

# MeVis

## Interim Report 2014

MeVis Medical Solutions AG

# Q1



## KEY FIGURES (IFRS)

FIGURES IN € k		Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013	Change
Revenues		2,828	2,948	-4 %
of which segment	Digital Mammography	2,227	2,285	-3 %
	Other Diagnostics	601	663	-9 %
of which billing currency <sup>1</sup>	Euro	151	115	31 %
	US-Dollar	2,677	2,833	-6 %
EBITDA		1,100	1,304	-16 %
EBITDA margin		39 %	44 %	
EBIT		694	938	-26 %
EBIT margin		25 %	32 %	
Net financial result		79	7	
EBT		773	945	-18 %
Net profit for the period		685	802	-15 %
Earnings per share in € (basic and diluted)		0.40	0.47	
		Mar. 31, 2014	Dec. 31, 2013	Change
Equity capital		27,136	26,445	3 %
Intangible assets		15,763	15,662	1 %
Non-current and current liabilities		7,295	7,568	-4 %
Balance sheet total		34,431	34,013	1 %
Equity ratio in %		79 %	78 %	
Liquid funds <sup>2</sup>		13,050	13,450	-3 %
Employees <sup>3</sup>		95	92	3 %

<sup>1</sup> Revenues are allocated to the currency according to the location of the customer; comprised of indirect sales via industry customers as well as sales to clinical end customers in the segment Distant Services.

<sup>2</sup> Comprising cash, cash equivalents and securities available for sale.

<sup>3</sup> Full-time equivalents as of balance sheet date.

## KEY SHARE DATA

As at March 31, 2014	
Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on December 31, 2013	€ 20.49
Last quotation on March 31, 2014	€ 15.54
High/low in 2014	€ 22.95 / € 13.85
Market capitalization	€ 26.767 Mio.
Treasury stock	97,553 (5.4 %)
Free float	45.7 %
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

# CONTENT

<b>KEY FIGURES (IFRS)</b> .....	<b>1</b>
<b>LETTER TO THE SHAREHOLDERS</b> .....	<b>3</b>
<b>THE MEVIS SHARE</b> .....	<b>5</b>
<b>INTERIM MANAGEMENT REPORT Q1/2014</b> .....	<b>7</b>
Basics of the company.....	7
Structure .....	7
Short summary of business activities .....	7
Reporting segments.....	8
Economic report.....	9
Earnings position.....	9
Financial position.....	10
Net asset position.....	10
Material events occurring after the balance sheet date .....	11
Opportunities and risk report.....	11
Outlook.....	11
<b>INCOME STATEMENT Q1 2014</b> .....	<b>12</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b> .....	<b>12</b>
<b>STATEMENT OF FINANCIAL POSITIONS</b> .....	<b>13</b>
<b>STATEMENT OF CASH FLOW</b> .....	<b>14</b>
<b>STATEMENT OF CHANGES IN EQUITY</b> .....	<b>15</b>
<b>NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2014</b> .....	<b>16</b>
Basic information .....	16
General disclosures.....	16
Recognition and measurement methods .....	16
Effects of new accounting standards .....	16
Selected notes on the balance sheet and income statement.....	17
1. Revenues.....	17
2. Income from the capitalization of development costs.....	17
3. Staff costs .....	17
4. Other operating expenses .....	17
5. Depreciation and amortization .....	18
6. Net financial result.....	18
7. Income taxes .....	18
8. Interest in associated companies .....	18
9. Current other financial assets .....	18
10. Shareholders' equity .....	18
11. Other financial liabilities .....	19
12. Transactions with related parties .....	20
13. Contingent receivables and contingent liabilities .....	20
14. Earnings per share .....	20
15. Segment information .....	20
16. Post balance sheet events .....	21
<b>RESPONSIBILITY STATEMENT</b> .....	<b>22</b>
<b>DISCLAIMER</b> .....	<b>23</b>
<b>FINANCE CALENDAR 2014</b> .....	<b>24</b>

## LETTER TO THE SHAREHOLDERS



from left: Marcus Kirchhoff, Dr. Robert Hannemann

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

**MeVis started 2014 with a profitable first quarter once again. EBIT declined by some € 0.2 million year on year due to the slight decrease in sales and higher staff costs. The EBIT margin remained strong in the first quarter at 25 %.**

As a result of the amendments to IFRS 11, the joint venture with Siemens, MeVis BreastCare GmbH & Co. KG, which until now was proportionately consolidated, will be consolidated according to the equity method as of fiscal year 2014. The previous year's figures have been adjusted accordingly in order to allow for better comparison.

Our performance in detail: **Sales** in the first quarter of 2014 came to € 2,828 k, down by 4 % to just below the level of the first quarter of 2013 (€ 2,948 k). Sales in the new license business declined slightly by 2 % to € 1,337 k, while sales in the maintenance business were down by 9 % to € 1,372 k, accounting for 49 % of total sales. Sales in the Digital Mammography segment decreased by 3 % to € 2,227 k (prev. year: € 2,285 k) and sales in the Other Diagnostics segment fell by 9 % to € 601 k (prev. year: € 663 k).

Operating **costs** in the first quarter of 2014 rose primarily on the back of higher staff costs, which increased by 11 % to € 1,812 k (prev. year: € 1,636 k), particularly due to salary increases, conservative provisions and a change in the personnel structure. Other operating expenses declined slightly by 9 % to € 411 k (prev. year: € 449 k).

Capitalized development expenses were almost unchanged at € 428 k in the first quarter of 2014 (prev. year: € 410 k).

**EBITDA** (earnings before interest, taxes, depreciation and amortization) was down by 16 %, from € 1,304 k to € 1,100 k year on year due to the slight reduction in sales and higher costs.

Depreciation and amortization came to € 406 k (up 11 % year on year), resulting in **EBIT** (earnings before interest and taxes) of € 694 k (down a sharp 26 % on the prior-year figure of € 938 k) and an **EBIT margin** of 25 % (prev. year: 32 %).

The net financial result improved by € 72 k to € 79 k year on year, while tax expenses fell by € 55 k to € 88 k.

After-tax **earnings** fell by € 117 k to € 695 k, which is equivalent to earnings per share of € 0.40.

**Cash and cash equivalents** fell by € 400 k to € 13,050 k as of March 31, 2014 compared to the end of 2013, with the positive operating cash flow being more than offset by a temporary increase in receivables as of March 31, 2014.

Despite the slightly lower first quarter compared to the previous year, we confirm our forecast for 2014. Given that the fiscal year 2013 was very successful, we anticipate a slight decline in sales to between € 12.0 million and € 12.5 million in 2014. The development of EBIT will in our view be significantly impacted by the forecast slight decline in sales and a marginal increase in costs. We expect EBIT to fall slightly to between € 3.0 million and € 3.5 million. Liquidity is anticipated to rise to between € 15.0 million and € 16.0 million in 2014 as a result of sustained positive cash flows from operating activities.

As described in the Annual Report 2013, MeVis will focus on realignment and paving the way for future growth in 2014. Two core components of this strategy are establishing new distribution channels for existing products and investment in the future growth market, lung screening. Besides developing new distribution channels (Online Academy, Online CAD, Distant Services), we will continue to globally market the licensing business through potential new industrial customers. The focus here is on North America, Europe and Asia.

Together with one of the world's leading institutes for CAD algorithms, the Radboud University Nijmegen Medical Centre, and leading clinical institutes in the USA, we are developing a dedicated software solution for the promising, future lung screening market. In the medium to long term we are also aiming to market this product through industrial customers as we have successfully done with our mammography products in recent years. In addition to ongoing development activities, initial and highly substantial negotiations have already taken place in the first quarter of 2014.

We remain 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. In addition, we have a stable business with worldwide-renowned industrial customers and technology partners who are convinced of MeVis' performance.

Our annual general meeting will be held on June 5 at which we hope to welcome as many of you, dear shareholders, as possible.

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



Marcus Kirchhoff  
Chairman & CEO



Dr. Robert Hannemann  
Member of the Executive Board

## THE MEVIS SHARE

### DEVELOPMENT OF THE MEVIS SHARE (12 MONTH)



In the first quarter of 2014, the share fell by around 25 % against the closing price at the end of 2013. On the other hand, the MeVis share has performed well over the last 12 months compared to the first quarter of 2013, gaining around 85 %. The highest price recorded for the MeVis share on the XETRA electronic trading system during the period was € 22.95; the lowest level it traded at was € 13.85. MeVis Medical Solutions AG closed the first quarter at a share price of € 15.54 (XETRA) compared to € 20.49 at the end of 2013. At the end of the period, the Company's market capitalization amounted to approximately € 26.8 million in relation to the 1,722,447 shares in circulation. As a result, the number of registered deposit accounts increased again from 843 at the end of 2013 to 946 at the end of the period.

## KEY INDICATORS OF THE MEVIS SHARE

	<b>3 M</b> <b>Mar. 31, 2014</b>	<b>12 M</b> <b>Dec. 31, 2013</b>
Closing price in €	15.54	20.49
Period high in €	22.95	21.98
Period low in €	13.85	8.05
Market capitalization in million € (XETRA ultimo)	26.8	35.3
Number of shares	1,820,000	1,820,000
Treasury stock	97,553	97,553
Price-to-earnings ratio in € (XETRA ultimo)	9.71	9.40
Earnings per share in € (basic and diluted)	0.40	2.14

## DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

The shareholder structure hardly changed in the first quarter of 2014. The three founders accounted for approximately 46 % of the share capital at the end of the quarter. The Company has own shares equivalent to 5.36 %. The remaining shares are predominantly held by institutional investors and private shareholders. Due to the increased level of interest in the MeVis share, the number of shareholders in the first quarter has increased by approximately 12 %.

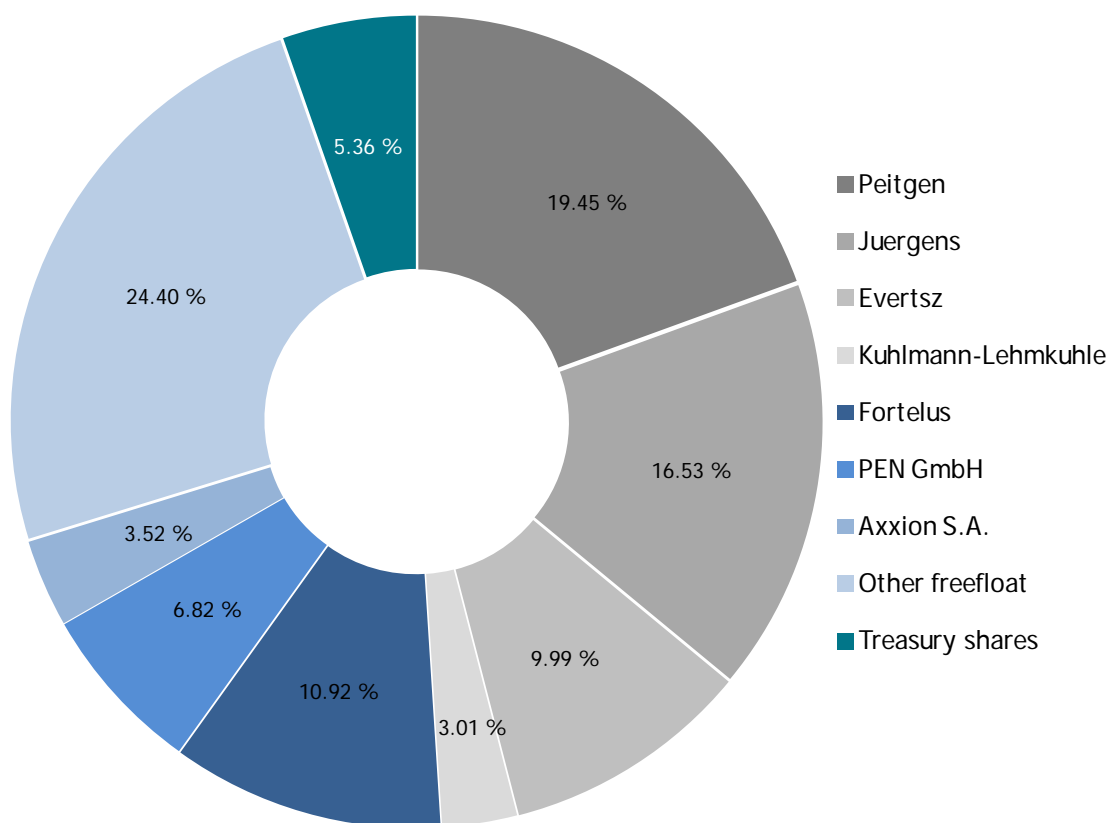


Fig.: Shareholder structure as at March 31, 2014

# INTERIM MANAGEMENT REPORT Q1/2014

## BASICS OF THE COMPANY

### STRUCTURE

Through a joint venture with Siemens Aktiengesellschaft, Berlin and Munich (hereafter: "Siemens"), MeVis Medical Solutions AG (hereafter: "MMS AG", "MeVis" or "Company") holds 51 % of MeVis BreastCare GmbH & Co. KG (hereafter: "MBC" or "MBC KG").

MMS AG has held around 41 % of the stock in Medis Holding BV, Leiden (Netherlands) since the beginning of June 2010. The pro-rata earnings of this equity interest are reported in the net financial result. This shareholding was sold in April 2014.

### SHORT SUMMARY OF BUSINESS ACTIVITIES

MMS AG develops innovative software for analyzing and evaluating image data and marketing it to equipment manufacturers of medical devices and providers of medical IT platforms.

MeVis' clinical focuses are image-based early detection and diagnosis of epidemiologically important diseases such as breast, lung, prostate and colon cancer as well as neurological disorders. The software applications support all the imaging modalities available. 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. MeVis supplies technologies and applications for global medical industry leaders, meeting their needs and helping them to strengthen their leadership positions.

MeVis also offers image-based support for planning and conducting surgical interventions in the form of MeVis Distant Services, which provides customized services to automate the processing, quantitative analysis and patient-specific visualization of radiological image data. It also offers an internationally unparalleled process for planning complex operations on the liver and other organs is offered. Sales and marketing activities are directly addressed towards clinical end users (B2C).

In addition, MeVis is expanding its offer for clinical end users by two online services: MeVis Online CAD offers fully automated detection as well as assessment and quantification of anomalies of the lung. MeVis Online Academy offers interactive online training to improve the diagnostic capabilities of clinical end users. The product range of online services will be expanded gradually.



## REPORTING SEGMENTS

For reporting purposes and internal governance, MeVis 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, new software applications for other imaging modalities such as ultrasound, magnetic resonance imaging and tomosynthesis were added. These products are distributed to the industrial customers Siemens and Hologic. The **Digital Mammography** segment includes the business with Hologic, Inc..

In addition to the breast diagnostics business based on magnetic resonance imaging conducted with Invivo Corp., the **Other Diagnostics** segment also includes digital radiology products (e.g. magnetic resonance imaging (MRI), computed tomography (CT), etc.) for other types of diseases such as lung, prostate and intestinal disorders as well as general image-based analysis and diagnostics of radiology 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 (Distant Services business segment).

## ECONOMIC REPORT

### EARNINGS POSITION

Sales of € 2,828 k in the first quarter of 2014 were down by approximately 4 % on the level of the previous year (€ 2,948 k). The maintenance business fell by 9 % to € 1,372 k (prev. year: € 1,500 k) and the new license business was down by 2 % to € 1,337 k year on year (prev. year: € 1,371 k).

Revenues are broken down into the segments **Digital Mammography** at € 2,227 k (prev. year: € 2,285 k) and **Other Diagnostics** at € 601 k (prev. year: € 663 k). At 79 % (prev. year: 78 %), the **Digital Mammography** segment continues to be the main source of revenues for the Company.

The installed base of software licenses once again led to consistently high maintenance and service revenues. In the first quarter of 2014, the share of maintenance and service sales in total sales amounted to 49 % (prev. year: 51 %).

The rise in staff costs by 11 % to € 1,812 k (prev. year: € 1,636 k) is largely due to the increase in personnel provisions and the higher number of employees compared to the same period last year. At the end of the first quarter of 2014, MMS AG had 108 employees. This corresponds to 95 full-time equivalents (March 31, 2013: 108 employees or 92 full-time equivalents).

Capitalized development expenses in the period under review amounted to € 428 k (prev. year: € 410 k). As in the prior-year period, these accounted for staff costs related to the development of new products.

Other operating expenses decreased again considerably year on year, and totaled € 411 k (prev. year: € 449 k). This amount mainly comprised rental/leasing expenses of € 126 k (prev. year: € 94 k), maintenance/repair costs of € 48 k (prev. year: € 28 k), travel expenses of € 32 k (prev. year: € 37 k), accounting and auditing expenses of € 23 k (prev. year: € 29 k), and vehicle costs of € 21 k (prev. year: € 20 k).

EBITDA (earnings before interest, taxes, depreciation and amortization) totaled € 1,100 k in the period under review (prev. year: € 1,304 k). The EBITDA margin decreased accordingly to 39 % (prev. year: 44 %).

Depreciation, amortization and impairments of intangible and tangible assets increased by 11 % to € 406 k (prev. year: € 366 k), which is largely due to the € 68 k increase in amortization of development services to € 261 k (prev. year: € 193 k).

Earnings before interest and taxes (EBIT) amounted to € 694 k in the reporting period (prev. year: € 938 k). Accordingly, the EBIT margin (return on sales) fell sharply to 25 % compared to a previous year value of 32 %.

The financial result increased in the reporting period to € 79 k (prev. year: € 7 k). The main reason for this rise is the improved earnings of the 51 % share in MeVis BreastCare GmbH & Co. KG of € 60 k (prev. year: € -57 k), which is recognized at equity.

Earnings before taxes (EBT) came to € 773 k in the reporting period (prev. year: € 945 k). Accordingly, the EBT margin (return on sales) fell sharply to 27 % compared to 32 % in the previous year.

After-tax earnings are impacted by income taxes and the deferred tax expenses of € 88 k reported here (prev. year: € 143 k), amounting to € 685 k in the period under review (prev. year: € 802 k).

This resulted in earnings per share of € 0.40 (prev. year: € 0.47).

## FINANCIAL POSITION

Cash flow from current operating activities came to € 306 k (prev. year: € 717 k) in the period under review. This comprised earnings before interest and taxes (EBIT) of € 694 k (prev. year: € 938 k), adjusted for depreciation in the amount of € 406 k (prev. year: € 366 k), changes in provisions of € 2 k (prev. year: € -4 k), the total of all non-cash expenses and income of € 15 k (prev. year: € -25 k), the total of interest paid and received of € 53 k (prev. year: € 8 k), the total of taxes paid and received in the amount of € -12 k (prev. year: € -22 k), exchange rate differences paid and received of € 0 k (prev. year: € 16 k), changes in inventories and trade receivables and other assets of € -502 k (prev. year: € -620 k), and changes in trade payables and other liabilities of € -350 k (prev. year: € -13 k).

In the period under review, cash flow from investing activities came to € -4,465 k (prev. year: € -164 k) and mainly consisted of payments for capitalized development expenses of € -428 k (prev. year: € 410 k), payments for the acquisition of securities of € -7,428 k (prev. year: € 0 k) as well as payments received for the disposal of securities in the amount of € 3,450 k (prev. year: € 300 k).

Cash flow from financing activities, amounting to € -9 k (prev. year: € -12 k), consisted exclusively of leasing transactions.

The change in cash and cash equivalents in the period under review came to € -4,168 k (prev. year: € 541 k).

## NET ASSET POSITION

Liquid funds amounted to € 13,050 k (December 31, 2013: € 13,450 k) as of the balance sheet date. This comprised cash and cash equivalents of € 5,127 k (December 31, 2013: € 9,299 k) and securities available for sale of € 7,923 k (December 31, 2013: € 4,151 k).

Total assets increased by € 418 k to € 34,431 k (December 31, 2013: € 34,013 k) as of the end of the first quarter and the balance sheet structure remain largely unchanged compared to the end of the fiscal year 2013. The equity ratio increased slightly to 79 % (December 31, 2013: 78 %). Equity covered 155 % of fixed assets (December 31, 2013: 152 %) and amounted to 104 % of current assets (December 31, 2013: 104 %). Fixed assets have stabilized at 51 % compared to total assets (December 31, 2013: 51 %).

The increase in assets is largely due to the increase in trade receivables of € 605 k to € 2,624 k (December 31, 2013: € 2,019 k). Other significant changes were related to financial assets, which increased by € 3,758 k to € 8,203 k (December 31, 2013: € 4,445 k) mainly due to the acquisition of securities. Cash and cash equivalents subsequently declined to € 5,127 k (December 31, 2013: € 9,299 k).

Equity was up 3 % to € 27,136 k (December 31, 2013: € 26,445 k) on the back of net profit for the year. Other significant changes in liabilities related to trade payables, which declined by € 575 k to € 214 k (December 31, 2013: € 789 k), and other current financial liabilities, which rose by € 266 k to € 1,061 k (December 31, 2013: € 795 k) largely due to the increase in staff liabilities.

## MATERIAL EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The negotiations initiated with Reiber Consultancy B.V. regarding the sale of the 41 % investment in the Dutch company Medis Holding B.V., Leiden, to Reiber Consultancy B.V. were successfully concluded in April 2014. The proceeds from the sale of MMS AG shares amounted to € 500 k.

## OPPORTUNITIES AND RISK REPORT

No material changes have occurred with regard to the risk situation of the Company since the beginning of the fiscal year. Therefore, the statements made in the opportunities and risk report of the consolidated annual financial statements as of December 31, 2013 remain valid.

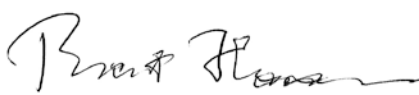
## OUTLOOK

Despite the slightly lower first quarter compared to the previous year, we confirm our forecast for 2014. Given that the fiscal year 2013 was very successful, we anticipate a slight decline in sales to between € 12.0 million and € 12.5 million in 2014. The development of EBIT will in our view be significantly impacted by the forecast slight decline in sales and a marginal increase in costs. We expect EBIT to fall slightly to between € 3.0 million and € 3.5 million. Liquidity is anticipated to rise to between € 15.0 million and € 16.0 million in 2014 as a result of sustained positive cash flows from operating activities. As in the previous reporting period, the Executive Board will review its expectations during the financial year on a regular basis based on the current business developments.

Bremen, 19 May 2014



Marcus Kirchhoff  
Chairman & CEO



Dr. Robert Hannemann  
Member of the Executive Board

## INCOME STATEMENT Q1 2014

for the period January 1 through March 31, 2014

FIGURES IN € k	Notes	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
<b>Revenues</b>	1	<b>2,828</b>	<b>2,948</b>
Income from capitalization of development expenses	2	428	410
Other operating income		203	112
Cost of material		-136	-81
Staff costs	3	-1,812	-1,636
Other operating expenses	4	-411	-449
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>1,100</b>	<b>1,304</b>
Depreciation, amortization and impairment of intangible and tangible assets	5	-406	-366
<b>Earnings before interest and tax (EBIT)</b>		<b>694</b>	<b>938</b>
Share of profit of associates		60	-57
Interest income		53	7
Interest expenses		-5	-11
Other net financial result		-29	68
<b>Net financial result</b>	6	<b>79</b>	<b>7</b>
<b>Earnings before tax (EBT)</b>		<b>773</b>	<b>945</b>
Income tax	7	-88	-143
<b>Net profit for the period</b>		<b>685</b>	<b>802</b>
<b>Earnings per share in €</b>	14		
Basic		0.40	0.47
Diluted		0.40	0.47

## STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 through March 31, 2014

FIGURES IN € k	Notes	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
<b>Net profit for the period</b>		<b>685</b>	<b>802</b>
Changes in fair value of available-for-sale financial instruments		9	0
Deferred tax on changes in fair value		-3	0
<b>Other comprehensive income</b>		<b>6</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>691</b>	<b>802</b>

## STATEMENT OF FINANCIAL POSITIONS

As of March 31, 2014

FIGURES IN € k	Notes	Mar. 31, 2014	Dec. 31, 2013
<b>Non-current assets</b>			
Intangible assets		15,763	15,662
Property, plant and equipment		462	484
Interest in associated companies	8	1,283	1,223
		<b>17,508</b>	<b>17,369</b>
<b>Current assets</b>			
Trade receivables		2,624	2,019
Income tax receivables		79	79
Other financial assets	9	8,203	4,445
Other assets		394	306
Cash and cash equivalents		5,127	9,299
Assets held for sale		496	496
		<b>16,923</b>	<b>16,644</b>
<b>ASSETS</b>		<b>34,431</b>	<b>34,013</b>
<b>Equity capital</b>			
	10		
Subscribed capital		1,820	1,820
Capital reserve		9,768	9,768
Revaluation reserve		585	611
Treasury stock		-3,300	-3,300
Cumulated fair value changes of available-for-sale financial instruments		-9	-15
Retained earnings		18,272	17,561
		<b>27,136</b>	<b>26,445</b>
<b>Non-current liabilities</b>			
Provisions		46	44
Other financial liabilities	11	145	145
Deferred taxes		1,796	1,753
		<b>1,987</b>	<b>1,942</b>
<b>Current liabilities</b>			
Provisions		397	397
Trade payables		214	789
Other financial liabilities	11	1,061	795
Deferred income		2,166	2,199
Other liabilities		504	516
Income tax liabilities		966	930
		<b>5,308</b>	<b>5,626</b>
<b>EQUITY AND LIABILITIES</b>		<b>34,431</b>	<b>34,013</b>

## STATEMENT OF CASH FLOW

for the period January 1 through March 31, 2014

FIGURES IN € k	Notes	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
<b>Earnings before interest and tax (EBIT)</b>		<b>694</b>	<b>938</b>
+ Depreciation and amortization and impairments	5	406	366
+/- Increase/decrease in provisions		2	4
+/- Other non-cash expenses/income		15	-25
+ Interest received		53	8
- Interest paid		0	-1
+ Tax received		0	0
- Tax paid		-12	-22
+/- Exchange rate differences received/paid		0	16
+/- Decrease/increase in inventories		0	33
+/- Decrease/increase in trade receivables and other assets		-502	-587
-/+ Decrease/increase in trade payables and other liabilities		-350	-13
<b>= Cash flow from operating activities</b>		<b>306</b>	<b>717</b>
- Purchase of property, plant and equipment		-27	-52
- Purchase of intangible assets (excl. development cost)		-32	-2
- Payments for capitalized development cost		-428	-410
- Investments in subsidiaries		0	0
- Payments for the acquisition for marketable securities		-7,428	0
+ Proceeds from sale of marketable securities		3,450	300
<b>= Cash flow from investing activities</b>		<b>-4,465</b>	<b>-164</b>
+ Repayment of finance lease liabilities		-9	-12
<b>= Cash flow from financing activities</b>		<b>-9</b>	<b>-12</b>
<b>Change in cash and cash equivalents</b>		<b>-4,168</b>	<b>541</b>
<b>Effect of exchange rates on cash and cash equivalents</b>		<b>-4</b>	<b>25</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>9,299</b>	<b>7,335</b>
<b>= Cash and cash equivalents at the end of the period</b>		<b>5,127</b>	<b>7,901</b>

## STATEMENT OF CHANGES IN EQUITY

for the period January 1 through March 31, 2014

FIGURES IN € k	Subscribed capital	Capital reserve	Re-valuation reserve	Trea-sury shares	Cumulative change in fair value for sale of available assets	Retained earnings	Total
<b>Balance on Jan. 1, 2013</b>	<b>1,820</b>	<b>28,079</b>	<b>753</b>	<b>-3,300</b>	<b>2</b>	<b>-4,585</b>	<b>22,769</b>
Transfer to retained earnings according to amortization	0	0	-36	0	0	36	0
Net result	0	0	0	0	0	802	802
<b>Balance on Mar. 31, 2013</b>	<b>1,820</b>	<b>28,079</b>	<b>717</b>	<b>-3,300</b>	<b>2</b>	<b>-3,747</b>	<b>23,571</b>
<b>Balance on Jan. 1, 2014</b>	<b>1,820</b>	<b>9,768</b>	<b>611</b>	<b>-3,300</b>	<b>-15</b>	<b>17,561</b>	<b>26,445</b>
Transfer to retained earnings according to amortization	0	0	-26	0	0	26	0
Net result	0	0	0	0	6	685	691
<b>Balance on Mar. 31, 2014</b>	<b>1,820</b>	<b>9,768</b>	<b>585</b>	<b>-3,300</b>	<b>-9</b>	<b>18,272</b>	<b>27,136</b>



# NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2014

## BASIC INFORMATION

### GENERAL DISCLOSURES

MeVis Medical Solutions AG ("MMS AG" for short) was incorporated at the end of 1997 and commenced business in 1998. It has its registered office in Bremen/Germany. Its address is Caroline-Herschel-Str. 1, 28359 Bremen.

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

The interim financial statements of MeVis Medical Solutions AG, Bremen (MMS AG) as at March 31, 2014 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, 2014 was prepared in conformity with IAS 34 "Interim Reporting". The notes to the 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.

### RECOGNITION AND MEASUREMENT METHODS

The interim financial statements from January 1 to March 31, 2014 use the same recognition and measurement policies as the IFRS consolidated financial statements for the financial year 2013. The interim financial statements as of March 31, 2014 must therefore be read in conjunction with the consolidated financial statements as of December 31, 2013.

### EFFECTS OF NEW ACCOUNTING STANDARDS

MMS AG's interim financial statements as of March 31, 2014 including the previous year's figures have been prepared in accordance with IFRS as endorsed by the European Union as of December 31, 2013. The same accounting and valuation principles were applied that were used in preparing the consolidated financial statements as at December 31, 2013; in addition, IAS 34 "Interim reporting" was applied. At the same time according to the new regulations of IFRS 11 applicable in the EU from 1 January 2014, as already mentioned in the consolidated financial statements as of December 31, 2013, the jointly controlled entities MeVis BreastCare GmbH & Co. KG and MeVis BreastCare Verwaltungsgesellschaft mbH are recognized in the interim report using the equity method. New announcements of the IASB applicable as of March 31, 2014 had no material impacts on the MeVis financial statements.

## SELECTED NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

### 1. REVENUES

Revenues break down by type as follows:

FIGURES IN € k	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
Software and licenses	1,337	1,371
Maintenance (software service contracts)	1,372	1,500
Services (consulting and training)	111	71
Hardware	8	6
	<b>2,828</b>	<b>2,948</b>

### 2. INCOME FROM THE CAPITALIZATION OF DEVELOPMENT COSTS

In the period under review, expenditures on research and development came to € 955 k (prev. year: € 854 k). In accordance with IAS 38, development expenses of € 428 k (prev. year: € 410 k) were capitalized, of which none were accounted for by third-party services as in the previous year.

### 3. STAFF COSTS

The average headcount was 109 (prev. year: 109). This is equivalent to an average of 95 full-time positions (prev. year: 93). The average figures include 15 testers (as a rule, students employed on a negligible part-time basis) (prev. year: 30).

### 4. OTHER OPERATING EXPENSES

FIGURES IN € k	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
Rental/leasing expenses	126	94
Maintenance/repairs	48	28
Travel expenses	32	37
Cost of preparing and auditing financial statements	23	29
Vehicle costs	21	20
Supervisory Board remuneration	20	20
Energy costs	18	12
Insurances	17	28
Cleaning expenses	11	6
Internet expenses	10	7
Catering expenses	7	5
Legal and consulting costs	7	30
Others	71	133
	<b>411</b>	<b>449</b>

## 5. DEPRECIATION AND AMORTIZATION

FIGURES IN € k	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
Amortization of industrial property rights and similar rights and customer bases	97	124
Amortization of capitalized development expenses	261	193
Depreciation of property, plant and equipment	48	49
	<b>406</b>	<b>366</b>

## 6. NET FINANCIAL RESULT

MeVis' net financial result as at March 31, 2014 amounted to € 79 k (prev. year: € 7 k). This comprises interest income from the investment of cash and cash equivalents of € 53 k (prev. year: € 7 k), interest expense of € -5 k (prev. year: € -11 k), the result derived from associates, amounting to € 60 k (prev. year: € -57 k) and the balance of income and expenses from exchange rate differences of € -10 k (prev. year: € 85 k).

## 7. INCOME TAXES

Income tax expenses were mainly the result the corporate and trade tax as well as capital income tax and deferred tax assets and liabilities resulting from the differences between amounts included in the IFRS financial statements and those included in the tax assessment.

## 8. INTEREST IN ASSOCIATED COMPANIES

Financial assets concern the equity interest of 51 %, valued in accordance with the equity method, in the MeVis BreastCare GmbH & Co. KG, Bremen, as well as the MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen.

## 9. CURRENT OTHER FINANCIAL ASSETS

FIGURES IN € k	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
Securities	7,923	4,151
Loans granted and receivables	98	90
Deferred interest	98	65
Eligible expenses	79	37
Derivatives	5	19
Other	0	45
	<b>8,203</b>	<b>4,407</b>

The securities held are a widely diversified portfolio of fixed-income corporate and government bonds. 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 MeVis BreastCare GmbH & Co. KG at € 98 k (prev. year: € 83 k).

## 10. SHAREHOLDERS' EQUITY

### Revaluation reserve

In connection with the acquisition of the 49 % interest in MeVis BreastCare Solutions GmbH & Co. KG (hereafter: "MBS KG") from Siemens AG and the subsequent full consolidation of MBS KG in 2008, the assets and liabilities of MBS KG, which were accrued to MMS AG with the official registration of the merger of MeVis BreastCare Solutions Verwaltungs-GmbH on August 1, 2013, were completely revaluated. Where this

increase was attributable to the 51 % interest in MBS KG already held by the Company, 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	2014	2013
<b>Status as at Jan. 1</b>	<b>611</b>	<b>753</b>
-Transfer of the amount corresponding to write-downs and the associated deferred taxes to retained earnings, without an impact on profit and loss	-26	-36
<b>Status as at Mar. 31</b>	<b>585</b>	<b>717</b>

### 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 March 31, 2014. This corresponds to 5.36 % of the current share capital.

## 11. OTHER FINANCIAL LIABILITIES

### Non-current other financial liabilities

FIGURES IN € k	Mar. 31, 2014	Dec. 31, 2013
Liability from 49 % acquisition of MBS KG	145	145
Leasing liabilities	0	0
	<b>145</b>	<b>145</b>

### Current other financial liabilities

FIGURES IN € k	Mar. 31, 2014	Dec. 31, 2013
Staff liabilities	939	698
Liability from 49 % acquisition of MBS KG	110	150
Leasing liabilities	0	9
ÜMiscellaneous other financial liabilities	12	17
	<b>1,061</b>	<b>874</b>

Staff liabilities primarily comprise the cost of accrued vacation entitlements, bonuses and the 13th salary.

### 12. TRANSACTIONS WITH RELATED PARTIES

With reference to business transacted with related parties, there have been no material changes since December 31, 2013.

### 13. CONTINGENT RECEIVABLES AND CONTINGENT LIABILITIES

In comparison with the contingent receivables and contingent liabilities presented in the consolidated financial statements for 2013, no changes occurred in the first quarter of the current fiscal year.

### 14. 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 and that no shares had been awarded to entitled members of the Executive 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, 2014	Mar. 31, 2013
Net result for the period in € k	685	802
Weighted average of the number of no-par-value shares outstanding during the period under review	1,722,447	1,722,447
Basic earnings per share in €	<b>0.40</b>	<b>0.47</b>
Diluted earnings per share in €	<b>0.40</b>	<b>0.47</b>

### 15. SEGMENT INFORMATION

As of March 31, 2014 the activities of the Company were still subdivided into the reportable segments of Digital Mammography and Other Diagnostics.

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

The segments break down as follows:

FIGURES IN € k	Digital Mam- mography		Other Diagnos- tics		Total	
	Jan. 1 - Mar. 31.		Jan. 1 - Mar. 31.		Jan. 1 - Mar. 31.	
	2014	2013	2014	2013	2014	2013
External revenues	2,227	2,285	601	663	2,828	2,948
Intersegment revenues	0	0	0	0	0	0
<b>Revenues</b>	<b>2,227</b>	<b>2,285</b>	<b>601</b>	<b>663</b>	<b>2,828</b>	<b>2,948</b>
Grants	0	0	42	35	42	35
<b>Total segment revenues</b>	<b>2,227</b>	<b>2,285</b>	<b>643</b>	<b>698</b>	<b>2,870</b>	<b>2,983</b>
Capitalized development costs	428	410	0	0	428	410
Depreciation and amortization	-360	-276	-46	-90	-406	-366
Operating expenses	-986	-834	-962	-883	-1,948	-1,717
<b>Result of operating activities</b>	<b>1,309</b>	<b>1,585</b>	<b>-365</b>	<b>-275</b>	<b>944</b>	<b>1,310</b>
Other operating income	0	0	161	77	161	77
Other operating expenses	-93	-17	-318	-432	-411	-449
<b>Segment net profit/loss</b>	<b>1,216</b>	<b>1,568</b>	<b>-522</b>	<b>-630</b>	<b>694</b>	<b>938</b>


## 16. POST BALANCE SHEET EVENTS

The negotiations initiated with Reiber Consultancy B.V. regarding the sale of the 41 % investment in the Dutch company Medis Holding B.V., Leiden, to Reiber Consultancy B.V. were successfully concluded in April 2014. The proceeds from the sale of MMS AG shares amounted to € 500 k.

Bremen, 19 May 2014



Marcus Kirchoff  
Chairman & CEO



Dr. Robert Hannemann  
Member of the Executive Board

## 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 financial statements and the management report:

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

Bremen, 19 May 2014

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 Bundesanzeiger for technical reasons (e.g. conversion of electronic formats). In the case of any doubt, the version submitted to the 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/ir\\_finanzberichte.html?&L=1](http://www.mevis.de/ir_finanzberichte.html?&L=1)



## FINANCE CALENDAR 2014

<b>Date</b>	<b>Event</b>
May 19, 2014	Interim report for Q1 2014
June 5, 2014	Annual general meeting, Bremen
August 11, 2014	Interim report for H1 2014
September 1-3, 2014	Small Cap Conference, Frankfurt am Main
November 17, 2014	Interim report for Q3 2014
November 24-26, 2014	German Equity Forum, Frankfurt am Main



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