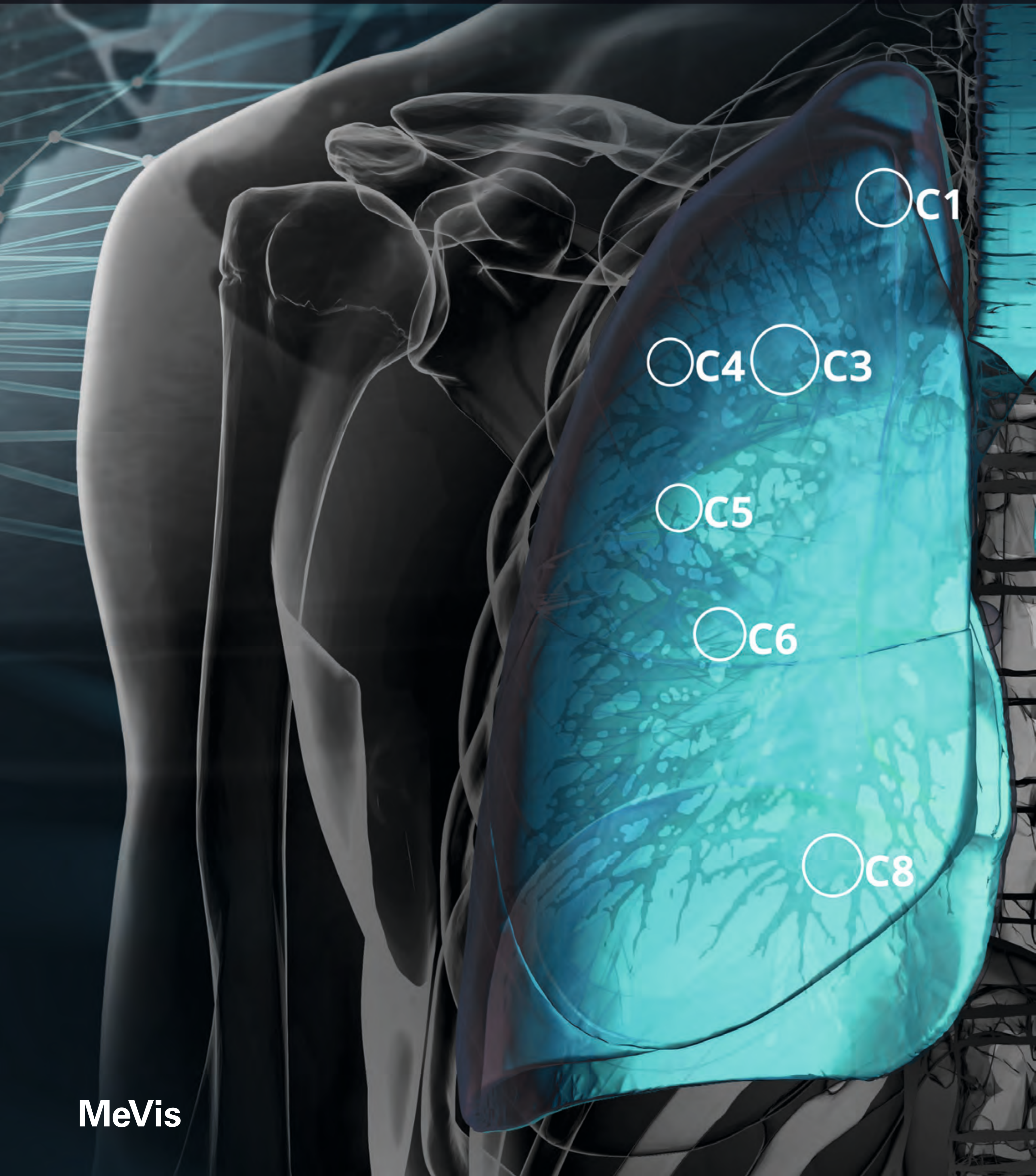
2015

Annual Report

MeVis Medical Solutions AG



MeVis

KEY FIGURES (IFRS)

FIGURES IN € k		2015	2014	Change
Revenues		16,014	13,091	22 %
of which segment[1]	Digital Mammography	12,566	9,772	29 %
	Other Diagnostics	3,448	3,319	4 %
of which billing currency[1,2]	Euro	948	756	25 %
	US-Dollar	15,066	12,335	22 %
EBITDA		6,408	5,585	15 %
EBITDA margin		40 %	43 %	
EBIT		4,470	3,890	15 %
EBIT margin		28 %	30 %	
Net financial result		483	1,054	-54 %
EBT		4,953	4,944	0 %
Net loss/profit		6,735	3,713	81 %
Earnings per share in € (basic)		3.76	2.16	74 %
Earnings per share in € (diluted)		3.72	2.16	72 %
Equity capital		33,729	30,270	11 %
Intangible assets		13,854	15,621	-11 %
Non-current and current liabilities		11,820	7,984	48 %
Total assets and liabilities		45,549	38,254	19 %
Equity ratio in %		74 %	79 %	
Liquid funds[3]		25,621	17,511	46 %
Employees[4]		92	94	-2 %

[1] Excluding intersegment revenues.
[2] Revenues are allocated to the currency according to the location of the customer; comprising indirect sales via industry customers as well as sales to clinical end customers in the segment Distant Services.
[3] Comprising cash, cash equivalents and securities available for sale.
[4] Yearly average of full-time equivalents.

KEY SHARE DATA

As at December 31, 2015	
Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
Number of shares	1,820,000
Last quotation on December 30, 2015	€ 24.00
Last quotation on December 30, 2014	€ 18.11
High/low in 2015	€ 24.50 / € 17.65
Market capitalization	€ 43,680 million
Treasury stock	0 (0 %)
Free float	23.47 %
Prime Standard (Regulated market)	Frankfurt and Xetra
Over-the-counter markets	Berlin, Dusseldorf, Munich, Stuttgart
Indices	CDAX, PrimeAS, TechnologyAS, DAXsector Software, DAXsubsector Software, GEX
ISIN / WKN / Ticker symbol	DE000A0LBFE4 / A0LBFE / M3V

CONTENTS

KEY FIGURES (IFRS) 1
KEY SHARE DATA 1
CONTENTS 2
LETTER TO THE SHAREHOLDERS 4
REPORT OF THE SUPERVISORY BOARD FOR FISCAL YEAR 2015 7
CORPORATE GOVERNANCE REPORT 12
THE MEVIS SHARE 17
MANAGEMENT REPORT FOR 2015 20
Preamble 20
Company overview 20
Company structure 20
Business activities 20
Research and development 22
Reporting segments 24
Control system 24
Economic report 25
Macroeconomic and industry-based framework 25
Performance / Sales report 27
Earnings position 28
Financial position 29
Net asset position 30
Non-financial performance indicators 31
Overall statement 32
Corporate disclosures pursuant to Section 289 No. 4 HGB 33
Corporate Governance statement (Section 289a HGB) 34
Remuneration report 34
Opportunities and risks report 35
Risk Management 39
Accounting and Auditing 40
Accounting risk management system and internal control system 40
Outlook & Opportunities 41
Material events occurring after the reporting date 41
INCOME STATEMENT 42
STATEMENT OF COMPREHENSIVE INCOME 42
STATEMENT OF FINANCIAL POSITION 43
STATEMENT OF CASH FLOWS 44
STATEMENT OF CHANGES IN EQUITY 45
NOTES TO THE FINANCIAL STATEMENTS 2015 46
Basic information on MMS AG 46
1. General disclosures 46
2. Business activities of MMS AG 46
3. Reporting segments of MMS AG 47
Basic principles of the financial statements 48
4. Joint ventures 48
5. Currency translation 49

Accounting and measurement policies ... 49
6. Accounting and measurement policies ... 49
7. Material judgments and estimates ... 54
8. Effects of new accounting standards ... 54
Notes to the income statement ... 58
9. Revenues ... 58
10. Income from the capitalization of development costs ... 58
11. Other operating income ... 58
12. Cost of materials/services purchased ... 58
13. Staff costs ... 58
14. Other operating expenses ... 59
15. Depreciation, amortization and impairment of intangible assets and property, plant and equipment ... 59
16. Interest income / interest expense and other net financial result as well as earnings from Equity companies ... 59
17. Income tax ... 60
18. Earnings per share ... 61
Notes to the statement of financial position ... 63
19. Intangible assets and property, plant and equipment ... 63
20. Trade receivables, other financial assets and other assets ... 64
21. Cash and cash equivalents ... 65
22. Shareholders' equity ... 65
23. Provisions ... 67
24. Other liabilities ... 68
25. Deferred income ... 68
26. Miscellaneous other liabilities ... 68
27. Contingent liabilities ... 69
28. Financial obligations ... 69
29. Management of financial risks ... 69
30. Disclosures on the statement of cash flows ... 74
31. Segment reporting ... 74
32. Related parties ... 75
33. Notification of changes in voting rights in accordance with the german securities trading act (WpHG) ... 75
34. Corporate bodies of MeVis Medical Solutions AG ... 79
35. Remuneration of Executive Board and Supervisory Board ... 80
36. Stock option plans ... 82
37. German Corporate Governance Codex ... 83
38. Fees paid for services of the statutory auditor, KPMG AG Wirtschaftsprüfungsgesellschaft ... 83
39. Events after the reporting date ... 83
40. Appropriation of profits ... 84

CHANGES IN FIXED ASSETS ... 85

AUDITOR'S REPORT ... 89

RESPONSIBILITY STATEMENT ("BILANZEID") ... 90

DISCLAIMER ... 91

FINANCE CALENDAR 2016 ... 92

LETTER TO THE SHAREHOLDERS

from left: Marcus Kirchhoff, Dr. Robert Hannemann

Dear Shareholders, Customers,
Business Associates and Employees,

In 2015, the trends of the past continued, and some of them even grew significantly more noticeable. The existing relationship with Hologic continued to grow – primarily as a result of the stronger-than-anticipated US dollar, but also in operating terms – making it even more important to us in terms of business. Sales to other customers in the Other Diagnostics segment, on the other hand, remained at a level that has not changed substantially over the past eight years despite constant efforts. On a positive note, EBIT continued to increase compared with the previous year, which was already very strong, thanks to higher revenues. This positive development was further strengthened by strong tax income, resulting in an increase of net profit and earnings per share by more than 70 %. Liquidity growth in 2015 also outpaced the rise posted in 2014. Despite all the joy over a very successful 2015 on the whole, we continue to see a significant deterioration in MeVis's medium- and long-term prospects in the Digital Mammography segment on account of Hologic's decision to fundamentally change its cooperation agreement with MeVis, which was communicated to us in January 2014 and will affect revenue and earnings expectations.

As for our **performance in 2015**, we are reporting a very substantial rise in revenues by € 2.9 million (22 %) to € 16.0 million. However, the lion's share of this increase (€ 2.3 million) was attributable to a stronger US dollar. In addition, services made a € 0.5 million contribution to the revenue increase due, first and foremost, to the new cooperation agreement with Hologic. As a result, the licensing and maintenance business grew by just € 0.1 million when adjusted for currency effects.

The rise in maintenance revenues from € 5.7 million to € 7.0 million and the increase in license revenues from € 6.6 million to € 7.7 million both made a contribution to the reported revenue growth, taking into account the strong US dollar. The increase in revenues is almost entirely attributable to the Digital Mammography segment, where sales to Hologic rose from € 9.8 million to € 12.6 million, whereas revenues in the Other Diagnostics segment increased only slightly, from € 3.3 million to € 3.4 million, despite the stronger US dollar.

Operating costs rose in 2015. Staff costs increased, as planned, by € 0.4 million to € 7.4 million, and other operating expenses rose by € 0.7 million to € 2.7 million, mainly on account of higher legal and consulting costs in connection with the takeover offer and the domination and profit and loss transfer agreement with VMS Deutschland Holdings GmbH.

Development costs were capitalized for the last time in the fourth quarter of 2014. As a result, they no longer contributed to the result in 2015, following income of € 1.2 million in 2014.

Depreciation and amortization increased by € 0.2 million to € 1.9 million in 2015.

This led to a € 0.6 million increase in EBIT (earnings before interest and taxes) to € 4.5 million. The EBIT margin fell from 30 % to 28 %.

The financial result declined by € 0.6 million year on year to € 0.5 million, mainly due to the deterioration in the result from exchange rate differences.

Tax income amounted to € 1.8 million in 2015 (in 2014 tax expenses of € 1.2 million). The reason for this rise was the release of deferred taxes due to the fiscal unity for income tax purposes becoming effective in 2016.

As a result, after-tax earnings rose strongly from € 3.7 million to € 6.7 million, which is equivalent to undiluted earnings per share of € 3.76 (after € 2.16 in 2014).

In the fiscal year, cash and cash equivalents again saw a strong increase, of € 8.1 million to € 25.6 million, on the back of a strong operating development and the disposal of treasury stock to VMS Deutschland Holdings GmbH for € 1.7 million.

Regarding the **situation with Hologic**, a new cooperation agreement was concluded in September 2014 and came into force following Hologic's announcement in January 2014 that it would be switching the business model from licensing business, as in the past, to development support over the course of a multi-year transitional phase. Accordingly, these activities have been making a contribution to our service revenues since the fourth quarter of 2014. The activities are initially reported as revenues according to the costs incurred by the Company, and are expected to increase as the products become more successful. We assume today that the license business with Hologic will continue for about another two years, and then subside significantly. We forecast a much more gradual decline in the maintenance business, which is expected to begin in around two years' time. The revenue contributions from the new cooperation should materialize at the same time, but are unlikely to reach the level of existing business volume.

Following the completion of the **takeover by Varian Medical Systems** in April 2015, another milestone was reached in October 2015 when the domination and profit and loss transfer agreement came into legal effect.

For fiscal year **2016**, we forecast a decline in revenues to between € 14.5 million and € 15.0 million. The Digital Mammography business segment will remain the main revenue contributor with over 75 %. This segment will again exclusively comprise the business with our industrial customer, Hologic, in 2016. Earnings before interest and taxes (EBIT) are expected to decline year on year to € 2.5 million to € 3.0 million, largely due to the drop in revenues and a slight rise in operating costs. As in the reporting period, we will regularly review and adjust our guidance during the course of the fiscal year 2016 according to business developments.

For **2017**, we forecast that revenues and earnings will initially remain stable compared with the current fiscal year and that the cost structure will be largely unchanged. However, we expect business with Hologic to decline significantly towards the end of 2017 and in 2018 in particular.

MeVis faces a number of significant **challenges**. Our dependency on Hologic increased further in 2015 to a 78 % share of revenues. The situation with Hologic, described above, will have a significant negative impact on revenues and income in the medium and long term. New business with our products for lung-cancer screening also did not yet live up to our expectations in 2015, and although it was possible to identify first joint projects as part of the collaboration with Varian in 2015, the implementation of said projects has yet to begin. What is more, we have been seeing a trend in the market toward PACS suppliers providing complete solutions that are fully integrated in the existing IT environment, making it increasingly difficult to offer added value with our dedicated software that convinces clinical end users of the necessity for separate software applications.

However, we remain confident that MeVis is in a position to meet future challenges. Our experienced, highly qualified employees are the main source of our long-term competitiveness and also guarantee our extensive innovation potential. In Varian Medial Systems, we also have a strong majority shareholder from the medical industry in our corner to support us in every way in rising to the challenges faced.

We should 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	Dr. Robert Hannemann
Chairman	Member of the Executive Board

REPORT OF THE SUPERVISORY BOARD FOR FISCAL YEAR 2015

Dear Shareholders,

Fiscal year 2015 was shaped by major changes in the Company's shareholder structure that were also reflected in the composition of the Supervisory Board and, consequently, in its work. VMS Deutschland Holdings GmbH, an indirect subsidiary of Varian Medical Systems, Inc., Palo Alto, California, USA, acquired 73.52 % of the total share capital in April 2015 following a voluntary public takeover offer, giving it the majority of the shares in MeVis Medical Solutions AG. Against this backdrop, Prof. Dr. Peitgen and Mr. Peter Kuhlmann-Lehmkuhle stepped down from their offices as Chairman of the Supervisory Board and as a member of the Supervisory Board, respectively, with effect as of the end of the Annual General Meeting in June 2015. Mr. Joerg Faessler and Mr. Glen Hilton, both of whom hold senior positions at Varian Medical Systems, were elected to the Supervisory Board by the Annual General Meeting. The Supervisory Board elected Mr. Faessler to serves as its chairman.

With both its past and present members, the Supervisory Board of MeVis Medical Solutions AG once again continued its close and focused cooperation with the Executive Board in 2015. It diligently performed the duties incumbent on it under the law, its Articles of Association and rules of procedure to monitor and advise the Executive Board on its management of the Company.

The Supervisory Board examined in detail the business and financial development of the Company, as well as the strategic focus, in order to secure its future in the long term. In the reporting period, major emphasis was placed on the Company's net assets, liabilities, financial position and earnings situation, along with the development of the market environment, the takeover by Varian Medical Systems and the measurement issues arising as a result. Particular attention was also paid to analyzing and discussing the future collaboration with Varian Medical Systems and to passing the necessary resolutions.

As such, the Executive Board provided regular and comprehensive reports to the Supervisory Board in oral and written form about the development of MeVis Medical Solutions AG. In particular, the Supervisory Board is briefed by the Executive Board on the current performance and business situation of the Company, including: its net assets, liabilities, financial position and earnings situation; corporate planning; strategic development and potential risks. The reports of the Executive Board were discussed and critically examined at Supervisory Board meetings. The Chairman of the Supervisory Board, in particular, kept the Executive Board constantly informed on business-related matters and events outside of Supervisory Board meetings.

The Supervisory Board was involved at an early stage in all matters and decisions of fundamental importance to the Company and advised the Board on these matters in advance. Transactions requiring the approval of the Supervisory Board were presented to it by the Executive Board in the proper manner, and the Board made decisions after thorough review and discussion. Where necessary, the Supervisory Board also passed resolutions by circulation outside meetings.

SUMMARY OF THE MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board held a total of eight meetings during fiscal year 2015, at each of which the Executive Board was present, on February 5, March 11, April 10, June 10, July 29, August 10, September 29 and December 16, 2015. The Declaration of Conformance pursuant to Section 161 of the German Stock Corporation Act (AktG), which is to be issued annually, was passed via written procedure.

First meeting of the Supervisory Board on February 5, 2015

The agenda of the first face-to-face meeting of the year included an in-depth discussion of the voluntary public takeover offer from VMS Deutschland Holdings GmbH and the offer document published on January 27, 2015. In this context, the Supervisory Board also took a close look at the fairness opinion drafted by NORD/LB, which dealt with the appropriateness of the consideration outlined for the Company's shares in the takeover offer, and discussed the fundamentals and findings of the review. Subsequently, the Executive and Supervisory Boards talked about the joint statement by the Executive and Supervisory Boards on the takeover offer, which each approved during the meeting. In the statement, the Executive and Supervisory Boards voiced their support for the merger of the companies, which they believed would be in the interests of the Company and its shareholders. Furthermore, following an in-depth discussion on the option and timing of the tender, the Supervisory Board approved the sale of the shares held by the Company as part of the takeover offer.

Second meeting of the Supervisory Board on March 11, 2015

The second Supervisory Board meeting was held as a conference call and dealt with the amendment of the offer document from VMS Deutschland Holdings GmbH on the voluntary public takeover offer forgoing the minimum acceptance threshold of 75 %. The Executive and Supervisory Boards subsequently each approved the supplementary joint statement by the Executive and Supervisory Boards following a detailed discussion.

Third meeting of the Supervisory Board on April 10, 2015

The primary objective of this face-to-face meeting was to review and approve the annual financial statements and management report of the Company for fiscal year 2014, which were prepared in accordance with the accounting provisions of the German Commercial Code (HGB), as well as the individual financial statements and management report of the Company for fiscal year 2014, which were prepared voluntarily in accordance with the International Financial Reporting Standards (IFRS). To this end, the Executive Board submitted the annual financial statements and management report of MeVis Medical Solutions AG, which were prepared in accordance with the provisions of the German Commercial Code (HGB), as well as the individual financial statements and management report of the Company for fiscal year 2014, which were prepared in accordance with International Financial Reporting Standards (IFRS). The relevant individuals from the firm of statutory auditors took part in the meeting and reported in depth to the Supervisory Board on the material results of the audit. The documents pertaining to the financial statements were discussed by the Executive Board and the auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Bremen. Both sets of financial statements were approved by the Supervisory Board. Furthermore, the report of the Supervisory Board was adopted, the agenda for the annual General Meeting of MeVis Medical Solutions AG on June 9, 2015 was approved and the proposals to the Annual General Meeting for required resolutions were adopted. In connection with this, Prof. Dr. Peitgen and Mr. Kuhlmann-Lehmkuhle informed the Executive Board in writing that they would be stepping down from their seats on the Supervisory Board as of the end of the upcoming Annual General Meeting. The Company's business situation, including the current risk report, was also discussed in depth.

Fourth meeting of the Supervisory Board on June 10, 2015

The fourth meeting of the Supervisory Board was held as a face-to-face meeting immediately following the Annual General Meeting, in which two members were elected to the Supervisory Board. Topics covered included the election of a chairman and his deputy by the members of the Supervisory Board. Those in attendance elected Mr. Faessler to serve as chairman and elected Dr. Kruse as his deputy. Subsequently, the Executive Board reported on the current business situation of the Company, including a detailed overview of existing business relations as well as new marketing activities. In addition, the Executive Board gave a brief overview of the status of all ongoing activities in connection with the planned conclusion of a domination and profit and loss transfer agreement between VMS Deutschland Holdings GmbH (the dominating company) and MeVis Medical Solutions AG (the dominated company), the financial calendar and the schedule of events until the end of the year. It also informed the Supervisory Board about the potential need to adjust the business plan for the current year on account of business performance and the development of the US dollar exchange rate.

Fifth meeting of the Supervisory Board on July 29, 2015

The agenda of the fifth meeting of the Supervisory Board, which was held as a conference call, included the in-depth discussion and the approval of the adjusted business plan for the current year.

Sixth meeting of the Supervisory Board on August 10, 2015

This Supervisory Board meeting was also held as a conference call. The Supervisory and Executive Boards took part in the meeting, as did representatives of KPMG AG Wirtschaftsprüfungsgesellschaft (the Company's auditors), representatives of Ebner Stolz GmbH & Co. KG (the auditing firm appointed by the Bremen Regional Court [Landgericht]) and an attorney appointed by the Company. The meeting took an in-depth look at the draft of the domination and profit and loss transfer agreement between VMS Deutschland Holdings GmbH (the dominating company) and MeVis Medical Solutions AG (the dominated company), the valuation on which it was based and the audit report of the court-appointed auditor. Subsequently, the Supervisory Board approved the domination and profit and loss transfer agreement, the cash settlement offer for all outside shareholders outlined therein pursuant to Section 305 of the German Stock Corporation Act (AktG) of € 19.77 per share in MeVis Medical Solutions AG and the compensation payment pursuant to Section 304 of the German Stock Corporation Act (AktG) of € 1.13 gross (€ 0.95 net) per share in MeVis Medical Solutions AG for each full fiscal year. Furthermore, the agenda for the extraordinary General Meeting of MeVis Medical Solutions AG on September 29, 2015 and the proposals to the General Meeting for required resolutions were adopted.

Seventh meeting of the Supervisory Board on September 29, 2015

The seventh meeting of the Supervisory Board was held as a face-to-face meeting immediately following the extraordinary General Meeting, in which the General Meeting approved the conclusion of the domination and profit and loss transfer agreement. The Executive Board reported in detail on the Company's current business situation, including the current risk report. Following in-depth discussion, the Supervisory Board subsequently set targets for the share of women on the Company's Supervisory and Executive Boards. Structuring options were also discussed in view of the further integration of MeVis Medical Solutions AG into the Varian Group.

Eight meeting of the Supervisory Board on December 16, 2015

Besides reports by the Executive Board on the business situation of the Company including net assets, financial position and earnings situation for the first three quarters, the main focus of the eighth meeting of the Supervisory Board, which was also held as conference call, was the analysis and approval of the business plan for fiscal year 2016. In addition, the meeting dates for 2016 were agreed upon, and the process of the Supervisory Board's efficiency audit via questionnaire was discussed, the findings of which were to be reviewed as part of the first meeting in 2016.

PERSONNEL

Prof. Dr. Heinz-Otto Peitgen and Peter Kuhlmann-Lehmkuhle, who were elected to the Supervisory Board by a resolution of the Annual General Meeting on June 15, 2011, stepped down from their posts with effect as of the end of the Annual General Meeting on June 9, 2015. Because the Company's Supervisory Board would consequently not have been properly staffed following the Annual General Meeting on June 9, 2015, it was necessary to elect two Supervisory Board members for the remainder of the departing members' terms. The Company's Annual General Meeting elected Mr. Joerg Faessler and Mr. Glen Hilton to the Supervisory Board on June 9, 2015. Since new Supervisory Board members are only elected for the remainder of the departing members' terms if members of the Supervisory Board step down prior to the end of their terms, the election of Supervisory Board members is on the agenda of the 2016 Annual General Meeting. The Supervisory Board would like to take this opportunity to once again thank the members who stepped down in the reporting period for their long-standing, extraordinary commitment to the Company.

WORK OF THE COMMITTEES

Committees were not set up, as the Supervisory Board has only three members in total, and to date there has been no need for committees.

CORPORATE GOVERNANCE

The Executive Board and the Supervisory Board support the initiatives of the Government Commission on the German Corporate Governance Code, which summarizes the principles of good and responsible corporate governance, and issue joint Declarations of Conformance pursuant to Section 161 of the German Stock Corporation Act (AktG), which are regularly updated. A comprehensive description of corporate governance at MeVis, including the wording of the targets of the Supervisory Board for its future composition and the latest Declaration of Conformance dated September 10, 2015, can be found in the Corporate Governance Report in this Annual Report. In addition, all relevant information is available at www.mevis.de/ir corporate governance.html. In accordance with the recommendation of Item 5.6 of the German Corporate Governance Code, the Supervisory Board has once more examined the efficiency of its activities. This takes place annually by means of a questionnaire without external support.

As a precautionary measure, the Supervisory Board would like to point out that Supervisory Board member Dr. Jens J. Kruse is Head of Corporate Finance at MM Warburg. MM Warburg was appointed by several shareholders in MeVis Medical Solutions AG to sell their shares in the Company. MM Warburg subsequently contacted VMS Deutschland Holdings GmbH in July 2014 in connection with the potential acquisition of a significant minority interest in MeVis Medical Solutions AG. The former Supervisory Board members Prof. Dr. Heinz-Otto Peitgen and Peter Kuhlmann-Lehmkuhle had concluded irrevocable obligation agreements with VMS Deutschland Holdings GmbH prior to the submission of the voluntary public takeover offer, in which they pledged to accept the offer by VMS Deutschland Holdings GmbH with all MeVis shares held by them at the offer price stated in the offer document and to neither dispute nor withdraw their acceptance. The Executive and Supervisory Boards have reported on said agreement in their joint statements on the offer. Otherwise, no conflicts of interest of Executive Board and Supervisory Board members required to be disclosed to the Supervisory Board arose during fiscal year 2015.

ANNUAL FINANCIAL STATEMENTS

The annual financial statements and management report of MeVis Medical Solutions AG for fiscal year 2015, which were prepared in accordance with the accounting provisions of the German Commercial Code (HGB), were audited by the auditing firm, KMPG AG Wirtschaftsprüfungsgesellschaft, Bremen, which was elected by the annual General Meeting and appointed by the Supervisory Board, and an unqualified auditor's report was issued. The same applies to the individual financial statements and management report of the Company for fiscal year 2015 prepared voluntarily in accordance with the International Financial Reporting standards (IFRS). The annual financial statements and the management reports according to the German Commercial Code (HGB) and IFRS, as well as the statutory auditor's reports, were provided to all Supervisory Board members within the required time. The Supervisory Board examined the annual financial statements and the management report for fiscal year 2015 prepared by the Executive Board. The relevant individuals from the firm of statutory auditors took part in the meeting of the Supervisory Board and reported in depth to the Supervisory Board on the material results of the audit. The Supervisory Board did not express any reservations as a result of the findings of its audit. The Supervisory Board therefore approved the annual financial statements prepared according to HGB and the individual IFRS financial statements voluntarily prepared as of December 31, 2015 at its meeting on April 13, 2016. The annual financial statements according to HGB are duly adopted. The disclosures stipulated by Section 289 (4 and 5) of the HGB are included in the management reports according to HGB and IFRS. The Supervisory Board has examined and adopted these disclosures and declarations, which it considers to be complete.

The Supervisory Board thanks the members of the Executive Board as well as all Company employees for their outstanding performance. The Supervisory Board thanks clients and shareholders for the confidence shown in the Board during 2015.

Bremen, April 13, 2016

For the Supervisory Board

Joerg Faessler

Chairman

CORPORATE GOVERNANCE REPORT

(INCL. DECLARATION OF CONFORMITY)

Corporate governance means responsible, transparent management and control geared to long-term creation of value. The following contains the Corporate Governance Report and the Corporate Governance Statement issued by the Executive Board and Supervisory Board pursuant to Section 289a of the German Commercial Code (HGB). The report forms a supplementary part of the management report. The principles of corporate governance and the Declaration of Conformity are also available on the Company website.

DECLARATION OF CONFORMANCE PURSUANT TO SECTION 161 OF THE GERMAN CORPORATION ACT (AKTG)

The Executive Board and Supervisory Board of MeVis Medical Solutions AG declared on September 10, 2015 pursuant to Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the "German Corporate Governance Code Government Commission" in the version of May 5, 2015 have been and will in future be met with the following exceptions:

- There are currently no plans to include a deductible within the D&O Insurance for the Supervisory Board (Section 3.8 GCGC). In principle, MeVis Medical Solutions AG does not believe that the commitment and responsibility with which the Supervisory Board members carry out their duties will be influenced by a deductible.
- There are currently no caps on severance payments in Executive Board contracts (Section 4.2.3 GCGC). The Supervisory Board is of the opinion that existing Executive Board contract regulations are reasonable. Having a cap on severance payments also runs counter to our basic understanding of an Executive Board contract that is concluded to cover the full term of the member's appointment and does not in principle provide for the possibility of ordinary termination by notice.
- The Company currently abstains from the formation of committees with sufficient expertise (Section 5.3.1 GCGC), in particular there has been no formation of an audit committee (Section 5.3.2 GCGC) nor a nomination committee (Section 5.3.3 GCGC). Due to the specific circumstances of the Company, and especially the size of the Supervisory Board of the MeVis Medical Solutions AG, the Supervisory Board does not believe that the formation and appointment of such committees as stipulated by the code is necessary or appropriate.
- MeVis Medical Solutions AG is deviating from the recommendations with regards to the publication terms of Consolidated Financial Statements and Interim Reports (Section 7.1.2 Phrase 4 GCGC). The Company considers the current regulations of the Frankfurt Stock Exchange for issuers listed in the Regulated Market (Prime Standard segment) to be adequate. These require companies to publish consolidated financial statements within deadlines that are longer than those contained in the Code.

BODIES OF THE COMPANY

The Executive Board, Supervisory Board and shareholders' meeting are the bodies of the Company according to law and statutes. As a public company, the MeVis Medical Solutions AG has a dual management system, which is characterized by a clear separation between the Executive Board, as the management body and the Supervisory Board as the supervisory body.

EXECUTIVE BOARD AND ITS PROCEDURES

The Executive Board manages the Company on its own responsibility with the aim of creating sustainable value. It runs the Company in accordance with the statutory provisions, the Company's Articles of Association and the rules of procedure for the Executive Board, and works in good faith with the other executive bodies. The Executive Board sets out the corporate objectives and strategies and, based on them, determines the corporate policy.

Currently, the Executive Board of MeVis Medical Solutions AG consists of two members, who were appointed by the Supervisory Board in accordance with the statutes. The Supervisory Board will of course also include qualified women early in the selection process for potential candidates for the replacement or reappointment of an Executive Board position. However, it is not intended to expand the Executive Board in the near future, thus increasing the proportion of women to the legally required 30% is not directly possible.

The principle of overall responsibility applies: the members of the Executive Board share responsibility for management. The Executive Board works in a cooperative manner and the members keep each other up-to-date on important measures and events in their respective areas. In addition, internal meetings between the entire Executive Board and mid-level management take place at least once a month.

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

SUPERVISORY BOARD AND ITS PROCEDURES

The Supervisory Board consists of three members, elected by the shareholders, pursuant to the Company's statutes and convenes at least twice in the half year. The members of the Executive Board generally take part in the meetings of the Supervisory Board and report verbally and in writing on the individual items on the agenda, and answer the Supervisory Board members' questions. The members of the Supervisory Board also discuss certain matters outside the official Supervisory Board meetings or pass resolutions by circulation. The Supervisory Board has issued itself rules of procedure and regularly reviews the efficiency of its activities. On an annual basis the Supervisory Board report sums up the activities in the past fiscal year.

Executive and Supervisory Boards work closely together in the Company's best interests. During the financial year there were no conflicts of interest.

OBJECTIVES REGARDING THE COMPOSITION OF THE SUPERVISORY BOARD

Pursuant to Section 5.4.1 GCGC, the Supervisory Board must specify concrete objectives regarding its composition, which are reviewed at regular intervals and which will be taken into account when proposing candidates at the Annual General Meeting either in regular elections and in replacement elections of the Supervisory Board:

- The members of the Supervisory Board should, generally speaking, offer the knowledge, skills and relevant experience necessary in order to properly perform their duties and be sufficiently independent. The individual skills and knowledge of the members can complement each other to obtain this objective.
- Members of the Supervisory Board shall not serve following the end of the Annual General Meeting following their 75th birthday.
- A member of the Supervisory Board who also serves on the management board of a publicly traded company may not serve on more than five supervisory boards of publicly traded companies not affiliated with the group of the company in which the member of the Supervisory Board serves on the management board or in supervisory bodies of companies with similar requirements.
- No more than two former members of the Company's Executive Board may be members of the Supervisory Board.

- The Supervisory Board should include at least one member who is particularly qualified for handling the Company's international activities. International experience can be gathered, for example, during periods spent abroad or by working for an international company.
- The Supervisory Board must include at least one member who has expert knowledge in accounting or auditing (Section 100 (5) AktG).
- If considering potential new candidates, the aim is to increase the proportion of women on the Supervisory Board to at least 33 %.

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

Currently the Supervisory Board consists of three members with no female representation. If considering potential new candidates, the aim is to increase the proportion of women on the Supervisory Board to at least 33%. At the next regular Supervisory Board election in 2016, if considering potential new candidates, women with the same qualifications and suitability would be adequately taken into account.

CORPORATE GOVERNANCE PRACTICES

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

Being a manufacturer of medical software products, the statutory provisions of the German Medical Devices Act (MPG), the European directive on medical products (93/42/EEC), the Canadian Medical Devices Regulation (SOR/98-282), the US Code of Federal Regulations (21 CFR Part 820 - Quality System Regulation) as well as the requirements of the ISO 13485 standard (Medical devices - Quality management systems - Requirements for regulatory purposes) apply to the Company.

Quality and quality management are cornerstones of our corporate governance. The quality management system is geared toward meeting our quality objectives as well as the quality requirements and expectations of our customers in relation to safety and performance, handling, availability, efficiency and punctuality.

The Company's quality management system is certified to EN ISO 13485:2012 + AC 2012 by the notified body MEDCERT (ID-number 0482) in the development, manufacturing, final inspection and sale of software for diagnostic evaluation of medical image data as well as intervention support.

The management of MeVis Medical Solutions AG is also characterized by flat hierarchies with only one management level below the Executive Board, quick decision-making and team-oriented cooperation.

When filling management positions the qualification of candidates is the decisive criterion for the Executive Board of MeVis Medical Solutions AG. However, MeVis Medical Solutions AG pays attention to diversity and in particular the appropriate consideration of women when filling management positions. MeVis Medical Solutions AG welcomes efforts to increase the proportion of women in management positions and will continue to promote female employees according to their qualifications and skills in all levels and areas of responsibility. The proportion of women of the total number of employees of MeVis Medical Solutions AG is currently 30 %. Already, 27% of the leader-ship positions of the management level below the Executive Board are occupied with women. Our goal by the end of June 2017 is to fill 30 % of the management positions with women.

REMUNERATION OF EXECUTIVE BODIES

MeVis Medical Solutions AG follows the recommendation of the German Corporate Governance Code to disclose individually the remunerations for the Executive Board and the Supervisory Board. The remuneration report is an integral part of the management report and also forms part of the Corporate Governance Report. Further explanation on the remuneration of the Executive Board and Supervisory Board are disclosed in the remuneration report in the notes (No. 35).

TRANSPARENCY

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

The financial statements and any interim reports are published within the deadlines stipulated for companies listed in the Prime Standard of the regulated market: within a period of four months for the annual financial statements and within a period of three months in the case of the semi-annual financial reports. The Company continues to publish quarterly reports instead of quarterly releases and publishes them within a period of two months.

Insider information that concerns the Company is published immediately pursuant to Section 15 of the German Securities Trading Act (WpHG). Shareholders and potential investors can obtain current information about topical events and recent developments on the internet. All press releases and ad-hoc announcements of MeVis Medical Solutions AG are available online at the Company website. In addition, MeVis Medical Solutions AG takes part in at least one analyst conference per year. Significant and semi-regular events in the financial calendar are published on the Company website.

ANNUAL GENERAL MEETING AND SHAREHOLDERS

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

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

The invitation to the Annual General Meeting as well as the reports and information required for resolutions are published in accordance with the provisions of the German Stock Corporation Act and made available online on the Company website.

RISK MANAGEMENT

For MeVis Medical Solutions AG, dealing with risks in a responsible manner is a key element of good corporate governance. The Executive Board has installed an appropriate risk management and risk control system in the Company in order to identify, evaluate, monitor and control the risks arising from operating activities at an early stage. The Executive Board informs the Supervisory Board regularly about the current status of significant risks. The risk management system is continuously reviewed in accordance with the latest developments and adjusted where necessary. Further details and information on risk management can be found in the risk report.

ACCOUNTING AND AUDITING

MeVis Medical Solutions AG prepares its statutory financial statements and management report in accordance with the German Commercial Code (HGB). The Company also prepares individual IFRS financial statements in accordance with International Financial Reporting Standards (IFRS). The half-year financial report and the interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The financial statements are prepared by the Executive Board and reviewed by the Supervisory Board. The Supervisory Board engaged KPMG AG Wirtschaftsprüfungsgesellschaft, Bremen, as the auditors elected by the Annual General Meeting for fiscal year 2015, to audit the statutory financial statements for fiscal year 2015 and the Executive Board engaged them to audit the individual IFRS financial statements. This approach ensures that no conflicts of interest affect the work of the auditors.

The audits of the financial statements for 2015 were conducted by KPMG AG Wirtschaftsprüfungsgesellschaft, Bremen, in accordance with the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW).

PUBLICATION OF DIRECTORS' DEALINGS PURSUANT TO SECTION 15A OF THE GERMAN SECURITIES TRADING ACT (WPHG)

Pursuant to Section 15 a of the German Securities Trading Act (WpHG), members of the Company's Executive and Supervisory Boards and related parties are required to announce all transactions involving the purchase or sale of shares in MeVis Medical Solutions AG or of related financial instruments, in particular derivatives, where such transactions total or exceed € 5,000 in a calendar year. The Company immediately publishes such announcements on its website. The Company received no Directors' Dealings during the period under review.

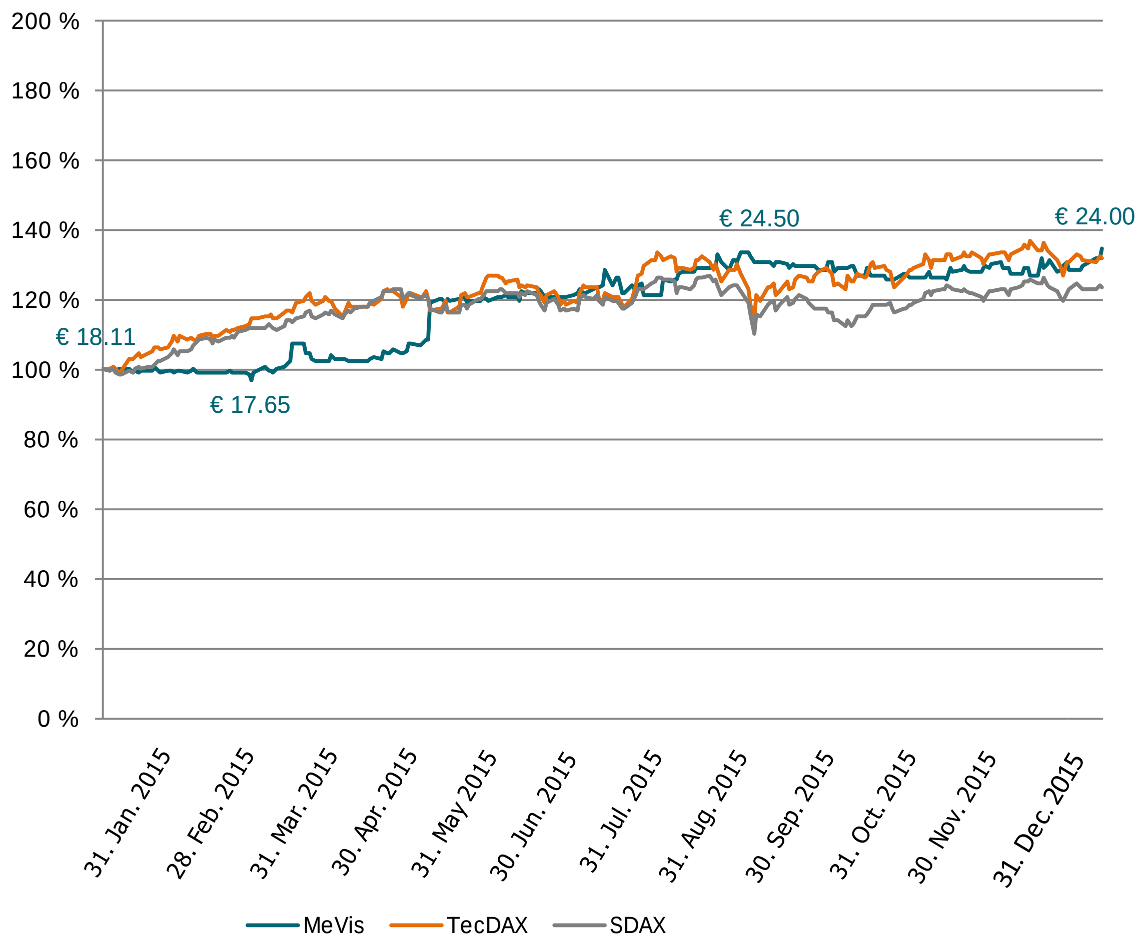
As of the reporting date, neither the members of the Executive Board nor the members of the Supervisory Board hold shares of MeVis Medical Solutions AG.

THE MEVIS SHARE

STOCK MARKETS IN 2015

After some ups and downs, the German stock market rose overall by around 10 % in 2015 measured by the German benchmark index DAX. After a steady upward movement until March to just under 12,000 points, followed by a rapid descent until September to just under 9,700 points, it closed at the end of December 2015 at around 10,743 points. In contrast, the MDAX, at around +23 %, the SDAX at around +27 % and the TecDAX at around +33 % all showed considerably higher rates of growth than the DAX. The euro had been heading downhill against the dollar for over a year. The main reasons for this were the quicker recovery of the US economy, the euro debt crisis and the relaxed monetary policy of the European Central Bank. The rapid slump in the oil price, the result of an oversupply of the commodity on the world market that had already been apparent in the second half of 2014, also continued. The significance of the lower oil price for the stock market is hard to assess, however. On the one hand, consumers are enjoying lower prices for products associated with oil, such as petrol or aviation fuel, which should tend to stimulate the economy and would support the case for rising share prices. On the other hand, the oil price is often seen as an indicator for the overall health of the world economy. In addition, since the end of 2015 weakening growth on the Chinese market has been making stock markets anxious.

DEVELOPMENT OF THE MEVIS SHARE



The share price performance of MeVis shares in the course of fiscal year 2015 was divided into various phases: In early 2015, trading in MeVis shares was strongly influenced by the voluntary public tender offer of VMS Deutschland Holdings GmbH, Darmstadt, an indirect subsidiary of Varian Medical Systems, Inc., Palo Alto, California, USA to all shareholders of MeVis Medical Solutions AG to acquire their registered shares in return for payment of a consideration of € 17.50 per share. The offer was subject to the condition of a minimum acceptance threshold of 75 % of the shares issued by MeVis Medical Solutions AG (excluding own shares). At the time, several major shareholders, representing just over 70 % of the shares issued by MeVis Medical Solutions AG, had already agreed to accept the offer of VMS Deutschland Holdings GmbH. In the following weeks, the price of MeVis shares leveled off at € 18 per share and only increased sharply when VMS Deutschland Holdings GmbH waived the minimum acceptance threshold of 75 % in mid-March and there was therefore sufficient transaction security for the takeover.

With the settlement of the offer, VMS Deutschland Holdings GmbH took over the majority shareholding of 73.52 % of the total share capital in MeVis Medical Solutions AG in April 2015.

An announcement published at the end of April concerning the intention to enter into a domination and profit and loss transfer agreement between VMS Deutschland Holdings GmbH as the dominating company and MeVis Medical Solutions AG as the dominated company once more fueled positive expectations and led to an increase in the share price to over € 22. Subsequent to this, the share price moved at low volatility in a range between € 22 and € 24 up to the year end.

The domination and profit and loss transfer agreement signed on August 10, 2015 between VMS Deutschland Holdings GmbH and MeVis Medical Solutions AG was entered into the Commercial Register of the Bremen local court on October 20, 2015 and thus came into legal effect. Shareholders of MeVis Medical Solutions AG had already approved the domination and profit and loss transfer agreement by a large majority in the extraordinary General Meeting on September 29, 2015. As part of the domination and profit and loss transfer agreement, VMS Deutschland Holdings GmbH undertook to acquire upon the request of any outside shareholder the latter's MeVis shares in return for a cash settlement in the amount of € 19.77 per share. Alternatively, VMS Deutschland Holdings GmbH guarantees those outside shareholders of MeVis Medical Solutions AG who do not wish to make use of the settlement offer, for the duration of the domination and profit and loss transfer agreement, the annual payment of a compensatory amount per fiscal year of MeVis Medical Solutions AG for every registered share of MeVis Medical Solutions AG with a pro rata share in the share capital of € 1.0 in the amount of € 1.13 gross / € 0.95 net.

In 2015 overall, the peak price of the share in electronic XETRA trading was € 24.50, and the lowest price was € 17.65. MeVis Medical Solutions AG finished the trading year on December 30, 2015 on a share price of € 24, compared to € 18.11 at the end of the 2014 year. This represents an increase in the value of MeVis shares at the end of fiscal year 2015 of approx. 33 % compared to the closing price at the end of 2014. Market capitalization was around € 43.7 million, taking into account 1,820,000 shares outstanding. The number of registered deposit accounts at the year end, at 624, was considerably reduced compared with the end of 2014 (1,007 deposit accounts), following the acquisition of 73.52 % of MeVis shares by VMS Deutschland Holdings GmbH.

KEY INDICATORS OF THE MEVIS SHARE

	2015	2014	2013
Year-end closing price in €	24.00	18.11	20.49
Annual high in €	24.50	22.95	21.98
Annual low in €	17.65	12.93	8.05
Market capitalization in million € (XETRA year-end)	43.7	31.2	35.3
Number of shares	1,820,000	1,820,000	1,820,000
Treasury stock	0	97,553	97,553
Price-to-earnings ratio (XETRA year-end)	6.38	8.38	9.57
Earnings per share in € (basic)	3.76	2.16	2.14
Earnings per share in € (diluted)	3.72	2.16	2.14

DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

The shareholder structure underwent a fundamental change in 2015. VMS Deutschland Holdings GmbH, with its registered office in Darmstadt, an indirect subsidiary of Varian Medical Systems, Inc., Palo Alto, California, USA, took over the majority shareholding of 1,337,995 shares in MeVis Medical Solutions AG (corresponding with 73.52 % of the entire share capital) in April 2015 after a voluntary public tender offer. Oppenheim Asset Management Services S.à.r.l. is a further institutional investor, at approximately 3.01 % according to shareholder notifications received by us. Around 23.47 % of shares are currently in free float ownership.

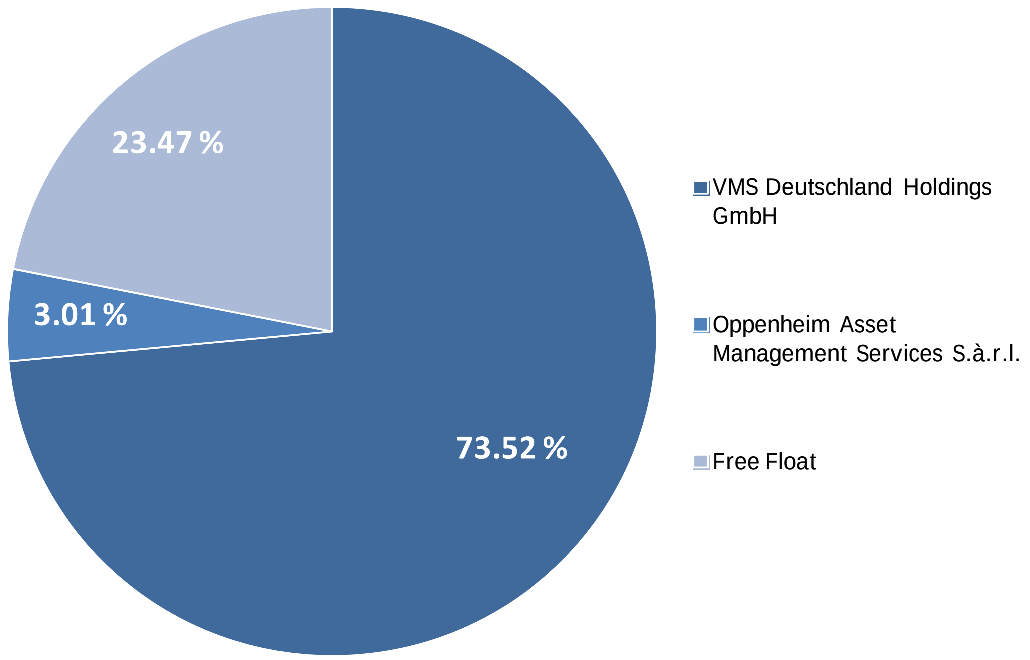


Fig.: Shareholder structure as at December 31, 2015
(In accordance with the shareholder notifications received by us.)

MANAGEMENT REPORT FOR 2015

PREAMBLE

This management report was voluntarily prepared in addition to the likewise voluntarily prepared individual IFRS financial statements for the purpose of capital market communications.

COMPANY OVERVIEW

COMPANY STRUCTURE

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

Since April 21, 2015 MMS AG belongs to the Varian Group under the leadership of Varian Medical Systems, Inc., Palo Alto, California, via VMS Deutschland Holdings GmbH, Darmstadt. MMS AG and VMS Deutschland Holdings GmbH concluded a domination and profit and loss transfer agreement on August 10, 2015, which was approved by the General Meeting of the shareholders on September 29, 2015. The registration in the Commercial Registry dated October 20, 2015.

BUSINESS ACTIVITIES

MMS AG and its affiliate MBC KG (hereafter also collectively: "MeVis" or the "Companies") develop innovative software for analyzing and evaluating image data and marketing it to equipment manufacturers of medical devices and providers of medical IT platforms.

Clinical focuses are the 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 many of 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). MeVis supplies technologies and applications for global medical industry leaders, meeting their needs and helping them to strengthen their leadership positions.

In addition to the sale of software licenses and corresponding maintenance contracts, MeVis offers to a lesser extent, services to clinical end customers. These include three-dimensional technical visualizations ("MeVis Distant Services") and interactive online trainings to improve the diagnostic capabilities of the clinicians ("Online Academy").

The sociopolitical relevance of our business activities is rooted in the already large and still growing impact of cancerous diseases. According to the latest published data from the International Agency for Research on Cancer (IARC), an agency of the World Health Organization, the number of new cancer cases worldwide increased to 14.1 million in 2012; the number of cancer deaths was estimated to be 8.2 million (compared with 12.7 million and 7.6 million respectively in 2008). The most commonly diagnosed cancer cases in men and women worldwide were cancer of the lungs with 1.8 million (13.0 % of the total), of the breast with 1.7 million (11.9 % of the total), the colon with 1.4 million (9.7 % of the total) and the prostate with 1.1 million (7.9 % of the total). The most common causes of cancer deaths were cancers of the lungs with 1.6 million, the liver with 0.8 million and the stomach with 0.7 million. In women, the proportion of breast cancers in new cancer cases was over 25 %. It is estimated that on account of the growing and aging population, the number of new cancer cases will increase to 19.3 million by 2025. More than half of all new cancer cases (56.8 %) and cancer deaths (64.9 %) occur in less developed regions of the world.

Whereas in the early years MeVis devoted its attention to image-based early detection and diagnosis of breast cancer, today MeVis uses clinical expertise, specialist knowledge in the field of breast cancer, technological leadership and its broad network of partner companies to successively develop software applications for use in other oncological diseases. The individual product areas are described in detail below:

Breast products

The various MeVis software products for breast cancer diagnostics support the analysis and presentation of images from mammography screening and other imaging processes for an early, rapid and reliable diagnosis. Developed through many years of experience in the field of software-based analysis of imaging studies and expertise in workflow, computer-aided diagnosis (CAD) and system integration, these applications offer optimal conditions for detecting and treating breast cancer as early as possible. Aimed at meeting customer needs especially in terms of display and reading speed even when many patients and large amounts of data are involved, MeVis provides programmable workflow capabilities through special keyboards, computer-aided diagnosis (CAD) and an optional organization of separate diagnostic opinions linked to RIS and PACS systems. In addition to digital mammography for both screening and diagnosis, other methods such as 3D ultrasound, magnetic resonance imaging (MRI), computed tomography (CT), and tomosynthesis are optimally supported. In particular, the support of tomosynthesis as a three-dimensional development of digital mammography has gained importance in the last few years due to successful market positioning by the respective equipment manufacturers.

Lung products

MeVis software solutions pertaining to lungs are used to automatically detect anomalies such as lung tumors or pulmonary embolism in computed tomographic images. In this field, multi-slice computer tomography (MSCT) constitutes the state of the art in three-dimensional medical X-ray imaging. Thanks to improved detail resolution, it now plays an important role in modern pulmonary diagnostics. Within a few seconds, the smallest details of the entire lung are mapped in three dimensions. Evaluation of the growing volumes of data sets poses a growing challenge, however. MeVis software enables a time-efficient and safe radiological diagnosis of these MSCT images in clinical practice. State-of-the-art image processing and pattern recognition algorithms for computer-aided diagnosis (CAD) of diseases of the chest make it possible to conduct a detailed segmentation of the anatomical structures of the lung, to fully automate the detection of anomalies (lung tumors, pulmonary embolism), and to assess and quantify these. MeVis CAD technology offers radiologists a supportive, independent and reproducible evaluation of image data and is used worldwide for applications in early detection, clinical diagnosis and treatment of lung diseases.

A more advanced version of the lung-cancer screening product was launched on the market in 2015 based on this technology and on expertise in the area of breast cancer screening. This is aimed especially at the efficient analysis of the large volumes of data sets accruing in connection with the CT-based lung-cancer screening for heavy smokers introduced in the USA. Thanks to consistent close interfacing of the components of workflow support, comparison with preliminary images, integration of CAD results, automatic, reproducible measurement of lesion parameters and reporting in accordance with the newly established Lung-RADS Standard, this software provides significant advantages for the diagnosing radiologist, not only in respect of the time required for the diagnosis, but also the quality of the results and integration with other clinical systems such as patient management.

Liver products

With its MeVis Distant Services (MDS), MeVis creates technical visualizations that are used in further training, publications and presentations as well as for research purposes. Medical technology companies and trained personnel use MeVis Distant Services to obtain comprehensive professional visualizations of their cases. Instead of static 2D representations, they obtain interactive 3D visualizations, which they can use for presentations and publications in leading professional journals and other media.

Neurological products

MeVis software for neurological diseases evaluates complex image-based analyses, providing the basis for the safe and careful planning of brain surgery. fMRI (functional Magnetic Resonance Imaging) and diffusion tensor imaging (DTI) are able to capture function areas such as motor or linguistic regions and make fiber tracts visible. Through the simultaneous display (fusion) of such data with other images, relations to brain tumors can be displayed, so that complex relationships are made visible. As a result, MeVis software solutions help neurosurgeons plan for the best possible access to tumors, allowing for the safe, gentle and reliable treatment of patients with neurological diseases. In addition, dynamic imaging allows for the flow of blood to the brain to be measured. The application calculates various metrics (rCBV, rCBF, TTP, etc.) and displays them in color maps, aiding the diagnosis of primary disorders of cerebral circulation (stroke), assessment of tumor malignancy and follow-up exams.

Prostate products

For prostate diagnostics, MeVis software evaluates dynamic images from magnetic resonance imaging (MRI), an important contribution to the diagnosis of suspected prostate cancer. One of the most frequent preventive care procedures is to determine the PSA level (prostate specific antigen) in the blood. This procedure is not very specific, which is why magnetic resonance imaging has become increasingly popular to diagnose abnormalities. A contrast agent is utilized to diagnose prostate cancer using MRI. Dynamic volume data imaging sets are recorded, whereby a looming tumor is indicated by altered blood flow properties in contrast to healthy tissue. This makes possible a very accurate characterization and localization even of the smallest tumors (5 mm).

MeVis Online Academy

As MeVis Online Academy, MeVis also offers interactive online training to improve the diagnostic capabilities of clinical end users, both directly and via OEM industrial customers. Web-based radiological case collections provide training opportunities with matching hanging protocols and interactive radiological examination and diagnostics tools. The trainable imaging techniques include digital mammography, tomosynthesis, computed tomography (CT), magnetic resonance imaging (MRI) and ultrasonography. Browser applications which do not need to be installed provide clinical staff with access to a variety of clinical expert casebooks including related solutions, without any time-based or location-based restrictions. The academy represents a unique, high-quality tool for further training and continuous radiological training and monitoring of performance.

RESEARCH AND DEVELOPMENT

The market for software products for use with digital medical imaging processes is characterized by high quality requirements and, in some cases, short innovation cycles in tandem with rising technical complexity. Along the way, the software's user-friendliness and easy integration into the clinical IT environment are becoming increasingly important. For this reason, the product ranges developed by MeVis call for ongoing and forward-looking adjustment in light of new medical and technological developments and the constant increase in data volumes to be processed.

The Company has only limited research capacities of its own. The research activities are mainly performed by Fraunhofer-MEVIS Institute for Medical Image Computing (hereafter: “Fraunhofer MEVIS” or “FME”) or other well-known research institutions. Most Company employees are assigned to software development.

In the period under review, the Companies development activities concentrated on the completion of new software applications, such as solutions for lung cancer screening. In addition, we have also significantly focused on the development of existing software products in order to maintain its current strong competitive position and to secure continued maintenance sales for existing products in the long term.

Technology platforms

MeVis uses its own **MeVisLab** research and development environment to rapidly and effectively develop software prototypes. This allows the methods and workflows developed to be quickly tested, evaluated and optimized (“rapid prototyping”) in clinical settings. The prototypes that were developed on the basis of MeVisLab can be converted into marketable products in a short time by being linked to product development software technologies. This leads to significantly shorter development and product release periods. This development method was used with great success in 2015 with the development of various software products, including in particular in the further development of the product Veolity for efficient diagnosis of lung-CT-studies.

MeVisAP, a proprietary technology platform, provides basic services such as integration with the hospital network, license management, the management of studies and work lists, preparation of 2D, 3D and 4D image data and the creation of visually appealing reports and findings. Thanks to the client-server technology, users can work on their own cases from any station, seek the advice of other experts and pause or resume work at any time. The modular concept allows MeVis to quickly put together combinations of different clinical questions or imaging procedures required by the customer and link them with one another. On the one hand, MeVisAP serves as a complete diagnostics platform; on the other hand, partial functions from existing systems (RIS, PACS, system platforms) can be integrated into it as well.

Funded projects

As part of its pioneering research and development activities, MMS AG regularly participates in research projects funded by EU and BMBF. In 2015, these were the following two projects:

ASSURE

(Adapting Breast Cancer Screening Strategy Using Personalized Risk Estimation)
ASSURE is a research project funded by the European Commission with ten academic and clinical partners and several medium-sized enterprises. ASSURE’s goal is to research and develop processes and software tools to personalize today’s one-size-fits-all mammography screening. After analysis of individual risk factors such as breast density or genetic status, additional screening measures based on automatic 3D ultrasound or MRI scans are to be performed. From the patient’s perspective, the risk of overlooking an early-stage cancer needs to be minimized with personalized screening. This is expected not only to reduce mortality, but also to preserve quality of life by using less drastic treatment options.

As a leading software company in image-based medicine, MeVis Medical Solutions AG is contributing its expertise to this work. In collaboration with other technical and clinical partners, two software prototypes are to be developed, which will support radiologists to the furthest extent possible in a screening context based on ultrasound or MRT images. The first version of the prototypes was further developed in 2015. Innovative screening workflows were implemented for this purpose, which will be validated with radiologists and further optimized. At the conclusion of ASSURE in November 2015, the prototypes were finalized in order to be presented at the European Congress of Radiology (ECR) 2016.

SPARTA

Image-based radiation therapy includes the medical use of high-energy radiation to cure or delay the progress of malignant tumors. As part of the SPARTA research project partially financed by the Federal Ministry of Education, MeVis Medical Solutions AG develops and evaluates innovative software technologies to contribute sustainably to secure, high-precision radiotherapy by optimizing treatment plans, ongoing assessments and follow-up care. In this cooperation project, consisting of ten partners in total, MeVis cooperates with leading research institutions, national research centers and oncology clinics.

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 customer Hologic.

In addition to the breast diagnostics business based on magnetic resonance imaging conducted with Invivo Corporation, 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. Furthermore, the business with Vital Images for lung diagnostics and general analysis of MR-image data is included in this segment. Other main activities in this segment include the services of "MeVis Distant Services" for technical visualizations, which are used in training, for publications, presentations and for research purposes. In addition, this segment includes interactive online training ("MeVis Online Academy") to improve the diagnostic capabilities of clinical end customers.

CONTROL SYSTEM

The Company used revenues, earnings before interest and taxes (EBIT) as well as, until the end of the reporting year, the liquidity as essential financial planning tools. A deviation analysis of the applicable budget parameters is performed regularly, but at least monthly, in the light of the results of a corresponding risk situation evaluation. This analysis, together with external market and competitor information, forms the basis for ongoing review of the plan and continuous forecast adjustments.

The Company's cash and cash equivalents are primarily used to finance its operating activities, in particular paying salaries as well as other operating expenses. The Company had no credit facilities at banks as of the reporting date.

In 2015 a limited amount of liquidity not directly required to finance the Company's operating activities was placed in low-risk investments capable of being liquidated at short or medium-term notice, which were completely sold at reporting date. These were predominantly fixed-income securities including investment grade corporate bonds. At the reporting date part of the liquidity was held at short-term deposit accounts.

ECONOMIC REPORT

MACROECONOMIC AND INDUSTRY-BASED FRAMEWORK

Macroeconomic situation[1]

Global economic development continued to be somewhat subdued in 2015. Growth in emerging countries, still responsible for more than 70 % of global growth, fell for the fifth time in succession, with the industrialized nations recording a slight economic recovery. In the USA in particular, MeVis's most important national economy, and in Great Britain, economic growth continued to be positive. Japan's economic recovery is sluggish, however, and the economic slowdown in the second-largest national economy, China, the recession in the important emerging countries of Russia and Brazil and the crisis in the oil-producing nations all took their toll.

Economic development in the eurozone became increasingly stable. The monetary policies introduced by the ECB, low oil prices and the depreciation of the euro all played a part in the gradual consolidation of this recovery. While most of the countries with a high energy dependency in the eurozone benefit disproportionately from the drop in oil prices, in a few countries in Northern and Eastern central Europe, by contrast, the economic outlook deteriorated. For example, economic growth was dampened in Norway, due to the drop in crude oil prices, and indirectly in Finland and the Baltic states, which are further affected by the sanctions against Russia. Overall, however, two events this year dominated the political and economic landscape over the entire European region: the crisis in Greece and the dramatic increase in the influx of refugees.

The economic situation in Germany in 2015 was marked by solid and consistent economic growth, with a growth in the Gross Domestic Product (GDP), adjusted for price changes, of 1.7 % compared to the previous year. Although this growth was once again an increase on the average growth of the previous years, it was on the lower side by comparison within Europe. Growing domestic German consumption remained once again the driving factor, as in the previous year, profiting from a vigorous increase in employment, significant increases in earnings, budgetary relief as a consequence of lower crude oil prices and additional government expenditure associated with the high influx of refugees.

Industry development[2]

We continue to assume that the general demand for medical technology will increase considerably over the coming years. In developing countries and emerging markets with high population density, population growth and the rapidly increasing per capita income are the main causes of a rising demand for healthcare, and increasing numbers of doctors and hospitals result in the requirement for additional medical technology to equip them. Since the sales market in these regions has barely been tapped to date, major growth opportunities exist here for German medical technology, and above-average growth rates are anticipated.

In industrialized nations, it is chiefly medico-technical progress, demographic changes and the increased willingness of patients to pay more for better quality and additional services that will have a positive impact on the growth market for medical technology. In this context, an increase in general demand averaging of 3 to 4 % per year up to 2020 is anticipated.

[1] Sources: German Central Bank, Monthly Reports 2015
International Monetary Fund - World Economic Outlook (WEO) Updates 2015
Federal Statistics Office / Eurostat – Global growth rates

[2] Sources: German Medical Technology Association – BVMed: Industry Report Medical Technologies 2015
Spectaris / Trade Association Medical Technology / Facts & Figures 2015
Study on behalf of the HSH Nordbank AG: Global sales markets of the German Medical Technology / Trends and Forecasts 2020 (2009)
Study of the VDE Verband der Elektrotechnik Elektronik Informationstechnik e.V.: VDE-Studie MedTech 2020 (2009)

Internationally, the USA, at € 90 billion, accounts for by far the largest share of the global market. The second-largest medical technology markets are Japan and Germany, each at around € 25 billion. The German market is almost twice as large as France and almost three times the size of Great Britain, Ireland and Italy.

The significance of medical imaging in the medical technology industry is also growing constantly, and is accompanied by the progressive integration of diagnosis and therapy. Topics such as multi modal imaging / functional imaging, diagnostics support, model-based therapy, new and optimized workflows and molecular imaging are important areas of innovation.

On the technical side, the demand for three-dimensional digital tomosynthesis once again continued unabated in 2015. The introduction of this new technology is leading to stronger demand for the appropriate imaging devices, for which to date dedicated software has also been required, which is distributed by MeVis to industry customers Hologic and Siemens. Given the ubiquity of tomosynthesis, however, many PACS manufacturers now likewise offer software applications for analyzing tomosynthesis data, which, although not approaching the range of functions of the products developed by MeVis, are nevertheless popular with clinical end customers due to their complete integration in the IT landscape already existing in the clinical environment. This has dampened the outlook for the market relevant to MeVis for dedicated software solutions.

Global regulations governing remuneration for medical services continue to be pivotal to the economic climate and hence to the success of MeVis products. A main driver behind the success of “Digital Mammography” was the introduction of extensive breast cancer screening, together with the changeover from analog, film-based devices to digital, software-based equipment. This changeover from analog to digital equipment is largely completed in the USA. Since mid-2013, there has been an emerging trend, at least in the USA, to introduce CT-based lung cancer screening programs. In national studies (Early Lung Cancer Action Project – ELCAP and National Lung Screening Trial – NLST) in the USA, it was shown that CT lung screening is vastly superior to normal X-ray imaging for detecting lung cancer at an early stage. Hence, the US task force responsible (UPSTF) issued the corresponding recommendation[3] for national lung screening, and the method has been refundable since 2015 in line with a decision of the CMS[4] (Centers for Medicare and Medicaid Services).

MeVis assumes consequently that demand will increase for software solutions that simplify and shorten this sophisticated form of examination, and at the same time improve its quality. MeVis is already addressing this potential growth area with its products Visia Lung CAD and Veolity, and intends to position itself in the area of lung diagnostics with further products and services, such as the e-Learning portal MeVis Online Academy. The introduction of extensive lung screening is still the subject of controversial debate in Germany and Europe.

Based on its specialized product portfolio in the area of breast cancer diagnostics, broad-based research and existing industry customers, MeVis expects to be able to sustain its current market position overall in 2016, and also further expand in some target market segments. However, large PACS system suppliers are continuing to enter the market, including those segments of relevance to the Company, requiring an ongoing effort to stay ahead of the competition and bring new products to market that have significant competitive advantages over the PACS systems. In view of the sustained reluctance by clinical end users to purchase new products, the future performance of the business will depend to a large degree on the ability of the Company to expand existing distribution channels and to find new ones.

[3] U.S. Preventive Services Task Force – Recommendation for Lund Cancer Screening /2013 (http://www.uspreventiveservicestaskforce.org/Page/Document/UpdateSummaryFinal/lung-cancer-screening)

[4] Centers for Medicare and Medicaid Services – Decision Memo on Lung Cancer Screening /2015 (https://www.cms.gov/medicare-coverage-database/details/nca-decision-memo.aspx?NCAId=274)

PERFORMANCE / SALES REPORT

Performance

Revenues in the past fiscal year rose considerably year on year by around 22 %, to € 16,014 k (prev. year: € 13,091 k). Both, the new license business, increasing 15 % from € 6,643 k to € 7,652 k, and the maintenance business, increasing 22 % from € 5,731 k to € 7,014 k, were considerably expanded.

The Company's results of operations improved considerably. Earnings before interest and taxes of € 4,470 k (prev. year: € 3,890 k) increased by 15 % year on year, due, above all, to sales.

The Company's operations consist of two core areas: the development and sale of software licenses and the maintenance business this entails, and the provision of services for technical visualization (Distant Services) and in the context of online training.

At approximately 98 % of total revenues, the software business, which includes products for industry customers Hologic, Vital Images and Invivo, again made the greatest contribution to the Company's total revenues in this reporting period.

MMS AG assumes, based on its specialized product portfolio in the field of breast diagnostics, and its existing industry customers, that the market position it currently occupies can be sustained overall and expanded in some segments in 2016. However, large PACS system suppliers are continuing to develop, also with regard to the market segments relevant to the Company, meaning that it is an ongoing effort to stay ahead of the competition and to widen the technological gap. In addition, the further performance of the business with lung products will depend highly upon whether and to what extent the results of the study on the clinical effectiveness of this technology together with health policy issues will lead to new regulations governing the remuneration of methods in which this technology is used.

Revenues and earnings in the Digital Mammography segment

In the past fiscal year, revenues in the Digital Mammography segment increased by 29 % to € 12,566 k (prev. year: € 9,772 k).

License revenues rose considerably in 2015 by 27 % to € 6,072 k (prev. year: € 4,797 k); likewise, revenues from maintenance and support services rose considerably by 24 % to € 5,795 k (prev. year: € 4,678 k). Total Digital Mammography product revenues (licenses and maintenance) went up by 25 % to € 11,867 k (prev. year: € 9,475 k).

Revenues from services in the Digital Mammography segment increased to € 692 k (prev. year: € 282 k) in the reporting period. This increase was entirely attributable to the development support agreed upon in the summer of 2014. These activities are initially booked as revenues from services according to the costs incurred and are expected to increase as the products become more successful. Hardware sales stood at € 7 k in the reporting period (prev. year: € 15 k).

In fiscal year 2015, as in the previous year, revenues in the Digital Mammography segment were reported exclusively in US dollar. Revenues invoiced in US dollars rose to € 12,566 k (prev. year: € 9,772 k).

At € 0 k, the balance of capitalized internally developed assets in the Digital Mammography segment was below the previous year's level (€ 1,194 k), while amortization increased by 42 % to € 1,779 k (prev. year: € 1,249 k). With the issue of a software release to Hologic, development expenses were capitalized for the last time in the fourth quarter of 2014.

Operating expenses in the Digital Mammography segment rose to € 3,819 k (prev. year: € 3,668 k), which is attributable to an increase in personnel expenses to € 3,656 k (prev. year: € 3,429 k).

Net profit from operating activities in the segment went up to € 6,968 k due to increased revenues (prev. year: € 6,049 k).

Other operating income in the Digital Mammography segment fell to € 275 k (prev. year: € 509 k). Other operating expenses decreased to € 1,327 k (prev. year: € 1,510 k). Net profit in the segment amounted to a total of € 5,916 k (prev. year: € 5,048 k). The EBIT margin in the Digital Mammography segment fell accordingly to 47 % (prev. year: 52 %).

Revenues and earnings in the Other Diagnostics segment

Business volume in the Other Diagnostics segment stabilized in the reporting year at € 3,448 k (prev. year: € 3,319 k).

License revenues fell by 15 % to € 1,579 k (prev. year: € 1,846 k). In contrast, revenues from maintenance and support services, which consist mostly of maintenance of existing software applications, increased by 16 % to € 1,219 k (prev. year: € 1,053 k). Overall, the product revenues in the Other Diagnostics segment (licenses and maintenance) declined by 4 % to € 2,798 k (prev. year: € 2,899 k).

Revenues from services (development services, consulting and training) in the Other Diagnostics segment increased to € 650 k (prev. year: € 420 k) in the reporting period.

In the Other Diagnostics segment, invoices are likewise generated in both Euro and US dollars; in the indirect channel, the invoice currency depends upon the headquarters of the relevant industrial customer, whereas in the direct channel it is based upon the headquarters of the relevant clinical end user. Revenues invoiced in euros rose by 26 % to € 948 k (prev. year: € 756 k). Revenues invoiced in US dollars fell by 2 % to € 2,500 k (prev. year: € 2,563 k).

The total value of grants in the Other Diagnostics segment increased to € 573 k (prev. year: € 355 k), which resulted in overall segment revenues totaling € 4,021 k (prev. year: € 3,674 k).

Since 2012, development expenses for existing and new software products are no longer capitalized in the Other Diagnostics segment, whereas amortization decreased from € 466 k to € 159 k year on year.

Operating expenses in the Other Diagnostics segment rose by 5 % to € 4,204 k (prev. year: € 3,991 k), which is attributable to a rise of 4 % in personnel expenses to € 3,754 k (prev. year: € 3,596 k).

Due to the higher revenues, the segment's operating result improved considerably year on year to € -342 k (prev. year: € -763 k). Other operating income in the Other Diagnostics segment increased to € 282 k (prev. year: € 107 k). Other operating expenses increased to € 1,386 k (prev. year: € 502 k).

As a result, net profit in the segment amounted to € -1,446 k (prev. year: € -1,158 k). The negative EBIT margin in the Other Diagnostics segment has, therefore, worsened.

EARNINGS POSITION

In the reporting year, revenues totaled € 16,014 k (prev. year: € 13,091 k), which corresponds to revenue growth of 22 %. This revenue sales growth was achieved through the increases in other revenues to € 1,349 k (prev. year: € 717 k), of license revenues to € 7,652 k (prev. year: € 6,643 k) and maintenance contract revenues (software service contracts) to € 7,014 k (prev. year: € 5,731 k).

Other operating income rose by 16 % to € 1,130 k (prev. year: € 971 k), since a funded project finished towards the end of the fiscal year and it could therefore be finally billed.

Cost of materials, including cost of services purchased, fell slightly to € 612 k (prev. year: € 634 k).

Staff costs increased in the past fiscal year by 5 % to € 7,411 k (prev. year: € 7,025 k). The annual average number of permanent employees expressed as full-time equivalents fell to 88 (prev. year: 90), and the annual average number of student interns expressed as full-time equivalents declined to 4 (prev. year: 4).

Other operating expenses rose by 35 % to € 2,713 k (prev. year: € 2,012 k). Other operating expenses consisted of legal and consulting costs in the amount of € 658 k (prev. year: € 172 k), rental expenses in the amount of € 579 k (prev. year: € 524 k), patent lawsuit expenses in the amount of € 300 k (prev.

year: € 0 k), travel expenses in the amount of € 202 k (prev. year: € 199 k), costs for maintenance and repair in the amount of € 128 k (prev. year: € 193 k), accounting and auditing costs in the amount of € 92 k (prev. year: € 86 k), expenses for General Meetings in the amount of € 88 k (prev. year: € 13 k), and Supervisory Board remuneration in the amount of € 80 k (prev. year: € 80 k). Other operating expenses declined to € 586 k (prev. year: € 745 k).

Earnings before interest, taxes, depreciation and amortization (EBITDA) came to € 6,408 k in fiscal year 2015 (prev. year: € 5,585 k). The EBITDA margin decreased to 40 % compared to 43 % in the previous year.

Depreciation and amortization and impairment of intangible assets and property, plant and equipment increased by 14 % to € 1,938 k (prev. year: € 1,695 k).

Earnings before interest and taxes (EBIT) amounted to € 4,470 k in the reporting period (prev. year: € 3,890 k). Accordingly, the EBIT margin (return on sales) declined to 28 % compared to 30 % in the previous year.

The financial result reduced in the reporting period to € 483 k (prev. year: € 1,054 k). This was largely due to the deterioration in the balance of income and expenses from exchange rate differences in the amount of € 124 k (prev. year: € 764 k).

Earnings before taxes (EBT) came to € 4,953 k in the reporting period (prev. year: € 4,944 k). The EBITDA margin (return on sales) decreased accordingly to 31 % compared to 38 % in the previous year.

The Company is reporting net income from taxes on income in 2015 of € 1,782 k (2014: expense of € 1,231 k). While the current income tax expense only went up slightly from € 523 k to € 630 k, there were considerable changes to the deferred taxes in particular on account of the domination and profit and loss transfer agreement concluded in 2015.

Even though the fiscal unity for income tax purposes only commences on January 1, 2016, this tax filing arrangement already has to be taken into consideration as at December 31, 2015, and the commensurate amounts recognized in the statement of financial position have to be released. Taking into account the deferred tax assets on tax loss carry-forwards, which also have to be released, this resulted in net proceeds of € 2,412 k.

Net profit after taxes in the reporting period was therefore € 6,735 k (prev. year: € 3,713 k), which represents basic earnings per share of € 3.76 (prev. year: € 2.16).

FINANCIAL POSITION

Cash flow from current operating activities came to € 6,581 k (prev. year: € 4,831 k) in the period under review. This comprises earnings before interest and taxes (EBIT) of € 4,470 k (prev. year: € 3,890 k), adjusted for depreciation in the amount of € 1,938 k (prev. year: € 1,695 k), changes in provisions in the amount of € 157 k (prev. year: € 22 k), the total of all non-cash expenses and income in the amount of € -434 k (prev. year: € -23 k), the total of interest paid and received in the amount of € 196 k (prev. year: € 207 k), the total of taxes paid and received in the amount of € -514 k (prev. year: € -617 k), changes in inventories and trade receivables and other assets in the amount of € -779 k (prev. year: € -196 k), and changes in trade payables and other liabilities in the amount of € 1,248 k (prev. year: € -147 k).

In the period under review, cash flow from investing activities came to € 7,907 k (prev. year: € -5,045 k) and mainly consisted of payments for the acquisition of securities of € 3,683 k (prev. year: € 11,622 k) as well as payments received for the disposal of securities in the amount of € 11,704 k (prev. year: € 7,637 k).

Cash flow from financing activities, amounting to € 1,634 k (prev. year: € -9 k) resulted from proceeds from the disposal of treasury stock in the amount of € 1,707 k (prev. year: € 0 k), and the dividend payment in the amount of € 73 k (prev. year: € 0 k).

The change in cash and cash equivalents in the period under review came to € 16,122 k (prev. year: € -223 k).

NET ASSET POSITION

Liquid funds amounted to € 25,261 k (prev. year: € 17,511 k) as of the reporting date. This entirely comprised cash and cash equivalents in the amount of € 25,261 k (prev. year: € 9,267 k), since securities available for sale (prev. year: € 8,244 k) were sold towards the end of the year.

Total assets and liabilities increased in the reporting year by € 7,295 k to € 45,549 k (prev. year: € 38,254 k). The increase in assets is largely due to the increase in cash and cash equivalents by € 16,354 k to € 25,621 k (prev. year: € 9,267 k).

The equity ratio fell to 74 % (prev. year: 79 %).

Non-current assets decreased by 4 % to € 16,829 k as of the reporting date (prev. year: € 17,566 k). Amortization of capitalized development costs of € 1,330 k (prev. year: € 1,158 k) was not offset by any newly recognized development costs (prev. year: € 1,194 k).

Property, plant and equipment, which primarily consists of acquired office and business equipment, as well as spending on modern IT file server technology, fell by € 55 k to € 319 k in the year under review (prev. year: € 374 k). The increase in current assets of 39 % in the reporting period to € 28,720 k (prev. year: € 20,688 k) results from the increase in cash and cash equivalents to € 25,621 k (prev. year: € 9,267 k) with a simultaneous reduction in other financial assets by € 8,327 k to € 114 k (prev. year: € 8,441 k), of which € 8,244 k comprised the sales of securities. Considering long-term trade receivables, these increased in total by € 977 k to € 3,710 k (prev. year: € 2,733 k).

Equity increased as of the reporting date to € 33,729 k as a result of the net profit for the year and the distribution from the domination and profit and loss transfer agreement (prev. year: € 30,270 k). The equity ratio decreased, due to the disproportionate increase in total assets and liabilities, to 74 % (prev. year: 79 %). Subscribed capital remained unchanged at € 1,820 k (prev. year: € 1,820 k). The capital reserve reduced in the reporting period to € 8,207 k (prev. year: € 9,784 k), which is attributable to the sale of treasury stock that no longer exists as of reporting date (prev. year: € 3,300 k). Retained earnings increased by € 1,993 k to € 23,298 k (prev. year: € 21,305 k). This corresponds with the total of net income for the year of € 6,735 k (prev. year: € 3,713 k), changes in revaluation reserves of € 103 k (prev. year: € 104 k), the distribution of the previous year's dividend of € 73 k, as well as the profit transfer from the domination and profit and loss transfer agreement of € 4,742 k (prev. year: € 0 k), and actuarial losses of € 30 k (prev. year: losses of € 73 k).

Non-current liabilities at € 149 k as of the reporting date were € 2,453 k under the previous year's level (prev. year: € 2,602 k), which is attributable to the release of deferred tax liabilities due to the fiscal unity for income tax purposes.

Current liabilities increased by 117 % to € 11,671 k (prev. year: € 5,382 k).

Personnel liabilities rose by € 544 k to € 1,359 k year on year. Other financial liabilities reduced by € 287 k to € 3 k (prev. year: € 290 k).

Trade payables amount to € 553 k (prev. year: € 579 k).

The rise in deferred income by € 857 k to € 3,200 k (prev. year: € 2,343 k) was primarily due to the payments received during the reporting period under maintenance contracts, for which the corresponding services had not yet been provided as of the reporting date.

Other financial liabilities increased by € 5,000 k to € 6,105 k, which is primarily a result of the recognition of the obligation to transfer profits as a liability.

Other liabilities increased to € 487 k (prev. year: € 311 k). Income tax liabilities increased to € 855 k (prev. year: € 739 k). The income tax assessments for 2014 and 2015 are still outstanding as of the reporting date.

NON-FINANCIAL PERFORMANCE INDICATORS

Beyond the defined financial parameters, revenues and EBIT, non-financial performance indicators are also relevant and thus important indicators of MeVis's long-term success. These so-called non-financial performance indicators are explained below. MeVis does not provide a financial assessment of non-financial performance indicators.

Staff

MeVis's workforce is an essential part of our capital. Employee expertise and commitment translates into crucial contributions to the Company's success. Their knowledge and experience guarantees the quality of our products and serves to continually optimize processes and services. Flat hierarchies, the freedom to make decisions and a high degree of personal responsibility are an expression of our open corporate culture. Financial recognition of individual performance is as important to MeVis as the availability of flexible work time models, targeted staff development and health promotion measures.

MMS AG had 93 permanent employees as of the reporting date (prev. year: 97) as well as 5 student testers on a temporary basis (prev. year: 11). This equates to a total of 88 full-time equivalents (prev. year: 94), 86 of whom were permanent employees (prev. year: 90) and 2 of whom (prev. year: 4) were student testers on a temporary basis.

The vast majority of employees received a voluntary bonus payment in the period under review as well as their fixed remuneration.

By resolution of the Annual General Meeting on June 15, 2011, the Executive Board was authorized to issue stock options to MeVis employees and members of management along with the associated conditional increase of the Company's share capital by € 130,000 on December 31, 2015. The stock options have a term of five years and are subject to a four-year vesting period. The performance target is formulated in the form of a market condition. The MMS AG stock price must exceed the TecDAX by at least 15 % at the time the stock option is exercised. Further explanations and information on the stock option program can be found in the note 36. No stock options were issued in 2015, as in 2014.

Quality management and Regulatory Affairs

High-quality processes, including comprehensive expertise in international regulatory processes, is a necessary requirement for the achievement of MeVis's strategic objectives, and thus of very high value. Quality and quality management are both a regulatory requirement and an important product feature.

MeVis has installed an extensive quality management system in accordance with EN ISO 13485. MeVis is certified to EN ISO 13485:2012 + AC: 2012 for the areas of development, manufacture, final inspection and sale of diagnostic software for medical image data and intervention support. Through further certifications and permissions the Company is able to develop products that meet the requirements of Directive 93/42/EEC (Europe), FDA 510k (USA) and CMDCAS (Canada) and bring those products to approval.

This ensures that software components delivered by MeVis meet the applicable standards and legal requirements. In turn, this significantly accelerates the approval process for our customers' medical products, bringing them to market faster.

Innovativeness

Innovation and new technologies are essential for the strategic development of MeVis. The market for software products for use with digital medical imaging processes is characterized by high quality requirements and, in some cases, short innovation cycles in tandem with rising technical complexity. For this reason, the product ranges developed by the Companies call for ongoing and forward-looking adjustment in the light of new medical and technological developments and the constant increase in data volumes to be processed. In addition to internal research and development capabilities, MeVis has a wide network of hospitals and research centers at its disposal, enabling us to identify new ideas and market trends early on.

For the rapid development of prototypes tailored to real-life application, MeVis uses its own MeVisLab research and development environment. As a result, newly developed methods and work processes can be tested, evaluated and optimized in clinical environments ("rapid prototyping") to convert developed products into marketable products in a short time. This leads to significantly shorter development and innovation cycles.

Solid customer relationships

MeVis owes its leading market position to its successful long-term cooperation with major international industrial customers. Under the umbrella of the OEM sales model, distribution of software applications is carried out under the industrial customers' respective brand names who are typically also manufacturers of imaging devices. Our major industrial customers include Siemens, Hologic, Invivo (a subsidiary of Philips) and Vital Images (owned by Toshiba). Excellent customer relationships are the basis for MeVis's success. On account of their personal, efficient and competent services, our key account managers contribute to increasing customer satisfaction and promoting a long-term, profitable customer relationship. Moreover, we consider our customers a driving force for innovation, which is reflected in our continuous development of products with new or additional services at the request of our existing customers.

OVERALL STATEMENT

In terms of key financial figures, 2015 was another very successful year for MeVis, with MeVis partaking to a considerable extent in the benefits of the strong US dollar and the excellent market position of Hologic for tomosynthesis. Thanks to our continued solid cost structure, very good results could be achieved, which also significantly increased liquidity.

The middle- and long-term outlooks remain significantly dampened by the changed cooperation arrangements with MeVis introduced by Hologic and the associated decline expected in sales with and activities for Hologic. This is exacerbated by the fact that in 2015 economic dependency on business with Hologic, which is reported in the Digital Mammography segment, has increased despite intensive efforts.

CORPORATE DISCLOSURES PURSUANT TO SECTION 289 NO. 4 HGB

Composition of the subscribed capital

As of the reporting date, the Company had subscribed capital of € 1,820 k, which consisted of 1,820,000 no-par-value registered shares with voting rights. Each registered share carries one vote. In accordance with the statutory provisions and the Articles of Association, the shareholders exercise their voting rights at the General Meeting.

Restrictions on voting rights or the transfer of shares

The Executive Board has no information about any restrictions on exercising voting rights or restrictions on the transferability of the shares, which go beyond the statutory requirements of the capital market law.

Shares in capital exceeding 10 % of the voting rights

Based on the information of the Company, the following direct or indirect equity interests existed, exceeding 10 % of the voting rights at the reporting date:

- According to the notification of voting rights dated April 21, 2015, the share of voting rights jointly held by VMS Deutschland Holdings GmbH, Darmstadt, Varian Medical Systems International AG, Cham, Switzerland, Varian Medical Systems Nederland BV, Houten, Netherlands, Varian Medical Systems Nederland Holdings BV, Houten, Netherlands, and Varian Medical Systems, Inc., Wilmington, Delaware, USA, stands at around 73.52 %.

Provisions governing the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association

The appointment and dismissal of members of the Executive Board is governed by the provisions of Sections 84 and 85 of the German Stock Corporation Act (AktG). In addition, Section 6 (1) and (2) of the Articles of Association of MeVis Medical Solutions AG in the version dated June 9, 2015 stipulates that the Supervisory Board shall appoint the members of the Executive Board and determine their number. Amendments to the Articles of Association are governed by Sections 133 and 179 et seq. of the German Stock Corporation Act. Section 119 (1) No. 5 of that Act stipulates that any amendments to the Articles of Association require a resolution of the shareholders. Under Section 9 (5) of the Articles of Association of MeVis Medical Solutions AG in the version dated June 9, 2015, the Supervisory Board may make amendments to the wording of the Articles of Association.

Authorization of the Executive Board to issue or buy back shares

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

In accordance with the resolution passed by the shareholders at the Annual General Meeting on June 9, 2015, the Executive Board is authorized, subject to the Supervisory Board's approval, to increase the Company's share capital on a cash or non-cash basis by a total of up to € 910 k by issuing new registered no-par-value shares in one or more tranches on or before June 8, 2020. The shareholders must generally be granted subscription rights; the statutory subscription right may also be granted in such a way that the new shares of one or more credit institutions or those under Section 186 paragraph 5 sentence 1 of the German Stock Corporation Act, be subject to the obligation to offer them to the shareholders of MeVis Medical Solutions AG for subscription. The Executive Board is also authorized, subject to the Supervisory Board's approval, to exclude the subscription rights of shareholders in certain cases. The authorization granted by the Annual General Meeting on June 10, 2010 authorizing the Executive Board, subject to the Supervisory Board's approval, to increase the Company's share capital on a cash or non-cash basis by a total of up to € 910 k by issuing new registered no-par-value shares in one or more tranches on or before June 9, 2015, has been voided.

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

MeVis Medical Solutions AG has made various agreements, as listed below, consisting of rules in the event of a change-of-control, for example following a takeover bid:

- As a 49 % partner in MBC KG, Siemens Healthcare GmbH is entitled to request the transfer of the limited-partnership share held by MMS AG in MBC KG as well as its share in MeVis BreastCare Verwaltungsgesellschaft mbH at a reasonable price if a third party either directly or indirectly acquires a controlling interest as defined in Section 17 of the German Stock Corporation Act in MMS AG and competes with Siemens Healthcare GmbH.
- As a licensee of MMS AG, the Invivo Corporation is entitled to terminate the licensing agreement existing between Invivo Corporation and MMS AG in the event of changes to the control structure within MMS AG, insofar as the controlling party does not recognize the licensing agreement obligation.

CORPORATE GOVERNANCE STATEMENT (SECTION 289a HGB)

The most recent Corporate Governance Statement can be accessed on the Company website of MeVis Medical Solutions AG at http://www.mevis.de/en/investor-relations/corporate-governance/declaration-pursuant-to-289a-hgb/.

REMUNERATION REPORT

The remuneration for the Executive Board consists of fixed and variable components.

The bonuses for Executive Board members are always measured by the level of achievement of a target catalogue agreed upon with the Supervisory Board. For both Executive Board members the bonus is capped at 1.0 times their fixed remuneration. 75 % of the bonus is calculated according to a fixed formula of the EBITDA adjusted for income from the capitalization of development costs, while the Supervisory Board decides on remaining 25 % at its own discretion. A portion of Executive Board members' bonuses is coupled to the price of the MMS AG share within defined thresholds and deferred for three years.

The members of the Executive Board will be taking part in a stock option program, which acts as a further variable remuneration component providing a long-term incentive. The stock options have a term of five years as of the date on which they are granted. In 2015, no further stock options were granted.

The current employment contracts for Executive Board members, which have a term of three years, stipulate transitional payments of up to four monthly salaries should their contracts not be extended and the Company fails to comply with the termination period of four months prior to the end of the contracts. In the event of revocation of appointment, the Executive Board member receives their fixed remuneration (in one case the present value) until the end of their contractual term, unless the revocation of appointment is based on negligence on the part of the Executive Board member.

As explained in the financial statements (Note 35), the total remuneration paid to the Executive Board in the period under review came to € 736 k (prev. year: € 607 k).

OPPORTUNITIES AND RISKS REPORT

The Executive Board of MMS AG believes that the market for medical imaging technology in the extremely important digital mammography segment will be increasingly affected by market saturation. The Executive Board therefore believes that the market environment will become progressively competitive. Key providers of PACS (picture archiving and communication systems) for the archiving and presentation of all clinical patient data are continuing to develop further in market segments relevant to the Company, meaning that it requires an increasing amount of effort to remain one step ahead and continue with its progress. As a result, ongoing activities at MMS AG are based on the conviction that global demand will remain stable, especially when it comes to medical imaging technology and diagnostics support, but that the competitive situation will become more demanding and price pressure will increase. Alongside diagnostic imaging, intervention and treatment planning will also play a more significant role in the optimization of the clinical workflow.

MeVis assumes that its industry customers in the computer-assisted imaging segment will be able to retain the outstanding position of their products on the global market, and that some will be able to generate further growth. MeVis can make a decisive contribution here with its software applications. Against this backdrop of increasing competition, MeVis will continue to focus on maintaining these strong relationships with industry customers and expanding our customer base especially for the Other Diagnostics segment. The relevant market in the Digital Mammography segment for dedicated software applications for diagnosis of images from mammography and tomosynthesis is estimated to decline in the medium- and long-term, since the aforementioned PACS systems increasingly expand its functionality and offer seamlessly integrating more user-friendly complete systems, than would ever be possible through dedicated individual solutions.

Macroeconomic factors and health policy debates, such as on the importance of screening programs for early lung cancer detection, continue to play a key role in the Company's business environment. The Executive Board is therefore unable to rule out that external factors will adversely impact the market environment as well as the Company's sales and distribution expectations for 2016 and beyond.

On the other hand, the Executive Board of MMS AG continues to hope that MeVis will be able to play a leading role, for example, if large-scale lung cancer screening is introduced, even if the current level of sales fell short of expectations.

The Company's maintenance business remains strong and the Company also has an array of general oncology, neuro, prostate and virtual colonoscopy products and technologies, all with relatively moderate sales contributions. As the Company is dependent on the success of existing industrial customers, winning new industrial customers and developing alternative sales channels, it is impossible once again in the current fiscal year to reliably forecast future sales developments. In the future, MeVis will focus on the development and marketing of software solutions and services for diagnostic imaging in breast, lung and liver cancer.

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

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

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

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

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

BUSINESS-RELATED OPPORTUNITIES AND RISKS

- Risks arising from dependence on key customers

  The Company generates a substantial portion of its revenue from business with a small number of key industry customers. These customers are of considerable importance for the commercial success of MMS AG. Some of the contracts concluded with these key customers are fixed term and run for several years. In addition, minimum purchase quantities have been agreed for certain products. If the Company does not succeed in retaining the positive business relationships with these key customers or if these key customers decide against continuing these relationship for other reasons or become insolvent, this will have a direct detrimental effect on the Company's assets, liabilities, financial position and profit or loss. For this reason, MMS AG makes every effort to increase the number of business relationships such that the existing risk is minimized without impacting the quality or profitability of individual areas.

- Opportunities arising from acquiring additional key customers

  The Company generates a substantial portion of its revenue from business with key industry customers. If MeVis succeeds in acquiring one or more additional key customers and can conclude contracts for license sales of existing or new software products, this would open up new sales contributions. Broadening the customer base would also reduce the risk of dependence on single industrial customers for revenue.

- Opportunities and risks arising from dependence on customers' success

  There are risks and opportunities in conjunction with the success of customers, even if relationships with key customers continue or they remain solvent; this is because the Company, due to existing contractual regulations, is contingent on its key customers' ability to market their own products successfully. Although this risk is limited to a small number of areas due, for example, to minimum purchase agreements, it continues to play a significant role for the Company's risk assessment. The same applies in principle to indirect marketing through sales partners. If such products are not distributed successfully or if the customer is not able to obtain the necessary permits for its products, this will negatively impact demand for MMS AG's products as well as those of its affiliates. As a result, this could lead to an adjustment of the value of goodwill in intangible assets. On the other hand, strong sales performance of industrial customers can have a positive effect on MeVis's licensing business.

- Risks related to the expiry of the SecurView™ agreement with Hologic as of December 31, 2016

  The existing agreement with industrial customer Hologic for the distribution of the SecurView™ product has been extended in April 2015 by one year and now runs until December 31, 2016. Given the robust business with this product and no visible alternative to SecurView™ for Hologic from the beginning of 2017 according to MeVis, an extension of the agreement or a follow-up contract from January 1, 2017 is assumed. A potential amendment or non-extension of the contract could in turn significantly impair the assets, liabilities, financial position and profit and loss due to the importance of this business for MeVis. However, the Company currently does not expect any material changes to the number of new licenses sold in the current fiscal year 2016 based on the new contractual regulations.

- Risks associated with financial instruments

  The main financial instruments used by MMS AG are cash and cash equivalents. This is intended to finance operations and purchases. The Company has various other financial instruments such as trade receivables and payables, which arise directly from operations. Significant credit and liquidity risks are so far not seen. In order to hedge exchange rate risks of sales revenues currency options were used by the Company.

- Exchange rate risks and opportunities

  MMS AG and its affiliate offer their services on an international basis and, hence, outside the euro currency zone, particularly in the US market. The sales of MMS AG and its affiliate are invoiced in the currency of the territory in which the customer has its head office. To date, the vast majority of services of MMS AG are therefore being invoiced in US dollars, while most of the Company's expenses are to be paid in euros. Subsequently, opportunities and risks from exchange rate fluctuations could arise which may have a positive or negative effect on the profit and loss of the Company, particularly in connection with medium- and long-term contracts which it generally enters into with its customers. In addition, part of the liquidity nominates in US dollars, which could also result opportunities and risks.

- Product development-related risks

  MeVis has invested heavily in new technologies and products for some years now. Some of these development costs were capitalized and reported as assets. Due to a change in the assessment of the market environment, MeVis already impaired a large portion of these investments in 2010 and 2011. This experience shows that the development of new products and enabling technologies entails a significant risk despite extensive market studies, including in cooperation with new customers. While MeVis increasingly focuses on reducing sales risks relating to the development of products, such as by agreeing on minimum purchase quantities with key customers and sale partners, there remains a financial risk resulting from necessary technological preliminary developments. With the issue of a release to Hologic in the fourth quarter of 2014, the capitalization of expenses ended, which means that the extent of this risk will be reduced further over the next few years by amortizing the capitalized development expense.

- Product liability risks

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

- Risks in connection with the utilization of brands

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

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

  MMS AG and MBC KG own a number of German, European and US patents and patent applications. In addition, MBC KG holds a German utility patent. The risk of third parties breaching the industrial property rights of the Company or its affiliate cannot be ruled out, nor can the risk of MeVis breaching third-party patents and industrial property rights be ruled out. By MeVis being part of an American company, the risk has increased that MeVis will be sued in the US for patent infringement and substantial legal costs will incur for the defense of these lawsuits regardless of their substance.

- Liquidity risks

  A change to the business and market environment of MMS AG and its affiliates could result in the Companies no longer being in a position to meet their financial obligations arising during the course of their operations. Such an erosion of the Company's liquidity position could result in one of the above-mentioned risks, such as that with existing key customers, or significant payment delays. Securing liquidity therefore forms an integral part of the ongoing liquidity and debtor management at MMS AG and its affiliates. It is therefore just as important as financial due diligence for new customers. As of the reporting date, MMS AG reported cash and cash equivalents of € 25.6 million (previous year: € 17.5 million including the securities held). The Company assumes that this liquidity will be sufficient. Additional liquidity needs may arise in years to come, if the planned sales revenues should not be achieved and at the same time the costs of the Company cannot be reduced accordingly. The Company had no credit facilities at banks as of the reporting date. The liquidity risks are significantly reduced by the obligation of VMS Germany Holdings GmbH to a possible assumption of losses, as stated in the domination and profit and loss transfer agreement concluded in 2015, backed by a comfort letter from the American parent company.

MARKET-RELATED OPPORTUNITIES AND RISKS

- Risks arising from the necessity for ongoing product optimization

  In order to remain competitive, MeVis must improve its products on an ongoing basis to bring them into line with market trends taking regional requirements into account, and incorporate the latest technological developments in diagnostic, therapy and intervention methods. It is not possible to exclude the risk of future technological advances that could render the software developed by MeVis obsolete. If MeVis is unable to continue updating its software products in line with the swift and dynamic technological advances in the individual areas of application, this may have an adverse effect on order intake and thus on the assets, liabilities, financial position and profit or loss of MMS AG and its affiliates.

- Risks arising from the further development of PACS systems

  If the functional scope of PACS systems should continue to develop to a significant extent in the direction of the software applications offered by MeVis, this could have a negative impact on the market for dedicated software applications operated at work stations. The market for dedicated software applications is of pivotal importance for MeVis.

- Risks from the increasing importance of fully integrated software applications for clinical end users

  If clinical end users place greater value in future on the seamless integration of the software applications used in the IT landscape existing in the hospital, this would result in a market shift from individual suppliers of dedicated applications such as MeVis in favor of fully integrated PACS solutions, with negative consequences for MeVis's assets, financial position and results.

- Opportunities arising from the introduction of lung cancer screening

  Since mid-2013, there has been an emerging trend, at least in the USA, to introduce CT-based lung cancer screening programs. In December 2013, the US Preventive Services Task Force (USPSTF) issued a corresponding recommendation. In the previous year this was defined more accurately and on February 5, 2015 the CMS (Centers for Medicare and Medicaid Services) released a memorandum containing its decision. It can subsequently be assumed that this method will be reimbursed by insurers from the second half of 2015. Due to this development, MeVis expects that there would be a sharp rise in the need for lung CT scans in 2016. In November 2015, the final criteria were published for reimbursement and January 4, 2016 was set as the start date of the reimbursement. Accordingly MeVis expects a sharp rise in CT scans of the lung to be diagnosed in 2016 and resulting from this increasing demand for solutions that simplify, shorten and qualitatively improve this procedure. MeVis was already in a position to serve this potential growth market with its Visia™ Lung CAD product and, for this reason, MeVis launched a dedicated lung screening solution on the market in the second half of 2014 and has concluded a marketing agreement with a major industrial customer. The introduction of broad lung screening programs would result in opportunities for MeVis of a significant increase in revenues.

RISKS IN CONNECTION WITH RESEARCH AND DEVELOPMENT

- Risks in connection with launch of new development methods

  The development efficiency improvements required to secure and increase the Company's competitiveness necessitate ongoing internal processes reviews and adjustments. In the fiscal year just ended, the Company again pushed forward the launch of leaner and more flexible development methods. These methods are designed to significantly increase development efficiency and speed. While MeVis has high hopes that these processes will cut costs and improve product quality in the medium and long term, each and every change to central business processes entails unavoidable risks, despite careful preparation and management. In particular, these risks relate to the Company's ability to produce high-quality medical technology for our key customers on time and at the envisioned costs during the changeover. No such adverse effects have been determined to date. However, the Company cannot rule out future negative impacts from the launch of new development methods on revenues and earnings. There is also a low risk that the launch of new development processes may require further clarification in the course of recertification in accordance with EN ISO 13485:2012 + AC:2012.

- Risks arising from the availability of qualified executives and staff

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

On the whole, following an extensive review, the Executive Board continues to see no risks to MMS AG and its affiliate as a going concern.

RISK MANAGEMENT

For MeVis Medical Solutions AG, dealing with risks in a responsible manner is a key element of good corporate governance. The Executive Board has installed an appropriate risk management and risk control system in the Company in order to identify, evaluate, monitor and control the risks arising from operating activities at an early stage. The Executive Board informs the Supervisory Board regularly about the current status of significant risks. The risk management system is continuously reviewed in accordance with the latest developments and adjusted where necessary. Further details and information on risk management can be found in the risk report.

ACCOUNTING AND AUDITING

MeVis Medical Solutions AG prepares its statutory financial statements and management report in accordance with the German Commercial Code (HGB). The Company also prepares individual IFRS financial statements in accordance with International Financial Reporting Standards (IFRS). The half-year financial report and the interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The financial statements are prepared by the Executive Board and reviewed by the Supervisory Board. The Supervisory Board engaged KPMG AG Wirtschaftsprüfungsgesellschaft, Bremen, as the auditors elected by the Annual General Meeting for fiscal year 2015, to auditthe statutory financial statements for fiscal year 2015 and the Executive Board engaged them to audit the individual IFRS financial statements. This approach ensures that no conflicts of interest affect the work of the auditors.

The audits of the financial statements for 2015 were conducted by KPMG AG Wirtschaftsprüfungsgesellschaft, Bremen, in accordance with the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW).

ACCOUNTING RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

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

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

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

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

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

OUTLOOK & OPPORTUNITIES

In the fiscal year just concluded, growth was once again driven by Hologic's success in marketing its new tomosynthesis modalities. The maintenance business was stable. This means that MMS AG performed significantly better than anticipated in the outlook for 2015 published in February 2015. Revenues, at € 16.0 million, significantly exceeded the original forecast of € 13.0 to € 13.5 million; however, € 1.7 million of this amount is attributable to the rise in the USD compared with the forecast. EBIT, at € 4.5 million, also came in better than originally expected (€ 2.0 to € 2.5 million), mainly due to the variation in revenues driven by the strong dollar. The Company also clearly outperformed its February 2015 liquidity forecast of € 20.0 to € 21.0 million at the end of 2015, with a level of € 25.6 million. In addition to strong revenues, the disposal of MeVis shares also contributed € 1.7 million. As this positive trend in financial figures was already apparent in the course of fiscal year 2015, the corresponding forecast increases were published in an ad-hoc release.

For fiscal year 2016, a drop in revenues to between € 14.5 million and € 15.0 million is expected. The Digital Mammography business segment is likely to remain the main revenue contributor, at over 75 %. In 2016, this segment will once again consist exclusively of business with our industry customer, Hologic. Earnings before interest and tax (EBIT) are expected to decline year on year to € 2.5 to € 3.0 million. Along with the decline in sales, this is largely due to a slight increase in operating costs at a constant number of employees. Liquidity will be influenced to a significant extent in future by the annual profit transfer to VMS Deutschland Holdings GmbH, along with operational cash flows, so that from 2016 liquidity will no longer be a control parameter for MMS AG.

As in the previous reporting period, the Executive Board will regularly review its expectations during fiscal year 2016 based on current business developments. For fiscal year 2017, the Executive Board initially expects stable sales and earnings compared to the current fiscal year for MMS AG and its affiliates with a largely unchanged cost structure, with business with Hologic expected to drop sharply at the end of 2017 and in 2018.

MATERIAL EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no transactions of material significance for the Company after the reporting date.

Bremen, March 31, 2016

Marcus Kirchhoff
Chairman

Dr. Robert Hannemann
Member of the Executive Board

INCOME STATEMENT

for the period January 1 through December 31, 2015

FIGURES IN € k	Notes	2015	2014
Revenues	9	**16,014**	**13,091**
Income from capitalization of development expenses	10	0	1,194
Other operating income	11	1,130	971
Cost of material	12	-612	-634
Staff costs	13	-7,411	-7,025
Other operating expenses	14	-2,713	-2,012
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**6,408**	**5,585**
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	15	-1,938	-1,695
Earnings before interest and taxes (EBIT)		**4,470**	**3,890**
Income from equity investments	4	147	348
Interest income		165	213
Interest expenses		-22	-22
Other net financial result		193	515
Net financial result	16	**483**	**1,054**
Earnings before taxes (EBT)		**4,953**	**4,944**
Income tax (income; 2014: expense)	17	1,782	-1,231
Net profit		**6,735**	**3,713**
Earnings per share in €	18		
Basic		3.76	2.16
Diluted		3.72	2.16

STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 through December 31, 2015

FIGURES IN € k	Notes	2015	2014
Net profit		**6,735**	**3,713**
Items that are never recognized as profit or loss			
Actuarial gains from pensions (prev. year: losses)	23	8	-110
Impacts of the fiscal unity on deferred tax (2014: deferred tax on actuarial losses on pensions)		-38	37
		-30	**-73**
Items that have been or could be recognized as profit or loss			
Changes in fair value of available-for-sale financial instruments	22	-226	246
Impacts of the fiscal unity on deferred tax (2014: deferred tax on changes in fair value)		72	-77
		-154	**169**
Other comprehensive income		**-184**	**96**
Total comprehensive income		**6,551**	**3,809**

STATEMENT OF FINANCIAL POSITION

as of December 31, 2015

FIGURES IN € k	Notes	2015	2014
Non-current assets			
Intangible assets	19	13,854	15,621
Property, plant and equipment	19	319	374
Equity investments	4	1,718	1,571
Trade receivables	20	938	0
		16,829	**17,566**
Current assets			
Trade receivables	20	2,772	2,733
Other financial assets	20	114	8,441
Other assets	20	213	247
Cash and cash equivalents	21	25,621	9,267
		28,720	**20,688**
ASSETS		**45,549**	**38,254**
Equity capital	22		
Subscribed capital		1,820	1,820
Capital reserve		8,207	9,784
Revaluation reserve		404	507
Treasury shares		0	-3,300
Accumulated fair value changes of available-for-sale financial instruments		0	154
Retained earnings		23,298	21,305
		33,729	**30,270**
Non-current liabilities			
Provisions	23	149	158
Deferred taxes	17	0	2,444
		149	**2,602**
Current liabilities			
Provisions	23	471	305
Trade payables		553	579
Other financial liabilities	24	6,105	1,105
Deferred income	25	3,200	2,343
Other liabilities	26	487	311
Income tax liabilities		855	739
		11,671	5,382
EQUITY AND LIABILITIES		**45,549**	**38,254**

STATEMENT OF CASH FLOWS

for the period January 1 through December 31, 2015

	FIGURES IN € k	Notes	2015	2014
	Earnings before interest and tax (EBIT)		**4,470**	**3,890**
+	Depreciation, amortization and impairments	15	1,938	1,695
+/-	Increase/decrease in provisions		157	22
+/-	Other non-cash expenses/income		-433	-23
+	Interest received		201	210
-	Interest paid		-5	-3
+	Tax received		0	130
-	Tax paid		-514	-747
+/-	Decrease/increase in trade receivables and other assets		-481	-196
-/+	Decrease/increase in trade payables and other liabilities		1,248	-147
=	**Cash flow from operating activities**		**6,581**	**4,831**
-	Purchase of property, plant and equipment		-94	-72
-	Purchase of intangible assets (excl. development costs)		-22	-294
-	Payments for capitalized development cost		0	-1,194
+	Proceeds from sale of investments in associated companies		0	500
-	Payments for the acquisition for marketable securities		-3,683	-11,622
+	Proceeds from sale of marketable securities		11,704	7,637
=	**Cash flow from investing activities**		**7,907**	**-5,045**
-	Repayment of finance lease liabilities		0	-9
+	Proceeds from the sale of treasury shares		1,707	0
-	Payments for dividends		-73	0
=	**Cash flow from financing activities**		**1,634**	**-9**
	Change in cash and cash equivalents		**16,122**	**-223**
	Effect of exchange rates on cash and cash equivalents		**232**	**191**
+	**Cash and cash equivalents at the beginning of the period**		**9,267**	**9,299**
=	**Cash and cash equivalents at the end of the period**	21	**25,621**	**9,267**

This item comprises cash and cash equivalents.

STATEMENT OF CHANGES IN EQUITY

for the period January 1 through December 31, 2015

FIGURES IN € k	Subscribed capital	Capital reserve	Re-valuation reserve	Treasury shares	Cumulative change in fair value for sale of available assets	Retained earnings	Total
Balance on Jan. 1, 2014	**1,820**	**9,768**	**611**	**-3,300**	**-15**	**17,561**	**26,445**
Net profit	0	0	0	0	0	3,713	3,713
Other comprehensive income	0	0	0	0	169	-73	96
Total comprehensive income	0	0	0	0	169	3,640	3,809
Issue of stock options	0	16	0	0	0	0	16
Transfer from revaluation re-serve to retained earnings based on amortization	0	0	-104	0	0	104	0
Balance on Dec. 31, 2014	**1,820**	**9,784**	**507**	**-3,300**	**154**	**21,305**	**30,270**
Balance on Jan. 1, 2015	**1,820**	**9,784**	**507**	**-3,300**	**154**	**21,305**	**30,270**
Net profit	0	0	0	0	0	6,375	6,375
Other comprehensive income	0	0	0	0	-154	-30	-184
Total comprehensive income	0	0	0	0	-154	6,705	6,551
Issue of stock options	0	16	0	0	0	0	16
Sales of treasury shares	0	-1,593	0	3,300	0	0	1,707
Dividend payment	0	0	0	0	0	-73	-73
Payout from profit transfer agreement	0	0	0	0	0	-4,742	-4,742
Transfer from revaluation re-serve to retained earnings based on amortization	0	0	-103	0	0	103	0
Balance on Dec. 31, 2015	**1,820**	**8,207**	**404**	**0**	**0**	**23,298**	**33,729**

NOTES TO THE FINANCIAL STATEMENTS 2015

BASIC INFORMATION ON MMS AG

1. GENERAL DISCLOSURES

MeVis Medical Solutions AG (“MMS AG”, “MeVis” or “Company” 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.

Since April 21, 2015 MMS AG belongs to the Varian Group under the leadership of Varian Medical Systems, Inc., Palo Alto, California, USA, via VMS Deutschland Holdings GmbH, Darmstadt. That company prepares consolidated financial statements for the largest number of entities and MMS AG is included in these. The consolidated financial statements are filed with the U.S. Securities and Exchange Commission (SEC) and can be obtained from the head office of the group parent company.

The individual IFRS financial statements of MMS AG according to IFRS as of December 31, 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The provisions contained in Regulation (EC) No. 1606/2002 on the application of international accounting standards as well as the supplementary provisions of German commercial law pursuant to Section 325 (2a) were observed. The requirements have been complied with in full and result in the presentation of a true and fair view of the assets, liabilities, financial position and profit or loss of MMS AG.

These individual IFRS financial statements have been prepared on a voluntary basis to provide a complete picture of the Company’s net assets, financial position and results of operations after the subsidiaries of MMS AG were merged or consolidated on August 1, 2013. It can be seen as an additional information source next to the financial statements prepared in terms of the German commercial law.

The fiscal year of MMS AG is the same as the calendar year.

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

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

The individual IFRS financial statements as of December 31, 2015 were approved for submission to the Supervisory Board by MMS AG’s Executive Board on March 31, 2016. The Supervisory Board is responsible for examining the individual IFRS financial statements and approving them. The individual IFRS financial statements are to be published on the Company website on April 22, 2016.

2. BUSINESS ACTIVITIES OF MMS AG

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’s 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 many of 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). MeVis supplies technologies and applications for global medical industry leaders, meeting their needs and helping them to strengthen their leadership positions.

In addition to the sale of software licenses and corresponding maintenance contracts, MeVis offers, to a lesser extent, services to clinical end customers. These include three-dimensional technical visualizations ("MeVis Distant Services") and interactive online trainings to improve the diagnostic capabilities of the clinicians ("Online Academy").

3. REPORTING SEGMENTS OF MMS AG

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 customer Hologic.

The Digital Mammography segment includes the investments in MeVis BreastCare Verwaltungsgesell-schaft mbH, Bremen, and MeVis BreastCare GmbH & Co. KG, Bremen. Customer of MeVis BreastCare GmbH & Co. KG is the joint venture partner, Siemens Aktiengesellschaft.

In addition to the breast diagnostics business based on magnetic resonance imaging conducted with Invivo Corporation, 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. Furthermore, the business with Vital Images for lung diagnostics and general analysis of MR-image data is included in this segment. Other main activities in this segment include the services of "MeVis Distant Services" for technical visualizations, which are used in training, for publications, presentations and for research purposes. In addition, this segment includes interactive online training ("MeVis Online Academy") to improve the diagnostic capabilities of clinical end customers.

MMS AG differentiates the geographical areas USA and Europe due to the local distribution of realized sales.

BASIC PRINCIPLES OF THE FINANCIAL STATEMENTS

4. JOINT VENTURES

Shares in entities whose business activities are co-managed by MMS AG and another company (joint ventures) are consolidated at equity. Under the equity method, the respective carrying amount is increased or reduced by the changes in equity of the joint venture as far as they apply to the shares of MMS AG.

The financial statements included under the equity method in the individual IFRS financial statements have been prepared using uniform recognition and measurement principles.

Joint-venture companies accounted for using the equity method

Name and location of the company	Share in %
MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen (“MBC GmbH”)	51.0
MeVis BreastCare GmbH & Co. KG, Bremen (“MBC KG”)	51.0

MeVis Medical Solutions AG holds 51 % of MBC KG, a joint venture with Siemens Healthcare GmbH ("Siemens").

The focus of the activities of this company is the development, marketing and distribution of software and consulting services, especially in the area of multi-modal soft copy reading systems for the screening, diagnosis and treatment of breast diseases. As of December 31, 2015, Siemens continued to hold 49 % of the capital of MBC KG. In addition, Siemens has a call option which it may exercise at any time with respect to a further 2 % share in MBC KG. In accordance with the provisions contained in the deed of partnership, a 2/3 majority is required for material decisions, meaning that the potential exercise of this option will not have any effect on MeVis’s scope for exerting influence on the Company. Accordingly, MBC KG is a joint venture and therefore accounted for using the equity method. MBC GmbH is the general partner of MBC KG. The investment ratios and accounting method correspond to those of MBC KG.

The financial information on the MBC KG is as follows:

FIGURES IN € k	2015	2014
Non-current assets	429	881
Current assets	3,792	2,893
Thereof: Cash and cash equivalents	(3,223)	(2,598)
Non-current liabilities	22	7
Current liabilities	750	720
Revenues	4,688	4,528
Net income / total result	288	682
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	-393	-623
Interest income	1	1
Interest expenses	2	0
Income tax	-8	-182

An equity-accounted amount of € 1,700 k (2014: € 1,554 k) can be derived from the assets and liabilities of MBC KG. The difference compared with the statement of financial position relates to the equity of MBC GmbH.

5. CURRENCY TRANSLATION

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

	End-of-year exchange rate		Annual average exchange rate	
Currency	**31.12.2015**	**31.12.2014**	**2015**	**2014**
USD/€	1.0887	1.2141	1.1095	1.3285

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

ACCOUNTING AND MEASUREMENT POLICIES

6. ACCOUNTING AND MEASUREMENT POLICIES

Recognition of revenues

Revenues are recognized when it is likely that the economic benefits from the transactions will flow to the Company and the amount is reasonably assured. As a matter of principle, MeVis distinguishes between the recognition of revenues from the sale of licenses, the provision of services and the sale of hardware.

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

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

Revenues from the provision of services are recognized when:

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

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

This has the following specific ramifications for MeVis:

Software and licenses

License fees and royalties resulting from the utilization of software are recognized in accordance with the economic purpose of the agreement. In the absence of any agreement to the contrary, revenues are recognized on a straight-line basis over the duration of the license agreement. The granting of unrestricted rights of utilization for a fixed amount (single licenses) constitutes a sale for economic purposes and is recognized as revenue in full.

Hardware

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

Consulting services and software development services

Revenues from the provision of consulting services and software development services are recognized in the period in which the service in question is provided. MMS AG entered into a contract with a customer, in which the fee is based on the revenues that the customer receives from the sale of licenses for its software, which was developed with the support of MeVis. Since it is not possible to determine the revenues for MeVis reliably when preparing the financial statements, those transactions are initially recognized on the basis of the costs incurred.

Maintenance

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

Training

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

Recognition of expenses

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

Research and development expenses

The costs of research activities – that is, for activities undertaken to make new scientific or technical findings – are recognized in full by MeVis as an expense. In contrast, the costs of development activities – that is, when the results of research are incorporated into a plan or a draft for the production of new products and processes – are capitalized, on condition that the development expenses can be reliably measured, that the product or process is technically and economically feasible and that future economic benefit is likely. In addition, MeVis must have the intention and sufficient resources to conclude the development and to utilize or sell the asset. Therefore, the development expenses incurred for MeVis's software products after the software specifications have been defined and agreed upon with the customer are capitalized or when the marketability of the future products has been adequately demonstrated by market analyses and agreement with the industry customers. In connection with this, individual and overhead costs attributable to the development activities are capitalized up until completion of the product and then written down over a period of two to four years. Developments that are not yet ready for use are subject to an annual impairment test. Impairment tests are also conducted in case of indicators of possible impairment (triggering events).

Interest income

Interest income is recognized when it arises.

Interest expenses

Borrowing costs are recognized as expense unless the borrowing costs can be directly allocated to the construction, acquisition or manufacture of a qualifying asset. An asset is regarded as qualifying if it takes more than six months to get ready for its intended use or sale. The borrowing costs of MeVis largely arise from the imputed interest on liabilities and the interest on tax liabilities.

Goodwill

Goodwill acquired through business combinations and continued in the individual IFRS financial statements of MMS AG are not subject to depreciation and amortization; instead, an impairment test of goodwill is carried out once a year. An impairment test is also carried out if events or circumstances (triggering events) occur, which could indicate possible impairment. Goodwill is carried at cost less any accumulated amortization for impairment. Annual impairment testing is conducted on December 31. Impairment testing of goodwill is carried out at the level of cash generating units ("CGU" for short) the lowest level at which goodwill is monitored by Company management. To test for impairment, the acquired goodwill is allocated to the CGU or group of CGUs which are expected to benefit from the synergy arising from the business combination. For the material goodwill of MeVis, the applicable CGU is identical to MMS AG's continued business with Hologic, after the accretion of MeVis BreastCare Solutions GmbH & Co. KG (hereafter: "MBS KG") in August 1, 2013. If the carrying amount of the CGU or group of CGUs to which the goodwill was allocated exceeds the recoverable value, the excess is written off. The recoverable value is the higher of the fair value less cost to sell and the value in use of the CGU. These values are essentially based on discounted cash flow valuations, on the one hand, based on historical experience, and, on the other hand, taking into account detectable changes – especially from contract changes with important customers. No reversals of amortization of goodwill are conducted in future periods if the recoverable amount exceeds the carrying amount of the CGU or the group of CGUs to which goodwill is allocated.

Other intangible assets

Other intangible assets consist of software and other intangible assets, patents, licenses and similar rights produced by the Company. The Company amortizes intangible assets with a finite useful life on a straight-line basis over the expected useful life to the estimated residual value. The expected useful life of software, patents, licenses and similar rights is generally three to five years. Intangible assets acquired through business combinations relate to customer relationships and technology in particular. Their expected useful lives are between ten years for customer relationships and up to seven years for technology. Intangible assets with an indefinite useful life and intangible assets not ready for use are not subject to scheduled amortization; instead, an impairment test is carried out once a year.

Property, plant and equipment

Property, plant and equipment are shown at acquisition or construction cost less scheduled, utilization-related depreciation and amortization as well as impairment losses. The cost of acquisition consists of the purchase price plus ancillary and subsequent acquisition costs less discounts received on the purchase price.

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

	Useful life in years
IT equipment	3
Business equipment	3 - 10
Leasehold improvements	5 - 10

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

Financial assets

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets consist of receivables (excluding income tax receivables) and other financial assets, cash and cash equivalents and derivatives with a positive fair value. They are recognized and measured in accordance with IAS 39. Accordingly, financial assets are recognized in the statement of financial position if they give MeVis the contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the contractual obligations are settled, suspended or expire. All customary purchases and sales of financial assets are recognized on the settlement date. Financial assets are initially recognized at their fair value plus transaction costs. Transaction costs arising in connection with the acquisition of financial assets at fair value through profit or loss are immediately taken to the income statement. Receivables which bear little or no interest are initially recognized at the present value of the expected future cash flow. Subsequent measurement is determined in accordance with the following categories of financial assets:

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

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

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

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

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

Taxes

The Company applies IAS 12, Income Taxes. According to the liability method stipulated under IAS 12, deferred tax assets and liabilities are recognized for the future tax consequences of differences between amounts included in the financial statements (for income and expenditure and assets and liabilities) and those included in the tax assessment. MeVis recognizes in the income statement the effects of changes in tax rates on deferred taxes in the period in which the legislative process on which the change in the tax rate is based is largely concluded. This also applies to the effects from the fiscal unity for income tax purposes resulting from the domination and profit and loss transfer agreement with VMS Deutschland Holdings GmbH concluded in 2015. In the event of changes in items recognized in equity, these are also recognized in equity in the period in which the change occurred. MeVis recognizes deferred tax assets to the extent that taxable profits are likely to arise in future. Deductible temporary differences and unused tax losses are allowable against these. Income taxes include all taxes imposed on MeVis taxable profit. The item "income taxes" in the income statement includes current and deferred income taxes. Current income taxes primarily comprise domestic trade tax and corporation income tax. We also refer to note 17.

Equity instruments

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

Pension provisions

In the case of defined benefit plans, the cost of provision is determined using the projected unit credit method, and an actuarial valuation is conducted as of each reporting date. Since 2013, actuarial gains and losses are not recognized in profit or loss immediately, but recognized in equity with no effect on profits via other income or offset against this. Past service cost is recognized immediately in profit and loss. For defined benefit plans, the amount recognized in the statement of financial position is the present value of the defined benefit obligation, and reduced by the fair value of existing plan assets. If the calculation of the statement of financial position amount as set out above results in an asset, the amount recognized is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Other provisions

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

Share-based payments

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

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

In addition to modeling movements in the underlying financial instrument, allowance is also made in connection with the measurement of the fair value of the assets for possible exits of option holders from the Company as well as the premature exercise of the options. To cover these eventualities, the Company has derived further relevant input variables for the simulation models on the basis of statistical distribution models which model these decisions.

The Company uses so-called “exponential distribution” to calculate the probability of an option holder leaving the Company prematurely or the holder of an employee option exercising the option prior to the expiry of its term, taking into account the vesting period.

The average service periods, i.e. the service periods of members of the Executive Board and of employees, are analyzed as a basis for determining these probabilities. For this purpose, the Company has utilized freely available market studies. An average service period of 6.2 years for members of the Executive Board was assumed on the basis of this analysis. With respect to the Company’s employees, an average service period of 13.3 years is assumed.

Financial liabilities

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

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

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

Grants

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

Leases

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

7. MATERIAL JUDGMENTS AND ESTIMATES

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

The main items of the statement of financial position subject to management estimates are goodwill of € 10,625 k (2014: € 10,625 k) and intangible assets with a finite useful life (€ 3,229 k; 2014: € 4,996 k). In addition to the development expenses included in the intangible assets with a finite useful life with € 1,980 k (prev. year: € 3,309 k), the proceeds that can be generated through the use of these developments have to be estimated. With regard to trade receivables (€ 3,710 k; 2014: € 2,733 k), management does not expect any defaults given the limited number of customers and customers' credit ratings. The provisions (€ 620 k; 2014: € 463 k) mainly relate, in addition to pension obligations, to costs from patent suits and warranty costs, of which the actual amount is uncertain. Material estimates with respect to the underlying measurement model as well as various parameters such as staff length of service, movements in the stock price or probability of exercise are applied to the stock options reported under shareholders' equity (€ 303 k; 2014: € 287 k).

At least once a year, MeVis tests existing goodwill for impairment (€ 10,625 k; 2014: € 10,625 k). The respective carrying amount of the goodwill is compared to the recoverable value of the corresponding CGU. Calculation of the recoverable value of a CGU involves estimates of the corresponding cash flow and appropriate discount interest on the part of the management.

All capitalized development costs were also tested for any impairment as of December 31, 2015. The impairment tests did not show any need to recognize impairment losses.

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

8. EFFECTS OF NEW ACCOUNTING STANDARDS

MMS AG's individual IFRS financial statements as of December 31, 2015 including the previous year's figures have been prepared in accordance with IFRS as adopted by the European Union as of the reporting date in question.

The applied recognition and measurement principles generally correspond to the methods used in the previous year's consolidated financial statements. MeVis has also applied the following new/revised standards relevant to the business activities of the Company, for which application first became mandatory in fiscal year 2015: However, they had no or at least no material impact on the individual IFRS financial statements or the consolidated financial statements at the time of first application:

IFRIC 21 - Levies

IFRIC 21 is an interpretation of IAS 37. It primarily clarifies the question of when a present obligation requires the creation of a provision or liability as a result of levies imposed by the government. Not covered in the interpretation's scope of application are particularly penalties and levies that result from contracts under public law or fall under the regulatory scope of another IFRS, such as IAS 12 *Income Taxes*. According to IFRIC 21, a liability item shall be created for levies if the event that triggers the levy liability occurs. This triggering event that predicates the obligation is, on the other hand, found in the wording of the underlying standard. Its formulation is in this respect the determining factor for accounting purposes.

The new interpretation has no material effect on the individual IFRS financial statements of MMS AG.

Improvements to IFRS 2011 - 2013

Four standards were amended as part of the annual improvement project. The adjustment to the wording in individual IFRS/IAS aims to clarify the existing rules. The standards affected are IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The amendments have no material effect on the individual IFRS financial statements of MMS AG.

MMS AG does not plan early adoption of the following new or amended standards, adoption of which will only become mandatory in later fiscal years. Unless otherwise stated, the impact on the individual IFRS financial statements is currently under investigation. If new standards are not mentioned, the Executive Board is already assuming that they have no material effect on the individual IFRS financial statements.

A) ADOPTED BY THE EU

Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations

IFRS 11 includes regulations on accounting for and the recognition of the earnings of joint ventures and joint operations. While joint ventures are accounted for at equity, the reporting of joint operations foreseen by IFRS 11 is comparable with proportionate consolidation.

With the amendment to IFRS 11, the IASB regulates the accounting for an acquisition of interests in a joint operation that represents a business operation within the meaning of IFRS 3 Business Combinations. In such cases, the acquirer shall apply the principles for accounting for business combinations in accordance with IFRS 3. Furthermore, the disclosure obligations of IFRS 3 also apply in these cases.

The amendments shall be applied for the first time for fiscal years starting on or after January 1, 2016.

Amendments to IAS 1 - Disclosure Initiative

The amendments relate to various recognition issues. It is clarified that notes to the financial statements are only necessary if their content is not immaterial. This also explicitly applies when a list of minimum statements under IFRS is required. This includes explanations on aggregation and disaggregation of items in the statement of financial position and the statement of comprehensive income. It also states how shares in companies valued at equity are to be presented in other income in the statement of comprehensive income. The absence of a model structure of the notes to the financial statements is based on its relevance to a specific company.

The amendments are effective for the first time for fiscal years starting on or after January 1, 2016, subject to their adoption by the EU.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

With these amendments the IASB provides further guidelines for the determination of acceptable methods of depreciation and amortization. In accordance therewith, revenue-based depreciation and amortization methods are prohibited for property, plant and equipment, and are only permitted for intangible assets in specific exceptional circumstances (rebuttable presumption of inappropriateness).

The amendments shall be applied for the first time for fiscal years starting on or after January 1, 2016.

Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions

The amendments clarify those regulations that concern the allocation of contributions by employees or third parties to service periods in cases where the contributions are linked to the same period of service. In addition, relief is granted in cases where the contributions are independent of the number of years of service.

The amendments are effective for the first time for annual periods starting on or after February 1, 2015, subject to their adoption by the EU.

Improvements to IFRS 2010 - 2012

Seven standards were amended as part of the *annual improvement project*. The adjustment of the wording in individual IFRS aims to clarify the existing rules. There are also amendments which affect the notes. These affect IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

The amendments are effective for the first time for annual periods starting on or after February 1, 2015; the amendments to IFRS 2 and IFRS 3 are applicable to transactions that will take place or have taken place on or after July 1, 2014.

Improvements to IFRS 2012 - 2014

Four standards were amended as part of the annual improvement project. The adjustment to the wording in individual IFRS/IAS aims to clarify the existing rules. The standards affected are IFRS 5, IFRS 7, IAS 19 and IAS 34.

The amendments shall be applied for the first time for fiscal years starting on or after January 1, 2016.

B) ADOPTION BY THE EU STILL PENDING

IFRS 9 - Financial Instruments

IFRS 9 adopted in July 2014 replaces the previous guidelines in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidelines on rating and measuring financial instruments as well as a new model of loan losses expected to calculate impairments on financial assets as well as new general accounting guidelines for hedging transactions. It also includes guidelines on the recognition and derecognition of financial instruments under IAS 39.

IFRS 9 is effective for the first time for fiscal years starting on or after January 1, 2018, subject to its adoption by the EU.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 Revenues from Contracts with Customers defines a framework for determining whether, to what extent and at what point revenues are reported. It replaces the previous guidelines on reporting revenues, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

IFRS 15 is effective for the first time for fiscal years starting on or after January 1, 2018, subject to its adoption by the EU. Premature application is permitted.

Important regulations for the Company including regulations on license sales are currently being debated by the IASB to amend the new standard.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a known inconsistency between IFRS 10 and IAS 28 (2011) in the event of the sale or contribution of assets to an associate or a joint venture.

According to IFRS 10, a parent company shall recognize the gain or loss associated with the loss of control in full in profit or loss. By contrast, the currently applicable IAS 28.28 requires gains or losses on sale transactions between an investor and an investment accounted for at equity, no matter whether it is an associate or a joint venture, only to be recognized to the extent of the unrelated investor's interest in this entity.

In future, the entire gain or loss on a transaction shall only be recognized if the assets sold or contributed are a business within the meaning of IFRS 3. This shall apply irrespective of whether the transaction is structured as an asset deal or a share deal. If the assets do not however constitute a business, only proportionate recognition of the gain or loss is permissible.

The IASB has postponed the date of adoption of the amendment indefinitely.

IFRS 16 - Leases

The IASB issued the final standard IFRS 16 "Leases" on January 13, 2016. The resultant amendments mainly affect the lessee and have the consequence that fundamentally all leases and the associated contractual rights and obligations have to be recognized in the statement of financial position of the lessee.

Subject to its adoption by the EU, IFRS 16 shall be applied for the first time for fiscal years starting on or after January 1, 2019. Earlier application is permissible.

NOTES TO THE INCOME STATEMENT

9. REVENUES

Revenues break down by type as follows:

FIGURES IN € k	2015	2014
Software and licenses	7,652	6,643
Maintenance (software service contracts)	7,014	5,731
Services (consulting and training)	1,341	702
Hardware	7	15
	16,014	**13,091**

The breakdown by segments is disclosed in the segment report (see Note 31).

The revenues include service revenues determined using the *stage-of-completion*-method in the amount of € 692 k (2014: € 246 k). The accumulated costs of the service revenues deferred at the reporting date are € 938 k (2014: € 246 k).

10. INCOME FROM THE CAPITALIZATION OF DEVELOPMENT COSTS

Pursuant to IAS 38, development expenses incurred for development work by staff of MMS AG were capitalized in the amount of € 0 k (2014: € 1,194 k). As in the previous year, no capitalizable development services have been provided by third parties for MeVis. Further details are provided in Note 19. Research and development expenses in fiscal year 2015 totaled € 3,486 k (2014: € 3,640 k).

11. OTHER OPERATING INCOME

FIGURES IN € k	2015	2014
Grants	573	355
Income from recharges	498	565
Other	59	51
	1,130	**971**

12. COST OF MATERIALS/SERVICES PURCHASED

FIGURES IN € k	2015	2014
Cost of services purchased	464	568
Cost of materials	148	66
	612	**634**

13. STAFF COSTS

FIGURES IN € k	2015	2014
Wages and salaries	6,270	5,938
Social security charges and expenditure on old age pensions and support	1,141	1,087
	7,411	**7,025**

Social security and old-age pension and related expenses include the employer contribution to the government pension plan for employees of € 479 k (2014: € 485 k). The annual average headcount was 104 (2014: 107). This is equivalent to an average of 92 full-time positions (2014: 94).

14. OTHER OPERATING EXPENSES

FIGURES IN € k	2015	2014
Legal and consulting costs	658	172
Rental/leasing expense	579	524
Patent litigation costs	300	0
Travel expense	202	199
Maintenance/repairs	128	193
Cost of preparing and auditing financial statements	92	86
Cost of Annual General Meeting	88	13
Supervisory Board remuneration	80	80
Energy costs	75	83
Vehicle costs	73	71
Training costs	54	70
Internet expense	44	40
Cleaning expense	41	41
Stationary	40	103
Insurances	35	55
Catering costs	34	35
Events / Congresses	28	37
Telephone expense	20	17
External work	19	19
Advertising costs	15	15
Others	108	159
	2,713	**2,012**

15. DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

FIGURES IN € k	2015	2014
Amortization of purchased industrial property rights and similar rights and customer base	461	371
Amortization of capitalized development costs	1,330	1,158
Depreciation of property, plant and equipment	147	166
Total depreciation, amortization and impairment losses	**1,938**	**1,695**

All development costs were tested for impairment as of December 31, 2015. The impairment tests did not show any need for impairment.

16. INTEREST INCOME / INTEREST EXPENSE AND OTHER NET FINANCIAL RESULT AS WELL AS EARNINGS FROM EQUITY COMPANIES

MMS AG's financial result for 2015 was € 483 k (2014: € 1,054 k). This comprises earnings from equity-companies of € 147 k (2014: € 348 k), interest income from the investment of cash of € 165 k (2014: € 213 k), interest expense of € 22 k (2014: € 22 k), and the other financial result of € 193 k (2014: € 515 k). The other financial result consists of the revaluation of derivative financial instruments of € 130 k (2014: € -152 k), the balance of exchange rate gains and losses of € 124 k (2014: € 764 k) and other expenses in the amount of € 61 k (2013: € 97 k).

17. INCOME TAX

FIGURES IN € k	2015	2014
Current income taxes reporting period	630	523
Current income taxes previous period	0	57
Deferred taxes (income; 2014: expenses)	-2,412	651
	-1,782	**1,231**

Deferred tax assets and liabilities for temporary differences are calculated on the basis of an income tax rate of 31.9 % (2014: 31.9 %).

Deferred tax assets on loss carry forwards are calculated on the basis of the applicable tax rate. In Germany, this is 16.1 % for trade tax loss carry forwards and 15.8 % for corporation tax loss carry forwards.

On August 10, 2015 VMS Deutschland Holdings GmbH and MMS AG concluded a domination and profit and loss transfer agreement, which was approved by resolution of the General Meeting of the shareholders dated September 29, 2015. Since financial integration for the entire year did not occur in 2015, the consolidated tax filing arrangement for income tax purposes only commences on January 1, 2016. As a consequence, the Company continues to be the tax debtor for the current income taxes until December 31, 2015 as at December 31, 2015.

With regard however to the recognition of deferred taxes, they are taken into account as soon as the effectiveness of consolidated tax filing arrangement can be assumed. In view of the approval by the General Meeting of the shareholders that had already taken place and the entry of the domination and profit and loss transfer pooling agreement in the Commercial Register on October 20, 2015, the future effectiveness of the consolidated tax filing arrangement for income tax purposes can be assumed. In accordance with the formal approach, MMS AG is therefore not recognizing any deferred taxes on temporary differences in its individual IFRS financial statements as at December 31, 2015. Existing deferred taxes were released through profit or loss or directly in equity depending on how they had been set up. Deferred tax assets on tax loss carry-forwards are similarly not recognized, because the trade tax loss carry-forwards existing as at the reporting date cannot be used in the foreseeable future on account of the consolidated tax filing arrangement.

FIGURES IN € k	2015	2014
Earnings before taxes (EBT)	4,953	4,944
Theoretical tax paid / received 31.9 %	1,581	1,578
Utilization of unrecognized tax loss carry forwards	-249	-466
Derecognition of remaining deferred tax assets on loss carry forwards due to fiscal unity for income tax purposes	472	0
Impact of fiscal unity for income tax purposes on temporary differences	-3,470	0
Recognition of tax loss carry forwards due to improved earnings	0	-212
Tax effects off-period	0	57
Deferred tax effects off-period	0	342
Non-deductible expenses	15	18
Tax-free income	0	-146
Other	-131	60
Effective tax expense	**-1,782**	**1,231**
Effective tax rate	-36.0 %	24.9 %

Deferred income taxes break down as follows as of the reporting date:

FIGURES IN € k	2015	2014
Deferred tax assets		
Tax loss carry forwards	0	1,270
Provisions (in parts directly recognized in equity)	0	82
Derivatives	0	42
Prepaid expenses and deferred income	0	32
Others	0	37
Deferred tax assets gross	**0**	**1,463**
Offsetting	0	-1,463
Deferred tax assets	**0**	**0**
Deferred tax liabilities		
Intangible assets	0	3,671
Foreign currency valuation / derivatives	0	51
Securities (directly recognized in equity)	0	70
Provisions	0	16
Other	0	99
Deferred tax liabilities gross	**0**	**3,907**
Offsetting	0	-1,463
Deferred tax liabilities	**0**	**2,444**

Deferred taxes on loss carry forwards break down as follows:

FIGURES IN € k	2015	2014
Corporation tax loss carry forwards	0	498
Trade tax loss carry forwards	991	2,156
Deferred tax assets gross	**991**	**2,654**
Non-recognized deferred tax assets on loss carry forwards	-991	-1,384
Deferred tax assets on tax loss carry forwards net	**0**	**1,270**

Deferred tax assets on loss carryforwards are recognized to the extent they are expected to be utilized, subject to the minimum tax in the foreseeable future, within 3 years. The loss carry forwards have unlimited duration. Because of the fiscal unity for income tax purposes with VMS Deutschland Holdings GmbH starting from January 1, 2016 the remaining trade tax loss carry forwards cannot be used in the foreseeable future.

18. 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 dilutive effect are converted or exercised.

As the criteria for exercising the options are met as of the reporting date, it can be assumed that the options will be exercised by the employees. Accordingly, they are included in the calculation of the diluted earnings per share.

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

	2015	**2014**
Consolidated net profit in € k	6,735	3,713
Weighted average of shares outstanding during the reporting period - basic	1,790,600	1,722,447
Dilution through stock options	18,068	0
Weighted average of shares outstanding during the reporting period - diluted	1,808,668	1,722,447
Basic earnings per share in €	**3.76**	**2.16**
Diluted earnings per share in €	**3.72**	**2.16**

On February 18, 2015, the Company tendered its entire treasury shares of 97,553 to VMS Deutschland Holdings GmbH, Darmstadt, in the context of the takeover offer. The tender was accepted by VMS Deutschland Holdings GmbH on April 21, 2015.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

19. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Movements in production and acquisition costs and cumulative amortization of intangible assets (including goodwill) and depreciation on property, plant and equipment for fiscal years 2015 and 2014 are set out in the statement of changes in fixed assets on pages xx to yy.

Carrying amounts

FIGURES IN € k				Assets and licenses
	Acquired intangible assets with a finite useful life	Internally generated intangible assets with a finite useful life	Goodwill	Total
Balance on Dec. 31, 2015	1,249	1,980	10,625	13,854
Balance on Dec. 31, 2014	1,687	3,309	10,625	15,621

In accordance with IAS 38, no software development costs were capitalized in 2015 as internally generated intangible assets with a finite useful life (2014: € 1,194 k). As in the previous year, no services that can be capitalized were purchased. Depreciation and amortization of € 1,330 k (2014: € 1,158 k) was attributable to capitalized development costs in the year under review.

Goodwill was assigned to specific cash generating units (CGUs) on the acquisition date for the purpose of future impairment tests. Annual impairment testing is conducted as of December 31. The cash generating units along with their respective goodwill as of the reporting date are shown at their carrying amounts in the following table.

Carrying amounts by cash generating units

FIGURES IN € k	2015	2014
	Goodwill	Goodwill
Digital Mammography		
Hologic-Business	10,479	10,479
Other Diagnostics		
Business unit Distant Services	146	146

Goodwill was tested for any indication of impairment as of December 31, 2015. Under IAS 36, an impairment loss must be recognized if the recoverable amount of the cash generating unit is lower than its carrying amount. Fair value less cost to sell of the cash generating unit, calculated using the DCF method, was used as the recoverable amount. This was based on the realizable cash flows forecast by the Company over a detailed planning period of 5 years. The chosen planning period reflects expected short and medium-term market trends. In addition, a going-concern value was determined for the cash generating unit. The going-concern value equals the present value of the free cash flows after the end of the detailed planning period. For the purposes of impairment tests, a growth rate of one percent in the cash flows is assumed for the period after the detailed planning phase. Since cash flows are generated almost entirely in the US dollar area, the calculation was done in US dollars.

Each calculation was based on the fair value less cost to sell. The discount rate used in the detailed planning phase was 6.58 % after taxes (2014: 11.10 % after taxes).

Impairment tests according to IAS 36 for CGUs Hologic and Distant Services indicated no impairment losses for fiscal year 2015. Not even applying a 1.00 percentage point increase of the discount rate and reducing the growth rate to zero would have resulted in impairment.

Changes in property, plant and equipment in fiscal year 2014 were mainly influenced by investment in IT equipment. Spending on property, plant and equipment totaled € 94 k (2013: € 72 k).

20. TRADE RECEIVABLES, OTHER FINANCIAL ASSETS AND OTHER ASSETS

Trade receivables

An adjustment of € 9 k (2014: € 9 k) was made to trade receivables overdue as of the reporting date, which corresponds to the nominal amount of the receivable. No material change in the credit rating of the individual debtors was identified and it is therefore assumed that the unadjusted amounts owing will be paid in due course. The average age of the overdue receivables of € 237 k (2014: € 77 k) is 82 days (2014: 90 days). The Company does not hold any collateral for these outstanding items.

Of the total amount of trade receivables of € 3,710 k (2014: € 2,733 k) € 2,772 k (2014: € 2,733) are due for settlement within one year and € 938 k (2014: € 0) have a remaining term of more than one year.

FIGURES IN € k			of which: not impaired as of the reporting date and overdue during the following time bands					
	Carrying amount	of which impaired	not overdue	less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days
Trade receivables								
as of Dec. 31, 2015	3,710	9	3,482	26	7	128	25	51
as of Dec. 31, 2014	2,733	9	2,647	24	7	2	44	0

As in the previous year, payments for trade receivables, already derecognized, have not been received.

Trade receivables include receivables determined by using the stage-of-completion-method in the amount of € 938 k (2014: €246 k) with a remaining term of more than one year. Discounting is not required.

Other financial assets

FIGURES IN € k	**2015**	**2014**
Loans and receivables	64	87
Eligible expenses	48	41
Securities	0	8,244
Other	2	69
	114	**8,441**

Loans and receivables of € 64 k (2014: € 79 k) are due from MBC KG.

From other financial assets of € 114 k (2014: € 8,441 k) € 114 k (2014: € 197 k) are due for settlement within one year within the following maturity bands:

FIGURES IN € k			of which: with a term to maturity of				
	Carrying amount	of which impaired	less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days
Other financial assets							
as of Dec. 31, 2015	114	0	64	0	0	50	0
as of Dec. 31, 2014	197	0	108	8	8	65	8

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

Other assets

Other assets primarily include prepaid expenses of € 153 k (2014: € 164 k).

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

21. CASH AND CASH EQUIVALENTS

The assets contained in this item comprise demand deposits and overnight deposits of € 25,619 k (2014: € 9,265 k) subject to interest of 0.05 % p.a.. In addition, there is cash on hand of € 2 k (2014: € 2 k).

22. SHAREHOLDERS' EQUITY

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

Subscribed capital

The share capital of MMS AG totals € 1,820,000 (2014: € 1,820,000) and comprises 1,820,000 (2014: 1,820,000) shares without par value.

As of December 31, 2015 the conditional capital of MMS AG totals € 130 k (2014: € 130 k). Originally valid until 31 December 2011, the conditional capital was extended by decision of the General Meeting of June 15, 2011 until December 31, 2015.

As at December 31, 2015 there is an authorized capital in the amount of € 910 k as in the previous year. In accordance with the resolution passed by the shareholders at the Annual General Meeting on June 9, 2015, the Executive Board is authorized, subject to the Supervisory Board's approval, to increase the Company's share capital by a total of up to € 910 k on or before June 8, 2020. The authorization granted by the Annual General Meeting on June 10, 2010 authorizing the Executive Board, subject to the Supervisory Board's approval, to increase the Company's share capital by a total of up to € 910 k on or before June 9, 2015, has been annulled.

Capital reserve

The share premium of € 8,207 k (2014: € 9,784 k) primarily comprises the premium on the equity issue of € 28,080 k arising from the MMS AG stock market flotation in 2007. Net flotation expenses of € 1,139 k were deducted from shareholders' equity. This includes tax relief of € 505 k. The sale of treasury shares in 2007 resulted in an increase of € 1,314 k. In addition, the capital reserve includes an amount of € 303 k (2014: € 287 k) attributable to stock options. The stock options have a term of five years as of the date on which they are granted and may only be exercised after a vesting period of four years. The exercise price payable by the option holder equals the average closing price of the share in XETRA trading for the last five trading days period to the end of the subscription period in which the options in question were granted. As a result of the surrender of treasury stock worth less than the acquisition costs in 2011, € 434 k was offset against the capital reserve.

As at December 31, 2013, € 18,325 k was withdrawn from the capital reserve to compensate the accrued losses of MMS AG.

On February 18, 2015, the Company tendered its entire treasury shares based on the voluntary public takeover offer of VMS Deutschland Holdings GmbH at the offer price of € 17.50 per share. The tender was accepted by VMS Deutschland Holdings GmbH on April 21, 2015. The difference of € 1,593 k resulting from book value of treasury shares totaling T€ 3,300 and the selling price in the amount of € 1,707 k, reduced the capital reserve to € 8,207 k.

The capital reserve of MMS AG of € 8,207 k is not available for dividend distribution.

Revaluation reserve

The assets and liabilities of MBS KG had to be completely revalued in connection with the acquisition of the 49 % interest in MBS KG from Siemens AG and the subsequent full consolidation of MBS KG in 2008. To the extent that this increase in value was attributable to the 51 % interest in MBS KG already held by the Company, the difference had to be allocated to the revaluation reserve. The amount of € 1,688 k allocated comprised intangible assets of € 2,411 k less deferred taxes of € 723 k thereon. Amounts corresponding with the amortization recognized on these assets are transferred proportionately to retained earnings.

FIGURES IN € k	2015	2014
Status as at Jan. 1	**507**	**611**
Transfer to retained earnings within equity without impacting profit or loss of the amount corresponding with the amortization and the deferred taxes thereon	-103	-104
Status as at Dec. 31	**404**	**507**

Treasury shares

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 91,000 more 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 shares in Medis Holding B.V., Leiden, Netherlands, 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, among other things, a total of 6,571 treasury shares.

On February 18, 2015, the Company tendered its entire treasury shares (97,553) based on the voluntary public takeover offer of VMS Deutschland Holdings GmbH at the offer price of € 17.50 per share. The tender was accepted by VMS Deutschland Holdings GmbH on April 21, 2015.

Thus, there are no treasury shares as of December 31, 2015 (2014: 97,553).

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

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

Retained earnings

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

The retained earnings were reduced by the transferred profits in favor of VMS Deutschland Holdings GmbH in the amount of € 4,742 k due to the domination and profit and loss transfer agreement effective since October 20, 2015.

23. PROVISIONS

Provisions for pensions reported in the statement of financial position break down as follows:

FIGURES IN € k	2015	2014
Defined benefit obligation	515	514
Reinsurance	-366	-356
Reported in statement of financial position	**149**	**158**

Provisions for pensions relate to defined benefit plans. Retirement capital from reaching the age of 63 years and surviving dependents' capital have been promised. The extent of the benefits varies in principle according to the conversion of remuneration and an annual interest rate of 4 %. The underlying discount rate is 2.40 % (2014: 2.30 %). Pension and related benefits as well as the expenditure necessary to cover these obligations are valued and accounted for according to the projected unit credit method stipulated in IAS 19 "Employee Benefits". Future annual increases in income and entitlements by the time a pension can first be drawn are not taken into account if the entitled party does not have a corresponding claim. The plan was completed in 2013.

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

FIGURES IN € k	2015	2014
Defined benefit obligation at the beginning of the fiscal year	514	393
Interest cost of acquired rights	9	11
Actuarial losses	-8	110
Defined Benefit Obligation at the end of the fiscal year	**515**	**514**

A reduction of 0.5 percentage points in the interest rate for calculation purposes, to 1.90 % (2014: 1.80 %), would increase the defined benefit obligation (DBO) disclosed above to € 566 k (2014: € 565 k) as of the December 31, 2015 valuation date. An increase of 0.5 percentage points in the interest rate for calculation purposes, to 2.90 % (2014: 2.80 %), would decrease the defined benefit obligation (DBO) disclosed above to € 470 k (2014: € 469 k) as of the December 31, 2015 valuation date.

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

FIGURES IN € k	2015	2014
Interest expense: interest on the entitlements already vested	9	11
Net pension expenditure on benefit obligations	**9**	**11**

To secure the employees' pension claims, MeVis has taken out reinsurance, which is pledged to the individual employees. The employees are entitled to the higher of the pension claim or reinsurance coverage. As of December 31, 2015 the fair value of reinsurance amounted to € 366 k (2014: € 356 k), and thus remained as in the previous year below the defined benefit obligation amount.

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

FIGURES IN € k	2015	2014
Status at the beginning of the reporting year	**356**	**349**
Added value	10	7
Status at the end of the reporting year	**366**	**356**

The profits from the appreciation in value of the reinsurance were charged to staff costs. Over the next five years, pension obligations are payable only to a small extent. Because of the reinsurance policies, the liquidity exposure of the Company from this is minor.

Movements in current provisions were as follows in fiscal year 2015:

FIGURES IN € k	Status at Jan. 1, 2015	Utilization	Addition	Accrued interest	Status at Dec. 1, 2015
Warranty provisions	171	0	0	0	171
Anticipated losses	134	134	0	0	0
Provision for lawsuit costs	0	0	300	0	300
Other provisions	**305**	**134**	**300**	**0**	**471**

The warranty provisions relate to contractual warranty obligations to customers.

The provision for lawsuit costs were set up for two patent lawsuits filed in the US.

24. OTHER LIABILITIES

Other financial liabilities contain the following items:

FIGURES IN € k	2015	2014
Liabilities to affiliated companies	4,742	0
Staff liabilities	1,359	815
Derivatives	3	133
Miscellaneous other financial liabilities	1	157
Other financial liabilities	**6,105**	**1,105**

The liabilities to affiliated companies comprise the transfer of commercial profit in accordance with the domination and profit and loss transfer agreement with VMS Deutschland Holdings GmbH effective as of October 20, 2015.

Staff liabilities primarily comprise the cost of bonuses.

25. DEFERRED INCOME

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

26. MISCELLANEOUS OTHER LIABILITIES

Miscellaneous other liabilities contain the following items:

FIGURES IN € k	2015	2014
Payments received	371	10
Current tax liabilities	80	82
Other	36	37
Liabilities from grants	0	182
Miscellaneous other liabilities	**487**	**311**

The payments received relate mainly to payments for maintenance from Hologic, Inc.. The current tax liabilities relate to income tax and church tax.

27. CONTINGENT LIABILITIES

MMS AG is under an obligation to grant a loan of up to € 820 k to the MBC KG joint venture at standard bank conditions in the event that the latter company's capital requirements exceed the capital contributions paid in by the partners. Given the economic situation of MBC KG a claim is currently not expected.

28. FINANCIAL OBLIGATIONS

FIGURES IN € k	Total	less than 1 year	1 to 5 years	over 5 years
Rental contracts	971	432	540	0
Leasing contracts	77	49	28	0
Total financial obligations as of Dec. 31, 2015	**1,048**	**480**	**567**	**0**
Rental contracts	1,403	432	971	0
Leasing contracts	128	58	70	0
Total financial obligations as of Dec. 31, 2014	**1,531**	**490**	**1,041**	**0**

The rental contracts comprise solely leases for office space for limited periods of time. In the fiscal year, rental expenses of € 431 k (2014: € 473 k) were incurred by the Company and are shown within other operating expenses.

All of the leases for passenger vehicles and copiers of MMS AG in 2015 are operating leases. Economic ownership of these leased assets remains with the respective lessor. MMS AG recognizes lease payments as expense. In 2015, other operating expenses totaled € 51 k (2014: € 51 k).

29. MANAGEMENT OF FINANCIAL RISKS

In the course of its operations, MMS AG is primarily exposed to exchange rate fluctuations due to its international business activities. It is Company policy to exclude or limit these risks by concluding hedging transactions. Major national banks whose creditworthiness is continuously verified by leading rating agencies serve as partners for the conclusion of hedging transactions.

In accordance with IFRS, derivative financial instruments are recognized at their fair value. IFRS provides for strict hedge accounting rules with respect to the correlation between the hedging instrument and the hedged item and for documenting hedge relationships. In the periods described, the Company did not allocate hedges to their underlying transactions nor document them accordingly. Consequently, hedge accounting as provided for in IAS 39 is not utilized by the Company. Any changes in fair value are recognized in profit and loss.

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

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

Management of exchange risk

When necessary in the past, MMS AG entered into different types of currency contracts to manage exchange rate risk resulting from the cash flow from (expected) business activities denominated in foreign currencies. The transaction risk was measured in each relevant foreign currency. The Company's exchange rate exposure was due to its global business activities, particularly the sale of its products to US customers, which are invoiced in US dollars. In the future there will be no new hedging transactions due to the affiliation to the Varian group and in accordance with its corporate policy.

As of the reporting date, MMS AG had concluded 1 (2014: 3) option transaction denominated in US dollars in 2015. The fair value of the contracts is calculated by the banks.

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

Forwards to hedge expected revenues	**Nominal value**	**Market value**	**Nominal value**	**Market value**
FIGURES IN € k	Dec. 31, 2015	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2014
Currency options (Risk Reversal)	2,092	-3	6,352	-133

The option transaction matured on March 31, 2016. The prior-year option contracts had maturities up to nine months, with due dates between March 26, 2015 and September 28, 2015.

Liquidity risk

The Company requires sufficient cash and cash equivalents to settle its financial obligations. Liquidity risks arise when customers are unable to meet their obligations to the Company in the course of normal business. As of the reporting date the Company has cash and cash equivalents of € 25,621 k (2014: € 9,267 k). As of the reporting date the Company does not hold any securities available for sale (2014: € 8,244 k).

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

Default risk

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

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

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

Fair value of financial instruments

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

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

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

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

FIGURES IN € k	2015	2014
Category 1 (securities)	0	8,244
Category 2 (derivatives)	0	0
Category 3 (other financial assets)	3,824	2,930
Financial assets	**3,824**	**11,174**
Category 2 (derivatives)	3	133
Category 3 (other financial liabilities)	6,655	1,551
Financial liabilities	**6,658**	**1,684**

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

Financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, other financial assets and financial liabilities are more or less equal to their fair values on account of the relatively short settlement period for these items. Where no listed market prices are available, the fair value of the publicly traded financial instruments is estimated on the basis of the listed market prices of identical or similar assets. In the case of all other financial instruments, the fair value is based on the expected cash flow or the net asset value of the item in question. All carrying amounts are more or less the same as the fair value of the items in question.

Derivative financial instruments

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

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

			Recognized in accordance with IAS 39				
FIGURES IN € k	IAS 39 category	Carrying amount as of Dec. 31, 2015	Amor-tized cost	Cost	Fair value in equity	Fair value in P/L	Fair value as of Dec. 31, 2015
Assets							
Trade receivables	LaR	3,710	3,710	0	0	0	3,710
Other financial assets	AfS	0	0	0	0	0	0
Other financial assets	LaR	114	114	0	0	0	114
Cash and cash equivalents		25,621	25,621	0	0	0	25,621
Equity and liabilities							
Trade payables	FLAC	553	553	0	0	0	553
Other current financial liabilities	FLPL	3	0	0	0	3	3
Other current financial liabilities	FLAC	6,102	6,102	0	0	0	6,102
Of which aggregated by IAS 39 category:							
Loans and receivables	LaR	3,824	3,824	0	0	0	3,824
Financial assets available for sale	AfS	0	0	0	0	0	0
Financial liabilities measured at amortized costs	FLAC	6,655	6,655	0	0	0	6,655
Financial liabilities at fair value through profit or loss	FLPL	3		0	0	3	3

FIGURES IN € k	IAS 39 category	Carrying amount as of Dec. 31, 2014	Recognized in accordance with IAS 39 Amor-tized cost	Cost	Fair value in equity	Fair value in P/L	Fair value as of Dec. 31, 2014
Assets							
Trade receivables	LaR	2,733	2,733	0	0	0	2,733
Other financial assets	AfS	8,244	0	0	8,244	0	8,244
Other financial assets	LaR	197	197	0	0	0	197
Cash and cash equivalents		9,267	9,267	0	0	0	9,267
Equity and liabilities							
Trade payables	FLAC	579	579	0	0	0	579
Other current financial liabilities	FLPL	133	0	0	0	133	133
Other current financial liabilities	FLAC	972	972	0	0	0	972
Of which aggregated by IAS 39 category:							
Loans and receivables	LaR	2,930	2,930	0	0	0	2,930
Financial assets available for sale	AfS	8,244	0	0	8,244	0	8,244
Financial liabilities measured at amortized costs	FLAC	1,551	1,551	0	0	0	1,551
Financial liabilities at fair value through profit or loss	FLPL	133	0	0	0	133	133

The contractually agreed (non-discounted) interest and capital payments for the primary financial liabilities break down as follows as of the reporting date.

FIGURES IN € k		**Cash flow 2016**			**Cash flows 2017-2020**			**Total**		
	Carrying amount Dec. 31, 2015	Fixed interest rate	Floating interest rate	Repay-ment	Fixed interest rate	Floating interest rate	Repay-ment	Fixed interest rate	Floating interest rate	Repay-ment
Other financial liabilities	6,102	0	0	6,102	0	0	0	0	0	6,102

FIGURES IN € k		**Cash flow 2015**			**Cash flows 2016-2019**			**Total**		
	Carrying amount Dec. 31, 2014	Fixed interest rate	Floating interest rate	Repay-ment	Fixed interest rate	Floating interest rate	Repay-ment	Fixed interest rate	Floating interest rate	Repay-ment
Other financial liabilities	972	5	0	972	0	0	0	5	0	972

Net gains/losses by category break down as follows:

FIGURES IN € k	From subsequent measurement				Net result	
	From dividends and interests	at fair value	Currency translation	Derecognition of receivables and liabilities	**2015**	**2014**
Loans and Receivables (LaR)	11	0	124	0	135	771
Financial Assets Available for Sale (AfS)	154	0	0	0	154	206
Derivatives	0	130	0	0	130	-152
Financial Liabilities measured at Amortized Costs (FLAC)	-22	0	0	0	-22	-22
					397	**803**

Sensitivity analysis

To reflect market risks, IFRS 7 prescribes sensitivity analyses showing the effects of hypothetical changes in the relevant risk variables on earnings and shareholders' equity. MMS AG is mainly exposed to exchange rate risk, but not to interest rate risk since the financial liabilities bear interest at fixed rates. Securities bearing interest at fixed rates can also be sold at short notice in case of corresponding general interest rate changes. Examining the receivables portfolio as of December 31, 2015 indicates elasticity of € 544 k (2014: € 552 k) for a 10 % change in the US dollar exchange rate on the reporting date. On the basis of these measurement bands, there is elasticity of € 1,609 k (2014: € 202 k) for cash and cash equivalents as of December 31, 2015.

Around 15 % of expected business volume in the business year 2015 denominated in US dollars is hedged by means of currency forwards; however, these do not qualify as hedge accounting due to the absence of any correlation to the underlying transaction. On the basis of the market values of the hedges as of December 31, 2015, an increase of +10 % in the underlying exchange rate would cause the net financial result to rise by € 47 k (2014: € 737 k) while a decrease of -10 % would cause it to decline by € -75 k (2014: € 511 k).

Disclosures on capital management

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

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

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

FIGURES IN € k	**2015**	**2014**
Other financial liabilities	6,105	1,105
Gross financial liabilities	**6,105**	**1,105**
Cash and cash equivalents	25,621	9,267
Other financial assets	114	8,441
Gross financial receivables	**25,735**	**17,708**
Net financial receivables	**19,630**	**16,603**
Economic capital	**33,729**	**30,270**

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

30. DISCLOSURES ON THE STATEMENT OF CASH FLOWS

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

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

31. SEGMENT REPORTING

As of December 31, 2015, the activities of the Company continued to be subdivided into the reportable segments of Digital Mammography and Other Diagnostics. The management of each of these segments reports directly to the Executive Board of MMS AG in its function as the responsible corporate entity.

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

Segmentation is as follows:

	Digital Mammography		**Other Diagnostics**		**MMS AG**	
	Jan. 1 - Dec. 31		Jan. 1 - Dec. 31		Jan. 1 - Dec. 31	
FIGURES IN € k	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenues	**12,566**	**9,772**	**3,448**	**3,319**	**16,014**	**13,091**
Grants	0	0	573	355	573	355
Total segment revenues	**12,566**	**9,772**	**4,021**	**3,674**	**16,587**	**13,446**
Other capitalized development costs	0	1,194	0	0	0	1,194
Depreciation and amortization	-1,779	-1,249	-159	-446	-1,938	-1,695
Operating expenses	-3,819	-3,668	-4,204	-3,991	-8,023	-7,659
Result of operating activities	**6,968**	**6,049**	**-342**	**-763**	**6,626**	**5,286**
Other operating income	275	509	282	107	557	616
Other operating expenses	-1,327	-1,510	-1,386	-502	-2,713	-2,012
Segment net profit and loss	**5,916**	**5,048**	**-1,446**	**-1,158**	**4,470**	**3,890**

Following the accretion of MBS KG into MMS AG in 2013, the assets and liabilities are no longer part of internal reporting to the Executive Board.

Transactions between segments are carried out at market prices.

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

Segmentation of external revenues by geographical regions is as follows:

	Digital Mammography		Other Diagnostics		MMS AG	
	Jan. 1 – Dec. 31		Jan. 1 – Dec. 31		Jan. 1 – Dec. 31	
FIGURES IN € k	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
USA	12,566	9,772	2,500	2,563	15,066	12,335
Europe	0	0	948	756	948	756
External revenues	**12,566**	**9,772**	**3,448**	**3,319**	**16,014**	**13,091**

32. RELATED PARTIES

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

Related parties and companies include the joint ventures, MBC KG and MBC GmbH, VMS Deutschland Holdings GmbH and, via this entity, the affiliated companies of the Varian Group, as well as the Executive Board and Supervisory Board and their close family members.

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

FIGURES IN € k	**2015**	**2014**
Joint Ventures		
Receivables	64	87
Income (from services)	1,150	895
Expenses	19	0
Affiliated companies		
Liabilities	4,742	0

Information on the remuneration of Board members are included in note 35.

33. NOTIFICATION OF CHANGES IN VOTING RIGHTS IN ACCORDANCE WITH THE GERMAN SECURITIES TRADING ACT (WPHG)

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

1) On March 30, 2015, Oppenheim Asset Management Services S.à.r.l., Luxembourg, Luxembourg, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the 3 % threshold of the voting rights on March 24, 2015 and on that day amounted to 3.012 % (corresponding with 54,820 voting rights).

   On March 30, 2015, TBF Gesellschaft mit beschränkter Haftung, Singen, Germany, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the 3 % threshold of the voting rights on March 24, 2015 and on that day amounted to 3.012 % (corresponding with 54,820 voting rights). 3.012 % of voting rights (corresponding with 54,820 voting rights) are attributed to the company in accordance with Section 22 (1) Sentence 1 No. 6 in connection with sentence 2 WpHG. Attributed voting rights are held by the following shareholders, whose share of the voting rights in MeVis Medical Solutions AG amounts to 3 % or more: Oppenheim Asset Management Services S.à.r.l.

On March 30, 2015, TBF Global Asset Management GmbH, Singen, Germany, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the 3 % threshold of the voting rights on March 24, 2015 and on that day amounted to 3.012 % (corresponding with 54,820 voting rights). 3.012 % of voting rights (corresponding with 54,820 voting rights) are attributed to the company in accordance with Section 22 (1) Sentence 1 No. 6 WpHG. Attributed voting rights are held by the following shareholders, whose share of the voting rights in MeVis Medical Solutions AG amounts to 3 percent or more: Oppenheim Asset Management Services S.à.r.l.

On March 30, 2015, Mr. Peter Dreide, Germany, informed us according to Section 21 (1) WpHG that his share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the 3 % threshold of the voting rights on March 24, 2015 and on that day amounted to 3.012 % (corresponding with 54,820 voting rights). 3.012 % of voting rights (corresponding with 54,820 voting rights) are attributed to Mr. Dreide in accordance with Section 22 (1) Sentence 1 No. 6 in connection with sentence 2 WpHG. Attributed voting rights are held by the following shareholders, whose share of the voting rights in MeVis Medical Solutions AG amounts to 3 percent or more: Oppenheim Asset Management Services S.à.r.l.

2) MeVis Medical Solutions AG, Bremen, Germany, informed us according to Section 26 (1) Sentence 2 WpHG that its voting rights on own shares had fallen below the 5 % and 3 % limit of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

3) On April 21, 2015, Dr. Carl J.G. Evertsz, Germany, informed us according to Section 21 (1) WpHG that his share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 5 % and 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

4) On April 21, 2015, VMS Deutschland Holdings GmbH, Darmstadt, Germany, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % threshold of the Voting Rights on April 21, 2015 and on that day amounted to 73.52 % (corresponding with 1,337,995 Voting Rights).

On April 21, 2015, Varian Medical Systems International AG, Cham, Switzerland, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % threshold of the voting rights on April 21, 2015 and on that day amounted to 73.52 % (corresponding with 1,337,995 voting rights). 73.52 % of voting rights (corresponding with 1,337,995 voting rights) are attributed to the company in accordance with Section 22 (1) Sentence 1 No. 1 WpHG. Attributed voting rights are held by the following companies under its control, whose share of the voting rights in MeVis Medical Solutions AG amounts to 3 %or more: VMS Deutschland Holdings GmbH.

On April 21, 2015, Varian Medical Systems Nederland BV, Houten, Netherlands, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % threshold of the voting rights on April 21, 2015 and on that day amounted to 73.52 % (corresponding with 1,337,995 voting rights). 73.52 % of voting rights (corresponding with 1,337,995 voting rights) are attributed to the company in accordance with Section 22 (1) Sentence 1 No. 1 WpHG . Attributed voting rights are held by the following companies under its control, whose share of the voting rights in MeVis Medical Solutions AG amounts to 3 % or more: VMS Deutschland Holdings GmbH, Varian Medical Systems International AG.

On April 21, 2015, Varian Medical Systems Nederland Holdings BV, Houten, Netherlands, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % threshold of the voting rights on April 21, 2015 and on that day amounted to 73.52 % (corresponding with 1,337,995 voting rights). 73.52 % of voting rights (corresponding with 1,337,995 voting rights) are attributed to the company in accordance with Section 22 (1) Sentence 1 No. 1 WpHG. Attributed voting rights are held by the following companies under its control, whose share of the voting rights in MeVis Medical Solutions AG amounts to 3 % or more: VMS Deutschland Holdings GmbH, Varian Medical Systems International AG, Varian Medical Systems Nederland BV.

On April 21, 2015, Varian Medical Systems, Inc., Wilmington, Delaware, United States, informed us according to Section 21 (1) WpHG that its share of the voting rights on MeVis Medical Solutions AG, Bremen, Germany, exceeded the 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 % threshold of the voting rights on April 21, 2015 and on that day amounted to 73.52 % (corresponding with 1,337,995 voting rights). 73.52 % of voting rights (corresponding with 1,337,995 voting rights) are attributed to the company in accordance Section 22 (1) Sentence 1 No. 1 WpHG. Attributed voting rights are held by the following companies under its control, whose share of the voting rights in MeVis Medical Solutions AG amounts to 3 % or more: VMS Deutschland Holdings GmbH, Varian Medical Systems International AG, Varian Medical Systems Nederland BV, Varian Medical Systems Nederland Holdings BV.

5) On April 22, 2015, Axxion S.A., Grevenmacher, Luxembourg, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

6) On April 22, 2015, Mr. Peter Kuhlmann-Lehmkuhle, Germany, informed us according to Section 21 (1) WpHG that his share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, have fallen below the 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

7) On April 22, 2015, Dr. Hartmut Jürgens, Germany, informed us according to Section 21 (1) WpHG that his share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 15 %, 10 %, 5 % and 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

8) On April 23, 2015, Prof. Dr. Heinz-Otto Peitgen, Germany, informed us according to Section 21 (1) WpHG that his share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 15 %, 10 %, 5 % and 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

9) On April 23, 2015, PEN GmbH, Heidelberg, Germany, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 5 % and 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

On April 23, 2015, Ms. Petra Neureither, Germany, informed us according to Section 21 (1) WpHG that her share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 5 % and 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

10) On May 13, 2015, Fortelus Special Situations Master Fund Ltd, George Town, Cayman Islands, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 10 %, 5 % and 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

On May 13, 2015, Fortelus GP Limited, George Town, Cayman Islands, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 10 %, 5 % and 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

On May 13, 2015, Fortelus Special Situations Fund LP, Wilmington, Delaware, United States, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 10 %, 5 % and 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0 % (corresponding with 0 voting rights).

On May 13, 2015, Fortelus Special Situations Fund LTD, George Town, Cayman Islands, informed us according to Section 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the 10 %, 5 % and 3 % threshold of the voting rights on April 21, 2015 and on that day amounted to 0% (corresponding with 0 voting rights).

34. CORPORATE BODIES OF MEVIS MEDICAL SOLUTIONS AG

EXECUTIVE BOARD

Marcus Kirchhoff Chairman Dassendorf	from Mar. 1, 2012	• Member of the Shareholders' Committee of MeVis BreastCare GmbH & Co. KG • Member of the Board of Trustees of Fraunhofer MEVIS
Dr. Robert Hannemann Bremen	from Oct.1, 2010	• Managing Director of MeVis BreastCare Verwaltungsgesellschaft mbH

SUPERVISORY BOARD

Joerg Faessler Chairman Baar, Switzerland	from June 9, 2015	• Senior Director Finance & Controller Europe at Varian Medical Systems International AG, Cham, Switzerland
Dr. Jens J. Kruse Vice-Chairman Braak	from Jan. 11, 2011	• Head of Corporate Finance of private bank M.M.Warburg & CO, Hamburg • Member of the Supervisory Board of Biesterfeld AG, Hamburg • Member of the Supervisory Board of MAX AG, Dusseldorf
Glen A. Hilton Alpine, Utah, USA	from June 9, 2015	• Vice President / ICB Division Controller at Varian Medical Systems, Inc., Salt Lake City, Utah, USA
Prof. Dr. Heinz-Otto Peitgen Chairman Bremen	Sep. 6, 2006 until June 9, 2015	• Member of the Board of Trustees Stiftung Bremer Wertpapierbörse • Member of the Advisory Board of Die Deutsche Kammerphilharmonie Bremen GmbH
Peter Kuhlmann-Lehmkuhle Bremen	June 15, 2011 until June 9, 2015	• Managing Partner of C. Melchers GmbH & Co. KG

Shareholdings of the corporate bodies

As of December 31, 2015, members of the Executive Board and Supervisory Board held no shares in the Company.

35. REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

Executive Board remuneration

The bonuses for Executive Board members Marcus Kirchhoff and Dr. Robert Hannemann are always measured by the level of achievement of a target catalogue agreed upon with the Supervisory Board. Part of these bonuses is linked to the MeVis share price trend in defined bandwidths and paid after three years to provide a long-term incentive.

The minimum amount of the part of the bonus linked to the future share price trend is stated as a bonus with share price-related leverage. This could increase by around 86 % if the share price were to develop accordingly over the next three years.

The members of the Executive Board received the following remuneration in 2015:

FIGURES IN €	Fixed remuneration	Performance-related remuneration	Components with long-term incentive characteristic	Pecuniary benefits from non-cash benefits	Stock options	Total
	Salary	Bonus	Bonus with share-price dependent lever			
Marcus Kirchhoff	218,450.00	107,500.00	75,250.00	10,045.04	0.00	411,245.04
Dr. Robert Hannemann	176,400.00	86,700.00	60,690.00	1,132.87	0.00	324,922.87
Total	**394,850.00**	**194,200.00**	**135,940.00**	**11,177.91**	**0.00**	**736,167.91**

The members of the Executive Board received the following remuneration in 2014:

FIGURES IN €	Fixed remuneration	Performance-related remuneration	Components with long-term incentive characteristic	Pecuniary benefits from non-cash benefits	Stock options	Total
	Salary	Bonus	Bonus with share-price dependent lever			
Marcus Kirchhoff	203,000.00	68,500.00	47,950.00	9,070.16	0.00	328,520.16
Dr. Robert Hannemann	176,400.00	59.390,00	41,573.00	1,132.87	0.00	278,495.87
Total	**379,400.00**	**127,890.00**	**99,523.00**	**10,203.03**	**0.00**	**607,016.03**

According to the criteria of the German Corporate Governance Code, the Executive Board remuneration is as follows:

Granted benefits

In the years 2014 and 2015 the Executive Board members were granted the following benefits:

FIGURES IN € k	Marcus Kirchhoff Executive Board Chairman				Dr. Robert Hannemann Executive Board Member			
Benefits received	**2015**	**2015 (Min)**	**2015 (Max)**	**2014**	**2015**	**2015 (Min)**	**2015 (Max)**	**2014**
Fixed remuneration	218	218	218	203	176	176	176	176
Additional benefits	10	10	10	9	1	1	1	1
Total	**228**	**228**	**228**	**212**	**177**	**177**	**177**	**177**
Annual variable remuneration	108	0	108	69	87	0	87	59
Multi-year variable remuneration								
Bonus on a share dependent lever	75	0	75	48	61	0	61	42
Stock options	0	0	n.a.	0	0	0	n.a.	0
Total variable remuneration	**183**	**0**	**183**	**117**	**148**	**0**	**148**	**101**
Pension expenses	0	0	0	0	0	0	0	0
Total remuneration	**411**	**228**	**411**	**329**	**325**	**177**	**325**	**278**

Inflows

In the years 2014 and 2015 the following inflows were received by the Executive Board members:

FIGURES IN € k	Marcus Kirchhoff Executive Board Chairman		Dr. Robert Hannemann Executive Board Member	
Inflow	**2015**	**2014**	**2015**	**2014**
Fixed remuneration	218	203	176	176
Additional benefits	10	9	1	1
Total	**228**	**212**	**177**	**177**
Annual variable remuneration	66	107	58	72
Multi-year variable remuneration				
Bonus on a share dependent lever	0	0	0	0
Stock options	0	0	0	0
Total variable remuneration	**66**	**107**	**58**	**72**
Pension expenses	0	0	0	0
Total remuneration	**294**	**319**	**235**	**249**

Supervisory Board remuneration

Remuneration for the members of the Supervisory Board is governed by Article10 of MMS AG's Articles of Association, which provides for the members of the Supervisory Board to receive a fixed amount of € 17,500.00 at the end of the fiscal year. The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount. Persons joining or leaving the Supervisory Board during the year receive a proportionate share of this amount.

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

In 2015 the members of the Supervisory Board received total remuneration for their duties of € 80 k (2014: € 80 k):

a. Prof. Dr. Heinz-Otto Peitgen

As Chairman of the Supervisory Board of MMS AG until June 9, 2015, Prof. Dr. Peitgen received remuneration in the amount of € 15 k in 2015 (2014: € 35 k). He also had expenses reimbursed in the amount of € 0 k (2014: € 0 k).

b. Dr. Jens J. Kruse

As Vice-Chairman of the Supervisory Board of MMS AG, Dr. Kruse received in 2015 remuneration in the amount of € 26 k (2014: € 26 k). He also had expenses reimbursed in the amount of € 0 k (2014: € 1 k).

c. Peter Kuhlmann-Lehmkuhle

As a member of the Supervisory Board of MMS AG until June 9, 2015, Peter Kuhlmann-Lehmkuhle received remuneration in the amount of € 8 k (2014: € 18 k). He also had expenses reimbursed in the amount of € 0 k (2014: € 0 k).

d. Joerg Faessler

As Chairman of the Supervisory Board of MMS AG since June 9, 2015, Joerg Faessler received remuneration in the amount of € 20 k in 2015. He also had expenses reimbursed in the amount of € 0 k.

e. Glen A. Hilton

As a member of the Supervisory Board of MMS AG since June 9, 2015, Glen A. Hilton received remuneration in the amount of € 11 k in 2015. He also had expenses reimbursed in the amount of € 0 k.

Pecuniary damage liability insurance was concluded at the expense of the Company for the benefit of the members of the Executive Board and Supervisory Board.

36. STOCK OPTION PLANS

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

In 2015, no options were issued to employees and Board members as in the previous year.

MMS AG is entitled to settle the stock options in cash form – in other words, a combination model is in place. At the date of issue, a fulfillment in equity instruments was preferred, therefore the evaluation was made based on the principles for equity-settled options. The options granted are forfeited if an employee leaves the company. All outstanding stock options have a term of five years from the date of grant. Options granted prior to 2011 have now expired. For options granted after 2011 a waiting period of four years applies, this determines the vesting period of the options. Correspondingly, the expense associated with the granting of stock options from 2011 is distributed over 4 years. The fair value of the employee options granted in 2013 was determined based on a Monte Carlo simulation, estimating the normal distribution of the yield on the future stock price. The nominal distribution is described by the parameters “mean value” and “variance”, which were derived from the MeVis share price trend and volatility.

This simulation put the total fair value of stock options of the 28,089 options granted in 2013 at € 65 k, € 2.31 per option. Expense equaling the fair value was spread over the vesting period of four years. For fiscal year 2015 year the expense totals € 16 k (2014: € 16 k).

Since the stock option program of MMS AG expired on December 31, 2015, the maximum term of the outstanding options is less than 6 years (until December 31, 2020).

	2015			**2014**		
	Beginning of reporting period	Change	End of reporting period	Beginning of reporting period	Change	End of reporting period
Outstanding stock options	58,975	-58,975	0	58,975	0	58,975
Options granted	71,510	0	71,510	71,510	0	71,510
Options forfeited	-17,112	-488	-17,600	-15,657	-1,455	-17,122
Options exercised	0	0	0	0	0	0
Options lapsed	-24,764	0	-24,764	-24,764	0	-24,764
Total	**88,609**	**-59,463**	**29,146**	**90,064**	**-1,455**	**88,609**
of which exercisable options	*0*	*0*	*0*	*0*	*0*	*0*

37. GERMAN CORPORATE GOVERNANCE CODEX

The Executive Board and Supervisory Board of MeVis Medical Solutions AG support the initiative of the “Government Commission on the German Corporate Governance Code” and thus have issued a joint declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), confirming that the recommendations of the “Government Commission on the German Corporate Governance Code” in the version dated May 5, 2015 have been and will be generally complied with, disclosing which recommendations have not been and will not be followed. The current declaration of conformity is dated September 10, 2015. Shareholders can view it on the Company website as a PDF.

38. FEES PAID FOR SERVICES OF THE STATUTORY AUDITOR, KPMG AG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

FIGURES IN € k	**2015**	**2014**
Audit of financial statements	63	63
Other assurance services	0	0
Tax advisory	29	34
Other services	203	6
Total	**295**	**103**

39. EVENTS AFTER THE REPORTING DATE

With the exception of the events described in the management report, no material events occurred after the reporting date.

40. APPROPRIATION OF PROFITS

The profit according to German commercial law of € 4,742 k will be transferred to VMS Deutschland Holdings GmbH because of the domination and profit and loss transfer agreement effective since October 20, 2015.

Under the domination and profit and loss transfer agreement, VMS Deutschland Holdings GmbH has committed itself to pay the outside shareholders for the duration of the contract an annual compensation payment for each fiscal year. Per fiscal year this amounts to € 1.13 gross / € 0.95 net per registered share.

Bremen, March 31, 2016

Marcus Kirchhoff	Dr. Robert Hannemann
Chairman & CEO	Member of the Executive Board

CHANGES IN FIXED ASSETS

for the period January 1 through December 31, 2015

FIGURES IN € k	Cost of acquisition or construction: Balance on Jan. 1, 2015	Additions	Reclassifi-cations	Disposals	Balance on Dec. 31, 2015
I. Intangible assets					
Purchased industrial property rights and similar rights	2,643	22	-60	0	2,605
Customer base	4,091	0	0	0	4,091
Development expenses	11,349	0	0	0	11,349
Goodwill	10,625	0	0	0	10,625
	28,708	**22**	**-60**	**0**	**28,670**
II. Property, plant and equipment					
Other equipment, furniture and office equipment					
IT-equipment	1,081	81	51	0	1,213
Furniture and office equipment	411	13	9	0	433
	1,492	**94**	**60**	**0**	**1,646**
	30,200	**116**	**0**	**0**	**30,316**

Accumulated depreciation and amortization					Carrying amounts	
Balance on Jan. 1, 2015	Depreciation and amortization	Reclassifi-cations	Disposals	Balance on Dec. 31, 2015	Balance on Dec. 31, 2015	Balance on Dec. 31, 2014
2,330	166	-62	0	2,434	171	314
2,718	295	0	0	3,013	1,078	1,373
8,039	1,330	0	0	9,369	1,980	3,309
0	0	0	0	0	10,625	10,625
13,087	**1,791**	**-62**	**0**	**14,816**	**13,854**	**15,621**
767	132	29	0	928	285	314
351	15	33	0	399	34	60
1,118	**147**	**62**	**0**	**1,327**	**319**	**374**
14,205	**1,938**	**0**	**0**	**16,143**	**14,173**	**15,995**

CHANGES IN FIXED ASSETS

for the period January 1 through December 31, 2014

FIGURES IN € k	Cost of acquisition or construction Balance on Jan. 1, 2014	Additions	Disposals	Balance on Dec. 31, 2014
I. Intangible assets				
Purchased industrial property rights and similar rights	2,420	294	71	2,643
Customer base	4,091	0	0	4,091
Development expenses	10,155	1,194	0	11,349
Goodwill	10,625	0	0	10,625
	27,291	**1,488**	**71**	**28,708**
II. Property, plant and equipment				
Other equipment, furniture and office equipment				
Leasehold improvements	680	0	680	0
IT-equipment	1,109	66	94	1,081
Furniture and office equipment	603	6	198	411
	2,392	**72**	**972**	**1,492**
	29,683	**1,560**	**1,043**	**30,200**

Accumulated depreciation and amortization				Carrying amounts	
Balance on Jan. 1, 2014	Depreciation and amortization	Disposals	Balance on Dec. 31, 2014	Balance on Dec. 31, 2014	Balance on Dec. 31, 2013
2,326	75	71	2,330	314	94
2,422	296	0	2,718	1,373	1,669
6,881	1,158	0	8,039	3,309	3,274
0	0	0	0	10,625	10,625
11,629	**1,529**	**71**	**13,087**	**15,621**	**15,662**
672	1	673	0	0	8
732	130	95	767	314	378
505	35	89	351	60	98
1,909	**166**	**957**	**1,118**	**374**	**484**
13,538	**1,695**	**1,028**	**14,205**	**15,995**	**16,146**

AUDITOR'S REPORT

We have audited the individual IFRS financial statements prepared by MeVis Medical Solutions AG, Bremen, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the notes to the financial statements, together with the accounting records, and the management report for the financial year from January 1 to December 31, 2015. The maintenance of the books and records and the preparation of the individual IFRS financial statements and management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 325 (2a) of the German Commercial Code [HGB] are the responsibility of the Company's executive board. Our responsibility is to express an opinion on the individual IFRS financial statements and the management report based on our audit.

We conducted our audit of the individual IFRS financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the individual IFRS financial statements in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the individual IFRS financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the individual IFRS financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the individual IFRS financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 325 (2a) of the German Commercial Code [HGB] and give a true and fair view of the net assets, financial position and results of operations of MeVis Medical Solutions AG in accordance with these requirements. The management report is consistent with the individual IFRS financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Bremen, April 4, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Fahlbusch	Moritz
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

RESPONSIBILITY STATEMENT ("BILANZEID")

Responsibility statement required by Section 37w (2) and (3) WpHG (German Securities Trading Act) in conjunction with Sections 264 (2) Sentence 3 and 289 (1) Sentence 5 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 Company."

Bremen, March 31, 2016

MeVis Medical Solutions AG

Marcus Kirchhoff	Dr. Robert Hannemann
Chairman & CEO	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 (German Federal Gazette) 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/en/investor-relations/financial-reports/

FINANCE CALENDAR 2016

Date	**Event**
April 22, 2016	Annual Report 2015
May 24, 2016	Interim Report for Q1 2016
June 7, 2016	Annual General Meeting, Bremen
August 23, 2016	Interim Report for H1 2016
Aug. 31 - Sept. 2, 2016	Small Cap Conference, Frankfurt am Main
November 17, 2016	Interim Report for Q3 2016

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