

MeVis

Interim Report 2014

MeVis Medical Solutions AG

Q2



KEY FIGURES (IFRS)

FIGURES IN € k		Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013	Change
Revenues		6,062	6,158	-2 %
of which segment	Digital Mammography	4,738	4,439	7 %
	Other Diagnostics	1,324	1,719	-23 %
of which billing currency ¹	Euro	559	372	50 %
	US-Dollar	5,503	5,786	-5 %
EBITDA		2,605	2,789	-7 %
EBITDA margin		43 %	45 %	
EBIT		1,789	2,012	-11 %
EBIT margin		30 %	33 %	
Net financial result		157	-391	
EBT		1,946	1,621	20 %
Net profit for the period		1,727	1,551	11 %
Earnings per share in € (basic and diluted)		1.00	0.90	
		Jun. 30, 2014	Dec. 31, 2013	Change
Equity capital		28,336	26,445	7 %
Intangible assets		15,807	15,662	1 %
Non-current and current liabilities		7,035	7,568	-7 %
Balance sheet total		35,371	34,013	4 %
Equity ratio in %		80 %	78 %	
Liquid funds ²		15,092	13,450	12 %
Employees ³		95	92	3 %

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

² Comprising cash, cash equivalents and securities available for sale.

³ Full-time equivalents as of balance sheet date.

KEY SHARE DATA

As at March 31, 2014	
Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on December 31, 2013	€ 20.49
Last quotation on June 30, 2014	€ 13.74
High/low in 2014	€ 22.95 / € 13.74
Market capitalization	€ 23.666 m
Treasury stock	97,553 (5.4 %)
Free float	46.2 %
Prime Standard (Regulated market)	Frankfurt and Xetra
Over-the-counter markets	Frankfurt, Berlin, Dusseldorf, Munich, Stuttgart
Indices	CDAX, PrimeAS, TechnologyAS, DAXsector Software, DAXsubsector Software, GEX
ISIN / WKN / Ticker symbol	DE000A0LBFE4 / A0LBFE / M3V

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LETTER TO THE SHAREHOLDERS



from left: Marcus Kirchhoff, Dr. Robert Hannemann

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

MeVis once again had a very profitable first half of the year. EBIT declined by approximately € 0.2 million year on year due to the slight decrease in sales and higher staff costs. The EBIT margin remained strong in the first half of the year at 30 %. In addition, liquidity of € 1.6 million was also generated in the first half of the year.

As a result of the amendments to IFRS 11, the joint venture with Siemens, MeVis BreastCare GmbH & Co. KG, which until 2013 was proportionately consolidated, will be consolidated according to the equity method as of fiscal year 2014. The previous year's figures have been adjusted accordingly in order to allow for better comparison.

Our performance in detail: **Sales** in the second quarter of 2014 came to € 3,234 k, up 1 % above the level of the second quarter of 2013 (€ 3,210 k). Sales in the first half of the year, however, declined to € 6,062 k year on year (prev. year: € 6,158 k). Sales in the new license business remained constant at € 3,068 k, while sales in the maintenance business decreased by 4 % to € 2,780 k, accounting for nearly half of total sales at 46 %. Sales in the Digital Mammography segment increased by 7 % to € 4,738 k (prev. year: € 4,439 k) and sales in the Other Diagnostics segment fell by 22 % to € 1,324 k (prev. year: € 1,719 k).

As in the first quarter of 2014, operating **costs** in the second quarter rose primarily on the back of higher staff costs, which increased by 9 % to € 1,755 k (prev. year: € 1,611 k). This corresponds to an increase of 10 % for the first half of the year. Other operating expenses increased by 40 % to € 559 k (prev. year: € 401 k) year on year, which was primarily due to increased maintenance costs and expenses for consulting services. For the first half of 2014, other operating expenses increased by 14 %.

Capitalized development expenses amounted to € 841 k in the first half of 2014 (prev. year: € 760 k), which constitutes an increase of 11 %.

EBITDA (earnings before interest, taxes, depreciation and amortization) was down by 7 %, from € 2,789 k to € 2,605 k year on year due to the slight reduction in sales and higher costs.

Depreciation and amortization came to € 816 k (up 5 % year on year), resulting in **EBIT** (earnings before interest and taxes) of € 1,789 k (down a sharp 11 % on the previous year's figure of € 2,012 k); the **EBIT margin** remained strong at 30 % (prev. year: 33 %).

The net financial result improved considerably by € 548 k to € 157 k year on year, while tax expenses increased by € 149 k to € 219 k.

After-tax **earnings** increased by € 176 k to € 1,727 k, which is equivalent to earnings per share of € 1.00 (prev. year: € 0.90).

Cash and cash equivalents increased by € 1,642 to € 15,092 k as of June 30, 2014 compared to the end of 2013.

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

We introduced our future dividend policy at our annual general meeting on June 5: According to this policy, we intend to pay out an annual dividend of between 40 % and 60 % of net profit for the year. With regard to the highly successful year 2013, as we were unable to issue dividend payments this summer due to the balance sheet structure, we are considering making an additional dividend payment for 2013 in the summer of 2015 depending on developments in the upcoming quarters. With the dividend payments, in the future shareholders will participate not only through share price development but also through annual payments related to MeVis' company success.

The upcoming change in cooperation with Hologic increases the importance of the initiative introduced two years ago. In addition to expanding the product portfolio for online services, we continued to develop our software solution for the promising future lung screening market in the second quarter. The product is expected to be completed in the third quarter. It is very encouraging that negotiations with a significant industrial customer are already at an advanced stage.

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



Marcus Kirchhoff

Chairman & CEO

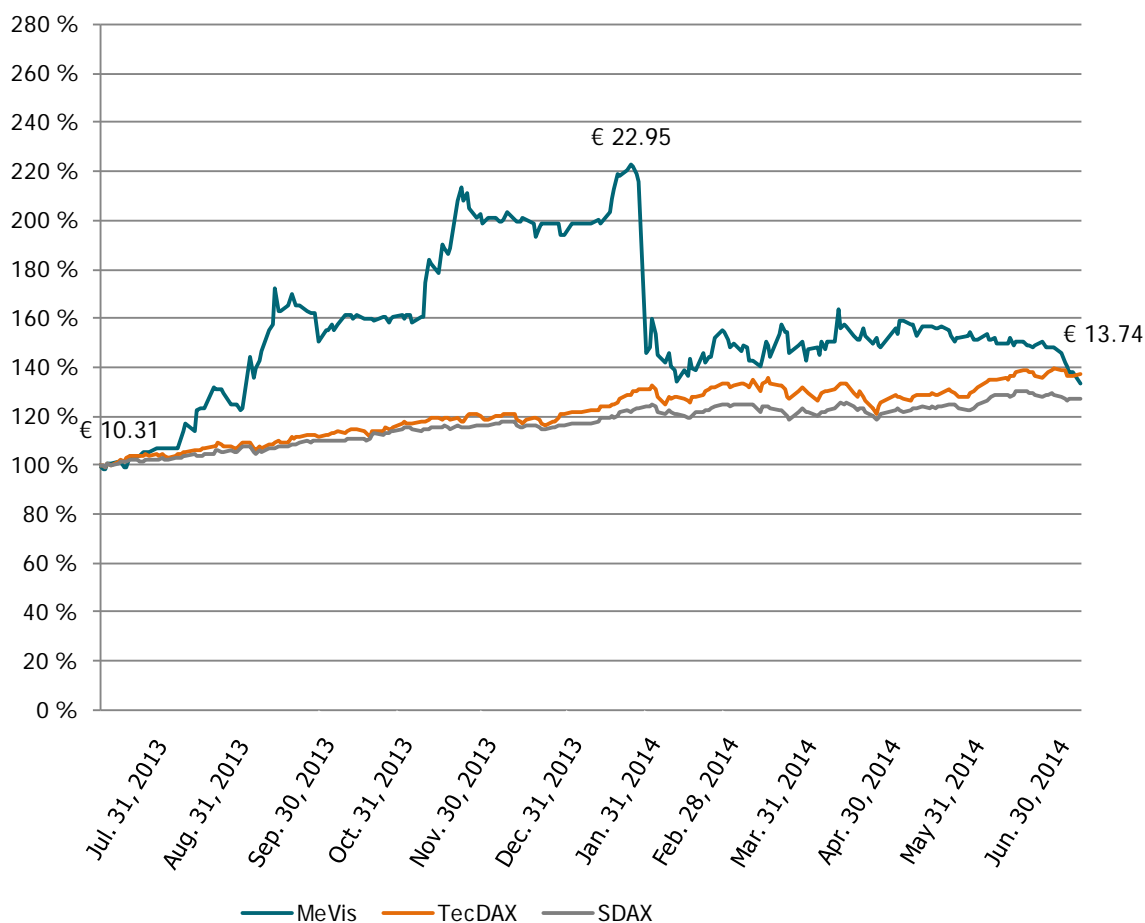


Dr. Robert Hannemann

Member of the Executive Board

THE MEVIS SHARE

DEVELOPMENT OF THE MEVIS SHARE (12 MONTH)



In the first half of 2014, the share fell by around 33 % against the closing price at the end of 2013. On the other hand, the MeVis share has performed well over the last 12 months compared to the second quarter of 2013, gaining around 26 %. The highest price recorded for the MeVis share on the XETRA electronic trading system during the period was € 22.95; the lowest level it traded at was € 13.74. MeVis Medical Solutions AG closed the second quarter at a share price of € 13.74 (XETRA) compared to € 20.49 at the end of 2013. At the end of the period, the Company's market capitalization amounted to approximately € 23.7 million in relation to the 1,722,447 shares in circulation. The number of registered deposit accounts increased slightly from 843 at the end of 2013 to 895 at the end of the period.

KEY INDICATORS OF THE MEVIS SHARE

	6 M Jun. 30, 2014	3 M Mar. 31, 2014	12 M Dec. 31, 2013
Closing price in €	13.74	15.54	20.49
Period high in €	22.95	22.95	21.98
Period low in €	13.74	13.85	8.05
Market capitalization in million € (XETRA ultimo)	23.7	26.8	35.3
Number of shares	1,820,000	1,820,000	1,820,000
Treasury stock	97,553	97,553	97,553
Price-to-earnings ratio in € (XETRA ultimo)	6.93	9.71	9.40
Earnings per share in € (basic and diluted)	1.00	0.40	2.14

DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

The shareholder structure hardly changed in the second quarter of 2014. The three founders accounted for approximately 45 % of the share capital at the end of the quarter. The Company has own shares equivalent to 5.36 %. The remaining shares are predominantly held by institutional investors and private shareholders.

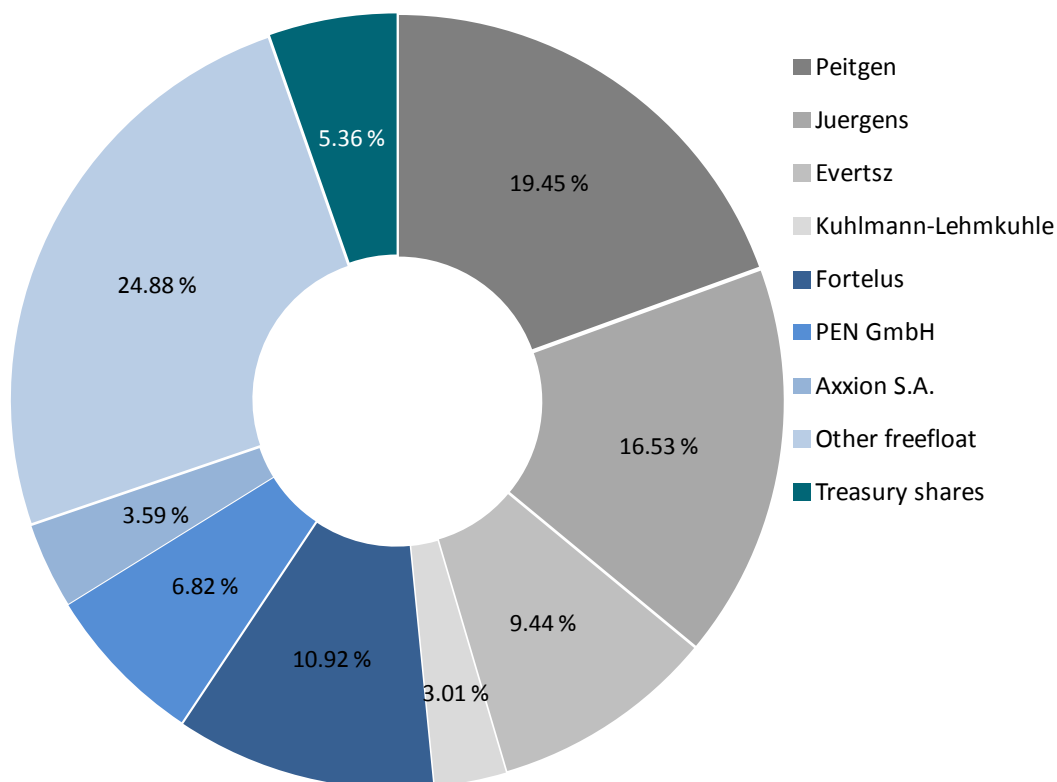


Fig.: Shareholder structure as at June 30, 2014

INTERIM MANAGEMENT REPORT H1/2014

BASICS OF THE COMPANY

STRUCTURE

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

MMS AG has held around 41 % of the stock in Medis Holding BV, Leiden (Netherlands) since the beginning of June 2010. The pro-rata earnings of this equity interest are reported in the net financial result. This shareholding was sold to Reiber Consultancy B.V. in April 2014. The proceeds from the sale of MMS AG shares amounted to € 500 k.

SHORT SUMMARY OF BUSINESS ACTIVITIES

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

MeVis' clinical focuses are image-based early detection and diagnosis of epidemiologically important diseases such as breast, lung, prostate and colon cancer as well as neurological disorders. The software applications support all the imaging modalities available. These not only include X-ray modalities such as computed tomography, digital mammography or digital tomosynthesis, but also magnetic resonance imaging, digital sonography and the simultaneous use of multiple modalities (multimodality). Then there are the more modern imaging modalities, such as positron emission tomography (PET), sonoelastography and molecular imaging. MeVis supplies technologies and applications for global medical industry leaders, meeting their needs and helping them to strengthen their leadership positions.

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

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

REPORTING SEGMENTS

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

The **Digital Mammography** segment develops and markets software products which support breast diagnostic imaging and intervention. Aside from the original products for digital mammography, new software applications for other imaging modalities such as ultrasound, magnetic resonance imaging and tomosynthesis were added. The **Digital Mammography** segment includes the business with Hologic, Inc..

In addition to the breast diagnostics business based on magnetic resonance imaging conducted with Invivo Corp., the **Other Diagnostics** segment also includes digital radiology products (e.g. magnetic resonance imaging (MRI), computed tomography (CT), etc.) for other types of diseases such as lung, prostate and intestinal disorders as well as general image-based analysis and diagnostics of radiology images. Other main activities in this segment include image and risk analysis for planning liver surgery and tumor diagnostics in connection with clinical studies of pharmaceutical companies (Distant Services business segment).

ECONOMIC REPORT

EARNINGS POSITION

Sales of € 3,234 k in the second quarter of 2014 were up approximately 1 % on the level of the previous year (€ 3,210 k). The maintenance business increased by 1 % to € 1,409 k (prev. year: € 1,398 k) and the new license business was up by 2 % to € 1,730 k year on year (prev. year: € 1,695 k).

Thereby revenues in the first half of 2014 amounted to € 6,062 k and declined by approximately 2 % from the level of the previous year (prev. year: € 6,158 k). Revenues are broken down into the segments Digital Mammography at € 4,738 k (prev. year: € 4,439 k) and Other Diagnostics at € 1,324 k (prev. year: € 1,719 k). At 78 % (prev. year: 72 %) the Digital Mammography segment continues to be the main source of revenues in the Group.

The installed base of software licenses once again led to consistently high maintenance and service revenues. In the first half of 2014, the share of maintenance and service sales in total sales amounted to 46 % (prev. year: 47 %).

The rise in staff costs by 10 % to € 3,567 k (prev. year: € 3,247 k) is largely due to the increase in personnel provisions and the higher number of employees compared to the same period last year. At the end of the second quarter of 2014, MMS AG had 108 employees. This corresponds to 95 full-time equivalents (June 30, 2013: 105 employees or 92 full-time equivalents).

Capitalized development expenses in the period under review amounted to € 841 k (prev. year: € 760 k). As in the previous year's period, these accounted for staff costs related to the development of new products in the Digital Mammography segment.

Other operating expenses increased year on year, and totaled € 970 k (prev. year: € 850 k). This amount mainly comprised rental/leasing expenses of € 252 k (prev. year: € 194 k), maintenance/repair costs of € 140 k (prev. year: € 52 k), travel expenses of € 109 k (prev. year: € 68 k), accounting and auditing expenses of € 44 k (prev. year: € 29 k), and legal and consulting costs of € 61 k (prev. year: € 42 k).

EBITDA (earnings before interest, taxes, depreciation and amortization) totaled € 2,605 k in the period under review (prev. year: € 2,789 k). The EBITDA margin decreased accordingly to 43 % (prev. year: 45 %).

Depreciation, amortization and impairments of intangible and tangible assets increased by 5 % to € 816 k (prev. year: € 777 k), which is largely due to the € 104 k increase in amortization of development services to € 539 k (prev. year: € 435 k).

Earnings before interest and taxes (EBIT) amounted to € 1,789 k in the reporting period (prev. year: € 2,012 k). The EBIT margin fell accordingly to 30 % compared to a previous year value of 33 %.

The financial result increased in the reporting period to € 157 k (prev. year: € -391 k). The main reason for this is the improved earnings of the 51 % share in MeVis BreastCare GmbH & Co. KG of € 68 k (prev. year: € -368 k), which is recognized at equity, as well as increased interest income.

Earnings before taxes (EBT) came to € 1,946 k in the reporting period (prev. year: € 1,621 k). The EBT margin (return on sales) improved considerably to 32 % compared to 26 % in the previous year.

After-tax earnings are impacted by income taxes and the deferred tax expenses of € 219 k reported here (prev. year: € 70 k), amounting to € 1,727 k in the period under review (prev. year: € 1,551 k).

Earnings per share increased to € 1.00 (prev. year: € 0.90).

FINANCIAL POSITION

Cash flow from current operating activities came to € 2,023 k (prev. year: € 1,987 k) in the period under review. This comprised earnings before interest and taxes (EBIT) of € 1,789 k (prev. year: € 2,012 k), adjusted for depreciation in the amount of € 816 k (prev. year: € 777 k), changes in provisions of € 4 k (prev. year: € 9 k), the total of all non-cash expenses and income of € 223 k (prev. year: € -15 k), the total of interest paid and received of € 105 k (prev. year: € 11 k), the total of taxes paid and received in the amount of € 28 k (prev. year: € -45 k), exchange rate differences paid and received of € 5 k (prev. year: € -1 k), changes in inventories and trade receivables and other assets of € -133 k (prev. year: € -928 k), and changes in trade payables and other liabilities of € -814 k (prev. year: € 77 k).

In the period under review, cash flow from investing activities came to € -4,404 k (prev. year: € -548 k) and mainly consisted of payments for capitalized development expenses of € 841 k (prev. year: € 760 k), payments for the acquisition of securities of € 8,049 k (prev. year: € 0 k) as well as payments received for the disposal of securities in the amount of € 4,054 k (prev. year: € 300 k).

Cash flow from financing activities, amounting to € -9 k (prev. year: € -25 k), consisted exclusively of leasing transactions.

The change in cash and cash equivalents in the period under review came to € -2,390 k (prev. year: € 1,414 k).

NET ASSET POSITION

Liquid funds amounted to € 15,092 k (December 31, 2013: € 13,450 k) as of the balance sheet date. This comprised cash and cash equivalents of € 6,940 k (December 31, 2013: € 9,299 k) and securities available for sale of € 8,152 k (December 31, 2013: € 4,151 k).

Total assets increased by € 1,358 k to € 35,375 k (December 31, 2013: € 34,013 k) as of the end of the second quarter and the balance sheet structure remained largely unchanged compared to the end of fiscal year 2013. The equity ratio increased slightly to 80 % (December 31, 2013: 78 %). Equity covered 162 % of fixed assets (December 31, 2013: € 152 %) and amounted to 104 % of current assets (December 31, 2013: 104 %). Fixed assets have stabilized at 50 % compared to total assets (December 31, 2013: 51 %).

The increase in assets is largely attributable to the rise in liquidity. Other significant changes were related to other financial assets, which increased by € 3,707 k to € 8,152 k (December 31, 2013: € 4,445 k) mainly due to the acquisition of securities. Cash and cash equivalents subsequently declined to € 6,940 k (December 31, 2013: € 9,299 k).

Equity was up 3 % to € 28,336 k (December 31, 2013: € 26,445 k) on the back of net profit for the year. Other significant changes in liabilities related to trade payables, which declined by € 520 k to € 269 k (December 31, 2013: € 789 k), and other current financial liabilities, which rose by € 167 k to € 962 k (December 31, 2013: € 795 k) largely due to the increase in staff liabilities.

MATERIAL EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

OPPORTUNITIES AND RISK REPORT

The risks associated with dependency on large customers and on customers' success became more specific following Hologic's announcement on January 17, 2014 about the change to the cooperation. No further material changes have occurred with regard to the risk situation of the Company since the beginning of the fiscal year. Therefore, the statements made in the opportunities and risk report of the consolidated annual financial statements as of December 31, 2013 remain valid.


OUTLOOK

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

Bremen, 11 August 2014



Marcus Kirchhoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

INCOME STATEMENT H1 2014

for the period January 1 through June 30, 2014

FIGURES IN € k	Notes	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Revenues	1	6,062	6,158
Income from capitalization of development expenses	2	841	760
Other operating income		583	257
Cost of material		-344	-289
Staff costs	3	-3,567	-3,247
Other operating expenses	4	-970	-850
Earnings before interest, taxes, depreciation and amortization (EBITDA)		2,605	2,789
Depreciation, amortization and impairment of intangible and tangible assets	5	-816	-777
Earnings before interest and tax (EBIT)		1,789	2,012
Share of profit of associates		68	-368
Interest income		110	14
Interest expenses		-12	-38
Other net financial result		-9	1
Net financial result	6	157	-391
Earnings before tax (EBT)		1,946	1,621
Income tax	7	-219	-70
Net profit for the period		1,727	1,551
Earnings per share in €	14		
Basic		1.00	0.90
Diluted		1.00	0.90

STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 through June 30, 2014

FIGURES IN € k	Notes	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Net profit for the period		1,727	1,551
Changes in fair value of available-for-sale financial instruments		238	0
Deferred tax on changes in fair value		-74	0
Other comprehensive income		164	0
Total comprehensive income		1,891	1,551

INCOME STATEMENT Q2 2014

for the period April 1 through June 30, 2014

FIGURES IN € k	Notes	Apr. 1 - Jun. 30, 2014	Apr. 1 - Jun. 30, 2013
Revenues		3,234	3,210
Income from capitalization of development expenses		413	350
Other operating income		380	145
Cost of material		-208	-208
Staff costs		-1,755	-1,611
Other operating expenses		-559	-401
Earnings before interest, taxes, depreciation and amortization (EBITDA)		1,505	1,485
Depreciation, amortization and impairment of intangible and tangible assets		-410	-411
Earnings before interest and tax (EBIT)		1,095	1,074
Share of profit of associates		8	-311
Interest income		57	7
Interest expenses		-7	-27
Other net financial result		20	-67
Net financial result		78	-398
Earnings before tax (EBT)		1,173	676
Income tax		-131	73
Net profit for the period		1,042	749
Earnings per share in €			
Basic		0.60	0.43
Diluted		0.60	0.43

STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 through June 30, 2014

FIGURES IN € k	Notes	Apr. 1 - Jun. 30, 2014	Apr. 1 - Jun. 30, 2013
Net profit for the period		1,042	749
Changes in fair value of available-for-sale financial instruments		229	0
Deferred tax on changes in fair value		-71	0
Other comprehensive income		158	0
Total comprehensive income		1,200	749

STATEMENT OF FINANCIAL POSITIONS

As of June 30, 2014

FIGURES IN € k	Notes	Jun. 30, 2014	Dec. 31, 2013
Non-current assets			
Intangible assets		15,807	15,662
Property, plant and equipment		416	484
Interest in associated companies	8	1,291	1,223
		17,514	17,369
Current assets			
Trade receivables		2,141	2,019
Income tax receivables		28	79
Other financial assets	9	8,430	4,445
Other assets		318	306
Cash and cash equivalents		6,940	9,299
Assets held for sale		0	496
		17,857	16,644
ASSETS		35,371	34,013
Equity capital			
Subscribed capital	10	1,820	1,820
Capital reserve		9,768	9,768
Revaluation reserve		559	611
Treasury stock		-3,300	-3,300
Cumulated fair value changes of available-for-sale financial instruments		149	-15
Retained earnings		19,340	17,561
		28,336	26,445
Non-current liabilities			
Provisions		44	44
Other financial liabilities	11	142	145
Deferred taxes		1,857	1,753
		2,043	1,942
Current liabilities			
Provisions		401	397
Trade payables		269	789
Other financial liabilities	11	962	795
Deferred income		2,145	2,199
Other liabilities		297	516
Income tax liabilities		918	930
		4,992	5,626
EQUITY AND LIABILITIES		35,371	34,013

STATEMENT OF CASH FLOW

for the period January 1 through June 30, 2014

FIGURES IN € k	Notes	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Earnings before interest and tax (EBIT)		1,789	2,012
+ Depreciation and amortization and impairments	5	816	777
+/- Increase/decrease in provisions		4	9
+/- Other non-cash expenses/income		223	-15
+ Interest received		108	41
- Interest paid		-3	-30
+ Tax received		51	0
- Tax paid		-23	-45
+/- Exchange rate differences received/paid		5	-1
+/- Decrease/increase in inventories		0	178
+/- Decrease/increase in trade receivables and other assets		-133	-1,016
-/+ Decrease/increase in trade payables and other liabilities		-814	77
= Cash flow from operating activities		2,023	1,987
- Purchase of property, plant and equipment		-33	-85
- Purchase of intangible assets (excl. development cost)		-35	-3
- Payments for capitalized development cost		-841	-760
- Investments in subsidiaries		500	0
- Payments for the acquisition for marketable securities		-8,049	0
+ Proceeds from sale of marketable securities		4,054	300
= Cash flow from investing activities		-4,404	-548
+ Repayment of finance lease liabilities		-9	-25
= Cash flow from financing activities		-9	-25
Change in cash and cash equivalents		-2,390	1,414
Effect of exchange rates on cash and cash equivalents		31	15
Cash and cash equivalents at the beginning of the period		9,299	7,335
= Cash and cash equivalents at the end of the period		6,940	8,764

STATEMENT OF CHANGES IN EQUITY

for the period January 1 through June 30, 2014

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, 2013	1,820	28,079	753	-3,300	2	-4,585	22,769
Transfer to retained earnings according to amortization	0	0	-71	0	0	71	0
Net result	0	0	0	0	0	1,551	1,551
Balance on Jun. 30, 2013	1,820	28,079	682	-3,300	2	-2,963	24,320
Balance on Jan. 1, 2014	1,820	9,768	611	-3,300	-15	17,561	26,445
Transfer to retained earnings according to amortization	0	0	-52	0	0	52	0
Net result	0	0	0	0	164	1,727	1,891
Balance on Jun. 30, 2014	1,820	9,768	559	-3,300	149	19,340	28,336

NOTES TO THE FINANCIAL STATEMENTS AS OF JUNE 30, 2014

BASIC INFORMATION

GENERAL DISCLOSURES

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

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

The interim financial statements of MeVis Medical Solutions AG, Bremen (MMS AG) as at June 30, 2014 were prepared in accordance with Section 315a (1) of the German Commercial Code (HGB) in line with the rules and regulations in force on the balance sheet date and approved by the European Union of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Accordingly, this interim report as at June 30, 2014 was prepared in conformity with IAS 34 "Interim Reporting". The notes to the interim financial statements are presented in abridged form in line with the option provided by IAS 34. The interim financial statements and interim management report have neither been audited nor subjected to accounting review.

RECOGNITION AND MEASUREMENT METHODS

The interim financial statements from January 1 to June 30, 2014 use the same recognition and measurement policies as the IFRS consolidated financial statements for the financial year 2013. The interim financial statements as of June 30, 2014 must therefore be read in conjunction with the consolidated financial statements as of December 31, 2013.

EFFECTS OF NEW ACCOUNTING STANDARDS

MMS AG's interim financial statements as of June 30, 2014 including the previous year's figures have been prepared in accordance with IFRS as endorsed by the European Union as of December 31, 2013. The same accounting and valuation principles were applied that were used in preparing the consolidated financial statements as at December 31, 2013; in addition, IAS 34 "Interim reporting" was applied. At the same time according to the new regulations of IFRS 11 applicable in the EU from 1 January 2014, as already mentioned in the consolidated financial statements as of December 31, 2013, the jointly controlled entities MeVis BreastCare GmbH & Co. KG and MeVis BreastCare Verwaltungsgesellschaft mbH are recognized in the interim report using the equity method. New announcements of the IASB applicable as of June 30, 2014 had no material impacts on the MeVis financial statements.

SELECTED NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

1. REVENUES

Revenues break down by type as follows:

FIGURES IN € k	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Software and licenses	3,068	3,067
Maintenance (software service contracts)	2,780	2,898
Services (consulting and training)	205	182
Hardware	9	11
	6,062	6,158

2. INCOME FROM THE CAPITALIZATION OF DEVELOPMENT COSTS

In the period under review, expenditures on research and development came to € 1,858 k (prev. year: € 1,682 k). In accordance with IAS 38, development expenses of € 841 k (prev. year: € 760 k) were capitalized, of which none were accounted for by third-party services as in the previous year.

3. STAFF COSTS

The average headcount was 108 (prev. year: 107). This is equivalent to an average of 95 full-time positions (prev. year: 92). The average figures include 11 testers (as a rule, students employed on a negligible part-time basis) (prev. year: 15).

4. OTHER OPERATING EXPENSES

FIGURES IN € k	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Rental/leasing expenses	252	194
Maintenance/repairs	140	52
Travel expenses	109	68
Legal and consulting costs	61	42
Cost of preparing and auditing financial statements	44	62
Energy costs	44	33
Vehicle costs	42	37
Supervisory Board remuneration	40	40
Insurances	27	23
Internet expenses	22	17
Cleaning expenses	21	17
Catering expenses	13	10
Others	155	255
	970	850

5. DEPRECIATION AND AMORTIZATION

FIGURES IN € k	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Amortization of industrial property rights and similar rights and customer bases	190	248
Amortization of capitalized development expenses	539	435
Depreciation of property, plant and equipment	87	94
	816	777

6. NET FINANCIAL RESULT

MeVis' net financial result as at June 30, 2014 amounted to € 157 k (prev. year: € -391 k). This comprises interest income from the investment of cash and cash equivalents of € 110 k (prev. year: € 14 k), interest expense of € -12 k (prev. year: € -38 k), the result derived from associates, amounting to € 68 k (prev. year: € -368 k) and the balance of income and expenses from exchange rate differences of € 20 k (prev. year: € 35 k).

7. INCOME TAXES

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

8. INTEREST IN ASSOCIATED COMPANIES

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

9. CURRENT OTHER FINANCIAL ASSETS

FIGURES IN € k	Jan. 1 - Jun. 30, 2014	Jan. 1 - Jun. 30, 2013
Securities	8,152	4,151
Eligible expenses	115	37
Deferred interest	91	65
Loans granted and receivables	72	169
Other	0	23
	8,430	4,445

The securities held are a widely diversified portfolio of fixed-income corporate and government bonds. Since investment in securities is for the purpose of cash management, the securities are listed on an exchange and it is not intended to hold the securities to maturity, these were categorized as "available-for-sale" and classified in general as current assets.

Loans and receivables are due from the MeVis BreastCare GmbH & Co. KG at € 72 k (31. Dec. 2013: € 84 k).

10. SHAREHOLDERS' EQUITY

Revaluation reserve

In connection with the acquisition of the 49 % interest in MeVis BreastCare Solutions GmbH & Co. KG (hereafter: "MBS KG") from Siemens AG and the subsequent full consolidation of MBS KG in 2008, the assets and liabilities of MBS KG, which were accrued to MMS AG with the official registration of the merger of MeVis BreastCare Solutions Verwaltungs-GmbH on August 1, 2013, were completely revaluated. Where this increase was attributable to the 51 % interest in MBS KG already held by the Company, the difference was recognized within the revaluation reserve. The amount of € 1,688 k comprises intangible assets of € 2,411 k net of deferred taxes of € 723 k. Amounts equaling the depreciation and amortization recognized on these assets are reclassified as retained earnings on a proportionate basis.

FIGURES IN € k	2014	2013
Status as at Jan. 1	611	753
-Transfer of the amount corresponding to write-downs and the associated deferred taxes to retained earnings, without an impact on profit and loss	-52	-71
Status as at Jun. 30	559	682

Treasury stock

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

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

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

Therefore a total of 97,553 treasury shares were held as of June 30, 2014. This corresponds to 5.36 % of the current share capital.

11. OTHER FINANCIAL LIABILITIES

Non-current other financial liabilities

FIGURES IN € k	Jun. 30, 2014	Dec. 31, 2013
Liability from 49 % acquisition of MBS KG	142	145
	142	145

Current other financial liabilities

FIGURES IN € k	Jun. 30, 2014	Dec. 31, 2013
Staff liabilities	868	624
Liability from 49 % acquisition of MBS KG	78	150
Miscellaneous other financial liabilities	16	21
	962	795

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

12. TRANSACTIONS WITH RELATED PARTIES

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

13. CONTINGENT RECEIVABLES AND CONTINGENT LIABILITIES

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

14. EARNINGS PER SHARE

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

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

The weighted average of shares outstanding is determined by taking account of shares redeemed and reissued subject to a chronological weighting.

	Jun. 30, 2014	Jun. 30, 2013
Net result for the period in € k	1.727	1,551
Weighted average of the number of no-par-value shares outstanding during the period under review	1,722,447	1,722,447
Basic earnings per share in €	1.00	0.90
Diluted earnings per share in €	1.00	0.90

15. SEGMENT INFORMATION

As of June 30, 2014 the activities of the Company were still subdivided into the reportable segments of Digital Mammography and Other Diagnostics.

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

The segments break down as follows:

FIGURES IN € k	Digital Mammography		Other Diagnostics		Total	
	Jan. 1 - Jun. 30.		Jan. 1 - Jun. 30.		Jan. 1 - Jun. 30.	
	2014	2013	2014	2013	2014	2013
External revenues	4,738	4,439	1,324	1,719	6,062	6,158
Intersegment revenues	0	0	0	0	0	0
Revenues	4,738	4,439	1,324	1,719	6,062	6,158
Grants	0	0	115	88	115	88
Total segment revenues	4,738	4,439	1,439	1,807	6,177	6,246
Capitalized development costs	841	760	0	0	841	760
Depreciation and amortization	-734	-602	-82	-175	-816	-777
Operating expenses	-1,936	-1,073	-1,975	-2,463	-3,911	-3,536
Result of operating activities	2,909	3,524	-618	-831	2,291	2,693
Other operating income	112	7	356	162	468	169
Other operating expenses	-236	-659	-734	-191	-970	-850
Segment net profit/loss	2,785	2,872	-996	-860	1,789	2,012

16. POST BALANCE SHEET EVENTS

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

Bremen, 11 August 2014



Marcus Kirchhoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

RESPONSIBILITY STATEMENT („BILANZEID“)

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

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

Bremen, 11 August 2014

MeVis Medical Solutions AG



Marcus Kirchhoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

DISCLAIMER

FORWARD-LOOKING STATEMENT

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

DEVIATIONS FOR TECHNICAL REASONS

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

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

The report is available for downloading in both languages on the Internet at:
http://www.mevis.de/ir_finanzberichte.html?&L=1

FINANCE CALENDAR 2014

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



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