healthcare Diagnostic segment increased by +5.5 % during the first six months. The EBIT margin amounted to 15.2 % (2015: 16.2 %). The Respiratory segment managed to expand its sales by +17.1 % compared to the same period last year. The EBIT margin amounted to 9.2 % (2015: 1.9 %). Due to a weaker performance posted by the sales of LMT Medical products during the first six months, the sales generated by Medical Warming Systems in the period under review decreased by -13.7 %.

The EBIT margin amounted to 8.1 % (2015: 15.9 %). The Cardio/Stroke segment was able to expand its sales significantly by +76.0 %. The EBIT margin was 17.9 % (2015: -4.8 %).

The sales growth recorded in the period from April to June of this current business year increased by +11.2 % compared to the same period last year. The gross profit (EBITDA) increased by +42.6 % and amounted for the past three months to 1,387 kEUR (2015: 973 kEUR). The EBIT was 1,104 kEUR (2015: 760 kEUR). This corresponds to an EBIT margin at group level of 18.7 %. After deducting income tax, the company reported during the second quarter a consolidated net profit of 888 kEUR (2015: 508 kEUR). Less the minority interests, the result after taxes for the second quarter amounted to 751 kEUR or 15 EUR cents per share (2015: 10 EUR cents).

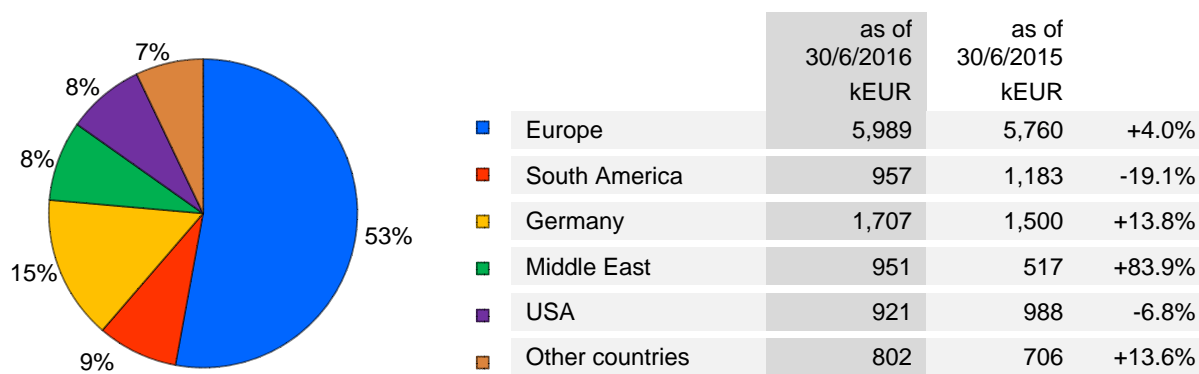
### Facts and Figures (in kEUR)

	II/16	I/16	IV/15	III/15	II/15
Sales	5,899	5,428	5,675	5,260	5,304
EBITDA margin	23.5%	13.3%	12.3%	15.7%	18.3%
EBIT	1,104	444	444	611	760
EPS (EUR)	0.15	0.05	0.18	0.16	0.10
Cash flow	1,184	756	620	1,006	1,049

### Sales Development

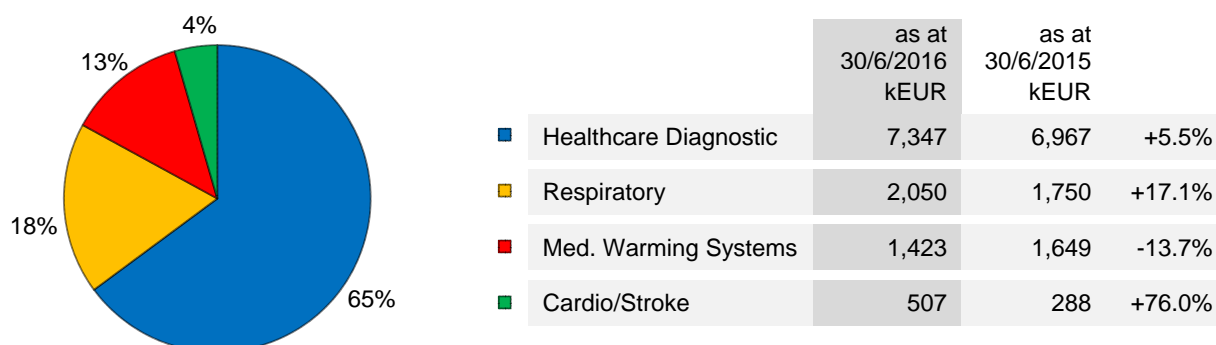
Sales trends on the German market, in Europe and in the Middle East region were positive. Almost all product groups reported growth in sales. Sales in Germany were positively influenced in particular by the sales expansion reported by the subsidiary apoplex medical. The strong growth recorded in the Middle East region benefited from a weak period last year. The drop in sales posted on the U.S. market can be attributed to the weak performance of LMT Medical, which reported a good sales situation for this market last year. Geratherm products registered a drop in sales because of the continuing economic difficulties prevailing in South America.

## Sales by regions 1/1 - 30/6/2016



The current growth posted by Geratherm Medical is increasingly supported by the positive development in the new business areas. Based on current estimates, this should continue over the coming quarters.

## Sales by segments 1/1 - 30/6/2016



The Healthcare Diagnostic segment managed to report a sales growth of +5.5 % during the first 6 months. Growth was driven by the analog clinical thermometer product group and medical capillaries. The product group showed a 11.3 % sales jump and accounted for a 39.4 % share of the the overall sales of the Geratherm Group. The digital clinical thermometer and blood pressure monitor product groups exhibited a weaker development.

The Respiratory segment continued to grow in the six months of the business year and registered a jump in sales of +17.1 %. Its share in total sales posted by the Geratherm Group is now 18.1 %.

The sales in the Medical Warming Systems segment decreased by -13.7 %. The weaker sales reported by LMT Medical for the first six months of the current business year played a key role in this case. We assume that this segment will show positive development again in the coming quarters.

Sales development in the Segment Cardio/Stroke segment was satisfying. The segment managed to increase its sales substantially by +76.0 % during the first six months compared to the same period last year. Besides the increasing demand for apoplex products, performance was positively influenced by the inclusion of apoplex products in a clinical trial for regulatory approval. apoplex cooperates in this regard with Bayer AG in a "multicenter phase III study". About 7,000 patients from more than 25 countries worldwide are participating in the study at 350 study centres.

During the course of the study, apoplex medical is equipping approx. 160 centres with its Stroke Risk Analyser product (SRA) all over the globe.

## Earnings Situation

The operating result posted in the first half of the current business year showed good growth due to the positive sales trend and increasing integration of higher-margin products.

The gross margin of the overall performance amounted during the first six months to 64.2 % (2015: 63.3 %). The gross profit (EBITDA) was 2,110 kEUR (2015: 1,901 kEUR). The EBITDA margin increased slightly from 17.8 % to 18.6 % compared to the same reference period last year. The write-offs increased to 562 kEUR (2015: 422 kEUR).

The operating result (EBIT) increased by +4.7 % to 1,548 kEUR during the course of the first six months of the year. The EBIT margin remained with 13.7 % at the same level as last year.

After the negative profit contribution of our Brazilian subsidiary compared to the same reference period last year, the company managed to show a slightly positive earnings this year. This benefited from a positive foreign exchange earnings of +198 kEUR.

The result from ordinary business activities of 1,394 kEUR (+7.5 %) was generated for the first half of the year less the reported financial results in the amount of -154 kEUR (2015: -182 kEUR).

Income taxes weighed on the result with -264 kEUR (2015: -410 kEUR). The effective taxes amounted, however, to only 172 kEUR. The remaining amount of 92 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 2016 was 1,131 kEUR (2015: 886 kEUR), an increase of 27.5 %. After redeeming the result attributable to minority interests, a net income of 988 kEUR (-6.5 %) for the first half of the year was generated for the shareholders of the parent company. The result per share for the first six months is 20 EUR cents (2015: 21 EUR cent).

### **Net Assets and Financial Situation**

Geratherm Medical enjoys a favourable asset situation. The balance sheet total of EUR 26.9 million is essentially formed by equity capital in the amount of EUR 19.6 million. The equity-to-assets ratio was 72.8 % as of the reporting date (2015: 71.6 %). The return on equity amounted to 10.1 % (2015: 10.3 %). The overall return on investment capital is 8.9 % (2015: 8.9 %).

As of 30 June 2016 the company had cash, cash equivalents and securities in the amount of EUR 9.5 million (2015: EUR 13.5 million). Thus, the company has an above-average healthy financial position, particularly in light of the current growth phase and possible acquisitions.

The long-term assets amount to EUR 5.0 million (+3.4 %). The intangible assets decreased by -9.7 % to 545 kEUR due to depreciation and amortisation.

For tangible assets the company reported an increase of +5.1 % to EUR 3,9 million. This can be attributed to the purchase of a production hall for sensor systems and the acquisition of facilities for the production of medical capillaries.

The deferred taxes item decreased by the reported profits to 48 kEUR (2015: 140 kEUR).

Inventories increased by +9.3 % to EUR 7.4 million. The accounts receivable and other assets increased by +26.0 % to EUR 4.9 million during the first six months of the year. As at 30 June 2016, the company held securities worth EUR 4.8 million (-4.3 %). The cash and cash equivalents amounted to EUR 4.7 million (-51.2 %).

The gross cash flow for the first six months increased to 1,940 kEUR (2015: 1,630 kEUR). The cash flow from business operations was -668 kEUR (2015: +1,547 kEUR). The cash flow from investments increased to -1,651 kEUR (2015: -714 kEUR).

## **Research and Development**

Our research and development activities are currently focused on our Medical Warming Systems and Respiratory segments. The projects are planned on the basis of medium to long-term goals.

## **Annual General Meeting**

The annual general meeting of the shareholders of Geratherm Medical convened on 6 June 2016, in the "Messeturm" in Frankfurt am Main. All items on the agenda were discussed and adopted by our shareholders. The shareholders in attendance represented 58.79 % (2015: 65.7 %).



## Staff

The Geratherm Group had a staff of 204 persons in total as of 30 June 2016 (2015: 162) with 187 employees in Germany (2015: 146).

## Outlook

As things stand currently, we assume that the positive development of the Geratherm Group shall continue across all segments in the coming quarters. We expect that the Cardio/Stroke and Respiratory segments will have the greatest stimulating effect on growth.

Geschwenda, August 2016



Dr. Gert Frank  
Chief Executive Officer

## Statement of comprehensive income for the period January 1, 2016 to June 30, 2016

	April-June 2016 EUR	April-June 2015 EUR	Change	Jan.-June 2016 EUR	Jan.-June 2015 EUR	Change
Sales revenue	5,898,955	5,304,247	11.2%	11,326,868	10,654,361	6.3%
Change in stocks of finished and unfinished goods	85,229	48,063	77.3%	79,569	-105,229	>100.0%
Other own work capitalized	27,157	3,199	>100.0%	52,043	5,494	>100.0%
Other operating income	174,508	-60,252	>100.0%	375,282	377,974	-0.7%
	6,185,849	5,295,257	16.8%	11,833,762	10,932,600	8.2%
Material costs						
Costs for consumables, supplies and goods and for specific products	-1,837,469	-1,793,175	2.5%	-3,628,467	-3,781,964	-4.1%
Costs of purchased services	-275,781	-121,923	>100.0%	-601,945	-232,076	>100.0%
	-2,113,250	-1,915,098	10.3%	-4,230,412	-4,014,040	5.4%
<b>Gross profit</b>	<b>4,072,599</b>	<b>3,380,159</b>	<b>20.5%</b>	<b>7,603,350</b>	<b>6,918,560</b>	<b>9.9%</b>
Personnel expenses						
Wages and salaries	-1,296,231	-1,000,702	29.5%	-2,485,220	-1,999,489	24.3%
Social contributions and expenditures for pensions	-288,376	-246,814	16.8%	-546,561	-468,945	16.6%
	-1,584,607	-1,247,516	27.0%	-3,031,781	-2,468,434	22.8%
Depreciation of intangible assets and tangible fixed assets	-282,092	-212,548	32.7%	-562,008	-422,436	33.0%
Other operating expenditure	-1,101,401	-1,159,999	-5.1%	-2,461,435	-2,548,439	-3.4%
<b>Operating results</b>	<b>1,104,499</b>	<b>760,096</b>	<b>45.3%</b>	<b>1,548,126</b>	<b>1,479,251</b>	<b>4.7%</b>
Income from dividends	39,000	39,000	0.0%	39,000	39,000	0.0%
Income from sale of securities	13,647	0	-	13,647	0	-
Depreciation of securities	0	0	-	0	0	-
Expenses from securities	-2,042	-1,267	61.2%	-3,681	-2,767	33.0%
Other interest and related income	2,011	3,609	-44.3%	3,138	5,278	-40.5%
Interests and similar expenses	-113,696	-131,799	-13.7%	-205,739	-223,946	-8.1%
<b>Financial result</b>	<b>-61,080</b>	<b>-90,457</b>	<b>-32.5%</b>	<b>-153,635</b>	<b>-182,435</b>	<b>-15.8%</b>
<b>Result of normal business activity</b>	<b>1,043,419</b>	<b>669,639</b>	<b>55.8%</b>	<b>1,394,491</b>	<b>1,296,816</b>	<b>7.5%</b>
Taxes on income and profit	-155,594	-161,947	-3.9%	-263,812	-410,337	-35.7%
<b>Group net profit for the period</b>	<b>887,825</b>	<b>507,692</b>	<b>74.9%</b>	<b>1,130,679</b>	<b>886,479</b>	<b>27.5%</b>
Result of non-controlling shareholders for the period	136,402	19,673	>100.0%	142,625	-170,498	>100.0%
<b>Net earnings of the parent company's shareholders in the period concerned</b>	<b>751,423</b>	<b>488,019</b>	<b>54.0%</b>	<b>988,054</b>	<b>1,056,977</b>	<b>-6.5%</b>
<b>Gross result for first quarter of year (EBITDA)</b>	<b>1,386,591</b>	<b>972,644</b>	<b>42.6%</b>	<b>2,110,134</b>	<b>1,901,687</b>	<b>11.0%</b>
<b>Earnings per share undiluted</b>	<b>0.15</b>	<b>0.10</b>	<b>50.0%</b>	<b>0.20</b>	<b>0.21</b>	<b>-4.8%</b>

## Statement of financial position as at the end of the period by June 30, 2016

Assets	30. June 2016 EUR	31. December 2015 EUR	Change
<b>A. Long-term assets</b>			
<b>I. Intangible assets</b>			
1. Development costs	153,801	161,491	-4.8%
2. Other intangible assets	315,246	366,234	-13.9%
3. Goodwill	75,750	75,750	0.0%
	<b>544,797</b>	<b>603,475</b>	<b>-9.7%</b>
<b>II. Tangible assets</b>			
1. Land and buildings	1,238,371	1,021,961	21.2%
2. Plant and machinery	2,269,239	2,254,680	0.6%
3. Other plants, operating and office equipment	321,612	311,484	3.3%
4. Assets under construction	82,696	134,412	-38.5%
	<b>3,911,918</b>	<b>3,722,537</b>	<b>5.1%</b>
<b>III. Other assets</b>	270,000	270,000	0.0%
<b>IV. Other long-term receivables</b>	247,664	123,045	>100.0%
<b>V. Deferred taxes</b>	47,806	139,642	-65.8%
	<b>5,022,185</b>	<b>4,858,699</b>	<b>3.4%</b>
<b>B. Current assets</b>			
<b>I. Inventories</b>			
1. Raw, auxiliary and operating materials	2,307,771	2,148,258	7.4%
2. Unfinished products	1,202,060	1,317,323	-8.7%
3. Finished products and goods	3,937,195	3,349,944	17.5%
	<b>7,447,026</b>	<b>6,815,525</b>	<b>9.3%</b>
<b>II. Receivables and other assets</b>			
1. Trade accounts receivable	4,077,973	3,125,080	30.5%
2. Tax claims	489,883	303,731	61.3%
3. Other assets	314,196	446,595	-29.6%
	<b>4,882,052</b>	<b>3,875,406</b>	<b>26.0%</b>
<b>III. Securities</b>	4,798,556	5,015,682	-4.3%
<b>IV. Means of payment</b>	4,729,129	9,682,703	-51.2%
	<b>21,856,763</b>	<b>25,389,316</b>	<b>-13.9%</b>
	<b>26,878,948</b>	<b>30,248,015</b>	<b>-11.1%</b>
<b>Equity and Liabilities</b>			
<b>A. Equity</b>			
I. Subscribed capital	4,949,999	4,949,999	0.0%
II. Capital reserves	11,035,367	11,035,367	0.0%
III. Other reserves	4,111,555	6,523,091	-37.0%
Attributable to parent company shareholders	20,096,921	22,508,457	-10.7%
Non-controlling shareholders	-535,635	-569,240	-5.9%
	<b>19,561,286</b>	<b>21,939,217</b>	<b>-10.8%</b>
<b>B. Non-current liabilities</b>			
1. Liabilities to banks	1,819,760	1,533,697	18.7%
2. Accrued investment subsidies	419,983	474,221	-11.4%
3. Other long-term liabilities	805,521	791,228	1.8%
	<b>3,045,264</b>	<b>2,799,146</b>	<b>8.8%</b>
<b>C. Current liabilities</b>			
1. Amounts owed to credit institutions	840,920	1,144,682	-26.5%
2. Advances received	204,530	305,790	-33.1%
3. Trade accounts payable	1,323,647	1,707,003	-22.5%
4. Tax liabilities	660,767	638,373	3.5%
5. Other current liabilities	1,242,534	1,713,804	-27.5%
	<b>4,272,398</b>	<b>5,509,652</b>	<b>-22.5%</b>
	<b>26,878,948</b>	<b>30,248,015</b>	<b>-11.1%</b>

## Statement of cash flow for the period January 1, 2016 to June 30, 2016

	January – June 2016 kEUR	January – June 2015 kEUR
Group net profit for the period	1,131	886
Other non-cash expenses	-113	-214
Dividend income	-39	-39
Interest income	-3	-5
Interest paid	206	224
Decrease in deferred taxes	92	296
Expenditure from income taxes	172	114
Depreciation of fixed assets	562	422
Income from the sale of securities	-14	0
Losses from securities trading	0	0
Depreciation of securities	0	0
Amortization of allowances and subsidies	-54	-56
Loss on disposal of fixed assets	0	2
<b>Gross cash flow</b>	<b>1,940</b>	<b>1,630</b>
Increase/decrease in inventories	-632	249
Increase in trade receivables and other assets	-1,067	-672
Decrease/Increase in current and other liabilities	-367	530
Cash from dividends	39	39
Inflow from interest	3	5
Outflow from interest	-206	-224
Inflow of taxes	-378	-10
<b>Cash flow from operations</b>	<b>-668</b>	<b>1,547</b>
Outflow for investment in fixed assets	-1,118	-149
Inflow from financial investments	514	0
Outflow for financial investments	-1,047	-565
<b>Cash flow from investments</b>	<b>-1,651</b>	<b>-714</b>
Cash inflow from non-controlling shareholders	0	35
Share acquisition of non-controlling shareholders	-100	0
Dividend distribution	-2,475	-1,238
Proceeds from the repayment of loans	2,364	1,245
Outflows for the repayment of loans	-2,381	-1,900
Increase in fixed liabilities	14	91
<b>Cash flow from financing activities</b>	<b>-2,578</b>	<b>-1,767</b>
<b>Change in cash and cash equivalents</b>	<b>-4,897</b>	<b>-934</b>
<b>Cash and cash equivalents at the start of the reporting period</b>	<b>9,683</b>	<b>8,869</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-57</b>	<b>253</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,729</b>	<b>8,188</b>

## Statement of changes in equity for the period by June 30, 2016

	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
<b>As of January 1, 2015</b>	<b>4,949,999</b>	<b>11,035,367</b>	<b>659,054</b>	<b>16,963</b>	<b>4,047,646</b>	<b>20,709,029</b>	<b>-366,071</b>	<b>20,342,958</b>
Interest-proportional increase in share capital of subsidiary Geratherm Medical do Brasil Ltda.	0	0	0	0	0	0	84,703	84,703
Purchase of shares in the subsidiary apoplex medical technologies GmbH by shareholders of minority interests	0	0	0	0	0	0	-50,000	-50,000
Dividend payment to shareholders	0	0	0	0	-1,237,500	-1,237,500	0	-1,237,500
<b>Transaction with associates and shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,237,500</b>	<b>-1,237,500</b>	<b>34,703</b>	<b>-1,202,797</b>
Group period result	0	0	0	0	1,056,977	1,056,977	-170,498	886,479
Unrealized profits and losses from revaluation of securities	0	0	506,471	0	0	506,471	0	506,471
Currency translation in group	0	0	0	20,412	0	20,412	19,611	40,023
<b>Total consolidated income</b>	<b>0</b>	<b>0</b>	<b>506,471</b>	<b>20,412</b>	<b>1,056,977</b>	<b>1,583,860</b>	<b>-150,887</b>	<b>1,432,973</b>
<b>As of June 30, 2015</b>	<b>4,949,999</b>	<b>11,035,367</b>	<b>1,165,525</b>	<b>37,375</b>	<b>3,867,123</b>	<b>21,055,389</b>	<b>-482,255</b>	<b>20,573,134</b>
<b>As of January 1, 2016</b>	<b>4,949,999</b>	<b>11,035,367</b>	<b>865,252</b>	<b>116,856</b>	<b>5,540,983</b>	<b>22,508,457</b>	<b>-569,240</b>	<b>21,939,217</b>
Purchase of shares in the subsidiary Geratherm Respiratory GmbH von nicht beherrschenden Anteilseignern	0	0	0	0	-74,000	-74,000	-26,000	-100,000
Dividend payment to shareholders	0	0	0	0	-2,475,000	-2,475,000	0	2,475,000
<b>Transaction with associates and shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,549,000</b>	<b>-2,549,000</b>	<b>-26,000</b>	<b>-2,575,000</b>
Group period result	0	0	0	0	988,054	988,054	142,625	1,130,679
Unrealized profits and losses from revaluation of securities	0	0	-763,897	0	0	-763,897	0	-763,897
Currency translation in group	0	0	0	-86,693	0	-86,693	-83,020	-169,713
<b>Total consolidated income</b>	<b>0</b>	<b>0</b>	<b>-763,897</b>	<b>-86,693</b>	<b>988,054</b>	<b>137,464</b>	<b>59,605</b>	<b>197,069</b>
<b>As of June 30, 2016</b>	<b>4,949,999</b>	<b>11,035,367</b>	<b>101,355</b>	<b>30,163</b>	<b>3,980,037</b>	<b>20,096,921</b>	<b>-535,635</b>	<b>19,561,286</b>

## Consolidated Statement of Comprehensive Income (IFRS) for the period from January 1, 2016 to June 30, 2016

	01.01.-30.06.2016 EUR	01.01.-30.06.2015 EUR
<b>Net earnings of the parent company's shareholders in the period concerned</b>	<b>1,130,679</b>	<b>886,479</b>
<b>Income and expenses directly included in equity capital Which are reclassified under specific conditions to profit or loss:</b>		
Profit and losses from the revaluation of securities	-763,897	506,471
Difference resulting from currency translation	-169,713	40,023
<b>Income and expenses directly included in equity capital</b>	<b>-933,610</b>	<b>546,494</b>
<b>Total consolidated income</b>	<b>197,069</b>	<b>1,432,973</b>
Of which for non-controlling shareholders	59,605	-150,887
Of which for parent company shareholders	137,464	1,583,860

## Segment Report for the period from January 1, 2016 to June 30, 2016

According to product segments	Healthcare Diagnostic	Respiratory	Med. Warming Systems	Cardio/Stroke	Consolidation	Reconciliation	Total
2016	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR
<b>Segment revenues</b>	<b>8,199</b>	<b>1,864</b>	<b>1,424</b>	<b>507</b>	<b>-667</b>	<b>0</b>	<b>11,327</b>
<b>Operating results</b>	<b>1,250</b>	<b>172</b>	<b>115</b>	<b>91</b>	<b>-4</b>	<b>-76</b>	<b>1,548</b>
of which:							
Amortization of intangible assets and depreciation of tangible assets	425	33	58	11	-10	45	562
<b>Segment assets</b>	<b>11,513</b>	<b>1,868</b>	<b>3,050</b>	<b>631</b>	<b>0</b>	<b>9,769</b>	<b>26,831</b>
<b>Segment liabilities</b>	<b>5,486</b>	<b>485</b>	<b>707</b>	<b>640</b>	<b>0</b>	<b>0</b>	<b>7,318</b>

According to product segments	Healthcare Diagnostic	Respiratory	Med. Warming Systems	Cardio/Stroke	Consolidation	Reconciliation	Total
2015	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR	Jan.- June kEUR
<b>Segment revenues</b>	<b>7,593</b>	<b>1,650</b>	<b>1,460</b>	<b>289</b>	<b>-338</b>	<b>0</b>	<b>10,654</b>
<b>Operating results</b>	<b>1,228</b>	<b>31</b>	<b>232</b>	<b>-14</b>	<b>117</b>	<b>-115</b>	<b>1,479</b>
of which:							
Amortization of intangible assets and depreciation of tangible assets	271	32	19	6	-6	100	422
<b>Segment assets</b>	<b>10,195</b>	<b>1,888</b>	<b>2,828</b>	<b>341</b>	<b>0</b>	<b>13,176</b>	<b>28,428</b>
<b>Segment liabilities</b>	<b>5,729</b>	<b>785</b>	<b>879</b>	<b>498</b>	<b>0</b>	<b>0</b>	<b>7,891</b>

According to regions	Europe	South America	Germany	Middle East	USA	Others	Total
2016	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR
<b>Sales revenue</b>	<b>5,989</b>	<b>989</b>	<b>2,342</b>	<b>951</b>	<b>921</b>	<b>802</b>	<b>11,994</b>
Elimination of intercompany Sales	0	-32	-635	0	0	0	-667
<b>Sales revenue to third parties</b>	<b>5,989</b>	<b>957</b>	<b>1,707</b>	<b>951</b>	<b>921</b>	<b>802</b>	<b>11,327</b>
<b>Gross profit or loss</b>	<b>3,960</b>	<b>712</b>	<b>1,163</b>	<b>629</b>	<b>609</b>	<b>530</b>	<b>7,603</b>
<b>Operating results</b>	<b>764</b>	<b>218</b>	<b>224</b>	<b>122</b>	<b>118</b>	<b>102</b>	<b>1,548</b>
of which:							
Amortization/depreciation of intangible assets and tangible assets	320	5	94	51	49	43	562
Amortization of public grants and subsidies	31	0	9	5	5	4	54
<b>Acquisition costs of fixed assets for the period</b>	<b>0</b>	<b>14</b>	<b>679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>693</b>
<b>Segment assets</b>	<b>0</b>	<b>1,825</b>	<b>24,938</b>	<b>0</b>	<b>68</b>	<b>0</b>	<b>26,831</b>

According to regions	Europe	South America	Germany	Middle East	USA	Others	Total
2015	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR	Jan.-June KEUR
<b>Sales revenue</b>	<b>5,760</b>	<b>1,272</b>	<b>1,748</b>	<b>517</b>	<b>989</b>	<b>706</b>	<b>10,992</b>
Elimination of intercompany Sales	0	-90	-248	0	0	0	-338
<b>Sales revenue to third parties</b>	<b>5,760</b>	<b>1,182</b>	<b>1,500</b>	<b>517</b>	<b>989</b>	<b>706</b>	<b>10,654</b>
<b>Gross profit or loss</b>	<b>3,746</b>	<b>755</b>	<b>979</b>	<b>336</b>	<b>643</b>	<b>459</b>	<b>6,918</b>
<b>Operating results</b>	<b>991</b>	<b>-152</b>	<b>259</b>	<b>89</b>	<b>170</b>	<b>122</b>	<b>1,479</b>
of which:							
Amortization/depreciation of intangible assets and tangible assets	253	7	66	23	43	31	423
Amortization of public grants and subsidies	34	0	9	4	5	4	56
<b>Acquisition costs of fixed assets for the period</b>	<b>0</b>	<b>-5</b>	<b>81</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76</b>
<b>Segment assets</b>	<b>0</b>	<b>2,315</b>	<b>26,113</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,428</b>

## Notes on Interim Consolidated Financial Statements for the Period from 1 January 2016 to 30 June 2016

### Accounting and Valuation Methods

The interim consolidated financial statements of Geratherm Medical AG were prepared for the first six months of the 2016 business year in accordance with the rules of the International Financial Reporting Standards (IFRS) valid on the date of the financial statements and in consideration of the guidance provided by the International Financial Reporting Interpretations Committee (IFRIC), as is mandatory in the European Union.

The accounting, evaluation and consolidation principles were maintained, as shown in the Notes to Consolidated Financial Statements for 2015 Business 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 30 June 2016. Geratherm Medical AG took over further nominal capital shares of minority interests in Geratherm Respiratory GmbH at a purchase price of 100 kEUR. That increases the share quota of share capital in Respiratory by 4.0 % (26 kEUR). The purchase price difference in the amount of 74 kEUR was shown as revenue reserve in equity capital of Geratherm.

Company	Share quota 30/6/2016	Share quota 31/12/2015
GME Rechte und Beteiligungen GmbH, Geschwenda, Germany	100.00%	100.00%
apoplex medical technologies GmbH, Pirmasens, Germany	58.76%	58.76%
Geratherm Respiratory GmbH, Bad Kissingen, Germany	65.27%	61.27%
Geratherm Medical do Brasil Ltda., Sao Paulo, Brazil	51.00%	51.00%
Sensor Systems GmbH, Steinbach Hallenberg, Germany	100.00%	100.00%
Capillary Solutions GmbH, Geschwenda, Germany	100,00%	100,00%
LMT Medical Systems GmbH, Lübeck, Germany	66.67 %	66.67 %
<i>Subsidiary of LMT Lübeck</i>		
<i>LMT Medical Systems Inc., Ohio, USA</i>	100.00 %	100.00 %



## 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 amounted as of 30 June 2016 to EUR 4,949,999 (2015: EUR 4,949,999) and is divided into 4,949,999 share certificates issued to the bearers (2015: 4,949,999). The subscribed capital has been paid in full. As of the reporting date there were no shares held by the company.

The shareholders of Geratherm Medical AG have agreed during the annual general meeting of the company on June 06, 2016 in Frankfurt to distribute a dividend of 0.50 EUR per individual share.

The dividend was distributed in the amount of EUR 2,475,000 on June 07, 2016.

These interim consolidated financial statements as at June 30, 2016 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 2016



Dr. Gert Frank  
Chief Executive Officer

## COMPANY CALENDAR 2016

Quarterly Statement 1<sup>st</sup> quarter 2016

24<sup>th</sup> May ✓

Half yearly report 2016

23<sup>rd</sup> August ✓

Quarterly Statement 3<sup>rd</sup> quarter 2016

22<sup>nd</sup> November

## COMPANY CALENDAR 2017

Quarterly Statement 1<sup>st</sup> quarter 2017

23<sup>th</sup> May

Half yearly report 2017

23<sup>rd</sup> August

Quarterly Statement 3<sup>rd</sup> quarter 2017

23<sup>nd</sup> November

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