



UMS United Medical Systems International AG i. L.

Financial Report

May 1, 2017 to April 30, 2018

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Letter to the Shareholders

Dear Shareholders:

In the past fiscal year, we took one important step closer to the end of our liquidation, which has now gone on for three years. First, we successfully completed the special VAT audit. The tax appeals board body completely agreed with our position and refunded all of our claims. We will also be paid interest of €98k on the input taxes that were withheld by the tax authorities.

On May 23, 2017, the Hamburg Court of Appeals handed down its ruling in the appeal against our former tax advisor, Ebner Stolz. This ruling fully upheld the trial court's decision that the tax advisors are required to pay damages to the Company for the full extent of the harm. Initially, leave to appeal the trial court's judgment was not granted, and as a result, Ebner Stolz filed a complaint with the Federal Supreme Court for failure to grant leave to appeal. This complaint caused the proceedings to drag on even longer. In an order dated April 19, 2018, the Federal Supreme Court rejected this complaint, as expected, and in response, we asserted our claim for a total of €534k against Ebner Stolz. Ebner Stolz is currently reviewing the amount of our claim, so that we cannot yet say that the proceedings are finally over.

Although the liquidation was originally expected to take 18 months, we are now entering the fourth year of liquidation. Unfortunately, we must again adjust the liquidation provision, adding €416k to it, which should cover the period until the end of the year. Naturally we are trying to end the liquidation as quickly as possible. If we are able to settle the dispute with Ebner Stolz quickly, nothing more will stand in the way of winding up the company for good.

I would also like to thank everyone for their hard work and for their confidence and support in this third year of liquidation

signed Jørgen Madsen

Liquidator

Report of the Supervisory Board 2018

In the fiscal year from May 1, 2017 to April 30, 2018, the Supervisory Board again performed with due care the supervisory and advisory duties assigned to it by law and under the articles and bylaws. The members of the Supervisory Board during the reporting period were Wolfgang Biedermann (Chairman of the Supervisory Board), Prof. Dr. h.c. Thomas J.C. Matzen (Deputy Chairman of the Supervisory Board) and Dr. h.c. Norbert Heske. There were no changes in the composition of the Supervisory Board.

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

The Liquidator reported to us on a regular basis concerning all issues material to the Company. During the period under review, we also particularly focused our attention on the liquidation and the progress of the plans to distribute existing liquidity to our shareholders as quickly as possible.

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

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

One meeting of the Supervisory Board was held in fiscal year 2017/18. All Supervisory Board members were present at this meeting. In addition, business was discussed in conference calls, in which individual members of the Supervisory Board and the Liquidator took part.

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. 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 the reporting period, 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 the Liquidator that had to be disclosed immediately to the Supervisory Board.

Issues discussed at meetings of the full Supervisory Board

At the meeting to discuss the financial statements held on June 21, 2017, we primarily discussed the Company's annual financial statements for the fiscal year from May 1, 2016 to April 30, 2017. After thoroughly examining the Company's annual financial statements for the fiscal year from May 1, 2016 to April 30, 2017 prepared in accordance with the German Commercial Code, the Supervisory Board approved them unanimously. We also adopted the Supervisory Board Report for 2017. At this meeting, we further adopted the agenda for the annual meeting of the shareholders of UMS AG on December 11, 2017 along with the proposed resolutions of the Supervisory Board, including a proposal for the election of the financial statement auditor for the fiscal year from May 1, 2017 to April 30, 2018. In this connection the Supervisory Board also dealt with the engagement of the auditor and the main points of the audit. It was agreed with the auditor that the auditor would inform the Supervisory Board immediately of any grounds for exclusion or partiality that may arise during the audit, unless such grounds are eliminated immediately. Furthermore, we agreed with the auditors that they would inform us without delay of all findings and events material to the duties of the Supervisory Board which arise during the performance of the audit and inform us if, during the performance of the audit, they discover facts that reveal an inaccuracy in the declaration of conformity issued by the liquidator and the Supervisory Board.

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 were no reasons to change the existing compensation system for the liquidator in the fiscal year 2017 / 2018.

Corporate Governance Code

The Supervisory Board regularly discussed the application of corporate governance principles. In addition, the liquidator and the Supervisory Board issued the annual declaration of compliance with the German Corporate Governance Code on November 6, 2017. 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.

Financial statement audit

The annual financial statements prepared by the liquidator in accordance with the German Commercial Code at April 30, 2018 and the report on the position of the Company for the fiscal year from May 1, 2017 to April 30, 2018 were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg office. The audit assignment was awarded by the Supervisory Board in accordance with the resolution of the shareholders at the annual meeting on December 11, 2017. 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 primarily on accounting for assets and liabilities under the premise of the dissolution of the company as of April 30, 2015 with subsequent liquidation

The audited annual financial statements were the main topic of the Supervisory Board meeting on June 19, 2018. All Supervisory Board members received the annual financial statement documents along with the management report, the audit report, and all other materials and meeting reports, sufficiently in advance of this meeting. These documents were discussed in detail at the Supervisory Board meeting on June 19, 2018. The Company's financial statement auditor 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 auditor was 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 liquidator and the auditors and a thorough examination of the auditors' report and on the basis of our own review and discussion of the financial statements and the management report, we concurred with the results of the auditors' audit of the financial statements and the management report for the Company, and determined that, based on the final result of our own review, no objections needed to be raised. At its meeting on 19 June 2018, the Supervisory Board approved the annual financial statements prepared by the liquidator and the management report for the company.

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

Hamburg, June 19, 2018

signed

Wolfgang Biedermann

Chairman of the Supervisory Board

The UMS Share

The price of UMS shares during the past fiscal year was materially influenced by investors' expectations regarding the final distribution after liquidation and the time horizon in which the liquidation of UMS AG will be concluded. As a result, the share price started at €0.43 per share on May 1, 2017 and closed at €0.64 per share on April 30, 2018. The high was € 0.65 per share and the low was € 0.29 per share.

Key Information about the UMS Share

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

The shareholder structure at April 30, 2018 was as follows:

Thomas J.C. Matzen GmbH, Hamburg	25.00 percent
Treasury shares	9.99 percent
Internationale Kapitalanlagegesellschaft	9.97 percent
Marina Bello-Biedermann	5.67 percent
Liquidator	6.75 percent
Supervisory Board	1.39 percent
Free float	41.22 percent

UMS AG practices open and transparent communication with the capital market, providing information on a regular basis. People are very interested in UMS AG. Accordingly, the liquidator met individually with investors.

Detailed up-to-date 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 liquidator and the Supervisory Board as required by Section 161 of the German Stock Corporation Act.

Capital Market Figures

(in EUR)	<u>2017/ 2018</u>
Stock exchange price (closing prices)	
- High	0.65
- Low	0.29
Fiscal year end	0.64
Number of shares (fiscal year end, in millions)	4,757
Market capitalization (fiscal year end, in million EUR)	2.74
Earnings per share (in EUR)	-0.02

How to contact the investor relations team

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Interim Management Report

Basic Information about the Company

UMS International AG is a corporation listed in the Prime Standard segment of Deutsche Börse AG. The Company sold its interest in United Medical Systems (DE), Inc. and thus essentially all its assets on August 14, 2014. The shareholders agreed to this sale at the special meeting held on September 25, 2014. The agreement was consummated on November 11, 2014. Now that the assets have been sold, the purpose of the Company is to manage its own assets.

On April 27, 2015, the shareholders resolved to dissolve the Company as of April 30, 2015. The liquidator is the former CEO Jørgen Madsen.

Economic Report

Results of operations of UMS AG

The annual financial statements for the period from May 1, 2017 to April 30, 2018 were significantly affected by the liquidation of the company. All expenses in connection with the liquidation should be covered by the liquidation provision set up in the financial statements for the short fiscal year ended April 30, 2015. However, the long delays caused by the legal proceedings against the former tax consultant Ebner Stolz, as well as the protracted special VAT audit, made it necessary to increase this provision once again by €416k. The appeal proceedings won in the special VAT audit had a positive effect, resulting in the reversal of write-downs and provisions totaling €243k.

The net interest income of UMS AG, i.e., the balance of interest expense and interest income, amounted to €98k, following €6k in the previous year. This reflects the interest income from the appeal that the Company won in connection with the special VAT audit.

Altogether, the results from ordinary activities amount to €-75k, following €6k in the previous fiscal year.

Assets and Liabilities of UMS AG

Receivables and other assets fell from €1.2 million in the previous fiscal year to €90k this year. This primarily resulted from the special VAT audit that was resolved in our favor. The other receives now relate to current input VAT from the VAT returns and a rent deposit.

Accordingly, cash in banks amounts to €2.7 million, or €0.63 per share, up from €1.8 million, or €0.41 per share in the previous year.

Issued Capital and Reserves

Following a loss of €-75k, or €-0.02 per share, the capital fell from €2.4 million, or €0.57 per share, to €2.3 million, or €0.55.

Net loss

The net accumulated loss of UMS AG amounts to €1.8 million, or €0.41 per share, following €1.7 million, or €0.39 per share in the previous year.

Equity

This results in equity of €2.3 million, or €0.55 per share, following €2.4 million, or €0.57 per share in the previous year.

Financing and securing liquidity

Pursuant to the resolution to dissolve the Company, the Company has ceased doing business. The liquidity resulting from the sale is to be distributed to the shareholders as quickly as possible and UMS AG is to be liquidated. Since then the Company has distributed a total of €49.6 million, in several tranches. The Company has also carried out a share buyback program, in the course of which the Company bought back 475,609 shares at a price of €10.50 per share. This resulted in an additional payment to participating shareholders of €5.0 million. In addition, following the shareholders' meeting in April 2015, the Company distributed a dividend of €7.53 per share, for a total of €32.2 million. Im Geschäftsjahr 2016/2017 wurden in zwei Tranchen weitere 12,4 Mio. €, 2,90 € je Aktie ausgeschüttet. The remaining liquidity is time deposits to cover the ongoing expenses until the Company is extinguished.

Number of employees

In addition to the sole liquidator Jørgen Madsen, the Company employs one full-time employee.

Compensation systems

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

The annual fee of the liquidator consists of a meeting fee of €1,000 per day on which the liquidator participates in meetings on behalf of the Company.

The employment agreement does 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.

Report on Opportunities and Risks

Risk management adapted to the new structure

Since the Company has been dissolved, it has ceased doing business. There are therefore no longer any operational risks. In addition to the liquidator, the Company has one employee. Until the Company is finally liquidated, their activities will be limited to complying with the mandatory post-listing requirements due to the UMS AG share's listing on the stock exchange and to winding up the Company. The statements on risk management should be read with this background in mind.

Financial risks

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

Moreover, the liquidator and the Supervisory Board are in regular contact to discuss the progression of the liquidation and any unplanned costs that could result in earnings risks and thus reduce the amount distributable to shareholders.

The Company seeks to offset foreign exchange and interest rate risks by investing its cash in time deposits in euros.

Company's continued existence secured

The overall risk situation at UMS AG is therefore limited to the fact that increased costs could reduce the distributable amount and that cash might be needed at a time other than when the time deposits mature, which could also reduce the distributable amount. There are no risks that could endanger the Company's existence. There are also no risks discernible that could endanger the Company's existence in the future.

Report on the Accounting-Related Internal Control System and Risk Management System Pursuant to § 289 (5) 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:

UMS AG is structured simply and clearly. The liquidator assumes overall responsibility for the aspects of the internal control and risk management system relating to the accounting process at UMS AG.

Coordinated planning, reporting and control processes that are appropriately documented exist 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.

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.

Takeover-Relevant Disclosures

The following presents the takeover disclosures required by § 289 (4) of the German Commercial Code (HGB) as of April 30, 2018.

The Company's subscribed capital amounts to €6,016,261. It is divided into 4,757,668 no-par-value shares, each theoretically representing approximately €1.26 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).

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

According to the disclosure by Thomas J. C. Matzen GmbH, Hamburg, 25.0% of the voting rights are attributable to that company. This means that the company also owns that percentage of the Company's capital. To the liquidator's knowledge, there are no further direct or indirect interests in the capital that exceed 10% of the voting rights.

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

Employee investors have no voting right control over the capital.

The liquidator is 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 liquidator 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).

The liquidator may issue new shares on the basis of shareholders' resolutions.

The Company's capital is no longer conditionally increased.

Pursuant to the shareholders' resolution of May 31, 2012, the liquidator 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.

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

Declaration on Corporate Governance

The liquidator and the Supervisory Board of UMS AG have issued and made publicly available the Corporate Governance Declaration stipulated by § 289f 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 liquidator's and the Supervisory Board's procedures, the declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG) and disclosures on material corporate management practices.

Hamburg, June 12, 2018

UMS United Medical Systems International AG i.L.

Liquidator

signed Jørgen Madsen

UMS United Medical Systems International AG i.L., Hamburg
Balance Sheet as of April 30, 2018 and April 30, 2017

ASSETS	2018 €	2017 €
A. Non-current assets		
Tangible Assets		
Other Equipment	0,00	45,86
	0,00	45,86
B. Current Assets		
I. Receivables Trade and other Receivables		
Other Receivables	90.025,93	1.244.033,11
thereof due after more than one year		
€ 0.00 (PY € 21,909.76)		
	90.025,93	1.244.033,11
II. Cash, Cash in Banks	2.703.760,25	1.761.700,71
	2.703.760,25	1.761.700,71
C. Deferred Charges and Prepaid Expenses	0,00	14.176,04
	0,00	14.176,04
	2.793.786,18	3.019.955,72

UMS United Medical Systems International AG i.L., Hamburg
Balance Sheet as of April 30, 2018 and April 30, 2017

EQUITY AND LIABILITIES		2018	2017
		€	€
A. Equity			
I. Common Stock	Share Capital	6.016.261,00	6.016.261,00
	Treasury Shares	601.426,56	601.426,56
		-----	-----
		5.414.834,44	5.414.834,44
II. Capital Reserve		0,00	0,00
III. Distribution on expected Liquidation Proceed		-1.297.622,28	-1.297.622,28
IV. Accumulated loss		-1.774.070,58	-1.698.766,80
		<u>2.343.141,58</u>	<u>2.418.445,36</u>
B. Provisions and Accruals			
	Other Accruals	430.201,00	597.825,84
		<u>430.201,00</u>	<u>597.825,84</u>
C. Liabilities			
	Trade Accounts payables thereof due within one year € 22,443.60 (PY € 3,684.52)	20.443,60	3.684,52
		<u>20.443,60</u>	<u>3.684,52</u>
		<u>2.793.786,18</u>	<u>3.019.955,72</u>

UMS United Medical Systems International AG i.L., Hamburg
Income Statement for the Period from Mai 1. 2017 to April 30. 2018
and May 1. 2016 to April 30. 2017

	2017 / 2018	2016 / 2017
	€	€
	<hr/>	<hr/>
1. General and Administrative Expenses	-45,86	-357,60
2. Other operating Income	243.345,60	0,00
3. Other operating Expenses	-416.384,35	0,00
4. Interest Expenses	-182,23	0,00
5. Interest and similar Income	97.963,06	5.953,23
6. Result from ordinary Operations	<hr/> -75.303,78	<hr/> 5.595,63
7. Loss / Profit for the Period	<hr/> -75.303,78	<hr/> 5.595,63
8. Loss Carried Forward	-1.698.766,80	-1.704.362,43
9. Accumulated loss	<hr/> -1.774.070,58 <hr/>	<hr/> -1.698.766,80 <hr/>

UMS United Medical Systems International AG i.L., Hamburg
Cash Flow Statement for the Period from May 1. 2017 to April 30. 2018
and May 1. 2016 to April 30. 2017

	<u>2017 / 2018</u>	<u>2016 / 2017</u>
	€	€
Loss / Profit for the period	-75.304	5.596
Adjustment to reconcile profit for the year to net cash flows:		
.Depreciacion fixxed assets	46	358
Working Capital adjustments:		
Increase(-)/Decrease(+) in Prepaid expenses and other current assets	1.168.183	-794.705
Increase(+)/Decrease(-) in trade payables	16.759	-3.885
Increase(+)/Decrease(-) in other accrued expenses and current liabilities	-167.625	-430.074
= Net cash provided by operating activities	942.060	-1.222.710
Distributions	0	-12.417.971
= Net cash used in financing activities	0	-12.417.971
Net increase/decrease in cash and cash equivalents	942.060	-13.640.681
+ Cash and cash equivalents at beginning of the period	1.761.701	15.402.382
= Cash and cash equivalents at end of period	2.703.760	1.761.701
Additional information on cash flows		
Payments for interest	182	0
Proceeds from interest	97.735	4.120
Payments for taxes on income	0	1.476

UMS United Medical Systems International AG i. L., Hamburg
Statement of Changes in Equity

	Share Capital €	Own Shares €	Additional Paid-in Capital €	Distribution on expected Liquidation Proceed €	Accumulated gain/deficit €	Total Equity €
Balance May 1, 2016	6.016.261	601.427	11.120.349	0	-1.704.362	14.830.820
Comprehensive Income					5.596	5.596
Distributions			-11.120.349	-1.297.622		-12.417.971
Balance April 30, 2017	6.016.261	601.427	0	-1.297.622	-1.698.767	2.418.445
Balance May 1, 2017	6.016.261	601.427	0	-1.297.622	-1.698.767	2.418.445
Comprehensive Income					-75.304	-75.304
Balance April 30, 2018	6.016.261	601.427	0	-1.297.622	-1.774.071	2.343.141

Notes

General Information

The annual financial statements for the fiscal year from May 1, 2017 to April 30, 2018 were prepared according §§ 242 ff and 264 ff of the German Commercial Code as and using the provisions of the German Stock Corporation Act (AktG) as well as the statutory provisions. The Company is capital market oriented within the meaning of § 264d of the German Commercial Code and is therefore considered a large corporation under § 267(3) of the German Commercial Code.

The income statement has been prepared using the cost of sales method.

At their annual meeting on April 27, 2015, the shareholders adopted a resolution to dissolve the Company at the end of April 30, 2015.

Commercial Register

The Company is registered in Hamburg as UMS United Medical Systems International AG i.L. at the District Court Hamburg, No. HRB 77638.

Summary of Significant Accounting Policies

In view of the resolution to dissolve the Company, the accounting policies are no longer based on the going concern principle. Pursuant to § 270 (2) sentence 3 of the German Stock Corporation Act (AktG), the assets and liabilities were therefore mainly measured at their liquidation values in the financial statements at April 30, 2017.

The principles of the opinion of the Auditing and Accounting Board of the Institute of Public Auditors in Germany of June 10, 2011 (IDW RS HFA 17) were taken into account, particularly with respect to the inclusion of all value-clarifying information as of the balance sheet date. The principles of the opinion of the Auditing and Accounting Board of the Institute of Public Auditors in Germany of June 10, 2011 (IDW RS HFA 17) were taken into account, particularly with respect to the inclusion of all value-clarifying information as of the balance sheet date. Despite the long value clarification period, these financial statements contain forward-looking valuations and disclosures that are based on assumption, expectations and estimates, with the related risks and uncertainties.

Intangible and tangible assets acquired for valuable consideration

Intangible and tangible assets acquired for valuable consideration are recorded at cost. They are depreciated and amortized on the basis of their expected useful lives. Depreciation and

amortization is computed on a straight-line basis. Write-downs to lower fair market value were also taken where necessary.

Receivables and other assets

Receivables and other assets are recorded at the lower of their principal amount or their fair value as of the balance sheet date.

Accruals

The other accruals are carried at the settlement amount (i.e. including future costs and price increases) that is deemed necessary under reasonable commercial judgment to cover all threatened losses and contingent liabilities as of the balance sheet date, particularly those related to the dissolution of the Company.

There are no non-current provisions on the balance sheet. The Company therefore has not discounted any provisions at market interest rates.

Trade and Other Payables

Liabilities are recorded at their fulfillment or repayment amounts.

Current assets and liabilities are translated at the rate prevailing on the balance sheet date. Current assets and liabilities are translated at the rate prevailing on the balance sheet.

Notes to the Financial Statements

Fixed Assets

Property, Plant and Equipment

	Acquisition- and Production Costs				
	01.05.2017	Additions	Disposals	Umbuchungen	30.04.2018
	€	€	€	€	€
Other fixed Assets and Office Equipment	27.782,17	0,00	0,00		27.782,17
	27.782,17	0,00	0,00		27.782,17

01.05.2017	Accumulated Depreciation		30.04.2018	Book Value	
	Additions	Disposals		30.04.2018	30.04.2017
€	€	€	€	€	€
27.736,31	45,86	0,00	27.782,17	0,00	45,86
25.165,29	45,86	0,00	27.782,17	0,00	45,86

Equity

The Company's share capital is €6,016,261.00, the same as the previous year, and is divided into 4,757,668 no-par-value bearer shares with a notional interest in the share capital of approximately €1.26 each.

The calculation of the distributable profit is presented in the income statement.

The liquidator is further 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 3, 2019, by issuing new bearer shares without par value, in exchange for cash and/or in-kind contributions.

Accruals

Other Accruals/Provisions

	1.5.2017	30.4.2018
	€	€
Risk from Tax Field Audit VAT	181.747,64	0,00
Annual General Meeting and Supervisory Board	115.844,36	65.000,00
Audit	25.000,00	40.000,00
Other Liquidation costs	275.233,84	325.201,00
	597.825,84	430.201,00

Other Accruals and Provisions fell by €168k. This primarily resulted from the special VAT audit that was resolved in our favor beginning of 2018 with a positive effect of €182k.

Other operating Income

The other operating Income raised by €243k compared to last year (0€k). This primarily resulted from the reversal of provisions (€182k) and write downs totaling (€40k).

Other operating Expenses

The other operating Expenses raised by €416k (prior Year €0k) However, the long delays caused by the legal proceedings against the former tax consultant Ebner Stolz, an increase of this provision was made.

Other

Boards

Liquidator

Jørgen Madsen, Bolton

Mechanical Engineer

Sole liquidator since May 1, 2015

The compensation paid to Jørgen Madsen consists of a meeting fee of €1,000 per day on which the liquidator participates in meetings on behalf of the Company. This amounted to €1,000 in the fiscal year.

Supervisory Board

<u>Name, Profession</u>	<u>Board Seats</u>
Wolfgang Biedermann, Hamburg, Chairman Diplom Kaufmann (MBA) Managing Director der H.I.G European Capital Partners GmbH, Hamburg	HCS GmbH, Hamburg Weru GmbH, Rudersberg Maillis SA, Athen Beinbauer GmbH & Co. KG Büchelberg
Dr. hon. Norbert Heske, Kottgeisering Diplom Ingenieur (Engineer) Managing Director of BIP Biomed. Instrumente und Produkte GmbH, Türkenfeld	
Prof. Dr. hon. Thomas J.C. Matzen, Hamburg Diplom Kaufmann Managing Director of Thomas J.C. Matzen GmbH, Hamburg	Pricap Venture Partners AG, Hamburg FOCAM AG, Hamburg

The total Supervisory Board compensation for fiscal 2018 amounted to €15k (previous year: €40k).

Number of employees

The Company employed an average of 1 employee (previous year: 1 employee) during the fiscal year.

Audit fees

A total of €42k (previous year €74k) in audit fees have been reported for the year under review. Of this amount €30k was attributable to the audit of the financial statements.

Other financial liabilities

The Company had no other financial obligations at April 30, 2018 that are material for judging its financial condition and represent obligations that it cannot avoid or ones likely enough to occur to warrant a disclosure under § 285 No. 3a of the German Commercial Code (HGB). Moreover, the Company did not enter into any off-balance-sheet transactions within the meaning of § 285 No. 3 of the German Commercial Code (HGB) that are necessary for evaluating the Company's financial position.

Disclosures pursuant to § 160 (1) No. 8 of the German Stock Corporation Act (AktG)

Thomas J. C. Matzen GmbH, Hamburg, with over 20%;

Jørgen Madsen, Bolton, USA, with over 5%;

Marina Bello-Biedermann, Hamburg, with over 5%;

Internationale Kapitalanlagegesellschaft, Düsseldorf, with over 5%

Declaration of Conformity pursuant to § 161 of the German Stock Corporation Act (AktG) ("Corporate Governance Code")

The liquidator and the Supervisory Board have provided the declaration of conformity for 2018 as required by § 161 of the German Stock Corporation Act (AktG) and made it permanently accessible to the shareholders on the Company's website, www.umsag.com, in the section Corporate Governance.

Report on post-balance sheet date events

After the Federal Supreme Court dismissed in our favor the complaint for failure to grant leave to appeal the judgment of the Hamburg Court of Appeals of May 23, 2017 by means of a dismissal order on April 19, 2018, we immediately asserted our claim against Ebner Stolz in

the amount of €534k. This amount has not yet been recorded in the financial statements of UMS AG.

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

Hamburg, June 12, 2018

signed Jørgen Madsen

Audit Opinion

The translation of this audit opinion reads as follows:

"Independent auditor's report

To UMS United Medical Systems International AG i.L.

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of UMS United Medical Systems International AG i.L., Hamburg, which comprise the balance sheet as at 30 April 2018, the income statement, the cash-flow statement and the development of equity for the fiscal year from 1 May 2017 to 30 April 2018 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of UMS United Medical Systems International AG i.L. for the fiscal year from 1 May 2017 to 30 April 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 April 2018 and of its financial performance for the fiscal year from 1 May 2017 to 30 April 2018 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Emphasis of matter

We draw the attention to the statements made by the liquidator in the notes to the financial statements and the management report in relation to the resolved liquidation of the company as of 30 April 2015. In accordance with this decision the financial statements have been prepared under renunciation of the going concern basis of accounting.

Our audit opinions on the financial statements and the management report have not been modified in respect of this matter.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 May 2017 to 30 April 2018. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matter:

Valuation of provisions for liquidation costs

Reasons why the matter was determined to be a key audit matter

In April 2015 the annual general meeting of the company decided to liquidate the company as of 30 April 2015. Since then the business of the company is mainly characterized by the liquidation activities. Due to a number of legal cases, which, except for one, have been closed in the meantime, the liquidation takes longer than originally expected. This resulted in the provision for liquidation costs to be revalued as a result of the delays encountered. The determination of the provision for liquidation costs is fraught with uncertainty and requires judgement, which has a significant impact on the valuation. This is especially true for the assessment of the timeline of the ongoing law suit of the company and thus the remaining time necessary to liquidate the company and the related liquidation costs. In light of the uncertainty of the remaining liquidation period and the leeway in relation to the valuation of this material balance sheet position we consider the valuation of the provision for liquidation costs to be a key audit matter.

Auditor's response

In the course of our audit we have considered the process of the company to assess the remaining liquidation period and the determination of the liquidation costs expected. Our audit procedures included discussions with the liquidator and the supervisory board in relation to the liquidator's assessment of the timeline of the ongoing law suit and the resulting remaining liquidation period as well as obtaining confirmations of external legal advisors and reviewing motions and verdicts in relation to the status of the law suit. We have assessed the amount of costs to be incurred based on an analysis of the actual costs for the fiscal year 2016/17. We have tested the consumption of the provision to underlying documentation on a sample basis in order to identify any salience that might have an effect on the valuation of the provision.

Our audit procedures did not lead to any reservations relating to the valuation of the provision for liquidation costs.

Reference to related disclosures

With regard to the accounting and measurement policies applied in accounting for the provision for liquidation costs, refer to "Accounting and Valuation Practices" within the notes and "Financial performance of UMS AG" in the management report.

Other information

The supervisory board is responsible for the supervisory board's report. In all other respects, the liquidator is responsible for the other information. The other information comprises the supervisory board's report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the liquidator and the supervisory board for the annual financial statements and the management report

The liquidator is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the liquidator is responsible for such internal control as he, in accordance with German legally required accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the liquidator is responsible for assessing the Company's ability to perform an orderly liquidation of the company's business. He also has the responsibility for disclosing, as applicable, matters related to going concern. In addition,

he is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the liquidator is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the liquidator is responsible for such arrangements and measures (systems) as he has considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the liquidator and the reasonableness of estimates made by the liquidator and related disclosures.
- Conclude on the appropriateness of the liquidator's renunciation of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue an orderly liquidation of the company's business. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue an orderly liquidation of the company's business.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the liquidator in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the liquidator as a basis for

the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information. ■

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 11 December 2017. We were engaged by the supervisory board on 11 December 2017. We have been the auditor of UMS United Medical Systems International AG i.L. without interruption since fiscal year 2002.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Andreas Möbus."

Declaration by the legal representatives

To the best of our knowledge, and in accordance with the applied principles of proper reporting, the financial statements give a true and fair view of the assets, financial and earnings position of the Company, the management report presents the course of business including the business results and the Company's position so that a true and fair view is conveyed and that the significant opportunities and risks for the growth of the Company are described.

Hamburg June 12, 2018

Jørgen Madsen, Bolton

Liquidator Financial Calendar

July 13th, 2018	Fiscal Year from May 1, 2017 to April 30, 2018
September 14th, 2018	Quarterly Report Q1 2018/2019
December 14th, 2018	6-Month Report 2018/2019
December 31st, 2018	Annual General Meeting 2018, Hamburg
December 31st, 2018	Analyst Conference
March 14th, 2019	Quarterly Report Q3 2018/2019

Legal Notice

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.

Variations for technical reasons

For technical reasons (e.g. conversion of technical formats) there may be variations 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 variations, the German version shall take precedence over the English translation.

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