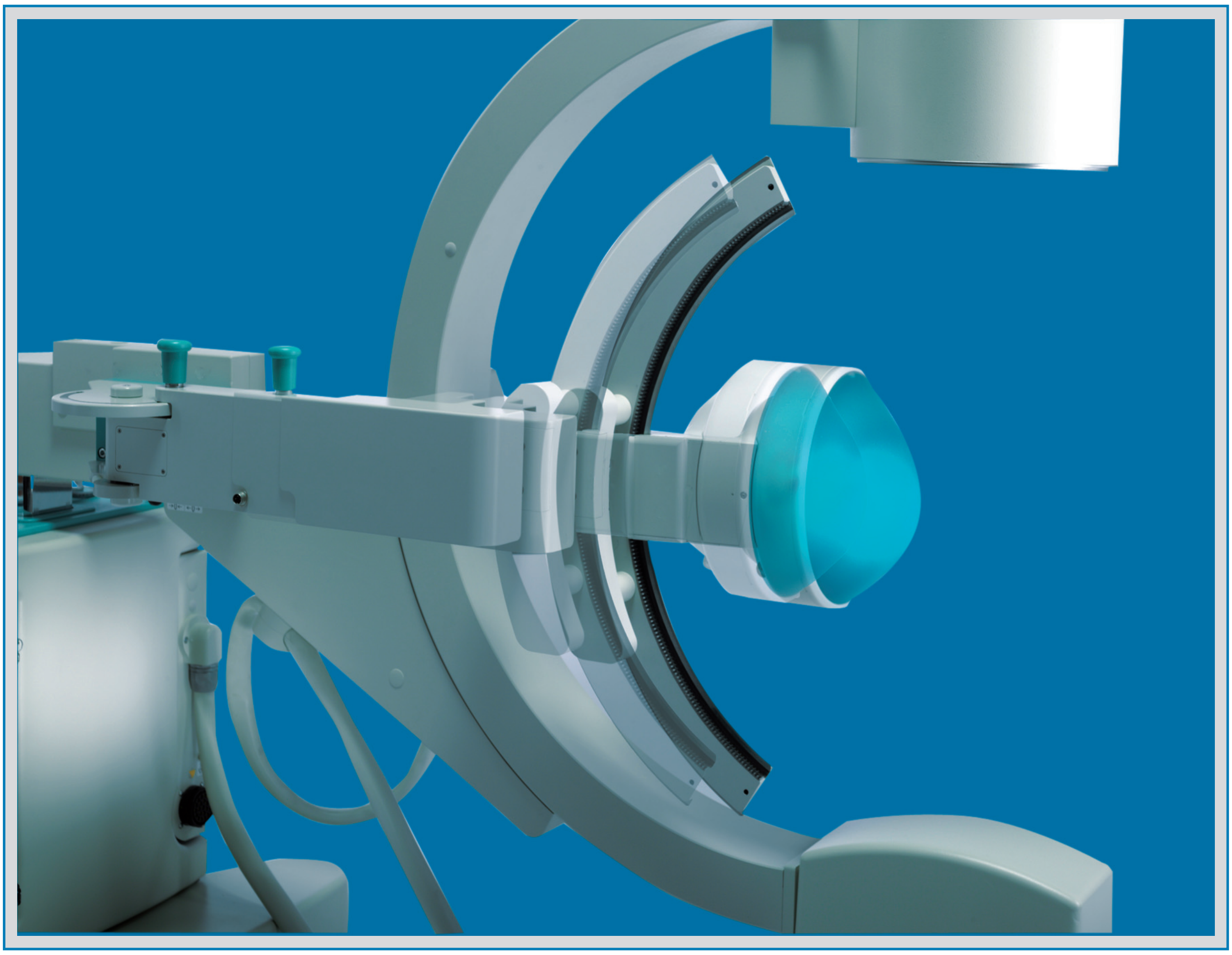
UMS

UNITED MEDICAL SYSTEMS



UMS Annual Report 2008
United Medical Systems International AG

Solutions For Better Patient Care

Key Indicators *

in million €	January 1 to December 31, 2008	January 1 to December 31, 2007	Change in %
Revenues *	35.7	36.2	-1%
Gross Profit * in %	16.8 47%	17.7 49%	-5%
Depreciation and Amortization *	3.1	2.6	17%
EBITDA * in %	14.0 39%	13.7 38%	1%
EBIT * in %	10.9 30%	11.1 31%	-2%
Profit for the year in %	8.2 23%	7.6 21%	9%
Numbers of employees as of 31 December *	215	210	2%

* without discontinued operation; 2007 adjusted due to separate disclosure of discontinued operations

Financial Calendar

April 23, 2009	Annual Report 2008
May 15, 2009	3 Month Report 2009
June 5, 2009	Annual Shareholder's Meeting, Hamburg
August 14, 2009	6 Month Report 2009
November. 9-11, 2009	Analyst Conference, Deutsches Eigenkapitalforum, Frankfurt/Main
November 13, 2009	9 Month Report 2009

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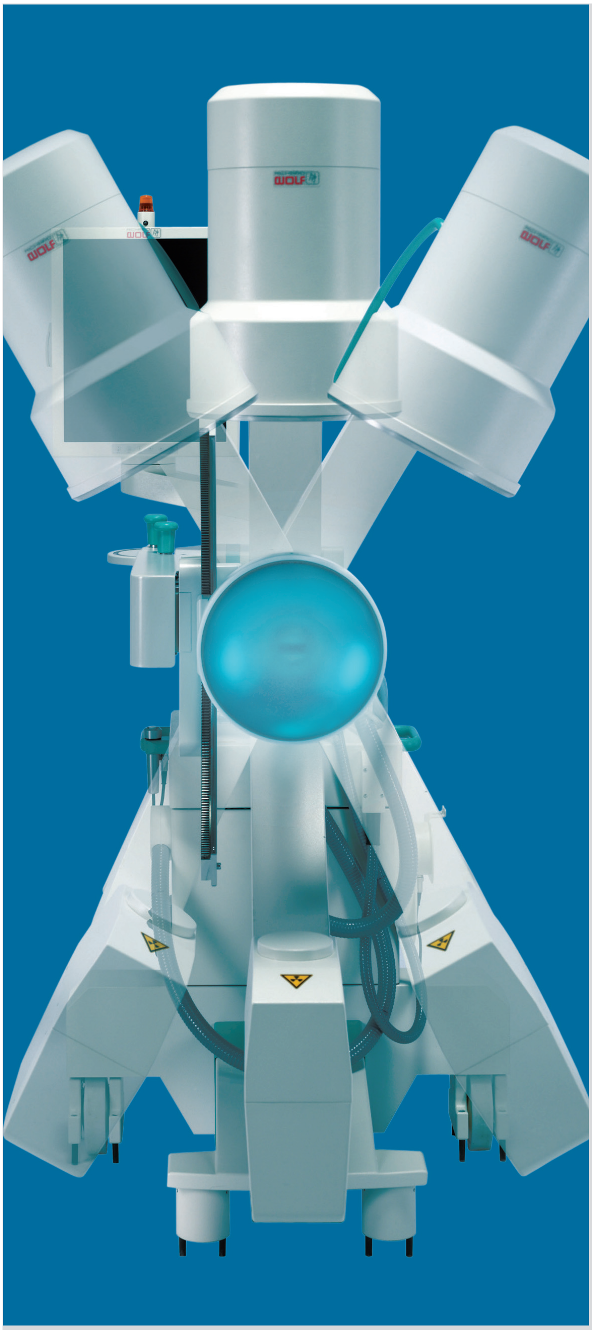


UMS

UNITED MEDICAL SYSTEMS

Solutions For Better Patient Care

Solutions For Better Patient Care

UMS International AG has successfully established itself as a leading service provider in the growth market of high-tech medicine. As an international provider of mobile service solutions, we offer our customers state-of-the-art medical equipment and the related services, on a by-the-day basis, in the fields of urology, radiology and gynecology. The high quality of our services and contracts established for long terms have resulted in strong customer loyalty and ensure recurring revenues.

Through the mobile deployment of our medical systems in connection with a full service solution, we enable hospitals and physicians in private practice to use the latest medical technology to diagnose and treat their patients while at the same time benefiting from significant cost advantages.

We are convinced that this combination of high quality and cost effectiveness has high growth potential for the UMS Group in the future.

UMS

UNITED MEDICAL SYSTEMS

Dear Shareholders,

What started out as weakness in the U.S. real estate market increasingly morphed into a global financial crisis in 2008, with repercussions not only for banks, but for a number of companies in other industries. Crisis alerts from news outlets bring reports of slumping sales, record losses, job cuts and bankruptcies on a daily basis. Therefore, it is with great pleasure that I inform you that UMS AG continued its growth course in fiscal 2008 and increased its bottom line.

Unlike cyclical segments such as the automotive or chemical industries, our business model has the advantage of being decoupled from the overall economy. As a result, we achieved a positive performance in fiscal 2008 despite the concentration of our operating business in the United States. Indeed, that we now generate the vast majority of our sales in the U.S. has proven to be an advantage, since, crisis or no crisis, the country boasts the fastest growing market in the medical technology sector. According to numerous studies, this will continue to be the case in the years ahead. All things considered, our prospects for growth are excellent. In fact, we may even benefit from the effects of the financial crisis since it has left doctors and hospitals less able to purchase expensive medical equipment. Our capital-saving, mobile solutions stand to become more appealing.

Our Company's results, as reported, continue to be affected by the euro's ongoing strength against the U.S. dollar on an annualized basis. As you know, UMS bills in dollars since it conducts most of its business in the U.S., but because we are a German company, we present our sales, earnings and balance sheet figures in euro. Even if this does not affect us from an operating standpoint, our euro results often fail to give an accurate view of the Company's performance. For example, we are reporting revenues of €35.7 million for 2008 compared with €36.2 million for 2007. However, adjusted for currency effects, our revenues for the period rose by five percent. Our earnings before interest and taxes (EBIT) climbed three percent to €10.9 million on a currency-adjusted basis. In currency-adjusted figures, consolidated net income rose 15 percent to €8.2 million. Our earnings per share, up to €0.52 from €0.41 the year before, increased 27 percent and actually exceeded our revised earnings projection of €0.50 per share from November 2008. That's quite a success, especially in a time of financial crisis.

Our earnings improvement is largely the result of our positive operating performance and higher income generated on the sale of used medical equipment from our fleet. In the operating business, our existing range of services in the Urology and Gynecology segments, in particular, served up solid growth rates. We expanded our system capacity in Gynecology further, a segment where UMS is benefiting from the growing use of digital mammography for the early detection of breast cancer. In addition, there is an unmistakable trend away from open surgery to minimally invasive alternatives. Against this backdrop, our prospects for growth are outstanding.

In the Urology segment, we are pleased to report our first revenues from a newly developed line of business. In mobile brachytherapy, we have added an all-in-one solution for the minimally invasive treatment of prostate cancer to our range of services. The offering will make use of significant improvements in the level of benefits provided for the use of technical services at ambulatory surgery centers by Medicare and Medicaid, the largest government-administered health insurance programs in the United States. As a result, we expect the number of patients undergoing this procedure at ambulatory surgery centers to grow by double digits. By offering brachytherapy services on a roll-on, roll-off basis, we offer the urologists in our physicians groups the perfect opportunity to use state-of-the-art medical equipment while enjoying substantial cost savings. Thus, UMS will play an important role in the growth of this type of treatment.

In contrast to the Urology and Gynecology segments, Radiology, our smallest segment, did not fully meet our expectations in the year under review. The openings in the schedule caused by the temporary interruption of service at one of our customers factored heavily into this development, but we have since made improvements and optimized our use of capacity.

The process of winding up our divested European operations did not adversely affect our earnings. These discontinued operations will no longer have any material impact on UMS AG’s earnings.

Overall, we are optimistic looking ahead to 2009. We expect to experience stable organic growth due to increasing patient numbers in all business segments, the launch of the next generation of equipment for use in the treatment of prostate cancer, the establishment of new partnerships with physicians and a rapid rise in the number of future treatments scheduled, including in our Radiology segment. We may also see an increase in the use of mobile service solutions for medical equipment as the financial crisis limits hospitals’ borrowing capacity. In addition, we are always on the lookout for suitable acquisitions to help us broaden our revenue and earnings base.

Our goal is to increase revenues and earnings again in 2009. Overall, we expect to achieve revenues of around €38 million. Earnings per share should be at €0.60.

Current economic developments present far more opportunities than risks for UMS: Our business model is clearly focused, profitable and capable of delivering results regardless of economic cycles. Our growth prospects are stable for all businesses, and our balance sheet is strong. In short, UMS believes it is well positioned for the future. Our stock price should start to reflect this strength in the medium term. We believe our shares are still significantly undervalued when compared with those of comparable competitors, which is one of the reasons we decided to extend our share buy-back program. Currently, we intend to retire up to ten percent of the Company's shares, with a commensurate positive effect on our earnings per share.

UMS's successful performance in 2008 would not have been possible without the commitment of our employees and partners. I would like to take this opportunity to express my sincere gratitude to you for your hard work. I am also especially grateful to our shareholders. We made UMS an even stronger company in 2008 and face a challenging, but promising 2009. We cordially invite you to be a vital part of UMS's development in the coming years, as well.

Sincerely,

Jorgen Madsen
Chairman of the UMS AG Management Board

Supervisory Board Report

In 2008, the Supervisory Board of UMS United Medical Systems International AG, which has three members, again performed the duties assigned to it by law and under the articles and bylaws. It also advised the Management Board on a regular, comprehensive basis and supervised the management of the Company. Without exception, the Supervisory Board was promptly, directly and extensively involved in all decisions of material importance to the Group.

The members of the Supervisory Board in 2008 were Wolfgang Biedermann (Chairman of the Supervisory Board), Prof. Thomas J.C. Matzen (Vice Chairman of the Supervisory Board) and Dr. (hon.) Norbert Heske.

During the fiscal year, the Management Board delivered oral and written reports to the Supervisory Board that provided detailed and timely information on a regular basis concerning the Company's situation, especially the direction of the Company's business policy; the business and financial situation; all fundamental issues relating to corporate planning, including financial planning, capital expenditure planning and human resources planning, and regarding risk management and internal compliance. As part of this reporting process, the Management Board provided the Supervisory Board with all indicators required to assess the Company's business performance compared with both the budgeted amounts and the previous year's figures. The Management Board delivered its reports both by request or on demand by the Supervisory Board as events required, as well as periodically according to the rules of procedure stipulated for the Management Board by the Supervisory Board.

To the extent necessary by law and under the articles and bylaws, the Supervisory Board voted on the reports and proposed resolutions by the Management Board after thorough review and consultation. The Management Board and Supervisory Board held four joint meetings in fiscal 2008: on April 17, 2008, September 25, 2008, November 13, 2008 and December 17, 2008.

Moreover, the Supervisory Board Chairman maintained regular contact with the Management Board above and beyond these meetings in order to remain informed about the Company's current business performance and major business transactions, and to advise and support the Management Board; the Supervisory Board Chairman met regularly with the Management Board to discuss important matters relating to the Company's strategy and business policy.

The Supervisory Board held detailed discussions with the Management Board based on the documents, reports and estimates presented by the Management Board. Documents requiring a decision, particularly the single-entity financial statements, the consolidated financial statements, the management report for the Company and for the Group and the auditors' report, were forwarded to the members of the Supervisory Board sufficiently in advance of meetings and reviewed by the Supervisory Board.

The Supervisory Board has reserved the right to approve transactions that are of fundamental significance, especially those which could have a material effect on the Company's cash flows, financial position or results of operations. The Management Board presented the transactions requiring approval to the Supervisory Board, which approved them after extensive review and consultation with the Management Board. Issues and measures of special significance in addition to the ongoing evaluation of strategic options for the future structure of the Company included in particular the monitoring of potential changes in the regulatory environment in which the Group operates, the continuation of the Company's presence in the outpatient clinic segment of the U.S. market, decisions regarding acquisitions to further expand the urology and gynecology segments, and the effects of the financial market crisis on the Company's business activities.

The Supervisory Board also carefully examined the proposal by the Management Board to conduct a stock buy-back program for the first time and additional measures presented for its approval. All Supervisory Board meetings included a thorough discussion of the current business situation and performance of the Company and its segments.

There were no Supervisory Board committees in the period under review. Because of the Company's overall size and the size of the Supervisory Board, the formation of committees is not regarded as necessary within the foreseeable future. Given the current composition of the Supervisory Board, the formation of committees and resulting division of labor would not actually guarantee an increase in the efficiency of the Supervisory Board's workflows or ensure a reduction in its workload.

After extensive review, the Supervisory Board unanimously approved the single-entity financial statements prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) for the year ended December 31, 2007 at the Supervisory Board meeting on April 17, 2008. In addition, the agenda for the 2008 Annual Meeting of Shareholders was also approved at this meeting. Furthermore, the Supervisory Board concluded its deliberations on corporate planning for the 2008 fiscal year in its meeting on April 17, 2008, a subject it had already discussed in December 2007. Advice was taken on the process of evaluating the strategic options for the future structure of the Company, and the Company's operating performance in the United States and Chile was also discussed. In the meeting on April 17, 2008, the Supervisory Board also extensively debated the advantages and disadvantages of a stock buy-back program. Based on these deliberations, the resolutions on conducting such a program and continuing it under the renewed authorization by the shareholders' meeting in 2008 were passed in writing.

In the Supervisory Board meetings on September 25, 2008 and November 13, 2008, the Management Board discussed, in particular, the latest revenue and earnings trends in the current fiscal year in each of the Group's segments as well as the effects of the financial crisis on the business activities of the Company and its subsidiaries. Moreover, the Management Board reported on potential changes in the regulatory environment in which the Company does business in the United States. The Management Board also reported about its recommendation to halt negotiations on the sale of a business unit in the United States and presented information about two acquisition projects in the United States.

The results for the first ten months of fiscal 2008, the forecast for 2008 and the business plan for fiscal 2009 were the focus of discussion at the Supervisory Board meeting on December 17, 2008. The joint declaration of conformity by the Management Board and Supervisory Board required by §161 of the German Stock Corporation Act (AktG) was also drafted, discussed and approved.

Each and every member of the Supervisory Board, i.e., Wolfgang Biedermann (Chairman of the Supervisory Board), Prof. Thomas J.C. Matzen (Vice Chairman of the Supervisory Board) and Dr. (hon.) Norbert Heske, attended all of the Supervisory Board's meetings.

Furthermore, the Supervisory Board regularly communicated with the Management Board on a detailed basis outside of Supervisory Board meetings about current business developments and important transactions and monitored the Management Board's votes. Approval was issued after a written vote by the Supervisory Board for the start and continuation of the stock buy-back program on April 23, 2008, June 5, 2008 and November 26, 2008 as well as for the liquidation of a non-operating Group company in Europe on June 5, 2008.

In addition, the Supervisory Board discussed the appropriateness of the structure of the Management Board's compensation system at length and reviewed it regularly. In view of the requirements of the German Corporate Governance Code, the Supervisory Board also regularly reviewed, among other things, the efficiency of its own operations. No conflicts of interest arose on the part of Supervisory Board members.

The Supervisory Board regularly discussed the application of corporate governance principles. Furthermore, on December 17, 2008, the Management Board and Supervisory Board issued the annual declaration of conformity with the German Corporate Governance Code. The Supervisory Board also satisfied itself that the Company has adhered to and implemented the principles in the German Corporate Governance Code, as amended from time to time, with the exception of the deviations set forth in the declaration of conformity.

The single-entity (HGB) and consolidated (IFRSs) financial statements for the fiscal year ended December 31, 2008, as well as the joint report on the situation of the Company and the Group (management report) for fiscal 2008 were prepared by the Management Board and audited by Ernst & Young AG, Wirtschaftspüfungsgesellschaft, Steuerberatungsgesellschaft, Hamburg. The auditors gave the single-entity and consolidated financial statements and the management report their unqualified opinion. The focal points of their audit included possible risks associated with receivables and covenants in view of the current financial crisis, the initial recognition and subsequent measurement of intangible assets, and the accounting treatment of discontinued operations.

The audited single-entity and consolidated financial statements were the main item on the agenda for the Supervisory Board's financial statements meeting on April 20, 2009. All Supervisory Board members received the annual financial statement documents, the audit reports, the Management Board's proposal for the use of the distributable profit, as well as all other materials and meeting reports, sufficiently in advance of this meeting. These documents were carefully discussed at the Supervisory Board's financial statements meeting on April 20, 2009. The Company's auditors attended this meeting, reported on the material results of their audit and were available to answer additional questions and provide further information.

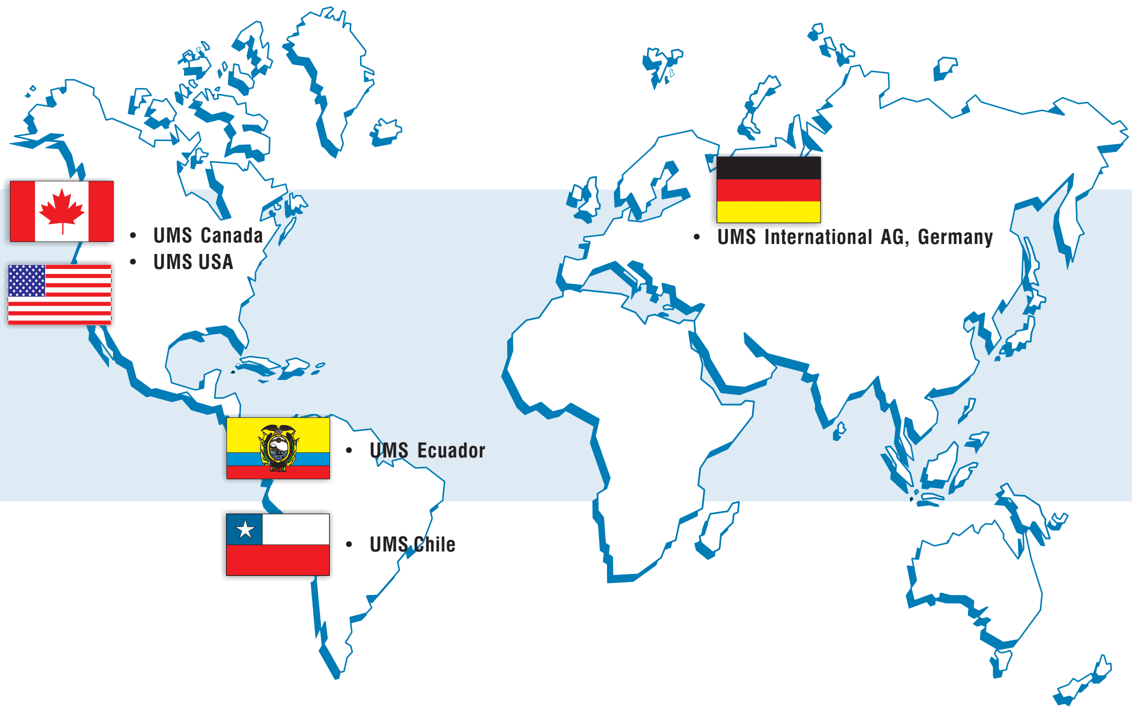
After an extensive discussion of the course and results of the auditors' audit with the Management Board and the auditors and a thorough examination of the auditors' report as well as the Management Board's proposal for the use of the distributable profit, the Supervisory Board, also acting on the basis of its own review and discussion of the single-entity and consolidated financial statements as well as the combined Company and Group management report and the Management Board's proposal for the use of the distributable profit, concurred with the results of the auditors' audit of the single-entity and consolidated financial statements as well as the management report for the Company and the Group, and determined that, based on the final result of its review, no objections needed to be raised. At its meeting on April 20, 2009, the Supervisory Board approved the single-entity and consolidated financial statements prepared by the Management Board as well as the management report for the Company and the Group, and therefore adopted the single-entity financial statements (§172 sentence 1 of the German Stock Corporation Act (AktG)).

The Management Board proposes that the distributable profit be carried forward to new account. The Supervisory Board extensively discussed and debated the Management Board's proposal for the use of the distributable profit taking into account the interests of the Company and of the shareholders, and endorsed this proposal.

The Supervisory Board thanks and expresses its appreciation to the Management Board and all employees for all of their accomplishments and hard work.

Hamburg, April 20, 2009

Wolfgang Biedermann
Chairman of the Supervisory Board



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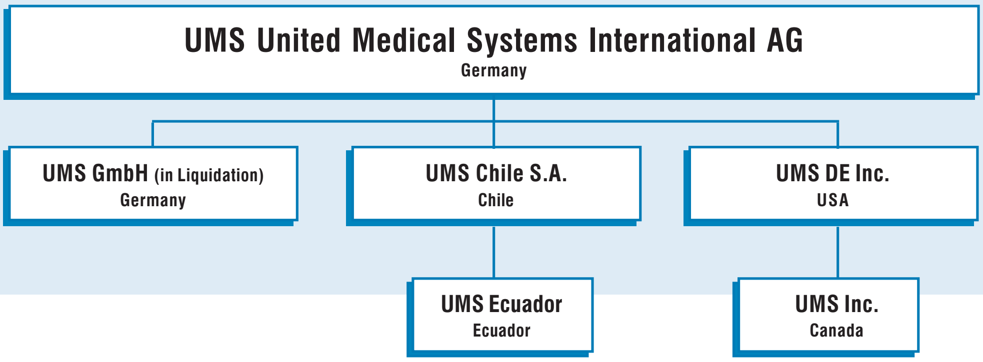
UMS Group Structure



Development of the UMS Group

1996 – 1999

- 1996: Formation of UMS holding, international expansion
- 1997/99: Setting up of business in the U.S., U.K. and the Netherlands

2000

- Foundation of UMS International AG and IPO
- UMS International AG takes over Italian Lithomobile S.r.l.
- Takeover of customer basis of First Litho Group, U.S.

2001

- 10% investment in PET Scans of America Corp., U.S.
- UMS AG acquires majority of stake in Neuromed AG, Castrop-Rauxel

2002

- Majority ownership 51% of PET Scans of America Corp., U.S.
- UMS receives FDA Conditional Approval for ESWT treatment with Wolftechnology in the U.S.
- UMS takes over the business unit lithotripsy from Alliance Imaging Inc., U.S.
- UMS receives majority ownership 51% of MRI Ireland Ltd. for business expansion in the U.K. and Ireland
- Complete acquisition of Neuromed AG

2003

- UMS started its radiology business segment in the U.S.
- UMS is the first provider for mobile PET-/CT-Technologys in the U.S.

2004

- assumes full control of PET Scans of America Corp.
- UMS divests in Italy
- UMS received FDA Approval for Piezolith Technology of Richard Wolf

2005

- UMS expands into South America
- UMS divests PET Scans of America Corp. to Alliance Imaging
- Expansion of the branch of Urology in Michigan
- UMS divests parts of MRI Ireland

2006

- UMS divests all remaining European operations in the United Kingdom, Germany and the Netherlands
- Reduction of holding staff

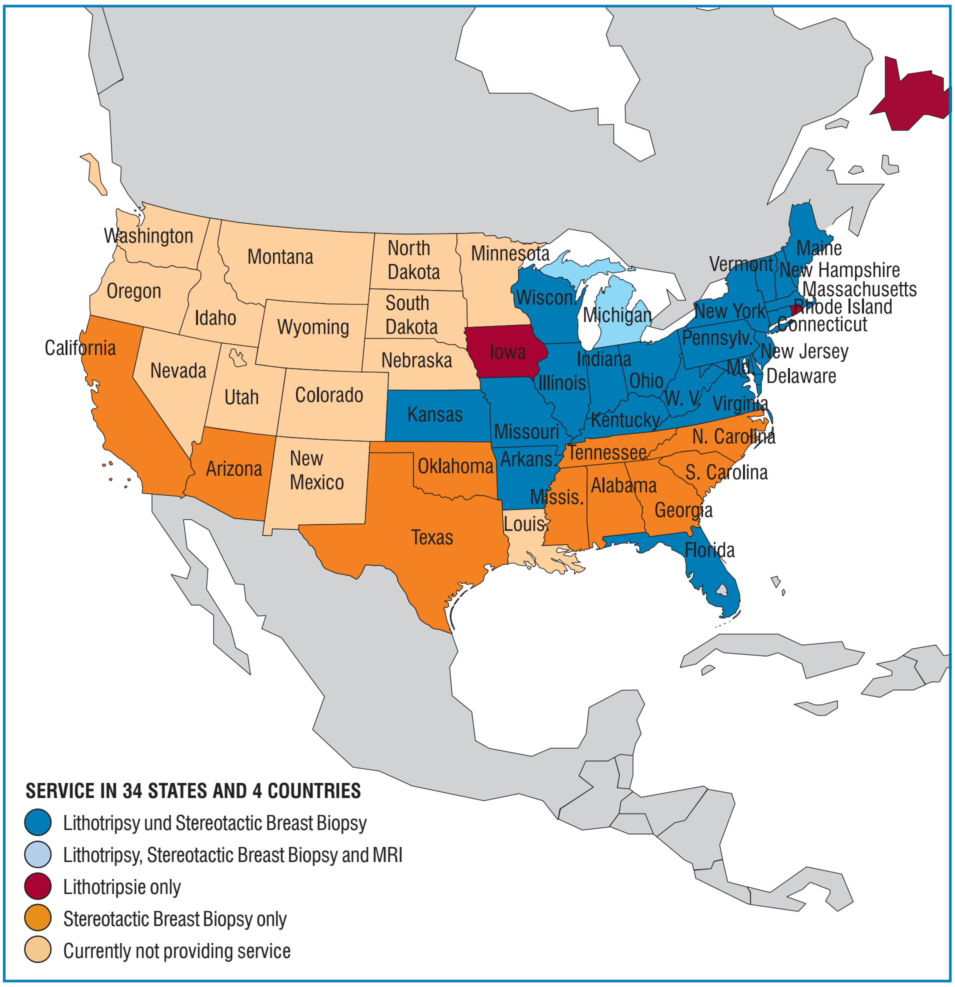
2007

- UMS Group´s operating companies for the first time present exclusively in North and South America
- Acquisition policy targets expansion of Urology Segment in the North-eastern U.S.
- Market introduction of urological laser treatment in Chile

2008

- Expansion of the Andover Surgery Center, Massachusetts, USA
- Market introduction of mobile Brachy Therapy in the USA
- Market introduction of urological laser treatment in Ecuador

Our Business Segments



North America

The UMS Group is present in North America with local operating companies in the U.S. and Canada. These companies offer a wide range of services centered around the mobile deployment of medical equipment for select treatments in the fields of urology, gynecology and radiology. In 2008 some 26,400 lithotripsy procedures were performed in North America alone. Lithotripsy involves the treatment of kidney stones and ureter stones with shock waves. In addition, mobile urological lasers were used to treat benign prostate enlargements in some 1,250 patients. In the gynecology segment, UMS focuses on stereotactic vacuum breast biopsy. With over 13,300 treatments in 2008, UMS is one of the most successful providers of mobile breast biopsy services and the clear market leader in North America. In its smallest business segment, radiology, UMS offers customers two magnetic resonance tomography (MRT) scanners on a roll-on, roll-off basis.

Our Business Segments

South America

The UMS Group's activities in South America currently encompass two local companies in Chile and Ecuador. Services provided in 2008 were limited to the urology segment. In addition to lithotripsy, i.e. the shockwave treatment of kidney stones and ureter stones, the deployment of urological lasers for the treatment of benign prostate enlargements has been particularly successful. This minimally invasive method is known for being highly effective and having few side effects. The UMS Group intends to expand its range of services in the future by pursuing the mobile deployment of stereotactic vacuum breast biopsy equipment in Chile. Stereotactic vacuum breast biopsy is a minimally invasive procedure used for early cancer detection and to examine microcalcifications in the female breast.

A stereotactic Day

„My day starts an hour before I actually see a patient. I run daily quality control tests and organize my paperwork and set-up supplies for the day. When the doctor arrives, we first review the patient's mammogram to discuss how we will position the patient, localize the area to be biopsied and what supplies (probe size, clip, etc) we will use. The patient is positioned on the table. Digital scout images are taken to localize the area to be biopsied. Next, the doctor cleans the area and gives local anesthetic. The probe is inserted into the patient's breast and imaged to insure proper placement. Several samples are taken and a small marker is left behind to show exactly where the biopsy was taken. A small steri-strip covers the incision and a gauze dressing is applied over the area. The patient is allowed to get dressed and discharged. This entire process takes between 20-40 minutes. I turn the room around for the next patient. The case goes much like the first.

Our third patient had a biopsy on our previous service day and had positive results. Today, we bring her into the room, have her lay on the table just like she did for the biopsy, but today we image the clip we left behind. The doctor cleans the skin and administers local anesthetic just like a biopsy, but now we insert a localization wire along side the clip. This takes only a few moments. We re-image the area in two opposing directions to check wire placement. The wire is loosely taped to the patient's skin. Now the doctor and patient proceed to the OR. The doctor will excise a larger area of tissue making sure to have clear margins.

Our last patient of the day is having an ultrasound guided biopsy. After the doctor and I review her films, she lays the table on her back. We use an ultrasound machine to find the area to biopsy. Once again, the doctor cleans the skin and administers local anesthetic. Using the ultrasound as real time guidance, the doctor inserts the probe and several biopsy samples are taken, with a marker left at the place of the biopsy. A steri-strip is placed over the incision and a gauze dressing applied. The patient feels fine and is released.

An average day for us can be up to 8 patients. As my day is winding down, the engineer's day is beginning. As I clean the equipment one more time and fill out the last of my paperwork, the engineer disassembles the equipment and loads it onto the truck. He's then off to tomorrow's facility where he will set up the equipment, perform the quality control tests, and make sure it is ready to go when I arrive tomorrow.

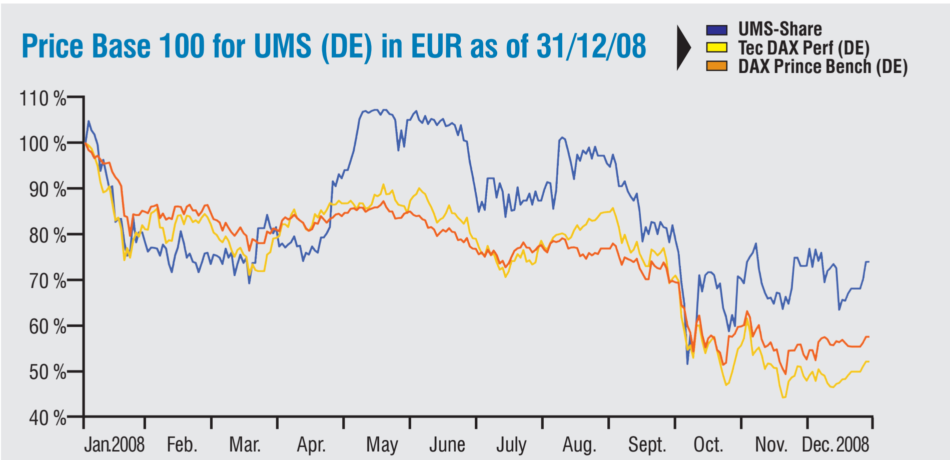
Kris Finch

National Stereotactic Supervisor,
11 years with UMS USA

The UMS Share

The stock markets suffered massive losses in 2008, making it one of the worst years in recent decades. The crisis that manifested itself in the U.S. real estate market back in 2007 escalated and led to an increasing number of home foreclosures in the United States. Ultimately, only sweeping government rescue packages could save the global banking system. By the end of 2008 it was apparent that the financial crisis had spread to the real economy, which drug the equity markets down further. Overall, Germany's leading index, the DAX, sunk 40.4% for the year. The secondary indices fared even worse in 2008: the TecDAX technology index receded 47.9%, and the SDAX small-cap index declined 46.1%.

UMS stock was still gaining in the spring. After closing 2007 at €4.47, it topped out at €4.80 on May 20, 2008. There was a huge sell-off in second-tier stocks in the fall, and UMS was not spared. The share price bottomed out at €2.31 on October 8, but rallied to end the year at €3.31. Down 26% for the year, the UMS share took a far softer hit than the market as a whole.



The shares of UMS International AG are listed in the Prime Standard segment of Deutsche Börse AG. The following security identification numbers and abbreviations have been assigned: WKN 549365, ISIN DE0005493654, Bloomberg: UMS GR, Reuters: UMSG.DE. The average trading volume on all German exchanges amounted to approximately 13,200 shares per day. The majority of this volume, at roughly 10,300 shares, was handled via the XETRA electronic trading system. The Hamburg-based investment bank M.M. Warburg & Co. served as designated sponsor and worked to ensure additional liquidity for the shares on the electronic trading platform by quoting binding bid and offer prices.

The number of shares in circulation at the balance sheet date was the same as last year: 6,016,261 shares. Thus, the market capitalization at the end of 2008 was €19.9 million (2007: €26.9 million). Pursuant to a resolution of the

Shareholders' Meeting, UMS AG is authorized to purchase up to 10% of its existing share capital. The purpose of the share buy-back is to retire shares, with a commensurate positive effect on the earnings per share. Regular updates concerning the progress of the buy-back program will be published on our website at www.umsag.com. UMS purchased 341,466 shares in fiscal 2008. The shareholder structure at December 31, 2008 was as follows:

▶ **Shareholder Structure at December 31, 2008**

Thomas J.C. Matzen GmbH	16.9%
Management Board	5.8%
UMS AG	5.7%
Union Investment Privatfonds	5.0%
Supervisory Board	4.5%
Free float	62.2%

UMS AG is committed to open, transparent capital market communications. Accordingly, the Company maintained a dialogue with investors and financial journalists and participated in Deutsche Börse AG's German Equity Forum in November 2008. Analysts regularly reviewed the UMS share. The experts at SES Research, for example, issued several buy recommendations on UMS in recent months.

Additional information about the UMS share may be found on the Internet at www.umsag.com. This also includes the current joint declaration of conformity with the German Corporate Governance Code by the Management Board and Supervisory Board as required by Section 161 of the German Stock Corporation Act.

Key Share Information/Capital Market Figures

(in €)	2008	2007	2006
Stock exchange price (XETRA closing prices)			
- High	4.80	11.80	8.92
- Low	2.31	4.07	3.76
Fiscal year end	3.31	4.47	8.70
Number of shares (fiscal year end, in millions)	6.016	6.016	6.016
Market capitalization (Fiscal year end in million €)	19.9	26.9	52.3
Earnings per share (in €)	0.52	0.41	0.42

How to contact the investor relations team

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E-Mail: investor@umsag.com

Management and Supervisory Board

Management Board

Jørgen Madsen

Jørgen Madsen (CEO)
Chief Executive Officer,
Mechanical Engineer,
Bolton, USA

Supervisory Board

Dr. hon. Norbert Heske Wolfgang Biedermann Prof. Thomas J. C. Matzen

Dr. hon. Norbert Heske
Engineer,
Kottgeisering

Wolfgang Biedermann
Deputy Chairman,
MBA, Hamburg

Prof. Thomas J. C. Matzen
Chairman,
MBA, Hamburg

Combined Management Report and Group Management Report of UMS United Medical Systems AG for Fiscal Year 2008

1. Business and General Conditions

Fiscal year 2008

On the whole, 2008 was a good fiscal year for the UMS Group. In a difficult market environment worldwide, revenue and earnings improved further, bucking the general trend.

The strategy of narrowing our focus and concentrating on quality pursued in past years has paid off in this respect. In 2008, the UMS Group maintained operating subsidiaries exclusively in selected sectors of the North and South American healthcare markets. UMS delivers mobile, full-service solutions for special urological, gynecological and radiological treatments. These include supplying medical equipment on a per-day basis as well as providing the associated services to physicians, hospitals and outpatient clinics.

Innovative service concepts, a strong service mentality, motivated employees and excellent customer relationships are key success factors that drive the Company’s prospects in all segments.

Macroeconomic conditions

The economic climate deteriorated noticeably during the past fiscal year. The international financial crisis stemming from the U.S. mortgage market had an increasingly adverse effect on the goods and services industries. Moreover, sometimes sharp rises in energy and commodities prices and increasing inflation rates also had a negative effect. In the second half of 2008 in particular, the U.S. economy came under pressure and has since been in recession. The decline in the gross domestic product amounted to 3.8% in annualized terms in the fourth quarter alone.

Growth in the U.S. healthcare market remains robust

Despite the economic crisis, UMS believes that growth in the core segments of the U.S. healthcare market will remain stable. With its focus on a regional presence in the United States, the UMS Group is participating in what is by far the largest medical technology market worldwide. The United States leads the industrialized nations in per-capita expenditure on healthcare services at an estimated USD 7,500 per person (in 2007).

Healthcare expenditure will grow at an even faster pace in the future. For the period up to 2016, a study by the Center for Medicare and Medicaid Services (CMS) expects annual growth rates approaching 7%. The healthcare sector accounted for a share of the U.S. gross domestic product of nearly 16% in 2007; in 2016 this figure is expected to reach almost 20%.

UMS Group represented in core medical segments

Whereas many U.S. industries are faced with enormous difficulties at the moment, the healthcare market remains a growth industry. According to experts, however, some segments of the market are suffering setbacks due to the current economic crisis. Elective procedures, such as cosmetic surgery and laser vision correction, are the ones primarily affected by this trend.

The UMS Group, in contrast, provides diagnostic and therapeutic services in core medical segments that do not involve this type of elective procedure. Continued robust growth is expected for these core segments.

In South America, Chile and Ecuador continue to follow along a path of economic and fiscal stability. Social and infrastructure policies are promoting the use of mobile services in healthcare, and therefore benefiting the UMS business model.

2. Earnings Position of the Group and Segments

Summary

The 2008 fiscal year was a positive one for the UMS Group. Although energy prices reached record highs and the performance of the Group's smallest segment – radiology – trailed expectations considerably in the past year, earnings after tax amounted to €3.1 million, or €0.52 per share. We therefore nearly met our original targets for 2008 and outperformed our most recent projections, which were adjusted in November.

Revenue growth of 5% after currency adjustments

The UMS Group's revenue was €35.7 million in 2008. In the previous year, the comparable consolidated revenue figure was €36.2 million. The revenue trend reported in the consolidated financial statements was heavily distorted by the development of the USD exchange rate. In 2008, the euro was worth $1.46 on average, compared with $1.37 in the previous year.

After currency adjustments, i.e., after restatement of prior-year figures based on the average exchange rate of the reporting year, revenue grew by €1.6 million, or 5%.

In the following comparison of the 2008 and 2007 fiscal years, currency effects were eliminated by adjusting the prior-year figures for purposes of improved comparability.

	2008 in k€	2007 in k€ *	*2007 in k€*	Change absolute *	Change in % *
Urology	24,740	23,243	*24,619*	1,497	6
Gynecology	9,430	9,042	*9,600*	388	4
Radiology	1,572	1,832	*1,945*	-260	-14
Revenue	**35,742**	**34,117**	***36,164***	**1,625**	**5**

*After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2008).

New urology service segment launched

After currency effects, consolidated revenue in the urology segment rose by around 6% from €23.2 million in the previous year to €24.7 million.

Initial sales have also been generated in this segment by a new business that UMS developed in 2008. Thanks to its mobile brachytherapy service, the U.S. subsidiary of the Group added a new full-service solution to its range of products and services that is primarily of interest to outpatient clinics. This UMS service provides urologists with a non-invasive treatment for prostate cancer performed with the support of UMS equipment and service technicians.

The service leverages a change in the reimbursement policy of the government's Medicare and Medicaid health insurance programs that significantly improved reimbursements for the use of technical services in outpatient clinics.

The UMS Group's largest treatment segment in urology still involves the use of ultrasound technology to break up kidney stones. The number of kidney stone treatments performed by UMS in the United States grew from around 25,200 in 2007 to nearly 26,400 in the past fiscal year. In total, approximately 250,000 such treatments are carried out in the United States each year, giving UMS a market share of a solid 10%.

The UMS Group's urology segment also includes the mobile deployment of urological lasers for the treatment of benign prostate enlargement. Whereas the scope of treatments offered in South America was increased further, the Group's U.S. subsidiary reduced its laser therapy capacity. Accordingly, the number of treatments dropped slightly to around 1,200 from 1,250 in the previous year.

Further expansion of gynecology segment

The UMS Group's gynecology segment consists exclusively of the mobile stereotactic breast biopsy service in the United States. In addition to the medical service, UMS also sells the vacuum needles required to carry out this minimally invasive procedure. The Company has entered into the appropriate agreements with manufacturers for this purpose.

In this segment, UMS further increased capacity in the year under review; a total of 22 systems are now in use. Revenue after currency adjustments rose likewise from around €9.0 million in the previous year to €9.4 million in 2008. However, this growth was seen primarily in the first half of the year.

Unexpected downturn in radiology

In the radiology segment, U.S. sales are also reported exclusively. The equipment fleet deployed in the United States during the year under review consisted of three mobile MRT scanners.

In the radiology segment, revenue after currency adjustments dropped by 14% from €1.8 million in the previous year to €1.6 million in 2008. The reason for this was substantial unused capacity for one of the machines deployed resulting from a temporary interruption in services for one of our customers. The customer agreement in question was terminated at the end of the year. Consequently, the UMS Group adjusted the segment's capacity as of year-end and reduced the number of systems deployed from three to two.

Both machines are operated under a Certificate of Need (CON). In some U.S. states, certain medical services may only be offered if a CON has been issued by a state regulating authority. A CON remains in effect indefinitely and guarantees the UMS Group that no competitors will enter the market in the state that issued it.

Due to the reduction in capacity, the utilization of the existing scanner capacity will again improve significantly in the future because existing and new customer contracts will ensure that the machines are used five or six days per week.

Sharp increase in fuel costs pulls down gross profit

Although the Group's revenue was approximately 5% higher than in the prior year, UMS was unable to completely absorb the sharp increase in fuel prices. For UMS as a mobile service provider, this expense item is very significant.

Moreover, the aforementioned capacity surplus in radiology and the not yet fully utilized new capacity created in the gynecology segment in 2008 put a damper on the ratio of revenue to the cost of sales.

Nonetheless, gross profit remained slightly above the previous year's level at €16.8 million after currency adjustments. Compared with the prior year, operating margins have decreased slightly as a result. The gross profit margin was 47% (prior year: 49%).

	Income Statement 2008 in k€	Income Statement 2007 in k€ *	*Income Statement 2007 in k€*	Change absolute in k€ *	Change in % in k€ *
Revenue	35,742	34,117	*36,164*	1,625	5
Cost of sales	-18,960	-17,403	*-18,461*	-1,557	9
Gross profit from revenue	**16,782**	**16,714**	***17,703***	**68**	**0**
Gross margin	**47%**	**49%**	***49%***		

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2008).

Selling expenses after currency adjustments were around 8% lower than in the prior year. This figure mainly reflects the lower commission payments to sales staff because the agreed sales targets were not met in all segments.

In contrast, administrative expenses after currency adjustments grew by approximately €0.2 million. This is principally due to an increase in legal and consulting fees that arose in conjunction with the integration of companies acquired in the previous year and other special projects.

Other operating income and expenses include effects from the disposal of property, plant and equipment, write-downs of receivables and other assets, the costs associated with special projects and other non-recurring effects. Net other operating income improved to nearly €0.4 million from €0.1 million in the prior year. This was mainly due to the proceeds generated from the sale of an MRT scanner in the United States.

Operating earnings before interest and taxes (EBIT), after currency adjustments, rose in line with revenue by 3% to €10.9 million compared with €10.5 million in the 2007 fiscal year.

	Income Statement 2008 in k €	Income Statement 2007 in k € *	*Income Statement 2007 in k€*	Change absolute in k € *	Change in % in k € *
Gross profit from revenue	**16,782**	**16,714**	***17,703***	**68**	**0**
Selling expenses	-2,130	-2,324	*-2,483*	194	8
General administrative expenses	-4,175	-3,983	*-4,212*	-192	-5
Other operating income and expenses, net	375	90	*92*	285	-
Operating result (EBIT)	**10,852**	**10,497**	***11,100***	**355**	**3**
As a percentage of revenue	**30%**	**31%**	***31%***		

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2008).

The net interest expense item improved further in the past fiscal year due to a reduction in the UMS Group’s liabilities and the lower costs associated with the U.S. subsidiary's floating rate loans. The Group’s net interest expense declined accordingly by €0.11 million, or 11%, after currency adjustments.

The tax expense reported for the year under review was nearly unchanged at €1.8 million after €1.9 million in the previous year. The Group’s income taxes were paid almost exclusively in the United States; as a result, the business tax reform in Germany had no effect on the UMS Group.

Before minority interests, the UMS Group's earnings rose by €0.6 million. After amounting to €7.6 million after currency adjustments in the previous year, earnings from continuing operations totaled €8.2 million in the past fiscal year.

Income Statement	Income Statement 2008 in k€	*Income Statement* 2007 in k€ *	Change *2007 in T€*	Change absolute in k€ *	in % in k€ *
Operating result (EBIT)	**10,852**	**10,497**	***11,100***	**355**	**3**
Interest income and expenses	-726	-820	*-868*	94	11
Earnings before taxes and minority interests	**10,126**	**9,677**	***10,232***	**449**	**5**
Other taxes	-68	-131	*-132*	63	48
Income taxes	-1,809	-1,938	*-2,054*	129	7
Net income from continuing operations	**8,249**	**7,608**	***8,046***	**641**	**8**

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2008).

In the United States, the growth in the urology segment goes hand in hand with the expansion of physician partnerships. In addition to its consolidated stakes in these partnerships, UMS benefits from signing management agreements and receiving compensation for medical technology services. The participating physicians benefit from regular dividend distributions based on their earnings share, which totaled €5.2 million in 2008 (prior year, after currency adjustments: €4.9 million).

Accordingly, profit amounting to €3.0 million was due to the Group's shareholders in 2008 (prior year, after currency adjustments: €2.3 million).

	Income Statement 2008 in k€	Income Statement 2007 in k€ *	*Income Statement 2007 in T€*	Change absolute in k€ *	Change in % in k€ *
Net income from continuing operations	**8,249**	**7,608**	***8,046***	**641**	**8**
Net income/loss from discontinued operations	0	-448	*-448*	448	-
Consolidated net income for the year	**8,249**	**7,160**	***7,597***	**1,089**	**15**
of which minority interests	5,182	4,852	*5,144*	330	7
of which due the Group's shareholders	3,067	2,308	*2,453*	759	33

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2008).

The Group's earnings per share (EPS) climbed by 27% to €0.52. Including discontinued operations, EPS amounted to €0.41 in the previous year.

3. Net Worth and Financial Condition

Our net worth and financial condition improved again in the year under review. The UMS Group's equity again grew disproportionately in relation to total assets. Cash flow remained at the previous year's level, although considerable payments were incurred for the first time in 2008 for the acquisition of treasury shares.

Analysis of balance sheet structure

The balance sheet again shows noticeable changes resulting from the winding-up of the assets held for sale. Also very significant is the change of the EUR/USD exchange rate from 1.47 on December 31, 2007 to 1.40 at the balance sheet date in the reporting year.

When comparing the balance sheets at December 31, 2008 and December 31, 2007, it must be noted that the prior-year balance sheet was not structurally adjusted to separate out the discontinued business units. As of the end of 2007, the U.S. business unit held for sale is still reported separately under the assets and liabilities of the business units held for sale.

On the whole, total assets increased over December 31, 2007 by €0.9 million to €31.5 million. After currency adjustments, the increase was approximately €1.3 million.

At the 2008 balance sheet date, current assets reported desreased from €13.1 million to €12.8 million. This effect includes an exchange rate-related increase of around €0.6 million. Moreover, the growth in receivables due to the expansion of business volume also had an effect. The reclassification of a U.S. business unit that is no longer reported under held-for-sale current assets had the opposite effect.

The non-current assets reported rose from €17.5 million in 2007 to €18.7 million. This development is mainly due to the change in the USD exchange rate as of the balance sheet date. In addition, the reclassification of the assets of a U.S. business unit that were reported under business units held for sale in the previous year also had an effect.

Goodwill remained unchanged at less than €0.1 million at December 31, 2008.

The liabilities of UMS AG are denominated primarily in USD. Current and non-current liabilities reported declined significantly by €1.7 million. This decline includes an exchange rate-related increase of €0.6 million.

As of December 31, 2008, equity amounted to €19.6 million compared with €16.8 million at the end of the prior year. An increase in the net income for the fiscal year in the amount of €8.3 million and effects recognized directly in equity of €0.9 million stood in contrast to distributions to physician partnerships (€4.0 million), acquisitions of minority interests (€0.8 million) and payments for the acquisition of treasury shares (€1.4 million). The equity ratio again improved substantially to 62% (2007: 55%).

Analysis of the cash flow statement

Inflows of funds amounting to €9.4 million were generated from operating activities in the year under review. Net cash from operating activities therefore decreased by €2.1 million compared with the previous year. This is mainly the result of the atypical, reporting date-related changes in receivables and current liabilities. Moreover, 2007 taxes paid after December 31, 2007 caused the cash flow from operating activities to decline. In the previous year, taxes were paid in the period in which they arose.

Net cash used in investing activities totaled €0.6 million compared with €2.6 million in the prior year. In the previous year, UMS had acquired a physician partnership in Baltimore – the Chesapeake Group – as well as contracts and medical equipment from InSight Corp.'s urology business. In contrast, investments in the year under review related mainly to ongoing operating activities. In addition, minority interests in several companies were acquired as part of the restructuring of the Chesapeake Group, which was acquired in the prior year. Another effect on cash flow used in investing activities resulted from the fact that proceeds from the sale of equipment were much higher in 2008 than in the previous year; this was primarily due to the sale of a mobile MRT scanner in the fourth quarter.

Net cash used in financing activities amounted to a total of €8.6 million in the year under review. The negative cash flow from financing activities therefore increased by €0.3 million over the prior year. A particular reason was the payments required for carrying out the stock buy-back program. In contrast, the regular repayment of bank and leasing liabilities declined as planned. A major acquisition loan had been repaid in full in the first quarter of 2008, which meant that no more payments had to be made in the course of the year.

After currency adjustments, the 2008 total cash flow amounted to €12k; cash reserves remained unchanged at approximately €3.5 million at the end of the year.

4. Employees

Number of employees

Due to business expansion, the total number of employees as of the reporting date rose from 210 to 215 (as of December 31 in each case). As in the previous year, two employees are in Europe.

Compensation systems

The employee stock ownership plan, which was implemented in the course of the Company's listing on the stock exchange, expired in 2006, and therefore, there are no longer any employee stock options.

The annual compensation of the Management Board is composed of fixed and variable components. It is based on §87 of the Stock Corporation Act (AktG), according to which the overall compensation of each individual Board member must be appropriate in relation to the individual's tasks and the situation of the Company.

The Board members receive fringe benefits including coverage of D&O insurance policies as well as a company car. In addition, their work-related expenses are reimbursed.

The service agreements with the Board members do not include any severance payment clauses for the event of an early termination of the employment relationship. There are no separate pension obligations and no stock options.

5. Business and Position of UMS International AG

UMS International AG is the parent company of the UMS Group. Its shares have traded in the Prime Standard segment of the Frankfurt Stock Exchange since January 1, 2003. The principal activity of UMS International AG involves managing its subsidiaries, continuously optimizing the portfolio, Group-wide reporting, investor relations, providing centralized administrative services to Group companies, central liquidity management and other corporate headquarters functions.

Some of the principal special tasks performed by UMS International AG in the 2008 fiscal year included follow-up activities in connection with the winding up or liquidation of subsidiaries whose operations were sold and performance of the stock buy-back program.

In the 2008 fiscal year, UMS International AG generated approximately €0.9 million (prior year: €0.6 million) in revenue from management charges, and €0.3 million (prior year: €0.3 million) from leasing of medical systems. The Company also earned income from the sale of medical technology equipment to subsidiaries amounting to €0.9 million (prior year: €0.5 million). The increase in revenue from equipment sales was due to demand for a higher number of machines.

Revenue totaling €2.1 million was offset by cost of sales of €0.9 million attributable to depreciation and purchasing costs of the medical technology equipment sold.

General administrative and selling expenses of €0.7 million were again below the prior-year figure of €0.8 million. Personnel and material costs were the main source of additional savings.

Net other operating income and expenses was €-0.4 million (2007: €-21k). The special analyses and consulting expenses for special projects were the main reason for the increase in 2008.

Income from equity holdings was generated from a dividend distribution by the U.S. subsidiary and amounted to €2.4 million after €1.9 million in the previous year.

The financial results of UMS AG, i.e., the difference between interest payments and interest income, improved from €-0.1 million in the previous year to €-19k in 2008. This positive result is due to a reduction of debt.

Overall earnings from ordinary business activities therefore totaled €2.4 million (2007: €1.8 million). The improvement over the prior year was due primarily to the higher income from equity holdings.

Due to a refund of the withholding tax paid in the previous year on the dividend from the U.S. subsidiary, UMS AG had tax income of €0.1 million. As a result, the Company's net income for the year amounted to a solid €2.5 million. In the previous year, net income totaled €1.7 million.

Based on §21 of the articles and bylaws of UMS AG, the Management Board resolved to allocate 50% of the net income for the year of UMS AG for fiscal 2008, nearly €1.3 million, to other earnings reserves, as in the previous year.

The Company's liquidity was essentially secured through management cost sharing agreed with the subsidiaries and the dividends paid by the U.S. subsidiary.

6. Risk Report

Our risk management system ensures the continued existence of the UMS Group by suitably identifying, analyzing and managing individual risks. All risks during the year under review were limited and manageable. The continued existence of the Company is ensured for the future as well.

Proven risk management organization

With its transnational focus as a service provider in the increasingly complex healthcare sector, the UMS Group is inherently exposed to a number of risks. These risks result directly from active business operations. A willingness to incur risks is essential if one wishes to exploit existing business opportunities. This means that risk management is an ongoing task and therefore an important tool for managing the UMS Group.

Through far-reaching optimization and structuring of the process of obtaining and communicating information, the UMS Group is creating a solid basis for reliable risk assessment. The structures created are detailed in a risk management handbook that is continually revised and adapted to the respective current circumstances.

Minimizing financial risks

UMS distinguishes between financial and operating risks. For UMS, financial risks include earnings, liquidity, refinancing, interest rate and currency risks as well as high-risk ventures.

Structured reporting of the subsidiaries at all corporate levels ensures that management has access to all decision-critical data and information when it needs them.

As part of the Company's controlling, company-specific ***earning risks*** are assessed by means of a standardized reporting system reflected in a handbook for internal accounting, reporting and budgeting guidelines that is updated annually. Actual figures are compared with target figures at least once each month and any discrepancies are analyzed so that necessary measures can be taken. If any risks or problems become apparent outside regular reporting periods, the matter is reported and resolved on immediately.

All Group companies submit ***liquidity risk*** reports to the Group's central accounting office on a weekly basis. At Group level, cash management is controlled by procuring and providing liquid assets from internal resources and available lines of credit.

The Company seeks to offset ***foreign exchange*** and ***interest rate risks*** by keeping its European and North American business cycles separate and by financing its activities at matching currencies. Only dividend payments by the U.S. subsidiary to the German holding company are not covered by this "natural hedge." Any interest rate exposures not covered thereby are largely hedged by an interest rate swap. To control refinancing risks, the Company collaborates with a number of regional and national financial partners and has implemented a written and oral standardized procedure for handling important company data.

Each business segment entails specific risks of default or loss which the Company seeks to manage by drafting bylaws and rules for the conduct of business specific to each Group company, including a list of transactions that require approval and limit management's powers of representation in such transactions.

Focus on operational risks

Operating risks include market risk, regulatory risk, human resources risk, procurement risk, supply risk, and operational risk. Responsible management of these risks involves the regular, structured collection, analysis and evaluation of all relevant data and information and, in particular, regular monitoring and planning processes.

The Company seeks to detect ***market changes*** and trends early on by carrying out market research, visiting trade fairs and having qualified members of UMS's sales and technical teams visit customers on a regular basis. To the extent possible, UMS activities are guaranteed by means of exclusive dealing agreements with manufacturers and suppliers and through long-term customer contracts. In addition to deploying state-of-the-art technology and ensuring a high standard of quality, this is just another way of raising the bar and making it more difficult for competitors to enter the market.

As a healthcare services provider, the ***regulatory environment*** in the markets in which we do business is particularly important for the UMS Group. For this reason, we are closely monitoring the new U.S. president's healthcare reform plans. At this time, we anticipate that this reform will provide easier access to physicians' services, and therefore to the services offered by UMS, for a majority of the 50 million people who are currently uninsured.

With the support of external industry organizations, the reimbursement rules of leading insurers are also monitored continually. The primary focus here is on U.S. government healthcare programs – Medicare and Medicaid – which often function as a reference for many private insurance companies. Announced changes to the rules are analyzed by UMS early on so that adjustments can be made, if necessary, to billing for services or structures under corporate law, for example. We aim to reduce any additional liabilities that may be planned through the close professional contact maintained by our industry associations with the institutions that shape the general legal environment.

Attracting, retaining and motivating qualified ***employees*** is a key success factor for UMS. We secure human resources planning for the long term through attractive compensation models with variable components, among other things, and regularly offer our employees training and continuing education opportunities.

The ***procurement*** of systems, technical accessories and spare parts, the maintenance and service of devices, and regular training for UMS technicians are guaranteed through long-term general agreements and cooperation agreements with manufacturers.

The Company seeks to minimize ***supply risks*** through the long-term planning of system and staff deployment and by keeping back-up systems available. To minimize ***operational risks***, the Company takes out relevant insurance policies, deploys qualified personnel and regularly assesses and optimizes processes.

Risks of future macroeconomic developments

A risk management system tailored to the specific situation of the UMS Group cannot operate in isolation from macroeconomic developments. For this reason, we very carefully monitor general economic developments, particularly in North and South America.

The international financial crisis caused by adverse developments on the U.S. mortgage market has already caused a noticeable downturn in macroeconomic performance, especially in the United States and other industrialized countries. In 2009, backlash from the financial sector is expected to negatively affect the market for goods and services. If the economic and fiscal measures put into place do not contribute to a gradual return of confidence to the financial markets, the risk of a deeper and longer-lasting recession will be heightened.

However, despite the economic crisis, we anticipate continued growth and therefore a limitation of risk for the UMS Group in the core segments of the U.S. healthcare market, i.e., in all segments where treatments are not elective, but instead are performed due to medical necessity.

Company's continued existence secured

After reviewing all risks, the Company determined that there were none in the 2008 reporting year that threatened the continued existence of the UMS Group. There are also no risks discernible that could endanger the Company's existence in the future.

7. Significant Events after the Balance Sheet Date, Opportunities and Outlook

Significant events after the balance sheet date

Subsequent to the balance sheet date, no events took place that are of significance to the UMS Group and could lead to a different assessment of the Group.

Outlook

Despite the economic crisis, we anticipate continued robust growth in the core segments of the U.S. healthcare market, i.e., in all segments where treatments are not elective, but instead are performed due to medical necessity.

For this reason, we plan to further increase revenue and earnings in all segments of the UMS Group in fiscal 2009. This assessment is based primarily on the developments described as follows.

In the United States, we will continue to consistently drive the growth of the urology segment by expanding existing and forming new physician partnerships. We believe that UMS will create at least three new physician partnerships in fiscal 2009.

In addition, we aim to expand our activities regionally in North and South America. To this end, additional focused acquisitions are possible as a logical extension of the UMS service network. The UMS Group will continue to leverage opportunities that arise for optimizing existing service routes in the future.

According to our estimates, the mobile brachytherapy service offered by UMS will grow significantly in the 2009 fiscal year. The U.S. subsidiary of the Group added this new full-service solution to its range of products and services in the past fiscal year. This UMS service provides urologists with a non-invasive treatment for prostate cancer performed with the support of UMS equipment and service technicians. Due to the positive feedback this service package has received, we will grow this service further, particularly in outpatient clinics.

In the gynecology segment, our goal for 2009 is renewed improvement in the utilization of the capacity of our equipment fleet, and thus a sharp increase in revenue and earnings. In order to accomplish this objective, we plan to expand this service to additional U.S. states in which the UMS Group has not yet actively done business. We will increasingly grow our presence in the western United States in particular.

In the radiology segment, we anticipate nearly around-the-clock operation of the remaining two units in 2009.

Based on the positive performance of the business providing kidney stone treatments in Chile and Ecuador and the successful launch of laser therapy treatments in Chile, we expect the South American region to continue to produce this satisfactory performance in 2009. In the coming fiscal year, we plan to further expand our existing activities there. In Chile, we aim to enter the gynecological treatment segment. At the same time, we want to launch our laser therapy business in Ecuador.

On the whole, we anticipate the 2009 fiscal year to bring continued revenue growth and therefore consolidated revenue of approximately €38 million. We also expect earnings per share to rise to around €0.60.

8. Report Pursuant to §289 (4) of the German Commercial Code and §315 (4) of the German Commercial Code

The law to implement Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004, on takeover bids (Takeover Bid Directive Implementation Act) expanded the management report disclosure requirements for companies whose securities are admitted to trading on a regulated market in a member state of the European Union.

1. The Company's subscribed capital is €6,016,261. It is divided into 6,016,261 no-par-value shares. All of the shares are ordinary shares, and there are no classes or series of shares. Every ordinary share entitles its holder to one vote at the shareholders' meeting (§19 (1) of the Company's Articles and Bylaws).

2. To the Management Board's knowledge, there are no limitations on the voting rights or transfer of shares, even under agreements between shareholders.

3. According to the disclosure by Thomas J. C. Matzen GmbH, Hamburg, Germany, 16.9% of the voting rights are attributable to this company. This means that this company also owns that percentage of the Company's capital. To the Management Board's knowledge, there are no further direct or indirect interests in the capital that exceed 10% of the voting rights.

4. There are no shares with special rights that grant the possibility of control.

5. Employee investors have no voting right control over the capital.

6. Members of the Management Board are appointed and removed in accordance with §84 of the German Stock Corporation Act (AktG) which assigns the responsibility therefor to the Supervisory Board. The Supervisory Board is made up of three members, and to constitute a quorum, all three members must participate in the voting. Resolutions require a majority of the votes cast.

Amendments to the Articles and Bylaws are made by the shareholders' meeting. In §13(2) of the Articles and Bylaws, the shareholders' meeting has availed itself of the opportunity granted by §179(1) sentence 2 of the German Stock Corporation Act (AktG) to authorize the Supervisory Board to make amendments that affect only the wording of the Articles and Bylaws.

Pursuant to §19(2) of the Articles and Bylaws, shareholders' resolutions to amend the Articles and Bylaws are adopted by a simple majority of the votes cast, unless mandatory provisions of law provide otherwise, and to the extent that the law provides for a majority of capital in addition to a majority of votes, they are adopted by a simple majority of the share capital represented when the resolution is passed.

7. The Management Board may issue new shares on the basis of shareholders' resolutions.

Pursuant to §6(2) of the Articles and Bylaws, the Management Board is authorized to increase the share capital, with the Supervisory Board's consent, on one or more occasions prior to May 30, 2010, by a total of up to €3,008,000 by issuing new no-par-value bearer shares, each theoretically representing €1.00 of the share capital, in exchange for cash or in-kind contributions. The Management Board is also authorized to exclude the shareholders' preemptive right, with the Supervisory Board's consent. However, an exclusion of the preemptive right is only permissible in the following cases:

- for capital increases with in-kind contributions, in particular to acquire companies or interests in companies
- for fractional shares

Furthermore, pursuant to §6(3) of the Articles and Bylaws, the share capital is conditionally increased by issuing 200,000 no-par-value bearer shares, each theoretically representing €1.00 of the share capital. The conditional capital increase will only be carried out to the extent that the holders of stock options issued pursuant to the shareholders' authorization resolution of August 26, 2003 exercise their options, and the Company does not make treasury shares available to satisfy the options. The new shares shall be entitled to dividends as of the year in which the option is exercised.

Pursuant to the shareholders' resolution of June 5, 2008, the Management Board is authorized to purchase the Company's own shares, up to a limit of 10% of the share capital, by November 30, 2009. The purchase may be made on the stock exchange or through a public purchase offer made to all shareholders. The authorization may be exercised in whole or in part, once or several times.

8. The following material agreement exists which is subject to the condition of a change in control of UMS AG:

   Dresdner Bank AG, Frankfurt/Main, grants to UMS AG a cash/money market credit facility, for variable drawdowns, in the amount of €0.6 million. The bank is entitled to terminate this credit facility in whole or in part and demand immediate repayment of all drawdowns plus accrued interest and other amounts due, if persons or companies other than the current owners directly or indirectly or otherwise acquire a majority (more than 50%) of the shares and/or voting rights in UMS AG or otherwise gain control over UMS AG.

9. The Company has not entered into any compensation agreements with Management Board members or employees for the event of a tender offer for the Company.

Hamburg, March 12, 2009

Jørgen Madsen

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting 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.

The Management Board

Consolidated Financial Statements 2008

UMS United Medical Systems International AG

Consolidated Income Statement

for the Financial Year 2008

	Note	2008	2007 adjusted*
		€	€
Continuing Operations			
Revenues		35,742,011.11	36,164,474.89
Cost of revenues	5	-18,960,020.55	-18,461,855.35
Gross profit		**16,781,990.56**	**17,702,619.54**
Distribution and selling expenses	5	-2,129,706.05	-2,482,426.21
General and administrative expenses	5	-4,175,866.79	-4,211,370.93
Other operating income and expenses	5	375,488.68	91,664.66
Operating result		**10,851,906.40**	**11,100,487.06**
Interest income	5	71,947.93	71,132.82
Interest expenditure	5	-797,338.51	-939,962.82
Result before taxes and minority interest		**10,126,515.82**	**10,231,657.06**
Other taxes		-67,792.76	-132,309.44
Income taxes	6	-1,809,162.01	-2,053,618.61
Profit from continuing operations		**8,249,561.05**	**8,045,729.01**
Discontinued operations			
Loss from discontinued operations after tax	7	0.00	-448,808.21
Profit for the year		**8,249,561.05**	**7,596,920.80**
Attributable to Equity holders of the parent		3,067,472.01	2,452,582.27
Minority interest		5,182,089.04	5,144,338.53
Net income per share			
Net income per share (basic)	8	0.52	0.41
Net income per share (diluted)	8	0.51	0.39
Net income per share (basic) from continuing operations	8	0.52	0.48
Net income per share (diluted) from continuing operations	8	0.51	0.47
		in thousands	
Weighted average shares outstanding (basic)	8	5,860	6,016
Weighted average shares outstanding (diluted)	8	6,060	6,216

* 2007 adjusted due to separate disclosure of discontinued operations

Consolidated Balance Sheet

as of December 31, 2008

ASSETS	Note	31.12.2008	31.12.2007
		€	€
Current assets			
Cash and cash equivalents	16	3,559,016.43	3,516,394.07
Trade accounts receivable	15	6,295,410.66	5,482,101.76
Inventories	14	1,468,305.22	1,244,578.06
Prepaid expenses and other current assets		1,496,271.58	915,766.67
		12,819,003.89	**11,158,840.56**
Non current assets held for sale and disposal groups	7	0.00	1,905,430.78
Total current assets		**12,819,003.89**	**13,064,271.34**
Non-current assets			
Advance Payments	9	0.00	610,752.10
Property, plant and equipment	9	8,016,573.14	6,294,222.59
Intangible assets	10	9,949,389.05	10,026,061.41
Other financial assets	12	625,432.00	498,499.26
Goodwill	10,11	73,748.47	73,748.47
Deferred taxes	6	49,264.60	0.00
Total non-current assets		**18,714,407.26**	**17,503,283.83**
Total assets		**31,533,411.15**	**30,567,555.17**

LIABILITIES AND EQUITY	Note	31.12.2008	31.12.2007
		€	€
Current liabilities			
Trade accounts payable	20	1,592,555.91	1,333,625.11
Liabilities due to banks	18	1,811,958.54	2,868,827.69
Leasing obligations	18,21	933,649.68	1,505,545.26
Other current liabilities	20	273,926.97	204,995.96
Liabilities relating to taxes	19	57,647.09	479,088.46
Other accrued expenses		726,857.62	702,258.90
		5,396,595.81	**7,094,341.38**
Liabilities directly associated with the assets classified as held for sale	7	0.00	1,186,354.37
Total current liabilities		**5,396,595.81**	**8,280,695.75**
Non-current liabilities			
Liabilities due to banks	18	3,927,994.73	3,048,634.40
Leasing obligations	18,21	1,856,350.33	2,029,891.15
Deferred Taxes	6	788,233.62	375,915.11
Total non-current liabilities		**6,572,578.68**	**5,454,440.66**
Equity			
Share capital	17	5,674,795.00	6,016,261.00
Additional paid-in capital	17	8,339,704.98	8,339,704.98
Equity portion warrant	17	20,117.04	20,117.04
Cumulative translation adjustment		-6,256,551.83	-6,807,124.77
Accumulated gain/deficit		7,862,725.11	6,196,735.08
Equity attributable to parent company		15,640,790.30	13,765,693.33
Minority interest		3,923,446.36	3,066,725.43
Total equity		**19,564,236.66**	**16,832,418.76**
Total liabilites and equity		**31,533,411.15**	**30,567,555.17**

Consolidated Statement of Changes in Equity

	Note	Share Capital	Additional Paid-in Capital	Currency Translation Adjustment
		€´000	€´000	€´000
Balance January 1, 2007		**6,016**	**8,340**	**-4,999**
Foreign currency adjustments				-1,808
Total income and expense for the year recognised directly in equity				-1,808
Profit for the year				
Total income and expense for the year				-1,808
Distribution				
Additions				
Balance December 31, 2007		**6,016**	**8,340**	**-6,807**
Balance January 1, 2008		**6,016**	**8,340**	**-6,807**
Foreign currency adjustments				551
Total income and expense for the year recognised directly in equity				551
Profit for the year				
Total income and expense for the year				551
Distribution				
Addition of Minority Interest in controlled entities				
Buy-Back of own Shares	17	-341		
Balance December 31, 2008		**5,675**	**8,340**	**-6,257**

Equity portion of bond	Accumulated gain	Equity parent company	Minority Interest	Total equity
€´000	€´000	€´000	€ ´000	€´000
20	**3,744**	**13,121**	**2,260**	**15,381**
		-1,808	-868	-2,676
		-1,808	-868	-2,676
	2,453	2,453	5,144	7,597
	2,453	645	4,277	4,921
			-4,141	-4,141
			671	671
20	**6,197**	**13,766**	**3,067**	**16,832**
20	**6,197**	**13,766**	**3,067**	**16,832**
		551	385	936
	551		385	936
	3,067	3,067	5,182	8,249
	3,067	3,618	5,567	9,185
			-4,175	-4,175
	-325	-325	-536	-860
	-1,077	-1,418		-1,418
20	**7,863**	**15,641**	**3,923**	**19,564**

Consolidated Cash Flow Statement

for the Financial Year 2008

	Note	2008	2007
		€	€
Profit for the year		**8,249,561.05**	**7,596,920.80**
Adjustment to reconcile profit for the year to net cash flows:			
Profit(-)/Loss(+) from sale of equipment		-596,150.27	-33,525.30
Depreciation on property, plant and equipment		2,112,184.16	1,820,352.80
Depreciation on intangible assets		986,660.96	1,032,594.63
Change in deferred taxes, net		331,612.29	115,462.19
Other non-cash expenses/income		-188,621.09	-37,380.69
Working Capital adjustments:			
Increase(-)/Decrease(+) in trade receivables		-480,683.91	193,920.67
Increase(-)/Decrease(+) in Prepaid expenses and other current assets		-638,138.98	28,454.00
Increase(-)/Decrease(+) in inventories		-116,370.83	-313,167.45
Increase(+)/Decrease(-) in trade payables		191,930.60	739,072.04
Increase(+)/Decrease(-) in liabilities related to taxes		-430,051.05	446,994.69
Increase(+)/Decrease(-) in other accrued expenses and current liabilities		-64,416.80	-68,660.18
= Net cash provided by operating activities		**9,357,516.13**	**11,521.038.20**
Purchases of property, plant and equipment, net of finance leasing		-957,441.86	-2,193,144.08
Purchases of intangible assets		0.00	356.24
Acquisition of subsidiaries or business units, net of cash acquired	3	0.00	-436,559.00
Acquisition of Minority Interests		-860,203.36	0.00
Proceeds from the sale of equipment		1,261,378.44	31,541.57
= Net cash used in investing activities		**-556,266.78**	**-2,597,805.27**

	Note	2008	2007
		€	€
Payments for Buy Back of own shares	17	-1,418,395.62	0.00
Payments to minority shareholders in partnerships		-3,976,991,64	-4,705,269.13
Proceeds from long term debt due to banks		1,613,007.06	0.00
Repayments to banks (long term)		-1,284,858.15	-1,925,784.79
Net change in lease liabilities		-2,359,740.03	-1,900,996.97
Proceeds from short term debt due to banks		90,173,27	821,076.68
Repayments to banks (short term)		-1,274,726.30	-636,316.92
= Net cash used in financing activities		**-8,611,531.41**	**-8,347,291.13**
Changes in consolidated qroup		0.00	0.00
Net effect of currency translation in cash and cash equivilants		-177,685.28	-381,785.33
Net increase/decrease in cash and cash equivalents		12,032.66	194,156.47
+ Cash and cash equivalents at beginning of the period		3,546,983.77	3,352,827.30
= Cash and cash equivalents at end of period	16	3,559,016.43	3,546,983.77
Additional information on cash flows			
Payments for interest		-802,968.61	-1,088,858.04
Proceeds from interest		47,012.14	38,976.82
Payments for taxes on income		-2,637,568.78	-1,646,470.10
Relevant non-cash transactions			
Purchases of property, plant and equipment financed by finance lease		-1,145,807.74	-1,237,099.57

Notes to consolidated Financial Statements

for the year ended 31 December 2008

1. General

UMS United Medical Systems International AG (hereinafter „UMS AG") is an ***Aktiengesellschaft*** (German public company) whose shares are traded on the Prime Standard segment. The Company's principal place of business is at Borsteler Chaussee 43, 22453 Hamburg, Germany. UMS AG's operating subsidiaries are located in the United States, Canada, Chile and Ecuador, and the Company's clear focus is on its business activities in North America. Additional information on the Group's activities is provided in Note 4 (Segment Information).

The present consolidated financial statements of UMS AG and its subsidiaries were released for review by the Supervisory Board in accordance with a resolution by the Management Board on March 12, 2009.

2. Summary of Significant Accounting Policies

Statement of IFRS compliance

The consolidated financial statements of UMS AG and its subsidiaries were prepared in accordance with International Financial Reporting Standards (IFRSs) applicable at December 31, 2008 and the supplementary applicable rules in § 315a(1) of the German Commercial Code. All IASB standards and interpretations that have been adopted by the EU and were mandatory for all fiscal years as of January 1, 2008 were applied.

Basis of preparation

The consolidated financial statements were prepared on a historical cost basis, except for certain financial instruments, which were measured at fair value. The consolidated financial statements are presented in euros. Except as otherwise indicated, all amounts are rounded to k€.

Due to the separate presentation of discontinued operations, figures for fiscal year 2007 were adjusted accordingly where necessary. In the published financial statements for the previous year, the activities of a business unit in the United States were categorized as discontinued operations. In the second quarter of 2008, management reviewed the classification of this business unit in the United States as „held for sale." Since the UMS Group currently no longer intends to sell this U.S. business unit, it is therefore included under continuing operations in the presentation of the previous year's figures.

Basis of consolidation

The consolidated financial statements comprise the financial statements of UMS AG and its subsidiaries at December 31 of each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using uniform accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the UMS Group and cease to be consolidated from the date on which control is transferred out of the Group. Where the UMS Group loses control of a subsidiary, the consolidated financial statements include the result for the part of the reporting year during which UMS International AG has control. Losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the subsidiary's equity. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholder's equity.

A complete list of the Group's holdings is presented in Note 22.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group adopted those new/revised standards mandatory for the reporting period:

- IAS 39 „Financial Instruments: Recognition and Measurement“ and IFRS 7 „Financial Instruments: Disclosures“
- IFRIC 11/IFRS 2 „Group and Treasury Share Transactions“
- IFRIC 12 „Service Concession Arrangements“
- IFRIC 14/IAS 19 „The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction“

The Group does not make use of any financial instruments, equity instruments, concessions or pension plans falling under the scope of application of the aforementioned standards and interpretations. For this reason, the application of the new rules has no effect on the consolidated financial statements.

Business combinations and goodwill

Business combinations are accounted for using the acquisition accounting method.

Goodwill arising from business combinations is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated amortization and accumulated impairment losses. The unamortized balances are reviewed annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Foreign currency translation

The consolidated financial statements are prepared in euros. The currency of the UMS AG and its subsidiaries is the local currency of the country in which each company is located. Assets and liabilities of these companies are translated into euros at the exchange rate effective at the balance sheet date. Revenues and expenses are converted using the average exchange rate effective during each fiscal year. Differences arising from the conversion are recorded in a separate position under equity.

Transactions in foreign currencies are translated at the exchange rates effective at the date of each transaction.

The U.S. dollar exchange rate, which is material for UMS AG, developed as follows:

	Exchange rate the reporting date		Weighted average exchange rate	
	per 1 €		per 1 €	
	Dec. 31, 2007	Dec. 31, 2008	2007	2008
U.S. dollar	1.46	1.40	1.37	1.46

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Rendering of services

Revenue from rental of units and services provided is recognized based on rental days and service hours delivered until December 31.

Interest

Revenue is recognized as the interest accrues (using the effective interest method, i.e., the imputed interest rate used to discount the estimated future inflow of funds over the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Dividends are recognized when the shareholders' right to receive the payment is established.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are in effect as of the balance sheet date.

Deferred tax

Deferred income tax is recognized, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Differences calculated according to this method are generally always recognized to the extent that they result in deferred tax liabilities. Deferred tax assets are only recognized if it is likely that the corresponding tax benefits will also be realized.

Deferred tax assets and liabilities are also recognized on temporary differences arising from acquisitions except where they arise from goodwill that is not taken into account for tax purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that are applicable at the balance sheet date. Future changes in tax rates are applied insofar as material conditions for validity as part of a legislative process have been fulfilled as of the balance sheet date.

Changes in deferred taxes on the balance sheet generally give rise to deferred tax income or expense. To the extent that items resulting in a change in deferred tax are credited or charged directly to equity, the change in deferred tax is also recognized directly in equity.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to shareholders of UMS AG by the weighted average number of shares issued. The shares bought back during the year under review are recognized on a pro rata basis. In the periods under review presented here, no new dilutive effects occurred. Stock options for 200,000 ordinary shares have existed since April 2004.

Employee benefits

Pensions and other post-employment benefits

The UMS Group's U.S. affiliate maintains two defined contribution profit sharing plans, which cover all eligible employees. Contributions to the plan are at the discretion of management. Payout occurs after the age of 65½.

The state pension schemes in Germany to which the UMS Group contributes have been classified as a multi-employer defined contribution plan.

Share-based compensation

The UMS Group does not give its employees any form of share-based compensation.

Financial assets

Initial recognition and subsequent measurement

Financial assets in the scope of IAS 39 are classified either as financial assets at fair value through profit or loss, as loans and receivables, as held-to-maturity investments or as available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets after initial recognition.

When financial assets are recognized initially, they are measured at fair value. The transaction costs directly attributable to acquisition are recognized for all financial assets not recognized at fair value through profit or loss in subsequent periods.

The subsequent measurement of financial assets depends on their classification.

Financial assets at fair value through profit or loss

The group of financial assets at fair value through profit or loss includes assets held for trading. Derivative financial instruments are also classified as held for trading. Gains or losses on investments held for trading are recognized in profit and loss.

The UMS Group has classified its interest swaps to hedge interest exposure as held for trade. At the balance sheet date, the interest swaps are remeasured at fair value. Any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity.

During fiscal 2008 and 2007, the Group did not have any held-to-maturity investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recorded in equity is recognized in profit or loss.

Financial liabilities

Initial recognition and subsequent measurement

Financial liabilities give rise to an obligation that must be settled in cash or other financial assets. These include in particular trade payables, derivative financial liabilities and components of debt, primarily bonds and other securitized liabilities, liabilities to banks and finance lease liabilities.

The initial recognition of financial liabilities is at fair value. The transaction costs directly attributable to acquisition are recognized for all financial liabilities not recognized at fair value through profit or loss in subsequent periods.

The subsequent measurement of financial liabilities depends on their classification.

Interest-bearing loans and borrowings

After initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized or impaired, as well as through the amortization process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Determination of fair value of financial instruments

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. The fair value of financial investments for which there is no active market is determined by the Company itself or by third-party experts using measurement methods.

Amortized cost of financial instruments

Amortized cost is calculated using the effective interest method, less any impairment losses, and repayments or principal reductions.

Impairment of financial assets

At each balance sheet date, the carrying amounts of financial assets not measured at fair value through profit or loss are subjected to testing to determine whether objective evidence exists to indicate impairment. Objective evidence includes, for example, major financial difficulty of the borrower, the ceasing to exist of an active market or significant changes in the technological, market, economic or legal environment.

The amount of the impairment loss for a financial asset carried at amortized cost or held to maturity is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the impairment loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are deemed uncollectible (e.g., after conclusion of bankruptcy proceedings).

Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognized when:

- The contractual rights to receive cash flows from the asset have expired.
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full to a third party without material delay, pursuant to an agreement that meets the requirements of IAS 39.19.
- The Group has transferred its right to receive cash flows from the assets and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The UMS Group has not assigned any contractual rights to receive cash flows from an asset or entered into a „pass-through arrangement“ within the meaning of IAS 39.19.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Compound instruments

Financial instruments consisting of both liability and equity portions (compound instruments) are split into the components and are stated separately within debt and equity. The split up is based on the fair value of the liability.

Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps) to hedge interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value that do not qualify for hedge accounting are taken directly to the income statement.

The UMS Group does not use any hedging instruments that would have to be included in the financial statements as a hedging relationship.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration paid is recognized in distributable profit.

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Land and Buildings	10 - 25 years
Technical equipment	5 - 10 years
Other equipment	3 - 5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized.

The residual values, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted, if necessary.

Leases

General

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date, and the fulfillment of the arrangement is dependent on whether a specific asset or assets are used or the arrangement conveys a right to use the asset.

For arrangements entered into prior to January 1, 2005, the date of inception is deemed to be January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

Group as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Group as lessor

Leases where the UMS Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases with the Group as lessor. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing costs

Borrowing costs are recognized as an expense when incurred.

Intangible assets

Intangible assets acquired separately are capitalized at cost, whereas intangible assets from a business acquisition are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are defined as either finite or indefinite. Intangible assets with a specific useful life are written down over the economic life of the asset and tested for possible impairment as soon as there are indicators of impairment. Their useful lives are also reviewed annually with respect to their length and determinability and if necessary, are adjusted on a prospective basis.

The nature and influence of changes on an estimated value are discussed in connection with additional disclosures on the balance sheet item „Intangible assets."

Costs of exclusive distribution rights

The U.S. affiliate of the Group has acquired the exclusive right to sell lithotripters manufactured by the Richard Wolf company. To obtain this right, UMS Inc., USA, secured the necessary approval of these systems by the Food and Drug Administration (FDA). Thus, costs of the distribution rights are the costs incurred to obtain FDA approval. Approval expenditures incurred are carried forward when their future recoverability can reasonably be regarded as assured. Following the initial recognition of the approval expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Any expenditure carried forward is amortized over the period of expected future sales from the related project. Amortization for the first project started on January 1, 2005.

The carrying amount of the distribution rights is reviewed for impairment at least annually.

„Certificate of Need (CON)"

In some U.S. states, a certificate of need or similar regulatory approval is required of medical services. The U.S. affiliate of the Group has acquired several certificates of need to operate services in states under certificate-of-need laws. The acquired certificates are classified as intangible assets with an indefinite life.

The carrying amount of the certificates is reviewed for impairment at least annually.

Overview of valuation methods

	Customer Contracts	Distribution Rights	Certificate of Need
Useful lives	finite	finite	indefinite
Method used	12 years straight line	5 years straight line	none
generated or acquired	acquired	acquired	acquired
Impairment testing	annually and more frequently when an indication of impairment exists	annually and more frequently when an indication of impairment exists	annually and more frequently when an indication of impairment exists

Gains or losses from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Impairment of non-financial assets

At each balance sheet date, the Group tests the carrying amounts of intangible assets and property, plant and equipment to determine if there is any indication that impairment could have occurred. In this case, the recoverable amount of the asset in question is calculated in order to determine the amount of an impairment loss to be recognized, if any.

Goodwill arising from business combinations and from intangible assets with an indefinite useful life is tested for impairment at every balance sheet date and, additionally, if indications of possible impairment exist at other times. The recoverable amount of an asset or a cash-generating unit is the higher of fair value less costs to sell and its value in use. The recoverable amount must be determined for each individual asset unless the asset does not generate any cash inflows that are largely independent from those of other assets or other groups of assets. If the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount, the asset is deemed impaired and is written down to the recoverable amount.

The value in use is the present value of the expected future cash flows discounted by applying a pre-tax rate that reflects current market expectations with regard to the time value of money and the specific risks associated with the asset. A suitable measurement model is applied to calculate the fair value less costs to sell.

For all assets other than goodwill, an assessment is made at each balance sheet date as to whether there is any indication that an impairment loss recognized previously may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or the cash-generating unit. A previously recognized impairment loss is only reversed if a change has occurred in the assumptions used to calculate the recoverable amount since the recognition of the most recent impairment loss. The reversal of the impairment loss is limited to the extent that the carrying amount of an asset may neither exceed its recoverable amount nor the carrying amount that would have resulted after recognition of depreciation/amortization charges if no impairment loss had been recognized for the asset in prior periods. Reversals of impairment losses are recognized in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realizable value. The Company trades only with finished goods. Finished goods are carried at cost, on a first-in, first-out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Cash

Cash in the balance sheet comprise cash at bank and in hand and short-term de-posits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash consist of cash as defined above.

Provisions

Provisions are recognized when the Group has a present obligation (legal or factual) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount of the provision corresponds to the best possible estimate of the amount required to settle the current obligation as of the balance sheet date. Expected reimbursements by third parties are not offset, but instead recognized as a separate asset as long as it is virtually certain that the reimbursement will be received. If the time value of money is material, then the provision is discounted using a market rate that adequately accounts for risk.

Provisions for restructuring measures are recognized to the extent that a detailed, formal restructuring plan has been prepared and announced to the affected parties.

Significant accounting judgments and estimates

The preparation of consolidated financial statements requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies in the Group and reported amounts of assets and liabilities as well as income and expenses. Actual amounts may differ from these estimates.

The most significant effect on the amounts recognized is the judgment that the Certificates of Need have an indefinite life, which is consistent with industry standard.

The Group has also entered into a lease agreement for commercially leasing a magnetic resonance imaging system. Since significant benefits and risks associated with the device remain with the Group, the agreement was classified as an operating lease.

Moreover, Management reviewed the classification of the business unit in the United States as „held for sale“ in the second quarter of 2008. Since the UMS Group currently no longer intends to sell this U.S. business unit, it is included under continuing operations in the presentation of the figures for the previous year and the year under review.

In the current reporting year, discontinued operations are no longer of material importance for the Group; they are therefore not presented separately.

Standards issued but not yet mandatory

As of December 31, 2008, the IASB had issued the following new or revised standards and interpretations relevant for the Group’s business activities whose application was not yet mandatory as of the reporting date and which the Group had not yet applied ahead of schedule:

In November 2006, the IASB issued IFRS 8 „Operating Segments.“ Upon its entry into force, IFRS 8 replaces IAS 14 „Segment Reporting.“ IFRS 8 is mandatory for annual periods beginning on or after January 1, 2009. The Group currently believes that the operating segments to be identified pursuant to IFRS 8 will largely correspond to the operating segments currently identified under IAS 14.

In April 2007, the IASB issued an amendment to IAS 23. The revised IAS 23 requires capitalization of borrowing costs directly attributable to the acquisition of a qualifying asset. The amendment to IAS 23 must be applied in annual periods beginning on or after January 1, 2009.

The IASB published a revised version of IAS 1 „Presentation of Financial Statements“ in September 2007. The revised version must be applied in annual periods beginning on or after January 1, 2009. The standard requires separate presentation of movements in equity arising from transactions with owners and other changes in equity. In addition, the standard introduces a choice between two types of presentation for income and expenses for a reporting period. The Group has not yet decided which presentation option to use.

In January 2008, the IASB published revisions to IFRS 3 „Business Combinations“ and IAS 27 „Consolidated and Separate Financial Statements.“ The key change made was in accounting for acquisitions of less than 100% of the shares of a company. An option was added for entities to recognize 100% of the goodwill from an acquisition according to the „full goodwill method,“ i.e., also including the share attributable to minority shareholders. Moreover, acquisitions or partial disposals of shares not involving a loss of control must be recognized as transactions between shareholders directly in equity. In addition, acquisition-related costs must be expensed in full. The revised standards must be applied to business combinations in annual periods beginning on or after July 1, 2009. The Group does not currently believe that the application of the revised versions will materially affect the Group’s results of operations.

The IASB also published an amended version of IFRS 2 „Share-based Payment“ in January 2008. Share-based compensation is not currently expected to be introduced in the Group. For this reason, the amendment to the standard is not relevant.

In February 2008, the IASB approved the revised IAS 32 „Financial Instruments: Presentation.“ This new version of IAS 32 permits classification of puttable financial instruments as equity under certain circumstances. The amendments must be applied in annual periods beginning on or after January 1, 2009. The change is not expected to affect the Group’s net assets, financial position or results of operations.

The IASB published its first collective standard, „Improvements to IFRSs," in May 2008 for the purpose of making minor amendments to existing IFRS standards. This standard contains amendments to 20 IFRS standards and is split into two parts. The first part deals with revisions that affect presentation, recognition or measurement. The second part contains changes in terminology or editorial revisions. Unless stipulated otherwise in the relevant standard, these amendments apply to annual periods beginning on or after January 1, 2009. The Group does not currently believe that the application of the revised versions will have a material effect on the presentation of its financial statements.

In July 2008, the IASB published amendments to IAS 39 „Financial Instruments: Recognition and Measurement." According to the existing rules, an entity can include the entire risk or only certain risks associated with a hedged item in a hedge. In order to simplify the application of the basic principles, which are unchanged, guidance was added on the designation of inflation risks as hedged items and the designation of a one-sided risk in a hedged item (for example, with an option as a hedging instrument). In terms of the designation of inflation risks as hedged items, the amendment clarifies that this risk cannot fundamentally be designated as an identifiable risk. A one-sided risk exists when an entity exclusively determines changes in the cash flows or fair value of a hedged item above or below a specified price or other variable. The amendment also clarifies that only the intrinsic value of the option, and not its entire value – consisting of the intrinsic value and time value – can be designated a hedging instrument. The amendments to IAS 39 must be applied for annual periods beginning on or after July 1, 2009. No material effects on the consolidated financial statements are anticipated.

In July 2008, IFRIC published IFRIC 15 (Agreements for the Construction of Real Estate). This interpretation contains guidelines for uniform recognition of revenue by real estate developers selling units in this capacity. The IFRIC 15 rules must be applied in annual periods beginning on or after January 1, 2009.

The IFRIC 16 (Hedges of a Net Investment in a Foreign Operation) interpretation was released in July 2008. IFRIC 16 clarifies the accounting treatment of hedges of investments in companies whose functional currencies do not match the group currency. IFRIC 16 is effective for annual periods beginning on or after October 1, 2008.

In November 2008, IFRIC 17 (Distributions of Non-cash Assets to Owners) was published. This interpretation governs the accounting treatment of distributions of non-cash assets to third parties and is effective for annual periods beginning on or after July 1, 2009.

The application of these interpretations is not expected to materially affect the presentation of the Company's future net assets, financial position or results of operations.

3. Business Combinations

Restructuring of the Chesapeake Group in 2008

In the 2008 reporting year, the UMS Group did not enter into any new business combinations. However, the restructuring of companies in the Chesapeake Group acquired in the previous year caused changes to occur in the organizational structure of the Group.

In May 2008, Chesapeake Lithotripsy Associates, LP, was combined with UMS Chesapeake LLC. In this context, UMS Chesapeake LLC also acquired noncontrolling interests in four other urologist partnerships associated with Chesapeake Lithotripsy Associates, LP, that were subsequently also combined with UMS Chesapeake LLC.

UMS Chesapeake LLC as the only remaining company is now the central operating unit that maintains and fulfills all service contracts.

The difference between the acquisition cost of the noncontrolling interests and the carrying amount attributable to the interests acquired amounting to €325k was recognized directly in equity and deducted from the distributable profit.

Acquisitions in 2007

Acquisition of the Chesapeake Group

At the end of June 2007, the Group's U.S. subsidiary acquired a majority interest in Chesapeake Lithotripsy Associates, LP, as well as interests in four urologist partnerships related to this firm. All acquired partnerships are fully included in the consolidated financial statements because the UMS Group exercises control of their financial and business policies, pursuant to management agreements.

The fair value of assets and liabilities as at the date of the acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Fair Value recognized at acquisition k€	Previous carrying amount k€
Cash and cash equivalent	896	896
+ Trade accounts receivable	353	325
+ Property, plant and equipment	39	7
+ Intangible assets	528	0
+ Other assets	3	3
– Trade accounts payable	-19	-19
– Accruals and other liabilities	-193	-193
– Minority interests	-671	-671
= Net assets	**936**	**348**
= Total consideration	**936**	
– Net cash acquired	896	
= Net cash outflow	40	

Since the time of its acquisition, the Chesapeake Group contributed €225k to consolidated net income in fiscal 2007. A one-time effect based on the assumption that the acquisition had been completed as of January 1 cannot be determined because the prior months are not structurally comparable to the operations within the UMS Group.

InSight Health asset deal

In mid-September 2007, the UMS Group (again through its U.S. subsidiary) took over all the customer contracts for mobile kidney stone destruction (lithotripsy) and the related urological equipment.

The fair value of assets and liabilities at the date of the acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Fair Value recognized at acquisition k€	Previous carrying amount k€
Property, plant and equipment	213	-
+ Intangible assets (contracts)	183	0
= Net assets	**396**	
= Total consideration	**396**	
– Net cash acquired	0	
= Net cash outflow	396	

The book values of the assets immediately prior to the acquisition cannot be indicated because they are not shown in the documentation provided by the seller at the time of the acquisition. The fair value at the time of the acquisition was determined on the basis of a technical appraisal.

The contribution to net income in fiscal 2007 cannot be determined because the acquired contracts were integrated into UMS (DE) Inc. Accordingly a one-time effect based on the assumption that the contract had been acquired as of January 1 of the reporting year cannot be determined.

4. Segment Information

The Group's primary reporting format is business segments and its secondary format is geographical segments. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The urology segment delivers full service solutions mainly for the treatment of kidney stones using sound waves to pulverize stones and laser treatments for non-cancerous enlarged prostate as well as brachytherapy. This segment also includes the sale of Richard Wolf urology systems and the operation of a treatment center specializing in urology.

The gynecology segment covers the provision of stereotactic breast biopsies using mobile equipment and the sale of disposables for early detection of breast cancer.

In the radiology segment, the UMS Group delivers mobile MR systems.

Within the Group's geographical segments – that are the regional activities of the UMS Group – the UK/Ireland and Germany (without the holding company) meet the criteria of IFRS 5 to be classified as discontinued and must therefore be presented separately. However, due to the insignificance of the discontinued operations currently, this information was not presented separately in the year under review.

The following tables present revenue and profit information and certain asset and liability information regarding the Group's business segments for the years ended December 31, 2008 and 2007.

Transfers between the segments are accounted at competitive market prices.

Business Segment Data

continuing operations

	Urology		Gynecology		Radiology	
	2008	2007	2008	2007	2008	2007
	k€	k€	k€	k€	k€	k€
External segment revenues	24,740	24,619	9,430	9,600	1,572	1,945
Intercompany segment revenues	0	0	0	0	0	0
Total segment revenues	**24,740**	**24,619**	**9,430**	**9,600**	**1,572**	**1,945**
Segment result	**9,562**	**9,370**	**1,560**	**1,375**	**130**	**332**
Amortization goodwill						
Interest result, net						
Other taxes						
Other taxes						
Income taxes						
Result before taxes						
Assets of segments	18,042	16,971	7,173	6,364	1,186	2,098
Investments	0	1	0	0	0	0
Nonattributable assets	0	0	0	0	0	0
Total assets	**18,042**	**16,972**	**7,173**	**6,364**	**1,186**	**2,098**
Segment liabilities	5,180	3,924	1,178	1,137	0	948
Nonattributable liabilities	0	0	0	0	0	0
Total liabilities	**5,180**	**3,924**	**1,178**	**1,137**	**0**	**948**
Other information of segments						
IInvestments in tangible and intangible assets	2,319	2,312	507	757	39	92
Depreciation	2,051	1,872	395	378	482	433
Non-cash relevant transactions	891	449	202	531	0	92

Geographical Segment Data

continuing operations

	Germany		Netherlands		USA/Canada	
	2008	2007	2008	2007	2008	2007
	k€	k€	k€	k€	k€	k€
External segment revenues			358	0	34,278	35,214
IIntercompany segment revenues			1,785	960	0	0
Total segment revenues			**2,143**	**960**	**34,278**	**35,214**
Other segment information						
Total assets of segments			20,979	20,781	29,340	27,695
IInvestments in tangible and ntangible assets		0	1	3,020	3,760	47

Other		Consolidation		Total		discontinued operations		Total operations	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
k€	k€	k€	k€	k€	k€	k€	k€	k€	k€
0	0		0	35,742	36,164	0	286	35,742	36,450
1,785	960	-1,785	-960	0	0	0	0	0	0
1,785	**960**	**-1,785**	**-960**	**35,742**	**36,164**	**0**	**286**	**35,742**	**36,450**
-820	**-296**	**420**	**320**	**10,852**	**11,101**	**0**	**-179**	**10,852**	**10,922**
				0	0	0	0	0	0
				-726	-869	0	-143	-726	-1,012
				-68	-132	0	-11	-68	-143
				10,058	**10,100**	**0**	**-333**	**10,058**	**9,767**
				-1,809	-2,054	0	-116	-1,809	-2,170
				8,249	**8,046**	**0**	**-449**	**8,249**	**7,597**
5,406	3,723	-1,004	-1,185	30,803	27,971	0	1,905	30,803	29,876
19,263	19,263	-19,263	-19,263	0	1	0	0	0	1
613	600	117	91	730	691	0	0	730	691
25,282	**23,586**	**-20,150**	**-20,357**	**31,533**	**28,663**	**0**	**1,905**	**31,533**	**30,568**
5,383	5,878	0	0	11,741	11,887	0	1,186	11,741	13,073
250	692	-22	-30	228	662	0	0	228	662
5,633	**6,570**	**-22**	**-30**	**11,969**	**12,549**	**0**	**1,186**	**11,969**	**13,735**
202	944	33	62	3,100	4,167	0	0	3,100	4,166
377	233	-206	-267	3,099	2,649	0	204	3,099	2,853
53	165	0	0	1,146	1,237	0	0	1,146	1,237

Chile		Consolidation		Total		discontinued operations		Total operations	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
k€	k€	k€	k€	k€	k€	k€	k€	k€	k€
1,106	950	0	0	35,742	36,164	0	286	35.742	36.450
0	0	-1,785	-960	0	0	0	0	0	0
1,106	**950**	**-1,785**	**-960**	**35,742**	**36,164**	**0**	**286**	**35.742**	**36.450**
1,364	1,133	-20,150	-20,357	31,533	28,663	0	1.905	31.533	30.568
344	33	62	3,100	4,167	0	0	3.100	4.167	

5. Revenues and Expenses

Other income/expense	2008 k€	2007 k€
Other income	960	483
Other expense	-585	-391
	375	**92**

Other income mainly includes profits from the disposal of assets and exchange gains.

Other operating expenses primarily include exchange losses, write-downs on receivables, consulting services for special projects and other extraordinary expenses.

Finance income	2008 k€	2007 k€
Bank interest income	36	63
Investment income	28	0
Other interest income	8	8
	72	71

Finance costs	2008 k€	2007 k€
Bank loans and overdrafts	-447	-536
Other loans	-62	-37
Finance charges payable under finance leases and hire-purchase contracts	-288	-367
	-797	**-940**

Included in cost of sales are:	2008 k€	2007 k€
Depreciation of property, plant and equipment		
- Owned assets	-778	-381
- Assets under finance lease	-1,219	-1,113
Amortization of intangible assets	-943	-981
	-2,940	**-2,475**
Cost of inventories recognized as an expense	-393	-423
Personnel expenses	-7,416	-7,313
Service and maintenance expenses	-903	-1,052
Other expenses	-7,308	-7,199
Total cost of sales	**-18,960**	**-18,462**

General and administration expenses	2008 k€	2007 k€
Depreciation of property, plant and equipment		
- Owned assets	-66	-81
- Assets under finance lease	-13	-13
Amortization of intangible assets	-23	-27
Personnel expenses	-1,946	-2,030
Other expenses	-2,128	-2,060
Total expenses	**-4,176**	**-4,211**

Other expenses include audit fees for the Group auditors amounting to €139k (2007: €124k). The audit fee in the reporting year and in the previous year relates exclusively to the audit of the consolidated and single-entity financial statements.

Distribution and selling expenses	2008 k€	2007 k€
Depreciation of property, plant and equipment		
- Owned assets	-22	-21
- Assets under finance lease	-14	-10
Amortization of intangible assets	-21	-22
Personnel expenses	-1,384	-1,663
Other expenses	-689	-766
Total expenses	**-2,130**	**-2,482**

Employee remuneration	2008 k€	2007 k€
Salaries	-8,885	-9,147
Contribution to pension plans	-109	-114
Other social securities	-1,752	-1,745
Total employee remuneration	**-10,746**	**-11,006**

The average number of employees for the year was 208 (2007: 210). All employees were employed in continuing operations.

Depreciation/amortization	2008 k€	2007 k€
Property, plant and equipment		
- Cost of sales	-1,997	-1,494
- Distribution and selling	-36	-31
- General and administration	-79	-94
Total	**-2,112**	**-1,619**
Intangible assets		
- Cost of sales	-943	-981
- Distribution and selling	-23	-22
- General and administration	-21	-27
Total	**-987**	**-1.030**
Total expenses	**-3,099**	**-2,649**

6. Income Tax

The major components of income tax expense for the years ended December 31, 2008 and 2007 are:

Consolidated income statement	2008 k€	2007 k€
Current income tax		
- Current income tax	-1,466	-1,927
Deferred income tax - Relating to origination and reversal of temporary differences	-343	-127
Income tax expense reported in consolidated income statement	**-1,809**	**-2,054**

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended December 31, 2008 and 2007 is as follows.

	2008 k€	2007 k€
Accounting profit/loss before income tax from continuing operations	10,059	10,100
Profit/loss from discontinued operations	0	-333
Accounting profit/loss before income tax	**10,059**	**9,767**

	2008 k€	2007 k€
Germany statutory income tax rate of 32.28% l(2007: 41.67%)	-3,247	-4,070
Difference in foreign taxation	-900	4
Withholding tax on dividends	+101	-96
Difference in domestic taxation (non-deductible expenses)	-101	-155
Difference in domestic taxation (non-taxable income)	0	0
Deferred tax expense arising from permanent differences	31	207
Impairment on deferred tax assets or liabilities/deferred tax assets or liabilities not recognized	78	-133
Tax effect of corrections, consolidation	49	0
Effect of taxation in limited partnerships	2,160	2,145
Taxes for previous year from operating audit	0	-116
Other	20	45
	-1,809	**-2,169**

	2008 k€	2007 k€
Income tax expense reported in consolidated income statement	-1,809	-2,054
Income tax attributable to the current gain/loss of discontinued operations	0	-116
	-1,809	-2,169

UMS AG has income tax losses of €11.5 million and €10.3 million in trade tax losses that are available indefinitely for offset against the Company's future taxable profits, within the limits of §§10d (2) EstG; 10a GewStG. No deferred tax assets have been recognized in respect of these losses as they cannot be used to offset taxable profits elsewhere in the Group. As the holding company is not likely to generate future taxable profits, no deferred taxes have been recognized for timing differences for UMS AG.

UMS GmbH has income tax losses of €13.9 million and €12.2 million trade tax losses that are available indefinitely for offset against future taxable profits of the company within the limits of §§10d (2) EstG; 10a GewStG. Because UMS GmbH was dissolved by resolution of UMS AG as the sole shareholder of UMS GmbH effective after June 30, 2008, no future taxable income is expected for the company. For this reason, no deferred taxes have been recognized for timing differences for UMS GmbH.

The UMS group therefore does not recognize any tax assets based on tax loss carryforwards.

Timing differences between taxable income and income stated in accordance with IFRS rules result in deferred tax liabilities of €0.8 million. Timing differences mainly arise from differences in amortization periods and non-tax-deductible depreciation on certain assets for tax purposes.

As in the previous year, no deferred tax liabilities were recognized as of December 31, 2008 for withholding taxes on non-distributed profits from subsidiaries, because future distributions will no longer be subject to withholding taxes due to changes in double taxation treaties.

7. Discontinued Operations

In 2006, the UMS Group decided not to continue its operating activities in Europe and decided to sell its European companies or business operations. As in the consolidated financial statements at December 31, 2007, still existing operating legal entities in Europe were classified as part of discontinued operations.

However, in the year under review, this relates exclusively to UMS United Medical Systems GmbH, Germany. Because UMS GmbH was dissolved by resolution of UMS AG as the sole shareholder of UMS GmbH effective after June 30, 2008, the financial effects of the discontinued operations on the consolidated financial statements are so insignificant that this information was not reported separately.

In the previous year's Annual Report, information concerning the discontinued geographical business units in Europe and the business unit held for sale in the United States was reported separately. In the second quarter of 2008, management reviewed the classification of this U.S. business unit as „held for sale." Since the UMS Group currently no longer plans to sell the U.S. business unit, it is included under continuing operations in the presentation of figures for the previous year and the year under review. The income statement for the previous year was therefore corrected accordingly.

The results of discontinued operations for fiscal year 2008 and for the previous year were as follows:

	2008 k€	2007 k€
Revenues	0	286
Expenses	0	-465
Loss recognized on the remeasurement to fair value	0	0
EBIT	0	-179
Financial result	0	-143
Other taxes	0	-11
Result before taxes	0	-333
Tax expenses related to pre-tax profit/loss (IFRS 5)	0	-116
Gain/loss for the year from a discontinued operation after tax	0	-449
thereof attributable to equity holders of the parent	0	-449
thereof minority interest	0	0

The net cash flows incurred by discontinued operations are as follows:

	2008	2007
	k€	k€
Cash flow from current operating activities	0	-127
Cash flow from investing activities	0	0
Cash flow from financing activities	0	-990
Effect of currency translation	0	0
Net cash effect	0	-1,117

The major classes of assets and liabilities classified as held for sale at December 31 are as follows:

	2008 k€	2007 k€
Cash and cash equivalents	0	31
Trade accounts receivables and other assets	0	441
Property, plant and equipment	0	1,222
Intangible assets	0	211
Total assets of the group sold	**0**	**1,905**
Trade accounts payables	0	14
Other accruals	0	119
Bank and lease liabilities	0	1,053
Total liabilities of the group sold	**0**	**1,186**

8. Earnings per Share

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	2008 k€	2007 k€
Profit/loss for the year from continuing operations thereof	8,249	8,046
- Attributable to minorities	5,182	5,144
- Attributable to equity holders of the parent	3,067	2,901
Profit/loss for the year from discontinued operations thereof	0	-448
- Attributable to minorities	0	0
- Attributable to equity holders of the parent	0	-448
Profit/loss for the year thereof	8,249	7,597
- Attributable to minorities	5,182	5,144
- Attributable to equity holders of the parent	3,067	2,453

	2008 k€	2007 k€
Weighted average number of ordinary shares for basic earnings per share	5,860	6,016
Effect of dilution: - Share options	200	200
Adjusted weighted average number of ordinary shares for diluted earnings per share	6,060	6,216

In the year under review, the Management Board of UMS AG decided by way of resolutions dated April 23, 2008, June 5, 2008 and November 26, 2008 to exercise the authorization of the shareholders' meeting and repurchase up to 601,626 treasury shares via the stock exchange. As of the balance sheet date, 341,466 treasury shares had been acquired.

The weighted average number of ordinary shares therefore corresponds to the number of ordinary shares that were in circulation at the beginning of the period, adjusted for the – time weighted– number of ordinary shares repurchased during the period.

Property, Plant and Equipment at Cost and Intangible Assets 2008

	Acquisition and production cost					
	01. Jan. 08	Effect of changes in exchange rates	Changes in consolidated group	Additions	Disposals	31. Dec. 08
	€	€	€	€	€	€
Intangible Assets						
Intangible Assets	15,370,994.27	840,522.81	0.00	188,620.95	0,00	16,400,138.03
Goodwill	15,172,290.41	0.00	0.00	0.00	0.00	15,172,290.41
	30,543,284.68	**840,522.81**	**0.00**	**188,620.95**	**0.00**	**31,572,428.44**
Property, plant and equipment						
Advance payments	610,752.10	32,355.99	0.00	0.00	643,108.10	0.00
Land and building	1,190,286.95	61,099.04	0.00	725,896.44	36,981.00	1,940,301.44
Technical equipment and machines	16,116,910.63	539,216.73	0.00	1,642,386.39	2,641,049.30	15,657,464.45
Other equipment, factory and office equipment	5,358,553.54	252,190.06	0.00	696,713.57	578,035.48	5,729,421.69
	23,276,503.22	**884,861.83**	**0.00**	**3,064,996.40**	**3,899,173.88**	**23,327,187.57**

Accumulated depreciation						Net book value			
01. Jan 08	**Effect of changes in change rates**	**Changes in consolidated group**	**Additions**	**Disposals**	**31. Dec. 08**	**31. Dec. 08**	**thereof discontinued operations**	**thereof continuing operations**	**31. Dec. 07**
€	€	€	€	€	€	€	€	€	€
5,133,473.47	330,614.54	0.00	986,660.97	0.00	6,450,748.98	9,949,389.05	0.00	9,949,389.05	10,237,520.80
15,098,541.94	0.00	0.00	0.00	0.00	15,098,541.94	73,748.47	0.00	73,748.47	73,748.47
20,232,015.41	**330,614.54**	**0.00**	**986,660.97**	**0.00**	**21,549,290.92**	**10,023,137.52**	**0.00**	**10,023,137.52**	**10,311,269.27**
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	610,752.10
160,234.66	11,877.12	0.00	73,435.16	0.00	245,546.94	1,694,754.50	0.00	1,694,754.50	1,030,052.29
11,822,246.09	346,366.99	0.00	1,538,279.28	1,946,583.05	11,760,309.32	3,897,155.13	0.00	3,897,155.13	4,294,664.54
3,166,461.73	147,955.37	0.00	500,469.66	510,128.58	3,304,758.18	2,424,663.51	0.00	2,424,663.51	2,192,091.81
15,148,942.48	**506,199.48**	**0.00**	**2,112,184.10**	**2,456,711.63**	**15,310,614.43**	**8,016,573.14**	**0.00**	**8,016,573.14**	**8,127,560.74**

Property, Plant and Equipment at Cost and Intangible Assets 2007

	Acquisition and production cost					
	01. Jan. 07	**Effect of changes in exchange rates**	**Changes in consolidated group**	**Additions**	**Disposals**	**31. Dec. 07**
	€	€	€	€	€	€
Intangible Assets						
Intangible Assets	16,476,348.19	-1,767,008.01	0.00	661,654.09		15,370,994.27
Goodwill	15,172,290.41	0.00	0.00	0.00		15,172,290.41
	31,648,638.60	**-1,767,008.01**	**0.00**	**661,654.09**	**0.00**	**30,543,284.68**
Property, plant and equipment						
Advance payments	0.00	0.00	0.00	610,752.10		610,752.10
Land and building	1,324,173.11	-133,886.16	0.00	0.00		1,190,286.95
Technical equipment and machines	16,413,315.51	-1,426,250.56	0.00	1,385,514.01	255,668.33	16,116,910.63
Other equipment, factory and office equipment	4,518,586.81	-459,835.22	0.00	1,508,316.88	208,514.93	5,358,553.54
	22,256,075.43	**-2,019,971.94**	**0.00**	**3,504,582.99**	**464,183.26**	**23,276,503.22**

Accumulated depreciation						Net book value			
01. Jan 07	**Effect of changes in change rates**	**Changes in consolidated group**	**Additions**	**Disposals**	**31. Dec. 07**	**31. Dec. 07**	**thereof discontinue operations**	**thereof continuing operations**	**31. Dec. 06**
€	€	€	€	€	€	€	€	€	€
4,687,513.77	-586,634.93	0.00	1,032,594.63		5,133473.47	10,237,520.80	211,459.38	10,026,061.42	11,788,834.42
15,098,541.94	0.00	0.00	0.00		15,098,541.94	73,748.47	0.00	73,748.47	73,748.47
19,786.055.71	**-586,634.93**	**0.00**	**1,032,594.63**	**0.00**	**20,232,015.41**	**10,311,269.27**	**211,459.38**	**10,099,809.89**	**11,862,582.89**
0.00	0.00	0.00	0.00	0.00	0.00	610,752.10	0.00	610,752.10	0.00
127,348.47	-16,953.28	0.00	49,839.47	0.00	160,234.66	1,030,052.29	993,071.60	36,980.69	1,196,824.64
11,609,761.60	-828,637.23	0.00	1,317,335.74	276,214.02	11,822.246.09	4,294,664.54	229,514.45	4,065,150.09	4,803,553.91
3,223,930.37	-320,693.26	0.00	453,177.59	189,952.97	3,166,461.73	2,192,091.81	0.00	2,192,091.81	1,294,656.44
14,961,040.44	**-1,166,283.77**	**0.00**	**1,820,352.80**	**466,166.99**	**15,148,942.48**	**8,127,560.74**	**1,222,586.05**	**6,904,974.69**	**7,295,034.99**

9. Property, plant and equipment

Impairment of property, plant and equipment

No impairment of property, plant and equipment was determined in connection with an evaluation of recoverability of the fixed assets of the UMS Group companies.

Immediately before the business unit in the United States was classified as a discontinued operation, the recoverable amount from relevant items of property, plant and equipment was estimated. No need for impairment was determined. As a result of the classification, it was determined whether carrying some of these assets at fair value less costs of sales would result in an impairment expense. However, this did not result in any need to recognize impairment. The fair value was determined in accordance with measurement models that are customary in the industry.

Assets under finance lease

The carrying amount of machinery and equipment held under finance leases and hire-purchase contracts at December 31, 2008 is €5,381k (2007: €5,304k). Leased assets and assets under hire-purchase contracts are pledged as security for the related finance lease and hire-purchase liabilities.

10. Intangible Assets

The carrying value of intangible assets includes the following items:

- Customer contracts purchased through the effect of a business combination,
- Distribution rights for the exclusive right to sell Piezolith P3000 units produced by Richard Wolf GmbH on the U.S. market,
- „Certificate of Need“ – regulatory approval required before providing medical services in certain U.S states,
- Software,
- Goodwill.

The contracts were deemed to have definite lives, and the cost method was used to measure them. Based on statistical data, the life was determined to be 12 years. The remaining useful life is between 5 and 12 years.

The costs for the distribution rights are amortized over 5 years, beginning on January 1, 2005. The useful life of software is 3 years.

The assets acquired as part of obtaining the Certificates of Need have no longer been amortized since September 2005. The indefinite life is in line with industry standards, as certificates of this type are awarded for an indefinite period and have no expiration date.

Where amortization is charged on assets with finite lives, this expense is taken to the income statement through the „cost of sale“ line item (customer contracts), the „administration expenses“ line item (software), the „selling expenses“ line item (distribution rights) or the „amortization goodwill“ line item (goodwill).

The book value of intangible assets is as follows:

	2008 k€	2007 k€
Contracts	7,516	7,909
Distribution Rights	28	43
Certificate of Need	2,402	2,070
Software	3	4
Intangible Assets	**9,949**	**10,026**
Goodwill	**74**	**74**

The Group's U.S. affiliate has acquired the exclusive right to sell Piezolith-Units produced by Richard Wolf GmbH. To obtain this right, UMS Inc., USA, secured the necessary approval of these systems by the Food and Drug Administration (FDA). Thus, the costs of the distribution rights are the costs incurred to obtain FDA approval for the P3000 lithotripsy system.

Intangible Assets acquired in business combinations

Contracts and Certificates of Need in fiscal 2007 are assets acquired through business combinations. A Certificate of Need is not subject to any term and is recorded as an intangible asset with an indefinite useful life. The contracts acquired are measured at fair value, and the expected useful life is 12 years.

11. Impairment Testing of indefinite-lived Goodwill

Goodwill acquired through business combinations in the amount of €74k (previous year €74k) was allocated to the U.S. activities for impairment testing.

The recoverable amount of the cash-generating units was determined based on a future benefit calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a three-year period. The discount rate applied to cash flow projections is 8.0% (2007: 8.0%). Cash flows for year 4 and following are projected from budget figures assuming a constant number of pieces of equipment in use.

12. Other financial assets

	2008 k€	2007 k€
Claims from deposit payments – long-term	324	0
Claims from payment agreements – long-term	0	241
Claims from financing agreements – long-term	129	160
Other	172	97
	625	**498**

The other financial assets include unlisted equity instruments classified as available-for-sale (shares in unconsolidated subsidiaries), whose fair value cannot be reliably determined and which therefore are carried at amortized cost.

The other financial assets are neither past due nor impaired.

13. Employee benefits

Share-based payment plans

The Company does not grant any share-based compensation.

Stock Option Plan

The exercise period for employee stock options has expired. No new stock option plan has been established. Therefore, at December 31, 2008, as in the previous year, the employees of the UMS Group had no stock options.

Pensions and other post-employment benefit plans

The UMS Group's U.S. affiliate maintains two 401(k) defined contribution profit-sharing plans, which cover all eligible employees. Withdrawals from the plan may not be made before the age of 65½. Contributions to the plan are at the discretion of management. Contribution expense recorded was €100k and €105k for the years ended December 31, 2007 and 2006, respectively.

Contributions to government pension schemes in Germany, which have been classified as multi-employer defined contribution plans, were €9k in the reporting year (€9k in the previous year). These contributions were expensed in the income statement.

14. Inventories

	2008 k€	2007 k€
Trade goods	1,106	980
Medical equipment	362	265
	1,468	**1,245**

The cost of inventories recognized as an expense in the income statement was €210k and €190k in 2008 and 2007, respectively.

15. Trade receivables

	2008 k€	2007 k€
Trade receivables	5,987	5,219
Claims on related companies	308	263
	6,295	**5,482**

Trade receivables are non-interest bearing and are generally on 30-day terms. The net amount of sales tax receivable and sales tax payable is non-interest bearing and is remitted to the appropriate taxation authorities.

The claims on related companies are claims against UMS Ecuador.

At December 31, 2008, trade receivables in a principal amount of €252k (2007: €204k) were impaired and fully provided for, claims in a principal amount of €2,941k were past due but not impaired (2007: €2,695k). All write-downs are individual write-downs. Movements in the provision for impairment of receivables were as follows:

	k€
At January 1, 2007	**398**
Currency effects	-25
Charge for the year	122
Utilized	-291
At December 31, 2007	**204**
Currency effects	10
Charge for the year	150
Utilized	-112
At December 31, 2008	**252**

At December 31, the ageing analysis of trade receivables is as follows:

	current	31-60 days	61-90 days	> 90 days	Total
2008 (k€)	3,046	1,319	614	1,008	**5,987**
2007 (k€)	2,524	1,242	580	873	**5,219**

16. Cash

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash is the book value, as in the previous year.

For the purpose of the consolidated cash flow statement, cash at December 31 comprises the following:

	2008 k€	2007 k€
Cash on hand and in banks	3,559	3,516
Cash on hand and in banks of the discontinued operations (Note 7)	0	31
Cash at the end of the period	3,559	3,547

At December 31, 2008, the Group had unused credit facilities in the amount of €2,237k (2007: €1,445k), for which all the necessary prerequisites to drawdown had been met.

17. Issued capital and reserves

Authorized

	2008 k€	2007 k€
Ordinary shares of € 1 each	6,016	6,016
Treasury shares	- 341	0
	5,675	**6,016**

The ordinary shares are fully paid in. Please refer to the explanations below concerning the acquisition of own shares.

Additional paid-in Capital

	2008 k€	2007 k€
Additional paid-in Capital	8,340	8,340

The additional paid-in capital includes the excess over par value for the 6 million shares.

Authorized Capital I

The Management Board was authorized, with the consent of the Supervisory Board, to increase the share capital on one or more occasions by May 30, 2010 by a total of up to €3,008,000 by issuing new, no-par-value bearer shares with a theoretical interest in the share capital of €1.00 each in exchange for cash contributions or contributions in kind. The Management Board was also authorized, with the consent of the Supervisory Board, to exclude the preemptive rights of shareholders. However, shareholders' preemptive rights may be excluded only in the following cases:

- for capital increases through contributions in kind, especially for the acquisition of business enterprises or interests in business enterprises in exchange for shares in this Company, or
- to settle fractional amounts

On April 2, 2004, 200,000 no-par-value bearer shares were registered on Deutsche Börse with a notional portion of the share capital of €1.00 each, from the Conditional Capital for securing the option right of one USD bond in the amount of USD 3 million, with dividend rights beginning in the year the option is exercised. The terms and conditions of the bond provide for a strike price of €5.69. The option can be exercised any time until 2011. At the balance sheet date, the fair value of the option was calculated at €0.64.

The fair value of the liability portion of the warrant amounts to €2,505,689.96 (USD 2,972,500), thus the balance of the issue price of €20,177.04 (USD 27,500) has been assigned to the equity element (IAS 32.31).

Buying of own shares

The Management Board is authorized to buy treasury shares up to 10% of the share capital until November 30, 2009. The shares may be acquired via the stock exchange or by way of a public offer to all shareholders. The authorization can be exercised in whole or in part, once or several times.

In the year under review, the Management Board of UMS AG decided by way of resolutions dated April 23, 2008, June 5, 2008 and November 26, 2008 to exercise the authorization of the shareholders' meeting and repurchase up to 601,626 treasury shares via the stock exchange.

The aim of the stock buy-back program is value growth for the shareholders of the Company. The repurchased shares are expected to be retired, which increases earnings per share. The Group also anticipates the stock buy-back program to provide a positive boost to the Company's stock price performance.

As of the balance sheet date, 341,466 treasury shares were acquired at an average price of €4.09. This corresponds to a share of €341k, or 5.68%, of the share capital. The difference between the par value and the purchase price amounting to €1,054k and transaction costs of €23k were recognized directly in accumulated gain. The effects of the stock buy-back on the subscribed capital and reserves is presented in detail in the consolidated statement of changes in equity.

The stock buy-back program continued after the balance sheet date.

18. Interest-bearing Loans and Borrowings

Current	Effective interest rate %	Maturity	2008 k€	2007 k€
Obligations under finance leases and hire-purchase contracts	5 - 12%	2009	934	1,506
Bank liabilities				
Bank overdrafts in EUR	Euribor + (1.5 - 2.5%)	2009	0	115
Bank overdrafts in USD	7.5%	2009	0	780
Money market loans in EUR	1M-Euribor + 3.5%	2009	250	200
Bank loans in CLP	Prime + 1.9%	2009	4	2
3,000,000 USD loan	8%	2009	428	407
3,500,000 USD loan	Prime + 0.25%	2009	486	474
3,400,000 USD loan	Prime + 0.25%	2009	500	461
3,000,000 EUR loan	6M-Euribor + 2%	2009	0	375
University of Michigan credit note	7.13%	2009	62	55
Mortgage USD	Libor + 2.15%	2009	82	-
Total			**1,812**	**2,869**

Non-current	Effective interest rate %	Maturity	2008 k€	2007 k€
Obligations under finance leases and hire-purchase contracts	5 - 12 %	2008-2011	1,856	2,030
Bank liabilities				
Bank loans in CLP	Prime + 1.9%	2009	252	14
3,000,000 USD loan	8%	2011	515	895
3,500,000 USD loan	Prime + 0.25%	2010	514	949
3,400,000 USD loan	Prime + 0.25%	2011	633	1,077
University of Michigan credit note	7.13%	2010	67	122
Mortgage USD	Libor + 2.15%	2018	-	454
Total			**3,928**	**3,049**

The table includes all obligations under finance leases and hire-purchase contracts for the 2007 fiscal year relating to continuing operations. Obligations from finance leases and hire-purchase contracts for the previous year included under discontinued operations are listed in Note 7.

Line of credit in EUR

These are several individual lines of credit in Germany with an overall credit facility of €0.6 million, of which €0.1 million had not been used at the balance sheet date. The Group's U.S. affiliate has guaranteed the credit line in Germany.

Line of credit in USD

UMS USA's bank has granted it a line of credit in the amount of USD 3.0 million, €3.0 million of which had not been used at the balance sheet date. For the current account line there is a covenant, which had been met as of December 31, 2008, and plan calculations are that it will be met in 2009 as well.

Bank loans in CLP

These are short-term loans from Banco de Chile to provide working capital for the Chilean subsidiary.

USD 3,000,000 loan

The equal 60 repayments started in April 2006. A covenant agreement (obligation to meet certain financial ratios) is part of the loan contract. Covenants are met at December 31, 2008 and will be met according to budget in 2009.

USD 3,500,000 loan

This loan, which finances the purchase of contracts, regulatory approvals and equipment to expand in the urology segment in the State of Michigan, is payable in 60 monthly installments until December 2010.

USD 3,400,000 loan

This loan, which is also related to the purchase of contracts, regulatory approvals and equipment to expand in the urology segment in the State of Michigan, is payable in 60 monthly installments until 2011.

EUR 3,000,000 loan

The remaining installment of €375,000 was paid in 2008.

University of Michigan credit note

The Group's U.S. affiliate purchased the rights to a Certificate of Need related to mobile lithotripsy services. The seller accepted a promissory note for USD 500k, which requires annual payments of USD 100k. The annual payment includes principal and accrued interest. The carrying amount of the liability therefore has been discounted accordingly.

Mortgage financing in USD

The mortgage financing is secured by the related building and was shown in 2007 under discontinued operations.

For all liabilities, with exception of the University of Michigan credit note, book values are equivalent to repayment values.

19. Accruals/Provisions

	Balance at Jan. 1, 2008 k€	Currency transl. adjustm. k€	Used during the year k€	Reversed during the year k€	Made during the year k€	Balance at Dec. 31, 2008 k€
Outstanding invoices	242	13	255	0	127	127
Legal and consulting fees	55	2	57	0	81	81
Audit fees	205	8	209	0	129	133
Interest	8	0	8	0	6	6
Outstanding vacation	201	10	0	36	75	250
Rent	16	1	17	0	1	1
Restructuring	2	0	2	0	0	0
Bonuses	10	0	10	0	4	4
Severance payments	0	0	0	0	29	29
Other	82	1	47	17	77	96
Total	**821**	**35**	**605**	**53**	**529**	**727**

All accruals are current. The provision for restructuring related exclusively to the remaining expenses from the transaction in connection with the disposal of the business operations of UMS UK. The provision for severance payments relates to existing obligations under employment contracts.

20. Trade and other payables (current)

	2008 k€	2007 k€
Trade payables	1,593	1,334
Other payables	274	205

The terms of the liabilities set forth above are as follows:

- Trade payables are non-interest bearing and are normally settled on 30-90-day terms.
- Other payables are non-interest bearing and are due and payable within an average of three months.

21. Commitments and contingencies

Lessee - finance lease

Property leased by the Company and its subsidiaries includes machinery and equipment. The most significant obligations assumed under the lease terms, other than rental payments, are the maintenance of the machinery and insurance. Lease terms generally range from 3 to 6 years.

In the United States, there is an unlimited master agreement for trucks with one leasing company. The contract includes a renewal option after the non-cancelable minimum lease term.

The overview below shows all the assets under finance leases, including those of discontinued operations in fiscal 2007:

	2008 k€	2007 k€
Machinery and equipment	10,684	10,256
Accumulated depreciation	5,303	4,952
Net book value	5,381	5,304

The future minimum lease payments for the aforementioned finance leases and the finance leases not yet transferred to the buyer of the German business operations in the previous year as of the balance sheet date are as follows:

	2008 k€	2007 k€
Within one year	1,082	2,206
After one year but no more than 5 years	2,018	2,368
More than 5 years	0	0
Total minimum lease obligations	3,100	4,574
Interest	-310	-513
Present value of minimum obligations	2,790	4,061

Representing finance lease liabilities:

	2008 k€	2007 k€
- current	934	1,957
- non-current	1,856	2,104

Lessee - operating lease

The Company and its subsidiaries have various operating lease agreements for machinery and vehicles.

Rent expense consisted of the following:	2008	2007
	k€	k€
	224	335

Future minimum lease payments under non-cancelable operating leases are as follows:

	2008	2007
	k€	k€
Within one year	241	346
After one year but no more than 5 years	762	330
After 5 years	0	0
	1,003	**676**

Operating lease commitments – Group as lessor

UMS AG entered into a lease agreement to commercially lease an MRI unit on December 2006. The term of the 60-month agreement commenced on January 1, 2007. The agreement cannot be cancelled by the lessee. At the balance sheet date there were the following claims to future minimum lease payments pursuant to non-terminable operating leases:

	2008	2007
	k€	k€
Within one year	118	108
After one year but no more than 5 years	253	362
After 5 years	0	0
	371	**470**

Contingent liabilities

In the ordinary course of business, the Group may be involved in lawsuits, claims, investigations and court proceedings, including product liability and commercial matters. As of December 31, 2008, the management of the parent company and its legal advisors are not aware of any claims or circumstances that could materially affect the business, net assets, financial position or results of operations of the Group.

Possible pending lawsuits, claims and other proceedings involving product liability as well as other events are taken care of in the ordinary course of business; any possible resulting risks are minimized. There are no such matters pending which the Management Board and the Group's legal advisors expect to be material in relation to the Group's financial position or results of operations and that are not improbable.

22. Related party disclosures

The consolidated financial statements include the financial statements of the UMS AG and the subsidiaries listed in the following table:

The income statement for 2008 also includes the percentage income and expense items of the subsidiaries Michigan United MRI Services, LLC, UMS Binghamton LLC, Chesapeake Lithotripsy Enterprises, LP, Chesapeake Lithotripsy West, LP and Chesapeake Lithotripsy Partners, LP, which had been deconsolidated as of the balance sheet date of December 31, 2008.

Name	Headquarters	Share in capital	Equity Dec. 31, 2008	Earnings 2008
			€	€
UMS GmbH	Hamburg, Germany	100%	50,515.80	89,799.71
UMS Chile S.A.	Quilicura, Chile	75%	816,285.52	115,093.79
UMS (DE) Inc.	Delaware, USA	100%	15,580,743.96	2,427,208.83
Neuromed Italia S.r.l. in liquidazione	Padova, Italy	100%	n/a	n/a
UMS Canada Inc. 1)	Ontario, Canada	100%	202,026.78	48,733.55
UMS Andover MGMT Inc. 1)	Massachusetts, USA	100%	0.00	0.00
ASC LP 1)	Massachusetts, USA	20%	-382,520.24	113,849.51
Great Lakes Lithotripsy, LLC 1)	Michigan, USA	25%	2,722,541.37	3,641,115.25
UMS TN LP 1)	Tennessee, USA	51%	86,451.39	64,469.01
UMS Litho Management LLC 1)	Tennessee, USA	100%	1,426,328.15	932,660.63
UMS Beaver LLC 2)	Delaware, USA	20%	70,646.98	144,074.28
UMS CT LP 2)	Connecticut, USA	40%	757,861.36	1,045,357.29
UMS Finger Lakes LLC 2)	New York, USA	20%	19,039.94	30,906.20
UMS FL LP 2)	Florida, USA	20%	171,170.14	221,390.86
UMS NE LP 2)	Massachusetts, USA	15%	714,572.11	1,119,624.82
UMS NH LP 2)	New Hampshire, USA	10%	159,660.22	193,876.56
UMS Garden State LP 2)	New Jersey, USA	100%	-18,163.12	0.00
UMS Westchester LLC 2)	Delaware, USA	51%	165,786.03	106,610.74
UMS Smyth County LLC 2)	Delaware, USA	25%	11,346.38	4,780.07
UMS Ortho MGMT, LLC 1)	Delaware, USA	88%	0.00	0.00
UMS NE ESWT LP 3)	Delaware, USA	100%	0.00	0.00
UMS South Shore, LLC 2)	Delaware, USA	20%	140,629.12	137,574.93
UMS Mishawaka, LLC 2)	Delaware, USA	25%	87,300.84	181,313.38
UMS Albany, LLC 2)	Delaware, USA	20%	12,773.70	4,741.45
UMS Morgantown, LLC 2)	Delaware, USA	20%	20,708.98	23,386.41
UMS Rochester, LLC 2)	Delaware, USA	20%	3,193.10	3,193.10
UMS Capital District, LLC 2)	Delaware, USA	20%	27,346.76	5,927.37
UMS Chesapeake LLC 2)	Delaware, USA	100%	830,669.66	108,230.89
UMS Chesapeake Lithotripsy, LLC 4)	Delaware, USA	25%	882,014.04	98,544.67
Heritage Medical Services of Maryland Inc. 4)	Tennessee, USA	100%	167,223.78	81,505.93
Health South of Chesapeake Inc. 4)	Delaware, USA	100%	281,887.51	138,473.88

1) The shares are held indirectly via UMS (DE) Inc.
2) The shares are held indirectly via UMS LLC.
3) The shares are held indirectly via UMS Ortho MGMT LLC.
4) The shares are held indirectly via UMS Chesapeake LLC.

Where ownership interest is below 50%, subsidiaries were included in the group financial statement, based on the control principle. Equity and earnings of the U.S. companies were translated as of the balance sheet date.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, and they are settled in cash. There have been no guarantees provided or received for any related party receivables. For the year ended December 31, 2008, the Group has not created any provision for doubtful debts relating to amounts owed by related parties, because the payment history has been excellent. This evaluation is made each fiscal year by examining the financial position of the related party and the market in which the related party operates.

Members of the Management and Supervisory Boards and related party transactions

Members of Management and Supervisory Board and Related Party Transactions

(1) Management Board

Jørgen Madsen, Bolten, MA, USA

Mechanical Engineer

Chief Executive Officer (CEO)

Management Board Compensation

(a) In 2008, the compensation paid to the Management Board totaled €176k (2007: €205k). Of this amount, €150k was not linked to performance (2007: €169k). The performance-related component was €26k (2007: €36k).

(b) Shares held by members of the Management Board:

	direct	indirect
Jørgen Madsen	345,965	0

(2) Supervisory Board

Wolfgang Biedermann, Hamburg

Diplom-Kaufmann (MBA)

Managing Director of

H.I.G. European Capital

Partners GmbH, Hamburg

Other supervisory board positions:

Scorpion Technologies AG, Hamburg
Smart Fuel Cell AG, Munich

Dr. hon. Norbert Heske, Kottgeisering

Engineer

Managing Director of the BIP Biomed.-

Instrumente und Produkte GmbH, Türkenfeld

Prof. Thomas J.C. Matzen, Hamburg

MBA

Managing Director of the Thomas J.C.

Matzen GmbH, Hamburg

Other supervisory board positions:

Pricap Venture Partners AG, Hamburg
Medi@Bild Imaging AG, Hamburg
Bio Agency AG, Hamburg
Norgenta GmbH, Hamburg
KlimaINVEST GmbH & Co. KGaA
First Climate AG, Bad Vilbel

Supervisory Board Compensation

(a) Directors' total remuneration approximated €40k in 2008 and 2007.

(b) Shares held by members of the Supervisory Board:

	direct	indirect
Dr. hon. Norbert Heske	50,203	50,203
Wolfgang Biedermann	60,000	108,110
Prof. Thomas J.C. Matzen	0	0

Transactions with related parties

There were no transactions with related parties during the fiscal year.

23. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, consist of bank loans, debentures, finance leases and hire-purchase contracts, cash and short-term deposits. The main purpose of these financial instruments is to provide funds for the Group's operations. The Group has various other financial assets, such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Group also has derivatives in the form of interest rate swaps. The purpose of these interest rate swaps to hedge interest rate risks resulting from the Group's business and its financing sources.

In accordance with its internal guidelines, the UMS does not engage in trading with financial instruments. This was true of fiscal years 2008 and 2007 and will also be true in the future.

The Group is subject to market, credit and liquidity risks. Market risk mainly includes the risk of interest rate changes and foreign currency risks.

The Board reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt and to use the financing market in Europe and United States. The Group's guidelines provide for fixed interest rates for all equipment financing. For borrowings not related to specific equipment the Management Board decides on the mix of variable and fixed-rate amounts and on whether to use hedging instruments.

The following table shows the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and the resulting impact on floating rate borrowings and interest rate derivatives. There is no impact on the Group's equity.

	Increase/ Decrease in basis points	Effect on profit before tax
2008		k€
Euro zone	+100	22
USD zone	+100	-44
Euro zone	-50	-11
USD zone	-50	22
2007		k€
Euro zone	+100	1
USD zone	+100	-47
Euro zone	-50	-1
USD zone	-50	24

Foreign currency risk

Although the Group has a significant investment in the United States, there is no major exchange rate risk due to a natural hedge. Both revenues and costs and loans and repayments are in USD. The currency risk is therefore provided for by separate business cycles in Europe and North America and by financing only in the respective currency.

Thus, there are no material currency risks from individual transactions. Consolidated revenues and consolidated costs are attributable in almost equal portions to other currencies than the functional currency. Therefore, the Group does not use any hedging devices for currency risks.

Showing the consolidated financial statements in the functional currency (the euro), even though they are dominated by business in the United States, does however have effects on the consolidated pre-tax earnings. The following table shows the sensitivity of consolidated pre-tax earnings. There are no effects on consolidated equity. All other variables remain constant.

	Increase/ Decrease in U.S. dollar rate	Effect on profit before tax
	€/USD	k€
2008		
	+ 10%	-391
	- 10%	478
2007		
	+ 10%	-407
	- 10%	498

Credit risk

The Group trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 15.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash, available-for-sale financial assets and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk within the Group.

The credit risk arising from balances at financial institutions is actively monitored and managed on an ongoing basis, particularly in view of the current financial market developments.

Liquidity risk

The UMS Group constantly monitors the risk of a liquidity shortage through daily and weekly cash statistics and liquidity planning at the level of the individual country companies and weekly cash status reports to Central Controlling.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire-purchase contracts.

In addition to effective working capital and cash management the UMS Group limits its liquidity risk through permanent access to credit lines at lending institutions. At December 31, 2008 credit facilities in a volume of €2.7 million were available to the Group, of which €0.5 million had been accessed at the balance sheet date.

The table below summarizes the maturity profile of the Group's financial liabilities at December 31, 2008 based on contractual undiscounted payments.

Year ended December 31,2008	Less than 1 year k€	1 to 5 years k€	>5 years k€	Total k€
Trade payables	1,593	0	0	1,593
Bank liabilities	1,812	2,228	1,700	5,740
Finance leases	1,082	2,018	0	3,100
Other liabilities	274	0	0	274
Year ended December 31,2007	Less than 1 year k€	1 to 5 years k€	>5 years k€	Total k€
Trade payables	1,333	0	0	1,333
Bank liabilities	2,869	3,049	0	5,918
Finance leases	1,727	2,286	0	4,013
Other liabilities	811	0	0	205

Long-term mortgage financing (term of more than five years) in 2007 was reported under liabilities in connection with assets held for sale and discussed in Note 7.

Capital management

The primary goal of the Group's capital management is to ensure that the Group has a high credit rating and maintains a good equity ratio, to support its business and increase the value of the Company.

The UMS Group monitors its capital using a modified equity ratio consisting of the ratio of modified equity (equity before foreign currency translation adjustments including minority interests, less 50% of intangible assets and 50% of goodwill) to modified total assets (total assets before foreign currency translation adjustments, less 50% of intangible assets and 50% of goodwill). The equity ratio as defined in the previous sentence must be over 0.22.

	2008 k€	2007 k€
Modified equity	20,809	18,590
Modified total assets	32,778	32,325
Equity ratio	0.63	0.58

24. Financial Instruments

Fair values

The following table shows the book values and fair values of all the Group's financial instruments.

Financial Assets	Carrying amount		Fair value	
	2008 k€	2007 k€	2008 k€	2007 k€
Cash	3,559	3,516	3,559	3,516
Loans and receivables	6,648	6,291	6,648	6,291
Available-for-sale Investments	651	338	651	338
Derivatives	-21	32	-21	32

Financial Liabilities	Carrying amount k€	k€	Fair value k€	k€
	2008	2007	2008	2007
Trade payables	1,593	1,334	1,593	1,334
Other financial liabilities at amortized cost	8,792	9,692	8,792	9,692

The net gain/loss from financial instruments amounted to:

Financial Assets	Net gains/ losses	
	2008 k€	2007 k€
Cash	21	31
Loans and receivables	-109	-109
Available-for-sale Investments	0	0
Derivatives	-30	16

Financial Liabilities	Net gains/ losses 2008 k€	2007 k€
Trade payables	0	0
Other financial liabilities at amortized cost	-733	-938
Derivatives	0	0

Hedging activities

To reduce possible future interest rate exposure, an interest rate swap with a term of 5 years was entered into on March 3, 2005, hedging the interest rates of loans totaling €2.5 million at 3.86%. The base rate is the 3-month EURIBOR rate. At the date of execution, this rate was 2.892%. The underlying transaction provides that UMS covers 50% of the difference between the actual 3-month EURIBOR (base rate) and the agreed ceiling of 3.86%. The interest rate swap was measured at fair value (€-21k) at the balance sheet date.

In addition, the Group's U.S. subsidiary used interest rate swaps to hedge the interest rates for two acquisition loans with variable interest rates of prime plus 0.25% at a fixed rate of 8.6%. The prime rate at the execution date was 3.25%.

25. Declaration of Conformity § 161 AktG (Corporate Governance Code)

The Management Board and the Supervisory Board of the parent company – being the only public traded company in the UMS Group – have signed the declaration of conformity in compliance with § 161 AktG and disclosed this to the shareholders.

Hamburg, March 12, 2009

sign. Jørgen Madsen

Audit Opinion

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by UMS United Medical Systems International AG, Hamburg, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1, 2008 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) 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 on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the 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 the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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 Sec. 315a (1) 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 Group's position and suitably presents the opportunities and risks of future development."

Hamburg, March 12, 2009

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Grummer	Seeburg
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Glossary

Application

Use of a med-tech treatment or examination procedure

Biopsy

Micro diagnosis of soft tissue, which is taken out of the female breast by minimized instruments

Brachy-Therapy

A type of minimally invasive radioactive procedure used in the early treatment of localized prostate carcinoma

Carcinoma

Malignant tumor

Cardiology

Medical area, which is focussed on the deseases and sickness of the human heart

Cath Lab

Catherisation laboratory, radiology method to diagnose the human heart with the support by minimized catheters

Computer Tomography (CT)

Method of diagnostic imaging that uses x-rays to create cross-sectional views of areas of the body

DRG

Diagnostic related groups. System used by hospitals of charging flat, standardized rates on the basis of diagnosis-based classifications and services performed.

ESWL

Extracorporeal shock wave lithotripsy. Minimally invasive method of treating urological and gastroenterological indications (kidney stones, ureter stones, gallstones).

Extracorporal

Outside the body

Gynecology

Branch of medicine devoted to women's health. Second-largest business segment of the UMS-Group.

Lithotripter

An instrument designed to crush kidney stones

Minimally Invasive

Term used to describe treatments that use the least amount of surgery possible

MRT

Magnetic resonance tomography. Cross-sectional imaging technique that uses magnetic fields to diagnose changes in the musculoskeletal system, including the hand, elbow, shoulder, knee and ankle.

Radiology

Branch of medicine that deals with diagnosing the human body by using x-ray. Smallest business segment of the UMS Group.

Shock Wave Therapy

Non-invasive treatment of urological and orthopedic indications. Examples include breaking up kidney stones and gallstones, as well as treating shoulder calcifications and tennis elbow.

Stereotaxis

Controlled radiology procedure during a stereotactic procedure

Urology

Branch of medicine that deals with the detection and treatment of diseases affecting the kidneys, the ureter and the male sex organs. The largest business segment of the UMS Group.

Glossary

ASC LP	Andover Surgery Center LP, Andover, USA
Focus GmbH	Focus Therapiezentrum-Verwaltungs GmbH, Hamburg, Deutschland
Focus KG	Focus Medizinisches Apparatezentrum Darmstadt GmbH & Co. KG, Darmstadt, Deutschland
Great Lakes Lithotripsy LLC	Great Lakes Lithotripsy, Michigan, USA
Metroscan of Richardson LLC	Metroscan of Richardson LLC, Texas, USA
MRI Ireland Ltd.	Magnetic Resonance Imaging Ireland Ltd., Dublin, Ireland
Neuromed Holland	Neuromed Holland Ltd., The Hague, The Netherlands
Neuromed Italia	Neuromed Italia S.r.l., Padova, Italy
PSAC Corp.	Pet Scans of America Corp., Delaware, USA
Richard Wolf	Richard Wolf GmbH, Knittlingen
UMS (DE) Inc.	United Medical Systems Inc,, Delaware, USA
UMS AG	United Medical Systems International AG, Hamburg, Deutschland
UMS ASC MGMT Inc.	UMS Andover Surgery Center Management Inc., Andover, USA
UMS B.V.	United Medical Systems B.V., Gouda, the Netherlands
UMS Beaver LLC	UMS Beaver Associates LLC, Delaware, USA
UMS Canada LP	United Medical Systems Canada LP, Ontario, Canada
UMS Chile S.A.	United Medical Systems Chile S.A., Quilicura, Chile
UMS CT LP	United Medical Systems Connecticut Lithotripsy LP, Connecticut, USA
UMS Ecuador	UMS Ecuador Sistemas De Unidades Medicas, Quito, Ecuador
UMS Finger Lakes LLC	United Medical Systems Lithotripsy Services of the Finger Lakes LLC, Delaware, USA
UMS FL LP	United Medical Systems West Florida Lithotripsy LP, Florida, USA
UMS GmbH	United Medical Systems GmbH, Castrop-Rauxel, Deutschland
UMS LLC	United Medical Systems Lithotripsy Management LLC, Tennessee, USA
UMS Ltd. UK	United Medical Systems Ltd., Manchester, UK
UMS NE LP	United Medical Systems New England Lithotripsy LP, Massachusetts, USA
UMS NH LP	United Medical Systems New Hampshire Lithotripsy LP, New Hampshire, USA
UMS NJ LP	United Medical Systems Garden State Lithotripsy LP, New Jersey, USA
UMS Ortho MGMT LLC	United Medical Systems Ortho Management LLC, Delaware, USA
UMS TN LP	United Medical Systems Tennessee Stereotactic Services LP, Tennessee, USA
UMS Westchester LLC	United Medical Systems Lithotripsy Services of Westchester County LLC, Delaware, USA
UMS Binghamton LLC	UMS Services of Binghamton LLC, Delaware, USA
UMS Smyth County LLC	UMS Urology Services of Smyth County LLC, Delaware, USA
Michigan United MRI Services LLC	Michigan United MRI Services LLC, Massachusetts, USA
UMS Chesapeake LLC	UMS Chesapeake LLC, Delaware, USA
Heritage Medical Services of Maryland Inc.	Heritage Medical Services of Maryland Inc., Tennessee, USA
Health South of Chesapeake Inc.	Health South of Chesapeake Inc., Delaware, USA
Chesapeake Lithotripsy Associates, LP	Chesapeake Lithotripsy Associates, LP, Maryland, USA
Chesapeake Lithotripsy Enterprises, LP	Chesapeake Lithotripsy Enterprises, LP, Maryland, USA
Chesapeake Lithotripsy West, LP	Chesapeake Lithotripsy West, LP, Georgia, USA
Chesapeake Lithotripsy Partners, LP	Chesapeake Lithotripsy Partners, LP, Maryland, USA
Chesapeake Lithotripsy Ventures, LP	Chesapeake Lithotripsy Ventures, LP, Georgia, USA

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