

MeVis



Annual Report 2011

MEVIS MEDICAL SOLUTIONS AG

Consolidated key figures (IFRS)

FIGURES IN € k		2011	2010	Change
Revenues		13,678	14,291	-4 %
of which segment ¹	Digital Mammography	10,463	10,724	-2 %
	Other Diagnostics	3,215	3,567	-10 %
of which billing currency ^{1,2}	Euro	2,607	2,380	10 %
	US-Dollar	11,071	11,911	-7 %
EBITDA		4,416	3,453	28 %
EBITDA margin		32 %	24 %	-
EBIT		-1,642	-5,427	70 %
EBIT margin		-12 %	-38 %	-
Net financial result		-1,273	-180	-607 %
EBT		-2,915	-5,607	48 %
Consolidated net loss/profit		-4,092	-8,349	51 %
Earnings per share in € (basic and diluted)		-2.38	-4.89	51 %
Equity capital		20,729	24,789	-16 %
Intangible assets		18,921	22,001	-14 %
Non-current and current liabilities		11,820	13,996	-16 %
Balance sheet total		32,549	38,785	-16 %
Equity ratio in %		64 %	64 %	-
Liquid Funds ³		7,506	8,162	-8 %
Employees ⁴		146	177	-18 %

¹ Comprised of intersegment revenues.

² Revenues are allocated to the currency according to the location of the customer; comprised of indirect sales via industry partners as well as sales to clinical end customers in the segment Distant Services. Revenues generated by MeVis Japan KK are invoiced in Euro.

³ Comprised of cash, cash equivalents and securities available for sale.

⁴ Yearly average of full-time equivalents.

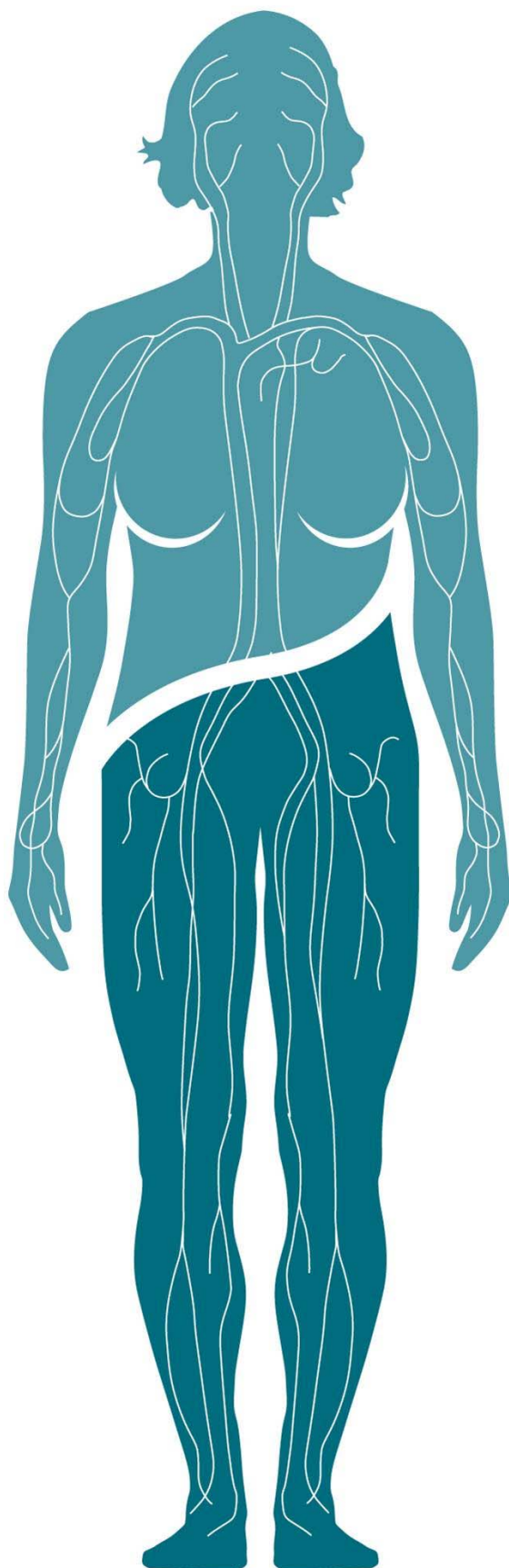
Key share data

as at December 31, 2011

Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on Dec. 31, 2010	€ 13.80
Last quotation on Dec. 30, 2011	€ 3.79
High/low 2011	€ 15.80 / € 2.54
Market capitalization	€ 6.528 m
Treasury stock	97,553 (5.4 %)
Free float	39.17 %
Prime Standard (Regulated Market)	Frankfurt and Xetra
Over-the-counter markets	Frankfurt, Berlin, Dusseldorf, Munich, Stuttgart
Indices	CDAX, PrimeAS, TechnologyAS, DAXsector Software, DAXsubsector Software, GEX
ISIN / WKN / Ticker symbol	DE000A0LBFE4 / A0LBFE / M3V

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Letter to the Shareholders

*Dear shareholders,
customers, business associates and employees,*

MeVis looks back on 2011 as a year of highs and lows. We were able to generate a considerable year-on-year increase in our EBIT before extraordinary items thanks to active management of our costs. At the same time, we once again generated notably positive cash flow from operating activities. Nevertheless, we cannot consider the progress of business since our IPO to be satisfactory. The year under review has seen our sales decline slightly for the first time since the IPO. In addition to this, some of our redeveloped products in our Other Diagnostics segment have once again failed to meet expectations in terms of market performance, a situation which led again to impairment losses. Although our share price stabilized toward the end of the fiscal year, it remains at a disappointingly low level.

In 2011, our sales declined by 4 % to € 13.7 million, a development influenced considerably by the weaker performance of the US dollar against the euro. Sales in the maintenance business rose by 20 %, while revenues from new licenses dropped substantially once again, declining by 16 %.

The 16 % decrease in new license sales is attributable above all to market saturation in digital mammography and in breast diagnostics by means of magnetic resonance imaging. Unfortunately, the prospects for our new products, both those completed and those undergoing development, have not improved significantly during the course of the year under review. Our maintenance contract business, which grew by 20 % in the year under review, now accounts for 41 % of consolidated sales.

With sales of € 10.5 million, the Digital Mammography segment is the key pillar of our Group, despite a slight decline in sales by 2 %. The share of sales revenue in this segment accounted for by maintenance and service now amounts to 45 % (€ 4.8 million). Sales in the Other Diagnostics segment fell by 10 % to € 3.2 million, primarily due to the expected reduction in sales of new licenses, which declined by 16 % to € 2.1 million. Sales revenues from maintenance and service in this segment rose by 46 %, but amount to a disproportionately low 24 % of total segment revenues thus far.

In a repeat performance of 2010, we once again reduced our **expenditure** considerably in the fiscal year just concluded. For instance, the average number of full-time equivalents fell by 18 % to 146, meaning staff costs could be reduced by 12 % to € 9.2 million. The reduction in other operating expenses by € 0.8 million to € 2.9 million was offset by an extraordinary item in the same amount in the previous year; therefore, other operating expenses before extraordinary items remained at the same low level as the previous year.

This favorable development in terms of costs meant that **EBITDA** increased by 28 % to € 4.4 million (previous year: € 3.5 million) despite the decline in sales seen in fiscal year 2011. After adjusting for an extraordinary item (recognition of a provision for our former CEO Dr. Carl J.G. Evertsz, who has left office), EBITDA amounted to € 4.7 million, exceeding last year's figure before extraordinary items (€ 4.3 million) by 10 %.

At € 3.6 million, **amortization** remained at the previous year's level; the largest share, 58 %, related to capitalized development expenses. In addition to this, we responded to the revaluation of our product portfolio by recognizing one-off impairment losses, with no effect on liquidity, on intangible assets for development expenses, capitalized since 2008, and relating to Visia applications. These amounted to approximately € 2.5 million.

These one-off amortizations had a major impact on **EBIT**, which stands at € -1.6 million. The operating result, adjusted for extraordinary items (one-off amortization and provision for Dr. Carl J.G. Evertsz), comes to € 1.2 million, an increase of € 0.5 million on the figure for 2010.

The Group's financial result has fallen from € -0.2 million to € -1.3 million year on year. The principal cause of this development was partial impairment on our 41 % equity interest in Netherlands-based Medis.

After tax expenses of € 1.2 million, primarily composed of deferred tax liabilities not affecting profit and loss, our **consolidated net profit** after taxes stands at € -4.1 million.

As was to be expected, **cash and cash equivalents** in the MeVis Group declined by € 0.7 million to € 7.5 million in fiscal year 2011. A total of € 3.0 million of liquidity outflow related to a purchase price payment due in connection with our acquisition of a 49 % interest in MBS KG. In total, therefore, the company generated a liquidity surplus of € 2.3 million from operating activities.

For the year **2012**, the Executive Board expects consolidated sales to stabilize at the 2011 level, taking into account the growth in the maintenance business and the decline in sales of new licenses. We anticipate that if sales develop neutrally, our sustained savings on operating expenses and the reduction in the number of employees will permit EBIT for 2012 to rise slightly above the figure for EBIT before extraordinary items recorded in fiscal year 2011. We expect liquidity from operating activities to remain positive in 2012. This will be the last year in which we will make a purchase price payment of € 3.0 million in connection with our acquisition of a 49 % interest in MBS KG, with a corresponding impact on liquidity.

What does the future hold for MeVis? Without a doubt, recent years have seen our company unable to achieve the objectives it had set itself and meet the correspondingly high expectations of our shareholders. We have sustained the consequences of this failure. In 2011, we reviewed our balance sheet and product portfolio and took further action to cut costs. The fiscal year just concluded also saw a sea change in the company's managing bodies. Over the course of 2011 and the first quarter of 2012, there were a number of changes in the Supervisory and Executive Boards. Two of the three members of the Supervisory Board, as well as our long-standing CEO and the Executive Board Member responsible for Sales, have left the company.

All this, however, is only the beginning. We face a complex set of challenges. Whereas we continue to achieve sound results in our core segments, our assessment of the downward trend in the North American market for mammography applications in particular remains unchanged. Furthermore, we need more urgently than ever to respond to the continued poor business performance of many of the products we have developed in recent years. In addition to all this, our scope for action is limited by the impact of purchase price payment liabilities on our liquidity situation.

The Executive Board is confident that MeVis is in a position to meet these challenges. Our experienced, highly qualified employees are those on whom our long-term competitiveness depends; they ensure we continue to possess substantial potential for innovation, which we are called upon to harness going forward and transform into business success. Further, we have stable business relationships with top names in the industry, as well as technological partners whom we have impressed with our capacity to deliver top performance. We have been optimizing our agile development processes, which has put us firmly on the path toward ongoing improvements in our efficiency and effectiveness in keeping with the demands of the market. We remain convinced that the health industry and the imaging information technology sector provide us with a fundamentally positive market environment with potential for growth. All these factors are the foundations of the new strategic focus we are currently drawing up, with our new CEO overseeing the process. This strategy will put MeVis back on course for profitable growth in the medium and long term.

We would like to take this opportunity to thank all employees for their exceptional performance as well as our business associates, customers and shareholders for their confidence in us.



Marcus Kirchhoff
Chairman



Dr. Robert Hannemann
Member of the Executive Board

Report of the Supervisory Board for 2011

Dear Shareholders,

Throughout 2011, the Supervisory Board performed the duties incumbent upon it under the law, the articles of association and the rules of procedure, and also advised the Executive Board on the management of the Company. For the purpose of monitoring the executive management, the Supervisory Board dealt regularly and in detail with the current position of the Company, further corporate development and the Company's business outlook, and was involved in all decisions of strategic importance.



Prof. Dr. Heinz-Otto Peitgen

The Executive Board regularly provided the Supervisory Board with prompt verbal and written reports on the development of MeVis Medical Solutions AG and its subsidiaries. The Supervisory Board was briefed by the Executive Board in particular on the Company's business performance including its net assets, financial position and results of operations, future business policies and corporate planning, material events and matters of particular significance, other issues subject to disclosure, other business risks which had become apparent, and on risk management actions. The Executive Board also discussed all transactions and issues of fundamental importance to the Company with the Supervisory Board in advance. Transactions requiring the approval of the Supervisory Board were presented to it by the Executive Board in the proper manner.

The Chairman of the Supervisory Board also regularly held talks with the Executive Board outside Supervisory Board meetings and discussed and advised on topics and concerns relevant to the Company. Where necessary, the Supervisory Board also passed resolutions using circulars outside meetings.

The Supervisory Board held a total of five meetings in fiscal year 2011: April 8, May 12, June 15, September 15 and December 8, 2011.

The Supervisory Board's meetings in 2011 were focused on the extensive and detailed analysis, discussion and advice in relation to the future business strategy.

Summary of the meetings of the Supervisory Board

First meeting of the Supervisory Board on April 8, 2011

Items on the agenda of the first meeting of the Supervisory Board in 2011 included the analysis and approval of the annual financial statements prepared in accordance with the German Commercial Code (HGB) and the management report of MMS AG as well as the MeVis Group's consolidated annual financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and the Group management report for 2010. Other items were the finalization of the report of the Supervisory Board, preparation of the annual general meeting of MeVis Medical Solutions AG on June 15, 2011, including the drafting of the resolutions to be put to the general meeting. The Supervisory Board also dealt with the current implementation status of actions to strengthen the Company's strategic position through potential partnerships, reviewing the declaration of conformance with the German Corporate Governance Code, as well as a possible acquisition of additional shares of the Dutch company Medis Holding B.V.

Second meeting of the Supervisory Board on May 12, 2011

The agenda of the second meeting of the Supervisory Board included the Executive Board's report on the Company's current business situation including the status of cost cutting measures as well as an outlook for full year 2011. The Supervisory Board also dealt with the current status of the FDA's approval of Visia Enterprise as well as the future orientation of the MeVis Distant Services business area.

Third meeting of the Supervisory Board on June 15, 2011

The agenda of the third meeting of the Supervisory Board, which was held following the Company's annual general meeting during which Supervisory Board elections were held, was the election of a Chairman and Deputy Chairman by the members of the Supervisory Board. The attendees elected Prof. Peitgen as Chairman and Dr. Kruse as his deputy.

Fourth meeting of the Supervisory Board on September 15, 2011

The agenda of the fourth meeting of the Supervisory Board included the Executive Board's report on the Company's business situation, including its net assets, financial position and results of operations for the first half of the year, as well as an overview of the status of OEM customer relations. The Supervisory Board considered the current status of the strategic partner search project, as well as the status and possible additional Medis acquisition steps. The Supervisory Board and Executive Board together also dealt intensively with developments in relation to realigning the business strategy.

Fifth meeting of the Supervisory Board on December 8, 2011

The agenda of the fifth meeting of the Supervisory Board included the Executive Board's report on the Company's situation, including the net assets, liabilities, financial position and results of operations for the first three quarters, the full-year expectations for 2011, as well as the discussion and approval of the business plan for fiscal year 2012 presented by the Executive Board. Also debated at length were the realignment and redefinition of the Company's future strategic business performance. The Supervisory Board also dealt with possible impairment risks on the equity interest in Medis and capitalized development costs for Visia products.

Personnel changes in the Supervisory Board and the Executive Board

Dr. Peter Zencke left the Supervisory Board of MeVis Medical Solutions AG on June 15, 2011 at the contractual end of his term in office. The annual general meeting on June 15, 2011 elected Peter Kuhlmann-Lehmkuhle as his successor on the Supervisory Board. The Supervisory Board would like to thank Dr. Zencke for his endeavors over the past years.

At the same time, Supervisory Board members Prof. Dr. Heinz-Otto Peitgen and Dr. Jens Kruse, who had been appointed as a member of the Supervisory Board at the request of the Executive Board on orders from the district court of Bremen on January 10, 2011, were both re-elected by the annual general meeting for another term in office.

On January 20, 2012, the Supervisory Board appointed Marcus Kirchhoff as the Company's new Chairman of the Executive Board effective March 1, 2012. Dr. Carl J.G. Evertsz, co-founder and CEO since 2006, left the Company effective February 29, 2012. In addition, Mr. Thomas Tynes, member of the Executive Board since 2007, has left the company effective April 5, 2012. The Supervisory Board would like to take this opportunity to thank Dr. Evertsz and Mr. Tynes for their commitment to the Company over the past years.

Work of the committees

Committees were not set up, as the Supervisory Board has only three members in total and because a corresponding need for this has not emerged to date.

Corporate governance

The Executive Board and the Supervisory Board support the initiatives of the Government Commission on the German Corporate Governance Code, which summarizes the principles of good and responsible corporate governance, and issue joint declarations of conformance pursuant to Section 161 AktG (German Stock Companies Act), which are regularly updated. The wording of the current declaration is published on the MeVis Medical Solutions website and included in the section corporate governance of this annual report.

Unqualified auditors' report issued for the financial statements

The separate financial statements of MeVis Medical Solutions AG as of December 31, 2011 prepared in accordance with the German Commercial Code (HGB), the consolidated financial statements as of December 31, 2011 prepared in accordance with the International Financial Reporting Standards (IFRS), the management report and the Group management report prepared by the Executive Board for 2011 were submitted to the statutory auditors KPMG AG Wirtschaftsprüfungsgesellschaft, Bremen, who had been selected at the annual general meeting and appointed by the Supervisory Board, and issued with unqualified auditors' reports.

We examined the annual and consolidated financial statements prepared by the Executive Board, the management report and the Group management report prepared by the Executive Board for 2011. The relevant individuals from the statutory auditor company took part in the examination and discussion, and reported to the Supervisory Board on the material results of the audit. After conducting our own review, we concurred with the statutory auditors' findings.

The Supervisory Board approved the annual financial statements and consolidated financial statements as of December 31, 2011 at its meeting of April 17, 2012. The financial statements and consolidated financial statements are deemed to have been duly adopted. Accordingly, the financial statements are approved and released for publication.

The disclosures stipulated by Sections 289 (4) and 315 (4) HGB (Act transposing the EU Takeover Directive) are included in the management report and the Group management report. The Supervisory Board has examined and endorsed these disclosures and declarations, which it considers to be complete.

The Supervisory Board thanks the Executive Board and all employees of the MeVis Group both in Germany and abroad for their work and expresses its appreciation for their commitment and dedication in the year under review.

Bremen, April 17, 2012

for the Supervisory Board



Prof. Dr. Heinz-Otto Peitgen
Chairman

Corporate governance report

This corporate governance report forms a supplementary part of the corporate governance declaration pursuant to Section 289a HGB.

Declaration of conformance for fiscal year 2011

On March 15, 2012, the Executive Board and Supervisory Board of MeVis Medical Solutions AG submitted the fourth declaration of conformance with the German Corporate Governance Code in the version of May 26, 2010, and, pursuant to Section 161 of the German Corporation Act (AktG), hereby declare that the recommendations of the "Government Commission on the German Corporate Governance Code" have been and will in future be met with the following exceptions:

- The articles of association of MeVis Medical Solutions AG do not currently provide for the option of postal voting (Section 2.3.3 GCGC). The Company already allows shareholders to appoint a corporate proxy to exercise voting rights. The shareholders therefore already have ample opportunities to exercise shareholders' rights. In light of this, an additional option of postal voting will not make exercising shareholders' rights any easier.
- There are currently no plans to include a deductible within the D&O Insurance for the Supervisory Board (Section 3.8 GCGC). In principle, MeVis Medical Solutions AG does not believe that the commitment and responsibility with which the Supervisory Board members carry out their duties will be influenced by a deductible.
- There are currently no plans for caps on severance payments in Executive Board contracts (Section 4.2.3 GCGC). The Supervisory Board is of the opinion that existing Executive Board contract regulations are reasonable. Having a cap on severance payments also runs counter to the basic understanding of an Executive Board contract that is concluded to cover the full term of the member's appointment and does not in principle provide for the possibility of ordinary termination by notice. An Executive Board member's contract can be terminated prematurely without serious cause only by mutual agreement. Even if a cap on severance payments has been agreed, this does not preclude the possibility that a severance pay cap might still be negotiated when a member leaves.
- The Company currently abstains from the formation of committees with sufficient expertise (Section 5.3.1 GCGC), in particular there has been no formation of an audit committee (Section 5.3.2 GCGC) nor a nomination committee (Section 5.3.3 GCGC). Due to the specific circumstances of the Company, and especially the size of the Supervisory Board of the MeVis Medical Solutions AG, the Supervisory Board does not believe that the formation and appointment of such committees as stipulated by the code is necessary or appropriate.
- As stipulated by the articles of association of the MeVis Medical Solutions AG, members of the Supervisory Board receive a fixed remuneration, which is also presented in the notes to the consolidated financial statements. The Supervisory Board sees its current task predominantly in securing the sustainability of the business model of the Company. Given the current state of development of the Company, the Supervisory Board considers the relatively low fixed remuneration to be appropriate and sufficient. The Supervisory Board does not see the need to implement a success oriented or individualized compensation scheme (Section 5.4.6 (2) GCGC).

- MeVis Medical Solutions AG is deviating from the recommendations with regards to the publication terms of Consolidated Financial Statements and Interim Reports (Section 7.1.2 Phrase 4 GCGC). The Company considers the current regulations of the Frankfurt Stock Exchange for issuers listed in the Regulated Market (Prime Standard segment) to be adequate. These require companies to publish consolidated financial statements within deadlines that are longer than those contained in the Code: within four months after the end of the period under review (Section 65 (2) FwB01) for annual statements and within two months for interim financial statements (Section 66 (5) FwB01).

Transparency

To ensure maximum possible transparency, MeVis Medical Solutions AG regularly and promptly informs the capital market, the shareholders and the general public of the Group's financial situation and new circumstances & events of importance.

The consolidated annual financial statements and any interim reports are published within the deadlines stipulated for companies listed in the Prime Standard of the regulated market: within a period of four months for the consolidated annual financial statements and within a period of two months in the case of the semi-annual and quarterly financial reports of the Group.

Press releases and ad-hoc announcements pursuant to Section 15 of the German Securities Trading Act are issued to inform about topical events and recent developments. In addition, MeVis Medical Solutions AG takes part in at least one analyst conference per year. A financial calendar gives the scheduled dates of key and any regular events.

All information is available in German and English. The reports, information and the financial calendar are published and available online at http://www.medis.de/mms/en/Investor_Relations.html.

Annual general meeting and shareholders

The annual general meeting of MeVis Medical Solutions AG is called at least once a year and decides on all such matters as provided by law, such as appropriation of profit, approval of the actions of the Executive Board and Supervisory Board and the statutory auditor with binding effect upon all shareholders and the Company. Each share carries one vote in shareholders' resolutions.

Each shareholder who registers in time is entitled to attend the annual general meeting or has an option of exercising his right to vote through a credit institution, association of shareholders, a proxy engaged by and bound by the instructions of Medical Solutions AG or a different proxy.

The invitation to the annual general meeting as well as the reports and information required for resolutions are published in accordance with the provisions of stock corporation law and made available online at http://www.medis.de/mms/en/Annual_General_Meeting.html.

Risk management

Risk management is a central element of corporate governance at MeVis Medical Solutions AG. The further development of appropriate processes and systems and awareness regarding the need for active identification and management of business risks are the focus of ongoing efforts by the Executive Board. In the fiscal year just concluded, these efforts ensured that risks at all levels of the Company could be identified, combined and analyzed, particularly in order to recognize and neutralize those risks that could jeopardize the long term economic success of the Company.

The Company's risk management system continues to be geared toward coordinating the systems for monitoring, early detection and managing all business risks in accordance with the Business Control and Transparency Act. The purpose is to identify at an early stage any ongoing risks, in particular risky

transactions, accounting misstatements and breaches of the law with a material effect on the net assets, liabilities, financial position and results of operations of the Company or the Group.

The key element of risk management at MeVis Medical Solutions AG is to forward information about identified risks in a structured manner to those decision makers who are in position and have the necessary resources to take optimal remedial action at an early stage. Therefore, under the leadership of the Executive Board and in connection with appropriate means of communication, employees at all levels of the Company actively participate in protecting the Company from internal and external threats.

Accounting and auditing

MeVis Medical Solutions AG prepares its consolidated financial statements and the consolidated interim financial statements in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU. The annual financial statements of MeVis Medical Solutions AG are prepared in accordance with German Commercial Code (HGB).

The financial statements are prepared by the Executive Board and audited by the statutory auditor and the Supervisory Board. The selection of the statutory auditor was made by the annual general meeting as required by legal regulations. KPMG AG Wirtschaftsprüfungsgesellschaft, Bremen was named as the statutory auditor for 2011. The Supervisory Board then appointed the statutory auditor selected by the annual general meeting. This approach ensures that no conflicts of interest affect the work of the statutory auditor.

Publication of Directors' Dealings pursuant to Section 15a of the German Securities Trading Act (WpHG)

Pursuant to Section 15 a of the German Securities Trading Act (WpHG), members of the Company's Executive and Supervisory Boards and related parties are required to announce all transactions involving the purchase or sale of shares in MeVis Medical Solutions AG or of related financial instruments, in particular derivatives, where such transactions total or exceed € 5,000 in a calendar year. The Company immediately publishes such announcements on its homepage.

The Company received no Directors' Dealings during the period under review.

As of the balance sheet date, the members of the Executive Board hold 354,640 shares of MeVis Medical Solutions AG, corresponding to a share capital of 19.49 %. As of the balance sheet date, the members of the Supervisory Board hold 408,788 shares of MeVis Medical Solutions AG, corresponding to a share capital of 22.46 %.

Aims regarding the composition of the Supervisory Board and the implementation status

Pursuant to Section 5.4.1 of the German Corporate Governance Code, the Supervisory Board must specify concrete objectives regarding its composition and with due regard for the Company's international activities, potential conflicts of interest, the stipulation of an age limit for members of the Supervisory Board, and diversity. The Supervisory Board must also publish the implementation status.

The rules of procedure for the Supervisory Board includes, among other things, broad Supervisory Board objectives regarding its composition and refers to the articles of association in terms of the number of members, time in office and resolutions.

The Supervisory Board will take the following defined goals relating to the composition of the Supervisory Board, which are reviewed regularly, into account when presenting its election proposals to the annual general meeting and at standard and replacement elections:

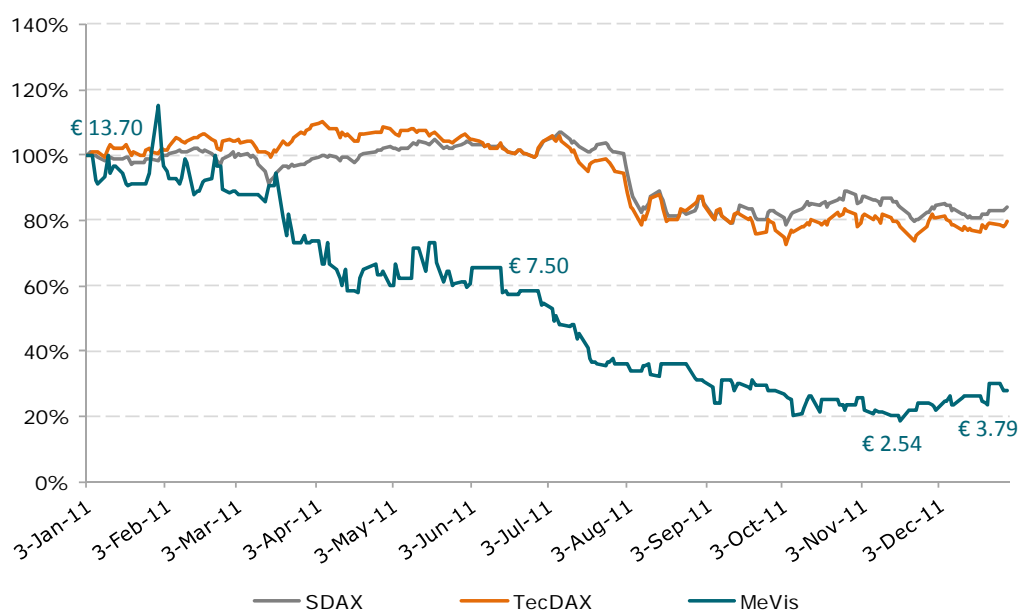
- The members of the Supervisory Board should, generally speaking, offer the knowledge, skills and relevant experience necessary in order to properly perform their duties and be sufficiently independent. The individual skills and knowledge of the members can complement each other to obtain this objective.
- Members of the Supervisory Board should not serve past the end of the annual general meeting following their 75th birthday.
- A member of the Supervisory Board who also serves on the management board of a publicly traded company may not serve on more than five supervisory boards of publicly traded companies not affiliated with the group of the company in which the member of the Supervisory Board serves on the management board or in supervisory bodies of companies with similar requirements.
- No more than two former members of the Company's Executive Board may be members of the Supervisory Board.
- The Supervisory Board should include at least one member who is particularly qualified for handling the Company's international activities, for example, due to a stay abroad or professional experience in an international company.
- The Supervisory Board must include at least one member who has expert knowledge in accounting or auditing (Section 100 (5) of the German Stock Corporation Act).
- The Supervisory Board currently only consists of men. When making future election proposals, equal weight is to be given to women with equal qualifications and aptitude.

Given its current composition, the Supervisory Board believes that it has largely fulfilled these named goals. Supervisory Board diversity is mainly reflected in the varying professional careers and activities as well as the varying experiences of the individual members, who complement each other very well in their entirety.

MeVis Stock

Price trend of MeVis stock

The price of MeVis stock fell considerably during the course of 2011. The stock opened the year at € 13.70, falling to a low of € 2.54 on November 18, 2011, and rose slightly at the end of the year to close at € 3.79. There was a very negative performance for the full year of approximately -72 % (compared to -16 % on the SDAX and -21 % on the TecDax).



Development of the shareholder structure

The shareholder structure essentially remained unchanged in the course of 2011. As in the past, the three founders account for approximately 55 % of the share capital. The Company has treasury shares equivalent to 5.4 %. The remaining shares are predominantly held by institutional investors. The total number of shareholders rose again slightly in 2011 (7 % compared to the end of 2010).

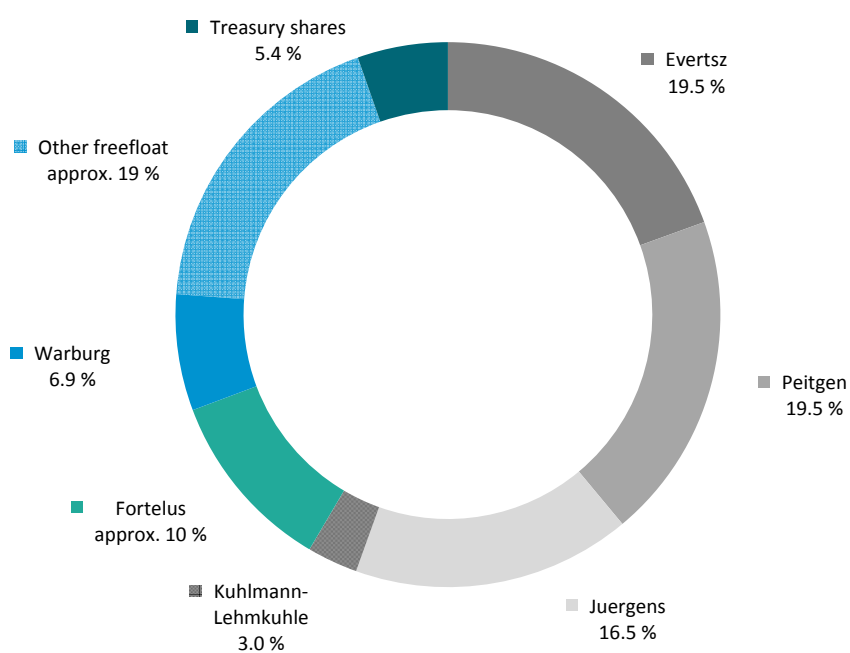


Fig.: Shareholder structure as at December 31, 2011

Group management report for 2011

Business environment and performance

Business activities

MeVis Medical Solutions AG, Bremen (hereafter: “MMS AG” or “Company”), and its subsidiaries and affiliates (hereafter: “Companies”) develop, produce and market innovative software applications for digital computer-aided medical imaging.

The specialized software applications from the MeVis Group help medical practitioners and personnel to analyze diverse image data produced by a variety of imaging modalities used in diagnosis and therapy. The clinical orientation of the applications developed by the companies is governed by epidemiologically important diseases. Our primary focus is on image-based early detection and diagnosis of breast cancer. With a worldwide incidence of 1.3 million, breast cancer is the most common tumor disease, and accounts for almost 30 % of all cancers.

The Company uses clinical expertise in breast cancer as well as the Companies’ extensive network of partners to develop software applications for use in other oncological disorders, such as those of the prostate, lungs, liver, brain and colon. The specialist applications developed by the Companies support as many imaging modalities used in practice as possible. These not only include X-ray modalities such as computed tomography, digital mammography or digital tomosynthesis, but also magnetic resonance imaging, digital sonography and the simultaneous use of multiple modalities (multimodality). Then there are the more modern imaging modalities, such as positron emission tomography (PET), sonoelastography and molecular imaging.

MMS AG’s software products are largely sold by our customer Invivo Corp., Orlando (Florida/USA), (hereafter: “Invivo”) and Koninklijke Philips Electronics N.V., Amsterdam (Netherlands), (hereafter: “Philips”) under their own brand names. Since November 2006, Invivo has been a wholly-owned subsidiary of Philips. The software applications for the diagnostic workstation DynaCAD® Breast, which MMS AG has sold to Invivo, are used in contrast-agent-based magnetic resonance imaging of the breast and are compatible with all imagers made by the world’s leading manufacturers.

Furthermore, MMS AG has produced a specialized software application for neurological diagnostics and for supporting neurosurgical planning on the DynaSuite® Neuro diagnostic workstation since the end of 2008. The application for the DynaSuite® Neuro product, which was updated in 2012, also allows the possibility of three-dimensional visualization of vascular structures, which provides reference points for surgical procedures. Diffusion tensor imaging, which is also included, uses the fact that diffusion behavior of water molecules in tissue changes characteristically in some neurological diseases. By using the so-called “fiber tracking” options, nerve fiber bundles can be calculated, visualized and avoided during surgery. Besides functions to calculate the blood flow to tumors and normal brain tissue (so-called cerebral perfusion imaging), DynaSuite® Neuro also includes functional magnetic resonance imaging that allows individual sections of the brain to be assigned to specific functions such as movement or speech.

In addition, the Company developed an innovative solution for prostate diagnostics using magnetic resonance tomography (DynaCAD® Prostate), which was launched for Invivo at the end of 2009. With some 64,000 new incidents each year in Germany, prostate cancer is the most common type of malignant cancer among men. One of the most common forms of screening for this disease is to determine the PSA level (prostate specific antigen) in the blood, although a final determination must always be based upon a biopsy. Until now, prostate biopsies were normally performed using ultrasound via the rectum (trans-rectal). However, often the tissue sample does not provide a usable result. The increasing use of magnetic

resonance imaging (MRI) in conjunction with DynaCAD® Prostate improves the diagnostic evaluation considerably.

DynaCAD® prostate software enables a targeted biopsy that is guided by MRI. The intervention unit DynaTRIM is used for this purpose; it allows the precise placement of a biopsy needle into the tissue by setting three degrees of freedom. During this process, MeVis software determines the best setting for the selected target position. Fewer samples must be taken when this targeted biopsy is used, resulting in significant reductions in the pain and risks associated with the procedure (as well reductions in side effects such as incontinence, impotency, etc.). In addition, tumors located in otherwise inaccessible places in the prostate can be reached using this method. If an MRI-based examination result is negative, then the probability that no tumor actually exists increases to over 75 %.

This solution offers a healthcare economic savings potential by avoiding biopsies and their subsequent costs. Furthermore, DynaCAD® Prostate and DynaTRIM enable the introduction of focal therapy with minimally invasive procedures, resulting in significant relief for patients with less aggressive tumors when the therapy progress is positive. More severe surgical procedures can be avoided or postponed until much later.

In addition, MMS AG offers its clinical end customers a specialized service under its Distant Services arm, consisting of preoperative liver surgery planning. Surgeons are given extra information in the form of a 3D model of the liver, which can considerably reduce the risks associated with living liver donor transplantation. Distant Services also includes tumor diagnostics as well as bone measuring in connection with clinical studies for pharmaceutical and medical companies.

MeVis BreastCare GmbH & Co. KG, Bremen, (hereafter: "MBC KG") is run as a joint venture with the industry partner Siemens Aktiengesellschaft, Berlin and Munich, (hereafter: "Siemens"). The object of MBC KG is to produce, market and sell software and consulting services, especially in the area of multimodal diagnostic systems for the early detection, diagnosis and therapy of breast diseases. The software applications from MBC KG run on the diagnostic workstations sold by industry partner Siemens under the brand names MammoReport™, syngo BreVis™, syngo BreVis Biopsy™ and ACUSON S2000™ (ABVS).

The software applications from MeVis BreastCare Solutions GmbH & Co. KG, Bremen, (hereafter: "MBS KG") are sold as diagnostic workstations by the industry customer Hologic under the brand name of SecurView™. These are also specialist products designed to screen patients and diagnose breast cancers.

MeVis Medical Solutions, Inc., Pewaukee (Wisconsin/USA), (hereafter "MMS Inc.") offers specialized software applications under its own brand name Visia™ CT Lung System using various distribution partners in the market and directly to clinical end customers. MMS Inc. provides MMS AG with sales support on the US sales market through existing industry customers, with support in networking with US clinics, in research and development and in getting approval for MeVis products in the USA.

MeVis Japan KK, Tokyo (Japan) (hereafter: "MeVis Japan") was established on September 16, 2009. MeVis Japan was set up to provide MMS AG with sales support on the Japanese market, with support in networking with Japanese clinics, in research and development and with support in getting approval for MeVis products in Japan. MeVis Japan ceased business activities in the second quarter of 2011 and winding up started on December 31, 2011.

Economic environment

Diagnostic workstations with applications from the Companies are in use throughout the world, with the North American market being of particular importance. Most of the Companies' products fall within the market segment of breast disease diagnostics. Therefore, the Companies' business activities in this segment, as well as others in which they operate, are dependent upon several factors including the development of the global economic environment for hospitals and radiological centers. In global terms, this economic environment was characterized by a mixed performance during the period under review.

Global regulations governing medical services remuneration are crucial for the economic environment and the success of the Groups products. A main driver behind the success of “Digital Mammography” was and is the launch of extensive breast cancer screening. Sales of lung and colonoscopy applications, which have been weak to date, can primarily be explained by the lack of regulations thus far governing the nationwide remuneration of diagnostic methods in which these products are used. Given new scientific studies, the Group expects that the appropriate legal basis will be laid in the coming years to open up the market to allow widespread use of innovative software applications in the form of effective health promotion.

Sales for the Companies’ new innovative software applications in the 2011 fiscal year were also difficult in the USA, an important market for the Company, because of ongoing reluctance by clinical institutions to make purchases. This manifested first and foremost in a deferral or reduction of investment projects of hospitals and imaging centers as well as prolonged sales cycles in the US, a key sales market. This reluctance mainly impacted products for breast, prostate and neurological magnetic resonance imaging.

Saturation of the US market for breast magnetic resonance imaging continues to gather pace. The Company has observed this trend for some time now and is the main driving force behind the reduced level of new license business in this area. As a result, developments of the “Other Diagnostics” product portfolio were significantly below original expectations.

The change over in mammography from analog, film-based devices to digital, software-based equipment continues to drive software application sales. On the basis of the figures for the trend among facilities to change over published by the US public health body, the Food & Drug Administration (hereafter: “FDA”), and sales figures to date, the Company continues to see itself as a leading manufacturer of diagnostic software for early detection and diagnosis of breast disease using medical imaging.

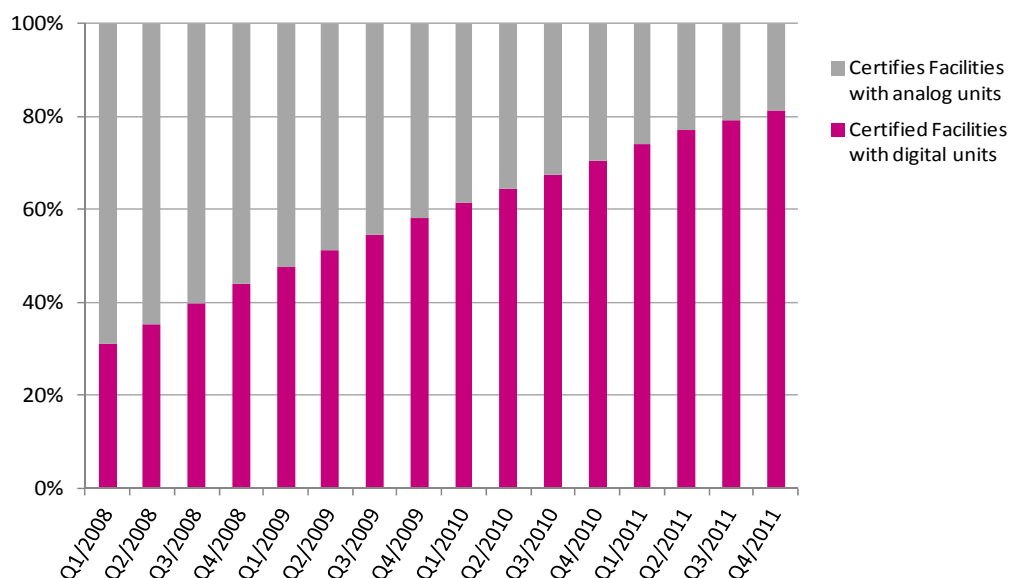


Fig.: Proportion of analog and digital FDA-certified mammography facilities in the USA

Source: U.S. Food and Drug Administration / 2011 Scorecard Statistics / <http://bit.ly/hoX56u>

However, while there were 8,833 analog and digital mammography facilities in total in the USA at the beginning of 2007, this figure was down slightly to 8,617 as of the end of 2011 (end of 2010: 8,619). Here, a trend towards specialization in certain diagnostic areas, such as in the form of “specialized breast cancer centers,” can be seen, which is associated with reductions in the total number of facilities. Given this background, the Company expects that the number of cases handled in these centers will increase in the future. The Company also assumes that the processing time per case will fall, not least because of economic reasons, meaning that workflow optimization, i.e., demand for the Company’s products, will continue to rise. At the same time, facility changeover from analog to digital continued apace in the period under review. In January 2011, the number of digital mammography institutions certified by the FDA was 6,275 (January 2010: 5,246), which represents approximately 73 % (January 2010: 60 %) of all certified institutions. At the end of 2011, 6,988 (end of 2010: 6,174) digital mammography institutions were recognized by the FDA, which represents approximately 81 % of all certified institutions (end of 2010: 72 %).

Given the rapid progress of digitization, the Company expects the current high sales dynamic for its software applications to slow down due to the growing saturation of the US market. In contrast, the Company believes that growth will continue in the European and, in particular, the Asian market due to the as yet incomparable digitalization of medical imaging.

Performance

Consolidated sales in the current fiscal year are down by approximately 4 % year on year to € 13,678 k (prev. year: € 14,291 k). This was mainly due to a weaker US Dollar than in 2010 (down approximately 3 %). While the maintenance business expanded by 20 %, from € 4,605 k to € 5,546 k, despite the negative currency effect, the new licenses business fell by 16 %, from € 8,963 k to € 7,560 k.

Besides product development and the resulting high staff costs, the Group’s results of operations, as expressed in the earnings before interest and taxes (EBIT) of € -1,642 k (prev. year: € -5,427 k), were again influenced by the predominantly non-cash extraordinary items.

Extraordinary items in the amount of € 2,832 k (prev. year: € 6,149 k) consist of € 2,518 k for impairment losses charged on intangible assets for development costs capitalized since 2008, as well as a provision of € 314 k for former CEO Dr. Carl J.G. Evertsz, who left office on February 29, 2012. Last year’s exceptional items were € 6,149 k in amortization on intangible assets resulting from the acquisition of the Lung CT business in 2008 and expenses for forming provisions for anticipated losses.

After adjusting for these extraordinary items, earnings before interest and taxes (EBIT) in 2011 amounted to € 1,190 k and € 722 in the previous year, which is an increase of € 468 k.

The MeVis Group operations consist of two core areas: The development and sale of software licenses and the maintenance business this entails as well as providing medical services (Distant Services).

At more than 95 % of total sales, the software business, which includes products for industry customers Hologic, Siemens and Invivo, again made the greatest contribution to total Group sales in this reporting period.

The software business was also the main driving force behind the decline in sales of approximately 10 % at MMS AG to € 2,924 k (prev. year: € 3,235 k). While business with prostate products stabilized, MMS AG’s neurology products launched at the end of 2008 have not yet penetrated the market as expected. At the same time, however, the new licenses business for breast products dropped by more than was expected due to rapid market saturation in the USA. The software components business was negative with reduction of approximately 23 %, while maintenance revenues, which continue to gain in importance, jumped by 46 % in the reporting period.

The Distant Services segment, which comprises liver surgery operations planning as well as the systematic analysis of medical image data, recorded a sales decline of approximately 21 % in the reporting period. This was mainly due to a reduced order volume from existing industry customer orders.

MBC KG's business activities, which are consolidated with 51 % in the MeVis Group, focus on the customized development of innovative software solutions for Siemens. The products developed for Siemens include software application *syngo*™ MammoReport used in digital mammography devices, breast diagnostic reporting and intervention software *syngo* BreVis, and *syngo* BreVis Biopsy used to diagnostically evaluate MRI image data (magnetic resonance tomography), as well as automatic breast volume scanner ACUSON S2000™ (ABVS) for ultrasound diagnostics.

MBC KG's sales in the reporting period rose by approximately 15 % to € 3,701 k (prev. year: € 3,205 k). This increase includes both the new licenses business and revenues from maintenance contracts across all three of the above-mentioned product groups.

MBS KG is currently developing software application for the SecurView™ diagnostic workstation for industry customer Hologic. The current software generation supports innovative, so-called cross-modal workflows, by combining innovative software technologies for all common imaging procedures in a single diagnostic workstation. Sales figures for core product "Diagnostic Workstation" rose slightly thanks to the launch of three-dimensional digital tomosynthesis of the breast. Falling sales figures in the American market were offset by significant growth across the rest of the world. Thanks to product improvements, maintenance revenues, which represented approximately 51 % of MBS KG sales, should be secured in the medium term.

Although sales at MMS Inc. rose from a low level, they will still down considerably on what had originally been expected. The main business for MMS Inc., that with lung product Visia™ CT-Lung System, remained unchanged from the previous year, only contributing 3 % to Group license sales.

As expected, there was no sales contribution by MeVis Japan KK in the reporting period due to limited business activities.

The economic success of the planned entry into the area of cardiovascular diseases is initially dependent upon the success of the partnership with the Dutch company Medis medical imaging systems B.V., which is consolidated at equity by the Group because the current holding in its share capital in fiscal year 2011 was approximately 41 %. The QMass MR / QFlow product, which had been developed together with Medis, was launched in the second half of fiscal year 2011. This product is distributed by Medis to clinical end as well as industry customers, with MMS AG receiving license payments from Medis for those product components developed in Bremen. This product made no significant contribution to Group license sales in 2011.

In the fiscal year just completed, the high development expenses within the MeVis Group were related to the further development of existing and new Visia™ applications as well as to the improvement of existing Digital Mammography segment software applications. Please refer to the section "Research and Development" in this respect.

The MeVis Group assumes, based on its specialized product portfolio, its broad-based research, and its existing industry customers, that the market position it currently occupies can be sustained overall and expanded in some segments in 2012. Given the ongoing reluctance by clinical end users of the new products to make purchases, the future performance of the business with the new Visia™ applications in the areas neurology, prostate, and lung will depend to a large degree on the ability of the Company to expand existing distribution channels and to find new ones. In addition, the further performance of the business with the product Visia™ CT Lung System in the USA will depend highly upon whether and to what extent the results of the study on the clinical effectiveness of this technology together with health policy issues will lead to new regulations governing the remuneration of methods in which this technology is used.

Sales and earnings in the Digital Mammography segment

The **Digital Mammography** segment develops and markets software products which support breast diagnostic imaging and intervention. In fiscal year 2009, new software applications for imaging techniques were added to the original products for digital mammography such as ultrasound, magnetic resonance tomography and tomosynthesis. The **Digital Mammography** segment includes the joint venture MBC KG, which was consolidated at 51 %, and the wholly-owned subsidiary MBS KG.

In 2011, sales in the **Digital Mammography** segment decreased slightly by 2 % to € 10,463 k (prev. year: € 10,724 k).

Although 2011 license sales declined by 16 % to € 5,468 k (prev. year: € 6,483 k) due to reduced sales momentum, revenues from maintenance and support services increased strongly again by 17 % to € 4,753 k (prev. year: € 4,065 k). Total **Digital Mammography** sales (licenses and maintenance) were thus down around 3 % to € 10,221 k (prev. year: 10,548 k).

Revenues from services (consulting & training) increased in the reporting period in the **Digital Mammography** segment to € 201 k (prev. year: € 131 k), which is primarily caused by deferred revenues associated with the ABVS breast ultrasound scanner that was introduced in 2009. Hardware sales stood at € 41 k in the year under review (prev. year: € 48 k).

In fiscal year 2011, the **Digital Mammography** segment uses both the Euro and the US Dollar for invoicing. The choice of currency in the indirect channel depends upon the headquarters of the relevant industry partner. License sales invoiced in Euro increased by around 20 % to € 1,887 k (prev. year: 1,577 k). Revenues invoiced in US dollars sank by 6 % to € 8,576 k (prev. year: € 9,147 k).

At € 1,557 k, the balance of capitalized internally developed assets in the **Digital Mammography** segment was slightly above previous year's level (€ 1,486 k), whereas amortization increased by 16 % to € 2,233 k because of the previous market introduction of new products and product generations (prev. year: € 1,932 k).

Operating expenses in the **Digital Mammography** segment decreased by 15 % to € 3,446 k (prev. year: € 4,051 k); this increase was caused by a 7 % fall in staff costs to € 3,138 k (prev. year: € 3,367 k) and lower cost of materials totaling € 376 k. The average number of employees for the year fell to 66 (prev. year: 74).

Based upon the higher amortization and lower operating expenses, the segment net profit from operating activities rose to € 6,341 k (prev. year: € 6,227 k).

Other operating income increased in the **Digital Mammography** segment to € 344 k (prev. year: € 133 k). Other operating expenses rose to € 1,101 k (prev. year: € 954 k), mainly due to consultancy services for the introduction of new development processes as well as expenses for other accounting periods.

In total, the segment net profit was reported as € 5,584 k (prev. year: € 5,406 k). Accordingly, the EBIT margin in the **Digital Mammography** segment rose to 53 % (prev. year: 50 %).

Sales and earnings in the Other Diagnostics segment

The **Other Diagnostics** segment comprises digital radiology products (e.g. magnetic resonance imaging (MRI), computed tomography (CT), etc.) as well as general analysis of and diagnosis based on radiological images. Other main activities in this segment include image and risk analysis for planning liver surgery and tumor diagnostics in connection with clinical studies of pharmaceuticals companies. **Other Diagnostics** includes the parent company, MMS AG, and the wholly-owned subsidiaries MMS Inc. and MeVis Japan K.K.

Other Diagnostics volumes decreased by around 9 % to € 3,263 k (prev. year: € 3,571 k) in the year under review.

License sales were down disproportionately by 16 % to € 2,092 k (prev. year: 2,480 k). This development is mainly attributable to a decline in business development with industry partner Invivo due to increasing competition in the field of breast MRI on the U.S. market. In contrast, revenues from maintenance and support services, which consist mostly of maintenance of existing software applications, increased by 46 % to € 793 k (prev. year: € 544 k). Total sales of products in the segment **Other Diagnostics** (licenses and maintenance) were down around 5 % to € 2,885 k (prev. year: € 3,024 k).

Service sales (consulting & training) totaled € 327 k (prev. year: € 347 k) in the segment **Other Diagnostics** while the hardware business generated sales of € 3 k in the period under review (prev. year: € 196 k).

In the **Other Diagnostics** segment, invoices are generated in both Euro and US Dollars; in the indirect channel, the invoice currency depends upon the headquarters of the relevant industry partner, whereas in the direct channel it is based upon the headquarters of the relevant clinical end user. License sales invoiced in Euro decreased by around 10 % to € 720 k (prev. year: 802 k). Revenues invoiced in US dollars also sank by 10 % to € 2,495 k (prev. year: € 2,765 k).

The total value of grants in the **Other Diagnostics** segment decreased to € 383 k (prev. year: € 644 k), which led to overall segment revenues totaling € 3,646 k (prev. year: € 4,215 k).

Development expenses for the development of existing and new Visia™ applications were recorded as internally developed assets in the **Other Diagnostics** segment and were reduced by 41 % in the reporting period to € 840 k (prev. year: € 1,421 k). Although regular amortization of € 1,307 k fell compared to the previous year (prev. year: € 1,651 k), the segment was also negatively impacted by the extraordinary items from impairment losses totaling € 2,518 k related to development costs capitalized in the previous years. The previous year, impairments of € 5,328 k on a range of intangible assets had to be taken into account.

Operating expenses in the **Other Diagnostics** segment decreased by 12 % to € 6,810 k (prev. year: € 7,725 k); this increase was caused by a 14 % fall in staff costs to € 6,106 k (prev. year: € 7,095 k) and higher cost of materials totaling € 74 k.

Because of impairment losses related to development costs totaling € 2,518 k and weak sales, the segment profit and loss from operating activities only improved by 32 % to € -6,149 k (prev. year: € -9,068 k).

Other operating income in the **Other Diagnostics** segment decreased to € 1,216 k (prev. year: € 1,845 k). Other operating expenses decreased by 39 % to € 2,452 k (prev. year: 4,044 k).

In total, the segment net profit was reported as € -7,385 k (prev. year: € -11,267 k). Accordingly, the negative EBIT margin in the **Other Diagnostics** segment has improved.

The segment net loss adjusted for the extraordinary item created by impairment losses of € 2,518 k amounted to € -4,867 k (prev. year: € -5,118 k).

Results of operations

Consolidated sales in fiscal year 2011 were positively influenced to a large degree by the rebound in maintenance revenue from the business with our industry customer Hologic, which is contained in the segment Digital Mammography.

In the period under review, sales totaled € 13,678 k (prev. year: € 14,291 k), which corresponds to sales decline of 4 %. This was significantly driven by the decreased license sales by 16 % to € 7,560 k (prev. year: € 8,963 k), while revenues through maintenance contracts were down by 20 % to € 5,546 k (prev. year: € 4,605 k).

Based on the capitalization of development costs since 2008, own development services totaling € 2,397 k were capitalized in 2011 (prev. year: € 2,907 k). The own development work totaling € 2,397 k (prev. year: € 2,786 k) is recognized in "Income from the capitalization of development costs" for neutralization

of the costs contained in the various types of staff and material costs in connection with the various development projects.

Other operating income remained on par with the previous year at € 1,147 k (prev. year: € 1,140 k).

The cost of materials including cost of services purchased rose to € 712 k (prev. year: € 690 k). This increase is caused by a € 153 k increase in cost of services and a € 131 k reduction in the cost of materials. The cost of services purchased is fully related to non-capitalized research and development projects of the Fraunhofer MEVIS Institute for Medical Image Computing.

Staff costs decreased in the reporting period by 12 % to € 9,173 k (prev. year: € 10,382 k). In the reporting period, this amount contained a special factor in the form of a provision of € 314 k for a severance obligation to the CEO, whose resignation was agreed upon in December 2011. The annual average number of permanent employees expressed as full-time equivalents declined to 130 (prev. year: 156), and the annual average number of student interns expressed as full-time equivalents declined to 16 (prev. year: 21).

Because of extensive cost cutting initiatives, other operating expenses fell by 21 % to € 2,921 k (prev. year: € 3,692 k). Besides project financing for the Fraunhofer MEVIS Institute totaling € 180 k (prev. year: € 821 k), other operating expenses consist of rental expense totaling € 549 k (prev. year: € 555 k), legal and consulting costs totaling € 441 k (prev. year: € 483 k), costs for maintenance and energy totaling € 248 k (prev. year: € 274 k), travel expenses totaling € 160 k (prev. year: € 190 k), costs of preparing and auditing financial statements totaling € 177 k (prev. year: € 189 k), and accounting costs totaling € 102 k (prev. year: € 111 k). Other operating expenses remained constant at € 1,064 k (prev. year: € 1,069 k).

Earnings before interest, taxes, depreciation and amortization (EBITDA) came to € 4,416 k in 2011 (prev. year: € 3,453 k). The EBITDA margin, at 32 % compared to 24 % in the previous year, rose accordingly.

Depreciation and amortization and impairments decreased by 32 % to € 6,058 k (prev. year: € 8,880 k). On the one hand, the substantial expansion of the amortization of capitalized development expenses as a result of the introduction of new products and new product generations into the market in the previous year contributed to this development. This expansion increased amortization expenses by € 199 k to € 2,040 k (prev. year: € 1,841 k). Furthermore, the impairment test of the development costs capitalized resulted in amortization of € 2,518 k as of the balance sheet date as well as an extraordinary item of the same amount. In the previous year the amortizations from impairments totaled € 5,328 k.

Earnings before interest and taxes (EBIT) came to € -1,642 k (prev. year: € -5,427 k). The EBIT margin, at -12 %, thereby rose substantially compared to the previous year's result of -38 %.

After adjusting for the two extraordinary items and impairments, adjusted EBIT was € 1,190 k (prev. year: € 722 k). The adjusted EBIT margin therefore came to 9 % (prev. year: 5 %).

The financial result fell in the reporting period to € -1,273 k (prev. year: € -180 k). The main reason for this were the impairment of € -871 k on the 41 % stake in Medis Holding B.V., which was accounted for using the equity method as well as lower interest expenses totaling € 346 k (prev. year: € 712 k), which resulted fundamentally from the imputed interest to maturity of remaining purchase price installments for the acquisition of the 49 % stake in MBS KG. Interest income, which went down to € 112 k as the result of fewer investments of liquid funds (prev. year: € 389 k), was also significant here.

Earnings before taxes (EBT) were € -2,915 k in the reporting period (prev. year: -5,607 k). Accordingly, the EBT margin (return on sales) increased considerably to -21 % compared to a previous year value of -39 %.

After adjusting for the extraordinary items including the provision for the severance obligation to the CEO, impairments regarding development costs capitalized and the impairment of € -871 k on the 41 % stake in Medis Holding B.V., adjusted EBIT was € 788 k (prev. year: € 542 k). The adjusted return on sales therefore came to 6 % (prev. year: 4 %).

Deferred tax assets and liabilities for temporary differences are in principle calculated on the basis of an income tax rate of 31.2 %. Deferred tax assets on the corporation income tax loss carry forwards in Germany were calculated on the basis of a 15.8 % tax rate; for the trade tax loss carry forward in Germany, the tax rate used in the calculation was 15.4 %. A uniform tax rate of 39 % was used for the calculation regarding tax loss carry forwards in the USA.

The substantial decrease in income tax expenses of € 1,565 k to € 1,177 k was primarily the result of a fall in deferred taxes to € 956 k (prev. year: € 2,689 k). The deferred tax expenses at a negative pre-tax profit, in which a deferred tax income would have been expected was in the previous year mainly due to a € 4,958 k impact from extraordinary items associated with impairment losses and the non-recognition of deferred tax, of which € 2,970 k resulted from deferred tax assets associated with the tax loss carry forwards of MMS, Inc. An additional € 1,988 k is related to the deferred tax assets from the tax loss carry forwards of MMS AG. No deferred taxes were capitalized for the tax losses of individual Group members incurred in 2011 as there was uncertainty regarding realization. At the same time, other Group members built up deferred tax liabilities, only some of which were offset by drops in current income taxes.

The consolidated net profit after taxes in the reporting period was therefore € -4,092 k (prev. year: € -8,349 k), which represents basic earnings per share of € -2.38 (prev. year: € -4.89)

Capital spending

In the year under review, a total of € 2,945 k (prev. year: € 3,176 k) was spent on intangible assets, property, plant and equipment.

Spending of € 2,728 k (prev. year: € 2,983 k) on intangible assets primarily comprises capitalized development costs of € 2,397 k (prev. year: € 2,907 k) including capitalized cost of services purchased of € 0 k (prev. year: € 121 k), and also patents, licenses and other rights of € 331 k (prev. year: € 76 k).

Spending on property, plant and equipment amounted to € 217 k (prev. year: € 193 k) and consisted of € 196 k (prev. year: € 162 k) in investment on IT equipment, € 3 k (prev. year: € 13 k) on leasehold improvements, and € 18 k (prev. year: € 18 k) on office and business equipment.

Assets, liabilities and financial position

As of the balance sheet date, liquid funds totaled € 7,506 k (prev. year: € 8,162 k), of which cash and cash equivalents accounted for € 6,076 k (prev. year: € 5,621 k) and for-sale securities amounted to € 1,430 k (prev. year: € 2,541 k).

Total assets dropped by € 6,236 k in the reporting period to € 32,549 k (prev. year: € 38,785 k). The reduction in consolidated assets was mainly due to impairment losses and depreciation and amortization relating to the development costs capitalized since 2008 and other intangible assets as well as the decrease in shares in associates, trade receivables and liquid funds. This was offset by equity (reduced by the consolidated net loss) as well as a decrease in liabilities, which resulted from the payments made during the reporting period on the purchase price of the previously mentioned acquisitions.

In this context, the balance sheet changed only slightly in the year under review. The equity ratio remained constant at 64 %. Equity covered 104 % of property, plant and equipment (prev. year: 102 %) and amounted to 157 % (prev. year: 166 %) of current assets, which went down to 61 % compared to total assets (prev. year: 62 %).

Non-current assets as of the balance sheet date were down 18 % to € 19,884 k (prev. year: € 24,207 k). The decrease is due to a reduction of € 3,080 k in intangible assets to € 18,921 k (prev. year: € 22,001 k). This drop was mainly caused by impairment losses totaling € 2,518 k related to development costs capitalized. Amortization of capitalized development costs of € 2,040 k (prev. year: € 1,841 k) were offset by newly recognized development costs of € 2,397 k (prev. year: € 2,907 k) in the reporting period.

Property, plant and equipment, which primarily consists of leasehold improvements, acquired office and business equipment, as well as spending on modern IT file service technology, fell by € 241 k to € 685 k in the year under review (prev. year: € 926 k). Due to the impairment of the 41 % stake in Medis Holding B.V. and the share of losses in the reporting period, shares in associates fell by € 1,002 k as of the balance sheet date to € 278 k (prev. year: € 1,280 k).

Current assets fell by 13 % to € 12,665 k (prev. year: € 14,578 k) during the period under review, mainly on account of other financial assets going down by € 1,142 k, of which €1,111 k from sale of marketable securities, to € 1,740 k (prev. year: € 2,882 k) and trade receivables by € 719 k to € 4,420 k (prev. year 5,139). Cash and cash equivalents rose by € 455 k to € 6,076 k (prev. year: € 5,621 k).

The decrease in liquid funds and securities by € 656 k (prev. year: € 6,931 k) was offset by the payments made during the acquisition of 49 % share in MBS KG to the amount of € 3,000 k (prev. year: € 5,000 k), resulting in a corresponding drop in other financial liabilities.

As a result of consolidated net loss for the year, equity dropped by 16 % to € 20,729 k (prev. year: € 24,789 k). The equity ratio, staying the same with 64 %, did not change because of the decrease in total assets. Subscribed capital was still € 1,820 k (prev. year: € 1,820 k). The share premium decreased due to the disposal of treasury shares below investment costs to € 28,078 k (prev. year: € 28,513 k), while treasury stock deducted from this figure decreased by € 489 k to € 3,300 k (prev. year: € 3,789 k). The translation reserve fell to € 124 k (prev. year: € 149 k). Retained earnings decreased by € 3,840 k to € -7,020 k (prev. year: € -3,180 k), adjusted by the changes in the revaluation reserve of € 252 k (prev. year: € 230 k). This corresponds to consolidated net loss for the period of € 4,092 k (prev. year: loss of € 8,349 k).

Non-current liabilities as of the balance sheet date amounted to € 4,238 k, which is € 1,615 k below the previous year (prev. year: € 5,853 k). This was due to opposing effects. On the one hand, other financial liabilities went down by € 2,577 k to € 875 k (prev. year: € 3,452 k), which is because of the installment due in 2012 for the acquisition of the 49 % share in MBS KG as of December 31, 2011, being reclassified from a non-current liability in the previous year to a current liability in the reporting period. On the other hand, deferred tax liabilities increased by € 909 k to € 2,489 k (prev. year: € 1,580 k), mainly due to depreciations for tax balances of the lower deferred tax assets from the tax loss carry forwards. Current liabilities were down 7 % to € 7,582 k (prev. year: € 8,143 k). This drop applies to all posts with the exception of income tax liabilities.

While staff liabilities rose by € 196 k to € 591 k as a result of the special factor relating to a provision for a severance obligation to the CEO, current liabilities from the above-mentioned strategic acquisitions dropped in line with the purchase price payments made during the reporting period. Current liabilities to the Fraunhofer MEVIS Institute dropped to € 138 k (prev. year: € 180 k). The negative market values of forward currency transactions concluded to hedge foreign currency transactions went up to € 80 k (prev. year: € 5 k). Other financial liabilities increased to € 112 k (prev. year: € 22 k).

Trade payables fell by € 149 k to € 1,168 k (prev. year: € 1,317 k). As at the end of the previous year, the Group had no bank borrowings as of the balance sheet date.

The fall in deferred income by € 239 k to € 2,009 k (prev. year: € 2,248 k) was primarily due to the payments received during the reporting period under maintenance contracts for which the corresponding maintenance services had already been provided.

Other liabilities dropped by € 89 k to € 179 k (prev. year: € 268 k), of which € 150 k (prev. year: € 122 k) pertained to sales tax as well as payroll and church tax.

Income tax liabilities were up to € 168 k (prev. year: € 67 k).

Cash flow from current operating activities came to € 5,107 k (prev. year: € 4,950 k). It essentially comprises earnings before interest and taxes (EBIT) of € -1,642 k (prev. year: € -5,427 k), adjusted for depreciation of € 6,058 k (prev. year: € 8,880 k), changes in provisions of € -12 k (prev. year: € 869 k), the total of all non-cash expenses and income of € -214 k (prev. year: € -605 k), interest received of € 153 k

(prev. year: € 395 k), taxes paid of € 237 k (prev. year: € -288 k), exchange rate differences received and paid of € 88 k (prev. year: € 184 k), changes the inventory and in trade receivables, trade receivables and other assets of € 810 k (prev. year: € -428 k) and changes in trade payables and other liabilities of € -457 k (prev. year: € 1,376 k).

In the year under review, cash flow from investing activities was € -4,673 k (prev. year: -6,536 k) and mainly consisted of payments for capitalized development costs of € 2,397 k (prev. year: € 2,907 k), payments for the acquisition of consolidated companies amounting to € 3,000 k (prev. year: € 5,000 k), which relate to the strategic acquisition of the 49 % share in MBS KG, as well as payments received for the sale of securities totaling € 1,100 k (prev. year: € 4,770 k).

Cash flow from financing activities, amounting to € -39 k (prev. year: € -401 k), consisted exclusively of leasing transactions (prev. year: € 0 k).

Change in cash and cash equivalents in the period under review came to € 395 k (prev. year: € -1,987 k).

Management and treasury systems

MeVis Group's strategic goal is to have a leading position in the market for specialized software applications for medical imaging, thereby playing a key role in medical progress. The Company pays special attention to patients' well-being and recovery, in particular by focusing on the early detection and diagnosis of cancer and lung diseases as well as neurological disorders. The specialist software applications developed by the Company with the support of an extensive network of experts and partners focus on clinical users of different imaging modalities, particularly digital mammography, computed tomography, magnetic resonance imaging, digital tomosynthesis and digital sonography (ultrasound).

The quality of the business processes of MeVis Medical Solutions AG and its German subsidiaries and affiliates, including its establishments MBS KG and MBC KG, in relation to the development, manufacture and final inspection of diagnostic software for radiological image data and evaluation services for medical image data was certified to EN ISO 13485:2003 + AC 2007 on February 8, 2010 by the notified body Medcert GmbH.

The main financial ratios used by the Company are licenses sold and sales and return on sales margins. A deviation analysis of the applicable budget parameters is performed regularly, but at least monthly, in the light of the results of a corresponding risk situation evaluation. This analysis, together with external market and competitor information, form the basis for an ongoing review of the plan and continuous forecast adjustments.

The Company's cash and cash equivalents are primarily used to finance its operating activities, in particular paying salaries as well as other operating expenses and acquisition. In addition, some of these cash and cash equivalents were most recently used in 2012 to repay an outstanding purchase price installment relating to past acquisitions. The Company had no credit facilities at banks as of the balance sheet date.

A limited amount of liquidity not directly required to finance the Company's operating activities is placed in low-risk investments capable of being liquidated at short or medium-term notice. As of the balance sheet date, these were predominantly fixed-income securities, including investment-grade corporate bonds.

Research and development

The market for software products for use with digital medical imaging processes is characterized by high quality requirements and, in some cases, short innovation cycles in tandem with rising technical complexity. For this reason, the product ranges developed by the Company call for ongoing and forward-looking adjustment in the light of new medical and technological developments and the constant increase

in data volumes to be processed. In addition, the Company has an array of product developments to allow it to benefit from future market developments.

The Company has only few own research capacities. The bulk of the research activities are performed by Fraunhofer MEVIS Institute for Medical Image Computing (hereafter: "Fraunhofer MEVIS" or "FME"). Most of the employees of the Company are assigned to software development.

In the period under review, the MeVis Group's development activities concentrated on the completion of new product generations and the continuation of ongoing projects:

MeVisAP technology platform and MeVisLab development environment

The software applications of the Company have to fulfill a variety of different medical and technological requirements according to their later use, and are integrated into clinical workflows in a number of ways. At the same time, all software applications in medical imaging have core functionalities in common, which are also required in many of the Company's products. Examples include functions for calling up patient and report data from a data archive, for displaying this information on the monitor, for the interactive navigation through such image data, for marking image data or for recording diagnostic information. Additional fundamental software components are required for storing and sharing data in a client-server environment, for the automatic preprocessing of image data, for communicating with other servers in accordance with the DICOM standard, for memory and resource management, and so on.

Implementing these functions on the MeVisAP software platform greatly speeds up the development of new software products, since much of the functionality already exists and does not have to be redeveloped for each new product. With these synergies, the Company is aiming to address the challenge of ever-shorter innovation cycles in the future. Key functionalities were extended in the reporting period. Solution robustness and usability were the main focus of attention. This was validated by end user tests, which highlighted the simultaneous displaying of various images over each other ("layer" concept). This allows different images of the same anatomy to be superimposed to bring together diagnostic information.

The platform's characteristics enabled a so-called "white label" approach. This means that MeVisAP-based products can be adjusted to match the brand and layout requirements of industry customers with little expense. The following applications will either be registered as external brands or as MeVis' own "Visia" brand, particularly for the approval process in the USA.

This approach means that the Visia™ MR Core product, which features comprehensive functionalities for evaluating dynamic MRI image series as well as an interface for linking with a host environment, was integrated with the radiological diagnostic environment Vitrea of Vital Images, Inc. (Minnetonka, MN, USA) in 2010 and was prepared for US market approval by the FDA. Approval was received in the first quarter of 2012.

In addition to the basic functions provided by MeVisAP, complex medical software products are essentially based on innovative algorithms and methods for image processing, image analysis and visualization – which are customized to the medical need in question – as well as specific requirements relating to clinical workflows. The research and development environment MeVisLab is available at MeVis to facilitate rapid prototyping of such methods and workflows. It enables the rapid prototyping of software applications – which are tailored to the specific medical need – with which the developed methods and workflows can be trialed, evaluated and optimized in clinical environments ("Rapid Prototyping").

The integration of MeVisLab and MeVisAP allows for transfer of the methods, algorithms and workflows developed on the basis of MeVisLab to product development. By combining the two platforms, MeVisLab modules and module networks can be integrated faster into products that are implemented on the basis of MeVisAP. This model of dynamic integration of research and product developments significantly shortens development and innovation cycles.

MeVisLab development work in turn focused on the integration of MeVisLab and MeVisAP as well as measures for further increasing the efficiency, performance and stability of developments in the period

under review. These comprised the further expansion of interfaces for the dynamic integration of module networks in MeVisAP's existing user interface and workflow concepts as well as for access to MeVisAP patient data and past diagnostic information. Work was also carried out to develop technologies and interfaces for distributed calculation with multiple MeVisLab instances and servers as well as to implement server-client applications. Some of this work was carried out within the research project DOT-MOBI, which is partly financed by third parties. This project is developing a clinical application prototype for multimodule radiotherapy planning and control on the basis of this software technology.

Breast and prostate products

In the reporting period, the Norwegian and Swedish languages were added to the DynaCAD® Breast product and a new biopsy controlling module was developed.

MMS AG continued to work on the development of a MeVisAP-based workstation for the multimodal evaluation of breast examinations (particularly mammography and tomosynthesis images as well as breast MRI and 3D ultrasound image series) as part of the European research project HAMAM. This includes functions to support a patient-oriented, multimodal workflow, such as the easy detection of a lesion in another series of images, the preparation and continuation of a multimodal diagnostic report and efficient navigation among all current and previous images of a patient ("Time Line"). A number of partial results of the HAMAM project have been protected by patent applications with some having been commercialized as products during the project.

Neurological products

Old neurological clinical functionalities were transferred to the new MeVisAP platform during the reporting period. This enabled the switch from 32Bit to 64Bit as well as to the new Microsoft® (Windows 7) operating system. The applications now also profit from base platform client-server support. New workflow and usability user concepts were developed and successfully validated by users. The Company applied for FDA approval toward the end of the year and the approval was granted in the first quarter of 2012.

The implementation of the above-mentioned "White Label" approach thereby gives rise to the possibility of marketing this product via additional sales channel as well as through industry customer Invivo.

3D computed tomography of the lung/Visia™ CT-LungCare

Company-financed research activities again revolved around improving the quality of CAD algorithms, especially the reduction of the number of false positive results. Latest DICOM standards expansions were taken into account in the product's data interfaces to ensure the continued optimal integration of the system in clinical IT infrastructures. Together with the CAD group at Fraunhofer MEVIS in Nijmegen, Netherlands, work continued on expanding CAD algorithms to other types of lung lesions. These developments will be integrated into the existing product successively.

Cardiology products

A diagnostic software solution based on MeVisAP and Medis products QMass MR and QFlow was developed to market launch stage together with Medis in the reporting period (QMass MR & QFlow Enterprise Solution). MeVisAP offers key functionalities to enable visual diagnostics of cardio MRI image series, workflow support, as well as integration in existing DICOM and PACS infrastructures and client-server networks. This functionality is supplemented by developments by Medis that enable quantitative assessments such as ventricular function analysis, infarct area measurement, perfusion analysis with stress/rest comparisons, and flow quantification to diagnose valvular heart diseases.

Oncology products

Workflow support based on MeVisAP for liver and lung tumor lesion segmentation was prepared for market approval by the FDA in the reporting period. This includes semi-automatic measuring tools for these types of lesions as well as comparative timing data. This allows the effectiveness of therapeutic

measures (such as chemotherapy) to be tracked over time and to be documented in accordance with globally-accepted reporting standards such as WHO (World Health Organization) or RECIST (Response Evaluation Criteria In Solid Tumors). The Company applied for US approval in the first quarter of 2012.

“Visia Enterprise” platform segment

The base platform for clinical applications was prepared for market approval by the FDA under the name “Visia” in order to streamline registration procedures and internal documentation processes. The generic platform was registered under the Company’s own Visia™ brand in the first quarter of 2012 and the approval is expected for the second quarter of 2012.

Virtual colonoscopy

The majority of MMS AG’s work on the development of a specialized software application for evaluating CT images derived from virtual colonoscopy was placed on hold in favor of other projects in the period under review. There are no plans to develop and launch this product in 2012.

MBS

The breast diagnostics workstation SecurView™ was adapted for the latest graphic cards (DirectX). New functions for the accelerated evaluation of tomography images were developed and the processing speeds of large amounts of data were improved considerably as part of the approval of the new tomosynthesis imaging technology by the FDA at the beginning of 2011. Support for the recently approved generic tomosynthesis imaging format, now accepted as DICOM standard, was also developed and the new C-View format was implemented for tomosynthesis data, which reduces tomosynthesis radiation doses.

Expanding import and export functions and a new annotation option improved workflows within the scope of optimized clinical workflow management.

MBC

Substantial developments were made to the *syngo* MammoReport, *syngo* BreVis (MRI) and ABVS (ultrasound) products in the reporting period, which were then released for the market. MBC is currently developing a number of applications for Siemens’ *syngo.via* framework. Simplified handling using a standardized GUI and much improved remote access maintenance simplifies the creation of applications as well sales of large quantities. Software-only products are also currently in production. These products are no longer pre-configured by industry customers for specific hardware. Hardware only needs to comply with certain recommendations. These measures increase the flexibility of the software used and opens access to other markets. Software could previously not be sold to these markets due to very high import duties that had been in place. The latest developments were delivered to customers in the first and will be delivered in the third quarter of 2012.

Staff

The MeVis Group had 127 permanent employees as of the balance sheet date (prev. year: 155). In addition, the Company engaged student testers on a temporary basis, equating to 13 full-time equivalents (prev. year: 20).

On annual average, the the MeVis Group had a workforce of 185 (prev. year: 224), of which 137 were permanent employees (prev. year: 163) and 48 student testers on a temporary basis (prev. year: 61).

The majority of employees received only fixed remuneration in the past fiscal year. The Company paid special remuneration such as gratuities and bonuses at its own discretion in individual cases.

The annual general meeting on August 22, 2007, resolved by amendment resolution of the annual general meeting on September 28, 2007, to conditionally increase the capital of the Company by € 130 k and to implement a stock option program for employees and members of the management of MeVis Group. This

resolution authorized the Executive Board to issue a total of up to 105,000 stock options to employees in one or more tranches until December 31, 2011. Two tranches (2007 and 2008) totaling up to 40,491 stock options have been issued to employees of the MeVis Group. Exercise of options is subject to a two-year holding period and a share price performance target. The target for the first tranche is a MeVis stock price of € 63.25; the target for the second tranche is a 15 percent improvement of the MeVis stock performance compared to the TecDAX from the time the stock options have been issued.

The annual general meeting on June 15, 2011 resolved that the authorization issued to the Executive Board on August 22/September 28, 2007 to issue stock options and the resulting capital increase will be extended until December 31, 2015. The vesting period was also extended from a minimum of two years to at least four years in light of new statutory requirements.

Remuneration report

The remuneration for the Executive Board consists of fixed and variable components. The fixed remuneration for Executive Board member Dr. Carl J.G. Evertsz was paid partly by MBC Verwaltungsgesellschaft mbH and for the rest by MMS AG. All other Executive Board members were remunerated exclusively by MMS AG.

The bonuses for Executive Board members are always measured by the level of achievement of a target catalogue agreed upon with the Supervisory Board and are capped at 1.5 times of their fixed gross remuneration. In the reporting year, the performance-based remuneration of Dr. Robert Hannemann comprised a minimum bonus agreed to upon signing the contract.

The members of the Executive Board will be taking part in a stock option program, which acts as a variable remuneration component providing a long-term incentive. As part of this program, Dr. Robert Hannemann was granted 3,000 stock options in 2011.

The employment contracts for Executive Board members stipulate transitional payments of up to four monthly salaries should their contracts not be extended and the Company fails to comply with the termination period of four months prior to the end of the contracts.

As explained in the consolidated financial statements (Note 38), the total remuneration paid to the Executive Board in the year under review came to € 921 k (prev. year: € 738 k) and includes a provision of € 314 k for former CEO Dr. Carl J.G. Evertsz, who left office on February 29, 2012.

Declaration on Corporate Governance

The following partial statement of the declaration pursuant to Section 289a of the German Commercial Code contains a reference to the current declaration of conformance pursuant to Section 161 of the German Stock Corporation Act (AktG) and the German Corporate Governance Code (GCGC), relevant details of corporate governance practices as well as a description of Executive Board and Supervisory Board procedures.

Declaration of conformance pursuant to Section 161 AktG and the German Corporate Governance Code GCGC

The Executive Board and Supervisory Board regularly issue joint declarations of conformance pursuant to Section 161 AktG. The wording of the current declaration is included in the corporate governance report. All current and previous declarations of conformance can also be accessed at all times on the Company website at http://www.mavis.de/mms/Corporate_Governance.html.

Material corporate governance practices

Corporate governance of MeVis Medical Solutions AG, as a German stock corporation listed in the Prime Standard, is dictated first and foremost by the German Stock Corporation Act and secondly by the recommendations of the Corporate Governance Code as last amended.

Being a manufacturer of medical software products, the statutory provisions of the German Medical Devices Act (MPG), the European directive on medical products (93/42/EEC), the US Code of Federal Regulations (21 CFR Part 820 – Quality System Regulation) as well as the requirements of the ISO 13485:2003 standard (Medical devices – Quality management systems – Requirements for regulatory purposes) apply to the Company.

Quality and quality management are cornerstones of our corporate governance. The quality management system is geared toward meeting our quality objectives and the quality requirements and expectations of our customers in relation to function, handling, reliability and availability, economy, and punctuality.

The Company's quality management system is certified to EN ISO 13485:2003 + AC 2009 by the notified body MEDCERT in the development, manufacture and final inspection of diagnostic software for medical image data and evaluation services for medical image data.

Executive Board and Supervisory Board procedures

The Executive Board manages the Company on its own responsibility with the aim of creating sustainable value. It runs the Company in accordance with the statutory provisions, the Company's articles of association and the rules of procedure for the Executive Board and works in good faith with the other executive bodies

The Executive Board sets out the corporate objectives and strategies and, based on them, determines the corporate policy. In the reporting period the Executive Board of MeVis Medical Solutions AG was composed of three members, who were appointed by the Supervisory Board in accordance with the Company's articles of association. The principle of overall responsibility applies; that is, the members of the Executive Board share responsibility for management. The Executive Board works in a cooperative manner and the members keep each other up-to-date on important measures and events in their respective areas. In addition, internal meetings between the entire Executive Board and mid-level management take place at least once a month.

The Supervisory Board has issued a book of rules of procedure for the Executive Board, which documents all the rules of procedure and transactions that require approval.

The Supervisory Board is composed of three members, elected from among the shareholders, pursuant to the Company's articles of association. Official Supervisory Board meetings take place at least four times a year. The members of the Executive Board generally take part in the meetings of the Supervisory Board and report verbally and in writing on the individual items on the agenda and answer the Supervisory Board members' questions. The members of the Supervisory Board also discuss certain matters outside the official Supervisory Board meetings or pass resolutions by circulation. The Supervisory Board has issued rules of procedure by which it is to abide.

In particular, the chairman of the Supervisory Board meets regularly with the Executive Board and answers topical questions. In addition, outside these meetings, the chairman informs it of the latest developments.

The Executive Board and Supervisory Board are committed to the Company's interests. In the fiscal year ended, there were no conflicts of interest to be promptly disclosed to the Supervisory Board.

Remuneration of executive bodies

MeVis Medical Solutions AG follows the recommendation of the German Corporate Governance Code to disclose individually the remunerations for the Executive Board and the Supervisory Board. The remuneration report is explained in Note 38 to the consolidated financial statements.

Corporate disclosures

Composition of the subscribed capital

As of the balance sheet date, the Company had subscribed capital of € 1,820 k, which consisted of 1,820,000 no-par registered shares with voting rights.

Shares in capital exceeding 10 % of the voting rights

- In accordance with the share register dated December 31, 2011, Dr. Carl J.G. Evertsz, Schumannstrasse 12, 28213 Bremen, holds roughly 19.5 % of the voting rights.
- In accordance with the share register dated December 31, 2011, Dr. Hartmut Jürgens, Grohner Bergstrasse 11, 28759 Bremen, holds roughly 16.5 % of the voting rights.
- In accordance with the share register dated December 31, 2011, Prof. Dr. Heinz-Otto Peitgen, Am Jürgens Holz 5, 28355 Bremen, holds roughly 19.5 % of the voting rights.
- In accordance with a report received from Fortelus Special Situations Master Fund Ltd, George Town, Cayman Islands, dated April 30, 2008 pursuant to Section 21(1) of the German Securities Trading Act, the share of voting rights jointly held by Fortelus GP Ltd, c/o M&C Corporate Services Ltd, Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, Fortelus Special Situations Fund LP, registered office 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA, and Fortelus Special Situations Fund Ltd, c/o M&C Corporate Services Ltd, Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, stands at around 10.2 %.

Provisions governing the appointment and dismissal of members of the Executive Board and amendments to the articles of association

The members of the Executive Board are appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act. Amendments to the articles of association are governed by Sections 133 and 179 et seq. of the German Stock Corporation Act. Section 119(1) No. 5 of that Act stipulates that any amendments to the articles of association require a resolution of the shareholders. Under Section 9(5) of the articles of association, the Supervisory Board may make amendments to the wording of the articles of association.

Authorization of the Executive Board to issue or buy back shares

At the Company's annual general meeting held on August 22, 2007, the shareholders passed a resolution, by amendment resolution of the annual general meeting on September 28, 2007, authorizing the Executive Board to issue, in one or more tranches before December 31, 2011, subject to the Supervisory Board's approval, subscription rights for a total of up to 130,000 of the Company's registered no-par-value ordinary shares to employees and members of the management of the Company and other entities in which the Company directly or indirectly holds a majority of the capital and to create conditional capital of € 130 k. The annual general meeting on June 15, 2011 extended this authorization until December 31, 2015.

In accordance with the resolution passed by the shareholders at the annual general meeting on June 10, 2010, the Executive Board is authorized, subject to the Supervisory Board's approval, to increase the Company's share capital on a cash or non-cash basis by a total of up to € 910 k by issuing new registered no-par-value shares in one or more tranches on or before June 9, 2015. The Executive Board is also authorized, subject to the Supervisory Board's approval, to exclude the subscription rights of shareholders in certain cases. In addition, the Executive Board is authorized to acquire treasury stock up to a total of 10 % of the Company's share capital held on the date on which the resolution was passed by the annual general meeting on June 10, 2010. Including any other treasury stock already held by or attributable to the Company in accordance with Sections 57a et seq. of the German Stock Corporation Act, the shares thus acquired may not exceed 10 % of the Company's total share capital. This authorization does not extend to trading in the Company's treasury stock. The authorization may be exercised in whole or in part, in one or more tranches and for one or several purposes. It may also be exercised by dependent entities

or by entities in which the Company holds a majority interest or by third parties for its or their account. The authorization expires at the end of June 9, 2015.

Material changes containing a change-of-control clause applicable in the event of any takeover bid

- As a 49 % partner in MBC KG, Siemens Aktiengesellschaft is entitled to request the transfer of the limited-partnership share held by MMS AG in MBC KG as well as its share in MeVis BreastCare Verwaltungsgesellschaft mbH at a reasonable price if a third party either directly or indirectly acquires a controlling interest as defined in Section 17 of the German Stock Corporation Act in MMS AG and competes with Siemens Aktiengesellschaft.

Risk report

In the fiscal year ended, the MMS AG continued its efforts to further enhance its internal risk management processes. Regular extended management meetings continue to be an essential tool for detecting at an early stage any risks to its assets as well as changes in the business performance of the individual segments and Group members or other risks to its going-concern status.

The Company's risk management system is geared toward coordinating the processes for monitoring, early detection and managing all business risks in accordance with the Business Control and Transparency Act (hereinafter "KonTraG"). The purpose is to identify at an early stage any risks, in particular risky transactions, accounting misstatements and breaches of the law with a material effect on the assets, financial and earnings of the Company or the Group and to minimize potential negative effects.

The Accounting Law Reform Act further states the mandates of Supervisory Boards and Executive Board of capital market companies in concrete terms. This includes in particular their responsibilities and monitoring duties in relation to internal risk management, including the internal auditing system.

A monitoring system is at the core of the Group-wide risk management system of the MMS AG. It ensures that existing risks are recorded, analyzed and assessed, and also that risk-related information is passed on to the right decision-maker in a systematic manner.

The risk management system documents and regularly updates risk scenarios arising out of operations and based on the environment. The Group has identified the following main risks:

Business-related risks

- Dependence on key customers

The MeVis Group generates a substantial portion of their revenue from business with a small number of key customers (original equipment manufacturers, "OEMs"). These customers are of considerable importance for the Group's commercial success. If the Group does not succeed in retaining the positive business relationships with these key customers or if these key customers decide against continuing these relationship for other reasons or become insolvent, this will have a direct detrimental effect on the Group's assets, liabilities, financial position and profit or loss. For this reason, the Group makes every effort to increase the number of business relationships such that the existing risk is minimized without impacting the quality or profitability of individual areas.

- Dependence on customers' success

There remains a risk in conjunction with the success of these customers, even if relationships with these key customers or their solvency continue; this is because the Group, due to existing contractual regulations, is contingent on its key customers' ability to market their own products successfully. Although this risk is limited to a small number of key areas due, for example, to minimum purchase agreements, it continues to play a significant role for the Company's risk assessment. The same applies in principle to indirect marketing through sales partners. If such products are not distributed successfully or if the customer is not able to obtain the necessary permits for its products, this will negatively impact demand for the products.

- Expired exclusive agreement with Hologic

The long-term bilateral exclusive agreement with the OEM partner Hologic for the sale of the product SecurView™ expired on January 1, 2012. According to the new contractual agreement, which is valid from the current fiscal year, the customer Hologic will be able for the first time to supply the market with alternative diagnostic workstations not acquired from MBS KG under the SecurView™ name. Although contract provisions include guaranteed minimum transactions with Hologic, withdrawing exclusivity could have a negative impact on the new license business of MBS KG. This could in turn significantly impair the assets, liabilities, financial position and profit or loss of the Company due to the importance of business conducted with MBS KG for the Group. However, the Company currently does not expect any material changes to the number of new licenses sold in the current fiscal year based on the new contractual regulations.

- Product development-related risks

The MeVis Group has invested heavily in new technologies and products for some years now. Some of these development services were capitalized and reported as assets. Due to a change in the assessment of the market environment, the Group has already impaired a large portion of these investments. This experience shows that the development of new products and enabling technologies entails a significant risk despite extensive market studies, including in cooperation with new customers. While the Group increasingly focuses on reducing sales risks relating to the development of products, such as by agreeing on minimum purchases with key customers and sale partners, there remains a financial risk resulting from necessary technological pre-developments.

- Product liability risks

Despite consistent quality assurance, the risk of defects in the Group's products cannot be ruled out. In such cases, the MMS AG or its subsidiaries may be exposed to warranty claims on the part of its contractual partners or product liability claims. In addition, disputes relating to warranty or product liability claims could result in a loss of confidence in the market and thus harm MeVis Group's reputation.

- Risks in connection with launch of new development methods

The development efficiency improvements required to secure and increase the Group's competitiveness necessitate ongoing internal processes reviews and adjustments. In fiscal year 2011, the Group again pushed forward the launch of leaner and more flexible development methods. These methods are designed to significantly increase development efficiency and speed. While the Group has high hopes that these processes will cut costs and improve product quality in the medium and long term, each and every change to Group business processes entails unavoidable risks, despite careful preparation and management. These risks relate to the Group's ability to produce high-quality medical technology on time and at the envisioned costs during the changeover. No such adverse effects have been determined to date. However, given the fact that the launch of the new methods had not been completed by the reporting date, future negative impacts on sales and earnings cannot be ruled out. There is also a low risk that the launch of new development processes requiring further clarification in the course of recertification in accordance with EN ISO 13485:2003.

- Risks in connection with the utilization of brands

It is possible that further designations such as third-party brands, names and company names exist, which are similar to those used or registered as brands by the MMS AG or its subsidiaries for similar or identical goods and services. Therefore there is a possibility of conflicts arising with third parties with respect to brands or designations (e.g. product or company names), which may result in the Group not being permitted to use the designation or brand name in question. This would also entail the risk of liability for damages on the part of the MMS AG or its subsidiaries.

- Risks in connection with the utilization of patents and industrial property rights

MMS AG and its subsidiaries own a number of German, European and US patents and patent applications. In addition, MBC KG holds a German utility patent. The risk of third parties breaching the industrial property rights of the Company or its subsidiaries cannot be ruled out. Nor can the risk of the MeVis Group companies breaching third-party patents and industrial property rights be ruled out.

- Exchange rate risks

The MeVis Group offers its services on an international basis and, hence, outside the euro currency zone, particularly in the US market. The sales of the MMS AG and its subsidiaries are invoiced in the currency of the territory in which the customer has its head office. To date, the vast majority of services are therefore being invoiced in US dollars, while most of the Company's expenses are to be paid in euros. Although this exposure is hedged, it is not possible to exclude exchange rate risks which many have a detrimental effect on the MeVis Group's profit or loss, particularly in connection with medium and long-term contracts which it customarily enters into with its customers.

- Liquidity risk

A change to the Group's business and market environment could result in both the Group and its subsidiaries and affiliates no longer being in a position to meet their financial obligations arising during the course of their operations or from acquisitions. Such an erosion of the Company's liquidity position could result in one of the above-mentioned risks, such as that with existing key customers, or significant payment delays. The securing of liquidity therefore forms an integral part of the ongoing liquidity and debtor management at MeVis Group. It is therefore just as important as financial due diligence for new customers. The MMS AG avails itself of possibilities such as managing finances within the Group by means of intercompany loans to ensure subsidiary and affiliate liquidity. On the balance sheet date, the MeVis Group had more than € 7.5 million in liquid funds (prev. year: € 8.2 million), while for the disposal of a parts of the amount of € 1.3 million (prev. Year € 1.2 million) the consent from the joint venture partner is required. The management assumes that this liquidity will be sufficient for fiscal year 2012, even in light of outstanding payments relating to fast acquisitions and expected inflows from operating activities. Additional liquidity needs may arise in years to come, if the planned sales revenues should not be achieved and at the same time the costs of the Group cannot be reduced accordingly. The Group had no credit facilities at banks as of the balance sheet date.

Risks in connection with research and development

- Availability of qualified executives and staff

The internal and external availability of qualified employees in sufficient numbers to maintain and expand business operations entails a risk in light of the current situation in the relevant segment of the labor market. Particularly important to the MeVis Group are individuals with the special know-how in specific areas such as software development for medical technical applications, which is essential to the business. Especially so given that highly-qualified and specialized employees are not widely available on the open labor market. Despite internal succession plans, knowledge sharing and incentive schemes, the loss of even one of these individuals can have a negative impact on the business and the assets, liabilities, financial position and profit or loss of the Group depending on their function.

Market risks

- Risks arising from the necessity for ongoing product optimization

In order to remain competitive, the MeVis Group must improve its products on an ongoing basis to bring them into line with market trends taking regional requirements into account, and incorporate the latest technological developments in diagnostic, therapy and intervention methods. It is not

possible to exclude the risk of future technological advances rendering the software developed by the MeVis Group obsolete. If the MeVis Group is unable to continue updating its software products in line with the swift and dynamic technological advances in the individual areas of application, this may have an adverse effect on order intake and thus on the assets, liabilities, financial position and profit or loss of the Company or its subsidiaries.

On the whole, following an extensive review, the Executive Board continues to see no risks to the Company as a going concern.

Accounting risk management system and internal control system

In general, the risk management system and the internal control system also include the accounting processes as well as all risks and controls in relation to accounting. This concerns all elements of the risk management system and internal control system, which may have significant impact on the MMS AG's consolidated annual financial statements.

The purpose of the risk management system in relation to the accounting processes is the identification and assessment of risks that may conflict with the aim of compliance of the consolidated annual financial statements with the standards. Any risks identified must be assessed in terms of their effect on the consolidated annual financial statements; if necessary, a specialist must be consulted. The objective of the internal control system in this context is to ensure with sufficient certainty – by implementing appropriate controls – that standards-compliant consolidated annual financial statements are prepared in spite of the risks identified.

The Company has an internal control and risk management system covering the (Group) accounting process, in which suitable structures and processes are defined, and implemented in the organization. Prompt and accurate accounting is ensured for all transactions. Statutory standards and accounting standards are complied with, and the relevance and impacts on the annual financial statements of amendments to the laws and accounting standards are analyzed, adopted and implemented on a continuous basis. The staff involved is regularly trained in this work.

Both the risk management system and internal control system at MeVis Medical Solutions AG also cover all subsidiaries of material importance for the consolidated financial statements along with all the processes relevant for preparing the financial statements. The controls relevant for accounting focus on risks of material misstatements in the financial reporting. Materiality of misstatements is assessed on the basis of the probability of occurrence and the financial impact on sales, EBIT and balance sheet total.

Essential elements of risk management and control in accounting are clear assignment of responsibilities and controls in the process of preparing the financial statements, transparent guidelines on accounting and the preparation of financial statements, appropriate access controls for the IT systems of relevance to the financial statements, and the clear control of responsibilities where external specialists are involved.

The principle of dual control and the division of functions are also important control principles in the MeVis Group's accounting process. The identified risks and measures taken as a result are updated in the quarterly reports and reported to the management. The effectiveness of internal controls for accounting is reviewed at least once a year, primarily as part of the process of preparing the financial statements.

Material events occurring after the balance sheet date

In consultation with the Supervisory Board, Dr. Carl J.G. Evertsz tendered his resignation as CEO of MMS AG and Managing Director of MBS KG and MBC KG effective February 29, 2012 and left the management team of MMS Inc. Marcus Kirchhoff was appointed the Company's new Chairman of the Executive Board on January 20, 2012 effective March 1, 2012. Marcus Kirchhoff will also assume the role as Managing Director of MBS KG and MMS Inc. effective March 1, 2012 and of MBC KG effective March 5, 2012. In

addition, Mr. Thomas Tynes, member of the Executive Board responsible for sales, left the company effective April 5, 2012.

Outlook and opportunities

The Executive Board of MMS AG believes that the segments which it targets in the market for medical imaging technology will continue to undergo steady and sustained growth. The Executive Board therefore believes that the market environment will continue to be attractive for the Company in the future. Current and planned MMS AG activities are thus based on the continuing belief that global demand, in particular for medical imaging technology and diagnostic support, will rise. The Executive Board also believes that the market will increasingly attract competitors from other, as yet untapped, industrial sectors.

The Executive Board's assessment of the positive developments of markets relevant to the Company is based on customer contact information as well as unanimous market studies on this issue. These studies forecast further significant growth in computer-assisted and diagnostic imaging for the coming years. The Executive Board increasingly also focuses on positive market developments in developing and emerging countries, many of which have not yet completed the transition from analogue to digital technologies. The Executive Board believes that these developments will not only drive growth in the medical imaging market in general but, above all, lead to an increase in the importance of specialized software applications of the type developed by MMS AG.

The Company is of the opinion that its industrial customers can maintain and expand the prominent position held by their products on the world market. MMS AG can make a decisive contribution here with its software applications. As a result, MMS AG will take measure to continue to intensify its efforts to maintain strong ties to these industrial customers.

Macroeconomic factors, such as the effects of the financial crisis and possible budget cuts and health care reforms (e.g. the USA), as well as health-policy debates, such as on the importance of early detection programs, continue to play a key role in MMS AG's business environment. The Executive Board can therefore not rule out that external factors will adversely impact the market environment as well as the Company's sales and distribution expectations for 2012 and beyond.

However, the Company's Executive Board continues to expect that the success of mammography products outside the USA will stabilize the license business. This applies in particular to the multimodal *syngo* MammoReport diagnostics workstation developed for Siemens as well as the SecurView™ diagnostic workstation of industrial customer Hologic.

MMS AG's maintenance business remains strong and the Company also has an array of general oncology, neuro, breast, prostate, lung and virtual colonoscopy products and technologies all with relatively moderate sales contributions. As the Company is dependent on the success of existing industrial customers, winning new industrial customers and developing alternative sales channels, it is impossible once again in the current fiscal year to reliably forecast future sales developments.

Consolidated sales and consolidated net profit forecast 2012/2013

In view of the rise in the maintenance business and the dropping number of new licenses sold in fiscal year 2011, the Executive Board of MMS AG expects consolidated sales to stabilize in the current fiscal year at the level experienced in 2011. The digital mammography business segment will therefore remain the main sales driver with around 75 %. Consolidated earnings before interest and taxes (EBIT) should be up slightly on corresponding 2011 EBIT before extraordinary items on account of expected neutral sales due to sustained savings regarding operating expenses and the reduced number of employees. We expect the operating profitability of Digital Mammography to be markedly higher this year than that of Other Diagnostics in 2011 as well.

Group liquidity came to € 7.5 million as of the balance sheet date. This figure will continue dropping as planned in 2012, as up to € 3.0 million in payment obligations are falling due from the strategic acquisition

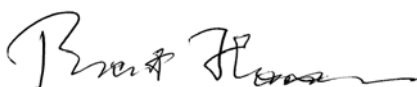
of the 49 % share in MBS KG. However, the Executive Board expects liquidity from operating activities to remain positive.

As in the reporting period ended, the Executive Board will regularly review and adjust its forecast during the course of the fiscal year based on business developments. For fiscal year 2013, the Executive Board expects an improvement in sales and earnings for the MeVis Group compared to the current fiscal year, while the costs structure remains largely unchanged. The expected sales improvement is based in particular on the launch of new products and on winning additional industrial customers and the development of new sales channels. Any delays in the development or launch of these products or insufficient interest from industrial customers or other customer segments would have a negative impact on its sales and earnings development in 2013. In this case, the costs structure would need to be adjusted further or the Company would require additional liquidity.

Bremen, April 12, 2012



Marcus Kirchhoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

MeVis Medical Solutions AG, Bremen

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Consolidated income statement

for the period January 1 through December 31, 2011

FIGURES IN € k	Notes	2011	2010
Revenues	10	13,678	14,291
Income from the capitalization of development expenses	11	2,397	2,786
Other operating income	12	1,147	1,140
Cost of material	13	-712	-690
Staff costs	14	-9,173	-10,382
Other operating expenses	15	-2,921	-3,692
Earnings before interest, taxes, depreciation and amortization (EBITDA)		4,416	3,453
Depreciation, amortization and impairment of intangible and tangible assets	16	-6,058	-8,880
Earnings before interest and tax (EBIT)		-1,642	-5,427
Share of profit of associates	5	-1,002	13
Interest income		112	389
Interest expenses		-346	-712
Other net financial result		-37	130
Net financial result	17	-1,273	-180
Earnings before taxes (EBT)		-2,915	-5,607
Income tax	18	-1,177	-2,742
Consolidated net loss/profit for period		-4,092	-8,349
Earnings per share in €	19		
Basic		-2.38	-4.89
Diluted		-2.38	-4.89

Consolidated statement of comprehensive income

for the period January 1 through December 31, 2011

FIGURES IN € k	Notes	2011	2010
Consolidated net loss/profit for period		-4,092	-8,349
Changes in the currency translation reserve	24	-25	169
Changes in fair value of available-for-sale financial instruments	24	3	-76
Deferred tax on changes in fair value		-1	23
Other comprehensive income		-23	116
Total comprehensive income		-4,115	-8,233

Consolidated statement of financial positions

as of December 31, 2011

FIGURES IN € k	Notes	2011	2010
Non-current assets			
Intangible assets	20	18,921	22,001
Property, plant and equipment	20	685	926
Interest in associated companies	5	278	1,280
		19,884	24,207
Current assets			
Inventories	21	257	86
Trade receivables	22	4,420	5,139
Income tax receivables		113	470
Other financial assets	22	1,740	2,882
Other assets	22	59	380
Cash and cash equivalents	23	6,076	5,621
		12,665	14,578
ASSETS		32,549	38,785
Equity capital			
	24		
Subscribed capital		1,820	1,820
Capital reserve		28,079	28,513
Revaluation reserve		1,024	1,276
Treasury shares		-3,300	-3,789
Cumulated fair value changes of available-for-sale financial instruments		2	0
Currency translation reserve		124	149
Retained earnings		-7,020	-3,180
		20,729	24,789
Non-current liabilities			
Provisions	25	874	821
Other financial liabilities	26	875	3,452
Deferred taxes	18	2,489	1,580
		4,238	5,853
Current liabilities			
Provisions	25	224	236
Trade payables		1,168	1,317
Other financial liabilities	27	3,834	4,007
Deferred income	28	2,009	2,248
Other liabilities	29	179	268
Income tax liabilities		168	67
		7,582	8,143
EQUITY AND LIABILITIES		32,549	38,785

Consolidated statement of cash flow

for the period January 1 through December 31, 2011

FIGURES IN € k	Notes	2011	2010
Earnings before interest and tax (EBIT)		-1,642	-5,427
+ Depreciation and amortization and impairments	16	6,058	8,880
+ Profits from sale of marketable securities		97	0
+/- Increase/decrease in provisions		-12	869
+/- Other non-cash expenses/income		214	-605
+ Interest received		153	395
- Interest paid		-11	-6
+ Tax received		392	276
- Tax paid		-155	-564
+/- Exchange rate differences received/paid		88	184
+/- Decrease/increase in inventories		-171	44
+/- Decrease/increase in trade receivables and other assets		981	-472
-/+ Decrease/increase in trade payables and other liabilities		-457	1,376
= Cash flow from operating activities		5,107	4,950
- Purchase of property, plant and equipment		-70	-193
- Purchase of intangible assets (excl. development cost)		-331	-76
- Purchase in associates accounted for using the equity method		0	-900
- Payments for capitalized development cost		-2,397	-2,907
- Investments in subsidiaries		-3,000	-5,000
- Investments in business units		0	-2,230
- Proceeds from the sale of property, plant and equipment		25	0
+ Proceeds from sale of marketable securities		1,100	4,770
= Cash flow from investing activities		4,673	-6,536
+ Repayment of finance lease liabilities		-39	0
- Repayment of borrowings		0	-401
= Cash flow from financing activities		-39	-401
Change in cash and cash equivalents		395	-1,987
Effect of exchange rates on cash and cash equivalents		60	-110
+ Cash and cash equivalents at the beginning of the period		5,621	7,718
= Cash and cash equivalents at the end of the period	23	6,076	5,621

This item comprises cash and cash equivalents.

Statement of changes in equity

for the period January 1 through December 31, 2011

FIGURES IN € k	Subscribed capital	Capital reserve	Revaluation reserve	Treasury shares	Cumulative change in fair value for sale of available assets	Currency translation differences	Retained earnings	Total
Balance on January 1, 2010	1,820	28,465	1,506	-4,156	53	-20	4,939	32,607
Disposal of treasury shares	0	0	0	367	0	0	0	367
Transfer to retained earnings according to amortization	0	0	-230	0	0	0	230	0
Change in fair value of stock options	0	48	0	0	0	0	0	48
Consolidated net profit for the year	0	0	0	0	-53	169	-8,349	-8,233
Balance on December 31, 2010	1,820	28,513	1,276	-3,789	0	149	-3,180	24,789
Balance on January 1, 2011	1,820	28,513	1,276	-3,789	0	149	-3,180	24,789
Disposal of treasury shares	0	-434	0	489	0	0	0	55
Transfer to retained earnings according to amortization	0	0	-252	0	0	0	252	0
Consolidated net profit for the year	0	0	0	0	2	-25	-4,092	-4,115
Balance on December 31, 2011	1,820	28,079	1,024	-3,300	2	124	-7,020	20,729

MeVis Medical Solutions AG, Bremen

Notes to the consolidated financial statements

Basic information on the Group

1. General disclosures

MeVis Medical Solutions AG ("MMS AG" for short) is the parent company of the MeVis Group. It was incorporated at the end of 1997 and commenced business in 1998. It has its registered office in Bremen/Germany. Its address is Universitaetsallee 29, 28359 Bremen.

The consolidated financial statements as of December 31, 2011 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The provisions contained in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards in conjunction with Section 315a(1) of the German Commercial Code (HGB) as well as the supplementary provisions of German commercial law were observed. The requirements have been observed in full and result in the presentation of a true and fair view of the assets, liabilities, financial position and profit or loss of the MeVis Group.

The fiscal year of MMS AG and its consolidated subsidiaries is the same as the calendar year. The balance sheet date for the consolidated financial statements matches the balance sheet date for the parent company.

In principle, the consolidated financial statements are prepared based on the recognition of assets and liabilities at amortized cost. This does not apply to derivative financial instruments or available-for-sale assets, which are recognized at their fair value as of the balance sheet date.

The currency used in the consolidated financial statements is the Euro; unless otherwise stated, all figures are quoted in thousands of Euro (€ k). The income statement is prepared using the total cost method. In accordance with IAS 1, the current/non-current distinction is applied to assets and liabilities. Non-current assets and liabilities are defined as those which are not due for settlement in less than one year. Deferred taxes are always recognized as non-current assets or liabilities.

The consolidated financial statements as of December 31, 2011 were approved for submission to the Supervisory Board by MMS AG's Executive Board on April 12, 2012. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether it approves them. The consolidated financial statements are to be published on April 24, 2012.

2. Group's business activities

The MeVis Group develops, produces and markets innovative software applications for digital computer-assisted medical imaging.

The specialized software applications from the MeVis Group help medical practitioners and personnel to analyze diverse image data produced by a variety of imaging modalities used in diagnosis and therapy. The clinical orientation of the applications developed by the Companies is governed by epidemiologically important diseases. Our primary focus is on image-based early detection and diagnosis of breast cancer. With a worldwide incidence of 1.3 million, breast cancer is the most common tumor disease, and accounts for almost 30 percent of all cancers.

The Company uses clinical expertise in breast cancer as well as the Companies' extensive network of partners to develop software applications for use in other oncological disorders, such as those of the prostate, lungs, liver, brain and colon. The specialist applications developed by the Companies support as many imaging modalities used in practice as possible. These not only include X-ray modalities such as computed tomography, digital mammography or digital tomosynthesis, but also magnetic resonance imaging, digital sonography and the simultaneous use of multiple modalities (multimodality). Then there are the more modern imaging modalities, such as positron emission tomography (PET), sonoelastography and molecular imaging. The Group's software applications are largely sold by our industry customers Hologic, Siemens and Invivo under their own brand names.

3. MMS AG's segments

MMS AG operates in the following two segments: Digital Mammography and Other Diagnostics. The Digital Mammography segment comprises the activities of the joint venture MeVis BreastCare GmbH & Co. KG ("MBC KG") and the wholly-owned subsidiary MeVis BreastCare Solutions GmbH & Co. KG ("MBS KG"). The Other Diagnostics segment includes the business activities of MMS AG and the MeVis Medical Solutions, Inc. ("MMS Inc."). Due to the local distribution of realized sales the MeVis Group differentiates the geographical areas USA and Europe/Others.

Basis of preparation

4. Principles of consolidation

The consolidated financial statements include the annual financial statements of MMS AG and its subsidiaries. Subsidiaries are companies controlled by MMS AG. An entity is assumed to be controlled if MMS AG directly or indirectly holds more than half of the voting rights in the Company and it is possible for MMS AG to determine the entity's business and financial policies in such a way that the Group is able to derive advantages from such entity's activities.

Newly acquired companies are consolidated using the purchase method. Accordingly, the acquisition costs of the business combination are allocated to the identifiable assets acquired and the identifiable liabilities and contingent liabilities assumed, on the basis of their fair values as of the date of acquisition. Ancillary acquisition costs are recorded through profit or loss as they are incurred. Any excess in acquisition costs over the Group's share in the fair values of the identifiable assets, liabilities and contingent liabilities acquired is recognized as goodwill. If the fair values of the assets, liabilities and contingent liabilities acquired exceed the purchase price (negative goodwill), this amount is recognized in the income statement. The acquired entities are consolidated as of the date of acquisition.

Where the acquisition is achieved by successive share purchases, and MMS AG obtains the possibility of exercising control over the company, the provisions contained in IFRS 3 governing the full remeasurement of the assets and liabilities as of the date on which the possibility to exercise control is acquired are applied. Goodwill or any negative differences to be recognized in profit and loss are calculated separately for each acquisition. Any change in the fair values of the assets and liabilities between the date on which the shares are acquired and the date on which the possibility of acquiring control is obtained are recognized in the revaluation reserve within consolidated equity.

Shares in entities whose business activities are co-managed by MMS AG and another company (joint ventures) are consolidated on a proportionate basis. For this purpose, the assets, liabilities, income and expense of the joint-venture company are consolidated in accordance with the Group's share in such entity. Capital consolidation within the scope of proportionate consolidation follows the rules for full consolidation.

An associated company is a company on which the Group exercises material influence and which is neither a subsidiary nor a share in a joint venture. Material influence is the ability to affect the financial and business policy decisions of the company in which the investment is held. However, the Group does

not control such financial and business policies either individually or in conjunction with other parties. Using as a basis the cost of acquisition as of the date on which the shares were acquired, the changes in the equity of the associated companies are increased or decreased in accordance with the equity method of accounting to the extent that these shares are attributable to MMS AG.

Intragroup balances and transactions including interim results are eliminated. The separate financial statements included in the consolidated financial statements have been prepared using uniform recognition and measurement principles.

5. Companies consolidated

In addition to MMS AG, all subsidiaries are consolidated in full. Joint-venture companies are consolidated on a pro rata basis. Shares in associates are accounted for using the equity method of accounting. The following section details the subsidiaries included in the consolidated financial statements and the companies consolidated on a proportionate basis as well as the associated companies:

Subsidiaries

Name and location of company	Share in %
MeVis Medical Solutions, Inc., Pewaukee, Wisconsin (USA)	100.0
MeVis BreastCare Solutions GmbH & Co. KG, Bremen	100.0
MeVis BreastCare Solutions Verwaltungs-GmbH, Bremen	100.0
MeVis Japan KK, Tokyo (Japan)	100.0

As it is included in the consolidated financial statements of MMS AG, which is responsible for ensuring compliance with the other conditions specified in Section 264b of the German Commercial Code, MBS KG is exempt from the duty to prepare consolidated financial statements in accordance with the rules applicable to joint stock companies and a management report as well as the duty to disclose these documents.

Business activities of the wholly owned subsidiary MeVis Japan KK, which was founded in Tokyo at the end of 2009 and commenced business on January 1, 2010, were suspended in the second quarter of 2011 and winding up started on December 31, 2011.

Joint-venture companies consolidated on a proportionate basis

Name and location of company	Share in %
MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen	51.0
MeVis BreastCare GmbH & Co. KG, Bremen	51.0

MeVis Medical Solutions AG holds 51 % of MeVis BreastCare GmbH & Co. KG, a joint venture forged with Siemens Aktiengesellschaft.

As of December 31, 2011, Siemens AG continued to hold 49 % of the capital of MeVis BreastCare GmbH & Co. KG. In addition, Siemens AG has a call option which it may exercise at any time with respect to a further 2 % share in MeVis BreastCare GmbH & Co. KG. In accordance with the provisions contained in the deed of partnership, a 2/3 majority is required for material decisions, meaning that the potential exercise of this option will not have any effect on the MeVis Group's scope for exerting influence on the Company. Accordingly, MeVis BreastCare GmbH & Co. KG is a joint venture and therefore consolidated at 51 %. *MeVis BreastCare Verwaltungsgesellschaft mbH* is the general partner of MeVis BreastCare GmbH & Co. KG. The investment ratios and consolidation correspond to those of MeVis BreastCare GmbH & Co. KG.

For the purposes of proportionate consolidation, the following proportionate assets and liabilities as well as income and expense were included in the MeVis Group's consolidated financial statements as of December 31, 2011 and the previous year:

Figures in € k	2011	2010
Current assets	1,884	1,589
Current liabilities	361	403
Non-current assets	822	723
Non-current liabilities	235	185
Expenses	2,102	2,305
Revenues	2,451	2,255

Associated companies reported under the equity method

Name and location of company	Share in %
Medis Holding B.V., Leiden (Netherlands)	41.09

On January 15, 2010 MMS AG entered into a contract with Reiber Consultancy B.V., Rotterdam (Netherlands) to merge business activities, coupled with the phased acquisition of a holding of up to 100 % in Medis Holding B.V., Leiden (Netherlands), (hereafter also "Medis"). Medis Holding holds a 100 % stake in Medis medical imaging systems, B.V., Leiden (Netherlands). It had been possible to invest equity in Medis Holding B.V. in three fixed phases up to 2011 along with a subsequent earn-out. In the first of these, a cash contribution of € 400 k was agreed and made upon conclusion of the contract, which corresponded to a holding of around 14 %. Another 27 % of the shares in Medis were acquired in a second step on May 31, 2010. The purchase price consisted of a cash component of € 500 k and an exchange of shares, whereby own shares valued at € 367 k were issued. In a third step, MMS AG was granted a purchase option for the remaining 58.9 %, which could be exercised in the period from April 15 to May 1, 2011. The option was not exercised, meaning that MMS AG continues to hold approximately 41.1 % of the stock in Medis.

As of December 31, 2011 Medis Holding B.V. generated consolidated earnings of € -318 k after taxes. Earnings from associated companies of € -131 k apply to the MeVis Group based on the acquisition which stands at approximately 41.1 %. Consolidated equity amounted to € 431 k. The MeVis Group's share in this came to € 177 k. An impairment test was performed on December 31, 2011 due to the subsidiary's unsatisfactory development, which resulted in assets being devalued by € 871 k to € 278 k.

The following information is derived from the Medis consolidated financial statements prepared according to IFRS (without taking into account the differences between the acquisition cost of MMS AG and the pro-rata shareholders' equity of Medis determined under the equity method):

Figures in € k	2011	2010
Current assets	1,736	1,784
Current liabilities	1,494	1,357
Non-current assets	189	326
Non-current liabilities	0	0
Expenses	4,047	4,037
Revenues	3,729	4,061

The fiscal year of Medis corresponds to the fiscal year of MMS AG. This information does not refer to the proportion applicable to MeVis, but is disclosed at the full amounts.

6. Currency translation

The annual financial statements of the subsidiary MMS Inc. are prepared in US dollar as that company's functional currency, and translated into Euro, which is the reporting currency, as of December 31, 2011. Its assets and liabilities were translated into the reporting currency using the exchange rate on the balance sheet date. Income and expense are translated at the average exchange rate and equity capital at historical exchange rates into the reporting currency (Euro). Differences arising from the currency translation of equity capital and translation differences between the income statement and balance sheet are recorded in shareholders' equity without affecting profit or loss.

The annual financial statements of the Japanese subsidiary MeVis Japan KK are prepared in YEN as that company's functional currency, and translated into Euro, which is the reporting currency, as of December 31, 2011. Its assets and liabilities were also translated using the exchange rate on the balance sheet date. Income and expense are translated at the average exchange rate and shareholders' equity at historical exchange rates into the reporting currency (Euro).

The annual average exchange rates are the average exchange rates for the respective fiscal year. The USD/EUR exchange rates underlying currency translation are as follows:

Currency	End-of-year exchange rate		Annual average exchange rate	
	Dec. 31, 2011	Dec. 31, 2010	2011	2010
USD/€	1.2939	1.3362	1.3920	1.3257
JPY/€	100.20	108.65	110.96	116.24

Transactions in currencies other than the functional currency are translated at the exchange rate prevailing on the date of the transaction. Currency translation gains and losses arising from fluctuations in exchange rates for foreign-currency transactions are reported in the net financial result.

Recognition and measurement methods

7. Recognition and measurement policies

Recognition of sales

Sales are recognized when it is likely that the economic benefits from the transactions will flow to the MeVis Group and the amount is reasonably assured.

As a matter of principle, the MeVis Group distinguishes between the recognition of revenues from the sale of licenses, the provision of services and the sale of hardware.

Revenues from the sale of goods and products are recognized when all of the following conditions are satisfied:

- the significant risks and rewards of ownership of the good and products sold have been transferred to the buyer,
- the Company does not retain any control over the goods and products,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the sale will flow to the Company (collectibility)
- the costs to be incurred in respect of the transaction can be measured reliably.

Revenues from the provision of services are recognized when:

- the amount of income can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the Company (collectibility),
- the percentage of completion of the transaction can be reliably measured on the balance sheet date and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

As a matter of principle, the above conditions for the sale of goods and products are applied to the sale of software and licenses, i.e. the revenue is recognized once the software is sold. In some cases, contracts for the sale of software include services which are not provided until after the sale of the software. Such “multi-component contracts” are split into revenue components and the resultant revenue recognized in accordance with the percentage of completion. Revenue components already paid but not yet recognized are deferred.

This has the following specific ramifications for the MeVis Group:

Software and licenses

License fees and royalties resulting from the utilization of software are recognized in accordance with the economic purpose of the agreement. In the absence of any agreement to the contrary, revenues are recognized on a straight-line basis over the duration of the license agreement.

The granting of unrestricted rights of utilization for a fixed amount (single licenses) constitutes a sale for economic purposes and is recognized as revenue in full.

Hardware

Revenues from the sale of hardware are recognized upon transfer of risk.

Consulting services

Revenues from the provision of consulting services are recognized in the period in which the service in question is provided.

Maintenance

Revenues from maintenance contracts are recognized in the period in which the service in question is provided. If the selling price of software includes partial amounts for after-sales service (e.g. maintenance), these amounts are deferred and recognized on a pro rata temporis basis over the periods in which the services are provided.

Training

As a matter of principle, the above conditions on the sale of services apply, i.e. the revenues are recognized once the service is provided.

Recognition of expenses

Expenses are recognized in profit and loss in the period in which the corresponding depreciation is caused.

Research and development expenses

The costs of research activities – that is, for activities undertaken to make new scientific or technical findings – are recognized in full by MeVis as an expense.

In contrast, the costs of development activities – that is, when the results of research are incorporated into a plan or a draft for the production of new products and processes – are capitalized, on the condition that the development expenses can be reliably measured, that the product or process is technically and economically feasible and that future economic benefit is likely. In addition, MeVis must have the intention and sufficient resources to conclude the development and to utilize or sell the asset.

Therefore, the development expenses incurred for the MeVis Group's software products after the software specifications have been defined and agreed upon with the customer are capitalized or when the marketability of the future products has been adequately demonstrated by market analyses and agreement with the industry customers. In connection with this, individual and overhead costs attributable to the development activities are capitalized up until completion of the product and then written down over a period of 2-4 years.

Developments that are not yet ready for use are subject to an annual impairment test. Impairment tests are also conducted in case of indicators of possible impairment (triggering events).

Interest income

Interest income is recognized upon arising.

Interest expenses

Borrowing costs are recognized as expense unless the borrowing costs can be directly allocated to the construction, acquisition or manufacture of a qualifying asset. An asset is regarded as qualifying if it takes more than six months to get ready for its intended use or sale. The borrowing costs of the MeVis Group largely arise on acquisitions of assets which were completed in 2008 and for which the payment of the purchase price in installments was agreed (imputed interest on liabilities).

Goodwill

Goodwill acquired through business combinations is not subject to depreciation and amortization; instead, an impairment test of goodwill is carried out once a year. An impairment test is also carried out if events or circumstances (triggering events) occur, which could indicate possible impairment. Goodwill is carried at cost less any accumulated amortization for impairment. Annual impairment testing is conducted on December 31.

Impairment testing of goodwill is carried out at the level of cash generating units (CGU for short) or the groups of cash generating units constituting the lowest level at which goodwill is monitored by Company management. To test for impairment, the acquired goodwill is allocated to the CGU or group of CGUs

which are expected to benefit from the synergy arising from the business combination. For the material goodwill of the MeVis Group, the applicable CGU is identical to the legal entity MBS KG. If the carrying amount of the CGU or group of CGUs to which the goodwill was allocated exceeds the recoverable value, the excess is written down. The recoverable value is the higher of the fair value less cost to sell and the value in use of the CGU. These values are essentially based on discounted cash flow valuations.

No reversals of amortization of goodwill are conducted in future periods if the recoverable amount exceeds the carrying amount of the CGU or the group of CGUs to which goodwill is allocated.

Intangible assets

Intangible assets consist of software and other intangible assets, patents, licenses and similar rights produced by the Company. The Company depreciates intangible assets with a limited useful life on a straight-line basis over the expected useful life to the estimated residual value. The expected useful life of software, patents, licenses and similar rights is generally three to five years.

Intangible assets acquired through business combinations relate to customer relationships and technology in particular. Their expected useful lives are between ten years for customer relationships and up to seven years for technology.

Intangible assets with an unlimited useful life and intangible assets not ready for use are not subject to scheduled depreciation; rather, an impairment test is carried out once a year.

Property, plant and equipment

Property, plant and equipment are shown at acquisition/production cost less scheduled, utilization--related depreciation and amortization as well as extraordinary reductions in value.

The cost of acquisition consists of the purchase price plus ancillary and subsequent acquisition costs less discounts received on the purchase price.

Scheduled straight-line depreciation is calculated on the basis of the following estimated useful lives of the assets:

	Used life in years
IT Equipment	3
Business Equipment	3 - 10
Leasehold improvements	5 - 10

Allowance is made for any impairment losses over and above the depreciation resulting from use of the asset in question. In accordance with IAS 36, such impairment losses are calculated by reference to comparisons with discounted future cash flows. If the reasons for extraordinary depreciation and amortization cease to apply, the assets in question are written up to a maximum of their amortized cost.

Financial assets

A financial instrument is a contract that leads to the development of a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets consist of receivables (excluding income tax receivables) and other financial assets, cash and cash equivalents and derivatives with a positive fair value.

They are recognized and measured in accordance with IAS 39. Accordingly, financial assets are recognized in the consolidated balance sheet if they give the MeVis Group the contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the contractual obligations are settled, suspended or expire.

All customary purchases and sales of financial assets are recognized on the settlement date. Financial assets are initially recognized at their fair value plus transaction costs. Transaction costs arising in

connection with the acquisition of financial assets at fair value through profit or loss are immediately taken to the income statement. Receivables which bear little or no interest are initially recognized at the present value of the expected future cash flow. Subsequent measurement is determined in accordance with the following categories of financial asset:

Financial assets at fair value through profit or loss comprise financial assets held for trading or designated financial assets. Derivative financial instruments are assigned to this measurement category. Changes in the fair value of financial assets in this category are recognized in the income statement upon such change arising.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not traded in an active market.

Loans and receivables are recognized at amortized cost. This category includes trade receivables, financial receivables included in other financial assets and loans as well as cash and cash equivalents.

Available-for-sale (AfS) financial assets are recognized at fair value in equity. Valuation changes are recorded in a separate shareholders' equity item without affecting profit or loss until the assets are disposed of (AfS reserve). Portfolio securities bearing interest at fixed rates are allocated to this category.

Interest income from items in this category is calculated using the effective interest method.

Inventories

Inventories solely comprise assets held for sale in the ordinary course of business, which are recognized at cost. If the net realizable value of the inventories drops below their initial cost, they are depreciated to this value. In the event of an increase in the net realizable value of inventories for which impairment expense has previously been recognized, the resultant reversal amount is deducted from the cost of materials.

Taxes

The Company applies IAS 12, Income Taxes. According to the liability method provided for under IAS 12, deferred tax assets and liabilities are recognized for the future tax consequences of differences between amounts included in the financial statements (for income and expenditure and assets and liabilities) and those included in the tax assessment. The MeVis Group recognizes in the income statement the effects of changes in tax rates on deferred taxes in the period in which the legislative process on which the change in the tax rate is based is largely concluded. In the event of changes in items recognized in equity, these are also recognized in equity in the period in which the change occurred. MeVis recognizes deferred tax assets to the extent that taxable profits are likely to arise in future. Deductible temporary differences and unused tax losses are allowable against these.

Income taxes include all taxes imposed on the Group's taxable profit. The item "income taxes" in the income statement includes current and deferred income taxes. Current income taxes primarily comprise domestic trade tax and corporation income tax.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Movements in the MeVis Group's equity capital are reported in the statement of changes in consolidated equity.

Pension provisions

In the case of defined benefit plans, the cost of provision is determined using the projected unit credit method, and an actuarial valuation is conducted as of each balance sheet date. Actuarial gains and losses exceeding the greater of 10 % of the fair value of the Group's defined benefit obligations or 10 % of the fair value of the plan assets are recognized in profit and loss over the expected average remaining working lives of the plan participants. Past service cost is recognized immediately in profit and loss to the extent

that the benefits are already vested and otherwise amortized on a straight-line basis over the average period until the benefits become vested.

For defined benefit plans, the amount recognized in the balance sheet is the present value of the defined benefit obligation, as adjusted for unrecognized actuarial gains and losses and past service cost, and reduced by the fair value of plan assets as of the balance sheet date. If the calculation of the balance sheet amount as set out above results in an asset, the amount recognized is limited to the net total of unrecognized actuarial gains and losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Other provisions

Provisions are set aside to allow for obligations resulting from past events which will probably lead to a future outflow of resources embodying economic benefits required to settle the obligations, the amount of which can be reliably estimated. Provisions are measured in accordance with IAS 37 on the basis of the best possible estimate of the cost of settling the present obligation as of the balance sheet date. If the outflow of economic resources required to settle an obligation is not expected to arise until after more than one year, the provisions equal the present value of the expected cash outflow.

Share-based payments

Equity-settled share-based payments awarded to the Executive Board, management and the employees are recognized at the fair value of the equity instrument on the grant date. The fair value of the liability is recognized under personnel expenses. This is also allocated over the vesting period.

The fair value of the payments in 2007 and 2009 is calculated using a Monte Carlo simulation. The main determinants of the value of staff options are the value of the stocks as well as the price at which the option may be exercised, i.e. the strike price. The difference between the value of the underlying financial instrument and the strike price is the "intrinsic value" of the option.

In addition to modeling movements in the underlying financial instrument (or the basis for measuring the variable payment for the member of the Executive Board), allowance is also made in connection with the measurement of the fair value of the assets for possible exits of option holders (or eligible persons) from the Company and – in the case of the employee option program – the premature exercise of the options. To cover these eventualities, the Company has derived further relevant input variables for the simulation models on the basis of statistical distribution models which model these decisions.

The Company uses so-called "exponential distribution" to calculate the probability of an option holder leaving the Company prematurely or the holder of an employee option exercising the option prior to the expiry of its term.

The average service periods, i.e. the service periods of members of the Executive Board and of employees, are analyzed as a basis for determining these probabilities. For this purpose, the Company has utilized freely available market studies. An average service period of 5.7 years for members of the Executive Board was assumed on the basis of this analysis. With respect to the Company's employees, an average service period of 7.5 years is assumed.

Financial liabilities

Financial liabilities comprise originated liabilities and the negative fair values of derivative financial instruments. Originated liabilities are recognized in the consolidated balance sheet if the MeVis Group has a contractual obligation to transfer cash or any other financial assets to another entity. An originated liability is initially recognized at the fair value of the consideration received or the value of the cash received less any transaction costs. It is subsequently measured at amortized cost using the effective interest method.

Derivative financial instruments are recognized at their fair value through profit or loss. The negative fair values of derivative financial instruments are recognized under other financial liabilities.

Financial liabilities are derecognized when the contractual obligations are settled, suspended or expire.

Grants

The MeVis Group receives development grants from public bodies. These are recognized in the income statement as soon as the expenses for which the grants have been received are incurred by the MeVis Group. The installments received are reported under other operating income. If eligible services exceed received grants, these are capitalized under other financial assets.

Leases

A lease is classified as an operating lease if, in principle, all risks and opportunities associated with ownership are retained by the lessor. Payments in connection with operating leases are recognized in the income statement as expense on a straight-line basis over the duration of the lease.

8. Material judgments and estimates

The preparation of the consolidated financial statements in accordance with IFRS necessitates the use of estimates and judgments of individual matters by management. The estimates are based on past experience and further relevant factors on the premise of the business as a going concern.

The main items of the balance sheet subject to management estimates are unchanged goodwill of € 12,635 k, intangible assets with a definite useful life (€ 6,286 k; 2010: € 9,366 k) and property, plant and equipment (€ 685 k; 2010: € 926 k) with estimated useful lives. In addition to the development expenses included in the intangible assets with a definite useful life with € 3,026 k (prior year: € 5,102 k), the proceeds that can be generated through the use of these developments have to be estimated. With regard to trade receivables (€ 4,420 k; 2010: € 5,139 k), management does not expect any defaults given the limited number of customers and customers' credit ratings. Deferred tax assets include deferred taxes for tax loss carry forwards (€ 782 k; 2010: € 1,064 k). The use of the tax loss carry forwards depends on generating future taxable income. The provisions (€ 1,098 k; 2010: € 1,057 k) mainly relate to liabilities from the grant obligation to Fraunhofer MEVIS and warranty costs, the actual amount of which is uncertain. Material estimates with respect to the underlying measurement model as well as various parameters such as staff length of service, movements in the stock price or probability of exercise are applied to the stock options reported under shareholders' equity (€ 257 k; 2010: € 257 k).

At least once a year, the Group conducts impairment testing of existing goodwill (€ 12,635 k; 2010: € 12,635 k). The respective carrying amount of the goodwill is compared to the recoverable value of the corresponding CGU. Calculation of the recoverable value of a CGU involves estimates of the corresponding cash flow and appropriate discount interest on the part of the management.

All capitalized development costs were also tested for any impairment as of December 31, 2011. The resulting impairments in the amount of € 2,518 k included all developments for which there are no concrete customer orders.

Actual amounts could differ from amounts based on estimates and assumptions.

9. Effects of new accounting standards

MMS AG's consolidated financial statements as of December 31, 2011 including the previous year's figures have been prepared in accordance with IFRS as endorsed by the European Union as of the balance sheet date in question.

The applied recognition and measurement principles generally correspond to the methods used in the previous year. The Group has also applied the following new / revised standards relevant to the business activities of the Group, for which application first became mandatory in the 2011 fiscal year: However, they had no or at least no material impact on the consolidated financial statements at the time of first application:

- IAS 24 "Related Party Disclosures" (revised 2009)
- Amendments to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"
- Amendments to IAS 32 "Classification of Rights Issues"
- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
- Collective standard "Improvements to IFRS 2010 – IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 21, IAS 27, IAS 31, IAS 32, IAS 34, IAS 38, IAS 39, IFRIC 13"

The following standards and interpretations were also published prior to the preparation of the consolidated financial statements. However, application of these standards is not mandatory as of December 31, 2011 and MMS AG did not elect early application. Unless stated otherwise, the impact on the consolidated financial statements of MMS AG is currently being examined.

a) EU endorsement given

Amendments to IFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to IFRS 7 require extended note disclosure obligations to be made when financial assets are transferred. This is intended to make it easier to understand the relationships between financial assets not fully derecognized and the corresponding financial liabilities. It should also allow a better assessment of the nature and, in particular, the risks of continuing involvement for derecognized assets. The amendments also require additional disclosures if a disproportionately high number of transfers with continuing involvement occurs, for example, around the end of the reporting period.

The amendment is applicable to annual periods starting on or after July 1, 2011.

b) EU endorsement still pending

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income

The amendment changes the presentation of other comprehensive income. In future, the items of other comprehensive income later reclassified to the income statement ("recycling") must be shown separately from the items of other comprehensive income never reclassified. If the items are reported gross, i.e. without netting effects of deferred taxes, deferred taxes are no longer reported as a total figure but must instead be assigned to the two groups of items.

The amendment is effective for the first time for annual periods starting on or after July 1, 2012 subject to its outstanding endorsement in EU law.

Amendments to IAS 12 – Deferred Tax on Investment Property

With investment property it is often difficult to assess whether existing temporary tax differences reverse in the context of continued use or a disposal. The amendment to IAS 12 now clarifies that deferred taxes are measured on the basis of the rebuttable presumption that reversal is effected through sale.

The amendment is effective for the first time for annual periods starting on or after January 1, 2012 subject to its outstanding endorsement in EU law.

IAS 19 – Employee Benefits (revised 2011)

In addition to more extensive disclosure requirements for employee benefits, the revised standard means the following changes in particular:

There is currently an option as to how unexpected fluctuations in pension obligations, known as actuarial gains and losses, can be presented in the financial statements. These can be recognized (a) in profit or loss, (b) in other comprehensive income, or (c) after a delay using the corridor method. The revision of IAS 19 will abolish this option in favor of a more transparent and comparable presentation, which means that only direct recognition in other comprehensive income will be permitted in future.

Also, the expected return on plan assets is currently calculated based on subjective management expectations of portfolio development. Under IAS 19 (revised 2011), only standardized interest on plan assets in the amount of the current discount rate for pension obligations is permitted.

The amendment is effective for the first time for annual periods starting on or after January 1, 2013 subject to its outstanding endorsement in EU law.

As the MeVis Group has to date immediately recognized all actuarial gains and losses in the income statement, the change to the standard will result in a reduction in earnings volatility – albeit only a slight reduction.

Amendments to IAS 27 – Separate Financial Statements

As part of the passing of IFRS 10 Consolidated Financial Statements, the regulations on the principle of control and the requirements to prepare consolidated financial statements will be removed from IAS 27 and then covered in IFRS 10 (see comments on IFRS 10). As a result, IAS 27 will only contain the regulations for accounting for subsidiaries, joint ventures and associated companies in IFRS separate financial statements in future.

The amendment is effective for the first time for annual periods starting on or after January 1, 2013 subject to its outstanding endorsement in EU law.

Amendments to IAS 28 – Investments in Associates and Joint Ventures

Amendments were also made to IAS 28 as a result of the passing of IFRS 11 Joint Arrangements. As in the past, IAS 28 regulates the application of the equity method. However, its range of application has been significantly expanded by IFRS 11 as investments in not just associates but also joint ventures (see IFRS 11) have to be measured at equity in future. Proportionate consolidation will also no longer apply to joint ventures.

The amendment is effective for the first time for annual periods starting on or after January 1, 2013 subject to its outstanding endorsement in EU law.

MMS AG includes MeVis BreastCare GmbH & Co. KG and its general partner in its consolidated financial statements on a proportionate basis. The inclusion in future will be “at equity” with corresponding effects on almost all consolidated balance sheet and consolidated income statement items, unless the application of the new IFRS 10 results in a full consolidation of companies in future.

Amendments to IAS 32 and IFRS 7 – Offsetting Financial Assets and Financial Liabilities

This addition to IAS 32 clarifies the requirements for offsetting financial instruments. The addition explains the significance of the current legal right to offsetting and clarifies which methods can be considered gross or net settlement within the meaning of the standard. The regulations on disclosures in the notes in IFRS 7 were also expanded on together with these clarifications.

The amendment to IAS 32 is effective for the first time for annual periods starting on or after January 1, 2014 subject to its outstanding endorsement in EU law.

The amendment to IFRS 7 is effective for the first time for annual periods starting on or after January 1, 2013 subject to its outstanding endorsement in EU law.

Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The standard has no relevance for the consolidated financial statements of MMS AG.

IFRS 9 – Financial Instruments

Accounting for and measurement of financial instruments under IFRS 9 will replace IAS 39.

In future, financial assets will only be classified into and measured as two groups: those measured at amortized cost and those measured at fair value. The group of financial assets at amortized cost will consist of such financial assets that only provide for payments of principal and interest on the principal outstanding at set dates and that are also held as part of a business model that intends to hold assets. All other financial assets form the group at fair value. Under certain conditions, financial assets in the first category – as was previously the case – can be designated to the at fair value category (fair value option).

Changes in the value of financial assets at fair value must be recognized in profit or loss. However, the option to recognize changes in value in other comprehensive income can be exercised for certain equity instruments; however, dividend claims from these assets must be recognized in profit or loss.

The regulations for financial liabilities will be taken over from IAS 39. The most significant difference concerns the recognition of changes in value of financial liabilities measured at fair value. These must be broken down in future into the liability's credit risk, which is recognized in other comprehensive income, and the remainder, which is recognized in profit or loss.

IFRS 9 is effective for the first time for annual periods starting on or after January 1, 2015 subject to its outstanding endorsement in EU law.

IFRS 10 – Consolidated Financial Statements

This standard provides a new and comprehensive definition of control. If an entity controls another entity, the parent company must include the subsidiary in consolidation. Under the new concept, control exists when the potential parent company has power over the potential subsidiary on the basis of voting or other rights, it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

This new standard could affect the scope of the consolidated group, including for special-purpose entities.

The new standard is effective for the first time for annual periods starting on or after January 1, 2013 subject to its outstanding endorsement in EU law. If it is found that an investment qualifies as a subsidiary differently according to IAS 27/SIC 12 and IFRS 10, IFRS 10 must be applied retrospectively. Early adoption is only permitted at the same time as IFRS 11, IFRS 12 and the 2011 amendments to IAS 27 and IAS 28.

IFRS 11 – Joint Arrangements

IFRS 11 provides new regulations for accounting for joint arrangements. Under the new concept, it must be decided whether the arrangement is a joint operation or a joint venture. In a joint operation the parties with joint control have rights to the assets and obligations for the liabilities. The individual rights and obligations are accounted for proportionately in the consolidated financial statements. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. This right is accounted for using the equity method in the consolidated financial statements; the option of proportionate inclusion in the consolidated financial statements therefore no longer applies.

The new standard is effective for the first time for annual periods starting on or after January 1, 2013 subject to its outstanding endorsement in EU law. There are specific regulations for transition, for example, from proportionate consolidation to the equity method. Early adoption is only permitted at the same time as IFRS 10, IFRS 12 and the 2011 amendments to IAS 27 and IAS 28.

IFRS 12 – Disclosure of Interests in Other Entities

This standard regulates the disclosure requirements for interests in other entities. The necessary information is significantly more extensive as compared to the disclosures previously required under IAS 27, IAS 28 and IAS 31.

The new standard is effective for the first time for annual periods starting on or after January 1, 2013 subject to its outstanding endorsement in EU law.

IFRS 13 – Fair Value Measurement

This standard provides uniform regulations for fair value measurement in IFRS financial statements. In future, fair value measurement as required in all other standards must be applied in line with the uniform regulations of IFRS 13; separate regulations also apply for IAS 17 and IFRS 2 only.

Fair value under IFRS 13 is defined as the exit price, i.e. the price that would be received to sell an asset or paid to transfer a liability. As currently applied for the fair value measurement of financial assets, there is a three-level hierarchy graded according to the dependence on observed market prices. New fair value measurement can result in different values as compared to current provisions.

The new standard is effective for the first time for annual periods starting on or after January 1, 2013 subject to its outstanding endorsement in EU law.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

The standard has no relevance for the consolidated financial statements of MMS AG.

Notes to the consolidated income statement

10. Revenues

Revenues break down by type as follows:

Figures in € k	2011	2010
Software and licenses	7,560	8,963
Maintenance (software service contracts)	5,546	4,605
Services (consulting and training)	528	479
Hardware	44	244
	13,678	14,291

The breakdown by segments is disclosed in the segment report (see Note 34).

11. Income from the capitalization of development costs

Pursuant to IAS 38, development expenses incurred for development work by Group staff were capitalized in the amount of € 2,397 k (2010: € 2,786 k). € 0 k (2010: € 121 k) of development expenses incurred for third-party services were capitalized. Further details are provided in Note 20. Research and development expenses in the 2011 fiscal year totaled € 5,722 k (2010: € 6,877 k).

12. Other operating income

Figures in € k	2011	2010
Grants	383	644
Income from the derecognition of liabilities	206	80
Income from recharges	97	76
Off-period income	231	8
Others	230	332
	1,147	1,140

13. Cost of materials

Figures in € k	2011	2010
Cost of materials	199	330
Cost of services purchased	513	360
	712	690

14. Staff costs

Figures in € k	2011	2010
Wages and salaries	7,544	8,500
Social security charges and expenditure on old age pensions and support	1,629	1,882
	9,173	10,382

Social security and old-age pension and related expenses include the employer contribution to the government pension plan for employees of € 619 k (2010: € 700 k). The annual average headcount was 185 (2010: 224). This is equivalent to an average of 146 full-time positions (2010: 177). Of the 185

employees, 26 (2010: 29) apply to the company MeVis BreastCare GmbH & Co. KG consolidated on a proportionate basis. The annual averages include 48 (2010: 61) testers and temporary workers.

15. Other operating expenses

Figures in € k	2011	2010
Rental/leasing expense	549	555
Legal and consulting costs	441	483
Project financing Fraunhofer MEVIS	180	821
Cost of preparing and auditing financial statements	177	189
Travel expense	160	190
Energy costs	126	124
Maintenance/repairs	122	150
Accounting costs	102	111
Supervisory Board remuneration	80	80
Advertising costs	61	75
Cost of annual general meeting	49	61
Cleaning expense	48	44
Internet expense	47	34
Guarantee/warranty expenses	40	90
Membership subscriptions	31	16
Telephone expense	30	39
Insurances	29	87
External work	19	22
Stationary	16	20
Personnel recruiting	6	1
Others	608	500
	2,921	3,692

16. Depreciation, amortization and impairment of intangible and tangible assets

Figures in € k	2011	2010
Amortization of purchased industrial property rights and similar rights and customer base	1,054	1,243
Amortization of capitalized development costs	2,040	1,841
Depreciation of property, plant and equipment	446	468
Impairment of capitalized development expenses as well as purchased industrial property rights and similar rights	2,518	0
Impairment goodwill MMS Inc. (LungCAD)	0	4,173
Impairment of other intangible assets of MMS Inc. (LungCAD)	0	1,155
Total depreciation, amortization and impairment losses	6,058	8,880

All development expenses, including purchased licenses for third party developments, were subject to an impairment test as of December 31, 2011. The resulting impairments in the amount of € 2,518 k included all developments for which there are no concrete customer orders.

17. Interest income / interest expense and other net financial result as well as earnings from associated companies

The MeVis Group's financial result for 2011 was € -1,273 k (2010: € -180 k). This essentially comprises the result from the equity interest in Medis of € -1,002 k (2010: € 13 k), which is based on an impairment in the amount of € -871 k (2010: € 0 k) and current pro-rata earnings of € -131 k (2010: € 13 k). It also includes interest income from the investment of cash, which totaled € 112 k (2010: € 389 k), interest expense of € 346 k (2010: € 712 k) and the other financial result of € -37 k (2010: 130 k). The other financial result consists of the revaluation of derivative financial instruments of € -76 k (2010: € -133 k), the balance of exchange rate gains and losses of € 200 k (2010: € 332 k), paid and received option premiums in the amount of € -83 k (2010: € 0 k) and expenses for the safekeeping of securities in the amount of € 78 k (2010: € 69 k).

18. Income tax

Figures in € k	2011	2010
Current income taxes reporting period	219	51
Current income taxes previous period	2	2
Deferred taxes	956	2,689
	1,177	2,742

Deferred tax assets and liabilities for temporary differences are calculated on the basis of an income tax rate of 31.2 % (2010: 31.2 %).

Deferred tax assets on loss carry forwards are calculated on the basis of the applicable tax rate. In Germany this is 15.4 % for trade tax loss carry forwards and 15.8 % for corporation tax loss carry forwards. In the United States, a uniform tax rate of 39 % is applied.

Figures in € k	2011	2010
Earnings before taxes(EBT)	-2,915	-5,607
Theoretical tax received 31.2 % (30.0 %)	-909	-1,749
Non-recognition (also derecognition in 2010) of deferred taxes for tax losses carried forward	1,696	4,958
Differences in tax rates for foreign subsidiaries	-2	-448
Exchange rate differences	47	-64
Tax effects off-period	2	-43
Non-deductible expenses	390	20
Extraordinary operating income/-expense	-27	80
Other	-20	-12
Effective tax expense	1,177	2,742
Effective tax rate	-40.4 %	-48.9 %

Deferred income taxes break down as follows as of the balance sheet date:

Figures in € k	2011	2010
Deferred tax assets		
Tax loss carry forwards	782	1,064
Provisions	278	266
Leasing liabilities	34	0
Derivatives	25	2
Inventories	97	671
Others	33	57
Deferred tax assets gross	1,249	2,060
Offsetting	-1,249	-2,060
Deferred tax assets	0	0
Deferred tax liabilities		
Intangible assets	3,694	3,615
Property, plant and equipment (leasing)	43	0
Derivatives	0	25
Securities (directly recognized in equity)	1	0
Deferred tax liabilities gross	3,738	3,640
Offsetting	-1,249	-2,060
Deferred tax liabilities	2,489	1,580

Deferred taxes on loss carry forwards break down as follows:

Figures in € k	2011	2010
Corporation tax loss carry forwards of the companies	3,820	4,270
Trade tax loss carry forwards of the companies	2,448	1,752
Deferred tax assets gross	6,268	6,022
Non-recognized deferred tax assets on loss carry forwards	-5,486	4,958
Deferred tax assets on tax loss carry forwards net	782	1,064

Since the budgeted results were not achieved and in view of new tax loss carry forwards, deferred tax assets are only to be recognized insofar as the losses can be utilized subject to minimum taxation on the one hand and, on the other hand, they are offset by deferred tax liabilities from temporary differences. The corporate tax carry forwards in the year under review was reduced by the effect from the reduction of the loan liabilities of MMS Inc. in the USA; however, this had no impact on tax expenses as the loss carried forward had not been recognized.

19. Earnings per share

Earnings per share equal the profit on continuing activities or profit (after tax) divided by the weighted average number of shares outstanding during the financial year. Earnings per share (fully diluted) are calculated on the assumption that all securities, stock options and stock awards with a potentially dilutionary effect are converted or exercised.

As the criteria for exercising the options had not been satisfied as of the balance sheet date, it can be assumed that no options had been exercised by the employees. Accordingly, they are not included in the calculation of earnings per share, which means that diluted earnings per share are identical to basic earnings per share.

The weighted average number of shares outstanding is calculated on the basis of shares redeemed and reissued subject to chronological weighting.

	2011	2010
Consolidated net loss in € k	-4,092	-8,349
Weighted average of shares outstanding during the reporting period	1,720,359	1,708,074
Basic earnings per share in €	-2.38	-4.89
Diluted earnings per share in €	-2.38	-4.89

Notes to the consolidated balance sheet

20. Intangible assets and property, plant and equipment

Movements in production and acquisition costs and cumulative amortization of intangible assets (including goodwill) and depreciation on property, plant and equipment for the 2011 and 2010 fiscal years are set out in the statement of changes in assets in Appendices 1 and 2 to the Notes.

The main additions in the 2011 fiscal year relate to the capitalization of internally generated intangible assets.

Net carrying amounts

Figures in € k	Assets and licenses			
	Acquired intangible assets with a definite useful life	Internally generated intangible assets with a definite useful life	Goodwill	Total
Balance on Dec. 31, 2011	3,260	3,026	12,635	18,921
Balance on Dec. 31, 2010	4,264	5,102	12,635	22,001

The change in internally generated intangible assets with a definite useful life mainly resulted from the impairment of capitalized development expenses.

In accordance with IAS 38, software development costs of € 2,397 k (2010: € 2,907 k) were capitalized in 2011 as internally generated intangible assets with a definite useful life. This resulted exclusively from own work capitalized. No services that can be capitalized were purchased in 2011 (2010: € 121 k). Depreciation and amortization of € 2,040 k (2010: € 1,841 k) and impairment losses in the amount of € 2,518 k were attributable to capitalized development costs in the year under review.

Goodwill was assigned to specific cash generating units (CGUs) on the acquisition date for the purpose of future impairment tests. These correspond to the legal entities which respectively represent parts of the segments in our segment reporting. Annual impairment testing is conducted as of December 31. The cash generating units along with their respective goodwill as of the balance sheet date are shown at their carrying amounts in the following table.

Carrying amounts by cash generating units

Figures in € k	31.12.2011	31.12.2010
	Goodwill	Goodwill
Digital Mammography		
MeVis BreastCare Solutions GmbH & Co. KG	12,489	12,489
Other Diagnostics		
MeVis Medical Solutions AG	146	146

Goodwill was tested for any indication of impairment as of December 31, 2011. Under IAS 36, an impairment loss must be recognized if the recoverable amount of the cash generating unit is lower than its carrying amount. Fair value less cost to sell of the cash generating unit, calculated using the DCF method, was used as the recoverable amount. This was based on the realizable cash flows forecast by the Company over a detailed planning period of 5 years. The chosen planning period reflects expected short and medium-term market trends. In addition, a going-concern value was determined for the cash generating unit. The going-concern value equals the present value of the free cash flows after the end of the detailed planning period.

For the purposes of impairment tests, a growth rate of one percent in the cash flows is assumed for the period after the detailed planning phase. Since cash flows are generated almost entirely in the US dollar area, the calculation was done in US dollars.

Each calculation was based on the fair value less cost to sell. The discount rate used in the detailed planning phase was 10.75 % after taxes (2010: 11.25 % after taxes).

Impairment tests according to IAS 36 for CGU MeVis BreastCare Solutions GmbH & Co. KG and MeVis Medical Solutions AG indicated no impairment losses for the 2011 fiscal year. Not even applying a 1.00 percentage point increase of the discount rate and reducing the growth rate to zero would have resulted in impairment.

Changes in property, plant and equipment in the 2011 fiscal year were mainly influenced by investment in IT equipment. Spending on property, plant and equipment totaled € 217 k (2010: € 193 k). Property, plant and equipment as of December 31, 2011 included assets with a carrying amount of € 139 k (2010: € 0 k) acquired through finance leases.

21. Inventories

Inventories mainly included dongles of € 51 k (2010: € 66 k) and licenses for the activation of software in the amount of € 185 k (2010: € 0 k). Inventories are recognized in the income statement when the corresponding revenues are realized.

22. Trade receivables, other financial assets and other assets

Trade receivables

An adjustment of € 33 k (prev. year: € 32 k) was made to trade receivables overdue as of the reporting date, which corresponds to the nominal amount of the receivable, up € 1 k on the previous year. No material change in the creditworthiness of the individual debtors was identified and it is therefore assumed that the unadjusted amounts owing will be paid in due course. The average age of the overdue receivables of € 3,179 k (2010: € 3,604 k) is 96 days (2010: 75 days). The Group does not hold any collateral for these outstanding items.

All trade receivables totaling € 4,420 k (2010: € 5,139 k) are due for settlement within one year.

Figures in € k	Thereof: not impaired as of the balance sheet date and overdue during the following time bands							
	Carrying amount	of which impaired:	not overdue	less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days
Trade receivables								
as of Dec. 31, 2011	4,420	0	1,241	723	147	416	1,893	0
as of Dec. 31, 2010	5,139	0	1,535	851	170	943	1,640	0

In 2011 trade receivables were derecognized in the amount of € 64 k (2010: € 0 k). As in the previous year, the Group received payments towards previously derecognized receivables.

Other financial assets

Figures in € k	2011	2010
Securities	1,430	2,541
Eligible expenses	207	24
Accrued interest	64	102
Loans and receivables	22	10
Derivatives	8	136
Other	9	69
	1,740	2,882

The securities held are a widely diversified portfolio of fixed-income corporate and government bonds with nominal interest rates of between 3.75 % and 6.75 % p.a. and staggered maturities up to 2014. Since investment in securities is for the purpose of cash management, the securities are listed on an exchange and it is not intended to hold the securities to maturity, these were categorized as “available-for-sale” and classified in general as current assets.

Loans and receivables are due from the MBC minority shareholder at € 22 k (2010: € 10 k).

As of the balance sheet date, the Group had 0 (2010: 6) forward currency transactions and 4 (2010: 4) options transactions denominated in USD in 2011.

The other financial assets of € 1,740 k (2010: € 2,882 k) are due for settlement within one year within the following maturity bands:

Figures in € k	of which: with a term to maturity of						
	Carrying amount	of which impaired:	less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days
Other financial assets							
as of Dec. 31, 2011	1,740	0	30	600	218	0	892
as of Dec. 31, 2010	2,882	0	200	306	332	302	1,742

The fair value of current receivables and other financial assets equals their carrying amount.

Other assets

Other assets mainly include tax receivables of € 41 k (2010: € 30 k).

With respect to other financial assets and other assets, there is no evidence as of the balance sheet date that the debtors will not meet their payment obligations when they mature.

23. Cash and cash equivalents

The assets contained in this item are due for settlement in 0 to 3 months and comprise demand deposits and overnight deposits of € 6,075 k (2010: € 5,619 k) subject to interest of between 0.13 % and 1.6 % p.a. In addition, there is cash on hand of € 1 k (2010: € 2 k).

24. Shareholders' equity

The changes in subscribed capital, the share premium, the revaluation reserve, the treasury shares, the cumulative change in fair value of available-for-sale assets for the translation reserve and consolidated retained earnings are shown in the statement of changes in shareholder's equity.

Subscribed capital

The share capital of MMS AG totals € 1,820 k (2010: € 1,820 k) and is comprised of 1,820,000 (2010: 1,820,000) shares without par value. As of December 31, 2011 there was authorized capital of € 910 k and contingent capital of € 130 k.

There were no changes in subscribed capital during the year under review. The conditional capital, which had initially been issued until December 31, 2011, was extended until 2015 by resolution of the annual general meeting on June 15, 2011.

Capital reserve

The share premium of € 28,079 k (2010: € 28,513 k) primarily comprises the premium on the equity issue of € 28,080 k arising from the MMS AG stock-market flotation in 2007. Net flotation expenses of € 1,139 k were deducted from shareholders' equity. This includes tax relief of € 505 k. The sale of treasury shares in 2007 resulted in an increase of € 1,314 k. In addition, the Group share premium includes an amount of € 257 k attributable to stock options. The stock options have a term of 5 years as of the date on which they are granted and may only be exercised after a vesting period of 2 years. The exercise price payable by the option holder equals the average closing price of the share in XETRA trading for the last five trading days period to the end of the subscription period in which the options in question were granted. € 434 k was offset against the capital reserve due to the disposal of treasury stock worth less than the acquisition costs.

The share premium of MMS AG of € 28,080 k is not available for dividend distribution.

Revaluation reserve

In connection with the acquisition of the 49 % interest in MBS KG from Siemens AG and the subsequent full consolidation of MBS KG in 2008, the assets and liabilities of MBS KG were completed remeasured. Where this increase was attributable to the 51 % interest in MBS KG already held by the Group, the difference was recognized within the revaluation reserve. The amount of € 1,688 k comprises intangible assets of € 2,411 k net of deferred taxes of € 723 k. Amounts equaling the depreciation and amortization recognized on these assets are reclassified as retained earnings on a proportionate basis.

Figures in € k	2011
Status as at Jan. 1, 2011	1,276
- Transfer of the amount corresponding to write-downs and the associated deferred taxes to retained earnings, without an impact on profit and loss	-252
Status as at Dec. 31, 2011	1,024

Treasury stock

In accordance with a new resolution passed by the shareholders at the annual general meeting on September 28, 2007 concerning the acquisition of the Company's own stock in accordance with Section 71(1) No. 8 of the German Stock Corporation Act (AktG), the Company was authorized to acquire up to 10 % of its current share capital (€ 1,300 k) on or before March 27, 2009. MMS AG already held 37,800 treasury shares on December 31, 2007. On March 4, 2008 the Executive Board decided to initially buy back up to a further 53,200 of the Company's own shares on the stock market by August 30, 2008. As part of this stock buyback program, the Company acquired 53,200 of its own shares for a total amount of € 1,502 k as of June 17, 2008.

In the course of acquiring the software product Colotux for a total of € 220 k on October 23, 2008, half of the first purchase price installment of € 110 k was settled in mid-November 2008 by the transfer of treasury shares (a total of 1,832 treasury shares with a market value of € 55 k).

In accordance with a new resolution passed by the shareholders at the annual general meeting on July 9, 2008 concerning the acquisition of the Company's own shares in accordance with Section 71(1) No. 8 of the German Stock Corporation Act (AktG), the Company was authorized to acquire up to 10 % of its current share capital (€ 1,820 k) on or before January 8, 2010. On November 4, 2008, the Executive Board decided to buy up to a further 91,000 of the Company's own shares on the stock market. As part of this stock buyback program, the Company acquired 33,682 of its own shares for a total amount of € 1,163 k as of March 31, 2009. When the stock buyback program was concluded on March 31, 2009, MMS AG held a total of 122,850 treasury shares (6.75 % of share capital). A total of 18,726 treasury shares were transferred to the seller as part of the second stage in the acquisition of Medis shares on May 31, 2010. The second purchase price installment for the acquisition of the Colotux software product was paid in advance on April 15, 2011. The seller was paid a total of 6,571 treasury shares, among other things. Therefore a total of 97,553 treasury shares were held as of December 31, 2011. This corresponds to 5.36 % of the current share capital.

Currency translation differences

The translation reserve arises from the translation of the annual financial statements of MMS Inc. and MeVis Japan KK from the local currency (US dollar and Yen) to the reporting currency (Euro).

Cumulated fair value changes of available-for-sale financial instruments

The changes in the fair value of fixed-income securities categorized as available-for-sale are recognized under cumulative changes in fair value.

Retained earnings

Retained earnings include statutory reserves pursuant to § 150 of the Stock Corporation Act of € 5 k. In accordance with § 150(2) of the Stock Corporation Act no further statutory reserves are necessary. In addition, this item includes accumulated gains and losses from previous years and the earnings for the current fiscal year.

25. Provisions

Provisions for pensions reported in the balance sheet break down as follows:

Figures in € k	2011	2010
Defined benefit obligation	254	194
Reinsurance	-254	-194
Reported in balance sheet	0	0

Provisions for pensions relate to defined benefit plans. The extent of the pension benefits varies in principle according to the conversion of remuneration and an annual interest rate of 4 %. The underlying discount rate is 4.90 % (2010: 4.56 %). Pension and related benefits as well as the expenditure necessary to cover these obligations are generally valued and accounted for according to the projected unit credit method stipulated in IAS 19 "Employee Benefits". Future annual increases in income and entitlements by the time a pension can first be drawn are not taken into account.

The change in the present value of entitlements determined pursuant to IAS 19 is shown in the following table:

Figures in € k	2011	2010
Defined benefit obligation at the beginning of the fiscal year	194	97
Employee's share (net present value)	49	80
Employer's share (net present value)	11	17
Actuarial gains and losses	0	0
Defined benefit obligation at the end of the fiscal year	254	194

A reduction of 0.5 percentage points in the interest rate for calculation purposes, to 4.40 %, would increase the defined benefit obligation (DBO) disclosed above to € 280 k as of the December 31, 2011 valuation date.

An increase of 0.5 percentage points in the interest rate for calculation purposes, to 5.40 %, would decrease the defined benefit obligation (DBO) disclosed above to € 232 k as of the December 31, 2011 valuation date.

Total expenses on defined benefit plans reported within staff costs break down as follows:

Figures in € k	2011	2010
Past service cost: present value of benefit entitlements earned in the fiscal year	49	92
Interest expense: interest on the entitlements already vested	11	5
Net pension expenditure on benefit obligations	60	97

To secure the employees' pension claims, the MeVis Group has taken out reinsurance, which is pledged to the individual employees. The employees are entitled to the higher of the pension claim or reinsurance coverage. As of December 31, 2011, the fair value of reinsurance amounted to € 301 k, and the excess of reinsurance over the defined benefit obligation amount was not capitalized due to the limit imposed by IAS 19 (asset ceiling).

The development of claims under reinsurance policies is shown in the following table:

Figures in € k	2011	2010
Status at the beginning of the reporting year	218	131
Payments employees	57	66
Payments employer	14	16
Added value	12	5
Status at the end of the reporting year	301	218
Asset ceiling	-47	-24
	254	194

The profits from the appreciation in value of the reinsurance and the cost of the adaptation of the "asset ceiling" were charged to staff costs.

Movements in other non-current provisions were as follows in the 2011 fiscal year:

Figures in € k	Status as at Jan. 1, 2011	Utilization	Unwinding of the discount	Addition	Currency translation effect	Status as at Dec. 31, 2011
Onerous contracts	821	160	33	180	0	874
Other provisions	821	160	33	180	0	874

The provisions for contingent liabilities mainly relate to liabilities from the grant obligation to Fraunhofer MEVIS for research and development projects. Based on the evaluation by the Executive Board of the probability of availment without corresponding compensation, which takes into account the diverging developments of the MeVis Group on the one hand and Fraunhofer MEVIS on the other hand, two similar contracts were included when calculating the provision in 2011. The notional values of payment obligations amount to € 975 k. Availment by MMS AG is expected until 2015.

Movements in other current provisions were as follows in the 2011 fiscal year:

Figures in € k	Status Jan. 1, 2011	Utilization	Reversal	Addition	Currency translation effect	Status Dec. 31, 2011
Warranty provisions	195	0	8	37	0	224
Discounts	41	0	41	0	0	0
Other provisions	236	0	49	37	0	224

The warranty provisions relate to contractual warranty obligations to customers.

26. Other non-current financial liabilities

Figures in € k	2011	2010
Liability from 49 % acquisition of MBS KG	815	3,276
Leasing liabilities	60	0
Liability to Fraunhofer MEVIS	0	175
Other	0	1
Other non-current financial liabilities	875	3,452

Non-current other financial liabilities mainly arise from the acquisition of the 49 % share in MBS KG in 2008.

Of the total purchase price for 49 % of the shares in MBS KG, a sum of € 2,500 k was due immediately upon the contract being signed. The other purchase price installments are discounted at interest rates appropriate to the applicable terms, of between 3.82 % and 4.58 %. The amounts due as of 2013 are recorded here, while those due for payment in 2012 (€ 2,913 k) are recognized as current liabilities.

27. Other current liabilities

Other current financial liabilities contain the following items:

Figures in € k	2011	2010
Liability from 49 % acquisition of MBS KG	2,913	3,405
Staff liabilities	591	395
Liabilities to Fraunhofer MEVIS	138	180
Derivative financial instruments	80	5
Leasing liabilities	48	0
Miscellaneous other financial liabilities	64	22
Other financial liabilities	3,834	4,007

Reference should be made to Note 26 for details of the liability from the acquisition of the 49 % stake in MBS KG.

Staff liabilities primarily comprise the cost of accrued vacation entitlements and bonuses.

The liability to Fraunhofer MEVIS relates to the acquisition of the “MeVisLab” software package in 2007, which is being used within the MeVis Group as a software platform. This liability will be redeemed with quarterly payments of € 46 k until the end of the year 2012.

The derivative financial instruments relate to the negative market values of forward currency transactions concluded for currency hedging for option transactions (options where the Group is the option writer).

28. Deferred income

This item comprises income components paid but not recognized under multi-component contracts. In addition, payments received under maintenance contracts are deferred if the corresponding maintenance services have not yet been provided.

29. Other current liabilities

Miscellaneous other liabilities contain the following items:

Figures in € k	2011	2010
Current tax liabilities	150	122
Miscellaneous other liabilities	29	146
Miscellaneous other liabilities	179	268

The current tax liabilities comprise sales tax as well as payroll and church tax.

30. Contingent liabilities

MMS AG is under an obligation to grant a loan of up to € 820 k to the joint venture MBC KG, which is consolidated on a proportionate basis, at standard bank conditions in the event that the latter company's capital requirements exceed the capital contributions paid in by the partners. The MeVis Group's share in this obligation stands at € 418 k.

31. Financial obligations

Figures in € k	Total	less than 1 year	1 to 5 years	over 5 years
Rental contracts	663	488	175	0
Leases	182	93	89	
Total financial obligations				
Dec. 31, 2011	846	581	264	0
Rental contracts	529	424	105	0
Leases	274	90	184	0
Total financial obligations				
December 31, 2010	803	514	289	0

The rental contracts comprise solely leases for office space for limited periods of time. In the fiscal year, rental expenses of € 549 k (2010: € 555 k) were incurred by the Group and are shown within other operating expenses.

All of the leases for passenger vehicles and copying stations of the MeVis Group in 2011 again are operating leases. Economic ownership of these leased assets remains with the respective lessor. The MeVis Group recognizes lease payments as expense. In 2011, other operating expenses totaled € 24 k (2010: € 26 k).

A leasing contract was concluded in 2011 on the use of servers, which was classified as a finance lease. A liability of € 108 k as of the balance sheet date was recognized in the same amount as the capitalized

present amount of future leasing installments. The leasing installments to be paid total € 114 k, of which € 52 k is due in 2012 (present value: € 51 k) and € 62 k due in 2013/2014 (present value: € 57 k).

32. Management of financial risks

The Group's international business operations expose it first and foremost to fluctuations in exchange rates. It is Company policy to exclude or limit these risks by concluding hedging transactions. Major national banks whose creditworthiness is continuously verified by leading rating agencies serve as partners for the conclusion of hedging transactions.

In accordance with IFRS, derivative financial instruments are recognized at their fair value. IFRS provides for strict hedge accounting rules with respect to the correlation between the hedging instrument and the hedged item and for documenting hedge relationships. In the periods described here, the Company engaged in hedges, not at the individual transaction level but on the basis of expected payment transactions on a portfolio basis. Accordingly, a clear allocation of hedging instrument to hedged item is not possible. Consequently, hedge accounting as provided for in IAS 39 is not utilized by MeVis Group. Any changes in fair value are recognized in profit and loss.

In addition to the aforementioned exchange rate risk, the MeVis Group is exposed to financial risks in the form of liquidity and default risk.

The MeVis Group provides the details stipulated by IFRS 7, such as the source of risks from financial instruments and the methods used to manage risk, in the Group management report.

Management of exchange rate risk

Where necessary, the Group enters into different types of currency contracts to manage exchange rate risk resulting from the cash flow from (expected) business activities denominated in foreign currencies. The transaction risk is measured in each relevant foreign currency. The Group's exchange rate exposure is due to its global business activities, particularly the sale of its products to US customers which are invoiced in US dollars.

As of the balance sheet date, the Group had 0 (2010: 6) forward currency transactions and 4 (2010: 4) options transactions denominated in USD in 2011. The fair value of the contracts is calculated by the banks.

The scope and the market values of the derivatives were as follows as of the balance sheet date:

Forwards for hedging purposes expected revenues	Nominal value	Market value	Nominal value	Market value
Figures in € k	Dec. 31, 2011	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2010
Currency options (option holder)	2,732	8	1,504	55
Currency options (option writer)	-3,165	-80	0	0
Currency forwards	0	0	2,330	76

The option transactions have different maturities between March 28, 2012 and June 27, 2012.

Liquidity risk

The Group requires sufficient cash and cash equivalents to settle its financial obligations. Liquidity risks arise when customers are unable to meet their obligations to the MeVis Group in the course of normal business. As of the balance sheet date, the Group has cash and cash equivalents of € 6,076 k (2010: € 5,621 k) as well as securities available for sale in the amount of € 1,430 (2010: € 2,541 k).

Liquidity risk is managed on the basis of rolling liquidity planning.

Default risk

Default risk, i.e. the risk of counterparties failing to meet their payment obligations, are managed by means of credit approvals, the definition of maximum limits and monitoring processes.

To manage this risk, the Company periodically reviews its customers' solvency.

The Company does not expect any defaults on the part of its business partners with a favorable credit rating. As five customers account for most of the Group's revenues, credit risk is concentrated to a significant extent on the one customer group. As the Group has maintained business relations with these customers, all of which have a very good credit rating and enjoy high renown, for several years and no defaults have arisen to date, the Executive Board does not see any significantly heightened risk of default. Provision has been made in the balance sheet for the maximum default risk.

Fair value of financial instruments

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction (except in the case of foreclosure or liquidation proceedings).

A three-stage system is used to measure fair value, which must be implemented in this particular sequence (fair-value hierarchy):

1. Listed market prices of identical assets or liabilities on active markets
2. Information other than listed market prices capable of being observed directly (e.g. prices) or indirectly (e.g. derived from prices).
3. Measurement of fair value using methods of financial mathematics (discounted cash flows, option price models).

Listed market prices (category 1) are available for the Group's securities, and other observable information (category 2) for derivatives. Category 3 applies to the remaining financial instrument of the Group.

Figures in € k	2011	2010
Category 1 (securities)	1,430	2,541
Category 2 (derivatives)	8	136
Category 3 (other financial assets)	4,722	5,344
Financial assets	6,160	8,021
Category 2 (derivatives)	80	5
Category 3 (other financial liabilities)	5,797	8,771
Financial liabilities	5,877	8,776

The following methods and assumptions are used to estimate the fair value of the individual classes of financial instruments:

Non-current financial liabilities

The fair value of the non-current financial liabilities is calculated using the discount cash flow method based on an interest rate of 2.94 % up to 3.24 % p.a. appropriate to the applicable term and risk.

Financial assets and current financial liabilities

The carrying amounts of cash and cash equivalents, other financial assets and current financial liabilities are more or less equal to their fair values on account of the relatively short settlement period for these items. Where no listed market prices are available, the fair value of the publicly traded financial

instruments is estimated on the basis of the listed market prices of identical or similar assets. In the case of all other financial instruments, the fair value is based on the expected cash flow or the net asset value of the item in question. All carrying amounts are more or less the same as the fair value of the items in question.

Derivative financial instruments

Derivatives used as hedging instruments with positive (negative) fair values are classed as other current or non-current financial assets or liabilities depending on their term. They are recognized based on market prices on the balance sheet date.

The carrying amounts, measurement and fair values of the financial instruments are presented by valuation categories below:

Figures in € k	IAS 39 category	Carrying amount as of Dec. 31, 2011	Recognized in accordance with IAS 39				Fair value as of Dec. 31, 2011
			Amor- tized cost	Cost	Fair value in equity	Fair value in P/L	
Assets							
Trade receivables	LaR	4,420	4,420	0	0	0	4,420
Other financial assets	AfS	1,430	0	0	1,430	0	1,430
Other financial assets	LaR	302	302	0	0	0	302
Other financial assets	FAPL	8	0	0	0	8	8
Cash and cash equivalents		6,076	6,076	0	0	0	6,076
Equity and liabilities							
Other non-current financial liabilities	FLAC	875	875	0	0	0	905
Trade payables	FLAC	1,168	1,168	0	0	0	1,168
Other current financial liabilities	FLPL	80	0	0	0	80	80
Other current financial liabilities	FLAC	3,854	3,854	0	0	0	3,854
Of which aggregated by IAS 39 category:							
Loans and receivables	LaR	10,798	10,798	0	0	0	10,798
Financial assets available for sale	AfS	1,430	0	0	1,430	0	1,430
Financial assets at fair value through profit or loss	FAPL	8	0	0	0	8	8
Financial liabilities measured at amortized costs	FLAC	5,897	5,897	0	0	0	5,897
Financial liabilities at fair value through Profit or Loss	FLPL	80	0	0	0	80	80

Figures in € k	IAS 39 category	Carrying amount as of Dec. 31, 2010	Recognized in accordance with IAS 39				Fair value as of Dec. 31, 2010
			Amortize d cost	Cost	Fair value in equity	Fair value in P/L	
Assets							
Trade receivables	LaR	5,139	5,139	0	0	0	5,139
Other financial assets	AfS	2,541	0	0	2,541	0	2,541
Other financial assets	LaR	205	205	0	0	0	205
Other financial assets	FAPL	136	0	0	0	136	136
Cash and cash equivalents		5,621	5,621	0	0	0	5,621
Equity and liabilities							
Other non-current financial liabilities	FLAC	3,452	3,452	0	0	0	3,452
Trade payables	FLAC	1,317	1,317	0	0	0	1,317
Other current financial liabilities	FLPL	5	0	0	0	5	5
Other current financial liabilities	FLAC	4,002	4,002	0	0	0	4,002
Of which aggregated by IAS 39 category:							
Loans and receivables	LaR	5,344	5,344	0	0	0	5,344
Financial assets available for sale	AfS	2,541	0	0	2,541	0	2,541
Financial assets at fair value through profit or loss	FAPL	136	0	0	0	136	136
Financial liabilities measured at amortized costs	FLAC	8,771	8,771	0	0	0	8,771
Financial liabilities at fair value through Profit or Loss	FLPL	5	0	0	0	5	5

The contractually agreed (non-discounted) interest and capital payments for the originated financial liabilities break down as follows as of the balance sheet date:

Figures in € k	Cash flows 2012				Cash flows 2013-2016				Total	
	Carrying amount Dec. 31, 2011	Fixed interest rate	Floating interest rate	Repay-ment	Fixed interest rate	Floating interest rate	Repay-ment	Fixed interest rate	Floating interest rate	Repay-ment
Other financial liabilities	4,629	195	0	3,754	93	0	875	288	0	4,629

Figures in € k	Cash flows 2011				Cash flows 2012-2015				Total	
	Carrying amount Dec. 31, 2010	Fixed interest rate	Floating interest rate	Repay-ment	Fixed interest rate	Floating interest rate	Repay-ment	Fixed interest rate	Floating interest rate	Repay-ment
Other financial liabilities	7,454	203	0	4,002	403	0	3,452	606	0	7,454

Net gains/losses by category break down as follows:

Figures in € k	From dividends and interests	From subsequent measurement			Net result	
		at fair value	Currency translation	Derecognition of receivables and liabilities	2011	2010
Loans and receivables (LaR)	4	-1	200	-64	139	398
Financial assets available for sale (AfS)	98	0	0	0	98	291
Derivatives	0	-76	0	0	-76	-133
Financial liabilities measured at amortized costs (FLAC)	-335	0	0	206	-129	-632
					32	-76

Sensitivity analysis

To reflect market risks, IFRS 7 prescribes sensitivity analyses showing the effects of hypothetical changes in the relevant risk variables on earnings and shareholders' equity. The MeVis Group is mainly exposed to exchange rate risk, but not to interest rate risk since the financial liabilities bear interest at fixed rates. Securities bearing interest at fixed rates can also be sold at short notice in case of corresponding general interest rate changes. Examining the receivables portfolio as of December 31, 2011 indicates elasticity of € 893 k (2010: € 1,038 k) for a 10 % change in the rate on the reporting date. On the basis of these measurement bands, there is elasticity of € 299 k (2010: € 357 k) for cash and cash equivalents as of December 31, 2011.

Around 25 % of expected business volume denominated in US dollars is hedged by means of currency forwards; however, these do not qualify as hedge accounting due to the absence of any correlation to the underlying transaction. On the basis of the market values of the hedges as of December 31, 2011, an increase of 10 % in the underlying exchange rate would cause the net financial result to rise by € 0 k (2010: € 341 k) while a decrease of -10 % would cause it to decline by € 270 k (2009: € 250 k).

Fixed-interest assets and liabilities are subject to the risk of fair value fluctuations depending on the level of interest rates prevailing on the market. This is of relevance for the MeVis Group with regard to the liability arising from the acquisition of 49 % of the shares in MBS KG. An increase in the level of interest rates by one percentage point would reduce the fair value of the liability by € 51 k (2010: € 93 k); a corresponding decrease in interest rates would lead to a fair value increased by € 53 k (2010: € 97 k).

Disclosures on capital management

The objectives of capital management are derived from the financial strategy and include the provision of liquidity and access to the capital markets at all times.

The capital structure is managed to take account of any changes in economic conditions and risks arising from the underlying assets.

To this end, equity is viewed in the light of prevailing risk and, if necessary, adjusted by means of dividend policy, capital repayments and equity issues. Capital is monitored by reference to the ratio of net financial liabilities/receivables to economic capital. Net financial liabilities/receivables comprise cash plus financial assets net of financial liabilities. Economic capital equals the equity reported in the balance sheet.

Figures in € k	Dec. 31, 2011	Dec. 31, 2010
Bank borrowings	0	0
Other financial liabilities	4,709	7,459
Gross financial liabilities	4,709	7,459
Cash and cash equivalents	6,076	5,621
Other financial assets	1,740	2,882
Gross financial receivables	7,816	8,503
Net financial receivables	3,107	1,044
Economic capital	20,729	24,789

Given the international nature of the MeVis Group's activities, different regional legal and regulatory requirements must be observed in the individual jurisdictions. The status of and any changes in these rules are monitored both locally and centrally and taken into account in capital management.

33. Disclosures on the cash flow statement

The cash flow statement breaks down into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. Net cash inflow from operating activities is calculated using the indirect method.

Cash and cash equivalents comprise cash on hand and demand deposits.

34. Segment reporting

As of December 31, 2011 the activities of the MeVis Group were subdivided into the reportable segments of Digital Mammography and Other Diagnostics. The management of each of these segments reports directly to the Executive Board of MMS AG in its function as the responsible corporate entity.

Segment net profit and loss, which correspond to earnings before interest and tax (EBIT), constitutes the key benchmark for assessing and controlling the earnings position of a particular segment.

Segmentation is as follows:

	Digital Mammography		Other Diagnostics		Other/Consolidation and reconciliation		MeVis Group	
	Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31	
Figures in € k	2011	2010	2011	2010	2011	2010	2011	2010
External revenues	10,463	10,724	3,215	3,567	0	0	13,678	14,291
Intersegment revenues	0	0	48	4	-48	-4	0	0
Revenues	10,463	10,724	3,263	3,571	-48	-4	13,678	14,291
Grants	0	0	383	644	0	0	383	644
Total segment revenues	10,463	10,724	3,646	4,215	-48	-4	14,061	14,935
Other capitalized costs	1,557	1,486	840	1,421	0	-121	2,397	2,786
Depreciation and amortization	-2,233	-1,932	-1,307	-1,651	0	31	-3,540	-3,552
Impairments	0	0	-2,518	-5,328	0	0	-2,518	-5,328
Operating expenses	-3,446	-4,051	-6,810	-7,725	371	704	-9,885	-11,072
Segment net profit and loss	6,341	6,227	-6,149	-9,068	323	610	515	-2,231
Other operating income	344	133	1,216	1,845	-796	-1,482	764	496
Other operating expenses	-1,101	-954	-2,452	-4,044	632	1,306	-2,921	-3,692
Result of operating activities	5,584	5,406	-7,385	-11,267	159	434	-1,642	-5,427
Segment assets	14,472	15,334	25,481	38,401	-7,404	-14,950	32,549	38,785
Segment liabilities	6,259	5,539	7,076	15,334	-582	-6,100	12,753	14,773

Revenues in the segments of Digital Mammography and Other Diagnostics are predominantly achieved with three customers, accounting each for a share of total revenues in excess of 10 %.

Segmentation of external revenues by geographical regions is as follows:

	Digital Mammography		Other Diagnostic		MeVis Group	
	Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31	
Figures in € k	2011	2010	2011	2010	2011	2010
USA	8,576	9,146	2,495	2,765	11,071	11,911
Europe	1,887	1,578	720	793	2,607	2,371
Japan	0	0	0	9	0	9
External revenues	10,463	10,724	3,215	3,567	13,678	14,291

Segment assets in the field of digital mammography can be assigned to the location of assets in the geographical region of Germany. Assets of the Other Diagnostics segment are assignable to the

geographical regions of Germany and the United States as well as Japan. Germany accounts for € 24,506 k (2010: € 36,181 k) and the U.S. for € 627 k (2010: € 1,853 k). Segment assets in Japan total € 348 k (2010: € 367 k).

35. Related parties

The Group enters into transactions with related parties, the details of which are set out below. These transactions form part of its usual business activities and are subject to arm's length conditions.

Fraunhofer MEVIS performs research and development activities for MMS AG. These had a volume of € 306 k in 2011 (2010: € 529 k). In addition, MMS AG acquired the MeVisLab software from Fraunhofer MEVIS for € 925 k in 2007. This amount must be paid in five annual installments of € 185 k each. Income of € 77 k (2010: € 74 k) was generated from the staff costs recharged to Fraunhofer MEVIS.

In addition, the MMS AG also has grant obligations to Fraunhofer MEVIS totaling € 995 k. These obligations were deferred at their present value due to the uncertainty surrounding the usability of a possible consideration.

Related parties also include the joint ventures MBC KG and MeVis BreastCare Verwaltungs-GmbH.

As of the balance sheet date, the following receivables were due from and the following liabilities owing to related parties:

Figures in € k	2011	2010
Members of the Supervisory Board		
Receivables	0	0
Liabilities	36	31
Expenses	80	80
Fraunhofer MEVIS		
Receivables	37	298
Provisions	874	821
Liabilities	426	574
Income	228	162
Expenses	391	1,305
Joint ventures		
Receivables	46	21
Liabilities	4	7
Income	128	180
Expenses	85	49

36. Notification of changes in voting rights in accordance with the German Securities Trading Act (WpHG)

As of the reporting date, MMS AG had received the following compulsory disclosures in accordance with §§ 21 et seq. of the German Securities Trading Act (WpHG) concerning changes in the voting rights held in MMS AG:

- 1) On November 15, 2007, we were notified by Prof. Dr. Heinz-Otto Peitgen, Am Jürgens Holz 5, 28355 Bremen, in accordance with § 21(1a) of the German Securities Trading Act that his share of the voting rights stood at 17.67 % on November 15, 2007, i.e. the first day of admission.
- 2) On November 15, 2007, we were notified by Dr. Carl J.G. Evertsz, Schumannstraße 12, 28213 Bremen, in accordance with § 21(1a) of the German Securities Trading Act that his share of the voting rights stood at 17.67 % on November 15, 2007, i.e. the first day of admission.

On November 20, 2007, we were notified by cominvest Asset Management GmbH, Platz der Einheit 1, 60327 Frankfurt am Main, in accordance with § 21(1), § 22(1) Sentence 1 No. 6 and § 32(2) of the German Investment Act (InvG) that its share of the voting rights had exceeded the reporting threshold of 3 % on November 19, 2007 and now stands at 4.75 %.

- 3) On December 13, 2007, we were notified by Dr. Hartmut Jürgens, Grohner Bergstraße 11, 28759 Bremen, in accordance with § 21(1) of the German Securities Trading Act that his share of the voting rights had exceeded the reporting threshold of 15 % on December 13, 2007, and now stands at 16.53 %.
- 4) On April 30, 2008, we received the following notification from Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands:

In accordance with § 21(1) of the German Securities Trading Act, the share of voting rights held by Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands, exceeded the thresholds of 3 % and 5 % on November 19, 2007, standing at 112,000 voting rights (equivalent to 6.15 % of all voting rights) as of that date.

In accordance with § 21(1) of the German Securities Trading Act, the share of voting rights held by Fortelus GP Ltd., c/o M&C Corporate Services Ltd., Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, Fortelus Special Situations Fund LP, registered office 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA, and Fortelus Special Situations Fund Ltd., c/o M&C Corporate Services Ltd., Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, exceeded in the aggregate the thresholds of 3 % and 5 % on November 19, 2007, and the aforementioned entities held 112,000 voting rights (equivalent to 6.15 % of all voting rights) as of that date. The voting rights are held by Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands, and attributable to the aforementioned entities in accordance with § 22(1) Sentence 1 No. 1 of the German Securities Trading Act.

In accordance with § 21(1) of the German Securities Trading Act, the share of voting rights held by Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands, exceeded the threshold of 10 % on April 2, 2008, standing at 186,037 voting rights (equivalent to 10.22 % of all voting rights) as of that date.

In accordance with § 21(1) of the German Securities Trading Act, the share of voting rights held by Fortelus GP Ltd., c/o M&C Corporate Services Ltd., Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, Fortelus Special Situations Fund LP, registered office 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA, and Fortelus Special Situations Fund Ltd., c/o M&C Corporate Services Ltd., Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, exceeded in the aggregate the threshold of 10 % on April 2, 2008, and the aforementioned entities held 186,037 voting rights (equivalent to 10.22 % of all voting rights) as of that date. The voting rights are held by Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands, and attributable to the aforementioned entities in accordance with § 22(1) Sentence 1 No. 1 of the German Securities Trading Act.

- 5) On June 17, 2008, MMS AG announced in accordance with § 26(1) Sentence 2 of the German Securities Trading Act that its treasury stock had exceeded the threshold of 5 % on June 17, 2008 and stood at 5 % on that day (equivalent to 91,000 shares).
- 6) On November 4, 2008, we were notified by Mr. Peter Kuhlmann-Lehmkuhle, Oyten, Germany, in accordance with § 21(1) of the German Securities Trading Act that his share in the voting rights had exceeded the threshold of 3 % on October 30, 2008, and now stands at 3.0027 % (equivalent to 54,650 shares).
- 7) On October 2, 2009, we were notified by cominvest Asset Management GmbH, Platz der Einheit 1, 60327 Frankfurt am Main, in accordance with § 21(1) of the German Securities Trading Act that its

share in the voting rights had fallen below the threshold of 3 % on September 30, 2009 and now stands at 2.98 % (equivalent to 54,300 voting rights).

2.48 % of the voting rights (equivalent to 45,200 voting rights) are attributable to the company in accordance with § 22(1) Sentence 1, No. 6 of the German Securities Trading Act.

- 8) On April 20, 2010 we were notified by M.M. Warburg & CO KGaA, Hamburg, Germany in accordance with § 21(1) of the German Securities Trading Act that its share in the voting rights of MeVis Medical Solutions AG, Bremen, Germany, ISIN: DE000A0LBFE4, WKN: A0LBFE had exceeded the threshold of 5 % on April 15, 2010 and now stands at 5.13 % (equivalent to 93,410 voting rights).

We were also notified on April 20, 2010 by M.M. Warburg & CO KGaA, Hamburg, Germany in accordance with § 21(1) of the German Securities Trading Act that the share of the voting rights held by M.M. Warburg & CO Gruppe (GmbH & Co.) KGaA, Hamburg in MeVis Medical Solutions AG had exceeded the threshold of 5 % on April 15, 2010 and now stands at 5.13 % (equivalent to 93,410 voting rights).

All of these voting rights are attributable to M.M. Warburg & CO Gruppe (GmbH & Co.) KGaA in accordance with § 22(1) Sentence 1 No. 1 of the German Securities Trading Act. The assigned voting rights are held through the following controlled entity: M.M. Warburg & CO KGaA.

- 9) On February 14, 2011 MMS AG announced in accordance with § 26(1) Sentence 2 of the German Securities Trading Act that its treasury stock had exceeded the threshold of 5 % on November 7, 2008 and stood at 5.02 % on that day (equivalent to 91,332 voting rights).
- 10) On November 9, 2011 we were notified by Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main, Germany in accordance with § 21(1) of the German Securities Trading Act that its share in the voting rights of MeVis Medical Solutions AG, Bremen, Germany, ISIN: DE000A0LBFE4, WKN: A0LBFE had fallen below the threshold of 3 % on November 8, 2011 and now stands at 2.81 % (equivalent to 51,217 voting rights).

1.11 % of the voting rights (equivalent to 20,217 voting rights) are attributable to the company in accordance with § 22(1) Sentence 1, No. 6 of the German Securities Trading Act.

37. Corporate bodies of MeVis Medical Solutions AG

Executive Board

Dr. Carl J. G. Evertsz Chairman Bremen	from Sep. 6, 2006 until Feb. 29, 2012	<ul style="list-style-type: none"> Managing Director of MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen Managing Director of MeVis BreastCare Solutions Verwaltungs -GmbH, Bremen Director of MeVis Medical Solutions, Inc., Pewaukee, Wisconsin / USA Director of MeVis Japan KK, Tokyo / Japan Member of the Board of Trustees of Fraunhofer MEVIS
Thomas E. Tynes Pewaukee, Wisconsin USA	from Sep. 1, 2007 until April 5, 2012	<ul style="list-style-type: none"> Director of MeVis Medical Solutions, Inc., Pewaukee, Wisconsin / USA Officer of Eye Prosthetics of Wisconsin, Inc., Brookfield, Wisconsin / USA
Dr. Robert Hannemann Bremen	from Oct. 1, 2010	<ul style="list-style-type: none"> Managing Director of MeVis BreastCare Solutions Verwaltungs -GmbH, Bremen Director of MeVis Medical Solutions, Inc., Pewaukee, Wisconsin / USA Director of MeVis Japan KK, Tokyo / Japan Member of the Shareholders' Committee of MBC KG
Marcus Kirchhoff Chairman Dassendorf	from Mar. 1, 2012	<ul style="list-style-type: none"> Managing Director of MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen Managing Director of MeVis BreastCare Solutions Verwaltungs -GmbH, Bremen Director of MeVis Medical Solutions, Inc., Pewaukee, Wisconsin / USA

Supervisory Board

Prof. Dr. Heinz-Otto Peitgen Chairman Bremen	from Sep. 6, 2006	<ul style="list-style-type: none"> Director of Fraunhofer MEVIS Institute, Bremen Member of the Board of Governors at the Jacobs University, Bremen Member of the Board of Trustees of the Center for Art and Media, Karlsruhe Member of the Shareholders' Committee of MBC KG
Dr. Jens J. Kruse Vice-Chairman Braak	from Jan. 11, 2011	<ul style="list-style-type: none"> Head of Corporate Finance of private bank M.M. Warburg & CO, Hamburg Member of the Supervisory Board of Biesterfeld AG, Hamburg
Dr. Peter Zencke Heidelberg	from Aug. 21, 2007 until June 15, 2011	<ul style="list-style-type: none"> Member of the Supervisory Board of SupplyOn AG, Munich Member of the Board of Directors of the Indian School of Business, Hyderabad / India Member of the research council of the Institute of Media and Communication Management of the University of St. Gallen, Switzerland
Peter Kuhlmann-Lehmkuhle Oyten	from June 15, 2011	<ul style="list-style-type: none"> Managing Partner of C. Melchers GmbH & Co. KG

Shares in the company held by members of its corporate bodies as of December 31, 2011 are as follows:

Executive Board	Number of shares	% of share capital
Dr. Carl J.G. Evertsz*	354,640	19.49
Thomas E. Tynes	625	0.03

* In addition to the shares held directly by Dr. Evertsz, 500 shares are held indirectly via an asset management company in which Dr. Evertsz holds a share.

Supervisory Board	Number of shares	% of share capital
Prof. Dr. Heinz-Otto Peitgen	354,039	19.45
Peter Kuhlmann-Lehmkuhle	54,749	3.0

38. Remuneration of Executive Board and Supervisory Board

Executive Board remuneration

The members of the Executive Board received the following remuneration in 2011:

Figures in €	Fixed remuneration	Performance-related remuneration	Components with long-term incentive characteristic Stock options (number of shares)	Pecuniary benefits from non-cash benefits	Settlement	Total
	Salary	Bonus				
Dr. Carl J.G. Evertsz	205,924.92	0.00	0	10,677.70	314,000.00	530,602.62
Thomas E. Tynes	189,817.18	0.00	0	0.00	0.00	189,817.18
Dr. Robert Hannemann	161,400.00	35,000.00	3,000	1,466.44	0.00	200,866.44
Total	557,142.10	35,000.00	3,000	12,144.14	314,000.00	921,286.24

Dr. Evertsz received € 105 k of his remuneration from a joint venture of which he is Managing Director, offsetting this amount against the contractually agreed remuneration from MMS AG.

The bonus for Dr. Hannemann is a contractually agreed fixed bonus. No fair value has yet been determined for the granted options; they were included in total remuneration at € 1.00 each.

The members of the Executive Board received the following remuneration in 2010:

Figures in €	Fixed remuneration	Performance-related remuneration	Components with long-term incentive characteristic	Pecuniary benefits from non-cash benefits	Total
	Salary	Bonus	Stock options		
Dr. Carl J.G. Evertsz	207,215.10	0.00	0	9,195.24	216,410.34
Thomas E. Tynes	200,770.07	115,453.78	0	0.00	316,223.85
Dr. Robert Hannemann	40,350.00	8,750.00	0	0.00	49,100.00
Christian H. Seefeldt	156,000.00	0.00	0	0.00	156,000.00
Total	604,335.17	124,203.78	0	9,195.24	737,734.19

After resigning from office in 2010, Mr. Seefeldt also received an agreed amount of € 39 k as part of the € 156 k total remuneration.

Pecuniary damage liability insurance with coverage of € 2,000 k was concluded at the expense of the Company for the benefit of the members of the Executive Board and Supervisory Board.

Supervisory Board remuneration

Remuneration for the members of the Supervisory Board is governed by § 10 of MMS AG's articles, which provides for the members of the Supervisory Board to receive a fixed amount of € 17,500.00 at the end of the fiscal year. The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount. Persons joining or leaving the Supervisory Board during the year receive a proportionate share of this amount.

In addition, the members of the Supervisory Board are reimbursed for all expenses which they incur in attending meetings of the Supervisory Board plus any sales tax due on the reimbursed amount.

The members of the Supervisory Board received the following remuneration in 2011 for their duties:

a. Prof. Dr. Heinz-Otto Peitgen

As Chairman of the Supervisory Board of MMS AG, Prof. Dr. Peitgen received remuneration in the amount of € 35 k in 2011. He also had expenses reimbursed in the amount of less than € 1 k.

b. Dr. Jens Kruse

As Vice-Chairman of the Supervisory Board of MMS AG, Dr. Kruse received remuneration in the amount of € 26 k in 2011. He also had expenses reimbursed in the amount of less than € 1 k.

c. Dr. Peter Zencke

As a member of the Supervisory Board of MMS AG, Dr. Zencke received remuneration in the amount of € 8 k in 2011.

d. Peter Kuhlmann-Lehmkuhle

As a member of the Supervisory Board of MMS AG, Mr. Kuhlmann-Lehmkuhle received remuneration in the amount of € 9 k in 2011.

Pecuniary damage liability insurance with coverage of € 2,000 k was concluded at the expense of the Company for the benefit of the members of the Executive Board and Supervisory Board.

39. Stock option plans

At MMS AG's annual general meeting of August 22, 2007, the shareholders passed a resolution to create contingent capital of € 130 k in order to issue up to 130,000 stock options to staff or members of the Executive Board on or before December 31, 2011. The annual general meeting on June 15, 2011 extended the stock option program until December 31, 2015. The vesting period was also extended from a minimum of two years to at least four years in light of new statutory requirements.

0 options were granted to the staff in 2011 (2011: 0). 3,000 options were issued to Executive Board member Dr. Robert Hannemann in 2011 at an exercise price of € 3.44; no options were issued to Executive Board members in 2010.

MMS AG is entitled to settle the stock options in cash form – in other words, a combination model is in place. In view of the fact that there are no discernible restrictions to the issue of shares to settle the stock options and the Company currently does not have any preference for settling the stock options in cash form, they have been measured in accordance with the principles for equity-settled options.

The options lapse in the event that the holder leaves the Company. The vesting period for options issued prior to 2011 is 2 years in the case of stock options. Accordingly, the expense incurred in connection with stock options issued in 2007 and 2009 must be spread over 2 years. A vesting period of 4 years applies to options granted after 2011. Accordingly, the expense incurred in connection with stock options granted after 2011 must be spread over 4 years.

The fair value of the employee options granted in 2007 and 2009 was determined based on a Monte Carlo simulation, estimating the normal distribution of the yield on the future stock price. The nominal distribution is described by the parameters "mean value" and "variance", which were derived from the MeVis share price trend and volatility.

This simulation puts the total fair value of stock options at € 257 k (2010: € 257 k). Expense equaling the fair value is spread over the vesting period of 2 or 4 years. This results in an expense of € 0 k for the 2011 fiscal year (2010: expense of € 48 k).

All outstanding stock options have a term of five years as of the date they are granted. As the stock option program of MMS AG expires on December 31, 2015, the maximum term of the outstanding options is less than 14 years (until December 31, 2020).

	Beginning of reporting period	Change	End of reporting period
Outstanding stock options	90,064	-3,000	87,064
Options granted	40,421	3,000	43,421
Options forfeited	-9,329	-1,850	-11,179
Options exercised	0	0	0
Options lapsed	-2,925	0	-2,925
Total	118,231	-1,850	116,381
<i>of which exercisable options</i>	<i>0</i>	<i>0</i>	<i>0</i>

40. German Corporate Governance Code

Executive Board and Supervisory Board of MMS AG issued the declaration of conformity stipulated by § 161 of the German Stock Corporation Act (AktG), confirming that the recommendations of the Government Commission on the German Corporate Governance Code have been and will be complied with, disclosing which recommendations have not been and will not be followed, and made it available to shareholders on the MeVis Group's website. The currently applicable declaration of conformity is dated March 15, 2012 and is also available on the MeVis Group's website (http://www.mevis.de/mms/Corporate_Governance.html).

41. Fees paid for services provided by the statutory auditor KPMG AG Wirtschaftsprüfungsgesellschaft

Figures in € k	2011	2010
Audit of financial statements	130	134
Other auditing/measuring activities	3	7
Tax advisory	52	64
Miscellaneous (Executive Board contracts, advanced seminars)	10	0
Total	186	205

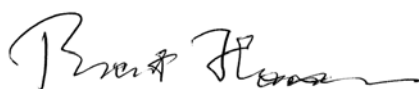
42. Events after the balance sheet date

In consultation with the Supervisory Board, Dr. Carl J.G. Evertsz tendered his resignation as CEO of MMS AG and Managing Director of MBS KG and MBC KG effective February 29, 2012 and left the management team of MMS Inc. Marcus Kirchhoff was appointed the Company's new Chairman of the Executive Board on January 20, 2012 effective March 1, 2012. Marcus Kirchhoff will also assume the role as Managing Director of MBS KG and MMS Inc. effective March 1, 2012 and of MBC KG effective March 5, 2012. In addition, Mr. Thomas Tynes, member of the Executive Board responsible for sales, left the company effective April 5, 2012.

Bremen, April 12, 2012



Marcus Kirchhoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

Changes in consolidated assets

for the period January 1 through December 31, 2011

FIGURES IN € k	Cost of acquisition or manufacturing					Balance on Dec. 31, 2011
	Balance on Jan. 1, 2011	Additions	Transfers	Disposals	Changes from currency translations	
I. Intangible assets						
Purchased industrial property rights and similar rights	4,324	331	0	75	0	4,580
Customer base	5,160	0	0	1,069	0	4,091
Development expenses	8,181	2,397	0	1,864	-101	8,613
Goodwill	16,902	0	0	4,267	0	12,635
	34,567	2,728	0	7,275	-101	29,919
II. Property, plant and equipment						
Other equipment, furniture and office equipment						
Leasehold improvements	748	3	-28	6	0	717
IT equipment	1,688	196	-12	1	5	1,876
Furniture and office equipment	508	18	40	15	2	553
	2,944	217	0	22	7	3,146
	37,511	2,945	0	7,297	-94	32,065

Cumulative depreciation and amortization						Carrying amounts		
Balance on Jan.1, 2011	Depreciation and amortization	Impair- ments	Transfers	Disposals	Changes from currency translations	Balance on Dec. 31, 2011	Balance on Dec. 31, 2011	Balance on Dec. 31, 2010
3,275	459	186	0	0	0	3,920	660	1,049
1,945	595	0	0	1,049	0	1,491	2,600	3,215
3,079	2,040	2,332	0	1,864	0	5,587	3,026	5,102
4,267	0	0	0	4,267	0	0	12,635	12,635
12,566	3,094	2,518	0	7,180	0	10,998	18,921	22,001
392	158	0	-7	2	0	541	176	356
1,349	204	0	0	0	2	1,555	321	339
277	84	0	7	5	2	365	188	231
2,018	446	0	0	7	4	2,461	685	926
14,584	3,540	2,518	0	7,187	4	13,459	19,606	22,927

Changes in consolidated assets

for the period January 1 through December 31, 2010

FIGURES IN € k	Cost of acquisition or manufacturing				Balance on Dec. 31, 2010
	Balance on Jan. 1, 2010	Additions	Disposals	Changes from currency translations	
I. Intangible assets					
Purchased industrial property					
Rights and similar rights	4,189	76	0	59	4,324
Customer base	5,082	0	0	78	5,160
Development expenses	5,215	2,907	0	59	8,181
Goodwill	16,593	0	0	309	16,902
	31,079	2,983	0	505	34,567
II. Property, plant and equipment					
Other equipment, furniture and office equipment					
Leasehold improvements	735	13	0	0	748
IT equipment	1,576	162	60	10	1,688
Furniture and office equipment	487	18	0	3	508
	2,798	193	60	13	2,944
	33,877	3,172	60	522	37,511

Cumulative depreciation and amortization					Carrying amounts		
Balance on Jan.1, 2010	Depreciation and amortization	Impairments	Disposals	Changes from currency translations	Balance on Dec. 31, 2010	Balance on Dec. 31, 2010	Balance on Dec. 31, 2009
2,220	611	401	0	43	3,275	1,049	1,969
526	632	754	0	33	1,945	3,215	4,556
1,238	1,841	0	0	0	3,079	5,102	3,977
0	0	4,173	0	94	4,267	12,635	16,593
3,984	3,084	5,328	0	170	12,566	22,001	27,095
239	153	0	0	0	392	356	496
1,178	230	0	60	1	1,349	339	398
190	85	0	0	2	277	231	297
1,607	468	0	60	3	2,018	926	1,191
5,591	3,552	5,328	60	173	14,584	22,927	28,286

Auditor's Report

We have audited the consolidated financial statements prepared by MeVis Medical Solutions AG, Bremen – comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial positions, consolidated cash flow statement, consolidated statement of changes in equity, and notes to the consolidated financial statements – as well as the consolidated management report for the financial year from January 1 until December 31, 2011. The preparation of the consolidated financial statements and consolidated management report in accordance with IFRS as endorsed in the EU and, in supplementation, with the regulations as set forth in Section 315a Paragraph 1 of the German Commercial Code (HGB) is the responsibility of the Executive Board of the Company. Our responsibility is to express an opinion on the consolidated financial statements and the consolidated management report based on our audit.

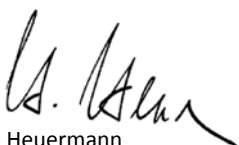
We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that material misstatements affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable accounting principles and in the consolidated management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and consolidated management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the Companies included in the consolidation, the definition of the Companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Board as well as evaluating the overall presentation of the consolidated financial statements and the consolidated management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations in accordance with IFRS as endorsed in the EU and, by way of supplementation, in accordance with the provisions of the German Commercial Code (§ 315a (1) HGB). The consolidated management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Bremen, April 12, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft



Heuermann

Wirtschaftsprüfer

(German Public Auditor)



Bultmann

Wirtschaftsprüfer

(German Public Auditor)

Responsibility Statement („Bilanzeid“)

Responsibility statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 4 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the consolidated financial statements and the group management report:

“To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.”

Bremen, April 12, 2012

MeVis Medical Solutions AG



Marcus Kirchhoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

Disclaimer

Forward-looking statement

This report contains forward-looking statements which are based on management's current estimates of future developments. Such statements are subject to risks and uncertainties, which MeVis Medical Solutions AG is not able to control or estimate with any precision, e.g. future market conditions and the general economic environment, the behavior of other market participants, the successful integration of new acquisitions and government acts. If any of these uncertainties or imponderabilities materialize or if the assumptions on which these statements are based prove to be incorrect, this may cause actual results to deviate materially from those expressly or implicitly contained in these statements. MeVis Medical Solutions AG does not intend and is under no obligation to update the forward-looking statements in the light of any events or developments occurring after the date of this report.

Deviations for technical reasons

Deviations may occur between the accounting data contained in this report and that submitted to the electronic Bundesanzeiger for technical reasons (e.g. conversion of electronic formats). In the case of any doubt, the version submitted to the electronic Bundesanzeiger will prevail.

This report is also available in a German-language version. In case of any doubt, the German-language version takes priority over the English-language one.

The report is available for downloading in both languages on the Internet at http://www.mevis.de/mms/en/Financial_Reports.html.

Finance Calendar 2012

Date	Event
May 30, 2012	Interim report for Q1 2012
June 12, 2012	Annual general meeting, Bremen
August 27, 2012	Interim report for H1 2012
November 12, 2012	Interim report for Q3 2012
November 12 through November 14, 2012	German Equity Forum, Frankfurt am Main

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