

UTAH MEDICAL PRODUCTS INC
Form 10-Q
November 06, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of
The Securities Exchange Act of 1934

For quarter ended: September 30, 2013

Commission File No. 001-12575

UTAH MEDICAL PRODUCTS, INC.
(Exact name of Registrant as specified in its charter)

UTAH
(State or other jurisdiction of incorporation or
organization)

87-0342734
(I.R.S. Employer Identification No.)

7043 South 300 West
Midvale, Utah 84047
Address of principal executive offices

Registrant's telephone number: (801) 566-1200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and; (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if

Edgar Filing: UTAH MEDICAL PRODUCTS INC - Form 10-Q

any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of November 5, 2013:
3,739,800.

UTAH MEDICAL PRODUCTS, INC.
INDEX TO FORM 10-Q

PART I - FINANCIAL INFORMATION		PAGE
Item 1.	Financial Statements	
	Consolidated Condensed Balance Sheets as of September 30, 2013 and December 31, 2012	1
	Consolidated Condensed Statements of Income for the three and nine months ended September 30, 2013 and September 30, 2012	2
	Consolidated Condensed Statements of Cash Flows for the nine months ended September 30, 2013 and September 30, 2012	3
	Notes to Consolidated Condensed Financial Statements	4
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	6
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	13
Item 4.	Controls and Procedures	13
PART II – OTHER INFORMATION		
Item 1.	Legal Proceedings	14
Item 1A.	Risk Factors	14
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	15
Item 6.	Exhibits	16
SIGNATURES		16

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

UTAH MEDICAL PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS AS OF
SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(in thousands)

	(unaudited) SEPTEMBER 30, 2013	(audited) DECEMBER 31, 2012
ASSETS		
Current assets:		
Cash	\$ 13,870	\$ 8,871
Investments, available-for-sale	52	42
Accounts & other receivables - net	4,963	4,341
Inventories	4,660	4,353
Other current assets	986	929
Total current assets	24,531	18,535
Property and equipment - net	8,279	8,428
Goodwill	15,448	15,488
Other intangible assets	41,059	41,242
Other intangible assets - accumulated amortization	(8,719)	(6,758)
Other intangible assets - net	32,341	34,484
TOTAL	\$ 80,599	\$ 76,935
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,211	\$ 1,000
Accrued expenses	4,029	2,821
Current portion of notes payable	3,989	4,001
Total current liabilities	9,229	7,823
Notes payable	5,983	9,003
Deferred tax liability - intangible assets	7,432	7,889
Other long term liabilities	-	363
Deferred income taxes	878	884
Total liabilities	23,523	25,963
Stockholders' equity:		
Preferred stock - \$.01 par value; authorized - 5,000 shares; no shares issued or outstanding	-	-

Edgar Filing: UTAH MEDICAL PRODUCTS INC - Form 10-Q

Common stock - \$.01 par value; authorized - 50,000 shares; issued - September 30, 2013, 3,738 shares and December 31, 2012, 3,703 shares	37	37
Accumulated other comprehensive loss	(769)	(851)
Additional paid-in capital	3,090	2,268
Retained earnings	54,717	49,519
Total stockholders' equity	57,076	50,972
TOTAL	\$ 80,599	\$ 76,935

see notes to consolidated condensed financial statements

UTAH MEDICAL PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME FOR THE
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012
(in thousands, except per share amounts - unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2013	2012	2013	2012
Sales, net	\$10,032	\$10,489	\$30,408	\$31,719
Cost of goods sold	4,083	4,012	12,130	12,433
Gross profit	5,949	6,477	18,279	19,286
Operating expense				
Selling, general and administrative	2,159	2,376	6,641	7,226
Research & development	126	140	368	433
Total	2,285	2,517	7,009	7,660
Operating income	3,665	3,960	11,269	11,627
Other income (expense)	(88)	(111)	(279)	(411)
Income before provision for income taxes	3,577	3,849	10,991	11,215
Provision for income taxes	1,006	1,128	3,052	3,305
Net income	\$2,571	\$2,721	\$7,938	\$7,910
Earnings per common share (basic)	\$0.69	\$0.74	\$2.13	\$2.15
Earnings per common share (diluted)	\$0.68	\$0.73	\$2.11	\$2.13
Shares outstanding - basic	3,735	3,689	3,724	3,672
Shares outstanding - diluted	3,781	3,726	3,771	3,706
Other comprehensive income:				
Foreign currency translation net of taxes of \$0 in all periods	\$2,573	\$1,099	\$76	\$1,343
Unrealized gain on investments net of taxes of \$0, \$4, \$4 and \$6	0	6	6	10
Total comprehensive income	\$5,145	\$3,825	\$8,020	\$9,263

see notes to consolidated condensed financial statements

UTAH MEDICAL PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012
(in thousands - unaudited)

	SEPTEMBER 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$7,938	\$7,910
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	459	494
Amortization	1,913	1,957
(Gain) loss on investments	-	(0)
Provision for (recovery of) losses on accounts receivable	5	10
Deferred income taxes	(567)	(613)
(Gain) loss on disposal of assets	6	-
Stock-based compensation expense	21	54
Changes in operating assets and liabilities:		
Accounts receivable - trade	(489)	(140)
Accrued interest and other receivables	(170)	(111)
Inventories	(205)	336
Prepaid expenses and other current assets	19	(88)
Accounts payable	226	232
Accrued expenses	315	531
Deferred revenue	(75)	(75)
Other liability	(339)	-
Total adjustments	1,120	2,588
Net cash provided by operating activities	9,058	10,499
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for:		
Property and equipment	(222)	(195)
Intangible assets	(5)	(1)
Purchases of investments	-	-
Proceeds from the sale of investments	-	-
Net cash (used in) provided by investing activities	(227)	(197)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock - options	647	1,185
Common stock purchased and retired	-	-
Payment of taxes for exchange of stock options	(90)	-
Tax benefit attributable to exercise of stock options	241	99
Repayments of notes payable	(2,909)	(7,174)
Payment of dividends	(1,824)	(1,762)
Net cash (used in) provided by financing activities	(3,935)	(7,652)
Effect of exchange rate changes on cash	103	103
NET INCREASE IN CASH	4,999	2,754

CASH AT BEGINNING OF PERIOD	8,871	6,534
CASH AT END OF PERIOD	\$13,870	\$9,288
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for income taxes	\$2,662	\$2,621
Cash paid during the period for interest	341	516

see notes to consolidated condensed financial statements

UTAH MEDICAL PRODUCTS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)

(1) The unaudited financial statements have been prepared in accordance with the instructions to form 10-Q and do not include all of the information and note disclosures required by accounting principles generally accepted in the United States. These statements should be read in conjunction with the financial statements and notes included in the Utah Medical Products, Inc. ("UTMD" or "the Company") annual report on form 10-K for the year ended December 31, 2012. In the opinion of management, the accompanying financial statements include all adjustments (consisting only of normal recurring adjustments) necessary to summarize fairly the Company's financial position and results of operations. Currency amounts are in thousands except per-share amounts, and where noted.

(2) Inventories at September 30, 2013 and December 31, 2012 consisted of the following:

	September 30, 2013	December 31, 2012
Finished goods	\$ 1,474	\$ 1,630
Work-in-process	932	938
Raw materials	2,254	1,785
Total	\$ 4,660	\$ 4,353

(3) Stock-Based Compensation. At September 30, 2013, the Company has stock-based employee compensation plans which authorize the grant of stock options to eligible employees and directors. The Company accounts for stock compensation under FASB Accounting Standards Codification ("ASC") 718, Stock Compensation. This statement requires the Company to recognize compensation cost based on the grant date fair value of options granted to employees and directors. In the quarters ended September 30, 2013 and 2012, the Company recognized \$7 and \$16, respectively, in stock-based compensation cost. In the nine months ended September 30, 2013 and 2012, the Company recognized \$21 and \$54, respectively, in stock-based compensation cost.

(4) Notes payable. In March, 2011, UTMD obtained a \$14,000 loan from JPMorgan Chase Bank, N.A. (Chase), to help finance the purchase price of Femcare. The terms and conditions of the loan require UTMD to a) repay the loan in equal monthly payments over 5 years, b) pay interest based on the 30-day LIBOR rate plus a margin starting at 2.80% and ranging from 2.00% to 3.75%, depending on the ratio of its funded debt to EBITDA (Leverage Ratio), c) pledge 65% of all foreign subsidiaries' stock, d) provide first priority liens on all domestic business assets, e) maintain its Interest Coverage Ratio at 1.05 to 1.00 or better, f) maintain its Tangible Net Worth (TNW) above a minimum threshold 20% below UTMD's TNW at closing on March 18, and g) maintain its Leverage Ratio at 2.75 to 1.00 or less. UTMD is in compliance with all of the loan financial covenants at September 30, 2013. Based on UTMD's financial position, the bank's margin was 2.00% at September 30, 2013. The principal balance on this note at September 30, 2013 was \$3,500.

In March 2011, the Company also obtained a \$12,934 loan from JP Morgan Chase, London Branch, to help finance UTMD's purchase of Femcare. Terms and conditions of the loan are the same as those listed above for the \$14,000 U.S. loan. The principal balance on this note at September 30, 2013 was \$6,472.

(5) Warranty Reserve. The Company's published warranty is: "UTMD warrants its products to conform in all material respects to all published product specifications in effect on the date of shipment, and to be free from defects in material and workmanship for a period of thirty (30) days for supplies, or twenty-four (24) months for equipment, from date of shipment. During the warranty period UTMD shall, at its option, replace any products shown to UTMD's

reasonable satisfaction to be defective at no expense to the Purchaser or refund the purchase price.”

UTMD maintains a warranty reserve to provide for estimated costs which are likely to occur. The amount of this reserve is adjusted, as required, to reflect its actual experience. Based on its analysis of historical warranty claims and its estimate that existing warranty obligations are immaterial, no warranty reserve was made at December 31, 2012 or September 30, 2013.

(6) Investments. Changes in the unrealized holding gain/loss on investment securities available-for-sale and reported as a separate component of accumulated other comprehensive income are as follows:

	3Q 2013	3Q 2012
Balance, beginning of period	\$ 5	\$ (188)
Realized loss from securities included in beginning balance	-	-
Gross unrealized holding gains (losses), in equity securities	1	8
Deferred income taxes on unrealized holding (gain) loss	-	(3)
Balance, end of period	\$ 6	\$ (183)

(7) Fair Value Measurements. The Company follows ASC 820, Fair Value Measurements and Disclosures to determine fair value of its financial assets. The following table provides financial assets carried at fair value measured as of September 30, 2013:

Description	Total Fair Value at 9/30/2013	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 52	\$ 52	\$ 0	\$ 0

(8) Subsequent Events. UTMD has evaluated subsequent events through the date the financial statements were issued, and concluded there were no other events or transactions during this period that required recognition or disclosure in its financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

UTMD manufactures and markets a well-established range of primarily single-use specialty medical devices. The Company's Form 10-K Annual Report for the year ended December 31, 2012 provides a detailed description of products, technologies, markets, regulatory issues, business initiatives, resources and business risks, among other details, and should be read in conjunction with this report. A pictorial display as well as description of UTMD's devices is available on the Company's website www.utahmed.com.

Because of the relatively short span of time, results for any given three month period in comparison with a previous three month period may not be indicative of comparative results for the year as a whole. Currency amounts in the report are in thousands, except per-share amounts or where otherwise noted.

Analysis of Results of Operations

a) Overview

In the third calendar quarter (3Q) and first nine months (9M) of 2013, Utah Medical Products, Inc.'s (Nasdaq: UTMD) income statement results compared to the same time periods in the prior calendar year were as follows:

	3Q 2013	3Q 2012	Change		9M 2013	9M 2012	Change	
Net Sales	\$10,032	\$10,489	(4.4	%)	\$30,408	\$31,719	(4.1	%)
Gross Profit	5,949	6,477	(8.1	%)	18,279	19,286	(5.2	%)
Operating Income	3,665	3,960	(7.4	%)	11,269	11,627	(3.1	%)
Income Before Tax	3,577	3,849	(7.1	%)	10,991	11,215	(2.0	%)
Net Income	2,571	2,721	(5.5	%)	7,938	7,910	0.4	%)
Earnings per Share	.680	.730	(6.9	%)	2.105	2.134	(1.4	%)

UTMD achieved the following profit margins in 3Q 2013 and 9M 2013 compared to 3Q 2012 and 9M 2012:

	3Q 2013 (Jul – Sep)		3Q 2012 (Jul – Sep)		9M 2013 (Jan – Sep)		9M 2012 (Jan – Sep)	
Gross Profit Margin (gross profits/ sales):	59.3	%	61.7	%	60.1	%	60.8	%
Operating Income Margin (operating profits/ sales):	36.5	%	37.8	%	37.1	%	36.7	%
Earnings Before Tax Margin (profit before taxes/ sales):	35.7	%	36.7	%	36.1	%	35.4	%
	25.6	%	25.9	%	26.1	%	24.9	%

Net Profit Margin (profit
after taxes/ sales):

The 3Q 2013 decline in sales compared to 3Q 2012 was due to quarter-to-quarter fluctuation in sales to UTMD's largest distributor and a stronger U.S. Dollar (USD) compared to the Australian Dollar (AUD) and the British Pound (GBP). Excluding sales to Cooper Surgical Inc. (Cooper), UTMD's distributor of the Filshie Clip System in the U.S., and using the same foreign currency exchange rates for the AUD and GBP as in 3Q 2012, 3Q 2013 consolidated sales were 2.4% higher.

UTMD's 3Q 2013 Gross Profit Margin (GPM) was lower than in 3Q 2012 due to a less favorable product mix, and a substantial decline in the value of the AUD relative to the USD.

UTMD's operating income margin (OPM) improved in 9M 2013 despite the new Medical Device Excise Tax (MDET), imposed as a component of the Patient Protection and Affordable Care Act (Obamacare). The MDET, levied as 2.3% of domestic sales of medical devices, is included in sales and marketing expenses. Operating expenses were \$2,285 (22.8% of sales) in 3Q 2013 compared to \$2,517 (24.0% of sales) in 3Q 2012, and \$7,009 (23.1% of sales) in 9M 2013 compared to \$7,660 (24.2% of sales) in 9M 2012.

Income before taxes (EBT) was \$3,577 (35.7% of sales) in 3Q 2013 compared to \$3,849 (36.7% of sales) in 3Q 2012, and \$10,991 (36.1% of sales) in 9M 2013 compared to \$11,215 (35.4% of sales) in 9M 2012. Third quarter and 9M 2013 EBT benefited from lower interest expense on lower loan principal balances.

Net Income (NP) was \$2,571 (25.6% of sales) in 3Q 2013 compared to \$2,721 (25.9% of sales) in 3Q 2012, and \$7,938 (26.1% of sales) in 9M 2013 compared to \$7,910 (24.9% of sales) in 9M 2012. UTMD's Net Income benefited by a lower consolidated income tax provision. The income tax provision rate was 28.1% in 3Q 2013 compared to 29.3% in 3Q 2012, and 27.8% in 9M 2013 compared to 29.5% in 9M 2012.

Earnings per share (EPS) were \$.680 in 3Q 2013 compared to \$.730 in 3Q 2012, and \$2.105 in 9M 2013 compared to \$2.134 in 9M 2012. Diluted shares used to calculate EPS increased to 3,781,400 in 3Q 2013 from 3,725,500 in 3Q 2012, and to 3,770,900 in 9M 2013 from 3,706,000 in 9M 2012. The increases were due to the exercise of employee options and the higher dilution factor applied to unexercised options as a result of a much higher average market price of UTMD stock. The number of shares added as a dilution factor in 3Q 2013 was 46,300 compared to 36,500 in 3Q 2012, and 47,000 in 9M 2013 compared to 33,900 in 9M 2012. Earnings per share for the most recent twelve months (TTM) were \$2.71.

Excluding the noncash effects of depreciation, amortization of intangible assets and stock option expense, TTM consolidated earnings before taxes plus interest expense were \$18,189.

The changes in UTMD's Balance Sheet at September 30, 2013 from December 31, 2012 resulted primarily from continued excellent profitability which increased shareholders' equity after payment of dividends, cash generation from operations which substantially increased cash and investment balances, reduction in debt and reduction in net intangible assets as a result of amortization.

b) Revenues

The Company believes that revenue should be recognized at the time of shipment as title generally passes to the customer at the time of shipment, or completion of services performed under contract. Revenue recognized by UTMD is based upon documented arrangements and fixed contracts in which the selling price is fixed prior to acceptance and completion of an order. Revenue from product or service sales is generally recognized at the time the product is shipped or service completed and invoiced, and collectibility is reasonably assured. There are no post-shipment obligations which have been or are expected to be material to financial results.

There are circumstances under which revenue may be recognized when product is not shipped, which meet the criteria of SAB 104: the Company provides engineering services, for example, design and production of manufacturing tooling that may be used in subsequent UTMD manufacturing of custom components for other companies. This revenue is recognized when UTMD's service has been completed according to a fixed contractual agreement.

Terms of sale are established in advance of UTMD's acceptance of customer orders. In the U.S., Ireland, UK and Australia, UTMD generally accepts orders directly from and ships directly to end user clinical facilities, as well as third party med/surg distributors, under UTMD's Standard Terms and Conditions (T&C) of Sale. About 15% of UTMD's U.S. end user sales go through third party med/surg distributors which contract separately with clinical facilities to provide purchasing, storage and scheduled delivery functions for the applicable facility. UTMD's T&C of Sale are substantially the same in the U.S., Ireland, UK and Australia.

UTMD may have separate discounted pricing agreements with a clinical facility or group of affiliated facilities based on volume of purchases. Pricing agreements with clinical facilities, or groups of affiliated facilities, if applicable, are established in advance of orders accepted or shipments made. For existing customers, past actual shipment volumes determine the fixed price by part number for the next agreement period of one or two years. For new customers, the customer's best estimate of volume is accepted by UTMD for determining the ensuing fixed prices for the agreement period. New customers typically have one-year agreements. Prices are not adjusted after an order is accepted. For the sake of clarity, the separate pricing agreements with clinical facilities based on volume of purchases disclosure is not

inconsistent with UTMD's disclosure above that the selling price is fixed prior to the acceptance of a specific customer order.

Total consolidated 3Q 2013 sales were \$457 lower, and 9M 2013 sales were \$1,311 lower than in the same periods of 2012. Fluctuation in sales to UTMD's two largest distributors and lower sales of neonatal devices in the U.S. were the primary reasons. Sales to Cooper, UTMD's distributor of the Filshie Clip System in the U.S., were \$540 lower in 3Q 2013 and \$673 lower in 9M 2013 compared to the same periods in 2012. Sales of Blood Pressure Monitoring (BPM) kits to UTMD's second largest distributor located in China were about the same in 3Q 2013 as in 3Q 2012, but were \$401 lower in 9M 2013 compared to 9M 2012. Sales in the U.S. of neonatal devices were \$194 lower in 3Q 2013 and \$653 lower in 9M 2013 compared to the same periods in 2012.

Foreign currency exchange (FX) rates also contributed to lower sales in 2013 compared to the same periods in 2012. The GBP was about 2% weaker in both 3Q and 9M 2013. The AUD was about 12% weaker in 3Q and 5% weaker in 9M 2013. In contrast, the EURO was about 5% stronger in 3Q and about 2% stronger for 9M 2013. If currency exchange rates in 2013 had been the same as in 2012, consolidated sales would have been about \$93 higher in 3Q 2013, and about \$200 higher in 9M 2013.

U.S. domestic sales were \$585 (11%) lower in 3Q 2013 than in 3Q 2012, and \$1,110 (7%) lower in 9M 2013 than in 9M 2012. Sales of Femcare's Filshie Clip System devices to Cooper are included in domestic sales. Sales to Cooper were 49% lower (\$540) in 3Q 2013 than in 3Q 2012, and 20% lower (\$673) in 9M 2013 than in 9M 2012. Sales to Cooper were 12% of total domestic sales in 3Q 2013 compared to 22% in 3Q 2012, and 19% of total domestic sales in 9M 2013 compared to 22% in 9M 2012. Excluding sales to Cooper, U.S. domestic sales were 1% lower in 3Q 2013 than in 3Q 2012, and 4% lower in 9M 2013 than in 9M 2012.

Despite the negative impact of a stronger USD compared to the AUD and GBP, international sales were \$128 (2%) higher in 3Q 2013 than in 3Q 2012. In 9M 2013, international sales were \$205 (1%) lower than in 9M 2012. The 9M decline was due to FX. In USD terms, international sales were 55% of total consolidated 3Q 2013 sales and 53% of total consolidated 9M 2013 sales, compared to 51% of sales in both 3Q and 9M 2012. UK subsidiary USD-denominated sales were 40% of total international sales in 3Q 2013 compared to 41% in 3Q 2012, and 41% in 9M 2013 compared to 44% in 9M 2012. Australia subsidiary USD-denominated sales were 15% of total international sales in both 3Q 2013 and 9M 2013 compared to 16% in both 3Q 2012 and 9M 2012. Ireland subsidiary USD-denominated sales were 21% of total international sales in 3Q 2013 compared to 16% in 3Q 2012, and 21% in 9M 2013 compared to 17% in 9M 2012.

UTMD's UK subsidiary's 3Q 2013 and 9M 2013 trade shipments (excludes intercompany sales), some of which are included in the "domestic sales" category, i.e. sales of the Filshie Clip System to Cooper, were \$534 (16%) lower - 15% lower in GBP terms - compared to 3Q 2012, and \$1,230 (12%) lower - 10% lower in GBP terms - compared to 9M 2012.

UTMD's Australia subsidiary's 3Q 2013 and 9M 2013 trade shipments were \$35 (4%) lower - 9% higher in AUD terms - compared to 3Q 2012, and \$166 (7%) lower - 1% lower in AUD terms - compared to 9M 2012.

UTMD's Ireland subsidiary's 3Q 2013 and 9M 2013 trade shipments (excludes intercompany sales) were \$315 (38%) higher - 31% higher in EURO terms - compared to 3Q 2012, and \$602 (21%) higher - 19% higher in EURO terms - compared to 9M 2012.

The following table provides the actual sales dollar amounts by general product category for total sales and the subset of international sales:

Global revenues by product category:

	3Q 2013	3Q 2012	9M 2013	9M 2012
Obstetrics	\$1,297	\$1,368	\$3,703	\$3,910
Gynecology/ Electrosurgery/ Urology	5,470	5,902	17,108	17,968
Neonatal	1,578	1,595	4,439	4,844
Blood Pressure Monitoring and Accessories*	1,687	1,624	5,158	4,997

Total:	\$10,032	\$10,489	\$30,408	\$31,719
--------	----------	----------	----------	----------

*includes molded components sold to OEM customers.

International revenues by product category:

	3Q 2013	3Q 2012	9M 2013	9M 2012
Obstetrics	\$105	\$144	\$364	\$437
Gynecology/ Electrosurgery/ Urology	3,806	3,791	11,134	11,523
Neonatal	502	326	1,162	913
Blood Pressure Monitoring and Accessories*	1,071	1,095	3,326	3,318
Total:	\$5,484	\$5,356	\$15,986	\$16,191

*includes molded components sold to OEM customers.

c) Gross Profit

Gross profit (GP) results from subtracting the cost of manufacturing products (direct materials, direct labor and manufacturing overhead), or the purchase price of finished products which are resold, from revenues. UTMD's gross profit margin (GPM) is gross profit as a percentage of revenues. In 3Q 2013, GP were \$5,949 (59.3% GPM) compared to \$6,477 (61.7% GPM) in 3Q 2012. The lower GPM was due primarily to two factors: 1) an unfavorable product mix, as BPM products, which sales were up, have significantly lower GPMs than the other product categories, which sales were down, and 2) a significantly weaker AUD compared to the USD. As Femcare Australia PTY Ltd, UTMD's Australia subsidiary, purchases its products from UTMD's other subsidiaries in their respective currencies, UTMD's Australia subsidiary's 3Q 2013 GPM was down 3.9 percentage points compared to 3Q 2012. In 9M 2013, GP were \$18,279 (60.1% GPM) compared to \$19,286 (60.8% GPM) in 9M 2012. This reduced GPM is consistent with management's expectation for 2013 described in the 2012 SEC Form 10-K.

d) Operating Income

Operating income is the profit remaining after subtracting operating expenses from GP. UTMD's operating income margin (OIM) is its operating income divided by revenues. Operating income in 3Q 2013 was \$3,665 (36.5% OIM) compared to \$3,960 (37.8% OIM) in 3Q 2012. In 9M 2013, operating income was \$11,269 (37.1% OIM) compared to \$11,627 (36.7% OIM) in 9M 2012.

Operating expenses include sales and marketing (S&M) expenses, product development (R&D) expenses and general and administrative (G&A) expenses. Consolidated operating expenses were \$232 lower in 3Q 2013 compared to 3Q 2012, and \$650 lower in 9M 2013 compared to 9M 2012. About 94% (\$217) of the 3Q decline was in G&A expenses. G&A expenses declined primarily as a result of 1) further consolidation of overhead resources in the UK and AUS, 2) lower litigation expenses, and 3) the weaker GBP and AUD. In contrast to the negative impact on sales, the currency exchange resulting from a stronger USD had a positive impact on consolidated operating expenses (in contrast to cost of goods sold) from UTMD's UK and Australia subsidiaries.

Consolidated S&M expenses were \$646 in both 3Q 2013 (6.4% of sales) and 3Q 2012 (6.2% of sales), and were \$1,992 (6.5% of sales) in 9M 2013 compared to \$1,999 (6.3% of sales) in 9M 2012. S&M expenses in 3Q 2013 included \$75 for the Obamacare 2.3% MDET, and \$220 in 9M 2013, that weren't part of 2012 expenses. (Note: In financial projections for 2013 included in UTMD's 2012 SEC Form 10-K, management included the MDET in non-operating expenses. The change in classification from non-operating to operating expenses, more specifically S&M expenses, was the result of a recommendation by UTMD's independent accounting firm.) S&M expenses include all customer support costs including training. In general, training is not required for UTMD's products since they are well-established and have been clinically widely used. Written "Instructions For Use" are packaged with all finished devices. Although UTMD does not have any explicit contracts with customers to provide training, it does have third party group purchasing organization agreements in the U.S. and UK under which it agrees to provide hospital members inservice and clinical training as required and reasonably requested.

UTMD promises prospective customers that it will provide, at no charge in reasonable quantities, copies of videotapes and other instruction materials developed for the use of its products. UTMD provides customer support from offices in the U.S., UK, Ireland and Australia by telephone, and employed representatives on a geographically dispersed basis, to answer user questions and help troubleshoot any user issues. Occasionally, on a case-by-case basis, UTMD may utilize the services of an independent practitioner to provide educational assistance to clinicians. All inservice and training expenses are routinely expensed as they occur. Except for the consulting services of independent practitioners, all of these services are allocated from fixed S&M overhead costs included in Operating Expenses. Historically, marginal consulting costs have been immaterial to financial results.

R&D expenses in 3Q 2013 were \$126 (1.3% of sales) compared to \$140 (1.3% of sales) in 3Q 2012, and in 9M 2013 were \$368 (1.2% of sales) compared to \$433 (1.4% of sales) in 9M 2012. The differences were due to normal period to period fluctuations in project costs.

Consolidated G&A expenses in 3Q 2013 were \$1,513 (15.1% of sales) compared to \$1,730 (16.5% of sales) in 3Q 2012, and in 9M 2013 were \$4,650 (15.3% of sales) compared to \$5,227 (16.5% of sales) in 9M 2012. G&A expenses included non-cash expense from the amortization of identifiable intangible assets (IIA) resulting from the Femcare acquisition in the amounts of \$626 in 3Q 2013 and \$1,872 in 9M 2013 (both 6.2% of sales). This compares to \$638 (6.1% of sales) in 3Q 2012 and \$1,913 (6.0% of sales) in 9M 2012. The lower IIA amortization expense in 2013 was due to FX, as the amortization of IIA from the Femcare acquisition is in constant GBP. In addition to the reduction in UK and AUS operating expenses due to a stronger USD, lower G&A expenses were primarily the result of 1) lower litigation expense in the U.S.; 2) lower UK facility and equipment lease expense; 3) a foreign currency exchange gain on UK accounts receivable; and 4) lower service fees in Australia.

G&A expenses also include the cost of outside financial auditors and corporate governance activities relating to the implementation of SEC rules resulting from the Sarbanes-Oxley Act of 2002, as well as estimated stock-based compensation cost, a noncash expense. Option compensation expense included in G&A expenses was \$7 in 3Q 2013 compared to \$16 in 3Q 2012, and \$21 in 9M 2013 compared to \$54 in 9M 2012.

Operating expense summary:

	3Q 2013	3Q 2012	9M 2013	9M 2012
S&M Expense	\$646	\$646	\$1,991	\$2,000
R&D Expense	126	140	368	433
G&A Expense	1,513	1,731	4,650	5,227
Total Operating Expenses:	\$2,285	\$2,517	\$7,009	\$7,660

e) Non-operating income/ expense

Non-operating income (NOI) includes income from rent of underutilized property, investment income and royalties received from licensing the Company's technology. Non-operating expense (NOE) includes loan interest and bank fees. UTMD's reported NOE is the net of its NOE and NOI. The net is a NOE because the amount of interest that UTMD has been paying on bank loans since the 2011 Femcare acquisition exceeds its NOI. (Net) NOE in 3Q 2013 was \$88 compared to \$111 in 3Q 2012, and in 9M 2013 was \$279 compared to \$411 in 9M 2012. The decreases were primarily due to lower interest expense on bank loans. In the absence of adding debt to help fund additional acquisitions that improve shareholder value, NOE will continue to decline as UTMD repays its current bank loans.

f) Income Before Income Taxes

Income before taxes (EBT) results from subtracting NOE from operating income. EBT Margin (EBTM) is EBT divided by revenues. 3Q 2013 consolidated EBT was \$3,577 (35.7% of sales) compared to \$3,849 (36.7% of sales) in 3Q 2012. EBT in 9M 2013 was \$10,991 (36.1% of sales) compared to \$11,215 (35.4% of sales) in 9M 2012. The EBT of UTMD Ltd. (Ireland subsidiary) was €256 in 3Q 2013 (28.3% of sales) compared to €169 (23.3% of sales) in 3Q 2012, and €708 in 9M 2013 (26.6% of sales) compared to €448 (19.9% of sales) in 9M 2012. The EBT of Femcare Group Ltd. (UK and Australia subsidiaries) was £764 (30.3% of sales) in 3Q 2013 compared to £932 (33.0% of sales) in 3Q 2012, and £2,822 (37.2% of sales) in 9M 2013 compared to £2,931 (35.3% of sales) in 9M 2012.

Excluding the noncash effects of depreciation, amortization of intangible assets, write-off of impaired assets and stock option expense, 3Q and 9M 2013 consolidated EBT plus interest expense was \$4,479 and \$13,723. Excluding the noncash effects of depreciation, amortization of intangible assets, write-off of impaired assets and stock option expense, the most recent twelve months' consolidated EBT plus interest expense was \$18,189.

g) Net Income

Net Income results from subtracting UTMD's accrued income tax provision from EBT. Net income divided by revenues is UTMD's net income margin (NPM). Consolidated net income was \$2,571 (25.6% NPM) in 3Q 2013 compared to \$2,721 (25.9% NPM) in 3Q 2012, and was \$7,938 (26.1% NPM) in 9M 2013 compared to \$7,910 (24.9% NPM) in 9M 2012. The lower 3Q 2013 NPM compared to 2012 was due to the lower OIM described above. The consolidated income tax provision rate was 28.1% in 3Q 2013 compared to 29.3% in 3Q 2012, and 27.8% in 9M 2013 compared to 29.5% in 9M 2012.

h) Earnings Per Share

Earnings per share (EPS) are Net Income divided by the number of shares of stock outstanding (diluted to take into consideration stock option awards which are “in the money,” i.e., have exercise prices below the applicable period’s weighted average market value). Diluted EPS were \$0.680 in 3Q 2013 compared to \$0.730 in 3Q 2012, and \$2.105 in 9M 2013 compared to \$2.134 in 9M 2012. EPS for the most recent twelve months were \$2.71.

The 3Q 2013 weighted average number of diluted common shares (the number used to calculate diluted EPS) were 3,781,400 compared to 3,725,500 shares in 3Q 2012, and 3,770,900 in 9M 2013 compared to 3,706,000 in 9M 2012. Employees exercised options for 11,200 shares in 3Q 2013 and for 49,700 shares in 9M 2013. Options outstanding at September 30, 2013 were 98,100 shares at an average exercise price of \$27.36 per share, including shares awarded but not vested. This compares to 169,000 unexercised option shares outstanding at September 30, 2012.

Increases and decreases in UTMD's stock price impact EPS as a result of the dilution calculation for unexercised options with exercise prices below the average stock market value during each period. The dilution calculation added 46,300 shares to actual weighted average shares outstanding in 3Q 2013 compared to 36,500 in 3Q 2012, and 47,000 shares to the 9M 2013 calculation compared to 33,900 in 9M 2012. Actual outstanding common shares as of the end of 3Q 2013 were 3,737,700 compared to 3,692,400 at the end of 3Q 2012. The Company did not repurchase any of its shares in the open market in 9M 2013 or in 9M 2012. Notwithstanding, UTMD retains its program for repurchasing shares when they seem undervalued.

i) Return on Equity

Return on equity (ROE) is the portion of net income retained by UTMD to internally finance its growth, divided by the average accumulated shareholder equity for the applicable time period. Annualized year-to-date ROE (after payment of dividends) for 9M 2013 was 13% compared to 16% for 9M 2012. ROE prior to payment of dividends was 20% in 9M 2013 and 24% in 9M 2012. The lower ROE in 2013 is due primarily to higher average shareholder equity after payment of cash dividends (which reduce stockholders' equity).

Liquidity and Capital Resources

j) Cash flows

Net cash provided by operating activities, including adjustments for depreciation and amortization and other non-cash operating expenses along with changes in working capital totaled \$9,058 in 9M 2013 compared to \$10,499 in 9M 2012. The most significant differences in the two periods were uses of cash of \$541 from an increase in inventories in 9M 2013 compared to a decrease in 9M 2012, of \$349 from a larger increase in accounts receivable, and \$339 from a decrease in other liabilities.

The Company's use of cash to pay down its bank loan principal balances was the most significant use of cash in either period. UTMD repaid \$2,909 on its bank loans during 9M 2013, compared to \$7,174 during 9M 2012. All of UTMD's notes payable are scheduled to be repaid by April 2016. UTMD made cash dividend payments of \$1,824 in 9M 2013 compared to \$1,762 in 9M 2012.

Capital expenditures for property and equipment (PP&E) were \$222 in 9M 2013 compared to \$195 in 9M 2012. In contrast, depreciation of PP&E was \$459 in 9M 2013 and \$494 in 9M 2012. Planned capital expenditures during 2013 are expected to continue to be less than depreciation of PP&E.

In 9M 2013, UTMD received \$647 and issued 34,675 shares of its stock upon the exercise of employee stock options, net of 15,010 shares retired upon employees trading those shares in payment of the stock option exercise price and related taxes. Option exercises in 9M 2013 were at an average price of \$25.16 per share. In comparison, in 9M 2012, the Company received \$1,185 from issuing 52,393 shares of stock on the exercise of employee and director stock options, net of 3,169 shares retired upon employees trading those shares in payment of the stock option exercise price.

Management believes that income from operations and effective management of working capital will provide the liquidity needed to finance its internal growth plans. In addition, the Company may use cash for marketing or product manufacturing rights to broaden the Company's product offerings; for dividends; for continued share repurchases when the price of the stock is undervalued; and, if available for a reasonable price, an acquisition that might strategically fit UTMD's business and be accretive to performance.

k) Assets and Liabilities

September 30, 2013 total assets increased \$3,664 (4.8%) from December 31, 2012, due to a \$4,999 increase in cash. UTMD's Ireland subsidiary Euro-denominated assets were translated into USD at an FX rate 2.7% higher than the FX rate at the end of 2012. UTMD's UK subsidiary GBP-denominated assets were translated into USD at an FX rate 0.5% lower than the FX rate at the end of 2012. UTMD's Australia subsidiary AUD-denominated assets were translated into USD at an FX rate 10.1% lower than the FX rate at the end of 2012.

Working capital (current assets minus current liabilities) was \$15,302 at September 30, 2013, compared to \$10,712 at December 31, 2012. Accounts and other receivables increased \$622. Inventories increased \$308 and other current assets increased \$58 during 9M 2013. Inventory and receivables balances were within management's productivity targets.

Current liabilities were \$1,406 higher, including a \$1,208 increase in accrued expenses. The higher accrued expense balance was due to the 3Q 2013 quarterly dividend payment to shareholders of \$916 accrued but not paid until after September 30, whereas the 4Q 2012 dividend payment was paid before the end of December 2012. UTMD believes that its working capital remains sufficient to meet normal operating needs, debt service requirements and cash dividend payments to shareholders.

September 30, 2013 Intangible assets (Goodwill plus Other intangible assets) decreased \$2,183 from the end of 2012. The decrease was due primarily to the amortization of identifiable intangible Femcare assets of \$1,872 in 9M 2013. At September 30, 2013, net intangible assets including goodwill were 59% of total assets compared to 65% at year-end 2012.

Net property and equipment decreased \$149 in 9M 2013. Depreciation of \$459 exceeded capital expenditures of \$222.

UTMD's principal balance of bank debt at September 30, 2013 was 1) \$3,500 to JP Morgan Chase in the U.S., of which \$2,100 is long term debt, and 2) \$6,472 (£4,000) to JP Morgan Chase in the U.K., of which \$3,883 (£2,400) is long term debt. The loan principal balances at September 30, 2013 declined \$1,050 in the U.S. and £1,200 in the UK from the end of 2012. The deferred tax liability balance for Femcare identifiable intangible assets (\$9,084 on the date of the acquisition), was \$7,432 at September 30, 2013. Reduction of the deferred tax liability occurs as the book/tax difference of amortization is eliminated over the remaining useful life of the identifiable intangible assets. UTMD's total debt ratio (total liabilities/ total assets) as of September 30, 2013 was 29% compared to 34% on December 31, 2012. UTMD's total debt ratio one year earlier on September 30, 2012 was 38%. In 9M 2013, the Company continued to significantly deleverage while continuing to pay cash dividends to its shareholders.

l) Management's Outlook.

As outlined in its December 31, 2012 10-K report, UTMD's plan for 2013 is to

- 1) continue to exploit distribution and manufacturing synergies by further integrating capabilities and resources in its multinational operations;
- 2) introduce additional gynecology products helpful to clinicians through internal new product development;
- 3) continue achieving excellent overall financial operating performance;
- 4) utilize positive cash generation to pay down debt, continue cash dividends to shareholders and continue open market share repurchases if/when the UTMD share price seems undervalued; and
- 5) be vigilant for accretive acquisition opportunities which may be increasingly brought about by difficult burdens on small, innovative companies, including especially the MDET.

After concluding the first nine months' of 2013, Management believes UTMD's performance is generally consistent with achieving the previously stated objectives for 2013.

m) Accounting Policy Changes.

None.

Forward-Looking Information. This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by management based on information currently available. When used in this document, the words “anticipate,” “believe,” “project,” “estimate,” “expect,” “intend” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company respecting future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted throughout this document. Although the Company has attempted to identify important factors that could cause the actual results to differ materially, there may be other factors that cause the forward statement not to come true as anticipated, believed, projected, expected, or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those described herein as anticipated, believed, projected, estimated, expected or intended. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and the Company assumes no obligation to update or disclose revisions to those estimates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

UTMD has manufacturing and trading operations, including related assets, in the U.S. denominated in the U.S. Dollar (USD), in Ireland denominated in the Euro (EUR), in England denominated in the British Pound (GBP) and in Australia denominated in the Australia Dollar (AUD). The currencies are subject to exchange rate fluctuations that are beyond the control of UTMD. The exchange rates were .7387, .7585 and .7778 EUR per USD as of September 30, 2013, December 31, 2012 and September 30, 2012, respectively. Exchange rates were .6180, .6150 and .6199 GBP per USD as of September 30, 2013, December 31, 2012 and September 30, 2012, respectively. Exchange rates were 1.0703, .9621 and .9627 AUD per USD on September 30, 2013, December 31, 2012 and September 30, 2012, respectively. UTMD manages its foreign currency risk without separate hedging transactions by conducting as much business in local currencies as is practicable and by converting currencies to USD as transactions occur.

Item 4. Controls and Procedures

The Company's management, under the supervision and with the participation of the Chief Executive Officer and the Principal Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2013. Based on this evaluation, the Chief Executive Officer and Principal Financial Officer concluded that, as of September 30, 2013, the Company's disclosure controls and procedures were effective.

There were no changes in the Company's internal controls over financial reporting that occurred during the quarter ended September 30, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company may be a party from time to time in litigation incidental to its business. Presently, there is no litigation for which the Company believes the outcome may be material to its financial results.

Item 1A. Risk Factors

In addition to the other information set forth in this report, investors should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in UTMD’s Annual Report on Form 10-K for the year ended December 31, 2012, which could materially affect its business, financial condition or future results. The risks described in the Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to UTMD or currently deemed to be immaterial also may materially adversely affect the Company’s business, financial condition and/or operating results.

Legislative healthcare reform in the United States, as embodied in The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (the “Acts”) adds a substantial excise tax that began in 2013, increases administrative costs and may lead to decreased revenues:

The voluminous Acts, administrative rules to enforce the Acts and promised efforts to reform the Acts, make the U.S. medical device marketplace unpredictable, particularly for the thousands of small medical device manufacturers including UTMD that do not have the overhead structure that the large companies can afford. To the extent that the Acts place additional burdens on small medical device companies in the form of an excise tax on medical device sales, additional oversight of marketing and sales activities and new reporting requirements, the result is likely to be negative for UTMD’s ability to effectively compete and support continued investments in new product development and marketing of specialty devices.

Increasing regulatory burdens including premarketing approval delays may result in significant loss of revenue, unpredictable costs and loss of management focus on helping the Company thrive:

The Company’s experience in 2001-2005, when the FDA sought to shut it down highlights the ongoing risk of being subject to a regulatory environment which can be arbitrary and capricious. The risks associated with such a circumstance relate not only to the substantial costs of litigation in millions of dollars, but also loss of business, the diversion of attention of key employees for an extended period of time, from new product development and routine quality control management activities, and a tremendous psychological and emotional toll on employees.

Since the FDA reserves to itself the interpretation of which vague industry standards comprise law at any point in time, it is impossible for any medical device manufacturer to ever be confident that it is operating within the Agency’s version of the law. The result is that companies, including UTMD, are considered guilty prior to proving their innocence. New premarketing submission rules and substantial increases in “user fees” may increase development costs and result in delays to revenues from new or improved products.

The growth of Group Purchasing Organizations adds non-productive costs, typically weakens the Company’s marketing and sales efforts and may result in lower revenues:

GPOs, theoretically acting as bargaining agents for member hospitals, but actually collecting revenues from the companies that they are negotiating with, have made a concerted effort to turn medical devices that convey special patient safety advantages and better health outcomes, like UTMD’s, into commodities. GPOs have been granted an antitrust exemption by the U.S. Congress. Otherwise, their business model based on “kickbacks” would be a violation of law. These bureaucratic entities do not recognize or understand the overall cost of care as it relates to safety and effectiveness of devices, and they create a substantial administrative burden that is primarily related to collection of

their administrative fees.

The Company's business strategy may not be successful in the future:

As the level of uncertainty in the medical device industry increases, evidenced, for example, by the unpredictable regulatory environment, the Company's views of the future and product / market strategy may not yield financial results consistent with the past.

As the healthcare industry becomes increasingly bureaucratic it puts smaller companies like UTMD at a competitive disadvantage:

An aging population and an extended economic recession are placing greater burdens on healthcare systems, particularly hospitals. The length of time and number of administrative steps required in adopting new products for use in hospitals has grown substantially in recent years. Smaller companies like UTMD typically do not have the administrative resources to deal with broad new administrative requirements, resulting in either loss of revenue or increased costs. As UTMD introduces new products it believes are safer and more effective, it may find itself excluded from certain customers because of the existence of long term supply agreements for preexisting products, particularly from competitors which offer hospitals a broader range of products. Restrictions used by hospital administrators to limit clinician involvement in device purchasing decisions makes communicating UTMD's clinical advantages much more difficult.

A product liability lawsuit could result in significant legal expenses and a large award against the Company: UTMD's devices are frequently used in inherently risky situations to help physicians achieve a more positive outcome than what might otherwise be the case. In any lawsuit where an individual plaintiff suffers permanent physical injury, the possibility of a large award for damages exists whether or not a causal relationship exists.

The Company's reliance on third party distributors in some markets may result in less predictable revenues: UTMD's distributors have varying expertise in marketing and selling specialty medical devices. They also sell other devices that may result in less focus on the Company's products.

The substantial increase in debt required to finance the acquisition of Femcare Group Ltd represents an increased business risk until the debt is repaid:

While the debt will help positively leverage financial performance if UTMD maintains future performance consistent with 2012 performance, it could also negatively leverage financial performance if the Company is unable to maintain sales volume and profit margins in a competitive worldwide market for its medical devices.

The loss of one or more key employees could negatively affect UTMD performance:

In a small company with limited resources, the distraction or loss of key personnel at any point in time may be disruptive to performance. The Company's benefits programs, including the stock option plan approved by shareholders in May 2013, are key to recruiting and retaining talented employees. The rapid increase in UTMD's employee healthcare plan costs, as another example, may cause the Company to have to reduce coverages which in turn represents a risk to retaining key employees.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

UTMD did not purchase any of its own securities during 3Q 2013.

Item 6. Exhibits

Exhibit #	SEC	
	Reference #	Title of Document
1	31	Certification of CEO pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
2	31	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
3	32	Certification pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
4	32	Certification pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
5	101.INS	XBRL Instance*
6	101.SCH	XBRL Schema*
7	101.CAL	XBRL Calculation*
8	101.DEF	XBRL Definition*
9	101.LAB	XBRL Label*
10	101.PRE	XBRL Presentation*

*The XBRL related information in Exhibit 101 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

SIGNATURES

Pursuant to the requirements of the Securities Exchanges Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UTAH MEDICAL PRODUCTS,
INC.
REGISTRANT

Date: 11/5/13
By: /s/ Kevin L. Cornwell
Kevin L. Cornwell
CEO

Date:
11/5/13

By: /s/ Paul O. Richins
Paul O. Richins
Principal Financial Officer