



UMS United Medical Systems International AG i. L.

Financial Report

May 1, 2016 to April 30, 2017

Contents

Letter to the Shareholders	3
Report of the Supervisory Board	4
The UMS Share	7
Management Report	9
Balance Sheet	16
Income Statement	18
Cash-Flow Statement	19
Statement of Changes in Equity	20
Notes to the Financial Statements	21
Audit Opinion	27
Responsibility Statement	29
Table of Abbreviations	30
Financial Calendar	30
Legal Notice	31

Letter to the Shareholders

Dear Shareholders:

In the first nine months of the second liquidation year, the Liquidator discussed the status of the liquidation with the Supervisory Board and distributed additional cash to the shareholders. On June 8, 2016, an initial distribution of €2.00 per share was made to shareholders. An additional €0.90 per share was then distributed on August 2, 2016. Altogether, a total of €10.43 per share or €44.7 million has been distributed to shareholders in three tranches since the business was sold.

We also forged ahead with the liquidation, and to save costs, we moved into much smaller offices.

The liquidation of Neuromed, the only remaining subsidiary, was completed upon its deletion from the Commercial Register in Padua.

On May 23, 2017, the Hamburg Court of Appeals ruled on the appeal filed by our former tax advisor. It fully upheld the trial court's judgment, ordering the tax advisor to pay damages to the Company for the entire harm done. We are currently negotiating with the former tax advisor on the amount of the damages.

The results of the VAT audit are still uncertain. Based on the interim decisions, we paid input VAT including related interests in a total amount of €0.8 million and simultaneously challenged the decisions. According to the competent appeals body, we can expect an answer to our objections shortly. Unfortunately, the outcome of this proceeding is still uncertain in terms of time and the refund amount.

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

signed Jørgen Madsen

Liquidator

Report of the Supervisory Board 2017

In the fiscal year from May 1, 2016 to April 30, 2017, the Supervisory Board 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 the reporting period were Wolfgang Biedermann (Chairman of the Supervisory Board), Prof. Dr. (hon.) 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 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.

In fiscal year 2016/2017, the Supervisory Board held two 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. 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

The possibility of a preliminary distribution the liquidation proceeds was discussed at the meeting on May 11, 2016. In particular, this was done against the background of the current VAT audit, with the consequent potential risks and the ongoing legal action against the Company's former tax advisor. It was decided to retain as large a security reserve as possible, in order to bring both procedures to an end. Furthermore, the dividend should be based on the Company's liquidity position with regard to the maturity of the time deposits. It was therefore decided to make two distributions: a dividend of EUR 2.00 per share and a dividend of 90 cents per share.

At the financial statements meeting on June 22, 2016, our primary concern was the financial statements for the fiscal year from May 1, 2015 to April 30, 2016. After a thorough review, the Supervisory Board unanimously approved the financial statements for the fiscal year from May 1, 2015 to April 30, 2016, prepared in accordance with the rules of the German Commercial Code. We also approved the 2016 Report of the Supervisory Board. At this meeting, we additionally approved the agenda for the UMS AG Annual General Meeting held on November 30, 2016, along with the proposed resolutions of the Supervisory Board, including the proposed election of the auditors for the fiscal year from May 1, 2016 to April 30, 2017. In this connection the Supervisory Board also dealt with the engagement of the auditor and the main points of the audit. 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 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 was no reason to change the existing liquidator compensation system in fiscal year 2016/2017.

Corporate Governance Code

The Supervisory Board regularly discussed the application of corporate governance principles. Furthermore, on November 20, 2016, the liquidator and the 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, except for the deviations set forth in the declaration of conformity.

Financial statement audit

The financial statements (HGB) at April 30, 2017 and the management report for the fiscal year from May 1, 2016 to April 30, 2017, were prepared by the Liquidator 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 November 30, 2016. 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 on the accounting for the assets and liabilities given the fact that the Company was dissolved on April 30, 2015 with subsequent liquidation.

The audited financial statements were the main item on the agenda for the Supervisory Board's financial statements meeting on June 21, 2017. 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 carefully discussed at the Supervisory Board's financial statements meeting on June 21, 2017. 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 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 June 21, 2017, the Supervisory Board approved the 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 work in the past fiscal year.

Hamburg, June 21, 2017

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. In addition, the two distributions of €2.00 as well as €0.90 per share significantly affected the price. In this respect, the share opened at a price of €3.38 per share on May 1, 2016 and closed at €0.43 per share. The high was €3.45 per share and the low was €0.35 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, 2017 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>2016/ 2017</u>
Stock exchange price (closing prices)	
- High	3.45
- Low	0.35
Fiscal year end	0.43
Number of shares (fiscal year end, in millions)	4,757
Market capitalization (fiscal year end, in million EUR)	2.05
Earnings per share (in EUR)	0.00

How to contact the investor relations team

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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 from May 1, 2016 to April 30, 2017 were materially affected by the liquidation of the Company. Because all expenses in connection with the liquidation are covered by the liquidation provision formed in the short fiscal year ended April 30, 2015, there were no material expenses in the income statement.

The financial result of UMS AG, i.e., the difference between interest expense and interest income, amounted to €6k, following €30k last year. This was particularly attributable to the interest income on the invested proceeds of the sale of UMS DE.

Overall, the results of ordinary business activities therefore totaled €6k, as compared with minus €14k million in the prior fiscal year.

Assets and Liabilities of UMS AG

Receivables and other assets of €1.2 million primarily relate to receivables from the tax office regarding the value-added tax deducted from the sales tax audit carried out for two years. In this respect, the company is involved in a legal appeal. How much of this amount will be reimbursed and when the procedure will be completed is still uncertain. The amount demanded is €0.29 per share.

Now that the Company has distributed €2.90 per share, or €12.4 million, in two tranches of €2.00 and €90 per share respectively, on the liquidation proceeds, the cash in banks fell from €5.4 million or €3.60 per share to €1.8 million or €0.41 per share.

Issued Capital and Reserves

The distribution on the liquidation proceeds of €12.4 million was paid in part with €11.1 million, or €2.60 per share, from the capital reserve, which has now been fully distributed. An additional €1.3 million, or €0.30 per share, was paid from subscribed capital. The issued capital fell from €5.4 million to €4.1 million. If the net loss of €1.7 million is subtracted, this results in equity of €2.4 million, or €0.56 per share, down from €4.8 million, or €3.46 per share in the previous year.

Net loss

UMS AG's net loss amounted to €1.7 million, or €0.39 per share, as in the previous year.

Equity

This results in equity of €2.4 million, or €0.56 per share, down from €4.8 million or €3.46 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. In the past fiscal year a total of €12.4 million or €2.90

per share was distributed. 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 Company pays the D&O insurance premiums for the liquidator. In addition, his work-related expenses are reimbursed. In accordance with the statutory provisions, the D&O insurance contains a deductible for the liquidator that is not covered by 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, 2017.

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 § 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 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, 2017

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, 2017 and April 30, 2016

ASSETS	2017	2016
	€	€
A. Non-current assets		
Tangible Assets		
Other Equipment	45,86	403,46
	45,86	403,46
B. Current Assets		
I. Receivables Trade and other Receivables		
Other Receivables	1.244.033,11	449.328,44
thereof due after more than one year		
€ 21,909.76 (PY € 21,909.76)		
	1.244.033,11	449.328,44
II. Cash, Cash in Banks	1.761.700,71	15.402.382,44
	1.761.700,71	15.402.382,44
C. Deferred Charges and Prepaid Expenses	14.176,04	14.176,04
	14.176,04	14.176,04
	3.019.955,72	15.866.290,38

UMS United Medical Systems International AG i.L., Hamburg
Balance Sheet as of April 30, 2017 and April 30, 2016

EQUITY AND LIABILITIES		2017	2016
		€	€
A. Equity			
I. Common Stock	Share Capital	6.016.261,00	6.016.261,00
	Treasury Shares	601.426,56	601.426,56
		<u>5.414.834,44</u>	<u>5.414.834,44</u>
II. Capital Reserve		0,00	11.120.348,82
III. Distribution on expected Liquidation Proceed		-1.297.622,28	0,00
IV. Accumulated loss		<u>-1.698.766,80</u>	<u>-1.704.362,43</u>
		2.418.445,36	14.830.820,83
B. Provisions and Accruals			
	Other Accruals	<u>597.825,84</u>	<u>1.027.900,00</u>
		597.825,84	1.027.900,00
C. Liabilities			
	Trade Accounts payables thereof due within one year €3,684.52 (PY €7,569.55)	3.684,52	7.569,55
		<u>3.684,52</u>	<u>7.569,55</u>
		<u>3.019.955,72</u>	<u>15.866.290,38</u>

UMS United Medical Systems International AG i.L., Hamburg
Income Statement for the Period from Mai 1, 2016 to April 30, 2017
and May 1, 2015 to April 30, 2016

	2016 / 2017	2015 / 2016
	€	€
1. General and Administrative Expenses	-357,60	-357,60
2. Other operating Income	0,00	4.800,00
3. Other operating Expenses	0,00	-147.840,36
4. Interest and similar Income	5.953,23	29.666,67
5. Result from ordinary Operations	5.595,63	-113.731,29
6. Profit / Loss for the Period	5.595,63	-113.731,29
7. Loss Carried Forward	-1.704.362,43	-1.590.631,14
8. Accumulated loss	-1.698.766,80	-1.704.362,43

UMS United Medical Systems International AG i.L., Hamburg
Cash Flow Statement for the Period from May 1, 2016 to April 30, 2017
and May 1, 2015 to April 30, 2016

	2016 / 2017	2015 / 2016
	€	€
Profit / Loss for the period	5.596	-113.731
Adjustment to reconcile profit for the year to net cash flows		
Depreciation fixed assets	358	358
Working Capital adjustments:		
Increase(-)/Decrease(+) in Prepaid expenses and other current assets	-794.705	-16.861
Increase(+)/Decrease(-) in trade payables	-3.885	-163.302
Increase(+)/Decrease(-) in other accrued expenses and current liabilities	-430.074	-320.863
= Net cash provided by operating activities	-1.222.710	-614.399
Distributions	-12.417.971	0
= Net cash used in financing activities	-12.417.971	0
Net increase/decrease in cash and cash equivalents	-13.640.681	-614.399
+ Cash and cash equivalents at beginning of the period	15.402.382	16.016.782
= Cash and cash equivalents at end of period	1.761.701	15.402.382
Additional information on cash flows		
Payments for interest	0	0
Proceeds from interest	4.120	2.252
Payments for taxes on income	1.476	802

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, 2015	6.016.261	601.427	11.120.349	0	-1.590.631	14.944.552
Comprehensive Income					-113.731	-113.731
Balance April 30, 2016	6.016.261	601.427	11.120.349	0	-1.704.362	14.830.821
Balance May 1, 2016	6.016.261	601.427	11.120.349	0	-1.704.362	14.830.821
Comprehensive Income					5.596	5.596
Distributions	0		-11.120.349	-1.297.622	0	-12.417.971
Balance April 30, 2017	6.016.261	601.427	0	-1.297.622	-1.698.767	2.418.445

Notes

General Information

The annual financial statements for the fiscal year from May 1, 2016 to April 30, 2017 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

In accordance with the German Accounting Law Modernization Act ("BilMoG"), accruals for pensions and similar obligations are carried at the amounts required to settle the respective obligations, taking future developments into account.

They were determined using the projected unit credit method by applying the mortality tables 2005 G of Prof. Dr. Klaus Heubeck. The average market interest rate with a residual term of 15 years of 4.22% was used for discounting, in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung) dated November 18, 2009. Expected salary increases were taken into account at a rate of 0.00% and expected pension increases were considered at a rate of 2.0%. Fluctuation was taken into account at a rate of 0.00%. These obligations are shown in other accruals at April 30, 2017.

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			
	01.05.2016	Additions	Disposals	30.04.2017
	€	€	€	€
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

	Accumulated Depreciation			Book Value		
	01.05.2016	Additions	Disposals	30.04.2017	30.04.2016	
	€	€	€	€	€	
	27.378,71	357,60	0,00	27.736,31	45,86	403,46
	25.165,29	357,60	0,00	27.736,31	45,86	403,46

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.

The item "capital reserves" at April 30, 2016 consisted solely of additional paid-in capital as per § 272 (2) No. 1 of the German Commercial Code (HGB). Pursuant to the resolution of the liquidator and the Supervisory Board on May 27, 2016, the capital reserve was distributed to the shareholders in two tranches. This was a preliminary distribution of the proceeds from the liquidation of the Company.

Accruals

Other Accruals/Provisions

	1.5.2016	30.4.2017
	€	€
Risk from Tax Field Audit VAT	219.021,00	181.747,64
Annual General Meeting and Supervisory Board	23.335,00	115.844,36
Audit	0,00	25.000,00
Other Liquidation costs	785.544,00	275.233,84
	<u>1.027.900,00</u>	<u>597.825,84</u>

Other

Boards

Liquidator

Jørgen Madsen, Bolton

Maschinenbau-Ingenieur

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.J.G European Capital Partners GmbH, Hamburg	7S Group GmbH, Jena HCS GmbH, Hamburg Losberger GmbH, Bad Rappenau Weru GmbH, Rudersberg Mailis SA, Athen
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 2017 amounted to €40k (previous year: €48k).

Number of employees

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

Audit fees

A total of €74k (previous year €89k) in audit fees have been reported for the year under review. Of this amount €25k was attributable to the audit of the financial statements.

Other financial liabilities

The Company had no other financial obligations at April 30, 2017 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 2017 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

On May 23, 2017, the Hamburg Court of Appeals handed down its judgment in the appeal filed by the Company's former tax advisor and fully upheld the trial court's judgment. Accordingly the former tax advisor is ordered to pay the Company damages for the full amount of the harm suffered by the Company due to the erroneous distribution of dividends in 2009 and 2010. The Company believes that the damages amount to €444 k or €0.10 per share and has informed the opposing party of this. This amount is not capitalized in the actual financial statements so far.

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

Hamburg, June 12, 2017

signed Jørgen Madsen

Audit Opinion

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

“We have audited the annual financial statements, comprising the balance sheet, the income statement, the cash flow statement, the statement of changes in equity and the notes to the financial statements, together with the bookkeeping system, and the management report of UMS United Medical Systems International AG i.L., Hamburg, for the fiscal year from 1 May 2016 to 30 April 2017. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company’s management. During the liquidation process, the responsibility lies with the liquidator. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB [“Handelsgesetzbuch”: German Commercial Code] 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 annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and 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 annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company’s position and suitably presents the opportunities and risks relating to future development.

Without qualifying this opinion, we duly draw attention to the comments provided by the liquidator in the notes to the financial statements and the management report pertaining to the dissolution of the Company as of 30 April 2015 and to the special aspects of accounting relating to the liquidation. According to those comments, the financial statements were not prepared on a going concern basis.”

Hamburg, June 19, 2016

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Ludwig

Möbus

Wirtschaftsprüfer

Wirtschaftsprüfer

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, 2017

Jørgen Madsen, Bolton

Liquidator

Table of Abbreviations

Neuromed Italia	Neuromed Italia S.r.L., Padova, Italien
UMS (DE) Inc.	United Medical Systems Inc. Delaware, USA
UMS AG	United Medical Systems International AG i.L., Hamburg, Deutschland

Financial Calendar

July 14th, 2017	Fiscal Year from May 1, 2016 to April 30, 2017
September 14th, 2017	Quarterly Report Q1 2017/2018
December 11th, 2017	Annual General Meeting 2017, Hamburg
December 11th, 2017	Analyst Conference
December 14th, 2017	6-Month Report 2017/2018
March 14th, 2018	Quarterly Report Q3 2017/2018

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.

Contact

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