UMS

UNITED MEDICAL SYSTEMS

SIX-MONTH REPORT
JANUARY 1 TO JUNE 30, 2013

Q2 2013

Key Indicators

in EUR mill.	April 1, to June 30, 2013	April 1, to June 30, 2012	Change as %	Jan. 1, to June 30, 2013	Jan. 1, to June 30, 2012	Change as %
Revenues	10.1	11.1	-9 %	20.1	21.6	-7 %
Gross Profit	5.0	5.5	-9 %	9.7	10.7	-9 %
in %	50 %	50 %		48 %	50 %	
Depreciation and Amortization	0.9	1.1	-18 %	1.9	2.1	-10 %
EBITDA	4.0	4.5	-11 %	7.8	8.9	-12 %
in %	40 %	41 %		39 %	41 %	
EBIT	3.0	3.4	-12 %	5.8	6.8	-15 %
in %	30 %	31 %		29 %	31 %	
Profit for the year	2.6	2.8	-7 %	5.0	5.5	-9 %
in %	26 %	25 %		25 %	24 %	
Earnings per share (in EUR)	0.12	0.15	-20 %	0.24	0.31	-23 %

in EUR mill.	June 30, 2013	June 30, 2012	
Number of employees	215	220	-2 %
Net financial position	-2.5	-0.5	400 %
Total equity	21.2	21.6	-2 %
Outstanding shares (in thousands)	4,758	4,758	0 %
Market Capitalisation	48.2	44.5	8 %

FINANCIAL CALENDAR

Analyst Conference, German Equity Forum, Frankfurt/Main	November 12, 2013
9-Month Report 2013	November 12, 2013
Preliminary Yearend-Results 2013	March 2014
12-Month Report 2013	April 2014
3-Month Report 2014	May 2014
Annual Shareholders' Meeting 2014, Hamburg	June 2014

Contents

Letter to the Shareholders

Dear Shareholders,

UMS AG is in a position to build on its continual growth in recent years following a sluggish start to fiscal 2013. Although we did not quite achieve the same level of revenues and earnings against the previous year in a direct comparison with fiscal 2012, a look back over our long-term development reveals a solid foundation and steady growth. In the second quarter, UMS continued to work hard at improving its ability to neutralize the impact of macroeconomic fluctuations on the business. It did this by taking additional action to make more efficient use of the equipment fleet. These efforts are already making a difference. Moreover, we made further progress preparing some larger projects that will get underway in the third quarter.

In the Urology segment, revenues dropped slightly compared to the previous year. I would like to mention at this point that we do not have any customer attrition or lost treatment days to report. Instead, the lower revenues are a function of how the poor economic climate has impacted the number of cases per day. We are trying to address this issue on the cost side by carefully monitoring fleet deployment plans and expenses. Here, too, we are starting to see results. For example, Urology ended up recording a slight decrease in earnings that was much less than the relative decrease in sales. I believe that we are going to see a good deal more positive earnings momentum in the second half of the year, given the actions taken and projects launched in the first half.

The Gynecology segment has been the most seriously affected by the poor economic climate in the U.S. This situation did not change significantly in the second quarter. Even so, we did not lose any customers or treatment days in this segment. Rather, the number of cases handled per day remained at a lower level. We have already countered some of this effect by introducing our new ultrasound-guided breast biopsy. As with Urology, a look at the segment's earnings shows that our efforts are beginning to have an impact on profit. We believe that we can continue to reduce the decline in sales and further improve profitability in the second half of the year, as we already did in the previous year, by selling equipment and by continuing to promote use of the new biopsy procedure.

Our Radiology business has grown continuously. Here, too, we are on the verge of adding some new major customers. We will see the first gains from these accounts as early as the third quarter.

When looking at the whole of the measures that are now starting to take hold and the variety of new projects in the works, we remain very optimistic for the full year 2013, even if a fair number of measures will require a little more time to get underway. We still expect revenues to increase to between EUR 43 million and EUR 45 million for fiscal 2013. Our forecast for earnings per share is unchanged at EUR 0.60 to EUR 0.65.

As previously announced, a dividend of EUR 0.55 per share was proposed to the shareholders at the annual meeting on June 6, 2013. The dividend was unanimously approved. On behalf of myself and the Supervisory Board, I would like to take this opportunity to sincerely thank you for the confidence you expressed in us by voting unanimously to ratify the acts taken by the boards last year. Each and every one of us appreciates this trust very much.

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.

Jørgen Madsen
Chief Executive Officer

Sincerely,

Jørgen Madsen
CEO

Interim Group Management Report as of June 30, 2013

Earnings Position of the Group and Segments

The sluggish sales trend affecting the Urology and Gynecology segments in the first quarter was brought to a halt in the second quarter. Many areas of the business are showing signs of improvement, and certain projects are nearing completion. Because of this, we continue to expect substantial growth this year.

Earnings per share reached EUR 0.12 in the second quarter of the new fiscal year, against EUR 0.15 last year.

Revenues back on the rise

Consolidated revenues from all operating segments were about EUR 10.1 million in the second quarter of 2013, compared with EUR 10.0 million in the first quarter. The introduction of the new biopsy procedure in the Gynecology segment and gradual roll-out of service to the first group of new customers in the Urology segment are beginning to bear fruit. Compared with the previous year, sales decreased by EUR 1.0 million or 9 % from EUR 11.1 million to 10.1 million. Once again, the effect of the exchange rate on our figures was greater in the quarter under review than the previous quarter. In the second quarter of 2013, the euro was worth an average of USD 1.31; in the same quarter a year ago, it averaged USD 1.28. Adjusted for the exchange rate effect, the decline in sales was EUR 0.6 million or 5 %.

The individual segments performed as follows comparing the second quarter of this year to the second quarter of last year:

			Change	
in kEUR	Q2/2013	Q2/2012	absolute	as %
Urology	7,137	7,809	-672	-9
Gynecology	2,571	2,832	-261	-9
All other segments	434	392	42	11
Revenues	**10,142**	**11,033**	**-891**	**-9**

The individual segments performed as follows comparing the second quarter of this year to the first quarter of this year:

			Change	
in kEUR	Q2/2013	Q1/2013	absolute	as %
Urology	7,137	6,990	147	2
Gynecology	2,571	2,614	-43	-2
All other segments	434	398	36	9
Revenues	**10,142**	**10,002**	**140**	**1**

Urology: Case numbers stabilize

Revenues in the Group's Urology segment decreased in the three-month comparison from EUR 7.8 million in the previous year to EUR 7.1 million in the current fiscal year. Against the previous quarter, revenues again rose by 2 % or EUR 0.1 million from EUR 7.0 million to EUR 7.1 million.

We were not yet able to return to the previous year's positive developments in either of our two Urology treatment fields, the fragmentation and disintegration of kidney stones with the aid of ultrasound technology (lithotripsy) and transportable laser services. However, there has been a stabilization of the case numbers with existing customers. We have rolled out service to a few new customers already, and are about to add more new, major customers soon. In addition, we have taken various organizational steps to become more cost-efficient. Looking back at the previous quarter, it is clear that these efforts are beginning to pay off. In view of these recent developments and the measures we have taken, we expect business to pick up for the remainder of the year.

Gynecology: Measures making a difference

We have not yet fully reversed the negative trend affecting the Gynecology business in recent months. Revenues in this segment fell by EUR 0.2 million, from EUR 2.8 million in the previous year to EUR 2.6 million in the quarter just ended, for a decrease of 9 %. Adjusted for the exchange rate effect, the decline in sales would have been EUR 0.1 million less. Nevertheless, the business is stabilizing compared to the previous quarter. After EUR 2.6 million in the first quarter, we also generated revenues of EUR 2.6 in the second quarter. It is also evident in the case numbers that the downward trend has stopped. On average, 3.17 treatments were performed per day in the first quarter versus 3.18 in the second quarter. Use of the new biopsy procedure has contributed significantly to this welcome result.

Renewed growth in Radiology

Treatment numbers in our mobile MRI radiology diagnostics division, which is the largest among our remaining operating segments, started to climb again, with the business achieving revenue growth of 11 %. With the improved capacity utilization, this effect went straight to the bottom line.

Analysis of the income statement

Gross profit decreased by EUR 0.5 million or 9 % to EUR 5.0 million, against EUR 5.5 million the year before. Adjusted for the exchange rate effect, the decrease would have been EUR 0.3 million or 5 %. Compared to the previous quarter, gross profit increased by EUR 0.3 million.

Selling and administrative expenses were down 4 % compared to the previous year. This made for another slight improvement in the EBIT and EBITDA margins compared to the first quarter, from 28 % and 38 % at March 31, 2013 to 30 % and 40 % at June 30, 2013. These figures are still shy of the 31 % and 41 % from the same period a year ago. However, some measures did not affect the entire quarter. Moreover, in some cases their implementation resulted in added expense.

This slight improvement in EBIT had only a minimal impact on the profit for the quarter. Since the business encompasses a number of subsidiaries, most of them in the U.S., the slight improvement in earnings was largely offset by tax effects. Accordingly, net income fell by EUR 0.3 million or 11 %, from EUR 2.8 million to EUR 2.5 million.

The share of net income attributable to non-controlling interests – i.e., our urology partners – was unchanged at EUR 1.9 million.

This left the share of net income attributable to the shareholders of UMS AG at EUR 0.6 million. This figure is EUR 0.1 million higher than the first quarter of 2013 and EUR 0.1 million lower than the comparable period a year ago.

Financial Condition and Assets and Liabilities

The UMS Group remains in good financial condition with a healthy balance sheet showing very few changes. As with items reported in the income statement, items on UMS AG's balance sheet are initially affected by movement in the EUR/USD exchange rate as of the reporting date. Whereas the entries were translated at the rate of 1.32 dollars for every euro at the end of 2012, the exchange rate as of June 30, 2013 was 1.31 dollars for every euro. The resulting impact on the balance sheet was therefore negligible.

Current assets decreased from EUR 14.1 million at the beginning of the year to EUR 12.6 million, for a modest difference of EUR 1.5 million. The main reason for this change was the dividend of EUR 2.6 million paid in June 2013.

At EUR 18 million, non-current assets were EUR 0.9 million below their level at the beginning of the year. This was mostly attributable to a low level of investment activity relative to depreciation and amortization for the period.

At EUR 5.0 million as of the end of the second quarter of 2013, the volume of current liabilities reported was unchanged compared to the beginning of the year.

The net financial position was at a low level, at EUR -2.5 million. The EUR 2.0 million change compared to Q1 is primarily the result of the dividend UMS paid on June 6, 2013.

Equity was EUR 20.2 million as of June 30 of this year, which put the equity ratio at 66 %. The slight decrease from 69 % and EUR 22.6 million at the end of the first quarter of 2013 was attributable to the use of the EUR 2.6 million in distributable profit for payment of the dividend.

Due to the sharp reduction in short-term, non-interest-bearing liabilities in the first quarter, the net cash provided by operating activities was EUR 2.1 million less than in the previous year, having dropped from EUR 7.2 million in the second quarter of 2012 to EUR 5.1 million in the quarter just ended.

Our cumulative financing activities in the first six months of 2013 led to a net outflow of EUR 6 million (previous year: EUR 7.7 million). The dividend payment made in the second quarter of 2013 was a key factor here, as well.

Forecast, Opportunities an Risk Report

The Company has no information that would result in a change in the material forecasts and other statements provided in the last Group management report regarding the Group's development during the fiscal year. The statements made in the 2012 Annual Report on the opportunities and risks of the business model remain unchanged.

Outlook

The first half of 2013 proceeded as expected. Several things have been initiated on the operational side of the business, as well as in sales and administration. Additionally, a few new projects are up and running, and others are nearing completion. The results of these efforts are not yet or not fully reflected in our figures. We expect our actions to take full effect in all areas in the second half of the year.

That being the case, we are standing by our forecast of consolidated revenues between EUR 43 million and EUR 45 million for fiscal year 2013. We continue to expect earnings per share of between EUR 0.60 and EUR 0.65.

Consolidated Balance Sheet

as of June 30, 2013 and December 31, 2012

ASSETS

in kEUR	06/30/2013	12/31/2012
Current assets		
Cash and cash equivalents	4,839	6,235
Trade accounts receivable	6,002	6,125
Inventories	693	1,020
Prepaid expenses and other current assets	1,100	699
Total current assets	**12,634**	**14,079**
Non-current assets		
Property, plant and equipment	7,396	8,111
Intangible assets	9,880	10,369
Other fiancial assets	546	228
Goodwill	74	74
Deferred taxes	93	93
Total non-current assets	**17,989**	**18,875**
Total assets	**30,623**	**32,954**

LIABILITIES AND EQUITY

in kEUR	06/30/2013	12/31/2012
Current liabilities		
Trade accounts payable	668	1,374
Liabilities due to banks	2,514	1,242
Leasing obligations	738	746
Other current liabilities	202	506
Other accrued expenses	871	1,155
Total current liabilities	**4,993**	**5,023**
Non-current liabilities		
Liabilities due to banks	2,694	3,122
Leasing obligations	1,361	1,647
Other non-current liabilities	56	190
Deferred taxes	1,367	1,359
Total non-current liabilities	**5,478**	**6,318**
Equity		
Share capital	5,874	5,874
Additional paid-in capital	8,340	8,340
Cumulative translation adjustment	-5,216	-5,365
Accumulated gain	4,626	6,103
Equity attributable to parent company	**13,624**	**14,952**
Non-controlling interests	6,528	6,661
Total equity	**20,152**	**21,613**
Total liabilites and equity	**30,623**	**32,954**

Consolidated Income Statement

for the period January 1 - June 30, 2013 and 2012

in kEUR	06/01 to 06/30/2013	01/01 to 06/30/2012
Revenues	20,143	21,574
Cost of revenues	-10,441	-10,861
Gross profit	**9,702**	**10,713**
Distribution and selling expenses	-1,379	-1,435
General and administrative expenses	-2,502	-2,624
Other operating income and expenses	-1	131
Operating result	**5,820**	**6,785**
Interest income	6	2
Interest expenditure	-138	-214
Result before taxes and non-controlling interests	**5,688**	**6,573**
Other taxes	0	0
Income taxes	-737	-1,019
Profit for the period	**4,951**	**5,554**
attributable to Equity holders of the parent	1,141	1,441
attributable to Non-controlling interests	3,810	4,113

Net income per share	in EUR	
Net income per share (basic)	0.24	0.31
Net income per share (diluted)	0.24	0.31

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

Consolidated Statement of Comprehensive Income

for the period January 1 – June 30, 2013 and 2012

in kEUR	04/01 - 06/30/2013	04/01 - 06/30/2012	01/01 - 06/30/2013	01/01 - 06/30/2012
Profit for the year	**2,528**	**2,819**	**4,951**	**5,554**
Exchange differences on translation of foreign operations	-340	902	149	578
Total comprehensive income for the year, net of tax	**2,188**	**3,721**	**5,100**	**6,132**
thereof attributable to non-controlling interests	1,936	2,123	3,811	4,113

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

Consolidated Statement of Changes in Equity

in kEUR	Share capital	Additional paid-in capital
Balance January 1, 2012	**6,016**	**8,340**
Buy-Back of own shares	-142	-
Comprehensive income	-	-
Distribution in subsidiaries	-	-
Distribution in shares (Dividend 2013)	-	-
Balance June 30, 2012	**5,874**	**8,340**
Balance January 1, 2013	**5,874**	**8,340**
Buy-Back of own shares	-	-
Comprehensive income	-	-
Distribution in subsidiaries	-	-
Distribution in shares (Dividend 2013)	-	-
Balance June 30, 2013	**5,874**	**8,340**

Currency translation adjustment	Accumulated gain/deficit	Equity parent company	Non-controlling interests	Total equity
-5,270	**6,687**	**15,773**	**6,473**	**22,246**
-	-592	-734	-	-734
578	1,441	2,019	4,113	6,132
-	-	-	-3,558	-3,558
-	-2,378	-2,378	-	-2,378
-4,692	**5,158**	**14,680**	**7,028**	**21,708**
-5,365	**6,103**	**14,952**	**6,661**	**21,613**
-	-	-	-	-
149	1,141	1,290	3,810	5,100
-	-	-	-3,944	-3,944
-	-2,617	-2,617	-	-2,617
-5,216	**4,627**	**13,625**	**6,527**	**20,152**

Consolidated Cash Flow Statement

for the period January 1 - June 30, 2013 and 2012

in kEUR	01/01 to 06/30/2013	01/01 to 06/30/2012
Profit for the year	**4,951**	**5,554**
Adjustment to reconcile profit for the year to net cash flows		
Profit (-) / Loss (+) from sale of equipment	0	-58
Depreciation on property, plant and equipment	1,314	1,396
Depreciation on intangible assets	577	726
Change in deferred taxes, net	7	125
Working Capital adjustments		
Increase (-) / Decrease (+) in trade receivables	123	563
Increase (-) / Decrease (+) in prepaid expenses and other current assets	-734	-676
Increase (-) / Decrease (+) in inventories	327	-24
Increase (+) / Decrease (-) in trade payables	-704	177
Increase (+) / Decrease (-) in liabilities related to taxes	-105	0
Increase (+) / Decrease (-) in other accrued expenses and current liabilities	-619	-565
= Net cash provided by operating activities	**5,137**	**7,218**
Purchases of property, plant and equipment, net of finance leasing	-243	-534
Proceeds from the sale of equipment	17	182
= Net cash used in investing activities	**-226**	**-352**

in kEUR	01/01 to 06/30/2013	01/01 to 06/30/2012
Payments for Buy-Back of own shares	0	-734
Dividends paid to shareholders	-2,617	-2,378
Dividends paid to non-controlling interests	-3,944	-3,558
Repayments to bank (long term)	844	-665
Net Change in Lease liabilities	-294	-332
Proceeds from long term debt due to banks	0	0
Repayments to bank (short term)	0	0
= Net cash used in financing activities	**-6,011**	**-7,667**
Net effect of currency translation in cash and cash equivalents	-297	585
Net increase/decrease in cash and cash equivalents	**-1,397**	**-216**
+ Cash and cash equivalents at beginning of the period	6,235	5,889
= Cash and cash equivalents at end of period	4,838	5,673
Relevant non-cash transactions		
Purchases of property, plant and equipment financed by finance lease	-35	-210

Notes

to the quarterly financial report as of June 30, 2013

1. Accounting policies

Like the consolidated financial statements for the 2012 fiscal year, the interim report for the period ended June 30, 2013 was prepared in accordance with the International Financial Reporting Standards (IFRS) that are applicable and required to be adopted.

The following information should be read in conjunction with the audited consolidated financial statements, accompanying notes, and management report for the 2012 fiscal year contained in our annual report.

For the purpose of interim reporting, the same accounting policies as those explained in the notes to the 2012 annual financial statements and, additionally, IAS 34 "Interim Financial Reporting" have been applied. The UMS Group has also adopted new or revised Standards that are binding for the reporting period. The new or revised Standards have not had any material impact on the interim report of UMS AG.

2. Changes in the Group

The Group companies included in the consolidated financial statements remain unchanged compared with December 31, 2012.

3. Segment reporting

The following tables provide an overview of the revenues and the result of the segments of the UMS Group for the first half of 2013 and the first half of 2012. The segment reporting of the UMS Group follows the management approach, which means that it is based on internal organizational and reporting structures.

SEGMENT REVENUES

in kEUR	1 HY 2013	1 HY 2012
Urology	14,127	14,020
Gynecology	5,185	5,709
All other segments	831	1,845
Total segment revenues	**20,143**	**21,574**

SEGMENT RESULTS

in kEUR	1 HY 2013	1 HY 2012
Urology	4,713	4,795
Gynecology	907	1,175
All other segments	225	590
Total segment results	**5,845**	**6,560**

The UMS Group used the segment result as a key indicator of performance from the standpoint of UMS AG's shareholders. 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:

RECONCILIATION FROM THE CUMULATIVE RESULT OF THE SEGMENTS TO THE GROUP'S RESULT FOR THE PERIOD

in kEUR	1 HY 2013	1 HY 2012
Cumulative result of the reportable segments	5,845	6,560
Non-controlling interests in the segment result	3,810	4,113
Selling expenses	-1,379	-1,435
General and administrative expenses	-2,502	-2,624
Other operating income and expenses	1	131
Other reconciliation to the Group	45	40
Group EBIT	**5,820**	**6,785**
Financial result	-132	-212
Taxes	-737	-1,019
Consolidated profit for the period	**4,951**	**5,554**

4. Distributed dividend

Dividend resolved and distributed during the fiscal year:

in kEUR	1 HY 2013	1 HY 2012
Dividend for 2012: EUR 0.55 per share (for 2011: EUR 0.50 per share)	-2,617	-2,378

5. Events after the balance sheet date

There have been no post-balance-sheet events that could have a material effect on the Company's financial position, assets and liabilities or results of operations and would thus have to be reported here.

6. Shares held by board members

	No. of shares	
Name	**direct**	**indirect**
Management Board		
Jørgen Madsen	320,965	0
Supervisory Board		
Wolfgang Biedermann	0	397,214
Dr. h. c. Norbert Heske	48,703	48,703

Imprint

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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.

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