MeVis Medical Solutions AG

Interim Report H1 2008

MeVis
MEDICAL SOLUTIONS

H1
2008

Key figures (IFRS)

FIGURES IN T€	01.01.– 30.06.2008	01.01.– 30.06.2007	Changes in %
Revenues	5,473	4,169	31.3%
of which:			
– Europe	941	761	23.7%
– USA	4,532	3,408	33.0%
EBIT	1,006	1,751	-42.5%
EBIT-margin	18.4%	42.0%	–
Net financial results	505	-31	1,729.0%
EBT	1,511	1,720	-12.2%
Consolidated net profit for the period	919	892	3.0%
Earnings per share in € (undiluted and diluted)	0.67	1.65	-59.4%

	30.06.08	31.12.07	Changes in %
Equity	30,095	30,769	-2.2%
Intangible assets	7,391	1,388	432.5%
Associated companies accounted for using the equity method	0	34	–
Deferred taxes on the asset side	749	1,079	-30.6%
Liabilities	6,751	4,806	40.5%
Balance sheet total	36,847	35,575	3.6%
Equity in %	81.7%	86.5%	–
Cash and cash equivalents	22,605	28,471	-20.6%
Employees	169	113	49.6%

Key share data

	As at 30 June 2008
Industry sector	Software/medical technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on 1 April 2008	€ 19.99
Last quotation on 30 June 2008	€ 34.00
Peak/lowest price during the period under review	€ 39.00/€ 19.64
Market capitalisation	€ 61.880m
Treasury stock	91,000
Free float	40%
Prime Standard ("Regulierter Markt")	Frankfurt und Xetra
Over-the-counter markets	Berlin, Düsseldorf, Munich, Stuttgart
Indices	CDAX, Prime All Share, Technology All Share, DAX subsector Software, DAX sector Software, German Entrepreneurial Index (GEX)
ISIN/WKN/Ticker symbol	DE000A0LBFE4/A0LBFE/M3V

Content

Letter to the Shareholders

Dear Shareholders, Customers, Partners and Colleagues,

During the second quarter of 2008 we have continued on our course to implement our dynamic growth strategy, resulting in a solid 29% increase in revenues to € 3.0m – as compared to the second quarter of 2007. For the first half of 2008 we were thus able to increase revenues to € 5.5m (1st half of 2007: € 4.2m).

Our firmly-established software products continue to generate significant contributions to operating income with operating margins of – in part – slightly over 50%. The EBIT-margin of approximately 18% represents the substantial expenses being incurred for the significant extension of our product portfolio. With the successive market launch of these products, we expect a material improvement of overall net margins.

The mainstay of group-wide revenues remains the **"Digital Mammography"** business segment. With an increase in licenses sold of approximately 67% in comparison to the first half of 2007, we were once again able to build upon and extend our leading market position. The importance of the US market for the sale of our disease oriented products remains unchanged with a proportion of approximately 83% of overall revenues being generated within the USA.

License sales within the **"Other Diagnostics"** segment have also increased significantly by 63% in comparison to the first half of 2007, resulting in an increase in revenues of 59%. This development is supported by a new invoicing agreement with our OEM-partner, Invivo Corporation, effectively reversing the negative one-off effects experienced during the fourth quarter of 2007. Over the course of the first half of 2008, the ensuing order backlog has been processed to a large extent. However, segment net profits have been burdened with increased staff costs due to the expansion of product development activities.

Ongoing development activities regarding the market launch of our new software solutions for use in neurology and the diagnosis and treatment of diseases of the prostate gland are proceeding as planned. We expect the market launch of these products to be carried out by the end of the current financial year 2008 (neurology) and during the first half of 2009 (prostate). In addition, having acquired a CT diagnostic software for use in the automated detection of lung nodules during the second quarter of 2008, the market launch of the re-branded software is now imminent. We expect revenue generation to begin in the third quarter of 2008. In the following quarters, we intend to build upon the existing features of this software and aim to include proprietary software features currently under development in order to introduce a more comprehensive application for a variety of lung diseases.

With an equity ratio of more than 80%, the growth of MeVis Medical Solutions AG continues on a firm financial basis. Despite the increase in expenses, we were able to stabilise consolidated net profit with € 0.92m (1st half of 2007: € 0.89m).

By adapting our company structure to the rapidly increasing scope of our business, we intend to take advantage of available cost-cutting potential, which should have a positive effect on other operating expenses. In addition, we have created a compliance committee charged with the optimisation of group-wide risk and efficiency management in August 2008.

On June 30, 2008, we sold our participation in MeVis Research GmbH to Freie Hansestadt Bremen in order to enable the transformation of MeVis Research GmbH into a Fraunhofer Institute until the end of the financial year 2008. Due to the future extension of our research basis, we expect additional valuable innovation stimuli to our development activities and to enhance our business location in Bremen.

During the second quarter of 2008, the MeVis share price was capable of recouping some of its losses incurred at the beginning of the year. However, we cannot be content with a share price below the issuing price. We have completed a share repurchase programme, which was initiated for this purpose in June 2008, and now own 5% of the subscribed capital as treasury stock.

With 169 employees employed by the MeVis-Group on June 30, 2008, we have doubled our number of staff. We are extremely pleased to have this many highly qualified new employees who share our special company vision.

We would like to express our gratitude towards the employees of the MeVis-Group for their extraordinary commitment as well as to our commercial partners, our customers and shareholders for their confidence in us.

Dr. Carl J.G. Evertsz President & CEO	Dr. Olaf Sieker CFO	Thomas E. Tynes COO Sales and Marketing

The Share

Capital market environment

The capital market environment during the second quarter of 2008 was marked by cautious trading activities. Mixed expectations of market participants led to overall volatile share prices. The main German stock indices exhibited a non-uniform market development and closed the second quarter with an overall negative performance. Assuming a further deterioration of the economic outlook, high energy prices and a high EUR/USD-exchange rate, market participants expect a general degradation of earnings of DAX-companies during the second half of 2008. In addition, the entire financial market environment is seen to be unpredictable due to the uncertainties arising from the ongoing subprime crisis. This development is likely to a have a negative impact – irrespective of short-term counter reactions – on the overall performance of stock markets.

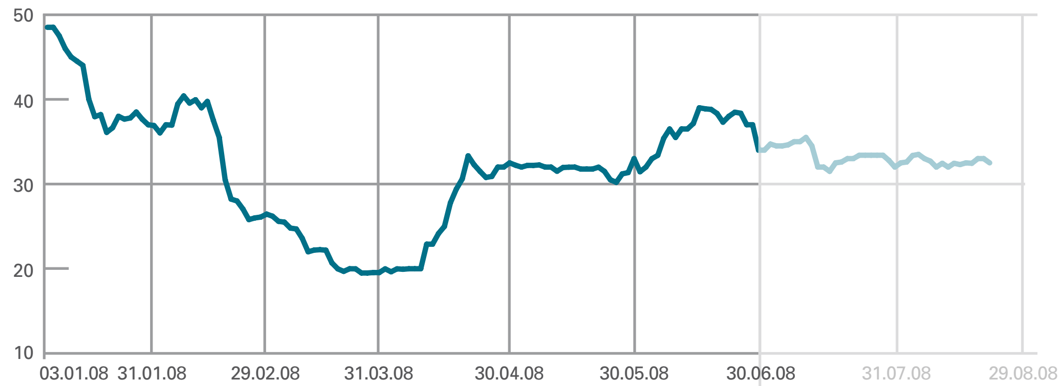
Development of the MeVis-Share

Against this background, the MeVis share was able to recoup some of its losses incurred at the beginning of 2008 during the second quarter:

Whereas the share was traded at € 19.99 on 1 April, on 30 June it was traded at € 34.00, signifying an increase in value of 70% with peak prices being traded at € 39.00 on 16 June. Over the course of the month of July, trading prices fluctuated at around € 33.55.

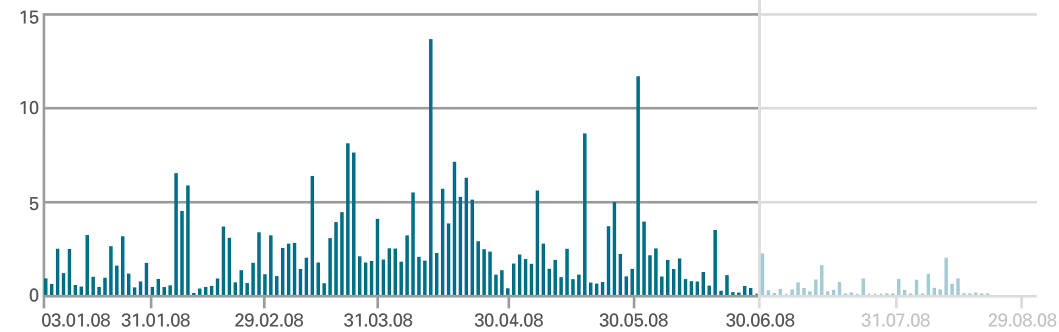
Stock Chart MeVis Medical Solutions AG

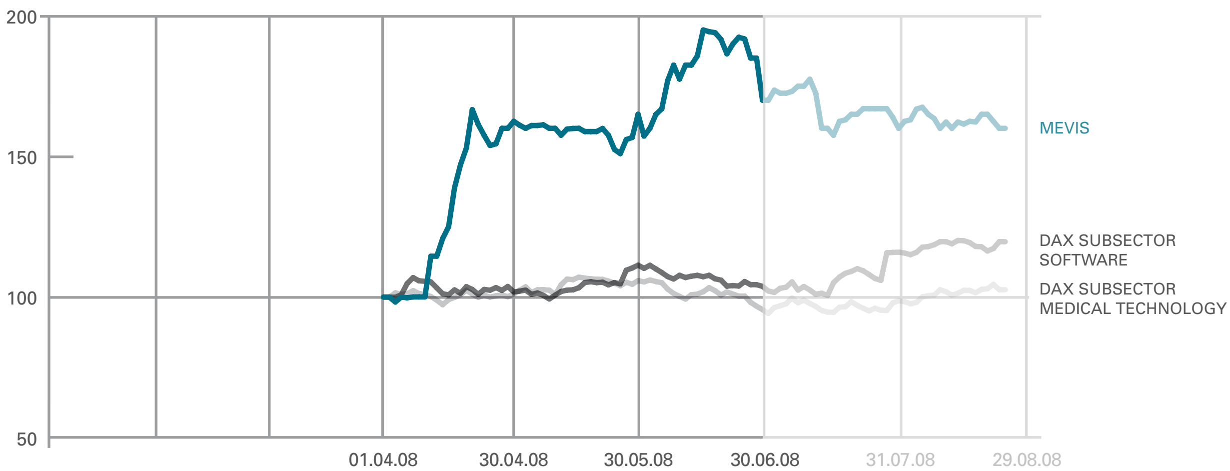
FIGURES IN €



Volume traded

FIGURES IN THOUSAND SHARES





During the second quarter of 2008, the MeVis share was able to markedly break away from the average market performance.

In direct comparison with the software and medical technology sectors of in the relevant DAX sub sectors, the markedly good performance of the MeVis share becomes evident.

We perceive this strong development – contrary to the overall poor market trend during the period under review – as a sign of confidence by our shareholders after the uncertainties, which arose from our (disappointing) financial performance for the year 2007. These uncertainties, coupled with a difficult capital market environment, led to a significant decline in the value of the MeVis share. Despite the good performance during the second quarter of 2008, the MeVis share still traded at a discount of 33% at the end of the first half of 2008 as compared to the first stock exchange quotation after the IPO and thus equates to a market capitalisation of only € 61.88m on 30 June 2008. We will continue our efforts to improve market perception of the MeVis share with a view to ensure an adequate valuation by the stock markets. In order to attain this goal, we intend to broaden our investor base by presenting the MeVis-Group to selected institutional investors during the second half of 2008.

With the termination of the share repurchase programme in mid-June 2008, the company now owns 5% of the subscribed capital as treasury stock. The freefloat amounted to 40% of the subscribed capital with two-thirds owned by institutional investors and one-third held by private investors.

Overview over the areas of business of the MeVis-Group

Group structure

As partner in a joint venture with Siemens Aktiengesellschaft, Mevis Medical Solutions AG owns 51% of the shares in MeVis BreastCare GmbH & Co. KG. In addition, MeVis Medical Solutions AG is the parent company of the wholly owned subsidiary MeVis Medical Solutions, Inc. in the USA. As at 30 June 2008, MeVis Research GmbH, previously accounted for using the equity method as an associated company, is not included as part of the company group. The participation held in the company was sold to Freie Hansestadt Bremen.

Areas of business

MeVis Medical Solutions AG is an independent, worldwide leading producer of software solutions for the use in digital imaging, in particular in the field of digital radiology. Since the incorporation of the company in 1997 in Bremen, the experts at MeVis have adopted a strictly disease-oriented approach to the development of software solutions in order to address clinically relevant challenges in the field of early detection, diagnosis and treatment. To this end, the listed MeVis Medical Solutions AG is working in close cooperation with the renowned non-profit research institute MeVis Research GmbH.

Business segments

For reporting purposes, the MeVis-Group is comprised of two operational segments (“Digital Mammography” and ”Other Diagnostics“) as well as two geographic segments (USA and Europe/others).

The **”Digital Mammography”** segment develops, markets and sells software products for use in image-based diagnostics within the field of digital mammography. Products are being sold via OEM (original equipment manufacturers) -partners (Siemens Aktiengesellschaft and Hologic, Inc.) to end-user customers.

The **“Other Diagnostics”** segment covers other clinical applications within the areas of digital radiology (e.g. magnetic resonance imaging (MRI), computer tomography (CT), etc.) and general evaluation of radiological images. In addition, this segment comprises the provision of image and risk analysis services related to the planning of liver surgery and tumor volumetry evaluation for pharmaceutical companies engaged in clinical trials.

Interim group management report for the first half of 2008

Development of group revenues and earnings

As during the first half of the financial year 2007, group revenues were mainly driven by the dynamic development of license sales during the first half of 2008. Within the Digital Mammography segment, the number of licenses sold via OEM-partners increased by approximately 67% in comparison with the first half of 2007. Segment revenues increased to T€ 3,365 (1st half of 2007: T€ 2,848). Segment net profit (excluding other operating income and expenses) amounted to T€ 2,541 (1st half of 2007: T€ 1,817). Within the Other Diagnostics segment, the number of licenses sold increased by 63% in comparison with the first half of 2007. Segment revenues increased to T€ 2,115 (1st half of 2007: T€ 1,332). Segment net profit (excluding other operating income and expenses) amounted to T€ 124 (1st half of 2007: T€ 383).

During the period under review total revenues amounted to T€ 5,473 (1st half of 2007: T€ 4,169). Of these, revenues generated within the USA geographic segment amounted to 83% (1st half of 2007: 82%), with the remainder of 17% (1st half of 2007: 18%) being generated within the Europe/others geographic segment. As the majority of revenues are being generated within the US-$ region, the MeVis-Group has concluded currency hedging contracts to significantly offset exchange rate fluctuations.

Increases in staff costs of T€ 1,689 to T€ 3,269 are mainly driven by the systematic increase in personnel due to the development of new products to be launched in between 2008 and 2010. A capitalisation of development expenses in accordance with IAS 38 has been in effect since the beginning of the 2008 financial year. Over the course of the first half of 2008, expenses pertaining to product development amounted to T€ 965 (1st half of 2007: T€ 0). The remaining staff expenses increased by T€ 724 to T€ 2,304 (1st half of 2007: T€ 1,580). On June 30, 2008 the MeVis-Group employed 169 employees (1st half of 2007: 83 employees). These numbers equate to an average headcount over the period under review of 141 (1st half of 2007: 74).

During the reporting period other operating expenses increased by T€ 1,407 to T€ 2,012 (1st half of 2007: T€ 605). Other operating expenses are mainly comprised of legal and consulting expenses to the amount of T€ 446 (1st half of 2007: T€ 235), rental expenditure to the amount of T€ 256 (1st half of 2007: T€ 53), work contracted out to the amount of T€ 230 (1st half of 2007: T€ 11), financing obligations towards MeVis Research GmbH to the amount of T€ 143 (1st half of 2007: T€ 0), expenses related to personnel recruiting to the amount of T€ 126 (1st half of 2007: T€ 0), travel expenses to the amount of T€ 120 (1st half of 2007: T€ 23), cost of preparing and auditing financial statements to the amount of T€ 101 (1st half of 2007: T€ 69) and maintenance expenses to the amount of T€ 87 (1st half of 2007: T€ 104).

During the period under review, earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to T€ 1,366 (1st half of 2007: T€ 1,905). The EBITDA-margin amounted to 25.0% (1st half of 2007: 45.7%).

Earnings before interest and taxes amounted to T€ 1,006 (1st half of 2007: T€ 1,751) corresponding to an EBIT-margin of 18.4% (1st half of 2007: 42.0%).

Net financial results have increased to T€ 505 (1st half of 2007: T€ -31). The increase reflects the proceeds generated by the IPO in 2007, which have been invested in short term securities, as well as the positive change in value of financial instruments held for currency hedging purposes amounting to T€ 194 (1st half of 2007: T€ 95).

Consolidated earnings before tax (EBT) amounted to T€ 1,511 (1st half of 2007: T€ 1,720), representing an EBT-margin of 27.6% (1st half of 2007: 41.3%).

Consolidated profit for the period amounted to T€ 919 (1st half of 2007: T€ 892), with taxes on income amounting to T€ 592 (1st half of 2007: T€ 828). Undiluted/diluted earnings per share amounted to € 0.67 (1st half of 2007: € 1.65).

Net worth and financial position

The MeVis-Group currently possesses sufficient financial resources for the realisation of its growth plans. On 30 June 2008, cash and cash equivalents amounted to T€ 22,605. Cash flow from current operating activities amounted to T€ 669.

During the period under review the balance sheet total increased by T€ 1,272 to T€ 36,847. The decrease in current assets by T€ 5,205 to T€ 27,471 is mainly due to the reduction in cash and cash equivalents by T€ 5,866 to T€ 22,605 and in other assets by T€ 250 to T€ 159 as well as the increase in trade receivables by T€ 221 to T€ 2,814 and income tax receivables by T€ 354 to T€ 990.

During the first half of 2008, non-current assets increased by T€ 6,477 to T€ 9,376. The increase is mainly due to the increase in intangible assets by T€ 6,003 to T€ 7,391 and relates to the acquisition of the "R2 ImageChecker CT" software product (incl. intellectual property, patents, source-code and all business activities) from R2 Technology, Inc. – a subsidiary of Hologic, Inc. in April 2008. The purchase price amounted to USD 9,0m and is payable on an installment basis. In addition development expenses to the amount of T€ 965 were capitalised during the period under review.

Property, plant and equipment amounted to T€ 1,236 (31.12.2007: T€ 398) and is mainly comprised of leasehold improvements and investments in modern IT-fileserver technology.

On June 30, 2008 MeVis Medical Solutions AG and Verein zur Förderung der wissenschaftlichen Forschung in der Freien Hansestadt Bremen e.V., as shareholders of the MeVis Research GmbH (hereinafter referred to as "MRE GmbH"), signed a purchase and assignment of shares agreement concerning the sale of the 25.1% participation held by MeVis Medical Solutions AG in the MRE GmbH in order to enable the transformation of MRE GmbH into a Fraunhofer Institute. The transfer of the shareholding was carried out at book value and resulted in an asset disposal to the value of T€ 34.

At the balance sheet date equity amounted to T€ 30,095 (31.12.2007: T€ 30,769). The subscribed capital amounted to T€ 1,820 (31.12.2007: T€ 1,820). The equity ratio has decreased to 81.7% from 86.5% due to the acquisition of treasury stock within the scope of a share repurchase programme.

During the period under review cash flow from current operating activities amounted to T€ 669 (1st half of 2007: T€ 941). It is mainly comprised of the consolidated earnings before interest and taxes to the amount of T€ 1,006 (1st half of 2007: T€ 1,751), adjusted for depreciation to the amount of T€ 360 (1st half of 2007: T€ 154), interest received to the amount of T€ 441 (1st half of 2007: T€ 0), taxes paid to the amount of T€ 617 (1st half of 2007: T€ 0), changes to inventories to the amount of T€ -22 (1st half of 2007: T€ 7), changes to trade receivables and other current assets to the amount of T€ -271 (1st half of 2007: T€ 19) and changes to trade payables and other current liabilities to the amount of T€ -85 (1st half of 2007: T€ -1,000).

Cash flow from investing activities amounted to T€ -3,955 (1st half of 2007: T€ -265) and is mainly comprised of cash outflows for investments in fixed assets to the amount of T€ 1,017 (1st half of 2007: T€ 161), for investments in intangible assets to the amount of T€ 54 (1st half of 2007: T€ 104), for the acquisition of business units to the amount of T€ 1,919 (1st half of 2007: T€ 0) as well as due to the capitalisation of development expenses to the amount T€ 965 (1st half of 2007: T€ 0).

Cash flow from financing activities amounted to T€ -2,389 (1st half of 2007: T€ 0) and is comprised of cash outflows for the acquisition of treasury stock to the amount of T€ 1,502 (1st half of 2007: T€ 0) and cash outflows for the repayment of credit facilities to the amount of T€ 887 (1st half of 2007: T€ 0).

This repayment mainly relates to a loan by MeVis to MeVis Medical Solutions AG, which was offset with dividend payments on the level of the single entity accounts of MeVis BreastCare GmbH & Co. KG.

During the period under review, changes in cash and cash equivalents amounted to T€ -5,866 (1st half of 2007: T€ 686).

Risk report

Since the beginning of the financial year 2008, the risk exposure of the MeVis-Group has not changed in a significant manner. The Management Board does not see any risks threatening the continuance of the company. The statements made as part of the risk report contained in the annual report 2007 are thus still valid.

Outlook and opportunities

We confirm the future prospects and outlook stated within the consolidated annual statements of 2007 for the financial year 2008. We continue to expect that 2008 will be marked by a continuous growth in revenues, which will lead to a concomitant increase in earnings before taxes. We expect a continuation of this trend in 2009, which should be reinforced by additional product launches over the course of the year.

Consolidated income statement

For the period from 1 January until 30 June 2008

until 27 August 2007: MeVis Technology AG

FIGURES IN T€	Notes	01.01. – 30.06.2008	01.01. – 30.06.2007
Revenues	1	**5,473**	**4,169**
Other operating income		321	125
Costs of materials/costs of services purchased		-112	-204
Staff costs	2	-2,304	-1,580
Other operating expenses	3	-2,012	-605
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**1,366**	**1,905**
Depreciation and amortisation		-360	-154
Earnings before interest and taxes (EBIT)		**1,006**	**1,751**
Interest income		562	51
Borrowing costs		-23	-49
Other financial results		-34	-33
Net financial result		**505**	**-31**
Earnings before tax (EBT)		**1,511**	**1,720**
Income taxes		-592	-828
Consolidated net profit for the year		**919**	**892**
Earnings per share in €			
Basic	10	0.67	1.65
Diluted		0.67	1.65

Consolidated income statement

For the period from 1 April until 30 June 2008

until 27 August 2007: MeVis Technology AG

FIGURES IN T€	Notes	01.04. – 30.06.2008	01.04. – 30.06.2007
Revenues	1	**3,044**	**2,365**
Other operating income		242	166
Cost of materials/cost of services purchased		10	-83
Staff costs	2	-1,308	-824
Other operating expenses	3	-1,072	-474
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**916**	**1,150**
Depreciation and amortisation		-223	-51
Earnings before interest and taxes (EBIT)		**693**	**1,099**
Interest income		244	41
Borrowing costs		-5	-26
Other financial results		-106	-61
Net financial results		**133**	**-46**
Earnings before tax (EBT)		**826**	**1,053**
Income taxes		-301	-372
Consolidated net profit for the year		**525**	**681**
Earnings per share in €			
Basic	10	0.30	1.26
Diluted		0.30	1.26

Consolidated balance sheet

To the 30 June 2008

until 27 August 2007: MeVis Technology AG

FIGURES IN T€	Notes	30.06.08	31.03.08	31.12.07
Non-current assets				
Intangible assets	4	7,391	1,810	1,388
Property, plant and equipment		1,236	876	398
Associated companies accounted for using the equity method		0	34	34
Deferred taxes		749	936	1,079
		9,376	**3,656**	**2,899**
Current assets				
Inventories		125	27	8
Trade receivables		2,814	2,815	2,593
Income tax receivables		990	815	636
Other financial assets	5	778	2,135	559
Other assets		159	303	409
Cash and cash equivalents		22,605	25,523	28,471
		27,471	**31,618**	**32,676**
Assets		**36,847**	**35,274**	**35,575**
Equity				
Subscribed capital		1,820	1,820	1,820
Share premium account		28,317	28,337	28,276
Treasury stock		-3,048	-1,759	-1,546
Cumulative translation differences		-158	-172	-26
Retained earnings		3,164	2,639	2,245
		30,095	**30,865**	**30,769**
Non-current liabilities				
Other financial liabilities	6	3,269	631	689
Provisions for pensions	7	13	0	0
		3,282	**631**	**689**
Current liabilities				
Provisions		51	51	51
Trade payables		293	427	652
Liabilities to banks		2	77	154
Other financial liabilities	6	1,766	1,611	2,050
Deferred income		736	458	439
Remaining other liabilities		622	1,149	768
Income tax		0	5	3
		3,470	**3,778**	**4,117**
Equity and Liabilities		**36,847**	**35,274**	**35,575**

Consolidated cash flow statement

For the period from 1 January until 31 March 2008

until 27 August 2007: MeVis Technology AG

FIGURES IN T€	01.01.2008 – 30.06.2008	01.01.2007– 30.06.2007
Consolidated net profit for the year before interest and taxes	**1,006**	**1,751**
+ Depreciation and amortisation	360	154
+/- Increase/decrease in provisions	13	-25
-/+ Profit/loss from the sale of assets	0	21
+/- Other non-cash income/expenses and reclassifications	-127	-33
+ Interest received	441	0
- Interest paid	-29	47
- Taxes paid	-617	0
-/+ Increase/decrease in inventories	-22	7
-/+ Increase/decrease in trade receivables and other assets	-271	19
+/- Increase/decrease in trade payables and other liabilities	-85	-1,000
= Cash flow from current operating activities	**669**	**941**
- Payments made for investments in property, plant and equipment	-1.017	-161
- Payments made for investments in intangible assets	-54	-104
- Increase in intangible assets due to the capitalisation of development expenses	-965	0
- Payments for the acquisition of business units[1]	-1,919	0
= Cash flow from investment activities	**-3,955**	**-265**
- Payments made for the acquisition of treasury stock	-1,502	0
- Payments made to repay borrowings	-887	0
= Cash flow from financing activities	**-2,389**	**0**
Currency translation differences	**-192**	**10**
Changes in cash and cash equivalents	**-5,866**	**686**
+ Cash and cash equivalents at the beginning of the period	**28,471**	**5,428**
= Cash and cash equivalents at the end of the period	**22,605**	**6,114**

[1]Purchase of Image Checker CT (see note 4)

Statement of changes in equity

For the period from 1 January until 30 June 2008

until 27 August 2007: MeVis Technology AG

	Equity					
FIGURES IN T€	Subscribed capital	Share premium account	Treasury stock	Cumulative translation differences	Retained earnings	Total
01.01.07	**50**	**0**	**0**	**0**	**2,603**	**2,653**
Consolidated net profit for the period	0	0	0	0	892	892
30.06.07	**50**	**0**	**0**	**0**	**3,495**	**3,545**
01.01.08	**1,820**	**28,276**	**-1,546**	**-26**	**2,245**	**30,769**
Stock options	0	41	0	0	0	41
Acquisition of treasury stock	0	0	-1,502	0	0	-1,502
Cumulative translation differences	0	0	0	-132	0	-132
Consolidated net profit for the period	0	0	0	0	919	919
30.06.08	**1,820**	**28,317**	**-3,048**	**-158**	**3,164**	**30,095**

Notes to the consolidated interim financial statements for the period ended on June 30, 2008

General disclosures

In preparing its consolidated interim financial statements, MeVis Medical Solutions AG (hereinafter “MMS AG”) has complied with its obligation under Section 315a of the German Commercial Code. The consolidated interim financial statements as at 30 June 2008 have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) in the form endorsed by the EU as formulated by the International Accounting Standards Board (IASB), London as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Accordingly, the consolidated interim financial statements for the first half of 2008 have been prepared in compliance with IAS 34 “Interim financial reporting”.

The notes to the consolidated interim financial statements have been prepared in the abridged form as allowed for under IAS 34. The consolidated interim financial statements have not been subjected to an auditor’s review.

Share repurchase programme

As of 1 January 2008 until 30 June 2008, MMS AG has purchased a total of 53,200 shares of treasury stock. The volume amounted to T€ 1,502, of which T€ 213 can be attributed to the first quarter of 2008. The average purchase price per share amounted to T€ 28.23. On the balance date a total of 91,000 shares of treasury stock were owned by MMS AG, representing 5% of the subscribed capital

Sale of shares held in companies accounted for using the equity method

On June 30, 2008 MMS AG and Verein zur Förderung der wissenschaftlichen Forschung in der Freien Hansestadt Bremen e.V., as shareholders of the MeVis Research GmbH (hereinafter referred to as “MRE GmbH”), signed a purchase and assignment of shares agreement concerning the sale of the 25.1% participation held by MMS AG in the MRE GmbH. The transfer of the shareholding was carried out at book value and resulted in an asset disposal to the value of T€ 34.

Recognition and measurement

The basis for preparation of the consolidated interim financial statements for the period 1 January until 30 June 2008 is fundamentally identical to the principles of recognition and measurement adopted in the IFRS consolidated financial statements for the financial year 2007. Therefore, the consolidated interim financial statements for the period under review are to be read in conjunction with the consolidated financial statements for the financial year 2007.

Until the financial year 2008, research and development expenses have been taken directly to the income statement. By the implementation of a project development system at the beginning of the year 2008, it is now possible to identify the current project phase of an individual development project and to identify directly attributable expenses. Insofar as these expenses are related to research activities, they are taken directly to the income statement. Development expenses are capitalised, if a newly developed software product or procedure can be clearly and individually defined, is intended for sale and the product/procedure can be reasonably expected to generate future cash flows.

Development expenses related to software products are capitalised after software specifications have been defined and agreed upon with the customer. In this context, direct and indirect costs that are incurred until the completion of the product and are attributable to development activities, are capitalised and ensuingly depreciated over the useful economic life of the product.

Due to the implementation of the project development system and the related initial capitalisation of development expenses, the year-on-year comparability of the interim financial statements is limited.

During the period under review a total of T€ 2,093 can be attributed to research and development expenses, of which – based on the requirements of IAS 38 – T€ 965 were mandatorily capitalised as development activities.

In conformity with IAS 8 the following change in disclosure has been adopted: deviating from the financial statements for the financial year ended 31 December 2007, currency translation gains and losses (on cash and cash equivalents and derivatives) are reported within the financial results, if they are related to assets held in connection with the financing of the company.

In addition, currency gains and losses resulting from operating activities have been netted for the first time during the second quarter of 2008.

Figures for the prior reporting period have been adjusted accordingly.

Selected notes to the consolidated balance sheet and consolidated income statement

1. Revenues

Revenues can be broken down by type as follows:

FIGURES IN T€	01.01.08 – 30.06.2008	01.01.07 – 30.06.2007
Software and licenses	5,022	4,051
Maintenance (software service contracts)	311	93
Services (consulting and training)	93	12
Hardware	47	13
	5,473	**4,169**

2. Staff costs

The development of staff costs is driven - on the one hand - by the increase in employees. During the first half of 2008 141 (1st half of 2007: 74) employees were employed on average. Of these, 50 employees (1st half of 2007: 39) were employed by the proportionally consolidated companies. The averages for the first half of the year include 46 software testers (1st half of 2007: 24).

On the other hand, staff costs have been reduced by T€ 965 due to the capitalisation of development expenses.

3. Other operating expenses

FIGURES IN T€	30.06.2008	30.06.2007
Legal and consulting expenses	446	235
Rental expenditure	256	53
External work	230	11
25.1% financing obligation MeVis Research GmbH	143	0
Personnel recruiting	126	0
Travel expenses	120	23
Cost of preparing and auditing financial statements	101	69
Maintenance/repairs	87	104
Accounting costs	45	34
Remuneration of the Supervisory Board	39	0
Marketing costs	38	0
Insurance costs	38	1
Office supplies	23	2
Fees and dues	20	1
Energy costs	18	17
Vehicle costs	18	6
Telephone costs	16	5
Internet costs	16	2
Deposit fees	15	0
Training costs	14	16
Cleaning costs	13	4
Option premium	12	0
Voluntary employee benefits	11	17
Business entertainment expenses	8	5
Banking fees	7	0
Costs of annual general meeting	6	0
Others	146	0
	2,012	**605**

The increase in **legal and consulting** expenses by T€ 211 to T€ 446 is mainly due to the increased requirements related to reporting and disclosure requirements of MMS AG as a result of the companies stock market listing in November 2007.

The increase in **rental expenditure** by T€ 203 to T€ 256 is due to the increase in leased premises (mainly MMS AG) as a result of the increase in staff.

External work encompasses research and development services of MRE GmbH and relates to product development projects of the MeVis-Group, which are to be released in between 2008 and 2010. In addition, the item includes administrative expenses which have been charged to the joint venture.

The payment of the **financing obligation** towards MRE GmbH was due to the participation held in the MRE GmbH by MMS AG. With the signing of a purchase and assignment of shares agreement on 30 June 2008, MMS AG has withdrawn as a shareholder from MRE GmbH.

4. Intangible assets

The increase in value of intangible assets is mainly due to the acquisition of a software product by the MMS Inc. as well as the capitalisation of development expenses.

On 4 April 2008 MMS Inc. acquired the FDA approved “R2 ImageChecker CT” software programme (incl. intellectual property, patents, source-code and all business activities) from R2 Technolgy Inc., a subsidiary of Hologic, Inc., for USD 9.0m. Of the total purchase price a first payment of USD 3.0m has already been paid. The remainder is to be paid in eight equal installments over the course of two years. On the balance sheet date the present value of the outstanding payments amounts to USD 5.3m. In addition, TUSD 69.0 were recognised as transaction costs incurred during the acquisition process.

As the acquired assets meet the requirements of IFRS 3, Appendix A regarding the recognition as a business, a purchase price allocation in accordance with IFRS 3 is mandatory. To the acquisition date the purchase price amounted to T€ 5,329 and was attributed to intangible assets as follows:

FIGURES IN T€	30.06.2008	in %
Goodwill	3,616	67.9%
Customer base	912	17.1%
Software	477	9.0%
Patents/licenses	186	3.5%
Inventories	95	1.8%
Transition service agreement	33	0.6%
Other assets	10	0.1%
	5,329	**100.0%**

Main items of the acquired assets relate to the customer base, which was acquired in form of customer lists from Hologic, Inc. and the “R2 ImageChecker CT” software product.

Changes to intangible assets due to the capitalisation of development expenses – since the beginning of the financial year 2008 – can be broken down as follows:

FIGURES IN T€	30.06.2008	31.03.2008	31.12.2007
Total research and development expenses	2,093	1,049	2,830
thereof capitalised	965	492	0
Rate of capitalisation	46.1%	46.9%	0.0%

5. Other current financial assets

FIGURES IN T€	30.06.2008	31.03.2008	31.12.2007
	Total	Total	Total
Other marketable securities	0	1,784	0
Derivatives	121	188	512
Loans and receivables	657	163	47
	778	2,135	559

Other marketable securities relate to money market funds and have been stated at fair value affecting net income on 31 March 2008. These securities have been sold during the second quarter of 2008.

Derivatives relate to forwards and options used for currency hedges and have been stated at fair value affecting net income.

6. Other financial liabilities

The changes to other financial liabilities mainly result from the liability of MMS, Inc. due to the acquisition of the “R2 ImageChecker CT” software product. The purchase price amounted to USD 9.0m of which USD 3.0m have been paid during the second quarter of 2008. The remaining liability has been stated at fair value using a 7.5% discount rate and amounts to € 3.4m.

In addition, the last repayment installment regarding the loan granted to MMS AG by MBC KG to the sum of T€ 735 has been repaid prior to maturity from dividend payments made by MBC KG on the basis of the loan agreement in between MMS AG and MBC KG.

7. Provisions for pensions

The provisions for pensions to the sum of T€ 13 relate exclusively to provisions for performance oriented pension benefit plans. On the basis of these benefit plans, employees are entitled to payments equalling the deferred compensation and an annual rate of interest of 4%.

Valuation and recognition of pension liabilities and required expenses to cover these liabilities is carried out by the use of the projected unit credit method as prescribed by IAS 19 “Employee Benefits”.

8. Related parties

With regard to transactions with related parties no significant changes have occurred since the financial year ended 31 December 2007.

As at 30 June 2008 (31 December 2007) the following receivables were due from and the following liabilities were owing to related parties:

FIGURES IN T€	30.06.2008	31.12.2007
Members of the management		
Receivables	8	24
Liabilities	48	0
Members of the supervisory board		
Receivables	8	0
Liabilities	39	68
MeVis Research GmbH		
Receivables	200	188
Liabilities	699	1.205
Joint ventures		
Receivables	292	431
Liabilities	241	780

9. Contingent receivables and liabilities

In comparison to the consolidated financial statements 2007, no changes to the contingent receivables and liabilities have occurred during the period under review.

10. Earnings per share

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

FIGURES IN T€	01.01. – 30.06.2008	01.01. – 30.06.2007
Consolidated net profit for the period	919	892
Weighted average of shares outstanding during the reporting period	1,361,403	540,000
Undiluted earnings per share in €	**0.67**	**1.65**
Number of dilutory shares under option	0	0
Number of shares that would have been issued at fair value	0	0
Total	**1,361,403**	**540,000**
Consolidated net profit for the period	**919**	**892**
Number of shares	**1,361,403**	**540,000**
Diluted earnings per share in €	**0.67**	**1.65**

11. Segment information

The MeVis-Group is classifying its revenues with external customers in two segments ("Digital Mammography" and "Other Diagnostics"):

Primary segmentation

Segment report for the half year ended 30 June 2008

	DIGITAL MAMMOGRAPHY		OTHER DIAGNOSTICS		OTHERS/ CONSOLIDATIONS		MEVIS-GROUP	
	01.01. – 30.06.		01.01. – 30.06.		01.01. – 30.06.		01.01. – 30.06.	
FIGURES IN T€	2008	2007	2008	2007	2008	2007	2008	2007
External revenues	3,365	2,840	2,115	1,329	-6	0	5,473	4,169
Intersegment revenues	0	8	0	3	0	-11	0	0
Sum of segment revenues	**3,365**	**2,848**	**2,115**	**1,332**	**-6**	**-11**	**5,473**	**4,169**
Depreciation and amortisation	-80	-115	-320	-81	39	42	-360	-154
Operating expenses	-745	-916	-1,671	-868	0	0	-2.416	-1,784
Segment net profit and loss	**2,541**	**1,817**	**124**	**383**	**33**	**31**	**2,697**	**2,231**
Other operating income					321	125	321	125
Other operating expenses					-2,012	-605	-2,012	-605
Result of operating activities					**-1,658**	**-449**	**1,006**	**1,751**

Secondary segmentation

Segment report for the half year ended 30 June 2008

FIGURES IN T€	1ST HALF OF 2008		1ST HALF OF 2007	
Europe	941	17 %	761	18 %
USA	4,532	83 %	3,408	82 %
Total segment revenues	**5,473**	**100 %**	**4,169**	**100 %**

12. Post balance sheet events (30 June 2008)

Since 30 June 2008 no events have occurred that were of significant importance to the MeVis-Group.

Bremen, 27 August 2008
MeVis Medical Solutions AG

Dr. Carl J.G. Evertsz
President & CEO

Dr. Olaf Sieker
CFO

Thomas E. Tynes
COO Sales and Marketing

Responsibility Statement ("Bilanzeid")

Responsibility statement required by section 37y of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with section 37w (2) no. 3 of the WpHG for the consolidated interim financial statements:

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim 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 for the remaining months of the financial year."

Bremen, 27 August 2008

MeVis Medical Solutions AG
- Management Board –

Dr. Carl J.G. Evertsz	Dr. Olaf Sieker	Thomas E. Tynes
President & CEO	CFO	COO Sales and Marketing

Finance calendar 2008

Date	*Event*
27 August 2008	6. DVFA-Small Cap Conference, Frankfurt am Main
11 November 2008	German Equity Forum („Deutsches Eigenkapitalforum"), Frankfurt am Main
20 November 2008	Interim report for Q3 2008

Disclaimer

Future related statements

This Interim Report contains future-related statements that are based on current assessments of the Management on future developments. Such statements are subject to risks and uncertainties that lay outside the scope of control or precise assessment of MeVis Medical Solutions AG for example in connection with the future market environment and the economic conditional framework, the behaviour of other market participants as well as measures taken by government offices. If one of these or other uncertainty factors and imponderables should arise or should the assumptions on which these statements are based turn out to be incorrect, the actual results may differ significantly from the results explicitly specified or implicitly contained in these statements. MeVis Medical Solutions AG neither intends to update future-related statements nor does it assume any specific or separate obligation to update such statements in order to adjust them to events or developments after the date of this report.

Deviations for technical reasons

For technical reasons (e.g. conversion of electronic formats) deviations may arise between the accounting documents contained in this Interim Report and those submitted to the electronic Federal Gazette. In this case the version submitted to the electronic Federal Gazette shall be considered the binding version.

The Interim Report is also provided as an English translation. In the case of differences, the German version of the Interim Report shall apply instead of the English translation.

The Interim Report is available for downloading in both languages on the Internet at http://www.mevis.de/mms/Finanzberichte.html.

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