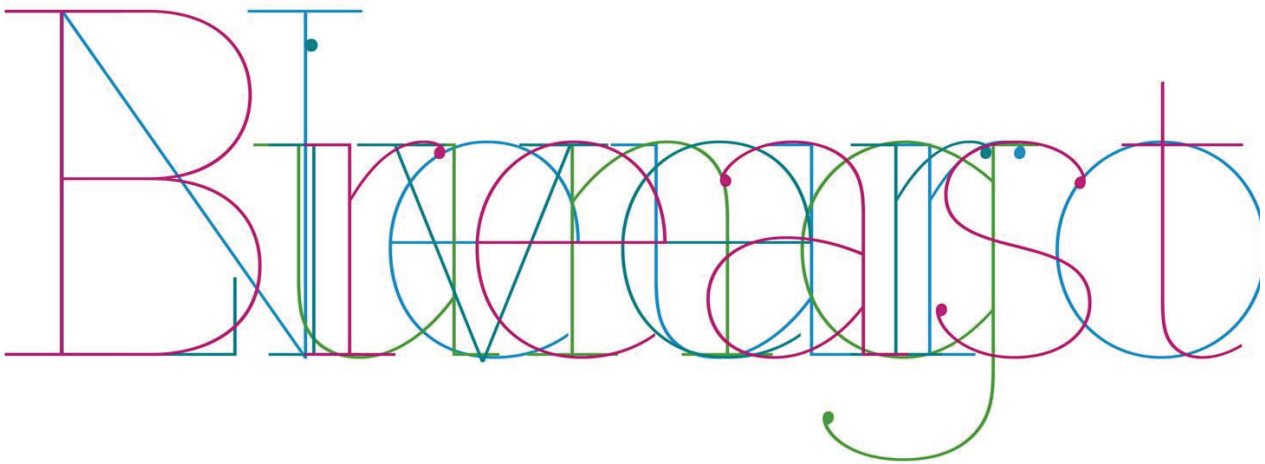


# MeVis



**MeVis Medical Solutions AG, Bremen**  
**Interim Report 1/2010**

## Consolidated key figures (IFRS)

FIGURES IN € 000S	Jan. 1 – Mar. 31 2010	Jan. 1 – Mar. 31 2009	Change
<b>Revenues</b>	<b>3,718</b>	3,460	7%
Of which Segment <sup>1</sup>	Digital Mammography 2,720	2,312	18%
	Other Diagnostic 999	1,148	-13%
Of which generated with customers in <sup>1,2</sup>	Europe 587	195	201%
	USA 3,131	3,265	-4%
EBITDA	981	1,016	-3%
EBITDA margin	26%	29%	-
EBIT	149	437	-66%
EBIT margin	4%	13%	-
Net financial result	-246	-387	-36%
EBT	-97	50	-294%
<b>Consolidated net profit</b>	<b>-150</b>	133	-214%
<b>Earnings per share in € (basic and diluted)</b>	<b>-0.09</b>	0.08	-211%
	<b>Mar. 31, 2010</b>	Dec. 31, 2009	Change
Equity capital	32,806	32,607	1%
Intangible assets	27,378	27,095	1%
Deferred tax assets	1,410	1,487	-5%
Non-current and current liabilities	18,294	18,348	1%
Balance sheet total	51,100	50,955	-
Equity ratio in %	64%	64%	-
Liquid Funds <sup>3</sup>	15,492	15,093	3%
Employees <sup>4</sup>	182	186	-2%

<sup>1</sup> Comprising intersegment revenues.

<sup>2</sup> Comprising indirect sales via industry partners as well as sales to clinical end customers in the segment Distant Services.

European currency area also comprises revenues generated by MeVis Japan KK.

<sup>3</sup> Comprising cash, cash equivalents and securities available for sale (excluding treasury shares).

<sup>4</sup> Yearly average of full-time equivalents.

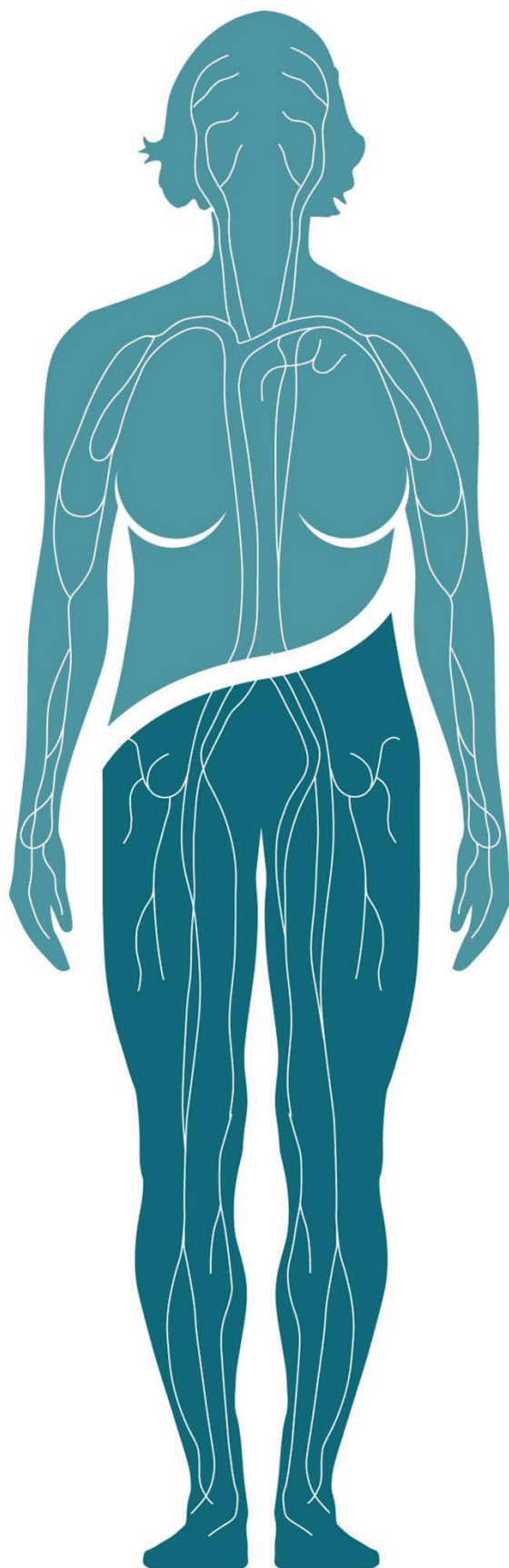
## Key share data

as at March 31, 2010

Industry sector	Software / Medical Technology
Subscribed capital	1,820,000.00 €
No. of shares	1,820,000
Last quotation on Dec. 30, 2009	24.16 €
Last quotation on Mar. 31, 2010	21.81 €
High/low 2010	€ 27.00 / € 21.60
Market capitalization	39,694 Mio. €
Treasury stock	122,850 (6.75%)
Free float	37.80%
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,*

Group sales in the 1st quarter of 2010 were still impacted by uncertainty in relation to the consequences of the U.S. health reform on medical imaging systems. This emerged in particular in the form of a prolongation of the sales cycles for medical imaging diagnostic equipment. However, in the 1st quarter we once again succeeded in extending our sales revenues via our industry partners Siemens and Hologic in a year-on-year comparison.

This affirms the Company's views outlined in the recent consolidated management report for fiscal 2009 that a slight revitalization of the U.S. sales markets has been in evidence since the fourth quarter. However, the earlier market dynamics have not been recovered to date. In the 1st quarter, the digitalization ratio of all mammography facilities certified by the U.S. FDA amounted to 61% (1st quarter of 2009: 48%).

In this general environment, it was possible to boost sales revenues by a total of 7.5% in the first quarter of 2010, to reach €3,718,000 (previous year: €3,460,000). Sales in the Digital Mammography segment delivered a particularly good performance with an increase of 18% compared with the 1st quarter of 2009.

The current extension of the Group's market position with its new products in the fields of neurology, prostate and lung diagnostics proved difficult in the current market. As a result, Group sales in the segment of Other Diagnostics declined by 13% year-on-year, to €999,000 (previous year: €1,148,000). A contributing factor, in addition to the external influences indicated above, was the pending release of the latest version of our lung product, the Visia™ CT Lung System. Anticipation of the release of this latest product resulted in a decline of orders for the existing product in Q1. Launching the new Visia™ CT Lung System represents the first in a series of product introductions planned for the next several quarters, which are based on the company's proprietary MeVisAP technology platform. Several new products, to address applications in the medical fields of liver, breast, lung, neurological, prostate and colonoscopy, are expected to generate additional sales and profitability in this segment in the following two years.

The performance of the Other Diagnostics segment had a temporary adverse impact not only on consolidated sales but also on the earnings situation in the entire Group. Hence, despite an EBITDA (earnings before interest, taxes, depreciation and amortization) figure at the same level as a year earlier, amounting to €981,000 (previous year: €1,016,000), due to the depreciation and amortization attributable to the product launches last year it was only possible to generate an EBIT result (earnings before interest and taxes) of €149,000 (previous year: €437,000).

Despite an improvement in net financial income amounting to -€246,000 (previous year: €387,000), accordingly pre-tax earnings are also temporarily negative for the 1<sup>st</sup> quarter at -€97,000 (previous year: €83,000). Taking account of income tax expenditure, we therefore closed the 1st quarter with a loss of -€150,000 (previous year: €133,000), which corresponds to earnings per share of -€0.09 (previous year: €0.08).

However, the order portfolio in the months of April and May, especially for the new Visia™ product generation of our lung product affirms our forecast for the full financial year 2010, in which we anticipate double-digit sales revenue growth with a disproportionately low profitability trend.

Our subsidiary MeVis Japan KK established in Tokyo last year went into operation on 1 January 2010, generating initial sales revenues in the Other Diagnostics segment.

In the second half of January 2010, we announced the acquisition of a minority holding of approx. 14 percent in Medis Holding B.V., headquartered in Leiden, Netherlands. Medis is a leading producer and provider of software for quantifying diverse image data of the cardiovascular system. The market research unit Frost & Sullivan estimates the European market for digital cardiovascular imaging to be worth roughly 1 billion euros for the year 2012. Due to the high global epidemiological significance of cardiovascular diseases, the products, expertise and distribution channels of Medis represent a strategically important complement to our product portfolio. We will reach a decision in the current financial year on the acquisition of additional shares in Medis Holding, depending on whether certain conditions are met.

At this point, we would like to thank all employees for their exceptional performance as well as our business associates, customers and shareholders for their confidence.

Carl J.G. Evertsz, Ph.D.  
Chairman & CEO

Christian H. Seefeldt  
Member of the Executive Board

Thomas E. Tynes  
Member of the Executive Board

## MeVis Stock

### Price trend of MeVis stock

In the first quarter of 2010, MeVis stock was trading at a median price level of 23 euros. While an annual high of 27.00 euros was temporarily registered early in February, at the end of the first quarter it was trading 21.91 euros. Across the quarter as a whole, the share price performance was down roughly -9% (compared with +8% for the SDAX and -3% for the TecDAX). As a result, MeVis stock did not manage to escape the generally declining trend of medical technology companies on the capital market during this period (DAXsubsector MedTech -24%). The reason for this is most likely to have been the high degree of investor uncertainty in this period with regard to the impacts of the U.S. health reform.

### Development of the shareholder structure

The shareholder structure essentially remained unchanged in the course of the first quarter of 2010. As in the past, the three founders account for approximately 55% of the share capital. The company has treasury shares equivalent to 6.75%. The remaining shares are predominantly held by institutional investors. The number of private investors increased by 21% compared to the first quarter 2009. We plan to boost this trend in a targeted manner in the future in order to further reinforce trading activities in MeVis stock.

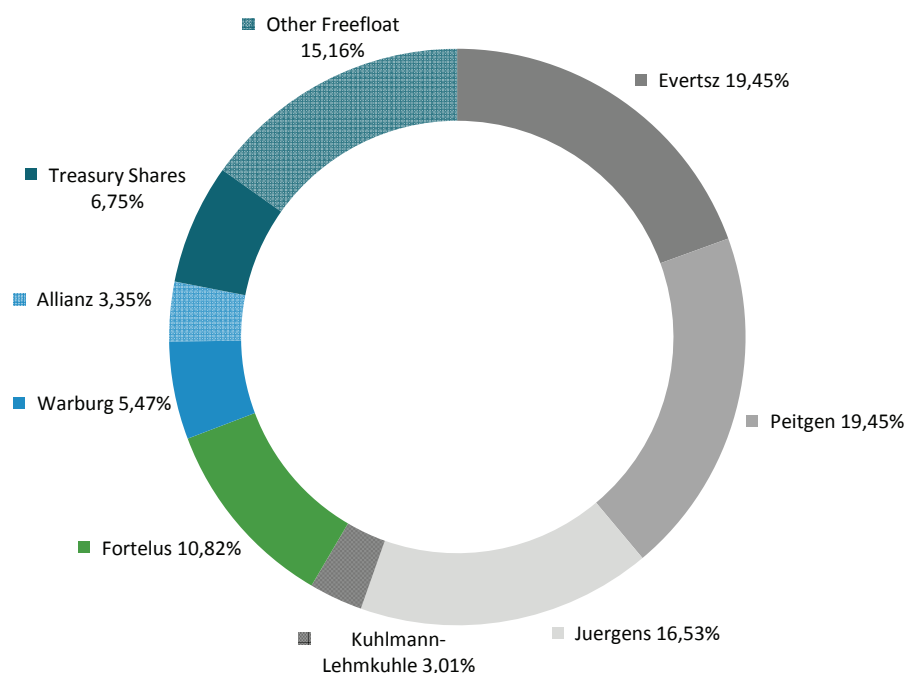


Fig.: Shareholder structure as at April 30, 2010

## Business activities of the MeVis Group

### *Group structure*

Through a joint venture with Siemens Aktiengesellschaft, Berlin and Munich (hereafter: "Siemens"), MeVis Medical Solutions AG (hereafter: "MMS AG") holds 51% of MeVis BreastCare GmbH & Co. KG (hereafter: "MBC KG"). Under an agreement of October 21, 2008, the business division comprising industry customer Hologic, Inc., Bedford, USA (hereafter: "Hologic") was carved out of the joint venture and Siemens' stake was taken over by MMS AG. The company MeVis BreastCare Solutions GmbH & Co. KG (hereafter: "MBS KG") arising from this spin-off has been fully included in the consolidated financial statements of MMS AG since November 1, 2008.

In addition, in 2007, MMS AG founded a wholly owned subsidiary in the USA, MeVis Medical Solutions, Inc., located in Pewaukee, Wisconsin (hereafter: "MMS Inc."). The company MeVis Research GmbH, treated as an associate until December 31, 2007, has not been included in the consolidated financial statements since June 30, 2008. The shares held were returned to the Free Hanseatic City of Bremen at their book value. As a result, MeVis Research was incorporated in the Fraunhofer-Gesellschaft effective January 1, 2009 and is now trading as Fraunhofer MEVIS – Institute for Medical Image Computing MEVIS (hereafter: "Fraunhofer MEVIS").

### *Brief overview of business activities*

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

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

Building on existing expertise, software applications are adapted for use in other oncological disorders, such as disorders of the lungs, liver, brain and colon. The software solutions support all the imaging modalities available. These not only include X-ray modalities such as computed tomography, digital mammography, tomosynthesis, but also magnetic resonance imaging and digital sonography. Then there are the more modern imaging modalities, such as positron emission tomography (PET), sonoelastography and molecular imaging. Such systems are used predominantly by radiologists, gynecologists, surgeons and medical technicians.

### *Business segments*

For reporting purposes and internal governance, the MeVis Group has two operating segments ("**Digital Mammography**" and "**Other Diagnostics**").

The **Digital Mammography** segment develops and markets software products which support breast diagnostic imaging and intervention. Aside from the original products for digital mammography, the 2009 financial year saw the arrival of new software applications for other imaging modalities such as

ultrasound, magnetic resonance imaging and tomosynthesis. These products are distributed to radiological and clinical end-customers via industrial partners (OEMs e.g. Siemens and Hologic). The **Digital Mammography** segment includes MBC KG – the 51% consolidated joint venture – and, since November 1, 2008, the wholly-owned subsidiary MBS KG, whose business had also been part of MBC KG before then.

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 pharmaceutical companies. **Other Diagnostics** includes the parent company, MMS AG, and the wholly-owned subsidiary MMS Inc.



## Interim management report of MeVis Group

### *Results of operations*

Consolidated revenues in the 1<sup>st</sup> quarter of 2010 were still impacted by uncertainty in relation to the consequences of the U.S. health reform on medical imaging systems. This emerged in particular in the form of a prolongation of the sales cycles for medical imaging diagnostic devices. However, in the 1st quarter the MeVis Group succeeded in expanding its sales revenues in relation to the 1st quarter of 2009 via its industry partners Siemens and Hologic.

The expansion in license-related sales in the **Digital Mammography** segment will also lead to increased maintenance and service revenue in the course of the financial year. In the 1st quarter of 2010, the share of consolidated sales revenues accounted for by maintenance and service increased to 27% (previous year: 10%).

It was possible to boost sales revenues by a total of 7.5% in the period under review, to reach €3,718,000 (previous year: €3,460,000). This breaks down into the segments of **Digital Mammography** at €2,720,000 (previous year: €2,312,000) and **Other Diagnostics** at €999,000 (previous year: €1,148,000).

The increase in staff costs to €2,784,000 (previous year: €2,547,000) is essentially due to the savings effect in the previous year resulting from the waiver by employees of all variable remuneration elements within the scope of the cost-cutting program for 2009. At the end of the 1st quarter of 2010, the MeVis Group had 228 employees. This corresponds to 182 full-time equivalents (previous year: 240 employees or 183 full-time equivalents).

Capitalized development expenses in the period under review amounted to €574,000 (previous year: €820,000). These break down to an amount of €502,000 for staff costs (previous year: €736,000) and €72,000 to costs of services purchased (previous year: €84,000).

In spite of the expansion of business activities, it was possible to lower the level of other operating expenses substantially once again thanks to cost-cutting measures, and it amounted to €617,000 in the first quarter (previous year: €812,000). Other operating expenses essentially comprise rental expenses of €151,000 (previous year: €160,000), travel expenses of €47,000 (previous year: €64,000), costs of preparing and auditing financial statements of €38,000 (previous year: €28,000), as well as expenditure on insurance policies, amounting to €38,000 (previous year: €22,000).

Earnings before interest, taxes and depreciation and amortization (EBITDA) came to €981,000 in the period under review (previous year €1,016,000), with the EBITDA margin declining accordingly to 26% (previous year: 29%).

Depreciation and amortization increased as planned in the period under review, to €832,000 (previous year: €649,000). This comprised amortization of intangible assets amounting to €316,000 (previous year: €296,000), amortization of capitalized development costs of €401,000 (previous year: €138,000) as well as depreciation of property, plant and equipment amounting to €115,000 (previous year: €145,000). The increase in amortization of capitalized development costs is attributable to the market rollout of new products in fiscal 2009.

Earnings before interest and taxes (EBIT) saw a corresponding decline to €149,000 (previous year: €437,000). The EBIT margin also declined accordingly in the period under review, to 4% (previous year: 13%).

Net financial income, amounting to -€246,000 (previous year: -€387,000) improved in comparison with the 1st quarter of 2009 thanks to the more favorable trend of the USD exchange rate, which is attributable to currency translation gains as well as the change in value of currency hedging instruments. As a result, other financial income improved to -€164,000 (previous year: -€342,000). The prorated share of the minority interest in Medis Holding B.V., Leiden, which was acquired in the second half of January, made a further contribution to the improvement in net financial income. Moreover, interest income increased to €101,000 in the period under review (previous year: €85,000), which is attributable to a switch of cash and cash equivalents for investments in fixed-income securities capable of being sold at short notice. Interest expenses increased to €183,000 (previous year: €130,000), which is due to the higher interest payable, at matching maturities, on the remaining purchase price installments for the acquisition of the 49% stake in MBS KG.

Pre-tax earnings amount to -€97,000 in the period under review (previous year €50,000), equivalent to a return on sales of -2.6% (previous year 1.4%). After-tax earnings are impacted by income taxes of -€54,000 (previous year: €83,000), amounting to -€150,000 in the period under review (previous year: €133,000). Accordingly, earnings per share came to -€0.09 (previous year: €0.08).

### *Assets, liabilities and financial position*

The MeVis Group has adequate financial resources to achieve its planned growth. As of the balance sheet date, liquid funds totaled €15,492,000 (prev. year: €15,093,000), comprising cash and cash equivalents and for-sale securities.

The balance sheet structure remained almost unchanged at the end of the 1<sup>st</sup> quarter compared with the end of the financial year 2009. Assets of €51,100,000 (previous year: €50,955,000) included €30,320,000 (previous year: €29,873,000) in long-term assets. Of these, the lion's share of €27,378,000 (previous year: €27,095,000) consisted of intangible assets. Short-term assets essentially comprise trade receivables of €3,768,000 (previous year: €4,222,000), other financial assets of €8,436,000 (previous year: €8,540,000) as well as cash & cash equivalents of €8,023,000 (previous year: €7,718,000). Of other financial assets, by far the bulk of €7,469,000 (previous year: €7,331,000) consisted of fixed-income securities available for sale at short notice.

The Company's property, plant and equipment amounted to €1,107,000 at the balance sheet date (December 31, 2009: €1,191,000).

The level of equity as at March 31, 2010 amounted to €32,806,000 (December 31, 2009: €32,607,000), of which the capital reserve accounted for the bulk of €28,478,000 (previous year €28,465,000). The level of subscribed capital remained unchanged at €1,820,000. Also, the equity ratio remained unchanged at 64% in comparison with the position as of December 31, 2009.

The cash flow from current operating activities came to €1,768,000 in the period under review (prev. year: -€236,000). It essentially comprises earnings before interest and taxes (EBIT) of €149,000 (prev. year: €437,000), adjusted for depreciation of €832,000 (prev. year: €579,000), other non-cash expenses/income of -€366,000 (prev. year: -€172,000), interest received of €101,000 (prev. year: €278,000), taxes paid of €338,000 (prev. year: €2,872,000), changes in trade receivables and other assets of €948,000 (prev. year: €239,000) and changes in trade payables and other liabilities of €534,000 (prev. year: €843,000).

In the period under review, cash flow from investing activities came to -€1,627,000 (prev. year: €1,401,000) and mainly consisted of payments for capitalized development costs of €574,000 (prev. year: €856,000), and also payments for the acquisition of business shares and business units totaling €956,000 (prev. year: €1,113,000), of which €400,000 (previous year: €0) relate to the acquisition of the minority equity interest in Medis Holding B.V., Leiden.

Cash flow from financing activities, amounting to €164,000 (prev. year: -€813,000), consisted of payments received from repayment of (financial) credits net of payments made on (financial) credits totaling €164,000 (prev. year: -€351,000).

Change in cash and cash equivalents in the period under review came to €269,000 (prev. year: €352,000).

### *Risk report*

No material changes have occurred with regard to the risk situation of the MeVis Group since the beginning of the fiscal year. We perceive no risks that might endanger the existence of the companies in the MeVis Group. Therefore, the statements made in the risk report of the consolidated annual financial statements as of December 31, 2009 remain valid.

### *Outlook & Opportunities*

We confirm our outlook from the Group annual report as of April 9, 2010.

Given the broad product portfolio at Group level and the progressive improvement in the economic environment since mid-2009, we expect double-digit growth in consolidated sales in the current fiscal year. Digital Mammography will continue to account for approximately 70% of consolidated sales, and Other Diagnostics approximately 30%. Consolidated earnings before interest and taxes (EBIT) should increase disproportionately less than sales, as high expenses for upgrading the technology platform MeVisAP, incurred largely by MMS AG, as well as amortization on capitalized development costs will continue to weigh on them. Thus, the operating profitability of Digital Mammography will be markedly higher than that of Other Diagnostics in 2010 as well.

In light of the continued uncertainty about the economic trend, the implications of US health reform and increased exchange rate fluctuations, we will review our expectations in the course of the fiscal year and put our forecasts in more concrete terms.

### *Material events occurring after the balance sheet date*

No transactions of material relevance to the MeVis Group have arisen since the balance sheet date.

Bremen, May 18, 2010

Dr. Carl J.G. Evertsz

Chairman & CEO

Christian H. Seefeldt

Member of the Executive Board

Thomas E. Tynes

Member of the Executive Board

## MeVis Medical Solutions AG, Bremen

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## Consolidated income statement

for the period January 1 until March 31, 2010

FIGURES IN € 000S	Notes	Jan. 1 - Mar. 31 2010	Jan. 1 - Mar. 31 2009
<b>Revenues</b>	1	<b>3,718</b>	3,460
Income from the capitalization of development expenses	2	502	736
Other operating income		268	287
Cost of material		-105	-108
Staff costs	3	-2,784	-2,547
Other operating expenses	4	-617	-812
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>981</b>	1,016
Depreciation and Amortization	5	-832	-579
<b>Earnings before interest and tax (EBIT)</b>		<b>149</b>	437
Interest income		101	85
Interest expenses		-183	-130
Other net financial result		-179	-342
Profit share from associated companies		15	0
<b>Net financial result</b>	6	<b>-246</b>	-387
<b>Earnings before taxes (EBT)</b>		<b>-97</b>	50
Income tax		-53	83
<b>Consolidated net profit for period</b>		<b>-150</b>	133
<b>Earnings per share in €</b>			
Basic		-0.09	0.08
Diluted		-0.09	0.08

## Consolidated statement of comprehensive income

for the period January 1 until March 31, 2010

FIGURES IN € 000S	Notes	Mar. 31, 2010	Mar. 31, 2009
<b>Consolidated net profit for period</b>		<b>-150</b>	133
Changes in the currency translation reserve	9	216	94
Changes in fair value of available-for-sale financial instruments	9	171	0
Deferred tax on changes in fair value		-51	0
<b>Other comprehensive income</b>		<b>336</b>	94
<b>Total comprehensive income</b>		<b>186</b>	227

## Consolidated statement of financial positions

as of March 31, 2010

FIGURES IN € 000S	Notes	Mar. 31 2010	Dec. 31 2009
<b>Non-current assets</b>			
Intangible assets		27,378	27,095
Property, plant and equipment		1,107	1,191
Financial assets	7	415	0
Deferred tax assets		1,410	1,487
Other financial assets		10	100
		<b>30,320</b>	<b>29,873</b>
<b>Current assets</b>			
Inventories		114	130
Trade receivables		3,768	4,222
Income tax receivables		309	356
Other financial assets	8	8,436	8,540
Other assets		130	116
Cash and cash equivalents		8,023	7,718
		<b>20,780</b>	<b>21,082</b>
<b>ASSETS</b>		<b>51,100</b>	<b>50,955</b>
<b>Equity capital</b>			
	9		
Subscribed capital		1,820	1,820
Capital reserve		28,478	28,465
Revaluation reserve		1,449	1,506
Treasury stock		-4,156	-4,156
Cumulated fair value changes of available-for-sale financial instruments		173	53
Currency translation reserve		196	-20
Retained earnings		4,846	4,939
		<b>32,806</b>	<b>32,607</b>
<b>Non-current liabilities</b>			
Other financial liabilities	10	6,662	6,598
Provisions		13	0
Deferred taxes		271	425
Other liabilities		0	2
		<b>6,946</b>	<b>7,025</b>
<b>Current liabilities</b>			
Provisions		224	188
Trade payables		848	1,121
Bank borrowings		565	401
Other financial liabilities	10	7,633	7,478
Deferred income		1,606	1,537
Other liabilities		371	410
Income tax liabilities	11	101	188
		<b>11,348</b>	<b>11,323</b>
<b>EQUITY AND LIABILITIES</b>		<b>51,100</b>	<b>50,955</b>

## Consolidated statement of cash flow

for the period January 1 until March 31, 2010

FIGURES IN € 000S	Jan. 1 - Mar. 31 2010	Jan. 1 - Mar. 31 2009
<b>Earnings before interest and tax (EBIT)</b>	<b>149</b>	<b>437</b>
+ Depreciation and amortization	832	579
+/- Increase/decrease in provisions	49	-57
+/- Other non-cash expenses/income	-366	-172
+ Interest received	101	278
- Interest paid	-84	-3
- Tax paid	-338	-2,872
+ Tax received	0	720
+/- Exchange rate differences received/paid	-72	-246
+/- Decrease/increase in inventories	16	18
+/- Decrease/increase in trade receivables and other assets	948	239
-/+ Decrease/increase in trade payables and other liabilities	534	843
<b>= Cash flow from operating activities</b>	<b>1,768</b>	<b>-236</b>
- Purchase of property, plant and equipment	-66	-80
- Purchase of intangible assets (excl. development cost)	-31	-22
- Payments for capitalized development cost	-574	-856
- Investments in business shares and business units	-956	-1,113
- Investments in marketable securities	0	-1,528
+ Proceeds from sale of marketable securities	0	5,000
<b>= Cash flow from investing activities</b>	<b>-1,627</b>	<b>1,401</b>
- Purchase of treasury stock	0	-462
+ Proceeds from/Repayment of (financial) credits	164	-351
<b>= Cash flow from financing activities</b>	<b>164</b>	<b>-813</b>
<b>Change in cash and cash equivalents</b>	<b>269</b>	<b>352</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>36</b>	<b>-25</b>
<b>+ Cash and cash equivalents at the beginning of the period</b>	<b>7,718</b>	<b>15,257</b>
<b>= Cash and cash equivalents at the end of the period</b>	<b>8,023</b>	<b>15,584</b>

This item comprises cash and cash equivalents.

## Statement of changes in equity

for the period January 1 until March 31, 2010

FIGURES IN '000s	Subscribed capital	Capital reserve	Revaluation reserve	Treasury shares	Cumulative change in fair value for sale of available assets	Currency equalization item	Group equity generated	Total
As at January 1, 2009	1,820	28,363	1,679	-3,694	0	75	4,368	32,611
Purchase of treasury shares	0	0	0	-463	0	0	0	-463
Disposal of treasury shares	0	0	0	0	0	0	0	0
Reclassification in line with amortization/depreciation	0	0	-43	0	0	0	43	0
Stock options – change in fair value	0	36	0	0	0	0	0	36
Total consolidated earnings	0	0	0	0	0	94	133	227
As at March 31, 2009	1,820	28,399	1,636	-4,156	0	169	4,544	32,411
<b>As at January 1, 2010</b>	<b>1,820</b>	<b>28,465</b>	<b>1,506</b>	<b>-4,156</b>	<b>53</b>	<b>-20</b>	<b>4,939</b>	<b>32,607</b>
Purchase of treasury shares	0	0	0	0	0	0	0	0
Reclassification from revaluation reserve in line with amortization/depreciation	0	0	-57	0	0	0	57	0
Stock options – change in fair value	0	13	0	0	0	0	0	13
Total consolidated earnings	0	0	0	0	120	216	-150	186
<b>As at March 31, 2010</b>	<b>1,820</b>	<b>28,478</b>	<b>1,449</b>	<b>-4,156</b>	<b>173</b>	<b>196</b>	<b>4,846</b>	<b>32,806</b>



## MeVis Medical Solutions AG, Bremen

### Notes to the interim consolidated financial statements as of March 31, 2010

#### *Basic information on the Group*

##### **General disclosures**

The quarterly financial report of the MeVis Group was prepared in accordance with the provisions of § 37x Abs. 3 of the [German] Securities Trading Act (WpHG) along with consolidated interim financial statements and a consolidated management report.

The consolidated interim financial statements of Mevis Medical Solutions AG, Bremen (MMS AG) as at 31.03.10 were prepared in accordance with Section 315a (1) of the German Commercial Code (HGB) in line with the rules and regulations in force on the balance sheet date and approved by the European Union of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Accordingly, this interim report as at March 31, 2010 was prepared in conformity with IAS 34 "Interim Reporting". The notes to the consolidated interim financial statements are presented in abridged form in line with the option provided by IAS 34. The interim financial statements and interim management report have neither been audited nor subjected to accounting review.

##### **Acquisition of equity interest in Medis Holding B.V.**

On January 15, 2010 the Company entered into an agreement with Reiber Consultancy B.V., Rotterdam (Netherlands) on the combination of business activities, followed by a step-by-step capital participation in Medis Holding B.V., Leiden (Netherlands), (hereinafter also referred to as "Medis Holding") up to an extent of 100%. Medis Holding holds 100% of the share capital in Medis medical imaging systems, B.V., Leiden (Netherlands), (hereinafter also referred to as "Medis"). The capital participation in Medis Holding B.V. is possible in three defined steps by the year 2011 in connection with a subsequent earn-out arrangement. As a first step, a cash capital deposit of €400,000 was agreed and paid at the time of the contractual closing. This is equivalent to a capital stake of roughly 14%.

Within the scope of the agreed combination of business activities, Medis will receive access to the MeVisAP technology platform and to the MeVisLAB development environment, which represents the centerpiece of the multi-modal software solutions provided by the MeVis Group. Medis develops software solutions that enable cardiologists, technicians and researchers to carry out an exact quantification of cardio-vascular image data. The products from Medis are geared to facilitate imaging diagnostics of cardio-vascular afflictions by means of magnetic resonance tomography (MRT), computer tomography (CT), X-ray photographs and intravascular ultrasound diagnostics. Medis operates a subsidiary in Raleigh (NC/USA).

In the 1st quarter of 2010, Medis Holding B.V. generated after-tax earnings of €106,000. On account of the 14% participation, the MeVis Group has earnings from associates amounting to €14,800.

##### **Commencement of trading by MeVis Japan KK**

In September 2009, the company Mevis Japan KK was established in Tokyo as a wholly owned subsidiary. The company began trading in the first quarter of 2010 and generated €10,000 in sales revenues.

### Recognition and measurement methods

The interim consolidated financial statements from 1 January to 31 March 2010 use the same recognition and measurement policies as the IFRS consolidated financial statements for fiscal 2009. The interim consolidated financial statements as of 31 March 2010 must therefore be read in conjunction with the consolidated financial statements as of 31 December 2009.

### Effects of new accounting standards

MMS AG's consolidated interim financial statements as of 31 March 2010 including the previous year's figures have been prepared in accordance with IFRS as endorsed by the European Union as of 30 September 2009. The same accounting and valuation principles were applied that were used in preparing the consolidated financial statements as at 31 December 2009; in addition, IAS 34 "Interim reporting" was applied. Fresh announcements of the IASB newly applicable as of 31 March 2010 had no material impacts on the MeVis consolidated financial statements.

Selected notes on the consolidated balance sheet and the consolidated income statement

## 1. Revenues

Revenues break down by type as follows:

Figures in € 000s	Jan. 1 - Mar. 31 2010	Jan. 1 - Mar. 31 2009
Software and licenses	2.614	2.910
Maintenance (software service contracts)	1.021	333
Services (consulting and training)	63	176
Hardware	20	41
	<b>3.718</b>	<b>3.460</b>

## 2. Income from the capitalization of development costs

In the period under review, expenditure on research and development came to €1,642,000 (31 March 2009: €1,220,000). In accordance with IAS 38, development costs of €574,000 (31 March 2009: €820,000) were capitalized, of which €72,000 (31 March 2009: €84,000) was accounted for by third-party services.

## 3. Staff costs

The average headcount was 228 (previous year: 240). This is equivalent to an average of 182 full-time positions (previous year: 183). Of the 228 employees, 31 (2009: 34) are accounted for by the proportionately consolidated company MeVis BreastCare GmbH & Co. KG. The average figures include 59 testers (as a rule, students employed on a negligible part-time basis) at Group level (previous year period: 79).

#### 4. Other operating expenses

Figures in € 000s	Jan. 1 - Mar. 31 2010	Jan. 1 - Mar. 31 2009
Rental/leasing expenses	151	160
Travel expenses	47	64
Cost of preparing and auditing financial statements	38	28
Insurance	38	22
Accounting costs	22	27
Maintenance/repairs	21	38
Energy costs	21	57
External work	20	68
Stationery	12	13
Cleaning expenses	9	34
Telephone expenses	9	36
Internet expenses	7	53
Advertising costs	6	18
Legal and consulting costs	4	132
Membership subscriptions	3	11
Supervisory Board remuneration	1	81
Personnel recruiting	1	29
Expenses associated with the Annual General Meeting	0	32
Guarantee/warranty expenses	0	93
Other	204	172
	<b>617</b>	<b>812</b>

#### 5. Depreciation and amortization

Figures in € 000s	Jan. 1 - Mar. 31 2010	Jan. 1 - Mar. 31 2009
Amortization of industrial property rights and similar rights and customer bases	314	296
Amortization of capitalized development costs	401	138
Depreciation of property, plant and equipment	116	145
<b>Total amortization/depreciation</b>	<b>833</b>	<b>579</b>

#### 6. Net financial result

The MeVis Group's net financial result as at 31 March 2010 amounted to -€246,000 (Q1 2009: €387,000). This comprises interest income from the investment of cash & cash equivalents of €101,000 (Q1 2009: €85,000) net of interest expense of €183,000 (Q1 2009: €130,000), other financial result of €179,000 (Q1 2009: -€15,000) and the result derived from associates, amounting to €15,000 (Q1 2009: €0). Other financial result primarily comprises the change in value of currency hedging instruments amounting to -€382,000 (Q1 2009: -€511,000) plus currency translation gains net of currency translation losses of €203,000 (Q1 2009: €169,000).

#### 7. Financial assets

Financial assets concern the equity interest of roughly 14% acquired in Medis Holding B.V., Rotterdam (Netherlands) on 15 January 2010.

## 8. Other current financial assets

Figures in € 000s	Mar. 31, 2010		Dec. 31, 2009	
	Total	thereof: current	Total	thereof: current
Loans granted and receivables	523	523	763	763
Derivatives	10	0	214	114
Securities	7,469	7,469	7,375	7,375
Deferred interest	159	159	207	207
Other	285	285	81	81
	<b>8,446</b>	<b>8,436</b>	<b>8,640</b>	<b>8,540</b>

Derivatives comprise forward exchange transactions and, where applicable, currency options, which were measured at market value with an impact on profit and loss.

These securities primarily are *Pfandbrief* bonds and corporate bonds.

## 9. Shareholders' equity

### Revaluation reserve

In connection with the acquisition of the 40% interest in MBS KG from Siemens AG and the subsequent full consolidation of MBS KG, the assets and liabilities of MBS KG were completely remeasured. Where these increases were attributable to the 51% interest in MBS KG already held by the Group, the difference was recognized within the revaluation reserve. Amounts equaling the depreciation expense recognized on these assets are reclassified as retained earnings on a proportionate basis.

Figures in € 000s	
Status as at Dec. 31, 2008	1,679
Transfer of the amount corresponding to write-downs and the associated deferred taxes to consolidated equity generated, without an impact on profit and loss	-43
Status as at Mar. 31, 2009	1,636
<b>Status as at Dec. 31, 2009</b>	<b>1,506</b>
Transfer of the amount corresponding to write-downs and the associated deferred taxes to consolidated equity generated, without an impact on profit and loss	-57
<b>Status as at Mar. 31, 2010</b>	<b>1,449</b>

### Treasury stock

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 stock in accordance with Section 71 (1) No. 8 of the Stock Corporation Act, the Company was authorized to acquire up to ten percent of its current share capital (€1,820,000) on or before January 8, 2010. On November 4, 2008, the Management Board decided to buy up to a further 91,000 of the Company's own shares. As part of this stock buyback program, the Company acquired 33,682 of its own shares for a total amount of €1,163,223.49 as of March 31, 2009. Upon the termination of the stock buyback program, MMS AG's total treasury stock comprised 122,850 shares as at March 31, 2009, equivalent to 6.75% of its current share capital.

## 10. Other financial liabilities

Figures in € 000s	Mar. 31, 2010	Dec. 31, 2009
Liability from 49% acquisition of MBS KG	6,296	6,296
Liability to Fraunhofer MEVIS	297	297
Other	68	5
<b>Other non-current financial liabilities</b>	<b>6,662</b>	<b>6,598</b>

Figures in € 000s	Mar. 31, 2010	Dec. 31, 2009
Liability from 49% acquisition of MBS KG	5,263	5,134
Liability from acquisition of "R2 Image Checker CT" business	1,655	2,026
Staff liabilities	311	67
Derivative financial instruments	155	59
Liabilities to Fraunhofer MEVIS	212	178
Miscellaneous other financial liabilities	37	14
<b>Other current financial liabilities</b>	<b>7,633</b>	<b>7,478</b>

## 11. Transactions with related parties

With reference to business transacted with related parties, there have been no material changes since December 31, 2009.

## 12. Contingent receivables and contingent liabilities

In comparison with the contingent receivables and contingent liabilities presented in the consolidated financial statements for fiscal 2009, no changes occurred in the first quarter of the current fiscal year.

## 13. 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 year 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.

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 and that no shares had been awarded to entitled members of the Management Board. 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 of shares outstanding is determined by taking account of shares redeemed and reissued subject to a chronological weighting.

	Mar. 31, 2010	Dec. 31, 2009
Consolidated net income for the year, in €	-150	133
Weighted average of the number of no-par-value shares outstanding during the period under review	1,697,150	1,739,871
Basic earnings per share in €	-0,09	0,08
Diluted earnings per share in €	-0,09	0,08

#### 14. Segment information

In the 1st quarter of 2010, the activities of the MeVis Group are thus classified into the reportable segments of Digital Mammography and Other Diagnostics. The management of each of these segments reports directly to the Management Board of MMS AG in its function as the responsible corporate entity.

Segment earnings and the result of operating activities remain the key benchmarks for assessing and controlling the earnings position of a particular segment. As a rule, the result of operating activities corresponds to earnings before interest and taxes (EBIT).

The following table contains a reconciliation of the results of operating activities of the segments with consolidated earnings before interest and taxes (EBIT).

FIGURES IN € 000s	Digital Mammography		Other Diagnostics		Other/Consolidation and reconciliation		MeVis Group	
	Jan. 1 – Mar. 31		Jan. 1 – Mar. 31		Jan. 1 – Mar. 31		Jan. 1 – Mar. 31	
	2010	2009	2010	2009	2010	2009	2010	2009
External revenues	2,720	2,312	999	1,147	0	0	3,718	3,460
Intersegment revenues	0	0	0	0	0	0	0	0
<b>Revenues</b>	<b>2,720</b>	<b>2,312</b>	<b>999</b>	<b>1,147</b>	<b>0</b>	<b>0</b>	<b>3,718</b>	<b>3,460</b>
Grants	70	0	30	17	0	0	100	17
<b>Total segment revenues</b>	<b>2,790</b>	<b>2,312</b>	<b>1,029</b>	<b>1,164</b>	<b>0</b>	<b>0</b>	<b>3,818</b>	<b>3,477</b>
Capitalization of development expenses	183	406	319	330	0	0	520	736
Depreciation and amortization	-400	-239	-432	-339	0	-1	-832	-579
Operating expenses	-982	-906	-1,908	-1,750	0	0	-2,890	-2,656
<b>Segment net profit and loss</b>	<b>1,591</b>	<b>1,573</b>	<b>-992</b>	<b>-595</b>	<b>0</b>	<b>-1</b>	<b>598</b>	<b>978</b>
Other operating income	153	92	233	256	-217	-78	169	270
Other operating expenses	-248	-219	-560	-723	191	131	-617	-811
<b>Result of operating activities</b>	<b>1,496</b>	<b>1,446</b>	<b>-1,319</b>	<b>-1,062</b>	<b>-26</b>	<b>52</b>	<b>150</b>	<b>437</b>

#### 15. Post balance sheet events

No transactions of material relevance to the MeVis Group have arisen after the balance sheet date.

Bremen, May 18, 2010

MeVis Medical Solutions AG

Carl J.G. Evertsz, Ph.D.

Chairman & CEO

Christian H. Seefeldt

Member of the Executive Board

Thomas E. Tynes

Member of the Executive Board

## Responsibility Statement („Bilanzzeit“)

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, May 18, 2010

MeVis Medical Solutions AG

Carl J.G. Evertsz, Ph.D.

Chairman & CEO

Christian H. Seefeldt

Member of the Executive Board

Thomas E. Tynes

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](http://www.mevis.de/mms/en/Financial_Reports.html).



## Contact

### *Investor Relations*

Dr. Kai Holtmann  
Investor Relations Manager  
Phone +49 421 22495 63  
Fax +49 421 22495 11  
kai.holtmann@mevis.de

### *Company Address*

MeVis Medical Solutions AG  
Universitaetsallee 29  
28359 Bremen  
Germany  
Phone +49 421 22495 0  
Fax +49 421 22495 11  
office.mms@mevis.de  
www.mevis.de