



Q2 | 2016

Interim Report  
MeVis Medical Solutions AG

## KEY FIGURES (IFRS)

FIGURES IN € k		Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015	Change
Revenues		7,671	7,138	7 %
of which segment	Digital Mammography	6,114	5,637	8 %
	Other Diagnostics	1,557	1,501	4 %
of which billing currency <sup>1</sup>	Euro	787	799	-2 %
	US-Dollar	6,884	6,339	9 %
EBITDA		3,192	2,667	20 %
EBITDA margin		42 %	37 %	
EBIT		2,293	1,627	41 %
EBIT margin		30 %	23 %	
Net financial result		-367	428	-186 %
EBT		1,926	2,055	-6 %
Net profit for the period		1,921	1,268	52 %
Earnings per share in € (basic)		1.06	0.72	47 %
Earnings per share in € (diluted)		1.04	0.71	46 %
		Jun. 30, 2016	Dec. 31, 2015	Change
Equity capital		35,658	33,729	6 %
Intangible assets		13,052	13,854	-6 %
Non-current and current liabilities		6,952	11,820	-41 %
Balance sheet total		42,610	45,549	-6 %
Equity ratio in %		84 %	74 %	
Liquid funds <sup>2</sup>		22,879	25,621	-11 %
Employees <sup>3</sup>		91	88	3 %

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

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

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

## KEY SHARE DATA

As at June 30, 2016	
Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on December 31, 2015	€ 24.00
Last quotation on June 30, 2016	€ 28.50
High/low in 2016	€ 29.75/ € 24.00
Market capitalization	€ 51.870 m
Treasury stock	0 (0 %)
Free float	23.5 %
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

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## LETTER TO THE SHAREHOLDERS



from left: Marcus Kirchhoff, Dr. Robert Hannemann

*Dear Shareholders, Customers,  
Business Associates and Employees,*

**Operative stability at a high level:** In operating terms, the second quarter of 2016 was nearly on par with the second quarter of 2015, with revenues of between € 3.7 million and € 3.8 million and EBIT of € 1.1 million respectively, resulting in a stable, attractive EBIT margin of 29 %. Thanks to the fiscal unity and a positive financial result, earnings per share more than doubled.

Our performance in detail: **Sales** in the second quarter of 2016 amounted to € 3,795 k, up 2 % compared to the same quarter in 2015 (€ 3,730 k). As a result, sales rose year on year to € 7,671 k (prev. year: € 7,138 k) in the first half of the year. Sales in the new license business fell by 2 % to € 3,246 k, while sales in the maintenance business grew by 25 % to € 3,839 k, now accounting for 50 % of total sales. Sales in the Digital Mammography segment were up by 8 % to € 6,114 k (prev. year: € 5,637 k), while sales in the Other Diagnostics segment grew slightly by 4 % to € 1,557 k (prev. year: € 1,501 k).

Operating **costs** increased in the second quarter of 2016 due to slightly higher staff costs, which were up 4 % in the second quarter among other things on account of new hires. This corresponds to a cumulative increase of 1 % in the first half of the year. In the second quarter, other operating expenses rose marginally year on year to € 474 k (prev. year: € 453 k). Cumulated for the first half of 2016, other operating expenses remained stable year on year.

**EBITDA** (earnings before interest, taxes, depreciation and amortization) increased considerably by 20 % year on year, from € 2,667 k to € 3,192 k, due to the improvement in sales.

Depreciation and amortization came to € 899 k (down 14 % year on year, primarily due to lower scheduled write-downs on capitalized development costs), resulting in **EBIT** (earnings before interest and taxes) of € 2,293 k (up a significant 41 % on the previous year's figure of € 1,627 k) for the reporting period and a corresponding **EBIT margin** of 30 % (prev. year: 23 %).

The financial result decreased from € 428 k year on year to € -367 k. Negative effects from the development of the US dollar exchange rate, combined with a high share of liquidity in US dollars, were largely responsible for this. Due to the fiscal unity, which became effective as of January 1, 2016, the tax expense consisted solely of capital income tax amounting to € 5 k (prev. year: expense of € 787 k).

After-tax **earnings** consequently rose by € 653 k to € 1,921 k, which is equivalent to undiluted earnings per share of € 1.06 (prev. year: € 0.72).

On account of the profit transfer, **cash and cash equivalents** fell by € 2,742 k to € 22,879 k as of June 30, 2016, compared to the end of 2015.

For the short fiscal year from January 1 to September 30, **2016**, we now expect stable sales developments with sales of € 11.5 million to € 12.0 million. The Digital Mammography business segment will remain the main sales 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 rise slightly year on year to € 3.5 million to € 4.0 million in this nine-month period. As in the most recent reporting period, we will regularly review and adjust our guidance during the course of short fiscal year 2016 according to current business developments.

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!



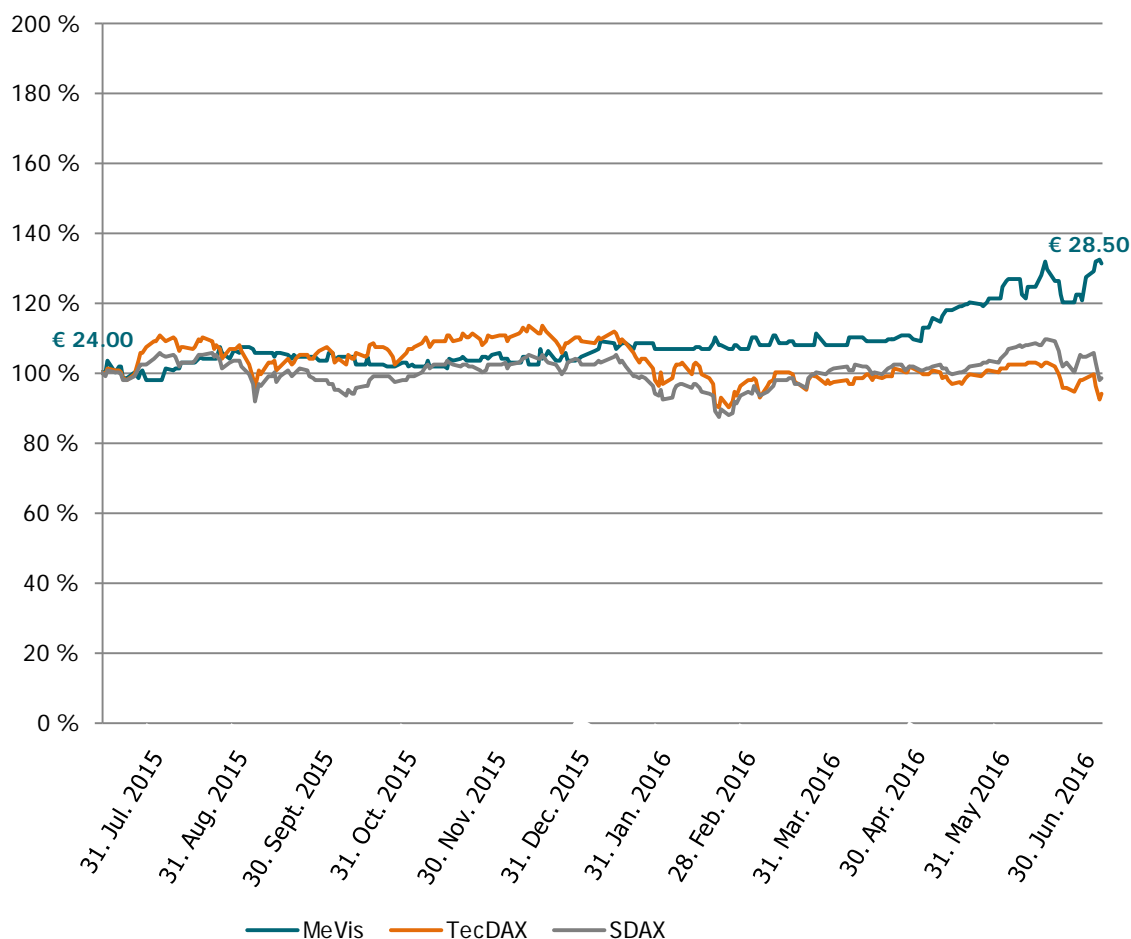
Marcus Kirchhoff  
Chairman & CEO



Dr. Robert Hannemann  
Member of the Executive Board

## THE MEVIS SHARE

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



The highest price recorded for the MeVis share in electronic XETRA trading over the reporting period was € 29.75, and the lowest price was € 24.00. MeVis Medical Solutions AG finished the second quarter on a share price of €28.50 (XETRA) compared to € 24.00 at the end of the 2015. This represents an increase in the value of MeVis shares at the end of the first half of approx. 19 % compared to the closing price at the end of 2015. At the same time, the MeVis share performed positively over the last 12 months compared to the second quarter of 2015, gaining around +27 %. Market capitalization was around € 51.87 million, in relation to the 1.820.000 shares in circulation. The number of registered deposit accounts at the end of the period, at 635, has not changed significantly compared with the end of 2015 (624 deposit accounts).

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. In accordance with the domination and profit and loss transfer agreement the guaranteed annual payment of a compensatory amount payable by VMS Deutschland Holdings GmbH per fiscal year of MeVis Medical Solutions AG per share in the amount of € 1.13 gross / € 0.95 net was paid to the outside shareholders for the first time in 2015.

## KEY INDICATORS OF THE MEVIS SHARE

	6 M Jun. 30, 2016	3 M Mar. 31, 2016	12 M Dec. 31, 2015
Closing price in €	28.50	24.77	24.00
Period high in €	29.75	24.99	24.50
Period low in €	24.00	24.00	17.65
Market capitalization in million € (XETRA ultimo)	51.9	45.1	43.7
Number of shares	1,820,000	1,820,000	1,820,000
Treasury stock	0	0	0
Price-to-earnings ratio (XETRA ultimo)	13.50	34.8	6.38
Earnings per share in € (basic)	1.06	0.18	3.76
Earnings per share in € (diluted)	1.04	0.18	3.72

## DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

The shareholder structure has not changed compared to the end of 2015 and the end of the first quarter 2016. 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, and around 23.47 % of shares are currently in free float ownership.

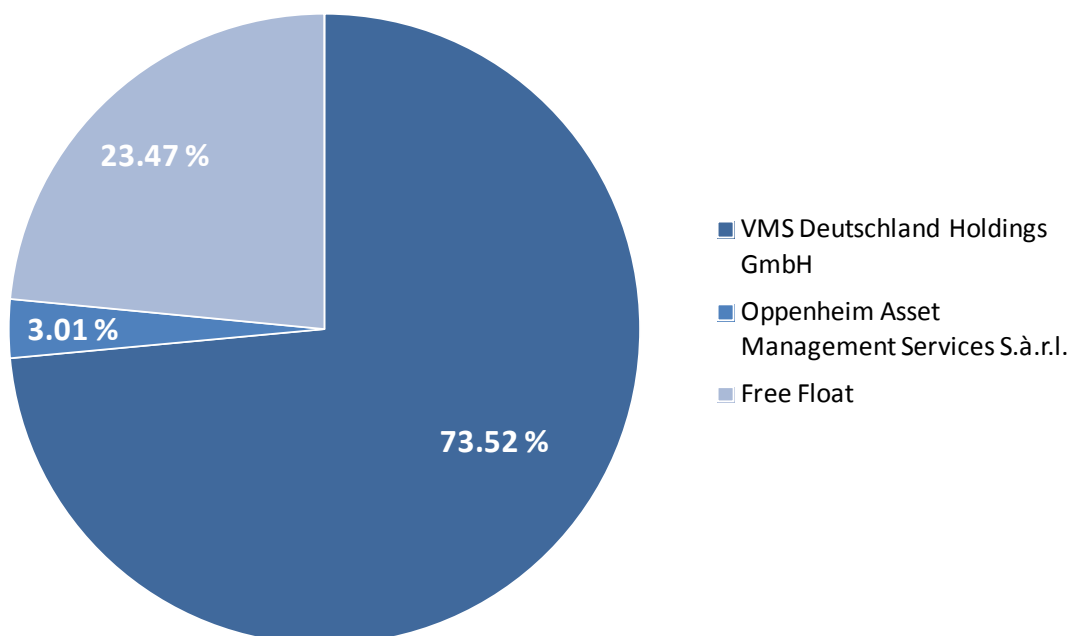


Fig.: Shareholder structure as at June 30, 2016  
(In accordance with the shareholder notifications received by us.)

# INTERIM MANAGEMENT REPORT Q2/2016

## BASICS OF THE 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.

### 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.

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 in the form of teaching and learning archives to improve the diagnostic capabilities of the clinicians ("MeVis Online Academy").

### 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.

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

In addition to the business with products to support lung cancer screening with the aid of computed tomography 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, breast, prostate, neuro 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.

## ECONOMIC REPORT

### EARNINGS POSITION

Sales stood at € 3,795 k in the second quarter of 2016 and were up approximately 2 % on the previous year's level (€ 3,730 k). Maintenance business increased significantly by 23 % year on year in the second quarter to € 1,950 k (prev. year: € 1,588 k), whereas new license business fell by 12 % to € 1,545 k (prev. year: € 1,765 k).

Revenues stood at € 7,672 k in the first half of the year (prev. year: € 7,138 k), of which € 6,114 k was attributable to the Digital Mammography segment (prev. year: € 5,637 k) and € 1,557 k to Other Diagnostics (€ 1,501 k). At 80 % (prev. year: 79 %), the Digital Mammography segment continues to be the main source of revenues in the Company.

The installed base of software licenses once again led to consistently high maintenance and service revenues. In the first half of 2016, the share of maintenance and service sales in total sales amounted to 50 % (prev. year: 43 %).

The slight reduction in personnel expenses by 1 % to € 3,676 k (prev. year: € 3,635 k) was largely due to the minor decline in the number of employees, which was offset by slight salary increases. MMS AG had 100 employees on average in the first half of 2016. This corresponds to 87 full-time equivalents (prev. year: 106 employees or 93 full-time equivalents).

Other operating expenses remained on a par with the previous year at € 1,003 k (prev. year: € 1,002 k). They mainly comprised rental expenses/leasing costs of € 280 k (prev. year: € 260 k), legal and consulting costs of € 109 k (prev. year: € 156 k), maintenance/repair costs of € 86 k (prev. year: € 71 k), travel expenses of € 85 k (prev. year: € 109 k) and accounting and auditing expenses of € 71 k (prev. year: € 51 k).

EBITDA (earnings before interest, taxes, depreciation and amortization) totaled € 3,192 k in the period under review (prev. year: € 2,667 k). Accordingly, the EBITDA margin increased by a considerable margin to 42 % (prev. year: 37 %).

Depreciation, amortization and impairments of intangible assets and property, plant and equipment decreased as expected by 14 % to € 899 k (prev. year: € 1,040 k), while amortization of development services fell by € 72 k to € 629 k (prev. year: € 701 k) and amortization of intangible assets declined by € 74 k to € 192 k (prev. year: € 266 k).

Earnings before interest and taxes (EBIT) amounted to € 2,293 k in the reporting period (prev. year: € 1,627 k). Accordingly, the EBIT margin (return on sales) increased significantly to 30 % compared to a previous year value of 23 %.

The financial result decreased in the period under review to € -367 k (prev. year: € 428 k). In comparison to the previous year, there were significant changes in the balance of income and expenses from exchange rate differences of € -299 k (prev. year: € 56 k), to the fall in earnings of the 51 % share in MeVis BreastCare GmbH & Co. KG of € -79 k (prev. year: € 188 k), which is recognized at equity, as well as in the change in value of financial instruments of € 3 k (prev. year: € 144 k).

Earnings before taxes (EBT) came to € 1,926 k in the reporting period (prev. year: € 2,055 k). Accordingly, the EBT margin declined to 25 % compared to 29 % in the previous year.

The tax result stood at € -5 k as a result of the tax pooling group that took effect on January 1, 2016 (prev. year: expense of € 787 k).

Net profit after taxes stood at € 1,921 k (prev. year: € 1,268 k).

Undiluted earnings per share rose to € 1.06 (prev. year: € 0.72).

## **FINANCIAL POSITION**

Cash flow from current operating activities came to € 1,876 k (prev. year: € 2,552 k) in the period under review. This comprised earnings before interest and taxes (EBIT) of € 2,293 k (prev. year: € 1,627 k), adjusted for depreciation in the amount of € 899 k (prev. year: € 1,040 k), changes in provisions of € -125 k (prev. year: € 215 k), the total of all non-cash expenses and income of € -182 k (prev. year: € -236 k), the total of interest paid and received of € 0 k (prev. year: € 86 k), the total of taxes paid and received in the amount of € -5 k (prev. year: € -13 k), changes in trade receivables and other assets of € -1,003 k (prev. year: € -425 k), and changes in trade payables and other liabilities of € -1 k (prev. year: € 258 k).

Net cash inflow from financing activities amounted to € 4,742 k in the period under review (prev. year: € 1,634 k) and comprised the dividend payment (prev. year: € 73 k).

Net cash inflow from investing activities stood at € -68 k in the period under review (prev. year: € -198 k) and predominantly comprised payments for investments.

The change in cash and cash equivalents came to € -2,742 k in the period under review (prev. year: € 4,156 k).

## **NET ASSET POSITION**

Liquid funds amounted to € 22,879 k (December 31, 2015: € 25,621 k) as of the balance sheet date. They consist solely of cash and cash equivalents.

Total assets fell by € 2,939 k to € 42,610 k as of the end of the second quarter (December 31, 2015: € 45,549 k), which was primarily due to the profit distribution of € 4,742 k. The equity ratio increased to 84 % (December 31, 2015: 74 %). Equity covered 219 % of fixed assets (December 31, 2015: 200 %), and fixed assets amounted to 62 % of current assets (December 31, 2015: 59 %). Fixed assets fell slightly to 38 % compared to total assets (December 31, 2015: 37 %).

The fall in assets is largely attributable to the decline in liquidity.

Equity was up 8 % to € 35,658 k (December 31, 2015: € 33,729 k) on the back of net profit for the period. Other financial liabilities fell sharply due to the profit transfer of € 4,742 k. There were no other significant changes in liabilities.

## **MATERIAL EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

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

## OPPORTUNITIES AND RISK REPORT

No material changes have occurred with regard to the risk situation of the Company since the beginning of the fiscal year. Therefore, the statements, made in the opportunities and risk report of the annual financial statements as of December 31, 2015, remain valid.

## OUTLOOK

The annual general meeting on June 7, 2016 approved the change in the fiscal year to match that of MeVis Medical Solutions AG. The fiscal year of MeVis Medical Solutions AG will therefore begin on October 1 and end on September 30 of the subsequent year. Previously, the fiscal year had matched the calendar year. The period from January 1, 2016 to September 30, 2016 constitutes a shortened fiscal year, to which this outlook refers.

We anticipate stable sales performance and sales of € 11.5 million to € 12.0 million in the shortened fiscal year **2016**. The Digital Mammography business segment will remain the main source of sales, contributing over 75 % of total sales. This segment will again exclusively comprise business with our industrial customer, Hologic, in 2016. Earnings before interest and taxes (EBIT) are expected to climb year on year from € 3.5 million to € 4.0 million. As in the period under review, we will regularly review and adjust our guidance during the course of the shortened fiscal year 2016 according to business developments.

For fiscal year 2017, we forecast stable sales and a largely unchanged cost structure compared to the current fiscal year.

Bremen, August 23, 2016



Marcus Kirchhoff  
Chairman & CEO



Dr. Robert Hannemann  
Member of the Executive Board

## INCOME STATEMENT H1 2016

for the period January 1 through June 30, 2016

FIGURES IN € k	Notes	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
<b>Revenues</b>	1	<b>7,671</b>	<b>7,138</b>
Other operating income		419	365
Cost of material		-219	-199
Staff costs	2	-3,676	-3,635
Other operating expenses	3	-1,003	-1,002
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>3,192</b>	<b>2,667</b>
Depreciation, amortization and impairment of intangible and tangible assets	4	-899	-1,040
<b>Earnings before interest and tax (EBIT)</b>		<b>2,293</b>	<b>1,627</b>
Share of profit of equity-method investments		-79	188
Interest income		15	86
Other net financial result		-303	154
<b>Net financial result</b>	5	<b>-367</b>	<b>428</b>
<b>Earnings before tax (EBT)</b>		<b>1,926</b>	<b>2,055</b>
Income tax	6	-5	-787
<b>Net profit for the period</b>		<b>1,921</b>	<b>1,268</b>
<b>Earnings per share in €</b>	13		
Basic		1.06	0.72
Diluted		1.04	0.71

## STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 through June 30, 2016

FIGURES IN € k	Notes	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
<b>Net profit for the period</b>		<b>1,921</b>	<b>1,268</b>
Changes in fair value of available-for-sale financial instruments		0	-236
Deferred tax on changes in fair value		0	75
<b>Other comprehensive income</b>		<b>0</b>	<b>-161</b>
<b>Total comprehensive income</b>		<b>1,921</b>	<b>1,107</b>

## INCOME STATEMENT Q2 2016

for the period April 1 through June 30, 2016

FIGURES IN € k	Notes	Apr. 1 - Jun. 30, 2016	Apr. 1 - Jun. 30, 2015
<b>Revenues</b>	1	<b>3,795</b>	<b>3,730</b>
Other operating income		223	189
Cost of material		-115	-108
Staff costs	2	-1,868	-1,798
Other operating expenses	3	-474	-453
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>1,561</b>	<b>1,560</b>
Depreciation, amortization and impairment of intangible and tangible assets	4	-451	-475
<b>Earnings before interest and tax (EBIT)</b>		<b>1,110</b>	<b>1,085</b>
Share of profit of equity-method investments		-14	94
Interest income		15	41
Other net financial result		491	155
<b>Net financial result</b>	5	<b>492</b>	<b>290</b>
<b>Earnings before tax (EBT)</b>		<b>1,602</b>	<b>1,375</b>
Income tax	6	-5	-745
<b>Net profit for the period</b>		<b>1,597</b>	<b>630</b>
<b>Earnings per share in €</b>	13		
Basic		0.88	0.35
Diluted		0.87	0.35

## STATEMENT OF COMPREHENSIVE INCOME

for the period April 1 through June 30, 2016

FIGURES IN € k	Notes	Apr. 1 - Jun. 30, 2016	Apr. 1 - Jun. 30, 2015
<b>Net profit for the period</b>		<b>1,597</b>	<b>630</b>
Changes in fair value of available-for-sale financial instruments		0	-292
Deferred tax on changes in fair value		0	93
<b>Other comprehensive income</b>		<b>0</b>	<b>-199</b>
<b>Total comprehensive income</b>		<b>1,597</b>	<b>431</b>

# STATEMENT OF FINANCIAL POSITION

as of June 30, 2016

FIGURES IN € k	Notes	Jun. 30, 2016	Dec. 31, 2015
<b>Non-current assets</b>			
Intangible assets		13,052	13,854
Property, plant and equipment		288	319
Equity-method investments	7	1,639	1,718
Trade receivables		1,269	938
		<b>16,248</b>	<b>16,829</b>
<b>Current assets</b>			
Trade receivables		3,166	2,772
Other financial assets	8	143	114
Other assets		174	213
Cash and cash equivalents		22,879	25,621
		<b>26,362</b>	<b>28,720</b>
<b>ASSETS</b>		<b>42,610</b>	<b>45,549</b>
<b>Equity capital</b>	9		
Subscribed capital		1,820	1,820
Capital reserve		8,215	8,207
Revaluation reserve		352	404
Retained earnings		25,271	23,298
		<b>35,658</b>	<b>33,729</b>
<b>Non-current liabilities</b>			
Provisions		149	149
		<b>149</b>	<b>149</b>
<b>Current liabilities</b>			
Provisions		346	471
Trade payables		53	553
Other financial liabilities	10	1,606	6,105
Deferred income		3,140	3,200
Other liabilities		803	487
Income tax liabilities		855	855
		<b>6,803</b>	<b>11,671</b>
<b>EQUITY AND LIABILITIES</b>		<b>42,610</b>	<b>45,549</b>

## STATEMENT OF CASH FLOW

for the period January 1 through June 30, 2016

FIGURES IN € k	Notes	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
<b>Earnings before interest and tax (EBIT)</b>		<b>2,293</b>	<b>1,627</b>
+ Depreciation and amortization and impairments	5	899	1,040
+/- Increase/decrease in provisions		-125	215
+/- Other non-cash expenses/income		-182	-236
+ Interest received		0	86
- Tax paid		-5	-13
+/- Decrease/increase in trade receivables and other assets		-1,003	-425
-/+ Decrease/increase in trade payables and other liabilities		-1	258
<b>= Cash flow from operating activities</b>		<b>1,876</b>	<b>2,552</b>
- Purchase of property, plant and equipment		-48	-44
- Purchase of intangible assets (excl. development cost)		-20	-17
- Payments for the acquisition for marketable securities		0	-2,632
+ Proceeds from sale of marketable securities		0	2,495
<b>= Cash flow from investing activities</b>		<b>-68</b>	<b>-198</b>
+ Proceeds from sale of treasury stock		0	1,707
- Payments for profit transfer/dividend		-4,742	-73
<b>= Cash flow from financing activities</b>		<b>-4,742</b>	<b>1,634</b>
<b>Change in cash and cash equivalents</b>		<b>-2,934</b>	<b>4,072</b>
<b>Effect of exchange rates on cash and cash equivalents</b>		<b>192</b>	<b>84</b>
+ Cash and cash equivalents at the beginning of the period		<b>25,621</b>	<b>9,267</b>
<b>= Cash and cash equivalents at the end of the period</b>		<b>22,879</b>	<b>13,339</b>

## STATEMENT OF CHANGES IN EQUITY

for the period January 1 through June 30, 2016

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
<b>Balance on Jan. 1, 2015</b>	<b>1,820</b>	<b>9,784</b>	<b>507</b>	<b>-3,300</b>	<b>154</b>	<b>21,305</b>	<b>30,270</b>
Transfer to retained earnings according to amortization	0	0	-43	0	0	43	0
Sale of treasury shares	0	-1,593	0	3,300	0	0	1,707
Dividend payment	0	0	0	0	0	-73	-73
Net result	0	0	0	0	-161	1,268	1,107
<b>Balance on Jun. 30, 2015</b>	<b>1,820</b>	<b>8,191</b>	<b>464</b>	<b>0</b>	<b>-7</b>	<b>22,543</b>	<b>33,011</b>
<b>Balance on Jan. 1, 2016</b>	<b>1,820</b>	<b>8,207</b>	<b>404</b>	<b>0</b>	<b>0</b>	<b>23,298</b>	<b>33,729</b>
Issue of stock options	0	8	0	0	0	0	8
Transfer to retained earnings according to amortization	0	0	-52	0	0	52	0
Net result	0	0	0	0	0	1,921	1,921
<b>Balance on Jun. 30, 2016</b>	<b>1,820</b>	<b>8,215</b>	<b>352</b>	<b>0</b>	<b>0</b>	<b>25,271</b>	<b>35,658</b>

# NOTES TO THE FINANCIAL STATEMENTS AS OF JUNE 30, 2016

## 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.

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 interim financial report of MeVis was prepared in accordance with the provisions of § 37w 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, 2016 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, 2016 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.

At the AGM on June 7, 2016 it was decided to adapt the financial year to the financial year of the Varian Group. Thus the current fiscal year ends on September 30th 2016.

### RECOGNITION AND MEASUREMENT METHODS

The interim financial statements from January 1 to June 30, 2016 use the same recognition and measurement policies as the individual financial statement according to IFRS for the financial year 2015. The interim financial statements as of June 30, 2016 must therefore be read in conjunction with the individual financial statement according to IFRS as of December 31, 2015.

### EFFECTS OF NEW ACCOUNTING STANDARDS

MMS AG's interim financial statements as of June 30, 2016 including the previous year's figures have been prepared in accordance with IFRS as endorsed by the European Union as of December 31, 2015. The same accounting and valuation principles were applied that were used in preparing the individual financial statements according to IFRS as at December 31, 2015; in addition, IAS 34 "Interim reporting" was applied. New announcements of the IASB applicable as at June 30, 2016 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, 2016	Jan. 1 - Jun. 30, 2015
Software and licenses	3,246	3,326
Maintenance (software service contracts)	3,839	3,080
Services	581	727
Hardware	5	5
	<b>7,671</b>	<b>7,138</b>

### 2. STAFF COSTS

The average headcount was 100 (prev. year: 106). This is equivalent to an average of 87 full-time positions (prev. year: 93). The average figures include 7 testers (as a rule, students employed on a negligible part-time basis) (prev. year: 10).

### 3. OTHER OPERATING EXPENSES

FIGURES IN € k	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
Rental/leasing expenses	280	260
Legal and consulting costs	109	156
Maintenance/repairs	86	71
Travel expenses	85	109
Cost of preparing and auditing financial statements	71	51
External work	61	7
Insurances	43	16
Energy costs	35	38
Vehicle costs	30	45
Internet expenses	24	22
Hospitality costs	21	15
Training costs	19	30
Cleaning expenses	17	17
Supervisory Board remuneration	16	40
Others	106	125
	<b>1,003</b>	<b>1,002</b>

### 4. DEPRECIATION AND AMORTIZATION

FIGURES IN € k	Jan. 1 - Jun. 30, 2016	Jan. 1 - Jun. 30, 2015
Amortization of industrial property rights and similar rights and customer bases	192	266
Amortization of capitalized development expenses	629	701
Depreciation of property, plant and equipment	78	73
	<b>899</b>	<b>1,040</b>

## 5. NET FINANCIAL RESULT

MeVis' net financial result as of June 30, 2016 amounted to € -367 k (prev. year: € 428 k). This comprises the result derived from equity-method investments amounting to € -79 k (prev. year: € 188 k), the balance of income and expenses from exchange rate differences of € -299 k (prev. year: € 56 k), as well as the change in value of derivative financial instruments in the amount of € 3 k (prev. year: € -114 k).

## 6. INCOME TAXES

Due to the fiscal unity effective since January 1, 2016 the Company does not have any tax expenses in 2016 except for the withholding tax on interests. Income tax expenses in 2015 were mainly the result of 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.

## 7. EQUITY-METHOD INVESTMENTS

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.

## 8. CURRENT OTHER FINANCIAL ASSETS

FIGURES IN € k	Jun. 30, 2016	Dec. 31, 2015
Eligible expenses	141	48
Loans granted and receivables	0	64
Other	2	2
	<b>143</b>	<b>114</b>

There are no loans and receivables against the MeVis BreastCare GmbH & Co. KG (Dec. 31, 2015: € 64 k).

## 9. 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	2016	2015
<b>Status as at January 1</b>	<b>404</b>	<b>507</b>
-Transfer of the amount corresponding to write-downs and the associated deferred taxes to retained earnings, without an impact on profit and loss	-52	-43
<b>Status as at June 30</b>	<b>352</b>	<b>464</b>

## 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 June 30, 2016 same as at the end of the second quarter in 2015.

## 10. OTHER FINANCIAL LIABILITIES

### Current other financial liabilities

FIGURES IN € k	Jun. 30, 2016	Dec. 31, 2015
Staff liabilities	1,606	1,359
Liabilities to affiliated companies	0	4,742
Derivative financial instruments	0	3
Miscellaneous other financial liabilities	0	1
	<b>1,606</b>	<b>6,105</b>

The liabilities to affiliated companies as of December 31, 2015 comprise the transfer of German GAAP (HGB) profit for the financial year 2015 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 accrued vacation entitlements, bonuses and the 13th salary.

## 11. TRANSACTIONS WITH RELATED PARTIES

With reference to business transacted with related parties, there have been no material changes since December 31, 2015.

## 12. CONTINGENT RECEIVABLES AND CONTINGENT LIABILITIES

In comparison with the contingent receivables and contingent liabilities presented the individual financial statement according to IFRS for 2015, no changes occurred in the first half of the current fiscal year.

## 13. EARNINGS PER SHARE

Earnings per share equal the profit on continuing activities or profit (after tax) divided by the weighted average number of shares outstanding during the 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 have been satisfied as of the balance sheet date, it can be assumed that the options will be exercised by the employees. Accordingly, they are included in the calculation of earnings per share.

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

	<b>Jun. 30, 2016</b>	<b>Jun. 30, 2015</b>
Net result for the period in € k	1,921	1,268
Weighted average of shares outstanding during the reporting period - basic	1,820,000	1,760,714
Dilution through stock options	21,171	18,816
Weighted average of shares outstanding during the reporting period - diluted	1,841,171	1,779,529
Basic earnings per share in €	<b>1,06</b>	<b>0,72</b>
Diluted earnings per share in €	<b>1,04</b>	<b>0,71</b>

## 14. SEGMENT INFORMATION

As of June 30, 2016 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:

	Digital Mammography		Other Diagnostics		Total	
	Jan. 1 - Jun. 30		Jan. 1 - Jun. 30		Jan. 1 - Jun. 30	
FIGURES IN € k	2016	2015	2016	2015	2016	2015
<b>Revenues</b>	<b>6,114</b>	<b>5,637</b>	<b>1,557</b>	<b>1,501</b>	<b>7,671</b>	<b>7,138</b>
Grants	0	0	93	95	93	95
<b>Total segment revenues</b>	<b>6,114</b>	<b>5,637</b>	<b>1,650</b>	<b>1,596</b>	<b>7,764</b>	<b>7,233</b>
Capitalized development costs	0	0	0	0	0	0
Depreciation and amortization	-837	-943	-62	-97	-899	-1,040
Operating expenses	-1,857	-1,852	-2,038	-1,982	-3,895	-3,834
<b>Result of operating activities</b>	<b>3,420</b>	<b>2,842</b>	<b>-450</b>	<b>-483</b>	<b>2,970</b>	<b>2,359</b>
Other operating income	162	206	164	64	326	270
Other operating expenses	-506	-505	-497	-497	-1,003	-1,002
<b>Segment net profit/loss</b>	<b>3,076</b>	<b>2,543</b>	<b>-783</b>	<b>-916</b>	<b>2,293</b>	<b>1,627</b>

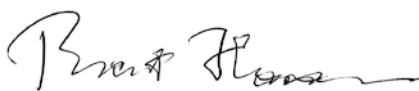
## 15. POST BALANCE SHEET EVENTS

No material events occurred after the balance sheet date.

Bremen, August 23, 2016



Marcus Kirchhoff  
Chairman & CEO



Dr. Robert Hannemann  
Member of the Executive Board

## RESPONSIBILITY STATEMENT („BILANZEID“)

Responsibility statement required by section 37w of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 264(2) sentence 3 and 289(1) sentence 5 or 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 Company.”

Bremen, August 23, 2016

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 in the internet at:

<http://www.mevis.de/en/investor-relations/financial-reports/>

## FINANCE CALENDAR 2016

<b>Date</b>	<b>Event</b>
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
August 30, 2016	Small Cap Conference, Frankfurt am Main

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