UMS

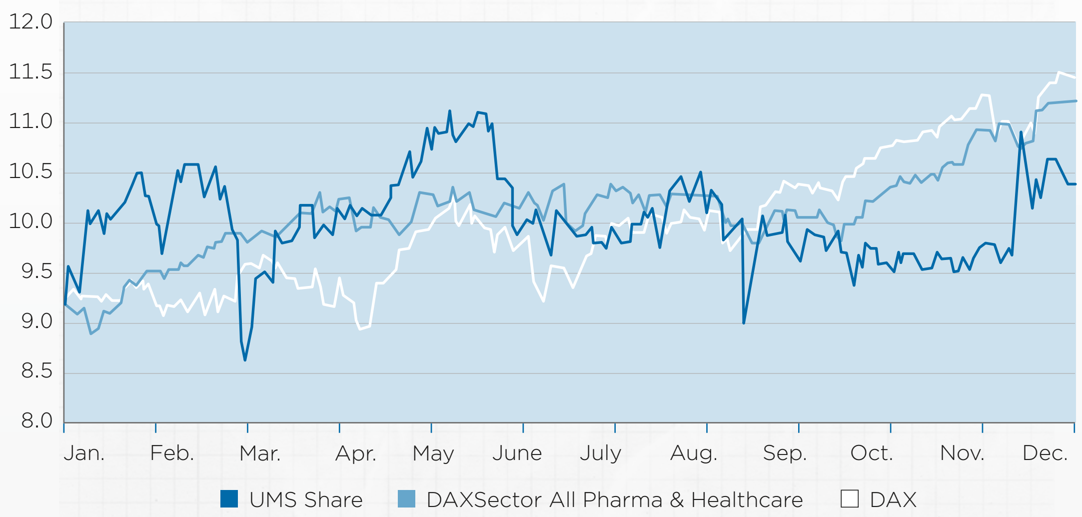
UNITED MEDICAL SYSTEMS

Annual Report 2013

Key Indicators

in mill. EUR	Jan. 1 to Dec. 31, 2013	Jan. 1 to Dec. 31, 2012	Change in %
Revenues	39.8	41.9	-5 %
Gross Profit	19.1	20.8	-8 %
in %	48 %	50 %	
Depreciation and Amortisation	3.7	4.1	-10 %
EBITDA	15.0	16.9	-11 %
in %	38 %	40 %	
EBIT	11.3	12.8	-12 %
in %	28 %	31 %	
Profit for the year	9.5	10.7	-11 %
in %	24 %	26 %	
Earnings per share (in EUR)	0.52	0.57	-9 %
	Dec. 31, 2013	**Dec. 31, 2012**	
Number of employees	223	220	1 %
Total financial position	-0.8	-0.5	-
Total equity	19.9	21.6	-8 %
Outstanding shares (in thousands)	4,757	4,757	-
Market Capitalisation	49.5	44.5	11 %

CHART UMS SHARE 2013



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.

Contents

TO OUR SHAREHOLDERS

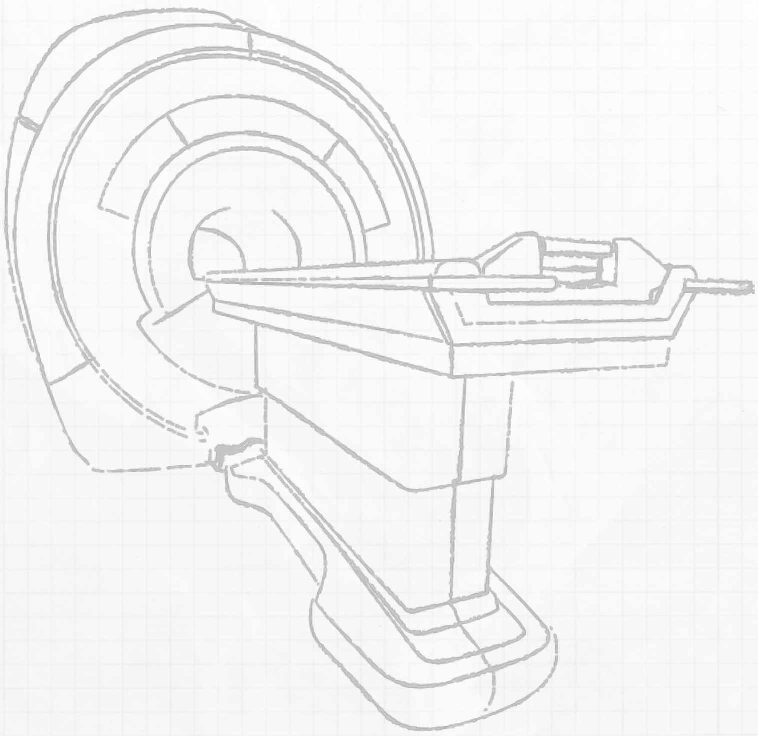
MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENT

OTHER INFORMATION

Exact results due to excellent devices.

To Our Shareholders



Letter to the Shareholders

Dear Shareholders,

The 2013 fiscal year failed to live up to the UMS group's own ambitious expectations and proved to be disappointing on the whole. Business performance in 2013, particularly in the first half of the year, was primarily driven by the launch of healthcare reform in the United States. There are many reasons why this was the case. For one, Obamacare caused a great deal of uncertainty on all sides. In addition, physicians, hospitals and patients all face a number of organizational problems as a result of the launch of healthcare reform. This has led to a situation where treatments were delayed, or even forgone, in areas where this is possible.

At the start of the second half of the year, individual segments, such as breast biopsies, already saw slight improvement, which caused us to be generally optimistic about a recovery in the fourth quarter. At the end of September 2013, however, the government in the United States was shut down for nearly three weeks, which shook up the entire public sector. For instance, around 1.8 million government employees alone were required to take unpaid "vacation", leaving them without salaries for several weeks. As a result, the recovery we had in mind for the UMS group in the fourth quarter failed to materialize, and we did not meet our target of EUR 0.60 per share or annual revenues of EUR 43 million. In view of the difficult conditions in 2013, our adjusted earnings per share were EUR 0.52 and consolidated revenues were EUR 39.8 million. The results achieved by UMS thus trail those of fiscal 2012, which was the most successful year in UMS history, but compared with 2011, UMS was able to continue to grow.

Over the year as a whole, the performance of the Urology segment was the weakest. Revenues dropped from EUR 29.3 million (EUR 28.6 million adjusted for currency effects) to EUR 28 million. Although some signs of improvement were noticeable in the third quarter, a complete turnaround was not possible, especially given the government shutdown. It should be noted revenues were down because of the decrease in average treatment numbers. To date, we have suffered neither a loss of customers nor any relevant price pressure.

Revenues in the Gynecology segment shrank from EUR 10.7 million (EUR 10.4 million adjusted for currency effects) to EUR 10.1 million in the past fiscal year. All told, the segment recovered somewhat in the second half of the year despite the difficult business environment. Revenues had been down EUR 0.5 million in the first half of the year. Here, too, we are experiencing no price pressure and no loss of customers. Instead, the decline in revenues is attributable to a lower average number of treatments per day.

Our Radiology business continues to grow. In December, we deployed our fourth machine and expect further growth in this segment in 2014. In the past fiscal year, revenues grew by 3 %, or EUR 0.1 million, from EUR 1.8 million (in exchange rate adjusted terms) to EUR 1.9 million.

Since fixed costs dominate in the UMS group's business model, earnings drop steeply when revenues decline. On the whole, only a few costs are variable. Savings in variable costs are insufficient to compensate for lower revenues. All in all, many individual operational as well as administrative measures were implemented in an attempt to lower costs. Thus, our operating result for 2013 was EUR 11.3 million compared with EUR 12.8 million in the previous year, or EUR 12.4 million adjusted for exchange rate effects. Our profit for the 2013 fiscal year was EUR 9.5 million, following EUR 10.7 million in the previous year, or EUR 10.3 million after currency adjustments.

Expenses of approximately EUR 441,000 were incurred in the third and fourth quarters from additional damages paid to shareholders for the mistakes made with dividend payments and from the associated consulting expenses. We excluded these charges from earnings when calculating earnings per share since they were one-time, extraordinary expenses. At this time, we expect to be able to resolve the still disputed manner in our favor.

Because we have a very stable business model and our financial position remains solid, we were able to pay our shareholders a dividend of EUR 0.55 per share for the first time last year, for a total of EUR 2.6 million.

The Management Board and the Supervisory Board remain convinced of the continuing earnings and financial power of the UMS group even after the 2013 fiscal year. Accordingly, they will propose to the shareholders' meeting in June 2014 that the Company again distribute a dividend of EUR 0.55 per share. The distribution will be paid out of the contribution account for tax purposes, and no taxes will be withheld. UMS intends to maintain its shareholder-friendly dividend policy in the coming years as well.

In the Management Board's opinion, it was this dividend policy, in conjunction with our promising and sustainable business model, that caused UMS's stock price to increase by 13.8 %, from EUR 9.14 to EUR 10.40, in 2013 despite a challenging fiscal year for the Company.

We currently expect an improvement in the macroeconomic climate in the United States. In addition, completion of the healthcare reform launch in 2014 should bring calm to the healthcare market. In South America, initial signs point to a certain slowdown in growth from a macroeconomic perspective, but this stands in contrast to strong demand for further improving healthcare services.

Under consideration of all risks and chances we expect for 2014 – provided exchange rates remain at a comparable level (€ 1.38) – revenues and earnings will stay on prior years‘ level. Specifically, we anticipate consolidated revenues of between EUR 39 million and EUR 42 million and earnings per share of between EUR 0.50 and EUR 0.55 in fiscal year 2014.

I would like to thank all employees for their service. Their hard work and expertise have made a significant contribution to the Company's financial success. I would also like to thank our shareholders, customers and business partners for their confidence and support.

Sincerely,

Jørgen Madsen
Chief Executive Officer of UMS AG

Report of the Supervisory Board

In the 2013 fiscal year, the Supervisory Board of UMS United Medical Systems International AG 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 made at the individual Supervisory Board meetings. The members of the Supervisory Board in 2013 were Wolfgang Biedermann (Chairman of the Supervisory Board), Prof. Thomas J.C. Matzen (Vice Chairman of the Supervisory Board) and Dr. (hon.) Norbert Heske. There were no changes in the composition of the Supervisory Board.

The Supervisory Board regularly advised the Management Board on the management of the Company, continually supervised its management activities and confirmed that these activities were proper and legally compliant. The Management Board involved us in all significant decisions for the Company in a timely manner.

The Management Board delivered oral and written reports to the Supervisory Board that provided detailed information on a regular basis concerning all issues material to the Company and the group, especially the Company's business and financial performance, the risk situation, all planned and ongoing investments, as well as fundamental issues relating to corporate planning, strategy and compliance. During the year under review, we also particularly focused our attention on the Company's current earnings and financial condition, including the risk position and risk management. The Management Board coordinated the Company's strategic direction with us.

We discussed in detail all of the Company's key business transactions based on the reports by the Management Board. To the extent necessary by law and under the articles and bylaws, the Supervisory Board voted on the reports and proposed resolutions of the Management Board after thorough review and consultation.

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 2013 fiscal year, the Supervisory Board held four regular meetings. 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 2013, 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 reviewed the UMS group's risk situation and risk management system. The possibility of a general restructuring of the Company was a topic at several meetings. Finally, we discussed the resumption of the share buyback program and the retirement of the treasury shares held by UMS AG.

Wolfgang Biedermann
Chairman of the Supervisory Board

At the financial statements meeting on March 18, 2013, our primary concern was the single-entity and consolidated financial statements for the year ended December 31, 2012. After extensive review, the Supervisory Board unanimously approved the single-entity financial statements prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) for the year ended December 31, 2012. We also endorsed the Management Board's proposal for the use of the distributable profit and approved the 2012 Report of the Supervisory Board. At this meeting, we additionally approved the agenda for the UMS AG Annual General Meeting held on June 6, 2013, along with the proposed resolutions of the Supervisory Board, including the proposed election of the auditors for the 2013 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 June 6, 2013 and then again at another meeting on September 26, 2013, we discussed in detail the development of the current business and financial situation. Information on the current situation involving the errors with dividend payments was also presented at each of these meetings.

At the Supervisory Board meeting on December 9, 2013, we focused on the results for the first nine months of fiscal year 2013 and the current financial situation, including risks and risk management, the forecast for 2013 and the first new projects for fiscal 2014. We also discussed the strategic options for the future structure of the Company. 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.

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 on ways to optimize its activities. There was no reason to change the existing Management Board compensation system in fiscal year 2013.

Corporate Governance Code

The Supervisory Board regularly discussed the application of corporate governance principles. Furthermore, on December 9, 2013, 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, 2013, as well as the combined Company and group management report for fiscal 2013, 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 June 6, 2013. 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 24, 2014. 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 24, 2014. 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 24, 2014, 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 single-entity financial statements (§172 sentence 1 of the German Stock Corporation Act (AktG)).

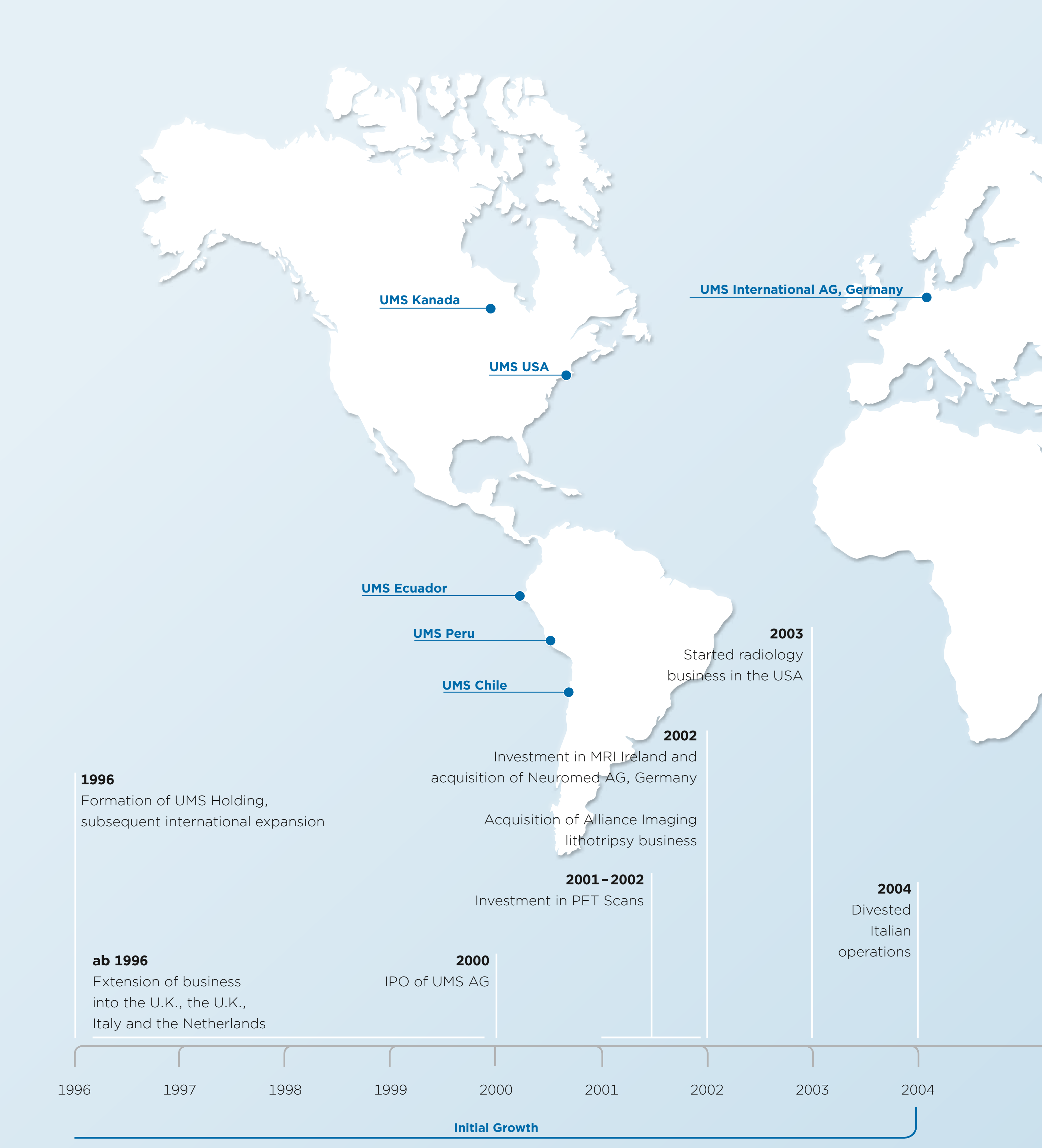
The Management Board proposes to pay a dividend of € 0.55 per share. We concurred with the Management Board's proposal for the use of the distributable profit after our own review and after considering the Company's profit trend and financial condition. We consider the proposed dividend to be appropriate.

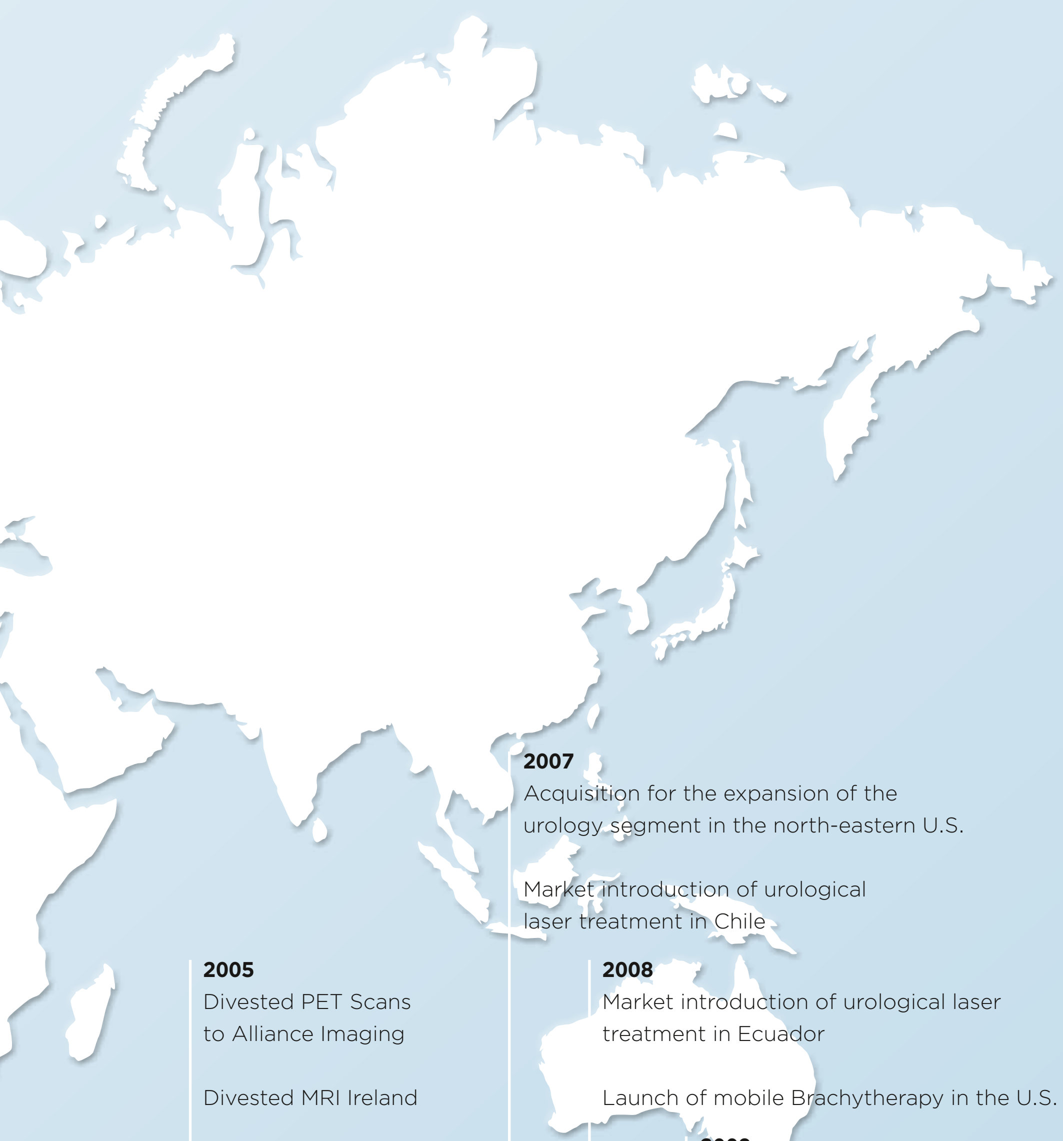
On behalf of the entire Supervisory Board, I would like to thank the Management Board and all employees for their hard work in the past fiscal year.

Hamburg, March 24, 2014

Wolfgang Biedermann
Chairman of the Supervisory Board

Evolution of the **UMS Group**





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 2013

Focus on Growth Markets (2005–2007)

Realignment and Optimization (2007–2013)

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.

- 45 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.

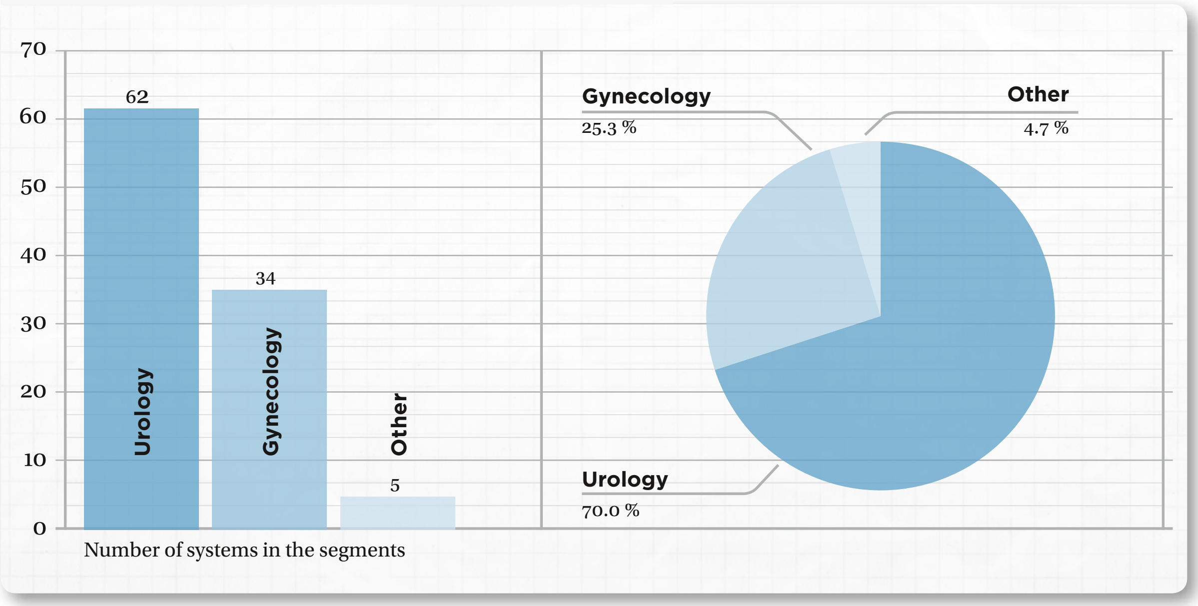
- 31 systems for stereotactic breast biopsie
- 3 systems for cryoablation (IceCure)

Other

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

- 4 mobile MRI machines
- 1 brachytherapy system

Segment Overview and Revenue by Segment



The UMS-Share

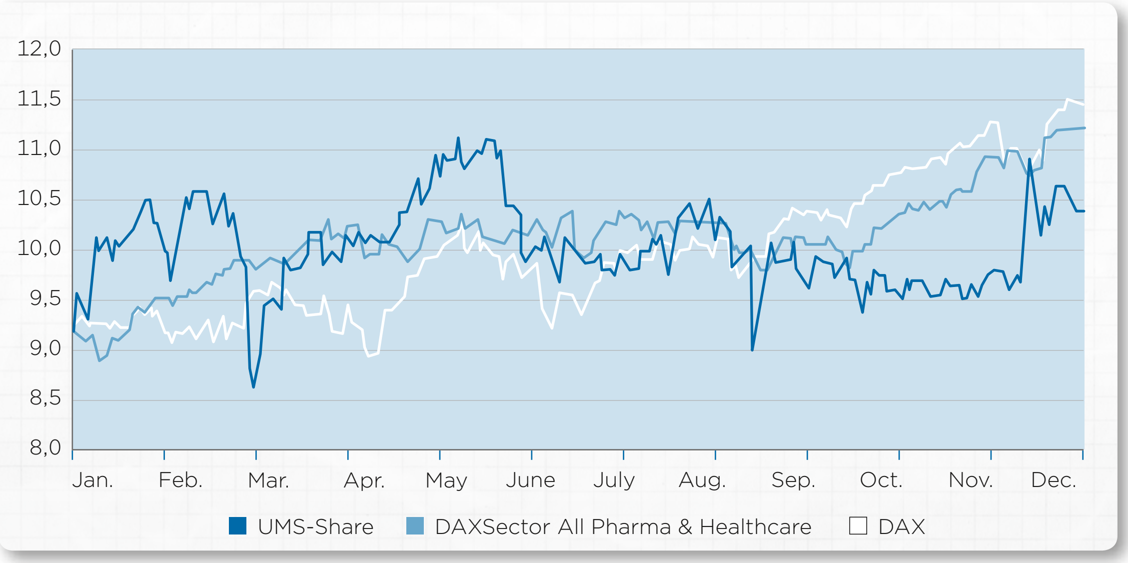
Like 2012, 2013 was a good year for German stocks. Price gains were considerable, particularly in the second half. For the year, the DAX was up 25.5 %. The trend on the international stock markets was also favorable. The MSCI World Index rose 24.1 % for the year. Pharmaceutical and healthcare stocks likewise performed well in this environment. The DAXsector All Pharma & Healthcare Index, which includes UMS, rose 22.7 % for the year.

UMS stock also did well in this climate, increasing from EUR 9.138 per share at the end of 2012 to 10.395 per share at the close of 2013, for a gain of 13.8 %. The stock contracted to its year low of EUR 8.631 during the first part of the year, but then climbed to its year high of EUR 11.145 in May, shortly before the Annual General Meeting on June 6, 2013 and subsequent payment of a dividend of EUR 0.55 per share. At first, the price of UMS stock decreased after the dividend payment, but then rebounded towards the end of the year.

Including the dividend of EUR 0.55 per share paid after the Annual General Meeting, the UMS share offered a return of 19.8 % for the full year. Looking back at the last two years, i.e. 2012 and 2013, the stock has gained 73.3 %, which is far better than the indices mentioned above. Taking into account the dividend paid in both years, EUR 0.50 and EUR 0.55 per share, the return for UMS shareholders was a full 90.8 % overall.

Since the dividend paid in 2013 was also a tax-exempt dividend paid out of the contribution account, most shareholders were able to collect it tax-free. Based on the share price at year's end, that made for a net dividend yield of 5.3 %.

Chart of the UMS-Share



KEY INFORMATION ABOUT THE UMS-SHARE

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

The average daily trading volume of the UMS share on all German exchanges was 4,647 shares in 2013, against 5,232 shares the prior year. Once again, the majority of this volume, at an average of 3,867 shares per day (previous year: 3,275), was handled via the XETRA electronic trading system. The average daily trading volume on the Frankfurt Stock Exchange decreased to 867 shares (previous year: 974). The investment bank M.M. Warburg & Co. serves as designated sponsor for the UMS share, working to ensure the shares' liquidity on XETRA by entering binding bid and ask prices.

The shareholders of UMS International AG unanimously approved all agenda items at the Annual General Meeting held in Hamburg on June 6, 2013. This included the dividend, which was raised from EUR 0.50 per share in the previous year to EUR 0.55 per share.

UMS AG did not buy back any shares in 2013. This was in contrast to the previous year. The Company continued to have a stable shareholder structure.

The shareholder structure at December 31, 2013 was as follows:

SHAREHOLDER STRUCTURE AT DECEMBER 31, 2013

in %	
Thomas J.C. Matzen GmbH	21.2
Treasury shares	2.4
Management Board	6.6
Supervisory Board	10.2
BayernInvest Kapitalanlageges. mbH	5.0
Union Investment Privatfonds	5.2
Freefloat	49.4

UMS AG practices open and transparent communication with the capital market, providing information on a regular basis. For example, the Company again participated in Deutsche Börse's German Equity Forum in Frankfurt, which was held in November 2013. There was great interest in UMS AG at the forum. Accordingly, the head of the Management Board met individually with numerous investors, analysts and financial journalists. Several talks were also held during the year. In addition, UMS AG is regularly analyzed by Warburg Research. In November 2013, the analysts determined EUR 11.00 to be a fair price for the share.

Detailed information about the UMS share, company developments and various financial measures can be found on the Internet at www.umsag.com. This also includes the most recent version of the declaration of conformity with the German Corporate Governance Code issued 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	2013
Stock exchange price (XETRA closing prices)	
High	11.145
Low	8.631
Fiscal year end	**10.395**
Number of shares (fiscal year end, in millions)	4.757
Market capitalization (fiscal year end, in million EUR)	49.5
Earnings per share (in EUR)	0.52

* Adjusted for non-recurring effects.

HOW TO CONTACT THE INVESTOR RELATIONS TEAM

UMS United Medical Systems International AG

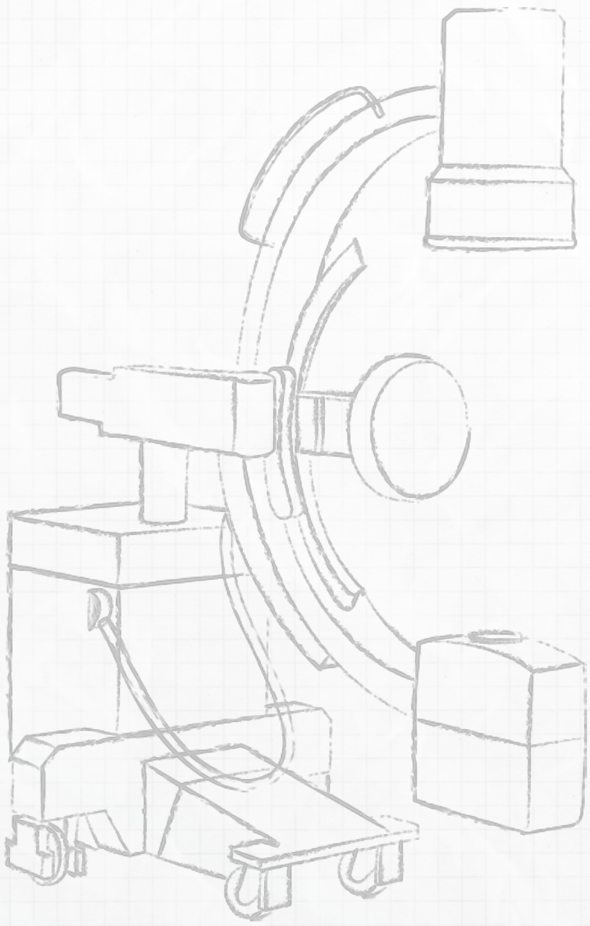
Investor Relations
Astrid Soltau
Borsteler Chaussee 53
D-22453 Hamburg

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

E-Mail: investor@umsag.com


More possibilities
due to exact results.

Combined Management Report and group Management Report for 2013



1. Business and General Conditions

The UMS group is a supplier of selected transportable medical services. We provide our customers with med-tech equipment and the related services when they are needed. Highly qualified application specialists support the physicians in using the technology we provide.

Management System

For planning, managing and controlling purposes of the group activities the UMS group uses a groupwide management system. As in prior years the relevant financial management figure is the earnings before interest and taxes (EBIT) as well as the earnings per share (EPS). The number of treatments is the most relevant non-financial management figure.

Uncertainty due to healthcare reform in the United States

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 and expenses are generated in USD. The year under review trailed the prior year's expectations. Weakness in the fourth quarter of 2013 carried over to the initial months of the 2013 fiscal year. In the first quarter, management's expectations for the Company's business performance stemmed from the hope that the market would stabilize following the introductory phase of healthcare reform. In actuality, however, uncertainty among market participants has mostly lingered. The unresolved issues relating to budget funding greatly contributed to this sentiment in the fourth quarter.

Government shutdown hampers U.S. economic recovery

The U.S. economy did continue its upward trajectory in 2013 with growth of 1.8 %, but this performance failed to meet expectations. The government shutdown in September/October 2013 was undoubtedly a key factor in this regard. Hundreds of thousands of public-sector employees were furloughed for weeks. According to experts, the resulting uncertainty among Americans caused GDP growth to be 0.5 % lower than it would have been otherwise. U.S. consumer confidence has been particularly hard hit, which led to a sharp drop in retail sales in the fourth quarter.

Economic climate in the healthcare industry

Economic trends influence only certain segments of the healthcare industry. As a rule, demand for healthcare is driven instead by the increasing need for medical treatments and the growing demand for innovative products and therapies. Nonetheless, there is a certain degree of leeway for or against a treatment in some segments, and that leeway is utilized more than usual in times of economic instability.

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 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 health insurance policy by March 31, 2014. Over the long term, this could provide considerable momentum for UMS's business.

Initially, however, healthcare reform is proving to be very problematic. Start-up difficulties and a lack of clarity have been commonplace, leading to a steep decline in acceptance, but a big step in the right direction appears to have been taken with the resolution of technical problems in the fourth quarter 2013.

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 government budget deficit and related pressure to cut spending do constitute a risk, however.

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

South America is also an attractive growth market for medical services. Public-sector healthcare systems are inadequate in many places. For this reason, a second, private healthcare market is developing in nearly all South American countries. These markets are growing substantially thanks to a general upturn in demand and rising standard of living. 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. UMS companies are therefore clearly profiting from the specific growth opportunities in each individual region.

2. Results of Operations of the Group and Segments

Summary

The 2013 fiscal year failed to live up to the UMS group's own ambitious expectations and proved to be disappointing on the whole.

Business performance in 2013, particularly the first half of the year, was primarily driven by the launch of healthcare reform in the United States. This resulted in persistent uncertainty on all sides. Patients as well as doctors and hospitals were very conservative in areas where they could be, delaying, or even forgoing, some treatments.

In the second half of the year, initial signs of a slight improvement were seen in specific business segments. However, at the end of September 2013, the nearly three-week government shutdown shook up the public sector as a whole, and the upward trend expected in the fourth quarter failed to materialize. The UMS group was thus unable to reach its own target for earnings per share of € 0.60 to € 0.65. All told, UMS's earnings per share during the year under review totaled € 0.52 following € 0.57 in the previous year.

The UMS group's Cash Flow remains strong. For this reason, the Management Board and Supervisory Board will propose a dividend of € 0.55 per share to the Annual General Meeting in June 2014.

Drop in consolidated revenue

The consolidated revenue of the UMS group is generated almost exclusively in U.S. dollars. Revenues declined 5 % (€ 2.1 million) in 2013, from € 41.9 million to € 39.8 million. This result put the UMS group well below the expected figure of € 43 million to € 45 million. At a constant exchange rate, the decrease would have been € 0.8 million or 2 %.

The performance of the segments in the past fiscal year was as follows:

				Change	
in kEUR	**2013**	**2012***	***2012***	**absolute**	**as %**
Urology	27,822	28,355	*29,307*	-533	-2
Gynecology	10,060	10,370	*10,720*	-310	-3
All other segments	1,884	1,822	*1,887*	62	3
Reconciliation to the group	0	0	*0*	0	-
Revenue	**39,766**	**40,547**	***41,914***	**-781**	**2**

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2013)

Urology: Treatment numbers down, prices stable

In the Urology business segment, the number of treatments decreased from approximately 29,000 in 2012 to around 28,000 in 2013, which ultimately caused revenues to decline. There was no loss of customers last year. Furthermore, we did not experience downward pressure on prices in the past fiscal year, i.e., we kept prices stable at their existing levels.

Gynecology segment shows signs of recovery

Overall, revenues in the Gynecology segment decreased currency-adjusted by 3 % from € 10.4 million to € 10.1 million last fiscal year. However, in the first half of the year, they were down by € 0.5 million. This deficit was reduced to € 0.3 million during the second half of the year.

In view of the entry into force of healthcare reform and further easing of the U.S. labor market situation, we anticipate a recovery in this segment.

Other operating segments post light increase

Our other segments primarily include our Radiology and Oncology services.

Last year, the UMS group continually improved the utilization rate of the three existing MRI machines, to the point that a fourth device was brought into service at the end of the year. As a result, revenues rose from € 1.8 million to € 1.9 million, for an increase of € 0.1 million, or 3 %.

Gross margin down slightly

The decline in revenues in fiscal 2013 also drove the gross profit margin lower. Our options for cutting costs were very limited, since the drop in revenues was largely due to a year-on-year decline in the average number of patients treated daily, while the number of customers served remained almost unchanged. In this type of scenario, reducing key variable expenses, such as travel or fuel costs, is not possible. A small fraction of costs are consumption-related, but the savings in this area are not sufficient to offset the decline in revenues. Staff and equipment costs either cannot be changed at all or only minimally. We attempted to adjust fixed costs to address the decline in revenues last year by further optimizing routes and processes.

in kEUR	2013	2012*	*2012*	Change absolute	Change as %
Revenue	39,766	40,547	*41,914*	-781	-2
Cost of sales	-20,636	-20,466	*-21,162*	-170	-1
Gross profit from revenue	**19,130**	**20,081**	***20,752***	**-951**	**-5**
Gross margin	**48 %**	**50 %**	***50 %***		

*After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2013)

Selling expenses were reduced slightly year-on-year by € 0.1 million (exchange rate effects eliminated), or 2 %, thanks to staff adjustments in the sales department. The full effects of this change will first be felt in 2014, since expenses related to the termination of employee contracts were still incurred in the past fiscal year.

Administrative expenses rose by a slight € 0.1 million (exchange rate effects eliminated), or 2 %, compared with the prior year. Last year, savings here were offset by one-time expenses. Otherwise, administrative expenses include many costs not associated in any way with revenues, such as expenses related to the stock exchange listing.

Other operating income and expenses grew by € 0.2 million over the prior-year figure. This was primarily attributable to a significant change in the EUR/USD exchange rate.

Altogether, operating earnings before interest and taxes (EBIT) were € 11.3 million in 2013, compared with € 12.4 million in the 2012 fiscal year.

in kEUR	2013	2012*	*2012*	Change absolute	Change as %
Gross profit from revenue	**19,130**	**20,081**	**20,752**	**-951**	**-5**
Distribution and selling expenses	-2,665	-2,721	-2,807	-56	-2
General administrative expenses	-4,968	-4,890	-5,055	78	-2
Other operating income and expenses	-235	-66	-62	-169	>100
Operating result (EBIT)	**11,262**	**12,404**	**12,828**	**-1,142**	**-9**
As a % of revenue	**28 %**	**31 %**	**31 %**		

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2013)

Net interest expense was down 28 % (exchange rate effects eliminated) in fiscal year 2013. The tax expense decreased in the United States because of the low level of earnings overall.

in kEUR	2013	2012*	*2012*	Change absolute	Change in %
Operating result (EBIT)	**11,262**	**12,404**	***12,828***	**-1,142**	**-9**
Interest income and expenses	-273	-377	*-391*	-104	-28
Earnings before taxes and minority interests	**10,989**	**12,027**	***12,437***	**-1,038**	**-9**
Other taxes	-95	-117	*-117*	22	19
Income taxes	-1,400	-1,592	*-1,646*	192	12
Net income for the year	**9,494**	**10,318**	***10,674***	**-824**	**-8**

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2013)

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 of € 7.4 million in 2013. In the previous year, there were minority interests of € 8.0 million after currency adjustments. Profit of € 2.0 million was therefore attributable to the equity holders of the parent company in 2013, compared with € 2.3 million after currency adjustments in the previous year. Adjusted for the extraordinary effects relating to the errors with dividend payments and to consulting expenses, the net income for the shareholders of the year was € 2.5 million.

in kEUR	2013	2012*	*2012*	Change absolute	Change as %
Consolidated profit for the year	**9,494**	**10,318**	***10,674***	**-824**	**-8**
of which minority interests	7,447	7,985	*8,253*	-538	-7
of which attributable to equity holders of parent	2,047	2,333	*2,421*	-286	-12

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2013)

Adjusting for the extraordinary effects of € 0.4 million relating to the errors with dividend payments and to consulting expenses, earnings per share therefore decreased to € 0.52, following € 0.57 in the previous year. Recalculated at the exchange rate for the reporting year, 2012 earnings per share were € 0.55.

in kEUR	2013	2012*	*2012*	Change absolute	Change as %
Profit attributable to equity holders of the parent in kEUR	2,047	2,333	*2,421*	-286	-12
Profit adjusted for items relating to other accounting periods	2,488	2,633	*2,721*	-145	-6
Average number of shares outstanding (in thousands)	4,758	4,769	*4,769*	-11	0
Earnings per share (basic) in Euro	0.43	0.49	*0.51*	0.06	-12
Earnings per share (basic) in Euro**	**0.52**	**0.55**	***0.57***	**0.03**	**-5**

* After currency adjustments (prior-year figures restated based on the average USD exchange rate in 2013)
** Adjusted for extraordinary effects

3. Net Assets and Financial Position of the Group

Despite the sluggish performance last year, the UMS group remains strong. Net debt of the group is still very low, € 0.8 million as of December 31, 2013 versus € 0.5 million in the previous year. Meanwhile, UMS AG paid a dividend of € 2.6 million to its shareholders in the year under review.

The net debt position is the balance of bank and leasing liabilities as well as cash and cash equivalents.

Analysis of balance sheet structure

When comparing the group balance sheets at December 31, 2012 and December 31, 2013, it must be noted that these also reflect the performance of the EUR/USD exchange rate. There was a sharp rise in the reporting date exchange rate from USD 1.32 per euro at December 31, 2012 to USD 1.38 per euro on December 31, 2013.

Total assets were down by € 3.6 million, decreasing from € 33 million to € 29.4 million at the balance sheet date. Adjusted for the aforementioned currency effect, the decrease was € 2.1 million.

The volume of current assets reported was € 13.4 million as of December 31, 2013, down by about € 0.7 million from the prior-year level. The € 1 million decrease in cash was accompanied by a € 0.3 million increase in trade receivables and other current assets.

Non-current assets decreased by € 2.8 million, from € 18.9 million to € 16.1 million. At a constant exchange rate, the decrease would have been € 2.0 million. On the whole, this is the result of reduced investment activity on the part of the Company this past fiscal year.

Goodwill remained unchanged at € 0.1 million as of December 31, 2013.

The liabilities of the UMS group are denominated primarily in USD. Trade payables as well as other liabilities and accruals/provisions were slightly lower at the reporting date. Non-current liabilities and interest-bearing current liabilities were reduced by € 0.8 million largely because of the repayment of bank liabilities.

As of December 31, 2013, equity of the group amounted to € 19.9 million, compared with € 21.6 million at the end of the prior year. Recalculated at the exchange rate for the reporting year, the prior year's equity was € 20.7 million. The comprehensive income of € 7.8 million (prior year € 10.2 million) for the period was offset by distributions to physician partnerships (€ 6.8 million) and the payment of a dividend to the shareholders of UMS AG (€ 2.6 million). The equity ratio thus improved again from 66 % in the prior year to 68 % this past fiscal year.

Analysis of the Group cash flow statement

Operating cash flow of € 11.5 million was generated in the year under review, following € 15.4 million the year before. This decrease was partly the result of the Company's having a weaker year in 2013 than 2012. It was also the result of nearly € 0.5 million in disbursements relating to the mistakes made with dividend payments and the resulting consulting expenses.

Net cash used in investing activities totaled € 0.7 million, compared with € 1.3 million in 2012. One major investment last year was the purchase of another mobile MRI machine. By contrast, some smaller systems were sold.

Net cash used in financing activities totaled € 11.3 million in the year under review, which was € 2.4 million less than in the previous year. This was due to factors including the acquisition of treasury shares in 2012. No additional treasury shares were purchased in 2013.

4. Employees

Number of employees

The total number of employees as of the reporting date increased somewhat, from 220 in 2012 to 223 in 2013 (as of December 31 in each case). This growth is attributable to the new mobile radiology unit that was brought into service in the fourth quarter of 2013.

Compensation systems

The employee stock ownership plan, which was implemented in the course of the Company's listing on the stock exchange, expired in prior years, 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 German 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 Company's situation.

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 AG

UMS 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 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.

Results of operations of UMS AG

In the 2013 and 2012 fiscal years, UMS AG generated approximately € 0.4 million in revenues from management cost sharing. UMS AG did not sell any equipment this past year. In the prior year, the Company had earned € 0.1 million from the sale of medical technology equipment to subsidiaries.

General administrative expenses were € 0.5 million, which was below the previous year's € 0.6 million. By contrast, the net figure for other operating income and expense remained constant with the prior year at minus € 0.2 million (2012: minus € 0.2 million).

Income from equity holdings, which in 2013 and 2012 consisted solely of dividends from the U.S. subsidiary, amounted to € 3.0 million, against € 3.2 million in the previous year.

The financial result of UMS AG, i.e., the difference between interest payments and interest income, remained unchanged at minus € 1k.

Overall, earnings from ordinary business activities therefore totaled € 2.7 million (2012: € 2.8 million).

Tax burdens and extraordinary effects (from the conversion to the Accounting Law Modernization Act [BilMoG]) had no material effect on overall earnings in the reporting year nor in the previous year. As a result, the Company's profit for the year amounted to € 2.7 million. In the previous year, a profit of € 2.8 million was reported.

Financial position of the UMS AG

The financial holdings of the U.S. subsidiary UMS (DE) Inc. dominates the assets of the UMS AG with 96 % (PY: 96 %).

Distributable profit and dividend

UMS AG's distributable profit totals € 2.7 million. The Management Board of UMS AG will propose a dividend payment of € 0.55 per share – € 2.6 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.

There is a complete coverage of the total assets by share capital due to the high share capital of 98 % of the balance sheet total (PY: 97 %).

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 group distinguishes between financial risks and operating risks. For UMS, financial risks include earnings, liquidity, refinancing, interest rate and currency risks as well as high-risk ventures. Based on the high capital position of the UMS AG of 98 % (PY: 97 %) of the balance sheet total there is a complete coverage with capital of the assets given. This is unchanged to prior years.

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 segment* entails specific risks of default or loss which the Company seeks to manage by drafting bylaws and rules for the conduct of business specific to each group company, including a list of transactions that require approval and 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 reform in the United States, most of which is to take effect in 2014.

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 reference for many private insurance companies. Announced changes to the rules are analyzed by UMS group early on so that adjustments can be made, if necessary, to billing for services or structures under corporate law, 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 the UMS group. 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 processes 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 2014. However, because of the sluggish labor and real estate markets in the United States, our expectations for that region remain extremely uncertain.

Particularly in the U.S., future performance is highly dependent on healthcare reform. There is considerable uncertainty here about how the launch will affect individual market participants. Another factor is changes in the coverage structure of individual health insurance companies. Again, the effect on the UMS group's business cannot be predicted.

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, nor are there any discernible risks that could endanger the Company's existence in the future.

7. Report on Post-Balance Sheet Date Events, Report on Expected Developments and on Opportunities

Report on post-balance sheet date events

There were no significant events after the balance sheet date for the UMS group or UMS AG.

Forecast comparison of the UMS Group

Comparing the actual revenue and profit figures for the past year with budgeted figures for 2013 indicates a variance. Solid growth had been anticipated for 2013 based on the individual customer contracts and an upswing in the economy. We planned for revenues of between € 43 million and € 45 million, but the actual figure was approximately € 40 million. In short, the reasons for the deviation are Obamacare, the still-slow growth of the economy and the government shutdown. Accordingly, earnings per share were only € 0.52 and not € 0.60 to € 0.65, as planned.

Outlook of the UMS Group

The U.S. economy could experience modest growth in 2014. However, because of the sluggish labor and real estate markets in the United States, our expectations for that region remain extremely uncertain. Furthermore, an exacerbating factor in the initial weeks of 2014 has been the particularly harsh winter in the northeast United States. This had already strongly influenced the economy as well as the course of the UMS group's business in the past year.

On the whole, 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 2014. 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.

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

- The trends in the other segments will depend on radiology. At the end of 2013, a new machine was added to expand existing capacity and generate further potential for growth in 2014.

Therefore, we expect the UMS group's revenues to grow in 2014 — at comparable exchange rates — and look for consolidated revenues between € 39 million and € 42 million. We hope to achieve earnings per share of € 0.50 to € 0.55.

Provided that the economic and regulatory environment does not get significantly worse in fiscal year 2015, we expect that revenues and earnings per share will increase in that year as well.

In the Urology Segment we intend to further improve case numbers, revenues and earnings. We expect to increase our customer base through regional expansion in the United States and South America. In the Gynecology Segment we look forward to positive results from the marketing of existing and new services. However, some health insurance companies in this segment intend to change the existing coverage structure. At this time, it is difficult to determine the effects this would have on the UMS group's business. In the other segments, we forecast solid growth based on the fact that capacity has already been expanded and the necessary customer contracts exist.

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 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 internal control and risk management system relating to the accounting process is part of the 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 UMS AG 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

Corporate Governance Declaration

The Management Board and Supervisory Board of UMS AG have issued and made publicly available the Corporate Governance Declaration 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 declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG) and disclosures on material corporate management practices.

Takeover-related disclosures

The following presents the takeover disclosures required by § 315 (4) of the German Commercial Code (HGB) as of December 31, 2013.

1. The Company's subscribed capital is € 6,016,261. It is divided into 4,873,284 no-par-value shares, each theoretically representing approximately € 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 over the capital.

6. Members of the Management Board are appointed and removed in accordance with § 84 of the German Stock Corporation Act (AktG) which assigns 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 € 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 and/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, by 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.

   In the case of any takeover-offer there is no compensation agreement with the managing board or any employees of the company.

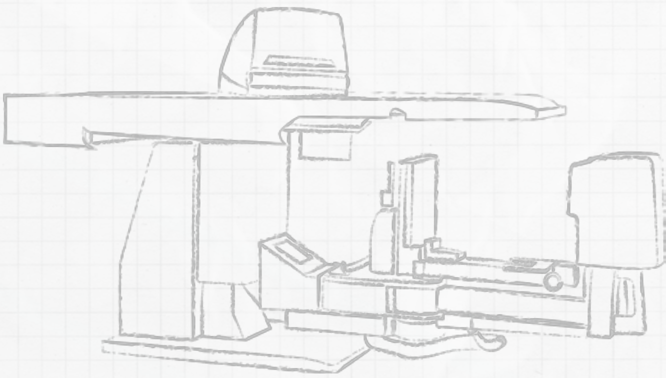
8. The Company has not entered into any compensation agreements with Management Board members or employees for the event of a takeover offer for the Company.

Hamburg, March 18, 2014

Jørgen Madsen
Chief Executive Officer of UMS AG

Contented patients due to more technical possibilities.

Notes to the Consolidted Financial Statement 2013



Consolidated Income Statement

for the period January 1 - December 31, 2012 and 2013

in kEUR	NOTE	2013	2012
Revenues	4	39,766	41,914
Cost of revenues	5	-20,636	-21,162
Gross profit		**19,130**	**20,752**
Distribution and selling expenses	5	- 2,665	-2,807
General and administrative expenses	5	- 4,968	-5,055
Other operating income and expenses	5	- 235	-62
Operating result		**11,262**	**12,828**
Interest income	5	8	3
Interest expenditure	5	-281	-394
Result before taxes and non-controlling interests		**10,989**	**12,437**
Other taxes		-95	-117
Income taxes	6	-1,400	-1,646
Profit for the year		**9,494**	**10,674**
attributable to Equity holders of the parent		2,047	2,421
attributable to Non-controlling interests		7,447	8,253

Net income per share		in EUR	
Net income per share (basic)	7	0.52	0.57
Net income per share (diluted)	7	0.52	0.57
Net income per share (basic)	7	0.43	0.51
Net income per share (diluted)	7	0.43	0.51

		in thousands	
Weighted average shares outstanding (basic), in thousands	7	4,758	4,769
Weighted average shares outstanding (diluted), in thousands	7	4,758	4,769

Consolidated Statement of Comprehensive Income

for the year ended December 31, 2013

in kEUR	2013	2012
Profit for the year	**9,494**	**10,674**
Exchange differences on translation of foreign operations	-1,724	-436
Other corrections	0	-34
Total comprehensive income for the year, net of tax	**7,770**	**10,204**
thereof attributable to Non-controlling interests	6,596	7,912
thereof attributable to controlling interests	1,174	2,292

There are no income tax effects on translation of foreign operations.

Consolidated Balance Sheet

for the year ended December 31, 2013

ASSETS

in kEUR	NOTE	31.12.2013	31.12.2012
Current assets			
Cash and cash equivalents	15	5,222	6,235
Trade accounts receivable	14	6,217	6,125
Inventories	13	987	1,020
Prepaid expenses and other current assets		931	699
Total current assets		**13,357**	**14,079**
Non-current assets			
Property, plant and equipment	8	6,853	8,111
Intangible assets	9	8,807	10,369
Other fiancial assets	11	288	228
Goodwill	2, 10	74	74
Deferred taxes	6	55	93
Total non-current assets		**16,077**	**18,875**
Total assets		**29,434**	**32,954**

LIABILITIES AND EQUITY

in kEUR	NOTE	31.12.2013	31.12.2012
Current liabilities			
Trade accounts payable	20	1,078	1,374
Liabilities due to banks	18	1,478	1,242
Leasing obligations	18, 21	888	746
Other current liabilities	20	317	506
Other accrued expenses	19	743	1,155
Total current liabilities		**4,504**	**5,023**
Non-current liabilities			
Liabilities due to banks	18	2,124	3,122
Leasing obligations	18, 21	1,556	1,647
Other non-current liabilities	20	33	190
Deferred Taxes	6	1,291	1,359
Total non-current liabilities		**5,004**	**6,318**
Equity			
Share capital	16	5,874	5,874
Additional paid-in capital	16	8,340	8,340
Cumulative translation adjustment		-6,401	-5,365
Accumulated gain		5,696	6,103
Equity attributable to parent company		**13,509**	**14,952**
Non-controlling interests		6,417	6,661
Total equity		**19,926**	**21,613**
Total liabilites and equity		**29,434**	**32,954**

Consolidated Statement of Changes in Equity

in kEUR	Share Capital	Additional Paid-in Capital	Currency Translation Adjustment
Balance January 1, 2012	**6,016**	**8,340**	**-5,270**
Buy-Back of own Shares	-142		
Comprehensive Income			-95
Distribution in subsidiaries			
Dividends			
Expiry Warrants			
Balance December 31, 2012	**5,874**	**8,340**	**-5,365**
Balance January 1, 2013	**5,874**	**8,340**	**-5,365**
Buy-Back of own Shares			
Comprehensive Income			-873
Distribution in subsidiaries			
Dividends			
Balance December 31, 2013	**5,874**	**8,340**	**-6,238**

Equity portion of bond	Accumulated gain/deficit	Equity parent company	Non-controlling interests	Total Equity
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		0		0
0	**6,103**	**14,952**	**6,661**	**21,613**
0	**6,103**	**14,952**	**6,661**	**21,613**
	0	0		0
	2,047	1,174	6,596	7,770
		0	-6,840	-6,840
	-2,617	-2,617		-2,617
0	**5,533**	**13,509**	**6,417**	**19,926**

Consolidated Cash Flow Statement

for the year ended December 31, 2013

in kEUR	2013	2012
Profit for the year	**9,494**	**10,674**
Adjustment to reconcile profit for the year to net cash flows:		
Profit(-)/Loss(+) from sale of equipment	-57	-69
Depreciation on property, plant and equipment	2,571	2,734
Depreciation on intangible assets	1,141	1,379
Change in deferred taxes, net	25	-189
Working Capital adjustments:		
Increase(-)/Decrease(+) in trade receivables	-353	682
Increase(-)/Decrease(+) in prepaid expenses and other current assets	-352	36
Increase(-)/Decrease(+) in inventories	4	150
Increase(+)/Decrease(-) in trade payables	-246	202
Increase(+)/Decrease(-) in other accrued expenses and current liabilities	-717	-189
= Net cash provided by operating activities	**11,510**	**15,410**
Purchases of property, plant and equipment, net of finance leasing	-682	-1,396
Purchases of intagible assets	0	-90
Proceeds from the sale of equipment	46	142
= Net cash used for investing activities	**-636**	**-1,344**

in kEUR	2013	2012
Payments for Buy-Back of own shares	0	-769
Dividends paid to equity holders of the parent	-2,617	-2,378
Dividends paid to non-controlling interests	-7,400	-7,931
Repayments to bank (long-term)	-896	-440
Net Change in Lease liabilities	-651	-749
Proceeds from short term debt due to banks	616	0
Repayments to banks (short-term)	-315	-1.449
= Net cash used in financing activities	**-11,263**	**-13,716**
Net effect of currency translation in cash and cash equivalents	-624	-4
Net increase/decrease in cash and cash equivalents	**-1,013**	**346**
Cash and cash equivalents at beginning of the period	6,235	5,889
Cash and cash equivalents at end of period	**5,222**	**6,235**
Additional information on cash flows		
Payments for interest	-281	-394
Proceeds from interest	8	3
Payments for taxes on income	-1,400	-1,717
Relevant non-cash transactions		
Purchases of property, plant and equipment financed by finance lease	-852	-627

Notes to the Consolidated Financial Statement

for the year ended December 31, 2013

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, Ecuador and Peru, and the Company's clear focus is on its business activities in North America. Additional information on the group's activities is provided in Note 4 (Segment Information).

The present consolidated financial statements of UMS AG and its subsidiaries were released for review by the Supervisory Board in accordance with a resolution by the Management Board on March 17, 2014.

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, 2013 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 on or after January 1, 2013 were applied.

The consolidated financial statements are prepared in euro. Except as otherwise indicated, all amounts are rounded to thousands of euros (k€) and, if necessary, rounded commercially. 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 shares without a controlling influence 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 the group profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured and is subsequently 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 the group 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 prepared 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 item 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		Average exchange rate	
Basis 1 EUR	**12/31/2013**	**12/31/2012**	**2013**	**2012**
U.S. dollar	1.38	1.32	1.33	1.28

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 the payment is established.

Taxes

Current tax

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

Deferred tax

Deferred taxes are calculated in accordance with the balance sheet liability method for temporary differences between the tax basis of assets and liabilities and their carrying amounts for IFRS-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 in 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.

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, less any allowances for impairment. 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 2013 and 2012, 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 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, 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, cancelled or expires.

Compound instruments

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

Derivative financial instruments and hedging instruments

The group used no derivative financial instruments as of the December 31, 2013 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:

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 group 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 present value of the minimum lease payments and then writes off the leased property over its estimated useful life or a 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 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 on 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 group income statement when the asset is derecognized in the group balance sheet.

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

The value in use is the present value of the expected future cash flows, which is determined by applying a pre-tax discount 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 group 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 consist 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 present 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:

- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
- Amendments to IFRS 7 – Disclosures: Offsetting Financial Assets and Financial Liabilities
- IFRS 13 – Fair Value Measurement
- IAS 19 – Employee Benefits (revised 2011)
- Improvement IFRS (2009 - 2011) – clarification for IAS 1 and IAS 16

The application of the new or revised standards mentioned above will not have a material impact on the presentation of the group's net assets, financial position or results of operations.

Standards issued but not yet mandatory

As of December 31, 2013, 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:

IFRS 9 – Financial Instruments

IFRS 9 includes rules for classifying and measuring financial assets and financial liabilities as well as a new general hedge accounting model. Thus far, IFRS 9 does not have a mandatory effective date.

IFRS 10 – Consolidated Financial Statements (on or after January 1, 2014)

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 – Joint Arrangements (on or after January 1, 2014)

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 – Disclosure of Interests in Other Entities

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".

IAS 19 (2013) – Employee Benefits (on or after January 1, 2014)

The amendments to IAS 19 provide relief with respect to the accounting for contributions that employees or third parties make to a pension plan. Companies are now allowed to recognize contributions from employees or third parties as a reduction in the service cost for the period in which the related service is rendered as long as the amount of the contributions is independent of the number of years of service.

IAS 27 (2011) – Separate Financial Statements (on or after January 1, 2014)

The revised IAS 27 includes changes resulting from the publication of IFRS 10. The requirements for separate financial statements remain part of IAS 27 and have not changed, in contrast to the other parts of IAS 27, which are replaced by the new IFRS 10.

IAS 28 (2011) – Investments in Associates and Joint Ventures

The 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.

IAS 32 (2011) – Financial Instruments: Presentation (on or after January 1, 2014)

The amendments to IAS 32 were designed to clarify the offsetting criteria in IAS 32. In addition, further application guidance on the offsetting of financial assets and financial liabilities was added.

IAS 36 (2013) – Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 included a correction of disclosure requirements that were introduced in IAS 36 by the new IFRS 13. Under the amendments, entities are required to disclose the recoverable amount of a cash-generating unit or individual asset only if the entity recognized or reversed an impairment loss on the cash-generating unit or asset during the reporting period.

IAS 39 (2013) – Financial Instruments: Recognition and Measurement (on or after January 1, 2014)

The amendments to IAS 39 were introduced in response to legislative changes regarding the transparency and regulatory oversight of over-the-counter derivatives. In future, entities will be allowed to continue hedge accounting with derivatives despite their being formally derecognized, if the derivatives were novated to a central clearing party because of a legal or regulatory requirement.

"Investment Entities" Amendments to IFRS 10, IFRS 12 and IAS 27 (on or after January 1, 2014)

The amendments specify the definition of an investment entity and exempt such entities from consolidation in accordance with IFRS 10. Additional disclosure requirements for investment entities are set out in IFRS 12 and IAS 27.

"Annual Improvements to IFRSs 2010-2012 Cycle" (on or after January 1, 2014)

This resulted in amendments to seven IFRSs. The idea behind the Annual Improvements Project is to make necessary, but non-urgent, amendments to existing IFRSs that are not implemented in other major projects.

"Annual Improvements to IFRSs 2011-2013 Cycle" (on or after January 1, 2014)

This resulted in amendments to four IFRSs. The idea behind the Annual Improvements Project is to make necessary, but non-urgent, amendments to existing IFRSs that are not implemented in other major projects.

If amendments or changes have already been adopted by the E.U., the date of first-time application is the date the amendments or changes are required to be applied for the first time in the E.U. Otherwise, the mandatory effective date is as stated by the IASB. At the latest, amendments and changes will be applied in the year in which they are first required to be applied by entities in the E.U.

The UMS group does not currently expect the initial application of IFRS 10, IFRS 11 and IFRS 12 to have a material impact on the presentation and measurement of its business combinations.

Furthermore, the UMS group does not currently expect the amendments to any of the other standards mentioned or the new standards mentioned to have a material impact on its net assets, financial position or results of operations.

3. Business Combinations

Transactions in 2013

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

Transactions in 2012

There were no transactions in 2012 that resulted in changes to the organizational structure of the UMS group.

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 Surgical Center, which is no longer owned by the UMS 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, 2013

in kEUR	Urology	Gynecology	All other segments	Reconciliation to the Group	Group
Segment revenues	**27,822**	**10,060**	**1,884**	**0**	**39,766**
Depreciation and amortization	2,223	1,190	47	0	3,460
Segment result	**9,340**	**1,772**	**571**	**0**	**11,683**

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 non-controlling interests held by physician partnerships. The shares of earnings of shareholders without a controlling influence have therefore already been subtracted from the segment results.

Accordingly, reconciliation of the total profit/loss of the segments to the group's profit/loss is as follows:

in kEUR	2013
Cumulative result of the reportable segments	11,683
Non-controlling interests in the segment result	7,447
Selling expenses	-2,665
General administrative expenses	-4,968
Other operating income and expenses, net	-235
Group EBIT	**11,262**
Interest income and expenses, net	-273
Taxes	-1,495
Profit for the year	**9,494**

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**

Accordingly, reconciliation of the total profit/loss of the segments to the group's profit/loss is as follows:

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**

Information on geographical areas

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

in kEUR	**2013**	**2012**
External revenues North America (U.S./Canada)	38,038	40,151
External revenues South America (Chile, Peru)	1,728	1,763
Group revenues	**39,766**	**41,914**

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

in kEUR	2013	2012
Non-current assets North America (U.S./Canada)	14,584	17,417
Non-current assets South America (Chile, Peru)	1,437	1,363
Non-current assets Europe (Germany)	1	2
Total group	**16,022**	**18,782**

5. Revenues and Expenses

OTHER INCOME/EXPENSE

in kEUR	2013	2012
Other operating income	262	260
Other operating expense	-497	-322
	-235	**-62**

Other operating income consists primarily of exchange gains.

Both last year and the previous year, expenses comprised for the refund of the investment income tax and solidarity surcharge mistakenly withheld from dividend payments made in 2010 and 2011 and consulting fees. Additional expenses were incurred in 2013, because the provision formed in 2012 was not sufficient.

FINANCE INCOME

in kEUR	2013	2012
Bank interest income	8	3

FINANCE COSTS

in kEUR	2013	2012
Bank loans and overdrafts	-132	-187
Other loans	-6	-46
Finance charges payable under finance leases and hire-purchase contracts	-143	-161
	-281	**-394**

INCLUDED IN COST OF SALES ARE

in kEUR	2013	2012
Depreciation of property, plant and equipment		
- Owned assets	-1,481	-1,549
- Assets under finance leases	-838	-939
Amortization of intangible assets	-1,141	-1,379
	-3,460	**-3,867**
Cost of inventories recognized as an expense	-2,973	-2,995
Personnel expenses	-8,734	-8,927
Service and maintenance expenses	-890	-823
Other expenses	-4,579	-4,550
Total cost of sales	**-20,636**	**-21,162**

DISTRIBUTION AND SELLING EXPENSES

in kEUR	2013	2012
Depreciation of property, plant and equipment		
- Owned assets	-35	-28
- Assets under finance leases	-21	-16
Personnel expenses	-1,709	-1,959
Other expenses	-900	-804
Total expenses	**-2,665**	**-2,807**

GENERAL AND ADMINISTRATIVE EXPENSES

in kEUR	2013	2012
Depreciation of property, plant and equipment		
- Owned assets	-179	-181
- Assets under finance leases	-17	-21
Personnel expenses	-2,649	-2,619
Other expenses	-2,123	-2,234
Total expenses	**-4,968**	**-5,055**

Other expenses include audit fees for the group's auditors amounting to € 127k (2012: € 126k). This amount relates entirely to audits of financial statements.

EMPLOYEE REMUNERATION

in kEUR	2013	2012
Salaries and wages	-10,673	-11,054
Contributions to pension plans	-128	-135
Social security contributions	-2,299	-2,316
Total	**-13,100**	**-13,505**

The average number of employees in the UMS group last year was 220 (2012: 221).

DEPRECIATION/AMORTIZATION

in kEUR	2013	2012
Property, plant and equipment		
- Cost of sales	-2,319	-2,488
- Distribution and selling	-56	-44
- General and administration	-196	-202
Total	**-2,571**	**-2,734**
Intangible Assets		
- Cost of sales	-1,141	-1,379
Total	**-1,141**	**-1,379**
Total expenses	**-3,712**	**-4,113**

6. Income Tax

The major components of income tax expense for the years ended December 31, 2013 and 2012 were:

CONSOLIDATED INCOME STATEMENT

in kEUR	2013	2012
Current income tax		
- Current income tax	-1,214	-1,859
Deferred income tax		
- Relating to origination and reversal of temporary differences	-186	213
Income tax expense reported in consolidated income statement	**-1,400**	**-1,646**

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, 2013 and 2012 is as follows:

in kEUR	2013	2012
Accounting profit/loss before income tax	10,893	12,320
Germany statutory income tax rate of 32.28 % (2012: 32.28 %)	-3,516	-3,977
Difference in foreign taxation	-851	-958
Difference in domestic taxation (non-deductible expenses)	84	78
Deferred tax expense arising from permanent differences	20	40
Deferred tax assets or liabilities not recognized	-107	-122
Tax difference of minority interests in partnerships	2,970	3,293
	-1,400	**-1,646**

The German corporate income tax applicable in fiscal year 2013 provides for a tax rate of 15 % (2012: 15 %) plus the solidarity surcharge of 5.5 %. UMS AG's trade tax rate is 16.4 % (2012: 16.4 %). Therefore, our total income tax rate in Germany (including the solidarity surcharge) is 32.28 % (2012: 32.28 %).

UMS AG has income tax losses of € 11.8 million (previous year: 11.6 million) and € 10.5 million in trade tax losses (previous year: € 10.3 million) that are available indefinitely for offset against the UMS AG'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 approximately € 1.3 million (2012: € 1.4 million) and approximately € 0.1 million (2012: € 0.1 million) 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	2013	2012
Profit/loss for the year thereof:	**9,494**	**10,674**
- Attributable to non-controlling interests	7,447	8,253
- Attributable to equity holders of the parent	2,047	2,421

in thousands	2013	2012
Weighted average number of ordinary shares for basic earnings per share	4,758	4,769
Adjusted weighted average number of ordinary shares for diluted earnings per share	4,758	4,769

When determining the earnings per share of the UMS group it is necessary to exclude € 445k (PY: € 300k) in expenses for claims for damages and consulting fees. The claims themselves relate to the investment income tax and solidarity surcharge mistakenly withheld from dividend payments made in 2010 and 2011. As one-time expenses relating to other accounting periods, these should not be included when calculating earnings per share.

The Company held 115,616 treasury shares as of December 31, 2013. The 2012 public share buyback offer was conducted between January 11 and February 8, 2012 at a purchase price of € 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

2013	**Acquisition and production costs**				
in kEUR	**Jan. 1, 2013**	**Currency Effects**	**Additions**	**Disposals**	**Dec. 31, 2013**
Intangible Assets and Goodwill					
Intangible Assets	22,179	-989	0	0	21,190
Goodwill	15,172	0	0	0	15,172
	37,351	**-989**	**0**	**0**	**36,362**
Property, Plant and Equipment					
Technical Equipment and Machines	20,921	-906	1,169	0	21,184
Other equipment, factory and office equipment	7,067	-306	426	334	6,853
	27,988	**-1,212**	**1,595**	**334**	**28,037**

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**

	Accumulated Depreciation					Net book value	
	Jan. 1, 2013	Currency Effects	Additions	Disposals	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2012
	11,810	-569	1,141	0	12,382	8,808	10,369
	15,098	0	0	0	15,098	74	74
	26,908	**-569**	**1,141**	**0**	**27,480**	**8,882**	**10,443**
	15,972	-727	1,644	0	16,888	4,296	4,949
	3,905	-193	927	343	4,296	2,557	3,162
	19,877	**-920**	**2,571**	**343**	**21,184**	**6,853**	**8,111**

	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	11,854
	15,098	0	0	0	15,098	74	74
	25,743	**-214**	**1,379**	**0**	**26,908**	**10,443**	**11,927**
	15,182	-269	1,759	700	15,972	4,949	5,853
	3,781	-328	975	523	3,905	3,162	3,144
	18,963	**-597**	**2,734**	**1,223**	**19,877**	**8,111**	**8,997**

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, 2013 was € 2,736k (2012: € 2,855k). 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 2012 and 2013 reporting year comprise medical systems that the 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 2012 and 2013 and will depreciate it over the life of the contract. Accordingly, the book value of this equipment at December 31, 2013 was € 154k (2012: € 429k). 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
- "Certificate of Need" – regulatory approval required before providing medical services in certain U.S. states
- Software licenses
- 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. The useful life of software licenses is 3 years.

Where amortization is charged on assets with finite lives, this expense is taken to the groups 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	2013	2012
Contracts and customer bases	5,869	7,298
Certificates of Need	2,938	3,071
Intangible assets	**8,807**	**10,369**
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. The post-tax discount rate applied to cash flow projections is 6.0 % (2012: 6.0 %), and the pre-tax discount rate is 8.6 % (2012: 8.6 %). Cash flows for year 2 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 LLC		Total	
in kEUR	2013	2012	2013	2012
CONs with unlimited useful lives	2,866	2,995	2,938	3,071

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. The cash flow forecasts are based on the earnings planning for this business unit, which is based on detailed price and volume amounts. The cash flow projections are extrapolated using a growth rate of two percent. The planning assumptions are based on existing contractual agreements and historical figures. The post-tax discount rate used to forecast cash flow is 5.9 %.

11. Other Financial Assets

in kEUR	2013	2012
Claims from deposit payments – long-term	27	32
Other	261	196
	288	**228**

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, 2013, as in the previous year, the employees of the UMS group had no stock options.

Pensions and other post-employment benefits

The UMS AG'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 € 121k and € 127k for the years ended December 31, 2013 and 2012, respectively.

Contributions to government pension schemes in Germany, which have been classified as multi-employer defined contribution plans, were € 7k in the reporting year (€ 8k in the previous year). These contributions were expensed in the income statement.

13. Inventories

in kEUR	2013	2012
Medical equipment	134	137
Other trade goods	853	883
	987	**1.020**

14. Trade and Other Receivables

in kEUR	2013	2012
Trade receivables	6,217	6,125

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.

At December 31, 2013, trade receivables in a principal amount of € 505k (2012: € 421k) were impaired and fully provided for, claims in a principal amount of € 2,995k were past due but not impaired (2012: € 2,462k). All write-downs are individual write-downs. Movements in the provision for impairment of receivables were as follows:

in kEUR	
At January 1, 2012	**261**
Currency effects	5
Charge for the year	221
Utilized	-66
At December 31, 2012	**421**
Currency effects	-18
Charge for the year	131
Utilized	-29
At December 31, 2013	**505**

At December 31, 2013 the aging analysis of trade receivables was as follows:

in kEUR	Current	31 – 60 days	61 – 90 days	> 90 days	Total
2013	3.222	1.779	834	887	**6.722**
2012	3.663	1.470	395	1.018	**6.546**

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, 2013, the group had unused credit facilities in the amount of € 2,577k (2012: € 4,499k), for which all the necessary prerequisites to drawdown had been met.

16. Issued Capital and Reserves

ISSUED CAPITAL

in kEUR	2013	2012
Ordinary shares of € 1.2345 each	6,016	6,016
Treasury shares of € 1.2345 each	142	142
	5,874	**5,874**

The ordinary shares are fully paid in.

The number of ordinary shares changed as follows:

in kEUR	2013	2012
Ordinary shares at Dec. 31	4,873	4,873
Treasury shares at Dec. 31	115	115
	4,758	**4,758**

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 € 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 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 € 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 buyback 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	2013	2012
Dividend resolved and distributed during the fiscal year		
Dividend for 2012: € 0.55 per share (for 2011: € 0.50 per share)	-2,617	-2,378

18. Interest-bearing Loans and Borrowings

CURRENT

in kEUR	effevtive interest rate as %	Maturity	2013	2012
Obligations under finance leases and hire-purchase contracts	5 – 12 %	2014	888	746
Bank liabilities				
Line of credit in USD	Prime + 0.25 %	2014	616	0
Equipment line in USD	Libor + 2.25 %	2014	556	581
Loans	Libor + floating	2014	306	661
Total			**1,478**	**1,242**

NON-CURRENT

in kEUR	effevtive interest rate in %	Maturity	2013	2012
Obligations under finance leases and hire-purchase contracts	5 – 12 %	2015-2019	1,556	1,647
Bank liabilities				
Equipment line in USD	Libor + 2.25 %	2015-2019	185	775
Loans	Libor + floating	2015-2021	1,939	2,347
Total			**2,124**	**3,122**

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 2014. A further loan relates to the acquisition of Mobile Biopsy, Inc.

19. Accruals/Provisions

in kEUR	Balance at Jan. 1, 2013	Currency transl. adjustm.	Used during the year	Reversed during the year	Made during the year	Balance at Dec. 31, 2013
Outstanding invoices	228	-9	-137	-33	56	105
Legal and consulting fees	128	-1	-67	-60	51	51
Audit fees	137	-5	-132	0	93	93
Damages	230	0	-230	0	60	60
Outstanding vacation	277	-12	0	-13	22	274
Other	155	-6	-149	0	160	160
Total	**1,155**	**-33**	**-715**	**-106**	**442**	**743**

All accruals are current.

20. Trade and Other Payables

	2013	2012
Trade payables	1,078	1,374
Other payables	316	506

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, 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" under current liabilities in the amount of the recognized cost (€ 154k; prior year: € 429k – thereof € 161k long-term).

21. Commitments and Contingencies

Lessee – finance lease

Property leased by the UMS AG 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	2013	2012
Machinery and equipment	10,171	10,058
Accumulated depreciation	7,435	7,203
Net book value	**2,736**	**2,855**

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

in kEUR	2013	2012
Within one year	979	841
After one year but no more than 5 years	1,667	1,758
Total minimum lease obligations	**2,646**	**2,599**
Interest	-202	-206
Present value of future minimum lease payments	**2,444**	**2,393**

Representing finance lease liabilities:

in kEUR	2013	2012
Current	888	746
Non-current	1,556	1,647

Lessee – operating lease

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

Rent expense consisted of the following:

in kEUR	2013	2012
Rent expense	142	74

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

in kEUR	2012	2011
Within one year	197	215
After one year but no more than 5 years	1,003	26
	1,200	**241**

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, 2013, the management of the parent company and its legal advisors were 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, 2013	Earnings 2013
in EUR				
Direct holdings				
UMS (DE) Inc.	Delaware, USA	100 %	15,902,567	2,202,707
Neuromed Italia S.r.l. in liquidazione	Padova, Italy	100 %	n/a	n/a
Indirect holdings				
UMS Canada Inc. [1)]	Niagara Falls / Ontario, Canada	100 %	452,823	47,421
UMS Andover MGMT Inc.[1)]	Westborough / Massachusetts, USA	100 %	114,101	187,944
ASC LP. [1)]	Andover / Massachusetts, USA	100 %	-455	0
Mobile Biopsy Inc. [1)]	Statesville / North Carolina, USA	100 %	2,389,558	137,688
Great Lakes Lithotripsy LLC [1)]	Traverse City / Michigan, USA	25 %	5,800,496	5,274,471
UMS TN LP [1)]	Nashville / Tennessee, USA	51 %	56,256	30,079
Michigan CON LLC [1)]	Dover / Delaware, USA	100 %	1,706,219	475,017
UniMed Mobile MRI LLC [1)]	East Lansing / Delaware, USA	51 %	84,042	11,531
UMS Chile S.A. [1)]	Santiago de Chile, Chile	75 %	1,052,345	3,427
UMS Ecuador S.A. [4)]	Quito, Ecuador	100 %	-83,412	0
UMS Peru S.A.C. [4)]	Lima, Peru	100 %	-35,443	-39,822
UMS Litho Management LLC [1)]	Westborough / Massachusetts, USA	100 %	1,361,411	989,977
UMS Beaver LLC [2)]	Dover / Delaware, USA	20 %	56,712	83,554
UMS CT LP [2)]	Westborough / Massachusetts, USA	40 %	520,479	961,007
UMS Finger Lakes LLC [2)]	New York / NewYork, USA	20 %	16,006	25,433
UMS FL LP [2)]	Westborough / Massachusetts, USA	25 %	338,875	584,727
UMS NE LP [2)]	Framingham / Massachusetts, USA	15 %	151,725	582,046
UMS NH LP [2)]	Westborough / Massachusetts, USA	10 %	163,272	135,625
UMS Westchester LLC [2)]	Dover / Delaware, USA	51 %	50,753	28,172
UMS Smyth County LLC [2)]	Dover / Delaware, USA	25 %	14,220	20,604
UMS South Shore LLC [2)]	Dover / Delaware, USA	20 %	128,487	112,407

Name	Headquarters	Share in capital	Equity Dec. 31, 2013	Earnings 2013
in EUR				
UMS Mishawaka LLC [2)]	Dover / Delaware, USA	25 %	72,413	136,965
UMS Morgantown LLC [2)]	Dover / Delaware, USA	20 %	40,194	72,451
UMS Rochester LLC [2)]	Dover / Delaware, USA	20 %	87,009	187,233
UMS Capital District LLC [2)]	Dover / Delaware, USA	20 %	21,450	33,584
UMS Framingham LLC [2)]	Dover / Delaware, USA	20 %	45,973	58,854
UMS Essex County LLC [2)]	Dover / Delaware, USA	10 %	61,335	113,308
UMS Western MA LLC [2)]	Dover / Delaware, USA	10 %	27,336	34,646
UMS Fairfax LLC [2)]	Dover / Delaware, USA	15 %	92,152	178,504
UMS Bristol County LLC [2)]	Dover / Delaware, USA	15 %	150,086	202,146
UMS Central MA LLC [2)]	Dover / Delaware, USA	15 %	179,537	178,145
UMS Central NJ LLC [2)]	Dover / Delaware, USA	25 %	0	-1,007
UMS Worcester Cty LLC [2)]	Dover / Delaware, USA	25 %	23,679	17,265
UMS Prince William LLC [2)]	Dover / Delaware, USA	20 %	25,558	8,781
UMS Merrimack LLC [2)]	Dover / Delaware, USA	20 %	64,003	85,228
UMS Hampden County LLC [2)]	Dover / Delaware, USA	15 %	10,213	13,564
UMS New Haven LLC [2)]	Dover / Delaware, USA	20 %	38,982	91,368
UMS Pioneer Valley LLC [2)]	Dover / Delaware, USA	20 %	28,074	66,089
UMS Eastern MA LLC [2)]	Dover / Delaware, USA	20 %	125,985	67,840
UMS Jefferson LLC [2)]	Dover / Delaware, USA	20 %	38,171	30,920
UMS Chesapeake LLC [2)]	Dover / Delaware, USA	100 %	696,766	15,301
UMS Chesapeake Lithotripsy LLC [3)]	Dover / Delaware, USA	25 %	651,597	61,204
Heritage Medical Services of Maryland Inc [3) 5)]	Nashville / Tennessee, USA	100 %	169,831	0
Health South of Chesapeake Inc. [3)]	Wilmington / Delaware, USA	100 %	286,282	0

1) The shares are held indirectly through UMS (DE), Inc.
2) The shares are held indirectly through UMS LLC.
3) The shares are held indirectly through UMS Chesapeake, LLC.
4) The shares are held indirectly through UMS Chile S.A.
5) Inactive
6) Deleted in 2013

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. There have been no guarantees provided or received for any related party receivables.

Members of the Management and Supervisory Boards and related party transactions

1. MANAGEMENT BOARD

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

Management Board compensation

(a) In 2013 a total of approximately € 166k was spent for Management Board compensation (previous year: € 171k). A total of € 166 thousand of this amount was not linked to performance (previous year: € 171k). The compensation included no performance-related component.

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

	direct	indirect
Jørgen Madsen	320,965	0

2. SUPERVISORY BOARD

Name	Advisory/Supervisory Board seats held
Wolfgang Biedermann, Hamburg Diplom-Kaufmann (MBA) Managing Director of H.I.G. European Capital Partners GmbH, Hamburg	7S group GmbH, Jena HCS GmbH, Hamburg Losberger GmbH, Bad Rappenau
Dr. h.c. Norbert Heske, Kottgeisering Diplom-Ingenieur Managing Director of BIP Biomed.-Instrumente und Produkte GmbH, Türkenfeld	No further seats
Prof. Thomas J.C. Matzen, Hamburg Diplom-Kaufmann Managing Director of Thomas J.C. Matzen GmbH, Hamburg	Pricap Venture Partners AG, Hamburg KlimaINVEST GmbH & Co. KGaA

Supervisory Board compensations and shareholdings

(a) In 2013 a total of € 70k was spent for compensation of the Supervisory Board. The expenses for this item in 2012 amounted to € 78k.

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

	direct	indirect
Dr. h.c. 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 group does not engage in trading with financial instruments. This was true of fiscal years 2013 and 2012 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
2013		
Euro Zone	+100	0
USD Zone	+100	-65
Euro Zone	-50	0
USD Zone	-50	32
2012		
Euro Zone	+100	0
USD Zone	+100	-44
Euro Zone	-50	0
USD Zone	-50	22

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
2013		
	+10 %	-211
	-10 %	258
2012		
	+10 %	-393
	-10 %	365

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 and available-for-sale financial assets, 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, 2013 credit facilities in a volume of € 2.6 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, 2013 based on contractual undiscounted payments.

YEAR ENDED DECEMBER 31, 2013

in kEUR	Less than 1 year	1 to 5 years	> 5 years	Total
Trade payables	1,078	0	0	**1,078**
Bank liabilities	1,478	1,716	408	**3,602**
Finance leases	888	1,556	0	**2,444**
Other liabilities	316	34	0	**350**

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**

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	**2013**	**2012**
Modified equity	21,723	21,757
Modified total assets	31,231	33,098
Equity ratio	70 %	66 %

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	**2013**	**2012**	**2013**	**2012**
Cash	5,222	6,235	5,222	6,235
Loans and receivables	6,240	6,154	6,240	6,154
Available-for-sale investments	1,145	883	1.145	883

FINANCIAL LIABILITIES

	Carrying amount		Fair value	
in kEUR	**2013**	**2012**	**2013**	**2012**
Trade payables	1,078	1,374	1,078	1,374
Other financial liabilities at amortized cost	6,395	7,373	6,395	7,373

The net gain/loss from financial instruments amounted to:

FINANCIAL ASSETS

	Net gains/losses	
in kEUR	**2013**	**2012**
Cash	8	3
Loans and receivables	-131	-221

FINANCIAL LIABILITIES

	Net gains/losses	
in kEUR	**2013**	**2012**
Financial liabilities	-281	-394

The net gain/loss from the category "loans and receivables" primarily results from write-downs of 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 pursuant to IFRS 13 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 had measured no financial instruments at fair value through profit or loss as of December 31, 2013

25. Hedging Activities and Derivatives

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

26. Events After the Reporting Period

The Mobile Biopsy Inc. was merged (merger agreement as of November 15, 2013) with United Medical Systems (DE) Inc. with effective date as of January 1, 2014.

Hamburg, March 18, 2014

Jørgen Madsen
Chief Executive Officer of UMS AG

Audit Opinion

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

„We have audited the consolidated financial statements prepared by the UMS United Medical Systems International AG, Hamburg, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2013. 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 19, 2014

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 18, 2014

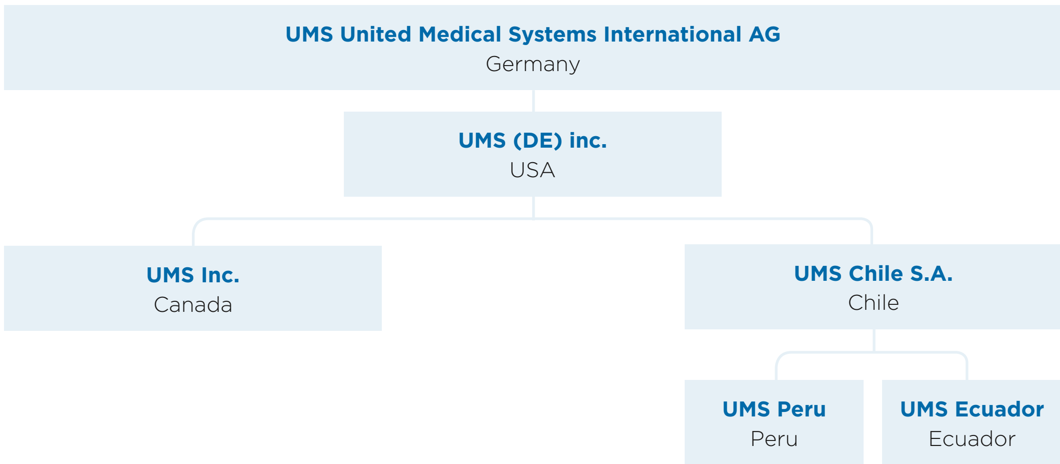
Jørgen Madsen
Chief Executive Officer of UMS AG

List of Abbreviations

ASC LP	Andover Surgery Center LP, Massachusetts, 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 CON LLC	Michigan CON, LLC, Michigan, 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, Deutschland
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	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 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 Eastern MA LLC	UMS Lithotripsy Services of Eastern Massachusetts, LLC, Delaware, USA
UMS Ecuador S.A.	UMS Ecuador Sistemas De Unidades Medicas, Quito, Ecuador
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 Lithotriopsy 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 Hampden County LLC	United Medical Systems Hampden County, LLC, Massachusetts, USA
UMS Jefferson LLC	United Medical Systems Jefferson, LLC, Delaware, USA
UMS Litho Management LLC	United Medical Systems Lithotripsy Management, LLC, Massachusetts, USA
UMS Merrimack LLC	United Medical Systems Merrimack LLC, Delaware, USA
UMS Mishawaka LLC	UMS Lithotripsy Services of Mishawaka, LLC, Delaware, USA
UMS Morgantown LLC	UMS Lithotripsy Services of Morgantown LLC, Tennessee, USA
UMS NE LP	United Medical Systems New England Lithotripsy LP, Massachusetts, USA
UMS New Haven LLC	United Medical Systems New Haven, LLC, Connecticut, USA
UMS NH LP	United Medical Systems New Hampshire Lithotripsy LP, New Hampshire, USA
UMS Peru S.A.C.	United Medical Systems Peru S.A.C., Miraflores, Lima, Peru
UMS Pioneer Valley LLC	UMS Lithotripsy Services of the Pioneer Valley, LLC, Massachusetts, 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 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
UniMed Mobile MRI LLC	UniMed Mobile MRI, LLC, Michigan, 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.
1700 West Park Drive, Suite 410
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

Annual Report 2013	April 15, 2014
3-Month Report 2014	May 15, 2014
Annual Shareholders' Meeting 2014, Hamburg	June 4, 2014
6-Month Report 2014	August 13, 2014
9-Month Report 2014	November 12, 2014
Analyst Conference, Germany Equity Forum, Frankfurt/Main	November 24/25, 2014

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