UMS

UNITED MEDICAL SYSTEMS

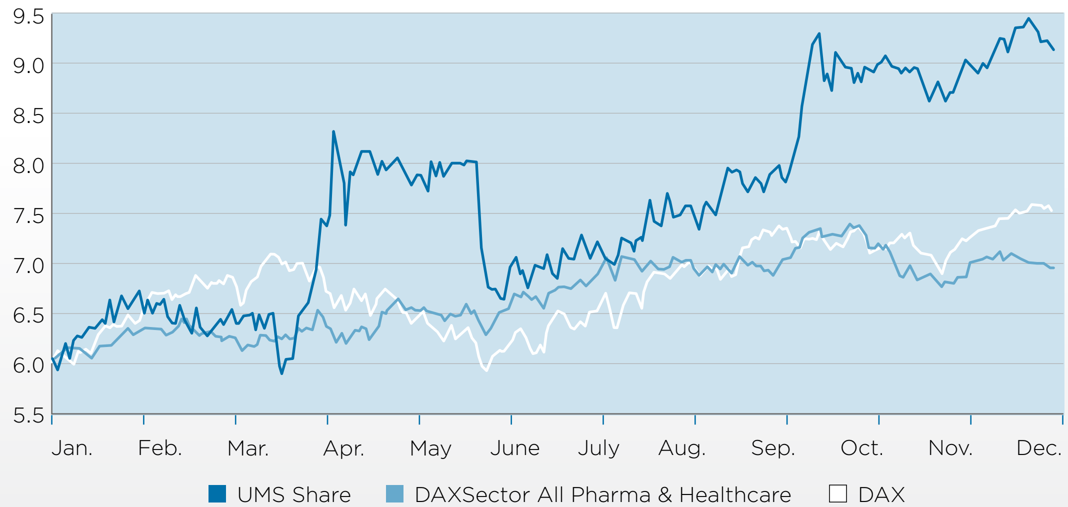
Annual Report 2012

Key Indicators

in mill. EUR	Jan. 1 to Dec. 31, 2012	Jan. 1 to Dec. 31, 2011	Change in %
Revenues	41.9	38.3	9 %
Gross Profit	20.8	18.3	14 %
in %	50 %	48 %	
Depreciation and Amortisation	4.1	3.9	5 %
EBITDA	16.9	15.5	9 %
in %	40 %	40 %	
EBIT	12.8	11.6	10 %
in %	31 %	30 %	
Profit for the year	10.7	9.2	16 %
in %	26 %	24 %	
Earnings per share (in EUR)	0.57	0.47	21 %

in mill. EUR	Dec. 31, 2012	Dec. 31, 2011	
Number of employees	220	224	-2 %
Total financial position	-0.5	-3.0	-
Total equity	21.6	22.2	-3 %
Outstanding shares (in thousands)	4,757	4,873	-2 %
Market Capitalisation	44.5	29.2	52 %

CHART UMS SHARE 2012



Solutions for a Better Patient Care

UMS International AG has sucessfully established itself as a leading service provider in the growth market of hightech 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 service and contacts established for long terms have resulted in strong customer loyalty and ensure recurring revenues.

Through the mobile deployment of our medical system in connection with a full service solution, we enable hospitals and physicians in private practice to use the latest medical technology to deagnose 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.

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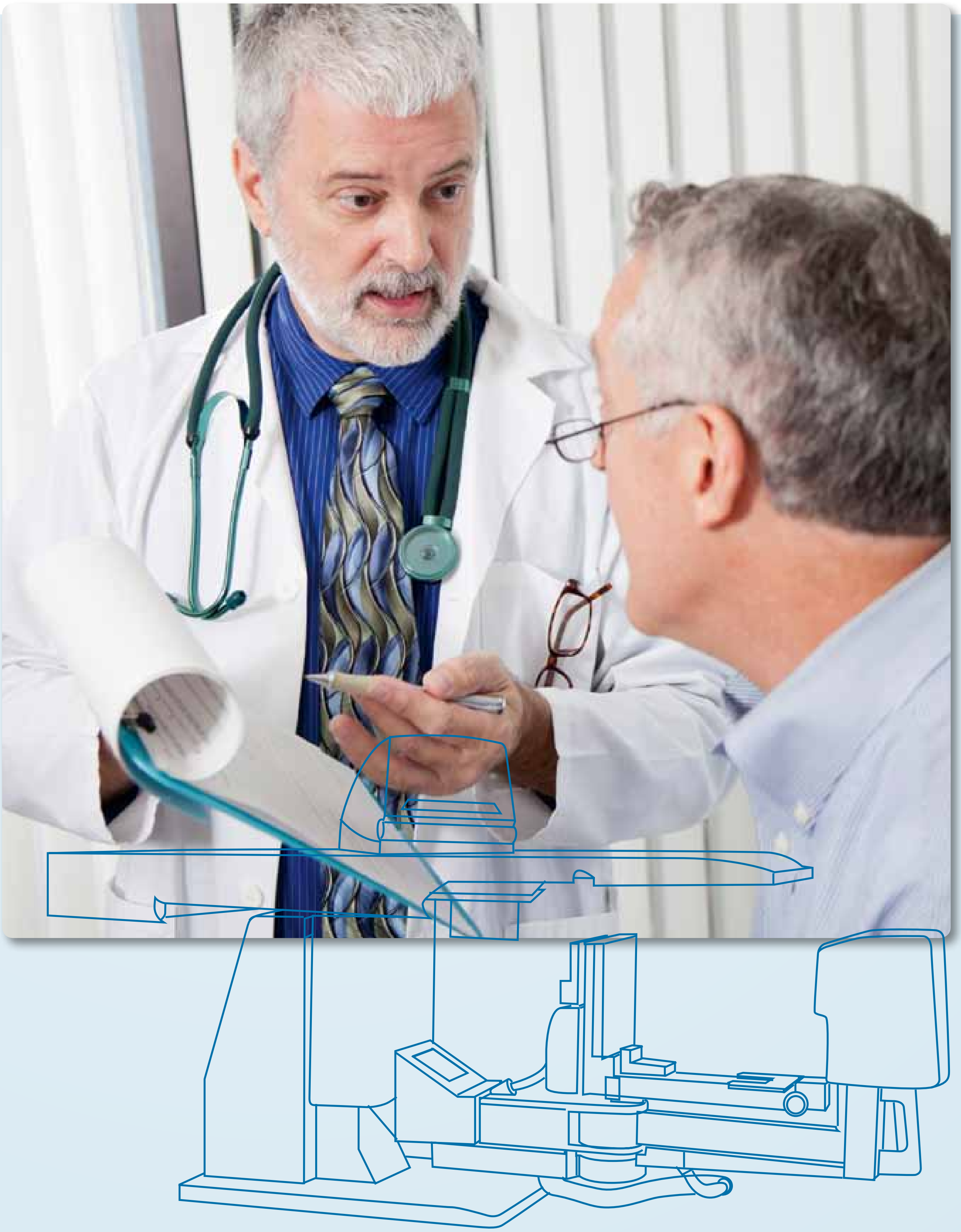

To our Shareholders

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Diagnosis:	Inoculation	MTB	Polio	Dipht.	Tet.	Pert.	HiB
Allergy:							

Letter to the Shareholders

Dear Shareholders,

We can look back on a successful 2012. We succeeded in increasing revenues from EUR 38.3 million to EUR 41.9 million and earnings per share from EUR 0.47 to EUR 0.57, for growth of 9 % and 21 %, respectively. Revenues, thus, were fully in line with the goal we set. Earnings per share, by contrast, remained slightly below our ambitious target for 2012.

We launched the year with another share buyback program that netted us 115,616 shares at a price of EUR 6.35 per share.

We also expanded the business in geographic and quantitative terms this past year, entering into new physician partnerships in Florida, Virginia, Massachusetts and Connecticut. As part of our efforts to further strengthen our presence in South America, we opened a branch office in Peru. Moreover, we signed an agreement for the rights to distribute Wolf ultrasound machines in Chile and Peru.

The performance of UMS's segments was very mixed in the year under review. While treatment numbers were up in all major treatment fields, that did not translate into commensurate growth in sales and earnings for the Gynecology segment.

Of course, the performance of the U.S. dollar also affected the Company's cash flows, financial condition and results of operations. The average USD/EUR exchange rate, which is the rate used to prepare the income statement, stood at USD 1.39 per euro in 2011 and then rebounded to USD 1.28 per euro last year. The impact on the earnings situation of the UMS Group was similarly positive.

In Urology, our most important business segment, we increased the number of treatments from approximately 28,600 to around 29,000. This represented relatively modest growth of one percent, but even at that revenues in the segment rose 11 %, from EUR 26.4 million to EUR 29.3 million. The segment result rose by 9 % to EUR 10.0 million. Adjusted for the favorable currency effect, sales in this segment still advanced by 3 % and earnings by 1 %.

In the Gynecology segment, there was slight sales growth to EUR 10.7 million (2011: EUR 10.5 million), but earnings dipped slightly from EUR 2.2 million to EUR 2.0 million. The ongoing instability in the U.S. labor market is noticeable in this segment of the healthcare market.

Our other segments, especially Radiology, performed particularly well. Sales in Radiology rose 26 % to EUR 1.9 million thanks to much improved utilization of the three MRI machines currently in the fleet. Adjusted for currency effects, sales were still up a full 16 %. Earnings in this segment increased from EUR 0.1 million the previous year (EUR 0.1 million on a currency adjusted basis) to EUR 0.5 million last year. Because of this gratifying development, the Management Board is currently deliberating the purchase of an additional scanner to support the continued growth of this segment in 2013.

Jørgen Madsen
Chief Executive Officer

Overall, our revenues rose 9 %, from EUR 38.3 million to EUR 41.9 million. Adjusting for exchange rates, the growth was one percent. Profit for the year rose by a greater percentage than sales, advancing 17 % to EUR 10.7 million (8 % on a currency adjusted basis). Earnings after minority interests were slightly higher at EUR 2.4 million, versus EUR 2.3 million a year ago. Adjusted for an exceptional item of EUR 0.3 million, earnings per share stood at EUR 0.57, following EUR 0.47 the year before (EUR 0.51 on a currency adjusted basis).

In August we announced an obligation on our part to correct dividend payments made in 2010 and 2011 to the shareholders at the time. On the advice of our tax adviser, we had withheld investment income tax and the solidarity surcharge on the EUR 0.30 per share dividend and EUR 0.50 per share dividend we paid, and remitted the amounts withheld to the tax authorities. However, since these distributions must come out of the contribution account for tax purposes and, thus, are not taxable, we naturally have to refund shareholders the amounts we mistakenly withheld. In the year under review we incurred expenses of EUR 0.3 million in connection with this: one, for legal expenses and consulting fees and, two, to fund a provision for damages payable to the shareholders.

Because we have a stable business model and our financial position remains very strong, we were able to pay our shareholders another dividend of EUR 0.50 per share last year, or EUR 2.4 million. Together with the share buyback program conducted in January, that makes total distributions of EUR 3.1 million for fiscal 2012.

The Management Board and the Supervisory Board remain convinced of the continuing earnings and financial power of the UMS Group. Consistent with previous dividend policy, they will therefore propose a dividend of EUR 0,55 per share to the Annual General Meeting in June 2013.

The Management Board believes that the combination of this dividend policy, the positive performance of the business and the contact made with investors in the form of discussions and presentations helped drive the price of the UMS share from EUR 6.00 at the end of 2011 to EUR 9.14 at the end of 2012, for a market-beating gain of 52 % in what was a bullish climate overall.

The U.S. economy could experience modest growth in 2013. However, our expectations in the United States are affected by high uncertainties because of the continued sluggish development of the labor and real estate markets there. The effects on the healthcare market are likely to be limited, so we predominantly anticipate stable growth in our market segments in North and South America going forward, with essentially no changes in the regulatory environment.

We therefore expect an increase in revenues and earnings on a like-for-like exchange rate basis in all of the UMS Group's clinical treatment fields in fiscal year 2013. This expectation is based on continued operating improvements, some of which we have already implemented, and a continuation of positive trends in the U.S. labor market. Specifically, we project Group sales of EUR 43 million to EUR 45 million for fiscal 2013. We also expect additional growth in earnings per share for 2013 to between EUR 0.60 and EUR 0.65.

I would like to take this opportunity to thank all employees, whose extraordinary commitment make our Company what it is. I would also like to thank you, the shareholders, customers and partners of the UMS Group, for your confident support in the past fiscal year.

Sincerely,

Jørgen Madsen
Chief Executive Officer of UMS AG

Report of the Supervisory Board

In the 2012 fiscal year, the Supervisory Board of UMS United Medical Systems International AG once again performed with due care the supervisory and advisory duties assigned to it by law and under the articles and bylaws. Numerous topics and business transactions requiring approval were discussed, and the corresponding decisions were again made at the individual Supervisory Board meetings. The composition of the Supervisory Board remained unchanged in the 2012 reporting period with members Wolfgang Biedermann (Chairman of the Supervisory Board), Prof. Thomas J.C. Matzen (Vice Chairman of the Supervisory Board) and Dr. (hon.) Norbert Heske.

The Supervisory Board regularly advised the Management Board on the management of the Company and continually monitored its management activities and confirmed that these activities were proper, appropriate and legally compliant. The Management Board fulfilled its duty to provide information by regularly and promptly delivering extensive written and oral reports about events and measures relevant to the Company.

We always had sufficient opportunity in Supervisory Board meetings to critically review and make suggestions on the reports, proposals and resolutions put forth by the Management Board. In particular, all of the Company's key business transactions were discussed thoroughly based on written and oral Management Board reports. This included discussing the relevant quarterly financial reports with the Management Board. We held a vote when required by law and the articles and bylaws.

Between Supervisory Board meetings, the Supervisory Board Chairman maintained regular contact with the Management Board in order to stay informed about major developments.

In the 2012 fiscal year, the Supervisory Board held four regular meetings and one extraordinary meeting. All Supervisory Board members were present at these meetings.

The Supervisory Board has not set up any committees. Because of the Company's overall size and the size of the Supervisory Board, we do not regard the formation of committees as necessary for the foreseeable future. Given the current composition of the Supervisory Board, we do not believe that the formation of committees and resulting division of labor would guarantee an increase in the efficiency of the Supervisory Board's workflows or ensure a reduction in its workload.

During fiscal year 2012, there were no conflicts of interest involving members of the Supervisory Board that had to be reported to the shareholders' meeting. Likewise, there were no conflicts of interest involving Management Board members that had to be disclosed immediately to the Supervisory Board.

Issues discussed at meetings of the full Supervisory Board

All Supervisory Board meetings included a thorough discussion of the current situation and performance of the Company and its segments. Using regular status reports from the Management Board as a basis, we also discussed the UMS Group's risk situation and risk management system. Finally, we discussed the resumption of UMS AG's share buyback programs on multiple occasions.

At our extraordinary meeting on January 16, 2012, we addressed the 2012 budget as well as a presentation by the Management Board concerning changes to the operational organization of the business.

At the financial statements meeting on March 26, 2012, our primary concern was the singleentity and consolidated financial statements for the year ended December 31, 2011. After extensive review, the Supervisory Board unanimously approved the singleentity 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, 2011.

Wolfgang Biedermann
Chairman of the Supervisory Board

We also endorsed the Management Board's proposal for the use of the distributable profit and approved the 2011 Report of the Supervisory Board. At this meeting, we additionally approved the agenda for the UMS AG shareholders' meeting held on May 31, 2012, along with the proposed resolutions of the Supervisory Board, including the proposed election of the auditors for the 2012 fiscal year. In this connection the Supervisory Board also dealt with the engagement of the auditor and the main points of the audit. We agreed with the auditor that the Supervisory Board Chairman would be notified immediately about any possible grounds for disqualification or partiality occurring during the audit, unless such grounds were eliminated immediately. Moreover, we agreed with the auditor that we would be informed immediately about all findings and situations material to the responsibilities of the Supervisory Board arising during performance of the audit, and that the auditor would also notify us in the event that circumstances were discovered during performance of the audit that would indicate the incorrectness of the declaration of conformity issued by the Management Board and Supervisory Board.

Immediately following the Annual General Meeting on May 31, 2012, we discussed in detail the development of the current business and financial situation. In addition, the Management Board informed us about the latest improvements made in the process for documenting and reviewing the internal control system.

On September 17, 2012, the Management Board reported on the current state of affairs as well as the situation pertaining to the mistaken tax treatment of the dividend payments made in 2010 and 2011.

At the Supervisory Board meeting on November 12, 2012, we focused on the results for the first nine months of fiscal year 2012 and the current financial situation, including risks and risk management, the forecast for 2012 and the annual planning for fiscal 2013. Moreover, the joint declaration of conformity by the Management Board and Supervisory Board required by §161 of the German Stock Corporation Act (AktG) was discussed and approved.

Furthermore, the Supervisory Board regularly communicated with the Management Board outside of Supervisory Board meetings about current business developments and important transactions, discussed the Company's interim reports in a timely fashion and advised the Management Board on and reviewed the Management Board's resolutions. Where required for practical reasons, resolutions were passed in writing in consultation with the Supervisory Board Chairman. After prior discussion in a meeting of the full Supervisory Board, we adopted a resolution in writing approving the execution of a public share buyback program in January 2012 and specifying the parameters of this tender.

In view of the requirements of the German Corporate Governance Code, the Supervisory Board also regularly reviewed the efficiency of its own operations, and discussed and resolved ways to optimize its activities. There was no reason to change the existing Management Board compensation system in fiscal year 2012.

Corporate Governance Code

The Supervisory Board regularly discussed the application of corporate governance principles. Furthermore, on November 12, 2012, 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.

Audit of the single-entity and consolidated financial statements

The single-entity (HGB) and consolidated (IFRSs) financial statements for the fiscal year ended December 31, 2012, as well as the combined Company and Group management report for fiscal 2012, were prepared by the Management Board of the Company and audited by the Hamburg office of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The Supervisory Board engaged this firm pursuant to the resolution of the shareholders' meeting held on May 31, 2012. The auditors gave the single-entity and consolidated financial statements and the combined management report their unqualified opinion. The financial statement auditor conducted the audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). The audit focused mainly on the initial and subsequent measurement of intangible assets, accounting for corporate transactions, and the early risk detection system.

The audited single-entity and consolidated financial statements were the main item on the agenda for the Supervisory Board's financial statements meeting on March 18, 2013. All Supervisory Board members received the annual financial statement documents along with the combined management report, 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 March 18, 2013. The Company's financial statement auditors also attended this meeting and reported on the material results of their audit and on the fact that no material weaknesses were discovered in the internal control system or risk management system. The financial statement auditors were available to answer additional questions, provide further information and elaborate on the scope and focus of their audit of the financial statements.

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 March 18, 2013, the Supervisory Board approved the single-entity and consolidated financial statements prepared by the Management Board as well as the combined management report for the Company and the Group, and therefore adopted the singleentity financial statements (§172 sentence 1 of the German Stock Corporation Act (AktG)).

The Management Board proposes to continue to pay a dividend of EUR 0.55 per share. We concurred with the Management Board's proposal for the use of the distributable profit after our own review and after considering the Company's profit trend and financial condition. We consider the proposed dividend to be appropriate.

On behalf of the entire Supervisory Board, I would like to thank the Management Board and all employees for their hard work in the past fiscal year.

Hamburg, March 18, 2013

Wolfgang Biedermann
Chairman of the Supervisory Board

Evolution of the UMS Group

1996
Formation of UMS Holding, subsequent international expansion

ab 1996
Extension of business into the U.K., the U.K., Italy and the Netherlands

2000
IPO of UMS AG

2001 – 2002
Investment in PET Scans

2002
Investment in MRI Ireland and acquisition of Neuromed AG, Germany

Acquisition of Alliance Imaging lithotripsy business

2003
Started radiology business in the USA

2004
Divested Italian operations

1996 1997 1998 1999 2000 2001 2002 2003 2004

Initial Growth

2005
Divested PET Scans to Alliance Imaging

Divested MRI Ireland

Expanded into south America with UMS Chile

2006
Divested all remaining European operations

2007
Acquisition for the expansion of the urology segment in the north-eastern U.S.

Market introduction of urological laser treatment in Chile

2008
Market introduction of urological laser treatment in Ecuador

Launch of mobile Brachytherapy in the U.S.

2009
Divested interest in Andover Surgery Center (MA), USA

Acquisition to expand breast-biopsy business in U.S. State California

2010
Acquisition to expand breast-biopsy business in U.S. State Texas

2011
Acquisition of Mobile Biopsy, Inc., Statesville, North Carolina (USA). Mobile Biopsy runs seven mobile breast-biopsy systems between Florida and Pennsylvania.

UMS broadens its market position in South America by expanding to Peru.

2005 2006 2007 2008 2009 2010 2011 2012

Focus on Growth Markets (2005–2007)

Realignment and Optimization (2007–2012)

The **Company**

UMS is a leading supplier of mobile med-tech services in selected medical treatment fields. Our service concept, which was developed in Germany in the late 1980s and has been offered in North America since 1996, has now attracted more than 650 customers in the United States, Canada and South America.

We provide our customers with cutting-edge med-tech equipment and the related services on a daily basis. Highly qualified application specialists support the physicians in using the technology we provide.

Our company has selected a flexible business model that responds to the most important trends in the healthcare markets and offers our customers numerous advantages.

Advantage of Business Modell

Cost pressure	▪ Outsourcing of treatment procedures
	▪ Multiple use of medical equipment ("shared use")
	▪ Support of outpatient care
	▪ Flexible "Fee per Service" agreements
Quality	▪ Broad reach of state-of-the-art equipment
	▪ Highly trained experts with focused specialization
Patient access	▪ Care of patients close to home even far away from metropolitan areas
	▪ Scalable

UMS's specially trained application teams not only transport and set up the medical equipment, but also work directly with physicians to ensure that the equipment is used safely on patients. Our customers can rely on state-of-the-art equipment. For physicians in private practice, hospitals and other medical facilities, UMS offers just the right services, which we constantly adapt to meet our customers' needs.

UMS's service is always advantageous for physicians when patient numbers do not justify investing in technical equipment and training the relevant personnel. Because it is mobile, our equipment is used five to ten times more than it would be if it were stationary.

Another special feature of all procedures that we use is that they are highly effective from a medical standpoint while producing very minimal side effects.

Segment Information

We group our most important medical treatment fields in three segments:

Urology

Minimally intensive removal of kidney and ureter stones, minimally intensive treatment of benign prostate enlargements.

- 47 lithotripsy systems (Wolf, Storz)
- 17 urology lasers (HoLap, BioLitec)

Gynecology

Minimally invasive examination for early detection of cancer and to locate microcalcifications in the female breast, cryoablation.

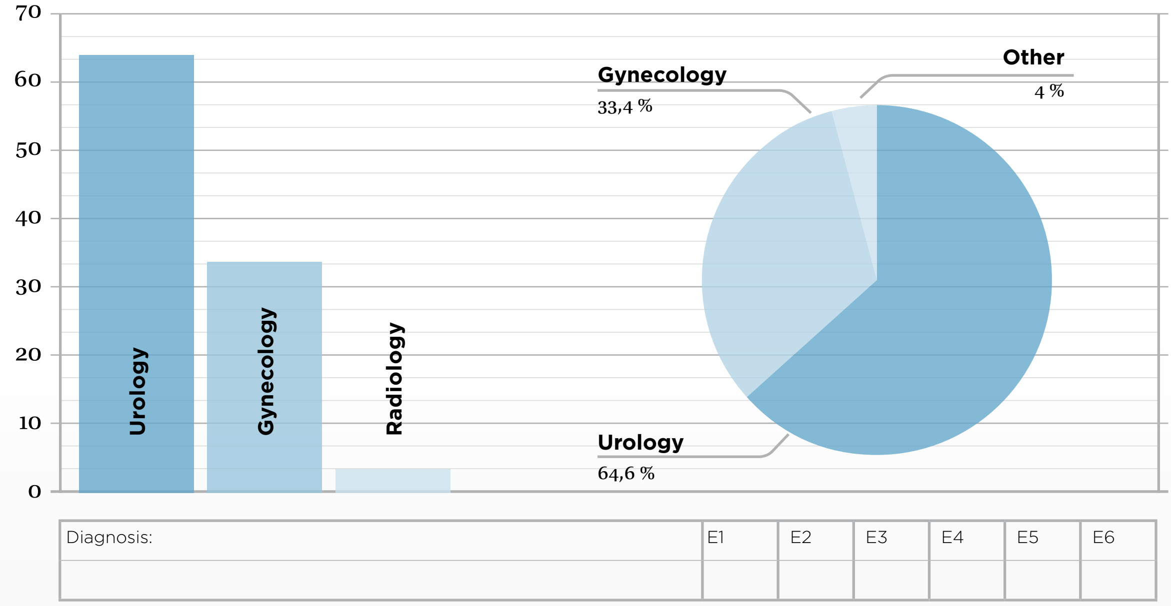
- 30 systems for stereotactic breast biopsie
- 3 systems for cryoablation (IceCure)

Other

Mobile diagnosis with imaging procedures (MRI), minimally invasive treatment of prostate cancer.

- 3 mobile MRI machines
- 1 brachytherapy system

Segment Overview and Revenue by Segment

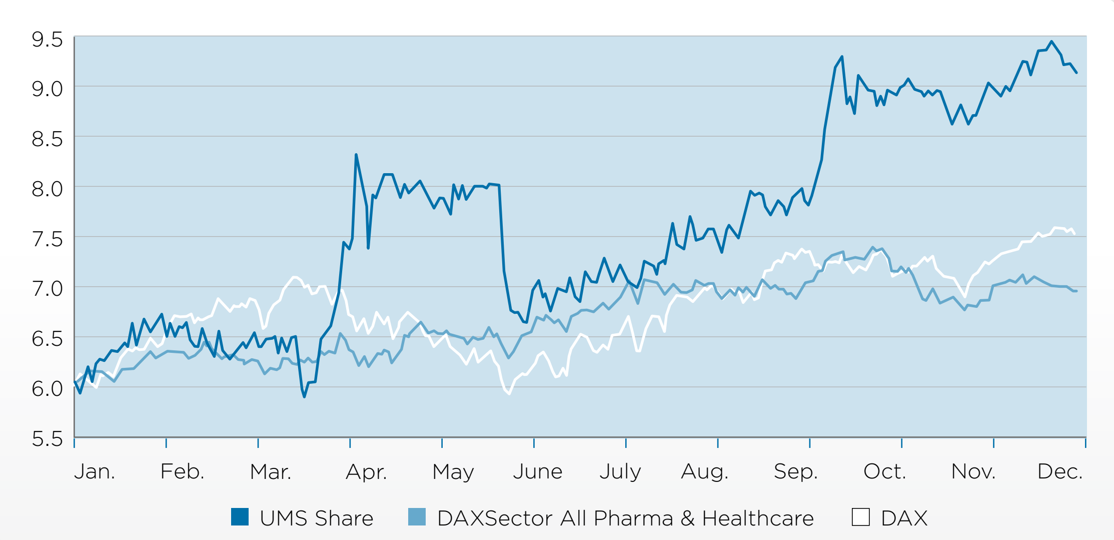


The UMS Share

Dominated by the euro zone's ongoing debt crisis, 2012 was a successful, albeit turbulent year on the stock markets. The turnaround came in the second half of the year, when the markets were calmer. Ultimately, all of the world's major stock indexes notched significant gains. The DAX rose by 29.1 %, the MDAX by 33.9 % and the TecDAX by 20.9 %. High compared to the growth in stock prices outside Germany, this had a positive effect on the market for the UMS share. The MSCI World, for example, increased by a relatively small 13.2 %. Pharmaceutical and healthcare stocks also rose this past year, but the gain for the DAXSector All Pharma & Healthcare Index, on which UMS is listed, was a modest 17.6 % by comparison.

The UMS share benefited from this positive trend, moving from EUR 6.00 per share at the beginning of the year to EUR 9.14 by the end of the year, for an exceptional gain of 52.3 %. Aside from the bullish climate overall, the Company's encouraging course of business and reliable dividend policy affected the share price. The Management Board and Supervisory Board proposed another dividend of EUR 0.50 per share at the Annual General Meeting on May 31, 2012. In addition, it was revealed over the course of the year that the dividend is considered a non-taxable distribution from the contribution account, meaning that for the vast majority of shareholders no tax is owed. Based on the share price at year's end, that made for a net dividend yield of 5.5 %.

The UMS Share



KEY INFORMATION ABOUT THE UMS SHARE

ISIN (International Securities Identification Number)	DE0005493654
WKN (German securities code)	549365
Symbol	UMS
Where traded	XETRA, Frankfurt, Düsseldorf, Hamburg, Berlin
Sector	Pharma & Healthcare
Market segment	Regulated Market – Prime Standard

The average daily trading volume of the UMS share on all German exchanges was 4,647 shares, against 5,750 shares the prior year. As in previous years, the majority of this volume, at an average of 3,275 shares per day (2011: 4,358), was handled via the XETRA electronic trading system. An average of 974 shares (2011: 981) traded each day on the Frankfurt Stock Exchange. The investment bank M.M. Warburg & Co. serves as designated sponsor for the UMS share, working to ensure the shares' liquidity on the electronic trading platform by entering binding bid and offer prices.

The shareholders of UMS International AG approved all agenda items at the annual meeting held on May 31, 2012 with an overwhelming majority and unanimously approved a dividend payment of EUR 0.50 per share.

On January 10, 2012, the Management Board decided, with the Supervisory Board's consent, to offer to buy back up to 300,000 company shares from UMS AG shareholders. The price offered was EUR 6.35 per share. By the end of the extended acceptance period on February 8, 2012, a total of 115,616 shares had been tendered to UMS AG. Pursuant to the allotment process described in the offering circular, a total of 115,616 shares were bought back by UMS AG, which is also the total number of treasury shares now held.

The shareholder structure at December 31, 2012 was as follows:

SHAREHOLDER STRUCTURE AT DECEMBER 31, 2012

in %	
Thomas J.C. Matzen GmbH	21.2
Management Board	6.6
Supervisory Board	10.2
Capiton Value Beteiligungs-GmbH	8.8
Union Investment Privatfonds	6.8
Freefloat	46.4

UMS AG regularly practices open and transparent communication with the capital market. Thus, for example, the Company again participated in Deutsche Börse AG's German Equity Forum in November 2012, where it held numerous discussions with investors and financial journalists. There were also conversations with investors, analysts and journalists during the course of the year. In addition, numerous analysts follow UMS. The experts at Warburg Research, for example, raised their price target on UMS shares to EUR 11.00 in January 2013.

Detailed information about the UMS share can be found on the Internet on our website 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 EUR	**2012**
Stock exchange price (XETRA closing prices)	
High	9.85
Low	5.85
Fiscal year end	**9.14**
Number of shares (fiscal year end, in millions)	4,873
Market capitalization (fiscal year end, in million EUR)	44.5
Earnings per share (in EUR)	0.57

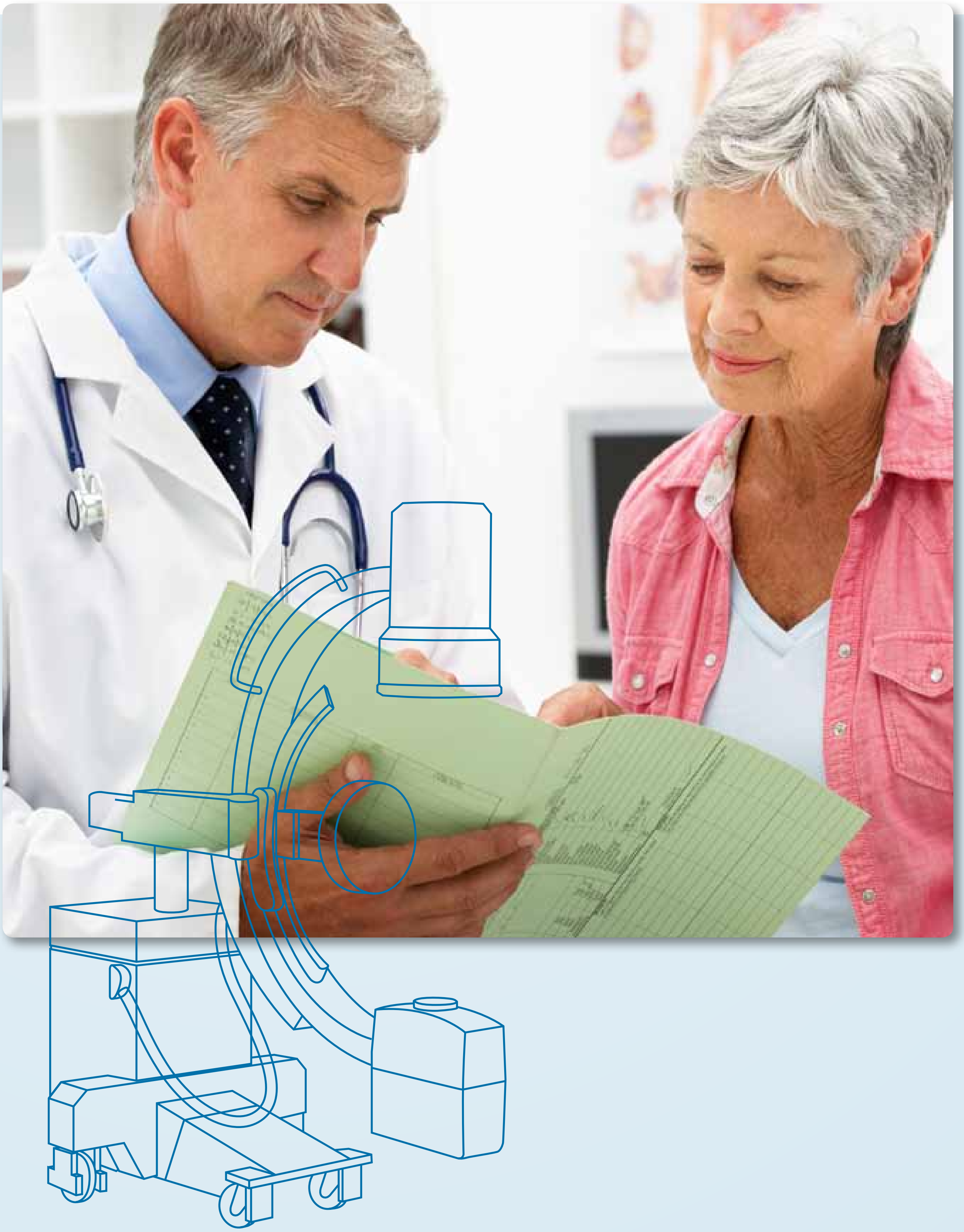
HOW TO CONTACT THE INVESTOR RELATIONS TEAM

UMS United Medical Systems International AG

Investor Relations
Astrid Soltau
Borsteler Chaussee 53
D-22453 Hamburg

Tel.: +49 (0) 40/50 01 77-00
Fax: +49 (0) 40/50 01 77-77

E-Mail: investor@umsag.com



Combined Management Report and Group Management Report for 2012

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Diagnosis:	Inoculation	MTB	Polio	Dipht.	Tet.	Pert.	HiB
Allergy:							

1. Business and General Conditions

Business affected by external circumstances

The UMS Group conducts most of its business in the United States and is, therefore, affected by the economic conditions there. In addition, nearly all of its revenues are generated in U.S. dollars and it has expenses in U.S. dollars. The first nine months of the fiscal year developed very favorably, in part because of the dollar's strength against the euro, and sales and earnings were both up significantly against the prior year. The fourth quarter, however, proved difficult for the Group. One of the main reasons for this was Hurricane Sandy, which struck the east coast of the United States and brought public life to an almost complete standstill for several days.

U.S. economy noticeably better

With growth of 2.2 %, the U.S. economy staged a significant rebound in 2012. Here, too, the recovery was far more pronounced in the first nine months of the year than in the last quarter of the year. In addition to the adverse effects caused by Hurricane Sandy came the negative impact of the debate surrounding the fiscal cliff. As a result, growth for the full year was not quite as high as for the first nine months.

Economic climate in the healthcare industry

Short-term economic trends only influence certain segments of the healthcare industry. Demand in this area is driven by the increasing need for medical treatments and the growing demand for innovative products and therapies. Regulatory and political developments also have a significant impact on business trends in this field.

Healthcare reform in the United States is of particular importance to the UMS Group. The Patient Protection and Affordable Care Act is intended to provide around 32 million uninsured Americans with access to health insurance. As part of this process, the Act requires every resident of the United States to take out a healthcare policy by 2014. Over the long term, this could provide considerable momentum for UMS's business.

Forecasts by the Centers for Medicare & Medicaid Services (CMS) predict that healthcare costs will amount to USD 4.6 billion in 2020, or 19.8 % of GDP, as a result of the reforms. The healthcare industry was estimated to represent around 18.3 % of the GDP in the United States in 2012, up from 17.7 % in 2011.

Per capita spending for healthcare in the United States is thus expected to increase from around USD 8,662 today to over USD 13,700 by 2020.

Growth opportunities in North and South America

The healthcare market in the United States therefore remains an especially dynamic sector of the economy and is much less sensitive to economic fluctuations than other sectors. The pressure to save related to the government budget deficit does constitute a certain risk, however.

There is significant growth potential here, particularly for high-quality, cost-effective products and services. The quality of the treatment plays a decisive role in optimizing the medical results and reducing overall treatment costs. In addition, healthcare programs for prevention and early recognition are gaining in significance.

South America is also an attractive growth market for medical services. The people in that region are becoming wealthier and are living longer. The relatively solid economic growth despite the global crisis has led to increased demand in the private sector. In addition, many South American governments – regardless of their political leanings – have made improved healthcare a top priority.

The UMS Group does business in selected sectors of these dynamic markets. Subsidiaries operating in these countries offer mobile services that combine quality and cost efficiency. The UMS companies are therefore clearly profiting from the specific growth opportunities in each individual region.

2. Earnings Position of the Group and Segments

Summary

There were two major effects on the earnings trends in fiscal year 2012: favorable exchange rate movement and then Hurricane Sandy in the fourth quarter. Hurricane Sandy bore down with unexpected intensity on the east coast of the United States, the region where most of the UMS Group's business is concentrated. The storm fully crippled public life for a good ten days, and people canceled their doctor's appointments during this very difficult time.

All in all, we succeeded in improving earnings per share from EUR 0.47 to EUR 0.57.

The UMS Group's cash generation remained positive. For this reason, we distributed over EUR 3 million to our shareholders in the past year in the form of share buy-backs and dividends. Given the stable financial situation, the Management Board and Supervisory Board will propose a dividend of EUR 0.55 per share to the Annual General Meeting in June 2013.

Consolidated revenue up 9 %

The consolidated revenue of the UMS Group is generated almost exclusively in U.S. dollars. Revenues rose 9 % in 2012, from EUR 38.3 million to EUR 41.9 million.

The performance of the segments was very mixed.

				Change	
in kEUR	**2012**	**2011***	***2011***	**absolute***	**as %***
Urology	29,307	28,567	*26,358*	740	3
Gynecology	10,720	11,352	*10,474*	-632	-6
All other segments	1,887	1,622	*1,497*	265	16
Reconciliation to the Group	0	0	*0*	0	-
Revenue	**41,914**	**41,541**	***38,329***	**373**	**1**

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2012).

Urology: Revenues and treatment numbers increase

Both treatment fields in Urology contributed to this growth. In mobile lithotripsy, the UMS Group's largest segment, we provided approximately 29,000 treatments during fiscal 2012, up from around 28,600 in 2011.

Gynecology segment profits from integration

Business in the Gynecology segment was up only slightly in the year under review. At actual exchange rates, revenues increased by a modest 2 %, from EUR 10.5 million to EUR 10.7 million. However, they dropped by 6 % when adjusted for currency effects.

The U.S. labor market, where conditions remain strained, is the greatest drag on this segment, since many Americans lose their health insurance when they lose their jobs. In this type of situation, really useful and important screenings like breast biopsy get pushed back or are not performed at all.

Other operating segments post largest increase

Our other segments primarily include our Radiology and Oncology services.

The Company made much better use of its fleet capacity this past year. As a result, revenues came to EUR 1.6 million in 2012 compared with EUR 1.1 million in 2011, for an increase of EUR 0.5 million, or 42 %. After currency adjustments, revenues rose by EUR 0.4 million.

Gross margin up

The acquisition of Mobile Biopsy and related integration costs as well as low utilization of equipment in the radiology segment had an adverse effect on the UMS Group's earnings trend in the previous fiscal year. Last year, the gross margin improved considerably thanks to the completed integration of Mobile Biopsy into the UMS Group and the marked increase in usage of the radiology fleet.

				Change	
in kEUR	Income statement 2012	Income statement 2011*	Income statement *2011*	absolute*	as %*
Revenue	41,914	41,541	*38,329*	373	1
Cost of sales	-21,162	-21,725	*-20,045*	563	3
Gross profit from revenue	**20,752**	**19,816**	***18,284***	**936**	**5**
Gross margin	**50 %**	**48 %**	***48 %***		

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2012).

Selling expenses grew at a slightly faster pace than revenues. This reflects a slight expansion of the sales network that we began in the year under review in order to grow sales by providing even better customer care. Administrative expenses increased in line with sales by EUR 0.5 million. After currency adjustments, they rose only EUR 0.1 million.

The net figure for other operating income and expenses decreased significantly. This is predominantly due to allocations to the provisions for legal expenses and consulting fees as well as for claims for damages relating to the investment income tax and solidarity surcharge mistakenly withheld from dividend payments made in 2010 and 2011. The sum of EUR 300 thousand was charged to earnings to fund these provisions. In addition, the prior-year figure had been boosted by insurance proceeds.

For 2012, this resulted in operating earnings before interest and taxes (EBIT) of EUR 12.8 million, compared with EUR 11.6 million in the 2011 fiscal year. Recalculated at the exchange rate for the reporting year, the 2011 EBIT came to EUR 12.6 million.

in kEUR	Income statement 2012	Income statement 2011*	Income statement *2011*	Change absolute*	Change as %*
Gross Profit	**20,752**	**19,816**	***18,284***	**936**	**5**
Distribution and selling expenses	-2,807	-2,700	*-2,491*	-107	-4
General administrative expenses	-5,055	-4,906	*-4,527*	-149	-3
Other operating income and expenses	-62	395	*364*	-457	-
Operating result (EBIT)	**12,828**	**12,605**	***11,630***	**223**	**2**
as a % of revenue	**31 %**	**30 %**	***30 %***		

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2012)

The net interest expense item in fiscal year 2012 was the same as last year. The tax expense decreased in the United States because of the lower level of earnings remaining after minority interests.

in kEUR	Income statement 2012	Income statement 2011*	Income statement *2011*	Change absolute*	Change as %*
Operating result (EBIT)	**12,828**	**12,605**	***11,630***	**223**	**2**
Interest income and expenses	-391	-389	*-360*	-2	0
Earnings before taxes and minority interests	**12,437**	**12,214**	***11,270***	**223**	**2**
Other taxes	-117	-142	*-131*	25	18
Income Taxes	-1,646	-2,143	*-1,977*	497	23
Net income for the year	**10,674**	**9,929**	***9,162***	**745**	**8**

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2012)

The growth in the Urology segment in the United States goes hand-in-hand with the further expansion of physician partnerships. In addition to the Group's stake in these companies, UMS generates additional income from signing management agreements and receiving compensation for our medical technology services.

The participating physicians received regular profit distributions totaling EUR 8.3 million in 2012. The previous year's distributions to minority interests were EUR 7.4 million after currency adjustments.

This left a profit of EUR 2.4 million attributable to the equity holders of the parent company in 2012, compared with EUR 2.3 million in the previous year. Adjusted for the extraordinary effect relating to the errors with dividend payments, the net income for the year was EUR 2.7 million.

in kEUR	Income statement 2012	Income statement 2011*	Income statement *2011*	Change absolute	Change as %
Consolidated profit for the year	**10,674**	**9,929**	***9,162***	**745**	**8**
of which minority interests	8,253	7,441	*6,866*	812	11
of which attributable to equity holders of parent	2,421	2,488	*2,296*	-67	-3

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2012)

During the reporting year, the Management Board and Supervisory Board of the UMS Group carried out an additional stock buyback program. The average number of outstanding shares therefore declined further, from approximately 4.9 million to approximately 4.8 million.

Adjusting for the extraordinary effect of EUR 0.3 million relating to the errors with dividend payments, earnings per share therefore rose to EUR 0.57, following EUR 0.47 in the previous year. Recalculated at the exchange rate for the reporting year, 2011 earnings per share were EUR 0.51.

in kEUR	Income statement 2012	Income statement 2011*	Income statement *2011*	Change absolute	Change as %
Profit attributable to equity holders of the parent	2,421	2,488	*2,296*	-67	-3
Profit adjusted for exceptional items relating to other accounting periods	2,721	2,488	*2,296*	233	9
Average number of shares outstanding (in thousands)	4,769	4,873	*4,873*	-104	-2
Earnings per share (basic) in EUR	0.51	0.51	*0.47*	0.00	0
Earnings per share (basic) ** in EUR	**0.57**	**0.51**	***0.47***	**0.06**	**12**

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2012)
** Adjusted for significant influences from outside the reporting period

3. Net Worth and Financial Condition

The solid earnings trend also had a favorable effect on the financial condition. Net debt was reduced from EUR 3.0 million to EUR 0.5 million as of December 31, 2012.

Meanwhile, UMS AG also paid a dividend of EUR 2.4 million to its shareholders in the year under review, and invested approximately EUR 0.7 million in the buyback of its own shares.

Analysis of balance sheet structure

When comparing the balance sheets for the years ended December 31, 2012 and December 31, 2011, it must be noted that these also reflect the performance of the EUR/USD exchange rate. There was a slight change in the reporting date exchange rate, which came to USD 1.29 per euro at December 31, 2011 versus USD 1.32 per euro on December 31, 2012.

Total assets were down by EUR 3.0 million, decreasing from EUR 35.9 million to EUR 32.9 million. After currency adjustment, the decrease was EUR 2.3 million.

The volume of current assets reported was EUR 14.1 million, for a slight decrease of EUR 0.7 million against the prior-year level. The EUR 0.3 million increase in cash was accompanied by a EUR 0.8 million decrease in trade receivables. After currency adjustments, the decrease was EUR 0.6 million.

Non-current assets decreased by EUR 2.2 million, from EUR 21.1 million to EUR 18.9 million. Capital expenditures were relatively low at EUR 2.2 million, while depreciation and amortization came to EUR 4.1 million.

Goodwill remained unchanged at less than EUR 0.1 million as of December 31, 2012.

The liabilities of the UMS Group are denominated primarily in USD. Trade payables as well as other liabilities and accruals/provisions were largely unchanged at the reporting date. Non-current liabilities and interest-bearing current liabilities were reduced by EUR 1.9 million largely because of the repayment of bank liabilities.

As of December 31, 2012, equity amounted to EUR 21.6 million, compared with EUR 22.2 million at the end of the prior year. An increase equal to the EUR 10.2 million in total comprehensive income for the fiscal year was offset by distributions to physician partnerships (EUR 7.7 million), the payment of a dividend to the shareholders of UMS AG (EUR 2.4 million) and payments for the acquisition of treasury shares (EUR 0.7 million). Accordingly, the equity ratio climbed to 66 %, against 62 % in the previous year.

Analysis of the Cash Flow statement

Operating activities generated net cash of EUR 15.4 million in the year under review, for significant growth compared to the prior year's EUR 12.5 million. This sharp increase was due to the significantly higher profit for the year as well as a substantial reduction in trade receivables.

Net cash used in investing activities totaled EUR 1.3 million, compared with EUR 3.3 million in the prior year. Investments in contracts and medical equipment were far higher in the previous year than last year because of the acquisition of Mobile Biopsy, Inc.

Net cash used in financing activities totaled EUR 13.7 million in the year under review, which was EUR 5.3 million higher than in the previous year. The chief reason for this was the cash provided by a loan taken out in 2011 to fund the acquisition of Mobile Biopsy, Inc.

As a result, free Cash Flow was slightly lower in the reporting year at EUR 0.3 million (2011: EUR 0.7 million).

4. Employees

Number of employees

The total number of employees as of the reporting date decreased from 224 to 220 (as of December 31 in each case). One employee was 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, and therefore, there are no longer any employee stock options.

The annual compensation of the Management Board is composed of fixed and variable components. Elements of variable compensation, the amount of which depends on achieving certain goals, cannot exceed 36 % of the overall compensation. The annual compensation 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 premiums as well as a company car. In addition, their work-related expenses are reimbursed. In accordance with the statutory provisions, the D&O insurance contains a deductible that is not covered by the Company.

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 commitments 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. For the first time, UMS International AG bought back some of its own shares via a public tender offer in 2011.

Earnings position of UMS AG

In the 2012 and 2011 fiscal years, UMS International AG generated approximately EUR 0.4 million in revenues from management cost sharing. The Company also earned income of EUR 0.2 million (2011: EUR 0.3 million) from the sale of medical technology equipment to subsidiaries.

The total revenue of EUR 0.6 million was offset by cost of sales of EUR 0.1 million attributable to the purchase of the medical technology equipment that was sold.

General administrative and selling expenses of EUR 0.6 million were at the same level as the prior year. By contrast, the net figure for other operating income and expense was much lower at minus EUR 0.2 million (2011: EUR 0.0 million). This was mainly the result of the total of EUR 0.3 million set aside for claims for damages and the related legal expenses and consulting fees.

Income from equity holdings, which in 2012 and 2011 consisted solely of dividends from the U.S. subsidiary, amounted to EUR 3.2 million, against EUR 4.0 million in the previous year.

The financial result of UMS AG, i.e., the difference between interest payments and interest income, went from minus EUR 5k in 2011 to minus EUR 1k in 2012.

Overall, earnings from ordinary business activities therefore totaled EUR 2.3 million (2011: EUR 3.8 million). The decrease is predominantly attributable to lower dividend income, i.e., distributions from the U.S. subsidiary to UMS AG, and expenses relating to the errors with dividend payments made to the shareholders of UMS AG in 2010 and 2011.

As in the previous year, tax burdens and extraordinary effects (from the conversion to the Accounting Law Modernization Act [BilMoG]) had no material effect on total comprehensive income in the reporting year. As a result, the Company's profit for the year amounted to EUR 2.8 million. In the previous year, a profit of EUR 3.8 million had been reported.

Distributable profit and dividend

UMS AG's distributable profit totals EUR 2.6 million. The Management Board of UMS AG will propose a dividend payment of EUR 0,55 per share – EUR 2.62 million total – to the Supervisory Board and Annual General Meeting. If the number of shares carrying dividend rights should change before the date of the meeting, the proposal on the utilization of distributable profit will be amended accordingly.

Financing and securing liquidity

The Company's liquidity was essentially secured through shared management cost arrangements made 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.

Risk management further enhanced

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 UMS Group has documented its risk management structures in a "Group Risk Management" manual.

In each quarter, specific controls are systematically tested. The management and supervision of elimination of control weaknesses were improved with the help of external consultants. The Management Board and the Supervisory Board receive regular reports on the results of the control tests.

Financial risks

UMS distinguishes between financial risks and operating risks. For UMS, financial risks include earnings, liquidity, refinancing, interest rate and foreign exchange 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 *earnings 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. The net income is reviewed at least once per quarter using rolling projections. 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". To control refinancing risks, the Company collaborates with a number of regional and national financial partners and has implemented a written and oral standardized information procedure for handling important company data.

Each business 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 limits on management's powers of representation in such transactions.

Operating risks

Operating risks include market risk, regulatory risk, human resources risk, procurement risk, supply risk, operational risk and legal risks. 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. Consequently, we closely monitor changes in regulatory processes, such as the implementation of healthcare reforms in the United States, most of which are to take effect in 2014. However, the specific results will depend on the decisions of the United States Supreme Court and the development after the Presidential elections in 2012.

We also closely monitor the political developments in the various states in the U.S. in which certificate of need regulations are being examined, and we take an active part in discussions of changes.

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 benchmark 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 our billing for services or to our corporate structures, for example. Through our participation in industry associations, we follow the discussions regarding political burdens on healthcare.

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 servicing 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 workflows and IT systems.

Legal risks can result from lawsuits. We handle these lawsuits through experienced external attorneys. As a service provider, we are not affected by product liability claims.

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.

We expect that the global economy will continue to grow in 2013. However, because of the sluggish labor and real estate markets in the United States, our expectations for that region remain extremely uncertain.

A special characteristic of healthcare markets is that the effect of the general economic situation is overshadowed by other demand drivers. For this reason, we firmly believe that growth will continue in the segments relevant to our Company, thereby limiting the risks to which the UMS Group is exposed.

Company's continued existence secured

The overall risk situation of the UMS Group continues to be limited and clear. There are no risks that could endanger the Company's existence now, nor are there any discernible risks 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

There were no significant events after the balance sheet date.

Outlook

The U.S. economy could experience modest growth in 2013. However, because of the sluggish labor and real estate markets there, our expectations in the United States remain extremely uncertain.

Nonetheless, we expect that the market segments relevant to our Company in North and South America are very likely to continue to generate stable growth in the future, with the regulatory framework remaining largely unchanged.

For this reason, we plan to increase revenue and earnings in all clinical treatment segments of the UMS Group in fiscal 2013. This trend will follow additional operational improvements and a continued recovery of the U.S. labor market.

The expectations for the individual business segments are as follows:

- Urological applications will remain the foundation of our business in the current fiscal year. In the United States, we will further accelerate the growth of our Urology segment by expanding existing and establishing new physician partnerships.

  We expect the number of cases where lithotripsy and laser treatment of benign prostate enlargements can be deployed to increase, thereby increasing revenues and earnings.

  Moreover, we aim to step up the Group's activities in other parts of the United States.

- We expect revenue and earnings growth in the Gynecology segment, as well. The focus in this segment is on acquiring new customers as well as providing better customer care.

  In addition, we expect additional success in mobile cryotherapy from marketing of the cooperation we entered into in 2011 with IceCure.

  Therefore, we anticipate a slight increase in revenues and treatment figures for this segment.

- The trends in the other segments will depend on radiology. The existing radiology capacities were being almost fully utilized by customers with a fixed contract at the end of 2012. We believe that capacity utilization will remain at this high level in 2013. We are reviewing the deployment of an additional machine in the first half of 2013 in order to generate additional growth.

All told, we expect the UMS Group's revenues to continue to grow in 2013 – at comparable exchange rates – and look for consolidated revenues between EUR 43 million and EUR 45 million. We hope to achieve earnings per share of EUR 0.60 to EUR 0.65.

Provided that the economic and regulatory environment does not get significantly worse in fiscal year 2014, we expect that revenues and earnings per share will increase in that year as well.

In the Urology segment we intend to improve case numbers, revenues and earnings in all treatment fields. We expect to increase our customer base through regional expansion, particularly in South America. In the Gynecology segment we look forward to positive results from the marketing of existing and new services. We also assume that the positive trend in the U.S. labor market will continue. In the other segments we expect that the development in 2014 will primarily depend on the radiology capacities offered.

We strive for dividend continuity and thus intend to again distribute an appropriate dividend.

8. Report on the Accounting-related Internal Control System and Risk Management System Pursuant to § 289 (5) and § 315 (2) of the German Commercial Code

Internal control system based on the accounting process

The goal of the internal control and risk management system based on the accounting process is to ensure that financial statements are prepared in accordance with the regulations. UMS AG has an internal control and risk management system that ensures that the accounting process is reliable and orderly and that business transactions are recorded completely and promptly and in accordance with the relevant statutory and internal regulations. Changes in the laws and accounting standards are regularly reviewed for their relevance to the annual financial statements and any resulting changes are taken into account in the internal procedures.

Fundamentals of the internal control system based on the accounting process

The risk management system described in UMS AG's risk report includes the entirety of all organizational regulations and measures aimed at identifying risks and managing the risks associated with business activities. All of the regulations relating to the accounting system described below are part of this overall risk management system. Key aspects of this system are:

- The UMS Group is structured simply and clearly. The Management Board assumes overall responsibility for the aspects of the internal control and risk management system relating to the accounting process in the Company and in the Group.

- Coordinated planning, reporting and control processes documented in corresponding Group manuals and checklists exist throughout the Group for the purpose of fully analyzing and managing risk factors that could affect earnings as well as risks that could endanger the Company's continued existence as a going concern.

- A risk analysis is a permanent part of the planning process.

- Monitoring controls are performed regularly by senior finance management based on random samples and are performed every quarter through defined tests of certain control processes. The monitoring and control processes are supported with software.

- In organizational terms, financial and accounting activities are concentrated at UMS AG and its direct equity holdings. Second-tier subsidiaries (except for UMS Chile S.A.) do not perform their own accounting processes; this is to ensure efficient structures and compliance with quality and control standards.

- The departments and teams involved in the accounting process are suitably equipped, both in terms of quantity and quality. The dual-control principle is applied to all accounting-related processes.

- The Company's financial systems are protected from unauthorized access by the corresponding IT security systems. We use standard software wherever possible and regularly review our information technologies in order to ensure that our IT-based procedures are carried out as securely as possible.

Like all processes in the Company in general, accounting-relevant processes are regularly reviewed by the responsible management employees. Because no internal auditing system is in place due to the size and structure of the Company, we regularly commission third-party auditors to review these processes in key business units.

9. Legal Disclosures

Declaration of Corporate Governance

The Management Board and Supervisory Board of UMS AG have issued and made publicly available the Declaration of Corporate Governance stipulated by § 289a of the German Commercial Code (HGB) on the Corporate Governance page of the Company's Web site at www.umsag.com. It includes a description of the Management Board and Supervisory Board procedures, the statement of compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and disclosures on material corporate management practices.

Takeover disclosures

The following presents the takeover disclosures required by § 315(4) of the German Commercial Code at December 31, 2012.

1. The Company's subscribed capital is EUR 6,016,261. It is divided into 4,873,284 no-par-value shares, each theoretically representing approximately EUR 1.23 of the share capital. 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, 20.9 % 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.

6. Members of the Management Board are appointed and removed in accordance with § 84 of the German Stock Corporation Act (AktG) which assigns this responsibility 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(3) 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. The Management Board is authorized to provide that shareholders may cast their votes in writing or by electronic communication, even without attending the shareholders' meeting (voting by correspondence).

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 Company's share capital, with the Supervisory Board's consent, on one or more occasions prior to June 2, 2015, by a total of up to EUR 3,008,129.95 (rounded) by issuing a total of up to 2,707,317 new no-par-value bearer shares in exchange for cash or in-kind contributions (Authorized Capital 2010). 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 cases defined by the Shareholders' Meeting.

   The Company's capital is no longer conditionally increased.

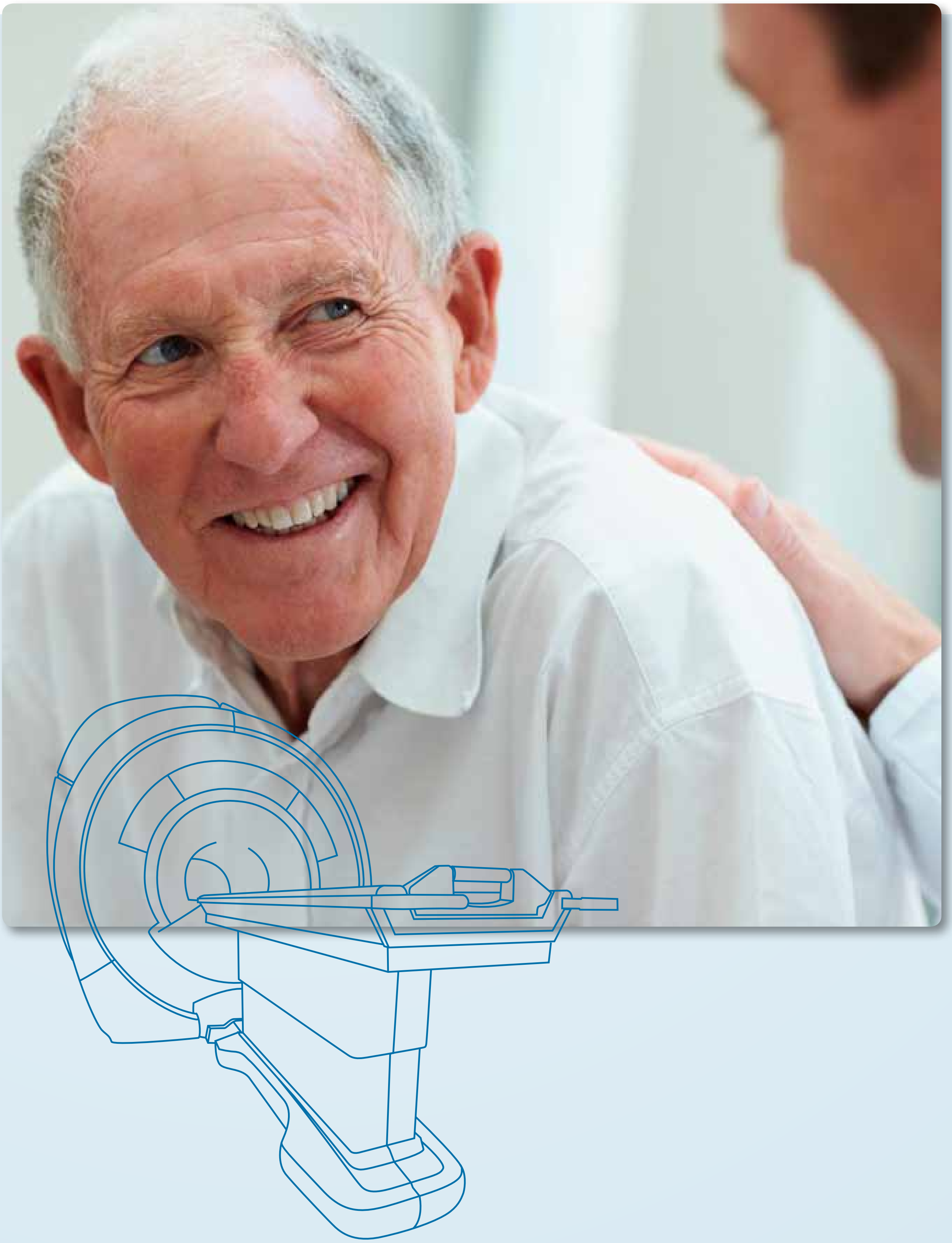
   Pursuant to the shareholders' resolution of May 31, 2012, the Management Board is authorized to purchase the Company's own shares, up to a limit of 10 % of the share capital, through May 30, 2017. The purchase may be made on the stock exchange or through a public purchase offer made to all shareholders. The authorization may be exercised in whole or in part, once or several times.

   No material agreements exist which are subject to the condition of a change in control of UMS AG.

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

Hamburg, March 7, 2013

Jørgen Madsen



Consolidated Financial Statement 2012

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Diagnosis:	Inoculation	MTB	Polio	Dipht.	Tet.	Pert.	HiB
Allergy:							

Consolidated Income Statement

as of December 31, 2012

in kEUR	Note	2012	2011
Revenues	5	41,914	38,329
Cost of revenues	5	-21,162	-20,045
Gross profit		**20,752**	**18,284**
Distribution and selling expenses	5	-2,807	-2,491
General and administrative expenses	5	-5,055	-4,527
Other operating income and expenses	5	-62	364
Operating result		**12,828**	**11,630**
Interest income	5	3	5
Interest expenditure	5	-394	-365
Result before taxes and non-controlling interests		**12,437**	**11,270**
Other taxes		-117	-131
Income taxes	6	-1,646	-1,977
Profit for the year		**10,674**	**9,162**
Attributable to Equity holders of the parent		2,421	2,296
Attributable to Non-controlling interests		8,253	6,866

Net income per share		in EUR	
Net income per share (basic)*	7	0.57	0.47
Net income per share (diluted)*	7	0.57	0.47
Net income per share (basic)	7	0,51	0,47
Net income per share (diluted)	7	0,51	0,47

		in thousands	
Weighted average shares outstanding (basic)	7	4,757	4,893
Weighted average shares outstanding (diluted)	7	4,769	4,938

* Adjusted for significant influences from outside the reporting period

Consolidated Statement of Comprehensive Income

for the year ended December 31, 2012

in kEUR	2012	2011
Profit for the year	**10,674**	**9,162**
Exchange differences on translation of foreign operations	-436	646
Other corrections	-34	0
Total comprehensive income for the year, net of tax	**10,204**	**9,808**
thereof attributable to Non-controlling interests	7,912	7,579

There are no tax effects on transation of foreign operations.

Consolidated Balance Sheet

as of December 31, 2012

ASSETS

in kEUR	Note	31.12.2012	31.12.2011
Current assets			
Cash and cash equivalents	15	6,235	5,889
Trade accounts receivable	14	6,125	6,907
Inventories	13	1,020	1,182
Prepaid expenses and other current assets		699	847
Total current assets		**14,079**	**14,825**
Non-current assets			
Property, plant and equipment	8	8,111	8,997
Intangible assets	9	10,369	11,853
Other fiancial assets	11	228	138
Goodwill	9, 1	74	74
Deferred taxes	6	93	40
Total non-current assets		**18,875**	**21,102**
Total assets		**32,954**	**35,927**

LIABILITIES AND EQUITY

in kEUR	Note	31.12.2012	31.12.2011
Current liabilities			
Trade accounts payable	20	1,374	1,196
Liabilities due to banks	18	1,242	2,705
Leasing obligations	18, 20	746	885
Other current liabilities	20	506	508
Liabilities relating to taxes		0	0
Other accrued expenses	19	1,155	1,112
Total current liabilities		**5,023**	**6,406**
Non-current liabilities			
Liabilities due to banks	18	3,122	3,621
Leasing obligations	18, 20	1,647	1,691
Other non-current liabilities	20	190	444
Deferred Taxes	6	1,359	1,519
Total non-current liabilities		**6,318**	**7,275**
Equity			
Share capital	16	5,874	6,016
Additional paid-in capital	16	8,340	8,340
Cumulative translation adjustment		-5,365	-5,270
Accumulated gain		6,103	6,687
Equity attributable to parent company		**14,952**	**15,773**
Non-controlling interests		6,661	6,473
Total equity		**21,613**	**22,246**
Total liabilites and equity		**32,954**	**35,927**

Consolidated Statement of Changes in Equity

in kEUR	Share Capital	Additional Paid-in Capital	Currency Transition Adjustment
Balance January 1, 2011	**5,673**	**8,340**	**-5,203**
Retirement of own Shares	601	-	-
Buy-Back of own Shares	-258	-	-
Comprehensive Income	-	-	-67
Distribution in subsidiaries	-	-	-
Dividends	-	-	-
Expiry Warrants	-	-	-
Balance December 31, 2011	**6,016**	**8,340**	**-5,270**
Balance January 1, 2012	**6,016**	**8,340**	**-5,270**
Buy-Back of own Shares	-142	-	-
Comprehensive Income	-	-	-95
Distribution in subsidiaries	-	-	-
Dividends	-	-	-
Balance December 31, 2012	**5,874**	**8,340**	**-5,365**

Equity portion of bond	Accumulated gain/deficit	Equity parent company	Non-controlling interests	Total Equity
20	**8,934**	**17,764**	**5,876**	**23,640**
-	-601	0	-	0
-	-1,506	-1,764	-	-1,764
-	2,296	2,229	7,579	9,808
-	-	0	-6,982	-6,982
-	-2,436	-2,436	-	-2,436
-20	-	-20	-	-20
0	**6,687**	**15,773**	**6,473**	**22,246**
0	**6,687**	**15,773**	**6,473**	**22,246**
-	-593	-735	-	-735
-	2,387	2,292	7,912	10,204
-	-	0	-7,724	-7,724
-	-2,378	-2,378	-	-2,378
0	**6,103**	**14,952**	**6,661**	**21,613**

Consolidated Cash Flow Statement

for the year ended December 31, 2012

in kEUR	2012	2011
Profit for the year	**10,674**	**9,162**
Adjustment to reconcile profit for the year to net Cash Flows:		
Profit(-)/Loss(+) from sale of equipment	-69	-153
Depreciation on property, plant and equipment	2,734	2,628
Depreciation on intangible assets	1,379	1,252
Change in deferred taxes, net	-189	209
Working Capital adjustments:		
Increase(-)/Decrease(+) in trade receivables	682	-443
Increase(-)/Decrease(+) in prepaid expenses and other current assets	36	86
Increase(-)/Decrease(+) in inventories	150	-201
Increase(+)/Decrease(-) in trade payables	202	382
Increase(+)/Decrease(-) in liabilities related to taxes	0	-399
Increase(+)/Decrease(-) in other accrued expenses and current liabilities	-189	11
= Net cash provided by operating activities	**15,410**	**12,534**
Purchases of property, plant and equipment, net of finance leasing	-1,396	-1,282
Purchases of business units	0	-2,451
Payments for investments in intangible assets	-90	0
Proceeds from the sale of equipment	142	441
= Net cash used for investing activities	**-1,344**	**-3,292**

in kEUR	2012	2011
Payments for Buy Back of own shares	-769	-1,764
Dividends paid to equity holders of the parent	-2,378	-2,436
Dividends paid to non-controlling interests	-7,931	-6,491
Proceeds from long term debt due to banks	0	2,607
Repayments to bank (long term)	-440	-736
Net change in lease liabilities	-749	-1,491
Proceeds from short term debt due to banks	0	2,247
Repayments to banks (short term)	-1,449	-393
= Net cash used in financing activities	**-13,716**	**-8,457**
Net effect of currency translation in cash and cash equivalents	-4	-46
Net increase/decrease in cash and cash equivalents	**346**	**739**
+ Cash and cash equivalents at beginning of period	5,889	5,150
= Cash and cash equivalents at end of period	**6,235**	**5,889**
Additional information on Cash Flows		
Payments for interest	-394	-389
Proceeds from interest	3	-6
Payments for taxes on income	-1,717	-2,082
Relevant non-cash transactions		
Purchases of property, plant and equipment financed by finance lease	-627	-1,089

Notes to the Consolidated Financial Statements

for the year ended December 31, 2012

1. General

UMS United Medical Systems International AG (hereinafter "UMS AG") is a publicly traded German stock corporation headquartered in 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 adopted by the Management Board on March 11, 2013.

2. Summary of Significant Accounting Policies

Basis of preparation

The consolidated financial statements of UMS AG and its subsidiaries were prepared in accordance with International Financial Reporting Standards (IFRSs) applicable at December 31, 2012 and the supplementary applicable rules in § 315a (1) of the German Commercial Code. All IASB standards and interpretations that have been adopted by the E.U. and were mandatory for fiscal years beginning or after January 1, 2012 were applied.

The consolidated financial statements are presented in euro. Except as otherwise indicated, all amounts are rounded to thousands of euros (kEUR). These may differ from the unrounded amounts.

Consolidation principles

The consolidated financial statements include UMS AG and all material companies that are directly or indirectly controlled by UMS AG. 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.

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 had control.

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

Losses by a subsidiary are attributed to non-controlling interests even if this leads to a negative balance.

Non-controlling 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 list of the Group's holdings is presented in Note 22.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at acquisition date fair value, and any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. A subsequent change to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, which is defined as the excess of the sum of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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 its disposal. Goodwill disposed of in this circumstance is measured based on 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 presented in euro. The currency of 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 as of the reporting date		**Weighted average exchange rate**	
Basis 1 EUR	**12/31/2012**	**12/31/2011**	**2012**	**2011**
U.S. dollar	1.32	1.29	1.28	1.39

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the relevant transaction 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 the rental of units and provision of service technicians is recognized based on the number of rental days or service hours up to the reporting date.

Interest

Interest income is recognized when earned (using the effective interest method).

Dividends

Dividends are recognized when the right to receive 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.

Deffered taxes

Deferred tax is calculated in accordance with the balance sheet liability method for temporary differences between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes.

If the differences give rise to deferred tax liabilities, they are almost always recognized. If the differences give rise to deferred tax assets, they are only recognized if the corresponding tax benefits are actually realized.

Deferred tax assets and liabilities are also recognized for temporary differences arising on acquisitions of companies, with the exception of temporary differences on goodwill that is disregarded for tax purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that are in force at the reporting date. The measurements take into account future changes in tax rates if the corresponding laws are considered substantively enacted as of the reporting date.

Changes in deferred taxes on the balance sheet generally flow through to the income statement as a deferred tax expense or deferred tax benefit. To the extent the circumstances giving rise to a change are credited or charged directly to equity, the change is 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 on the balance sheet.

Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to the shareholders of UMS AG by the weighted average number of shares issued. Shares newly issued or bought back during the year under review are recognized on a pro rata basis.

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 65 ½.

The state pension schemes in Germany to which companies of the UMS Group contribute 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 on initial recognition.

When financial assets are recognized initially, they are measured at fair value. For all financial assets not fair valued through profit or loss in subsequent periods, those transaction costs directly attributable to the acquisition are to be included in the fair value amount.

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.

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.

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 them to maturity. After initial recognition, financial investments held to maturity are carried at amortized cost using the effective interest method and reduced by any impairment losses.

During fiscal 2012 and 2011, the Group did not have any held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that 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 with 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 and, in the case of loans, includes the directly attributable transaction costs.

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, 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 financial instruments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the balance sheet date, without the deduction of transaction costs. The fair value of financial assets for which there is no active market is determined by the Company itself or by third-party experts with the aid of suitable measurement models.

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 difficulties 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 any of the following conditions is met:

- The contractual rights to receive cash flows from the asset have expired.

- The Group has transferred its contractual rights to the cash flows from the financial asset to a third party or assumes a contractual obligation to pay the cash flows immediately to a third party as part of an arrangement that satisfies the requirements of IAS 39.19 and thereby either transfers substantially all of the risks and rewards associated with ownership of the financial asset or transfers control over 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 underlying obligation is discharged, canceled or expires.

Compound instruments

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

Derivative financial instruments and hedging instruments

The Group used no derivative financial instruments as of the December 31, 2012 balance sheet date, nor did it employ any hedging instruments that would qualify for hedge accounting.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and 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.

The volume of treasury shares held is reported separately in the Notes.

Property, plant and equipment

Property, 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 plant and machinery	5 - 10 years
Other equipment	3 - 5 years

When sold or retired, the cost and accumulated depreciation of property, plant and equipment are removed from the balance sheet; any resulting gains or losses are recognized in income.

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

Leasing

Principles

Whether an agreement includes a leasing arrangement is determined on the basis of the economic content of the agreement at the time the agreement was entered into and requires an estimate of whether the performance of the contractual agreement depends on the use of a certain asset or assets and whether the agreement grants a right to use the asset. Leasing transactions are classified either as a finance lease or as an operating lease.

The Group as a Lessee

Leasing transactions in which the Group as lessee bears all opportunities and risks of ownership are treated as a finance lease. Accordingly, the Group books the leased property at the lower of fair value and the cash value of the minimum lease payments and then writes off the leased property over its estimated useful life or shorter contractual term. At the same time, a corresponding liability is recognized that is subsequently amortized using the effective interest method. All other leasing agreements in which the Company is a lessee are treated as operating leases. In such cases the lease payments are recognized as an expense on a straight-line basis.

Cost of borrowing

Borrowing costs are recognized as an expense when incurred.

The Group produced no assets in the reporting year requiring a substantial period of time to complete and thus did not have any directly allocable borrowing costs which would have to be capitalized as part of the asset's cost until the asset was ready for its intended use.

Intangible assets

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

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 annually and as soon as there are indications 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 in an estimated value are discussed in connection with additional disclosures on the balance sheet item "Intangible assets".

Contracts and customer bases

Contracts and customer bases acquired for a fee or in a business combination are reported on the balance sheet as a separate group of intangible assets. The useful life of contracts and customer bases is determined using the historical cost method, assuming a limited useful life that is typically set at 12 years.

The carrying value of contracts and customer bases is tested yearly for indications of impairment.

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 approvals are treated as intangible assets with an infinite useful life and, effective September 2005, are no longer amortized. The use of an infinite useful life reflects the industry standard since such certificates are granted for an indefinite term and have no expiration date.

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

OVERVIEW OF VALUATION METHODS

	Contracts and customer bases	Certificate of Need
Useful lives	finite	indefinite
Method used	12 years straight line	none
Generated or 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

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 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 greater of its 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 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 and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks.

For purposes of the consolidated cash flow statement, cash and cash equivalents consists solely of cash and cash equivalents 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 against the obligation, 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 the 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.

Changes in accounting policies

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

- IAS 1 "Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income"

- IAS 12: "Income Taxes: Recognition of Deferred Tax on Investment Property"

The application of the revised IAS 12 has no impact on the presentation of the Group's net assets, financial position or results of operations because the Group has no such investments. The application of the amendments to IAS 1 will not have a material impact on the presentation of the Group's net assets, financial position or results of operations either.

Standards issued but not yet mandatory

As of December 31, 2012, 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 early adopted:

In November 2009, the IASB published IFRS 9 "Financial Instruments: Classification and Measurement", which completes the first phase in a three-part IASB project to amend the accounting procedures for financial instruments, which were previously set forth in IAS 39. IFRS 9 includes rules for classifying financial assets. The rules in IFRS 9 are applicable to fiscal years that begin on or after January 1, 2013. UMS AG does not currently expect the application of the amendments to have a material impact on the presentation of its financial statements.

In October 2010 the IASB published changes to IFRS 7 "Financial Instruments: Disclosures". These amendments give the users of financial statements a better understanding of transactions involving the transfer of financial assets. The amendments are applicable to fiscal years that begin on or after January 1, 2013. Comparative disclosures are not required in the first year of application. UMS AG does not currently expect the application of the amendments to have a material impact on the presentation of its financial statements.

Also in October 2010 the IASB published rules on accounting for financial liabilities that supplement IFRS 9 "Financial Instruments". Under the new rules, a company that has selected the fair value option for recognition of its financial liabilities must report that portion of fair value gains or losses attributable to changes in its own credit risk in other comprehensive income, and not in the income statement. The supplement to IFRS 9 is applicable to fiscal years that begin on or after January 1, 2013. UMS AG does not currently expect the application of the supplement to have a material impact on the presentation of its financial statements.

In May 2011 the IASB published three new standards concerning the accounting treatment of business combinations: IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities". Revised versions of the existing IAS 27 and IAS 28, namely, IAS 27 "Separate Financial Statements" (2011) and IAS 28 "Investments in Associates and Joint Ventures" (2011), were published at the same time.

IFRS 10 introduces a uniform definition of the term "control" for all entities, thereby creating a uniform basis for determining the existence of a parent-subsidiary relationship and the associated inclusion in the scope of consolidation. The standard contains comprehensive application guidance to determine control. The new IFRS 10 replaces SIC-12 "Consolidation – Special Purpose Entities" in its entirety and the existing IAS 27 "Consolidated and Separate Financial Statements" in part.

IFRS 11 governs the accounting treatment of circumstances where an entity exercises joint control over a joint venture or a joint operation. The new standard replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers".

IFRS 12 brings together into one single standard all the disclosure requirements that an entity holding shares or otherwise involved in other entities must satisfy; this includes shares in subsidiaries, shares in associates, shares in joint arrangements and shares in structured entities. The new standard replaces the disclosure requirements currently contained in IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investments in Associates", IAS 31 "Interests in Joint Ventures" and SIC-12 "Consolidation – Special Purpose Entities"

The new revised IAS 27 now only contains rules for the accounting treatment and for disclosures of subsidiaries, joint ventures and associates that are relevant for separate financial statements prepared in accordance with IFRS.

The new revised IAS 28 regulates the financial reporting of interests in associates and the requirements for using the equity method when accounting for interests in associates and in joint ventures.

Application of the new and revised standards is mandatory for fiscal years that begin on or after January 1, 2013. The UMS Group currently expects that the initial application of IFRS 10, IFRS 11 and IFRS 12 will not have a material impact on the presentation and measurement of its business combinations.

In May 2011 the IASB published the new standard IFRS 13 "Fair Value Measurement". IFRS 13 contains a definition of fair value and rules on how to determine it whenever other IFRS regulations require measurement at fair value; the standard itself contains no guidance on when fair value must be used. Except for those standards explicitly excluded in its provisions, IFRS 13 establishes uniform disclosure requirements for all assets and liabilities measured at fair value and for all assets and liabilities whose fair value must be disclosed in the notes to the financial statements; disclosure requirements for non-financial assets in particular have been expanded. Prospective application of the new standard is mandatory for fiscal years that begin on or after January 1, 2013. The Group is currently evaluating whether the application of the new standard will lead to additional disclosures.

In June 2011 the IASB published under "Presentation of Items of Other Comprehensive Income" changes to IAS 1, "Presentation of Financial Statements". The changes requiring a distribution of items stated in the OCI – Other Comprehensive Income in those who are reclassified in the profit and loss statement at a later state and those, who are not. The change is first effective for annual periods, beginning on or after July 2012 and will not have an impact on the presentation of the financial statements.

In June 2011 the IASB published changes to IAS 19 "Employee Benefits". The changes relate primarily to the abolition of delayed recognition of actuarial gains and losses (the so-called "corridor method") in favor of their immediate recognition as other comprehensive income in equity; to the presentation of changes in net liabilities or assets from defined benefit pension plans; and to the recognition of net interest expense or income from the net liabilities or assets of a pension plan. The application of the revised version will have no influence on the presentation of the financial statements.

In May 2012, the IASB issued amendments to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities". The amendments clarify that the tax effect of distributions to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes. The amendments are first effective for annual periods beginning on or after January 1, 2013 and will have no impact on the presentation of the financial statements.

3. Business Combinations

Transactions in 2012

There were no transactions in the year under review, that resulted in changes to the organizational structure of the UMS Group.

Transactions in 2011

Mobile Biopsy, Inc.

Effective April 15, 2011, UMS AG acquired all the shares of Mobile Biopsy, Inc., Statesville, North Carolina, via its U.S. subsidiary. The company has been included in the consolidated financial statements since June 30, 2011.

This company's material assets were approximately fifty customer contracts to perform stereotactic breast biopsies along the east coast of the United States, as well as the mobile equipment and associated vehicles.

The fair values of the identifiable assets and liabilities purchased in this transaction and the outflow of cash from the transaction are shown in the following table:

in kEUR	**Fair value recognized at acquisition**
Cash and cash equivalents	3
Receivables	227
Inventories	37
Property, plant and equipment	296
Contracts (Note 9)	2,409
Current liabilities	-194
Total identifiable net assets at fair value	**2,778**
Total consideration	**2,778**
= Net cash outflow	2,778

The contribution to the Group's earnings before interest and taxes from the date of purchase to the end of the first nine months of 2011 was minus EUR 187k. We estimate the total income effect had the acquisition already taken place on January 1 of the reporting year at minus EUR 160k.

4. Segment Information

The segment reporting of the UMS Group follows the management approach, which means that it is based on internal organizational and reporting structures. The management of the UMS Group has formed the Company's operating segments for internal reporting purposes on the basis of the different medical disciplines in which the Group offers specific services.

Thus, the Group has the following two reportable operating segments:

The Urology segment delivers full service solutions mainly for the treatment of kidney stones using shock waves and for the laser treatment of benign prostate enlargement. This segment also includes the sale of Richard Wolf urology systems.

The Gynecology segment covers the provision of stereotactic breast biopsies using mobile equipment and the sale of disposable items used in the early detection of breast cancer.

Information about business operations and business segments that are not reportable is captured under "all other segments", which includes services provided by the UMS Group in the area of radiology with mobile MRI systems and in the area of oncology for the treatment of prostate cancer. The results from a management contract for the Andover Surgery Center, which is no longer owned by the Group, are also shown here.

Prices for transfers between the segments are based on competitive market prices.

SEGMENT DATA FOR THE YEAR ENDED DECEMBER 31, 2012

in kEUR	Urology	Gynecology	All other segments	Reconciliation to the Group	Group
Segment revenues	**29,307**	**10,720**	**1,887**	**0**	**41,914**
Depreciation and amortization	2,543	1,272	52	0	-3,867
Segment result	**10,025**	**1,950**	**449**	**0**	**12,424**

The UMS Group uses the segment result as a key indicator of performance from the standpoint of the Group's owners. Therefore, this is a result after the minority interests held by physician partnerships. Thus, these minority interests have already been subtracted from the segment result.

Reconciliation from the cumulative result of the segments to the Group's result for the period:

in kEUR	2012
Cumulative result of the reportable segments	12,424
Non-controlling interests in the segment result	8,328
Selling expenses	-2,807
General administrative expenses	-5,055
Other operating income and expenses, net	-62
Group EBIT	**12,828**
Interest income and expenses, net	-391
Taxes	-1,763
Profit for the year	**10,674**

SEGMENT DATA FOR THE YEAR ENDED DECEMBER 31, 2011

in kEUR	Urology	Gynecology	All other segments	Reconcilia-tion to the Group	Group
Segment revenues	**26,358**	**10,474**	**1,497**	**0**	**38,329**
Depreciation and amortization	-2,422	-1,165	-110	0	-3,697
Segment result	**9,160**	**2,173**	**122**	**0**	**11,455**

Reconciliation from the cumulative result of the segments to the Group's result for the period:

in kEUR	2011
Cumulative result of the reportable segments	11,455
Non-controlling interests in the segment result	6,829
Selling expenses	-2,491
General administrative expenses	-4,527
Other operating income and expenses, net	364
Group EBIT	**11,360**
Interest income and expenses, net	-360
Taxes	-2,108
Profit for the year	**9,162**

Information on geographical areas

Geographical data on external revenues is broken down by customer location.

in kEUR	2012	2011
External revenues North America (U.S./Canada)	40,151	36,888
External revenues South America (Chile)	1,763	1,441
External revenues Europe (Germany)	0	0
Group revenues	**41,914**	**38,329**

The non-current assets shown in the following overview include both property, plant and equipment and intangible assets:

in kEUR	2012	2011
Non-current assets North America (U.S./Canada)	17,417	19,916
Non-current assets South America (Chile)	1,363	1,134
Non-current assets Europe (Germany)	2	12
Total Group	**18,782**	**21,062**

5. Revenues and Expenses

OTHER INCOME / EXPENSE

in kEUR	2012	2011
Other income	260	374
Other Expense	-322	-10
	-62	**364**

Other operating income consists primarily of capital gains and income from asset disposals.

Other operating expenses include miscellaneous extraordinary expenses. Last year, this chiefly comprised expenses for the refund of the investment income tax and solidarity surcharge mistakenly withheld from dividend payments made in 2010 and 2011.

FINANCE INCOME

in kEUR	2012	2011
Bank interest income	3	5

FINANCE COSTS

in kEUR	2012	2011
Bank loans and overdrafts	-187	-170
Other loans	-46	-42
Finance charges payable under finance leases and hire-purchase contracts	-161	-153
	-394	**-365**

INCLUDED IN COST OF SALES ARE

in kEUR	2012	2011
Depreciation of property, plant and equipment		
- Owned assets	-1,549	-1,419
- Assets under finance leases	-939	-1,026
Amortization of intangible assets	-1.379	-1,252
	-3,867	**-3,697**
Cost of inventories recognized as an expense	-2,995	-3,092
Personnel expenses	-8,927	-8,199
Service and maintenance expenses	-823	-768
Other expenses	-4,550	-4,289
Total cost of sales	**-21,162**	**-20,045**

DISTRIBUTION AND SELLING EXPENSES

in kEUR	2012	2011
Depreciation of property, plant and equipment		
- Owned assets	28	-14
- Assets under finance leases	-16	-15
Personnel expenses	-1,959	-1,764
Other expenses	-804	-698
Total expenses	**-2,807**	**-2,491**

GENERAL AND ADMINISTRATIVE EXPENSES

in kEUR	2012	2011
Depreciation of property, plant and equipment		
- Owned assets	-181	-138
- Assets under finance leases	-21	-15
Personnel expenses	-2,619	-2,246
Other expenses	-2,234	-2,128
Total cost of sales	**-5,055**	**-4,527**

Other expenses include audit fees for the Group's auditors in 2012 amounting to EUR 126k (2011: EUR 126k). This amount relates entirely to audits of financial statements.

EMPLOYEE REMUNERATION

in kEUR	2012	2011
Salaries	-11,054	-10,042
Contributions to pension plans	-135	-123
Other social security contributions	-2,316	-2,044
Total	**-13,505**	**-12,209**

The average number of employees in the Group last year was 221 (2011: 219).

DEPRECIATION / AMORTIZATION

in kEUR	2012	2011
Property, plant and equipment		
- Cost of sales	-2,488	-2,445
- Distribution and selling	-44	-29
- General and administration	-202	-153
Total	**-2,734**	**-2,627**
Intangible assets		
- Cost of sales	-1,379	-1,252
Total	**-1,379**	**-1,252**
Total expenses	**-4,113**	**-3,879**

6. Income Tax

The major components of income tax expense for the years ended December 31, 2012 and 2011 were:

CONSOLIDATED INCOME STATEMENT

in kEUR	2012	2011
Current income tax		
- Current income tax	-1,859	-1,752
Deferred income tax		
- Relating to origination and reversal of temporary differences	213	-225
Income tax expense reported in consolidated income statement	**-1,646**	**-1,977**

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, 2012 and 2011 is as follows:

in kEUR	2012	2011
Accounting profit/loss before income tax	12,320	11,140
Germany statutory income tax rate of 32.28 % (2011: 32.28 %)	-3,977	-3,596
Difference in foreign taxation	-958	-1,298
Difference in domestic taxation (non-deductible expenses)	78	-161
Deferred tax expense arising from permanent differences	40	80
Deferred tax assets or liabilities not recognized	-122	-27
Tax difference of minority interests in partnerships	3,293	3,031
Other	0	-6
	-1,646	**-1,977**

in kEUR	2012	2011
Income tax expense reported in consolidated income statement	**-1,646**	**-1,977**

The German corporate income tax applicable in fiscal year 2012 provides for a tax rate of 15 % (2011: 15 %) plus the solidarity surcharge of 5.5 %. UMS AG's trade tax rate is 16.4 % (2011: 16.4 %). Therefore, our total income tax rate in Germany (including the solidarity surcharge) is 32.3 % (2011: 32.3 %).

UMS AG has income tax losses of EUR 11.6 mill. (2011: EUR 11.7 mill.) and EUR 10.3 mill. in trade tax losses (2011: EUR 10.4 mill.) that are available indefinitely for offset against the Company's future taxable profits, within the limits of § 10d (2) EStG and § 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.

Overall, the UMS Group has not recognized 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 EUR 1.4 mill. (2011: EUR 1.5 mill.) and approximately EUR 93k (2011: EUR 40k) in deferred tax assets. Timing differences mainly arise from differences in amortization periods and the non-tax-deductible depreciation of certain assets.

7. Earnings per Share

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

in kEUR	2012	2011
Profit/loss for the year	**10,674**	**9,162**
thereof - Attributable to non-controlling interests	8,253	6,866
- Attributable to equity holders of the parent	2,421	2,296

in thousands	2012	2011
Weighted average number of ordinary shares for basic earnings per share	4,769	4,893
Effect of dilution:		
- Share options	0	45
Adjusted weighted average number of ordinary shares for diluted earnings per share	4,769	4,938

When determining the earnings per share it is necessary to exclude EUR 300k in direct and indirect expenses from claims for damages. The claims themselves relate to the investment income tax and solidarity surcharge mistakenly withheld from dividend payments made in 2010 and 2011.

The Company held 115,616 treasury shares as of December 31, 2012. The 2012 public share buy-back offer was conducted between January 11, 2012 and February 08, 2012 at a purchase price of EUR 6.35 per share.

By shareholder resolution of May 31, 2012, the Management Board of UMS AG is authorized to continue purchasing the Company's own shares, up to a limit of 10 % of the share capital, through May 30, 2017. 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.

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.

8. Property, Plant and Equipment

Property, Plant and Equipment at Cost and Intangible Assets

2012	Acquisition and production costs				
in kEUR	Jan. 1, 2012	Currency Effects	Additions	Disposals	Dec. 31, 2012
Intangible Assets and Goodwill					
Intangible Assets	22,498	-412	93	0	22,179
Goodwill	15,172	0	0	0	15,172
	37,670	**-412**	**93**	**0**	**37,351**
Property, Plant and Equipment					
Technical Equipment and Machines	21,036	-401	1,058	772	20,921
Other equipment, factory and office equipment	6,925	-352	1,021	527	7,067
	27,961	**-753**	**2,079**	**1,299**	**27,988**

2011	Acquisition and production costs				
in kEUR	Jan. 1, 2011	Currency Effects	Additions	Disposals	Dec. 31, 2011
Intangible Assets and Goodwill					
Intangible Assets	19,166	646	2,686	0	22,498
Goodwill	15,172	0	0	0	15,172
	34,338	**646**	**2,686**	**0**	**37,670**
Property, Plant and Equipment					
Technical Equipment and Machines	19,556	537	1,701	758	21,036
Other equipment, factory and office equipment	6,212	229	854	370	6,925
	25,768	**766**	**2,555**	**1,128**	**27,961**

Accumulated Depreciation					Net book value	
Jan. 1, 2012	**Currency Effects**	**Additions**	**Disposals**	**Dec. 31, 2012**	**Dec. 31, 2012**	**Dec. 31, 2011**
10,645	-214	1,379	0	11,810	10,369	11,853
15,098	0	0	0	15,098	74	74
25,744	**-214**	**1,379**	**0**	**26,909**	**10,442**	**11,926**
15,182	-269	1,759	700	15,972	4,949	5,854
3,781	-328	975	523	3,905	3,162	3,144
18,963	**-597**	**2,734**	**1,223**	**19,877**	**8,111**	**8,998**

Accumulated Depreciation					Net book value	
Jan. 1, 2011	**Currency Effects**	**Additions**	**Disposals**	**Dec. 31, 2011**	**Dec. 31, 2011**	**Dec. 31, 2011**
8,989	404	1,252	0	10,645	11,853	10,177
15,098	0	0	0	15,098	74	74
24,088	**404**	**1,252**	**0**	**25,744**	**11,926**	**10,252**
13,551	443	1,756	568	15,182	5,854	6,005
3,026	138	872	255	3,781	3,144	3,186
16,577	**581**	**2,628**	**823**	**18,963**	**8,998**	**9,190**

Impairment of property, plant and equipment

There was no need to recognize any impairment as a result of the impairment testing of the assets of the UMS Group companies.

Assets under finance leases

The carrying amount of machinery and equipment held under finance leases and hire-purchase contracts at December 31, 2012 was EUR 2,855k (2011: EUR 3,251k). Leased assets and assets under hire-purchase contracts are pledged as security for the related finance lease and hire-purchase liabilities.

Assets leased under other contractual arrangements

The additions in the 2011 and 2012 reporting year comprise medical systems that a manufacturer leased to UMS free of charge. In return, the UMS Group agreed to purchase this manufacturer's machines and disposable items on an exclusive basis for one of its divisions going forward. An agreement with a five-year term was executed in 2009. The UMS Group recognized at fair value all equipment that was leased free of charge in 2011 and 2012 and will depreciate it over the life of the contract. Accordingly, the book value of this equipment at December 31, 2012 was EUR 429k (2011: EUR 721k). The UMS Group recognized an "other liability" in the same amount.

9. Intangible Assets

The intangible assets reported include the following items:

- Contracts and customers acquired for a fee or in a business combination
- "Certificates of Need" – regulatory approvals required before providing medical services in certain U.S. states
- Software
- Goodwill

The remaining useful life of the contracts and customer bases is between 5 and 12 years. The useful life of "certificates of need" is indefinite.

Where amortization is charged on assets with finite lives, this expense is taken to the income statement through the "Cost of revenues" line item (customer contracts) and the "General and administrative expenses" line item (software).

The book value of intangible assets is as follows:

in kEUR	2012	2011
Contracts and customer bases	7,298	8,721
Certificates of Need	3,071	3,132
Intangible assets	10,369	11,853
Goodwill	74	74

10. Impairment Testing of Goodwill and Intangibles with Indefinite Lives

When testing for other-than-temporary impairment of the goodwill acquired in a business combination, the Company determines the recoverable amount for the cash-generating unit to which the goodwill is allocated on the basis of the value in use. 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 was 6.0 % after tax (2011: 6.0 %) and 8.6 % pre tax (2011: 8.6 %). Cash flows for year 4 and thereafter are projected from budget figures assuming a constant number of pieces of equipment in use.

The vast majority of the permits to provide medical services in certain U.S. states, which were acquired in connection with mergers and whose useful lives are indefinite, were assigned to the cash-generating unit Great Lakes Lithotripsy, LLC for purposes of impairment testing.

The book value of intangible assets with unlimited useful lives changed as follows:

	Great Lakes Lithotripsy		Total	
in kEUR	2012	2011	2012	2011
CONs with unlimited useful lives	2,995	3,054	3,071	3,132

The changes are attributable solely to the different EUR/USD exchange rate at the balance sheet date.

The recoverable amount of the cash-generating unit "Great Lakes Lithotripsy" is determined on the basis of the calculation of its value in use using cash flow forecasts for a period of five years. The cash flow forecasts are based on the earnings planning for this business unit, which is based on detailed price and volume amounts. Cash flow that arises after the five-year period is extrapolated using a growth rate of two percent. The planning assumptions are based on existing contractual agreements and historical figures. The discount rate (after tax) used to forecast cash flow is 6.0 %.

11. Other Financial Assets

in kEUR	**2012**	**2011**
Claims from deposit payments – long-term	32	49
Other	196	89
	228	**138**

The other financial assets include unlisted equity instruments classified as available-for-sale 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.

12. 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 expired in 2006. No new stock option plan has been established. Therefore, at December 31, 2012, as in the previous year, the employees of the UMS Group had no stock options.

Pensions and other post-employment benefits

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 65 ½. Contributions to the plan are at the discretion of management. Contribution expense recorded was EUR 127k and EUR 114k for the years ended December 31, 2012 and 2011, respectively.

Contributions to government pension schemes in Germany, which have been classified as multi-employer defined contribution plans, were EUR 8k in the reporting year (EUR 9k in the previous year). These contributions were expensed in the income statement.

13. Inventories

in kEUR	2012	2011
Trade goods	883	1,036
Medical equipment	137	146
	1,020	**1,182**

14. Trade and Other Receivables

in kEUR	2012	2011
Trade receivables	6,125	6,419
Claims on related companies		488
	6,125	**6,907**

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.

In previous year the claims on related companies include claims against related parties in Ecuador and Peru.

At December 31, 2012, trade receivables in a principal amount of EUR 421k (2011: EUR 261k) were impaired and fully provided for, claims in a principal amount of EUR 2,462k were past due but not impaired (2011: EUR 2,661k). All write-downs are individual write-downs. Movements in the provision for impairment of receivables were as follows.

in kEUR	
At January 1, 2011	**125**
Currency effects	4
Charge for the year	208
Utilized	-76
At December 31, 2011	**261**
Currency effects	5
Charge for the year	221
Utilized	-66
At December 31, 2012	**421**

At December 31, 2012 the aging analysis of trade receivables was as follows:

in kEUR	**Current**	**30–60 days**	**61–90 days**	**> 90 days**	**Total**
2012	3,663	1,470	395	1,018	**6,546**
2011	3,759	1,496	556	869	**6,680**

15. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and balances with banks and earn interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is the book value, as in the previous year.

At December 31, 2012, the Group had unused credit facilities in the amount of EUR 4,499k (2011: EUR 834k), for which all the necessary prerequisites to drawdown had been met.

16. Issued Capital and Reserves

ISSUED CAPITAL

in kEUR	2012	2011
Ordinary shares of EUR 1.2345 each	6,016	6,016
Treasury shares of EUR 1.2345 each	142	0
	5,874	**6,016**

The ordinary shares are fully paid in.

The number of ordinary shares changed as follows:

in thousands	2012	2011
Ordinary shares at Dec. 31	4,873	4,873
Treasury shares at Dec. 31	116	0
	4,757	**4,873**

On January 10, 2012, the Management Board resolved, with the Supervisory Board's consent, to offer to buy back up to 300,000 Company shares from the Company's shareholders. The price offered for the buy-back of each tendered share of the Company was EUR 6.35. By the end of the acceptance period on February 8, 2012, a total of 115,616 shares had been tendered to UMS AG. In accordance with the allocation process described in the offering document, a total of 115,616 shares were bought back by UMS AG.

The difference between the theoretical par value and purchase price is captured directly on the balance sheet in the line item "Accumulated gain". The effects of the stock buy-back on the issued capital and reserves are presented in detail in the consolidated statement of changes in equity.

The additional paid-in capital includes the excess over theoretical par value remaining for the 6 million shares after absorption of any losses under German commercial law.

Authorized Capital 2010

The Management Board is also authorized, with the Supervisory Board's consent, to increase the Company's share capital by up to EUR 3,008,129.95 (rounded), on one or more occasions by June 2, 2015, by issuing a total of up to 2,707,317 new bearer shares without par value, in exchange for cash and/or in-kind contributions (Authorized Capital 2010). The Management Board was further authorized to exclude the shareholders' preemptive right, with the Supervisory Board's consent, in certain cases established by the shareholders' meeting of June 3, 2010.

Buying of own shares

The Management Board is authorized to buy treasury shares up to 10 % of the share capital through May 30, 2017. 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.

In the 2009 and 2010 fiscal years the Management Board of UMS AG acquired 308,700 treasury shares via the stock exchange. A further 232,651 treasury shares were acquired during 2011 by way of a public buy-back offer. These treasury shares were retired in April 2011. A further 115,616 treasury shares were acquired in 2012. The Company was still holding those shares as of the reporting date.

17. Distributed Dividend

in kEUR	2012	2011
Dividend resolved and distributed during the fiscal year		
Dividend for 2011: EUR 0.50 per share (for 2010: EUR 0.50 per share)	-2,378	-2,436

18. Interest-bearing Loans and Borrowings

CURRENT

in kEUR	Effective interest rate in %	Maturity	2012	2011
Obligations under finance leases and hire-purchase contracts	**5 – 12 %**	**2013**	**746**	**885**
Bank liabilities				
Line of Credit in USD	Prime + 0.25 %	2013	0	1,777
Equipment line in USD	Libor + 2.25 %	2013	581	242
Bank loans in CLP	Reference rate + 1.9 %	2013	0	23
Loans	Libor + floating	2013	661	663
Total			**1,242**	**2,705**

NON-CURRENT

in kEUR	Effective interest rate in %	Maturity	2012	2011
Obligations under finance leases and hire-purchase contracts	**5 – 12 %**	**2013-2015**	**1,647**	**1,691**
Bank liabilities				
Equipment line in USD	Libor + 2.25 %	2013-2015	775	510
Loans	Libor + floating	2014-2021	2,347	3,111
Total			**3,122**	**3,621**

Bank loans in CLP

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

Equipment lines in USD

This is an equipment line of credit for up to USD 2 million. The line can only be used to acquire technical machinery and equipment worth at least USD 150,000 per item. Amounts drawn down under the line of credit must be repaid within four years of drawdown.

Interest-bearing loans and borrowings

There is a loan to finance the purchase of contracts and regulatory approvals relating to the Urology segment in the State of Michigan that is payable in 60 equal monthly installments through December 2014. A further loan relates to the acquisition of Mobile Biopsy, Inc.

For all loans, the carrying amounts are the same as the settlement amounts.

19. Accruals / Provisions

in kEUR	Balance at Jan. 1, 2012	Currency transl. adjustm.	Used during the year	Reversed during the year	Made during the year	Balance at Dec. 31, 2012
Outstanding invoices	128	-4	-47	-44	195	228
Legal and consulting fees	94	-2	-92	0	128	128
Audit fees	196	-3	-193	0	137	137
Damages	0	0	0	0	230	230
Outstanding vacation	300	-5	0	-54	36	277
Other	394	-4	-364	-26	155	155
Total	**1,112**	**-18**	**-696**	**-124**	**881**	**1,155**

All accruals are current. The provision for damages relates to errors in the dividend payments made in 2010 and 2011, specifically the refund the Company expects to make of the investment income tax and solidarity surcharge that were mistakenly withheld.

20. Trade and Other Payables

in kEUR	2012	2011
Trade payables	1,374	1,196
Other payables	506	508

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.

In 2009, 2010 and 2011 an equipment manufacturer leased medical equipment to the UMS Group free of charge. In return, the UMS Group obtains machines and disposable items for one of its business lines exclusively from this manufacturer. A five-year agreement was entered into in connection with this transaction. The UMS Group booked the equipment leased free of charge at fair market value and recognized an "other liability" in the amount of the recognized cost (EUR 429k), of which EUR 268k was shown under current liabilities and EUR 161k under non-current liabilities.

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:

in kEUR	**2012**	**2011**
Machinery and equipment	10,058	10,312
Accumulated depreciation	7,203	7,061
Net book value	**2,855**	**3,251**

Future minimum lease payments under the finance leases above are as follows:

in kEUR	**2012**	**2011**
Within one year	841	976
After one year but no more than 5 years	1,758	1,800
Total minimum lease obligations	**2,599**	**2,776**
Interest	-206	-200
Present value of future minimum lease payments	**2,393**	**2,576**

Representing finance lease liabilities:

in kEUR	2012	2011
Current	746	885
Non-current	1,647	1,691

Lessee – operating lease

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

Rent expense consisted of the following:

in KEUR	2012	2011
Rent expense	74	159

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

in kEUR	2012	2011
Within one year	215	237
After one year but no more than 5 years	26	218
	241	**455**

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, 2012, 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 for which an outflow of resources is probable.

22. Related Party Disclosures

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

Name	Headquarters	Share in capital	Equity Dec. 31, 2012	Earnings 2012
in EUR				
Direct holdings				
UMS (DE), Inc.	Delaware, USA	100 %	19.565.956	3.435.020
Neuromed Italia S.r.l. in liquidazione	Padova, Italien	100 %	n/a	n/a
Indirect holdings				
UMS Canada Inc. [1)]	Ontario, Canada	100 %	457,030	67,953
UMS Andover MGMT Inc.[1)]	Massachusetts, USA	100 %	188,088	203,795
ASC Inc. [1) 5)]	Massachusetts, USA	20 %	0	-
ASC LP [5)]	Massachusetts, USA	100 %	0	0
Mobile Biopsy, Inc. [1)]	North Carolina, USA	100 %	2,922,203	89,744
Great Lakes Lithotripsy, LLC [1)]	Michigan, USA	25 %	6,160,617	1,537,210
UMS TN LP [1)]	Tennessee, USA	51 %	58,298	14,610
Michigan CON LLC [1)]	Delaware, USA	100 %	2,116,098	546,656
UMS Chile S.A. [1)]	Santiago, Chile	75 %	1,367,857	101,952
UMS Ecuador S.A. [4)]	Quito, Ecuador	100 %	-83,412	-46,908
UMS Peru S.A.C. [4)]	Lima, Peru	100 %	8,122	-25,774
UMS Litho Management LLC [1)]	Tennessee, USA	100 %	1,409,292	1,108,507
UMS Beaver LLC [2)]	Delaware, USA	20 %	65,261	119,169
UMS CT LP [2)]	Connecticut, USA	40 %	634,037	1,214,071
UMS Finger Lakes LLC [2)]	New York, USA	20 %	17,574	29,261
UMS FL LP [2)]	Florida, USA	25 %	328,095	525,212
UMS NE LP [2)]	Massachusetts, USA	15 %	320,876	801,951
UMS NH LP [2)]	New Hampshire, USA	10 %	164,502	200,133
UMS Westchester LLC [2)]	Delaware, USA	51 %	57,941	11,275
UMS Smyth County LLC [2)]	Delaware, USA	25 %	13,639	11,080
UMS South Shore, LLC [2)]	Delaware, USA	20 %	121,590	128,730

Name	Headquarters	Share in capital	Equity Dec. 31, 2012	Earnings 2012
in EUR				
UMS Mishawaka, LLC [2]	Delaware, USA	25 %	61,373	154,185
UMS Morgantown, LLC [2]	Delaware, USA	20 %	41,037	84,649
UMS Rochester, LLC [2]	Delaware, USA	20 %	90,406	200,747
UMS Capital District, LLC [2]	Delaware, USA	20 %	28,150	28,014
UMS Framingham, LLC [2]	Delaware, USA	20 %	44,091	52,735
UMS Essex County, LLC [2]	Delaware, USA	10 %	52,205	128,363
UMS Western MA, LLC [2]	Delaware, USA	10 %	52,235	76,794
UMS Fairfax, LLC [2]	Delaware, USA	15 %	64,668	141,382
UMS Bristol County, LLC [2]	Delaware, USA	15 %	151,561	212,841
UMS Central MA, LLC [2]	Delaware, USA	15 %	181,461	209,869
UMS Central NJ, LLC [2]	Delaware, USA	25 %	8,715	-1,119
UMS Worcester Cty, LLC [2]	Delaware, USA	25 %	25,299	28,375
UMS Prince William, LLC [2]	Delaware, USA	20 %	30,696	15,922
UMS Merrimack, LLC [2]	Delaware, USA	20 %	59,291	75,462
UMS Hampden County, LLC [2]	Delaware, USA	15 %	11,745	730
UMS New Haven, LLC [2]	Delaware, USA	20 %	50,879	52,736
UMS Chesapeake LLC [2]	Delaware, USA	100 %	735,572	34,926
UMS Chesapeake Lithotripsy, LLC [3]	Delaware, USA	25 %	734,286	139,705
Heritage Medical Services of Maryland Inc. [3] [5]	Tennessee, USA	100 %	177,516	0
Health South of Chesapeake Inc. [3] [5]	Delaware, USA	100 %	299,236	0

[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 Chesapeake, LLC.
[4] The shares are held indirectly via UMS Chile S.A.
[5] Inactive

Where ownership interest is below 50 %, subsidiaries were included in the Group's financial statements based on the control principle. Equity and earnings of the U.S. companies were translated using the exchange rate on 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, 2012, 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

(1) MANAGEMENT BOARD

Jørgen Madsen, Bolton, MA, USA
Mechanical Engineer
CEO

Management Board compensation

(a) In 2012 a total of approximately EUR 171k was spent for Management Board compensation (previous year: EUR 216k). Of this amount, EUR 171k was paid regardless of performance (previous year: EUR 166k). The compensation contained a performance-related component of EUR 0k (previous year: EUR 50k).

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

	direct	indirect
Jørgen Madsen	320,965	0

(2) SUPERVISORY BOARD

Name	Supervisory Board seats held
Wolfgang Biedermann, Hamburg Diplom-Kaufmann (MBA) Managing Director of H.I.G. European Capital Partners GmbH, Hamburg	No further Supervisory Board seats
Dr. (hon.) Norbert Heske, Kottgeisering Engineer Managing Director of BIP Biomed.- Instrumente und Produkte GmbH, Türkenfeld	No further Supervisory Board seats
Prof. Thomas J.C. Matzen, Hamburg Diplom-Kaufmann Managing Director of Thomas J.C. Matzen GmbH, Hamburg	Pricap Venture Partners AG, Hamburg Norgenta GmbH, Hamburg KlimaINVEST GmbH & Co. KGaA, Hamburg First Climate AG, Bad Vilbel FOCAM AG, Frankfurt

Supervisory Board compensation

(a) In 2012 a total of EUR 78k was spent for compensation of the Supervisory Board. The expenses for this item in 2011 amounted to EUR 70k.

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

	direct	indirect
Dr. (hon) Norbert Heske	48,703	48,703
Wolfgang Biedermann	0	397,214

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

In accordance with its internal guidelines, the UMS does not engage in trading with financial instruments. This was true of fiscal years 2012 and 2011 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 Management Board determines strategies and procedures to manage individual types of risk, as described 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. Beyond that, there is no impact on the Group's equity.

in kEUR	**Increase/decrease in basis points**	**Effect on profit before tax**
2012		
Euro zone	+100	0
USD zone	+100	-44
Euro zone	-50	0
USD zone	-50	22
2011		
Euro zone	+100	-3
USD zone	+100	-33
Euro zone	-50	1
USD zone	-50	17

Foreign currency risk

Although the Group conducts the vast majority of its business in the United States, there is no major exchange rate risk to cash flows due to a natural hedge. Both revenues and costs and loans and repayments for the U.S. business are in USD. The currency risk is therefore addressed by maintaining 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, with all other variables held constant. Beyond that, there is no impact on the Group's equity.

	Increase/decrease in U.S. dollar rate EUR/USD	**Effect on profit before tax** KEUR
2012		
	+10 %	-393
	-10 %	365
2011		
	+10 %	-393
	-10 %	480

Credit risk

The UMS 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 14.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, 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, 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, 2012 credit facilities in a volume of EUR 4.5 million were available to the Group, none of which had been used as of the balance sheet date.

The table below summarizes the maturity profile of the Group's financial liabilities at December 31, 2012 based on contractual undiscounted payments.

YEAR ENDED DECEMBER 31, 2012

in kEUR	Less than 1 year	1 to 5 years	> 5 years	Total
Trade payables	1,374	0	0	**1,374**
Bank liabilities	1,242	2,055	1,067	**4,364**
Finance leases	746	1,647	0	**2,393**
Other liabilities	506	190	0	**696**

YEAR ENDED DECEMBER 31, 2011

in kEUR	Less than 1 year	1 to 5 years	> 5 years	Total
Trade payables	1,196	0	0	**1,196**
Bank liabilities	2,705	3,474	147	**6,326**
Finance leases	885	1,691	0	**2,576**
Other liabilities	508	444	0	**952**

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.

Goals are met by using diverse measures to optimize the capital structure and through effective risk management.

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.

in kEUR	2012	2011
Modified equity	21,757	21,553
Modified total assets	33,098	35,234
Equity ratio (in %)	66 %	61 %

24. Fair Value of the Group's 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	
in kEUR	2012	2011	2012	2011
Cash	6,235	5,889	6,235	5,889
Loans and receivables	6,154	6,946	6,158	6,946
Available-for-sale investments	883	931	883	931

FINANCIAL LIABILITIES

	Carrying amount		Fair value	
in kEUR	2012	2011	2012	2011
Trade payables	1,374	1,196	1,374	1,196
Other financial liabilities at amortized cost	7,373	9,828	7,373	9,828

The net gain/loss from financial instruments amounted to:

FINANCIAL ASSETS

	Net gains/losses	
in kEUR	2012	2011
Cash	3	5
Loans and receivables	-221	-193

FINANCIAL LIABILITIES

	Net gains/losses	
in kEUR	2012	2011
Other financial liabilities at amortized cost	-394	-323

The net gain/loss from the category "loans and receivables" primarily results from write-offs on receivables.

The net results of the category "Financial liabilities measured at amortized cost" are primarily the ongoing interest expense on banking and lease obligations.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The UMS Group has measured no financial instruments at fair value through profit or loss as of December 31, 2012.

25. Hedging Activities and Derivatives

The Company had no derivative financial instruments as of the reporting date.

26. Events After the Reporting Period

No significant events occurred.

Hamburg, March 7, 2013

Jørgen Madsen

Chief Executive Officer of UMS AG

Audit Opinion

“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, 2012 to December 31, 2012. 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 11, 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer
Wirtschaftsprüfer
[German Public Auditor]

Brorhilker
Wirtschaftsprüfer
[German Public Auditor]

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.

Hamburg, March 7, 2013

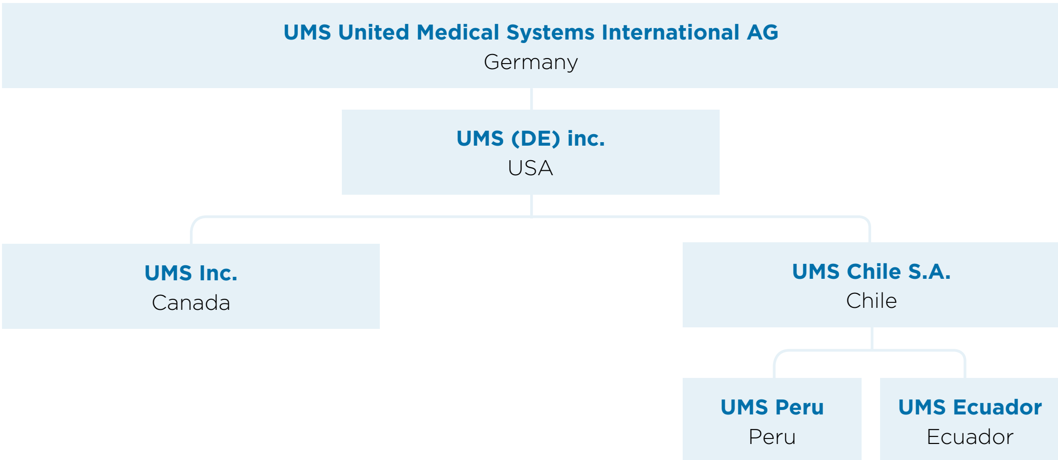
Jørgen Madsen
Chief Executive Officer of UMS AG

List of Abbreviations

ASC LP	Andover Surgery Center LP, Andover, USA
Breast Surgical Services, Inc.	Breast Surgical Services, Inc., Texas, USA
Great Lakes Lithotripsy, LLC	Great Lakes Lithotripsy, Michigan, USA
Health South of Chesapeake, Inc.	Health South of Chesapeake Inc., Delaware, USA
Heritage Medical Services of Maryland, Inc.	Heritage Medical Services of Maryland Inc., Tennessee, USA
IceCure	IceCure Medical Ltd., Caesarea, Israel
Michigan United MRI Services, LLC	Michigan United MRI Services LLC, Massachusetts, USA
Mobile Biopsy	Mobile Biopsy, Inc., North Carolina, USA
MR	Magnet-Resonanz
Neuromed Italia	Neuromed Italia S.r.l., Padova, Italien
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 Andover MGMT, Inc.	UMS Andover Surgery Center Management Inc., Andover, USA
UMS Beaver, LLC	UMS Beaver Associates LLC, Delaware, USA
UMS Bristol County, LLC	UMS Lithotripsy Services of Bristol County, LLC, Delaware, USA
UMS Canada LP	United Medical Systems Canada LP, Ontario, Kanada
UMS Capital District, LLC	UMS Services of the Capital District, LLC, Delaware, USA
UMS Central MA, LLC	UMS Lithotripsy Services of Central Massachusetts, LLC, Delaware, USA
UMS Central NJ, LLC	UMS Lithotripsy Services of Central New Jersey, LLC, Delaware, USA
UMS Chesapeake Lithotripsy, LLC	UMS Chesapeake Lithotripsy, LLC, Delaware, USA
UMS Chesapeake, LLC	UMS Chesapeake LLC, Delaware, USA
UMS Chile S.A.	United Medical Systems Chile S.A., Quilicura, Chile
UMS CT LP	United Medical Systems Connecticut Lithotripsy LP, Connecticut, USA
UMS Essex County, LLC	UMS Lithotripsy Services of Essex County, LLC, Delaware, USA
UMS Fairfax, LLC	UMS Lithotripsy Services of Fairfax County, LLC, Delaware, USA
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 Framingham, LLC	UMS Lithotripsy Services of Framingham, LLC, Delaware, USA
UMS, LLC	United Medical Systems Lithotripsy Management LLC, Tennessee, USA
UMS Miami-Dade, LLC	UMS Lithotripsy Services of Miami-Dade County, LLC, Delaware, USA
UMS Mishawaka, LLC	UMS Lithotripsy Services of Mishawaka, LLC, Delaware, USA
UMS Morgantown, LLC	UMS Lithotripsy Services of Morgantown, LLC, Delaware, USA
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 Prince William, LLC	UMS Lithotripsy Services of Prince William County, LLC, Delaware, USA
UMS Rochester, LLC	UMS Services of Rochester, LLC, Delaware, USA
UMS Smyth County, LLC	UMS Urology Services of Smyth County LLC, Delaware, USA
UMS South Bend, LLC	UMS Lithotripsy Services of South Bend, LLC, Delaware, USA
UMS South Shore, LLC	UMS Lithotripsy Services of the South Shore, 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 Western MA, LLC	UMS Lithotripsy Services of Western Mass, LLC, Delaware, USA
UMS Worcester Cty, LLC	UMS Lithotripsy Services of Worcester County, LLC, Delaware, USA

Structure of the Group

Structure of the Group



The UMS Company

Germany
UMS United Medical Systems
International AG
Borsteler Chaussee 53
22453 Hamburg / Germany

Phone.: +49 (0) 40/50 01 77-00
Fax: +49 (0) 40/50 01 77-77
E-Mail: info@umsag.com

USA
United Medical Systems (DE) Inc.
1500 West Park Drive, Suite 390
Westborough, MA 01581
USA

Phone.: +1 (0) 508/870 65 65
Fax: +1 (0) 508/870 06 82

Canada
United Medical Systems
Canada Inc.
6471 Kister Road, Niagara Falls,
Ontario, L2E 6X8, Canada

Phone.: +1 (0) 905/354 11 30
Fax: +1 (0) 905/357 95 26

Chile
UMS United Medical Systems
Chile S.A.
Las Araucarias 9080, Módulo A
Quilicura, Santiago, Chile, C.P. 872-0041

Phone.: +56 (0) 2/ 24 06 79
Fax: +56 (0) 2/ 24 06 79

Peru
UMS Peru S. A. C.
Avda La Paz 1381
Miraflores, Lima
Peru

Phone.: +56 (0) 9/95 20 29 09
E-Mail: info@umsperu.com

Ecuador
UMS Ecuador Sistemas De Unidades
Medicas RUC Nº 1791996410001
Avenida Gonález Suárez N33-37,
Quito, Ecuador

Phone.: +593 (2) 226 65 93
Fax: +593 (2) 226 65 93

Financial calendar

Publication Annual Financial Statement 2012	April 15, 2013
Publication Three Months' Statement 2013	May 14, 2013
Annual General Meeting 2013, Hamburg	June 6, 2013
Publication Six Months' Statement 2013	August 13, 2013
Publication Nine Months' Statement 2013	November 12, 2013
Analyst Conference, German Equity Forum Frankfurt/Main	November 12, 2013

Imprint

Contact
UMS United Medical Systems International AG

Astrid Soltau, Investor Relations
Borsteler Chaussee 53
D-22453 Hamburg

Phone.: +49 (0) 40-50 01 77-00
Fax: +49 (0) 40-50 01 77-77

E-Mail: investor@umsag.com
www.umsag.com

Concept and Design
Contigo GmbH & Co. KG

Jahnstaße 2
D-56410 Montabaur
www.con-tigo.de

Forward-looking statements
This report contains forward-looking statements. These statements are based on current estimates and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements of UMS AG to be materially different from those that may be expressed or implied by such statements. We do not assume any obligation to update the forward-looking statements contained in this report.

Variances for technical reasons
For technical reasons (e.g. conversion of technical formats) there may be variances between the accounting documents contained in the financial statements and management report and those submitted to the electronic Federal Gazette (Bundesanzeiger). In this case, the version submitted to the electronic Federal Gazette shall be binding.

This English version is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

UMS
UNITED MEDICAL SYSTEMS

United Medical Systems AG

Borsteler Chaussee 53
D-22453 Hamburg
Tel.: +49 (0) 40-50 01 77-00
Fax: +49 (0) 40-50 01 77-77
www.umsag.com