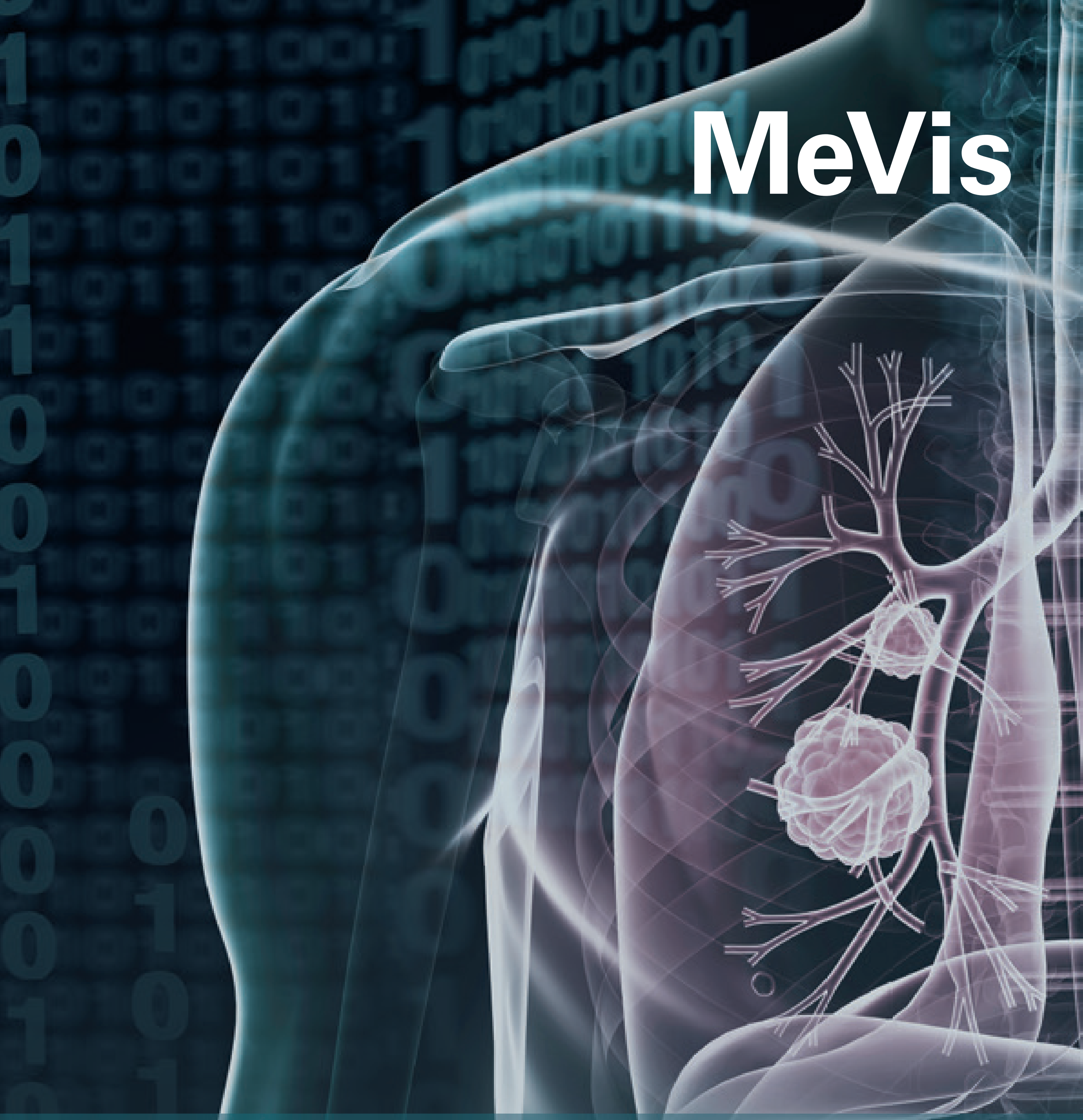


MeVis

Annual Report

MeVis Medical Solutions AG

Medical imaging software -
Detect what matters.

2014

KEY FIGURES (IFRS)

FIGURES IN € k		2014	2013	Change
Revenues		13,091	12,783	2 %
of which segment[1]	Digital Mammography	9.772	9,414	4 %
	Other Diagnostics	3.319	3,369	-1 %
of which billing currency[1,2]	Euro	1.002	848	18 %
	US-Dollar	12.089	11,935	1 %
EBITDA		5,585	6,032	-7 %
EBITDA margin		43 %	47 %	
EBIT		3,890	4,358	-11 %
EBIT margin		30 %	34 %	
Net financial result		1,054	-410	
EBT		4,944	3,948	25 %
Consolidated net loss/profit		3,713	3,681	1 %
Earnings per share in € (basic and diluted)		2.16	2.14	
Equity capital		30,270	26,445	14 %
Intangible assets		15,621	15,662	
Non-current and current liabilities		7,984	7,568	
Balance sheet total		38,254	34,013	
Equity ratio in %		79 %	78 %	
Liquid funds[3]		17,511	13,450	
Employees[4]		94	92	

[1] Excluding intersegment revenues.

[2] 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.

[3] Comprised of cash, cash equivalents and securities available for sale.

[4] Yearly average of full-time equivalents.

KEY SHARE DATA

As at December 31, 2014	
Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on December 30, 2014	€ 18.11
Last quotation on December 30, 2013	€ 20.49
High/low in 2014	€ 22.95 / € 12.93
Market capitalization	€ 31.194 Mio.
Treasury stock	97,553 (5.4 %)
Free float	48.03 %
Prime Standard (Regulated market)	Frankfurt and Xetra
Over-the-counter markets	Frankfurt, Berlin, Dusseldorf, Munich, Stuttgart
Indices	CDAX, PrimeAS, TechnologyAS, DAXsector Software, DAXsubsector Software, GEX
ISIN / WKN / Ticker symbol	DE000A0LBFE4 / A0LBFE / M3V

CONTENT

LETTER TO THE SHAREHOLDERS

from left: Marcus Kirchhoff, Dr. Robert Hannemann

Dear Shareholders, Customers,
Business Associates and Employees,

For MeVis, 2014 was a remarkable year for three reasons: On the one hand, the current economic situation is better than ever, with the key financial figures sales, EBIT and liquidity continuing from the successful previous year, and earnings per share slightly exceeding the strong levels seen in 2013. The short-term outlook for MeVis' business development combined with higher demand for tomosynthesis technology in the Digital Mammography business and promising prospects in lung screening and its widespread use, allow us to look ahead confidently. On the other hand, MeVis' medium- and long-term prospects in the Digital Mammography segment, the largest of our segments, have deteriorated considerably due to the announcement of Hologics' plans to adjust its cooperation agreement with MeVis, which will affect sales and earnings expectations. The lower prospects triggered greater willingness among some major shareholders to sell their shares, which prompted a takeover bid for MeVis by VMS Deutschland Holdings GmbH, which has been accepted by around three quarters of shareholders. At this, MeVis has become part of the American Varian Medical Systems.

This brings us to the details of our **performance in 2014** in detail: Last year, sales rose by 2 % to € 13.1 million. Service sales increased substantially from € 0.3 million to € 0.7 million, whereby sales from the new cooperation agreement with Hologic were included for the first time. Maintenance sales slightly declined from € 5.9 million to € 5.7 million and license sales could be increased from € 6.5 million to € 6.6 million.

The increase in sales is entirely attributable to the Digital Mammography segment, where sales rose from € 9.4 million to € 9.8 million, while sales in the Other Diagnostics segment fell slightly from € 3.4 million to € 3.3 million.

As expected, operating costs increased in 2014, with staff costs up € 0.3 million to € 7.0 million and other operating expenses up € 0.3 million to € 2.0 million.

Capitalized development expenses fell again in 2014 and totaled € 1.2 million compared to € 1.4 million in 2013. With the issue of a software release for Hologic, development expenses were capitalized for the last time in the fourth quarter of 2014.

Depreciation and amortization remained unchanged at € 1.7 million.

This leads to a € 0.5 million decline in EBIT (earnings before interest and taxes) to € 3.9 million, which corresponds to a still attractive EBIT margin of 30 % (previous year 34 %).

The financial result was up sharply by € 1.5 million, from € -0.4 million to € 1.1 million. This is primarily attributable to the strong US dollar, the improved earnings from the joint venture with Siemens, MBC, and higher interest income.

Tax expenses increased from € 0.3 million to € 1.2 million.

After-tax earnings remained unchanged at € 3.7 million, which is equivalent to earnings per share of € 2.16 (€ 2.14 per share in 2013).

Cash and cash equivalents again saw a strong increase, of € 4.1 million to € 17.5 million on the back of a strong operating performance and the disposal of shares in Medis BV.

The main success factor for the positive fiscal year 2014 was robust sales with Hologic driven by their market success with ongoing development of 3-D digital mammography, tomosynthesis.

In January 2014, **Hologic** announced its plan to **change its business model**. Over a transitional period of several years, the current licensing business model will be switched to development support for Hologic, probably starting in 2016. MeVis will continue to contribute its clinical and software development expertise towards the development of applications as a strategic partner. In February 2014, the license agreement for the ongoing business was extended until the end of 2015, which renews the successful cooperation for another year. The novel collaboration was outlined in a development support agreement in September 2014, and is already underway. These activities are initially reported as sales according to the costs incurred by the Company, and are expected to increase as the products become more successful.

In general, we assume today that the license business with Hologic will continue for around another two years, and then subside suddenly. We forecast a much more gradual decline in the maintenance business, which is expected to begin in around two years' time. The sales contributions from the new cooperation should materialize at the same time, but are unlikely to reach the level of existing business volume.

The **takeover by Varian Medical Systems** in April 2015 is expected to mitigate risks which could materialize as a result of the change in Hologic's business model. Thanks to its broad global customer base of manufacturers of medical devices, Varian Medical Systems offers numerous distribution opportunities for MeVis which perfectly complement its distribution strategy. The development of software applications to be integrated into Varian's hardware components represents an additional means of offsetting the expected deterioration in sales with Hologic in the medium to long term.

For **2015** we forecast stable sales between € 13.0 million and € 13.5 million. The Digital Mammography business segment is likely to remain the main sales contributor with around 75 %. This segment will exclusively comprise the business with our industrial customer, Hologic, in 2015. Earnings before interest and taxes (EBIT) is expected to decline year on year to € 2.0 million to € 2.5 million, largely due to, besides a slight increase in operating costs, the absence of capitalized development costs and a minor increase in depreciation and amortization. Liquidity is anticipated to rise to between € 20.0 million and € 21.0 million in 2015 as a result of sustained positive cash flows from operating activities of MMS AG, although potential dividends or other cash outflows to Varian are not included. As in the reporting period, we will regularly review and adjust our guidance during the course of the fiscal year according to business developments.

For fiscal year 2016 we forecast stable sales and compared to 2015 at a largely unchanged cost structure. As of 2017, business with Hologic is expected to drop sharply based on the assumption that no new customers will be acquired despite the takeover by Varian Medical Systems.

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. As part of a large group with a broad customer base such as Varian Medical Systems, we expect this innovation potential to translate into economic success.

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

Dr. Robert Hannemann
Member of the Executive Board

REPORT OF THE SUPERVISORY BOARD FOR FISCAL YEAR 2014

from left: Dr. J. Kruse, Prof. Peitgen, P. Kuhlmann-Lehmkuhle

Dear Shareholders,

In fiscal year 2014, the Supervisory Board of MeVis Medical Solutions AG once again continued its close and focused cooperation with the Executive Board. The Supervisory Board 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.

Especially at the beginning of 2014, MeVis Medical Solutions AG continued to focus on the strategic realignment of the Company in order to secure its future in the long term. For this reason we examined possible new projects and market segments and the associated growth opportunities for MeVis. Given the expected changes in the cooperation with Hologic and the related medium and long-term financial changes, diversification beyond mammography is now even more essential. In the second half of the year, possible changes in the shareholder structure were addressed which led to the takeover bid by Varian Medical Systems for all MeVis shares which was welcomed by the Executive Board and the Supervisory Board.

The Executive Board provides regular and comprehensive reports to the Supervisory Board in oral and written form about the development of MeVis Medical Solutions AG and its subsidiaries. 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 in Supervisory Board meetings. The Chairman of the Supervisory Board, in particular, held talks with the Executive Board 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 appropriate decisions where required. 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 four ordinary meetings during fiscal year 2014, at each of which the Executive Board was present: on April 9, June 5, September 17, and December 5, 2014. After thorough review and discussion as part of its meetings, the Supervisory Board adopted all proposed resolutions of the Executive Board. Resolutions on the reappointment of members of the Executive Board and changes to the respective bonus agreements were passed via written procedure. The resolution on the disposal of the 41 % interest in Dutch company Medis Holding B.V. and the current declaration of conformity from September 2014 were also passed in written form. The approval of the Supervisory Board to disclose information and company documents as part of the due diligence audit in favor of potential buyers of shares was likewise carried out via written procedure.

First meeting of the Supervisory Board on April 9, 2014

The agenda of the first meeting of the Supervisory Board focused primarily on the review and approval of the annual financial statements of MeVis Medical Solutions AG as well as the consolidated financial statements as of December 31, 2013. To this end the Executive Board submitted the annual financial statements and management report of MMS AG, which were prepared in accordance with the provisions of the German Commercial Code (HGB), as well as the consolidated financial statements and Group management report for fiscal year 2013, which were prepared in accordance the International Financial Reporting Standards (IFRS). The results were discussed and approved by the Supervisory Board together with auditors KPMG AG Wirtschaftsprüfungsgesellschaft, Bremen. The report of the Supervisory Board and the agenda for the annual general meeting of MeVis Medical Solutions AG on June 5, 2014, including the proposals for required resolutions, were adopted. In this context, the Company's business development and future strategic emphasis were discussed in detail, and especially the potential of a product for lung screening and the changes in the cooperation with Hologic.

Second meeting of the Supervisory Board on June 5, 2014

The second meeting of the Supervisory Board took place directly after the General Meeting and dealt with the follow-up to the General Meeting, among other things. The primary focus was the Executive Board's reports on the current business situation of the Company, including a detailed overview of existing business relations as well as new marketing activities. The Executive Board also reported that it had been informed by M.M.Warburg & CO. KG that several major shareholders plan to sell their shares and that they have assigned M.M.Warburg & CO. KG as their investment bank.

Third meeting of the Supervisory Board on September 17, 2014

The agenda of the third meeting of the Supervisory Board included the Executive Board's report on the Company's business situation – including its net assets, liabilities, financial position and results of operations for the first half of the year – as well as a risk report and an overview of the status of customer relations. The Executive Board and Supervisory Board then discussed the significance of a new strategic focus for the Company given the expected medium- to long-term sales decline with Hologic, and the current status on the search for potential investors to acquire the shares of the major shareholders.

Fourth meeting of the Supervisory Board on December 5, 2014

Besides reports by the Executive Board on the business situation of the Company including assets, financial position and results for the first three quarters, the main focus of the fourth meeting of the Supervisory Board was the analysis and approval of the business plan for fiscal year 2015. In this meeting, the Executive Board and the Supervisory Board discussed the implications of a potential takeover by Varian (VMS Deutschland Holdings GmbH) against the backdrop of the completed due diligence audit. The dates for 2015 were also fixed, the information and reporting directive for the Executive Board adjusted and the results of the efficiency audit were discussed.

PERSONNEL

No changes took place in fiscal year 2014 in the membership of the Supervisory Board and the Executive Board of MeVis Medical Solutions AG.

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 Compliance pursuant to Section 161 of the German 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 Compliance dated September 10, 2014, 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. No conflicts of interest of Executive Board and Supervisory Board members required to be disclosed to the Supervisory Board arose during fiscal year 2014.

ANNUAL FINANCIAL STATEMENTS

The annual financial statements and management report of the subsidiary MeVis Medical Solutions AG for fiscal year 2014 were audited by statutory auditors KMPG AG Wirtschaftsprüfungsgesellschaft Bremen who had been selected at the annual general meeting and appointed by the Supervisory Board, and unqualified auditor's reports were issued. The same applies to the separate financial statements and management report of the Company for fiscal year 2014 prepared voluntarily in accordance with the International Financial Reporting standards (IFRS). The annual financial statements and the management reports according to 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 2014 prepared by the Executive Board. The relevant individuals from the firm of statutory auditors took part in the examination and discussion and reported to the Supervisory Board on the material results of the audit. After conducting our own review, we concurred with the statutory auditor's findings. The Supervisory Board approved the annual financial statements prepared according to HGB and the annual financial statements voluntarily prepared according to IFRS as of December 31, 2014 at its meeting on April 10, 2015. The annual financial statements according to HGB is duly adopted and released for publication. The Supervisory Board endorsed the Executive Board's proposal on the appropriation of balance sheet profit for fiscal year 2014. 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 endorsed 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 achievements. The Supervisory Board thanks clients and shareholders for the confidence shown in the Board during 2014.

Bremen, April 10, 2015

for the Supervisory Board

Prof. Dr. Heinz-Otto Peitgen

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, 2014 pursuant to Section 161 of the German Corporation Act (AktG) that the recommendations of the "German Corporate Governance Code Government Commission" in the version of May 13th, 2013 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 plans for caps on severance payments in Executive Board contracts (Sec-tion 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 the 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. An Executive Board member's contract can be terminated prematurely without serious cause only by mutual agreement. Even if a cap on severance payments has been agreed, this does not preclude the possibility that a severance pay cap might still be negotiated when a member leaves.
- 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: within four months after the end of the period under review (Section 65 (2) FWB01) for annual statements and within two months for interim financial statements (Section 66 (5) FWB01).

MATERIAL 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, intervention support as well as evaluation services for medical image data.

EXECUTIVE BOARD AND SUPERVISORY BOARD 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. In the year under review, the Executive Board of Mevis Medical Solutions AG was composed of two members, who were appointed by the Supervisory Board pursuant to the Company's articles of association. 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 a book of rules of procedure for the Executive Board, which documents all the rules of procedure and transactions that require approval.

The Supervisory Board is composed of three members, elected from among the shareholders, pursuant to the Company's articles of association. Official Supervisory Board meetings take place at least four times a 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 rules of procedure by which it is to abide.

Particularly the chairman of the Supervisory Board meets regularly with the Executive Board to discuss topical issues. Also outside of these meetings, the Executive Board informs the Supervisory Board chairman of the latest developments.

The Executive Board and Supervisory Board are committed to the Company's interests. In the fiscal year ended, there were no conflicts of interest to be promptly disclosed to the Supervisory Board.

REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

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 members. Detailed information on the remuneration of the Executive Board and Supervisory Board is contained in the remuneration report section of the management report, as well as in Note 38 of the financial statements.

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 and with due regard for the Company's international activities, potential conflicts of interest, the stipulation of an age limit for members of the Supervisory Board, and diversity. The Supervisory Board must also publish the status of implementation.

The rules of procedure for the Supervisory Board include, among other things, broad Supervisory Board objectives regarding its composition and refer to the articles of association in terms of the number of members, time in office and resolutions.

The Supervisory Board will take the following defined goals relating to the composition of the Supervisory Board, which are reviewed regularly, into account when presenting its election proposals to the annual general meeting, and at standard and replacement elections:

- 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 should not serve past 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.
- The Supervisory Board currently only consists of men. When making future election proposals, equal weight is to be given to women with equal qualifications and aptitude.

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.

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 two months in the case of the semi-annual and quarterly financial reports of the Company.

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 annual 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 stock corporation law 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 beginning on page 34.

ACCOUNTING AND AUDITING

MeVis Medical Solutions AG prepares its financial statements, the half-year financial report and the interim financial statements in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU. The statutory annual financial statements of MeVis Medical Solutions AG, which is relevant for the dividend payment, are prepared in accordance with the German Commercial Code (HGB).

The financial statements are prepared by the Executive Board and audited by the statutory auditor and the Supervisory Board. The annual general meeting selected KPMG AG Wirtschaftsprüfungsgesellschaft, Bremen, as the statutory auditor responsible for auditing the annual financial statements for fiscal year 2014. The Supervisory Board then appointed the statutory auditor. This approach ensures that no conflicts of interest affect the work of the statutory auditor.

The audit of the annual financial statements for 2014 was 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 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.

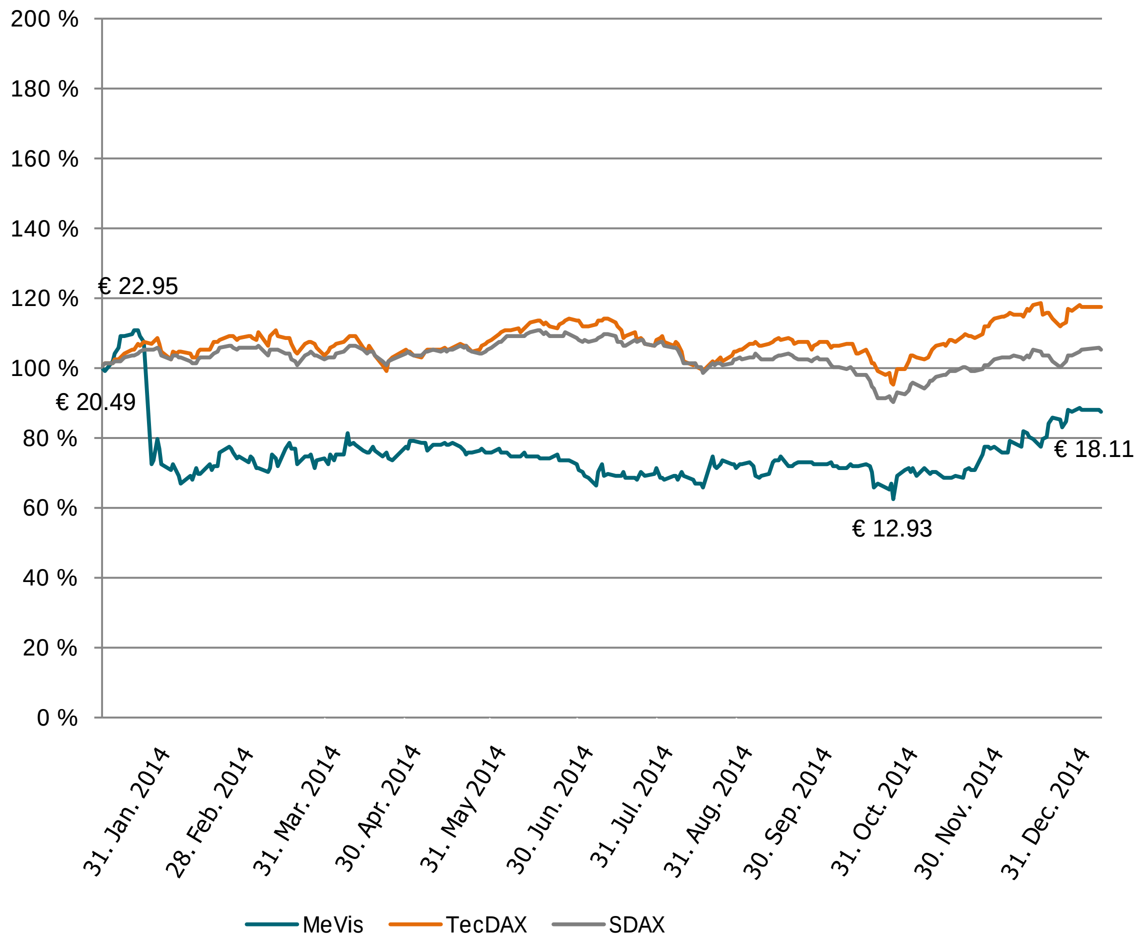
As of the balance sheet date, the members of the Executive Board hold no shares of MeVis Medical Solutions AG. As of the balance sheet date, the members of the Supervisory Board hold 408,788 shares of MeVis Medical Solutions AG, corresponding to a share capital of 22.46 %.

THE MEVIS SHARE

STOCK MARKETS IN 2014

The German stock market was subdued in 2014. Although the German benchmark index DAX achieved several records and jumped to more than 10,000 points in June for the first time, it only gained 2.65 % over the last twelve months compared to 25 % in the previous year. The reasons for the modest development were the global crises, such as in Ukraine and the Middle East, and the sharp drop in oil prices in the second half of the year, which made many investors jittery. On the other hand, the stock market was boosted by the European Central Bank's expansionary money policy combined with extremely low interest rates and an economic upswing in the USA. Both the MDAX and the DAX ended the year with lower gains compared to the previous year at around 2 % each, while the SDAX stood at around 6 % and the TecDAX ended with some 18 %.

DEVELOPMENT OF THE MEVIS SHARE



The MeVis share's performance in fiscal year 2014 can be divided into various phases. At around minus 12 % for the full year, it underperformed compared to other indices. At the beginning of 2014, the share continued its upward trend from previous years, but its long run ended suddenly in mid-January and shed almost 30 % following the announcement that Hologic intended to change its cooperation agreement with the Company.

During the following months, the share price remained within a range between around € 13 to € 16 at low volatility. From mid-November onwards, the share price rallied after the publication of the third quarter results, and remained above € 18 when Varian announced its intention to take over the Company.

The highest price recorded for the MeVis share on the XETRA electronic trading system during 2014 was € 22.95 and the lowest level it traded at was € 12.93. MeVis Medical Solutions AG closed the year on December 30, 2014 at a share price of € 18.11 (XETRA) compared to € 20.49 at the end of 2013. At the end of the year, the Company's market capitalization amounted to approximately € 31.2 million in relation to the 1,722,447 shares in circulation. An announcement by VMS Deutschland Holdings GmbH, a subsidiary of Varian Medical Systems, Inc., Palo Alto, USA, and a global leader in medical technology equipment, software, radiotherapy, proton therapy and brachytherapy for cancer and other diseases on December 17, 2014 had a huge impact on trading in MeVis shares during the last month of the year. In accordance with Section 10 of the German Securities Acquisition and Takeover Act (WpÜG), VMS Deutschland Holdings GmbH announced its decision to make a voluntary public tender offer to the shareholders of MeVis Medical Solutions AG to acquire their registered shares for cash consideration of € 17.50 per share. The condition of the offer is 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. This announcement and the guidance increase at the end of the year fuelled interest in MeVis shares, which was evident in the increase in the number of shareholders as opposed to rising share prices. As a result, the number of registered deposit accounts increased substantially from 843 at the end of 2013 to 1,006 at the end of 2014.

KEY INDICATORS OF THE MEVIS SHARE

	2014	2013	2012
Year-end closing price in €	18.11	20.49	8.40
Annual high in €	22.95	21.98	10.28
Annual low in €	12.93	8.05	3.75
Market capitalization in million € (XETRA year-end)	31.2	35.3	14.5
Number of shares	1,820,000	1,820,000	1,820,000
Treasury stock	97,553	97,553	97,553
Price-to-earnings ratio (XETRA year-end)	8.38	9.57	6.67
Earnings per share in € (basic and diluted)	2.16	2.14	1.26

DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

The shareholder structure remained largely unchanged in 2014. The three founders accounted for approximately 44 % of the share capital at the end of the year and the Company has own shares equivalent to 5.4 %. The remaining shares are predominantly held by institutional investors and private shareholders.

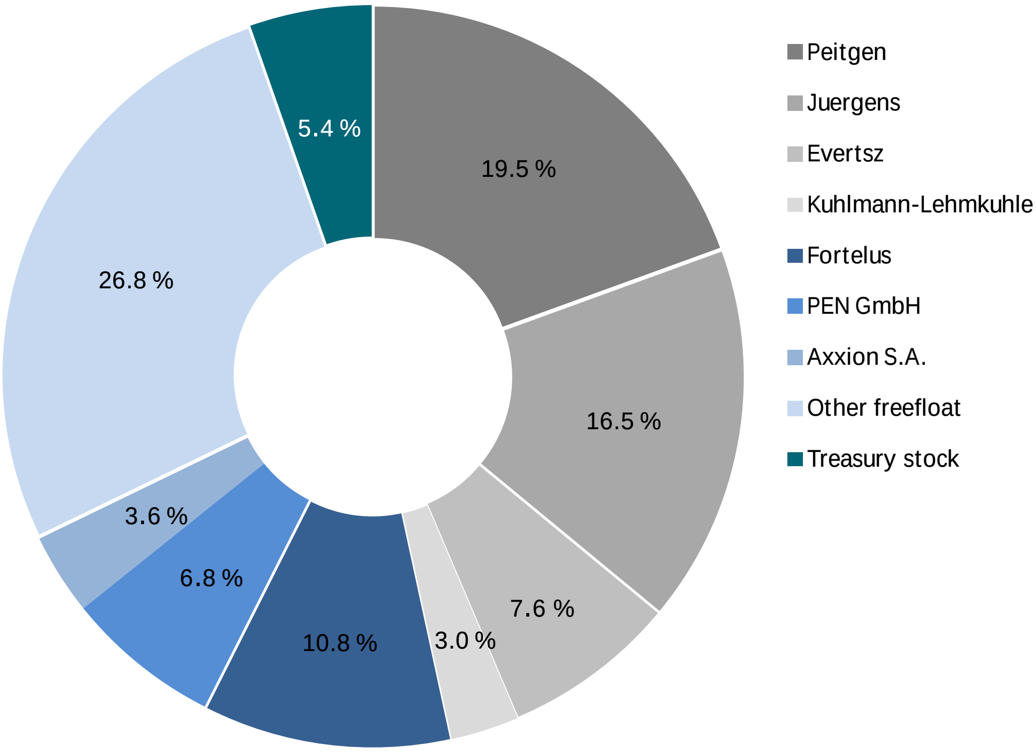


Fig.: Shareholder structure as at December 31, 2014

MANAGEMENT REPORT FOR 2014

PREAMBLE

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

COMPANY OVERVIEW

COMPANY STRUCTURE

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

MMS AG held around 41 % of the stock in Medis Holding B.V., Leiden (Netherlands) since the beginning of June 2010 (hereafter: "Medis"). This investment was sold in April 2014.

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 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 geared towards clinical end users (B2C).

The sociopolitical relevance of our business activities is rooted in the already large and still growing impact of cancerous diseases. According to 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), positron emission mammography (PEM), 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 in computer-tomographical images such as lung tumors or pulmonary embolism. To that end, 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, however, poses a growing challenge. MeVis software allows for a time-efficient and safe radiological diagnosis of 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. With the emergence of screenings for the early detection of lung cancers in heavy smokers in the USA, MeVis offers software to support the workflow, particularly with regard to comparing preliminary images, the integration of the CAD results and automated reporting.

Liver products

MeVis Distant Services (MDS) offers comprehensive support in surgical planning for liver surgeons. In cases of serious liver diseases such as liver cancer, hepatitis C and alcoholic cirrhosis, careful surgical planning based on radiological sectional images is critical to the success of a surgical procedure. Due to the complex internal structure of the liver, this always poses a challenge for treating physicians. Aided by computed tomography (CT) or magnetic resonance imaging (MRI) images, the MDS team of experts generates detailed planning alternatives with three-dimensional representations of the liver's anatomy as well as accurate volume quantifications and risk assessments. Leading liver surgeons worldwide utilize this Internet-based service and benefit from MDS team expertise derived from more than 7,000 planning cases.

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 (DTI) imaging 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 and complex relationships 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 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, computer 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.

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 image and risk analysis for planning liver surgery and tumor diagnostics in connection with clinical studies of pharmaceutical companies (Distant Services business segment).

CONTROL SYSTEM

The Company uses sales, earnings before interest and taxes (EBIT) and 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 balance sheet date. A limited amount of liquidity not directly required to finance the Company's operating activities is placed in low-risk investments capable of being liquidated at short or medium-term notice. As of the balance sheet date, these were predominantly fixed-income securities including investment grade corporate bonds.

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 bulk of the research activities are performed by Fraunhofer-MEVIS Institute for Medical Image Computing (hereafter: "Fraunhofer MEVIS" or "FME") or other research institutions. Most Company employees are assigned to software development.

In the period under review, MeVis development activities concentrated on the completion of new product generations as well as increasingly on the development of existing software products to bolster its current strong competitive position and to secure continued maintenance sales for existing products.

Technology platforms

MeVis uses its own **MeVisLab** research and development environment to rapidly develop software prototypes. Through allows the methods and workflows developed to be quickly tested, evaluated and optimized ("rapid prototyping") in clinical settings. Methods, algorithms and workflows 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 has been used with great success in 2014 with the development of various software products, including in particular 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, MeVis regularly participates in research projects funded by EU and BMBF. In 2014, MeVis participated in 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 will be performed. As a leading software company, MeVis Medical Solutions AG will contribute its expertise in the medical imaging market. Working with other technical and clinical partners, two software prototypes will be developed. These are designed to support radiologists to the furthest extent possible in a screening context based on ultrasound or MRI images. In 2014 a first version of the prototype was implemented after an intensive requirements analysis. Therefore innovative screening workflows have been developed, which will now be validated with radiologists followed by further optimization. From the patient's perspective, with personalized screenings the risk of overlooking cancer in an early stage should be minimized. From the patient's perspective, the risk of overlooking an early-stage cancer needs to be minimized with a personalized screening. This is expected not only to reduce mortality, but also to preserve quality of life by using less drastic treatment options.

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.

ECONOMIC REPORT

MACROECONOMIC AND INDUSTRY-BASED FRAMEWORK

Macroeconomic situation[1)]

Global economic development fell short of expectations in 2014. In the last three years, global economic growth was therefore well below the average of the upswing years 2010 and 2011. This is largely due to ongoing economic weakness in the eurozone and modest growth in emerging countries compared to the previous years. Global economic growth is expected to accelerate slightly in 2015, with the two main growth drivers of the industrialized nations, the USA – MeVis' most important national economy – and Great Britain, expected to register growth of 3.1 % and 2.6 %, respectively. Global growth is also likely to be supported by the sharp drop in oil prices registered since mid-2014.

Industry development[2)]

It is widely expected that demand for medical technology will see a strong increase over the next few years. In developing countries and emerging markets such as Brazil, China and India, the rise in population and fast-growing income per capita will stimulate higher demand. In these countries, as in the Eastern European countries, healthcare will continue to improve while the growing density of physicians and hospitals create the need for additional medical technology. On average, demand for medical technology is likely to grow annually between 9 % (Eastern Europe) and 16 % (Asia) by 2020.

In the traditional sales markets such as the USA, Great Britain and France, demand especially for medical technology innovations is expected to grow. The aging population will also stimulate demand for medical technology in Western Europe and in the USA, the planned healthcare reforms will have a positive impact, with demand expected to rise by 3 % to 4 % p.a. on average by 2020.

“Diagnostic Imaging” will also continue to become increasingly important by 2020. Multi modal imaging / functional imaging, diagnostics support, model-based therapy, new and optimized workflows and molecular imaging are important areas of innovation. According to experts, regenerative medicine, telemedicine and eHealth as well as prosthetics / implants will especially gain significance by 2020. In telemedicine, telemedical services and networks, telemonitoring for the prevention of chronic diseases and their use in hospitals are mentioned as major areas of application. Regenerative medicine can possibly replace medical technology in some areas. Their significance for the sector is therefore huge, even though sales in regenerative medicine are still relatively low today.

1) Source: Deutsche Bundesbank, Monthly Reports 2014

2) Source: 2015 / Studie vom Bundesverband Medizintechnologie – BVMed: Branchenbericht Medizintechnologien 2015

Spectaris / Fachverband Medizintechnik / Zahlen & Fakten

2009 / Studie von der HSH Nordbank: Globale Absatzmärkte der deutschen Medizintechnik / Perspektiven und Prognosen 2020

2009 / Studie vom VDE Verband der Elektrotechnik Elektronik Informationstechnik e.V.: VDE-Studie MedTech 2020

Global regulations governing the medical services remuneration are crucial for the economic environment and the success of MeVis's products. A main driver behind the success of "Digital Mammography" was the launch of extensive breast cancer screening together with the change over from analog, film-based devices to digital, software-based equipment. The change over from analog to digital devices is now essentially completed in the United States:

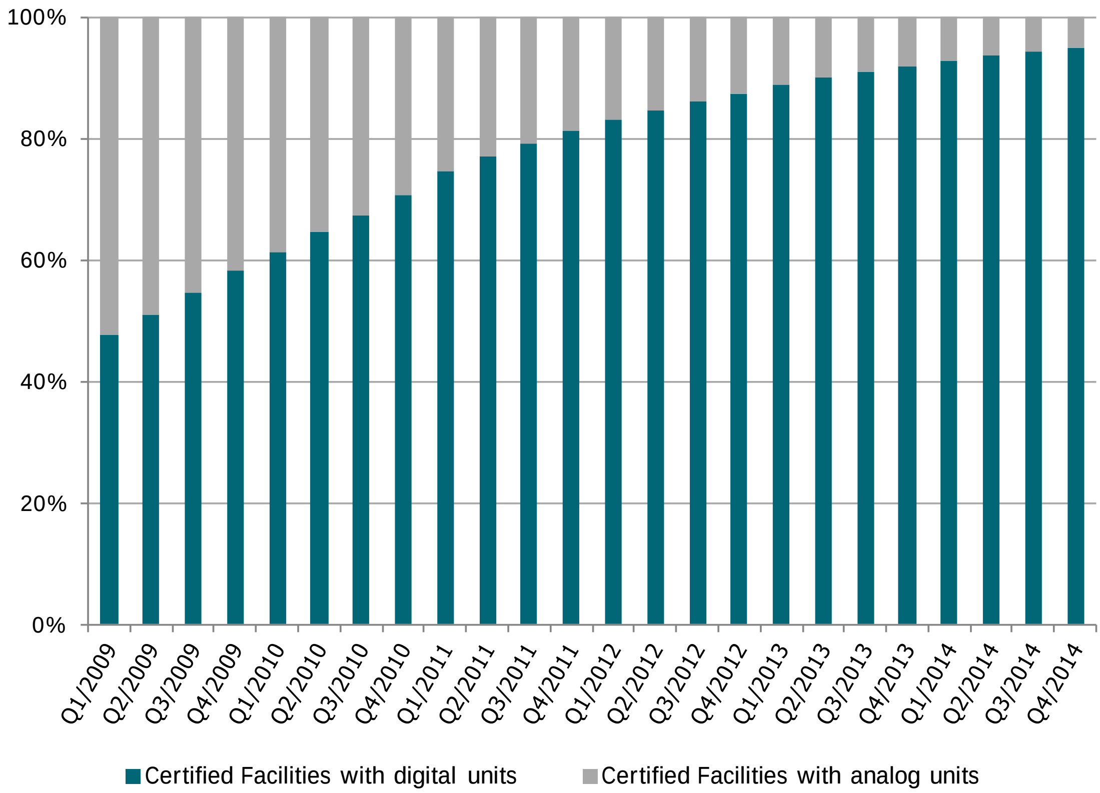


Fig.: Proportion of analog and digital FDA certified mammography facilities in the United States
Source: U.S. Food and Drug Administration / 2014 Scorecard Statistics / http://www.fda.gov/Radiation-EmittingProducts/MammographyQualityStandardsActandProgram/DocumentArchives/ucm384584.htm

Because of the significant slowdown of the change over from analog to digital facilities, future business will largely depend on technological advancements in MeVis's core market of digital mammography. In this respect, MeVis sees significant market potential in the introduction of three-dimensional digital tomosynthesis. The introduction of this new technology will lead to an increase in demand for the appropriate imaging devices. Again, this requires a dedicated software which MeVis will distribute to industrial customers Hologic and Siemens. This strong demand for the new tomosynthesis is as strong as ever.

Based on its specialized product portfolio, broad-based research and existing industry customers, MeVis expects to be able to sustain its current, overall market position and expand some segments in 2015. However, large PACS system suppliers are continuing to enter the market also in segments relevant to the Company, requiring an ongoing effort to stay ahead of the competition and widen the technological gap placing new products with significant competitive advantages over the PACS-systems in the market. Given the ongoing reluctance by clinical end users of the new products to make purchases, 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.

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 recommendation. It was defined more accurately in the reporting year and on February 5, 2015, the CMS (Centers for Medicare and Medicaid Services) released a memorandum. It can subsequently be assumed that this method will be reimbursed by insurers from the second half of 2015. Due to this development, there is likely to be a sharp rise in the need for lung CT scans. MeVis expects that in the wake of an increased demand, it will be able to develop solutions that simplify, shorten and improve the quality of this procedure. MeVis is already servicing this potential growth area with its Visia™ Lung CAD product and intends to solidify its position with additional products and services in the area of pulmonary diagnostics. For this reason, MeVis launched a dedicated lung screening solution (Veolity™) on the market in the second half of 2014 and has concluded a marketing agreement with a major industrial customer. Initial sales are expected in 2015.

PERFORMANCE / SALES REPORT

Performance

Sales in the current fiscal year are up by approximately 2 % year on year to € 13,091 k (prev. year: € 12,783 k). Sales in the new license business increased by 2 % from € 6,522 k to € 6,643 k, while sales in the maintenance business declined by 3 % from € 5,906 k to € 5,731 k.

The Company's results of operations remained clearly positive. Earnings before interest and taxes fell by 11 % year on year to € 3,890 k (prev. year: € 4,358 k) largely due to higher staff costs.

The Company's operations consist of two core areas: The development and sale of software licenses and the maintenance business this entails as well as providing medical services (Distant Services).

At approx. 97 % of total sales, the software business, which includes products for industry customers Hologic, Vital Images and Invivo, again made the greatest contribution to the company's total sales 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 2015. 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.

Sales and earnings in the Digital Mammography segment

Sales in the Digital Mammography segment in the past fiscal year increased by 3 % to € 9,772 k (prev. year: € 9,414 k).

While license sales grew slightly by 2 % to € 4,797 k (prev. year: € 4,724 k), revenues from maintenance and support services remained more or less stable at € 4,678 k (prev. year: € 4,673 k). Total Digital Mammography product sales (licenses and maintenance) were up by around 1 % to € 9,475 k (prev. year: € 9,397 k).

Revenues from services in the Digital Mammography segment increased to € 282 k (prev. year: € 0 k) in the reporting period. Beside one-time payments for the development of online training programs for Hologic, the development support agreement concluded in summer also made its first contributions. 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 € 15 k in the reporting period (prev. year: € 17 k).

In fiscal year 2014, the Digital Mammography segment used both the Euro and the US dollar for invoicing. The choice of currency in the indirect channel depends upon the headquarters of the relevant industry partner. Revenues invoiced in Euro increased to € 246 k (prev. year: € 76 k). Revenues invoiced in US dollars grew to € 9,526 k (prev. year: € 9,338 k).

At € 1,194 k, the balance of capitalized internally developed assets in the Digital Mammography segment was below the previous year's level (€ 1,433 k), while amortization also decreased by 15 % to € 1,249 k (prev. year: € 1,328 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 increased to € 3,668 k (prev. year: € 2,855 k), which was attributable to a rise in personnel expenses to € 3,429 k (prev. year: € 2,648 k).

Although sales increased, net profit from operating activities in the segment fell to € 6,049 k (prev. year: € 6,765 k) due to the rise in operating expenses.

Other operating income in the Digital Mammography segment increased to € 509 k (prev. year: € 342 k). Other operating expenses increased to € 1,510 k (prev. year: € 1,227 k). Net profit in the segment amounted to a total of € 5,048 k (prev. year: € 5,880 k). Accordingly, the EBIT margin in the Digital Mammography segment fell to 52 % (prev. year: 62 %).

Sales and earnings in the Other Diagnostics segment

Business volume in the Other Diagnostics segment stabilized at € 3,319 k (prev. year: € 3,268 k) in the year under review.

License sales were up by 3 % to € 1,846 k (prev. year: € 1,798 k). In contrast, sales from maintenance and support services, which consist mostly of maintenance of existing software applications, fell by 15 % to € 1,053 k (prev. year: € 1,232 k). Total sales with products in the Other Diagnostics segment (licenses and maintenance) fell by 4 % to € 2,899 k (prev. year: € 3,030 k).

Revenues from services (development services, consulting and training) in the Other Diagnostics segment increased to € 420 k (prev. year: € 339 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. License sales invoiced in Euro decreased by 2 % to € 756 k (prev. year: € 773 k). Revenues invoiced in US dollars also fell by 1 % to € 2,563 k (prev. year: € 2,596 k).

The total value of grants in the Other Diagnostics segment increased to € 355 k (prev. year: € 180 k), which led to overall segment revenues totaling € 3,674 k (prev. year: € 3,448 k).

Since 2012, development expenses for the development of existing and new software products are no longer capitalized in the Other Diagnostics segment, whereas amortization increased from € 346 k to € 446 k year on year.

Operating expenses in the Other Diagnostics segment decreased by 8 % to € 3,991 k (prev. year: € 4,331 k); this increase was caused by an 11 % reduction in personnel expenses to € 3,596 k (prev. year: € 4,024 k).

Due to the lower operating expenses, the segment's operating result improved considerably from € -1,229 k to € -763 k.

Other operating income in Other Diagnostics fell to € 107 k (prev. year: € 219 k), largely due to the secondment of employees to the Digital Mammography segment in the previous year. Other operating expenses decreased to € 502 k (prev. year: € 512 k).

Net profit in the segment amounted to a total of € -1,158 k (prev. year: € -1,522 k). Accordingly, the negative EBIT margin in the Other Diagnostics segment has improved.

EARNINGS POSITION

In the period under review, sales totaled € 13,091 k (prev. year: € 12,783 k), which corresponds to sales increase of 2 %. This slight sales increase was significantly driven by higher other sales of € 717 k (prev. year: € 355 k), stable license sales of € 6,643 k (prev. year: € 6,522 k) and maintenance contract sales (software service contracts) of € 5,731 k (prev. year: € 5,906 k).

Based on the capitalization of development costs since fiscal year 2008, development expenses totaling € 1,194 k were last capitalized in the reporting year (prev. year: € 1,433 k). The own development work is recognized in "Income from the capitalization of development costs" for neutralization of the costs contained in the various types of staff and material costs in connection with the various development projects.

Other operating income increased by 31 % to € 971 k (prev. year: € 741 k) as in the previous year only revenue from funded projects were reflected from the beginning of the year.

The cost of materials, including cost of services purchased, increased to € 634 k (prev. year: € 514 k), which is partly attributable to projects with Fraunhofer MEVIS.

Staff costs increased in the reporting period by 5 % to € 7,025 k (prev. year: € 6,672 k). The annual average number of permanent employees expressed as full-time equivalents rose to 90 (prev. year: 88), and the annual average number of student interns expressed as full-time equivalents declined to four (prev. year: five).

Other operating expenses increased by 16 % to € 2,012 k (prev. year: € 1,739 k). Other operating expenses mainly comprised rental expenses of € 524 k (prev. year: € 405 k), costs for maintenance, repair and energy of € 193 k (prev. year: € 127 k), legal and consulting costs of € 172 k (prev. year: € 126 k), travel expenses of € 199 k (prev. year: € 147 k), accounting and auditing expenses of € 86 k (prev. year: € 138 k) and Supervisory Board remuneration of € 80 k (prev. year: € 79 k). Remaining other operating expenses rose to € 758 k (prev. year: € 717 k).

Earnings before interest, taxes, depreciation and amortization (EBITDA) came to € 5,585 k in fiscal year 2014 (prev. year: € 6,032 k). The EBITDA margin decreased to 43 % compared to 47 % in the previous year.

Depreciation and amortization and impairments increased slightly by 1 % to € 1,695 k (prev. year: € 1,674 k).

Earnings before interest and taxes (EBIT) amounted to € 3,890 k in the reporting period (prev. year: € 4,358 k). The EBIT margin fell accordingly to 30 % compared to a previous year value of 34 %.

The financial result increased in the reporting period to € 1,054 k (prev. year: € -410 k), largely due to the improved balance of income and expenses from exchange rate differences of € 764 k (prev. year: € -290 k).

Earnings before taxes (EBT) came to € 4,944 k in the reporting period (prev. year: € 3,948 k). Accordingly, the EBT margin (return on sales) increased to 38 % compared to a previous year value of 31 %.

Deferred tax assets and liabilities for temporary differences are calculated on the basis of an income tax rate of 31.9 % (prev. year: 31.9 %). Deferred tax assets on the corporation income tax loss carry forwards were calculated on the basis of a 15.8 % tax rate; for the trade tax loss carry forward, the tax rate used in the calculation was 16.1 %.

Income tax expense increased considerably from € 267 k to € 1,231 k, of which € 580 k (prev. year: € 267 k) related to real income tax.

The expenses of € 651 k (prev. year: € 0 k) from deferred taxes result from the use of losses carried forward and the differentiation on temporary differences. It was reduced by €212 (prev. year: € 561) by the recognition of deferred tax assets due to the improved utilization of such losses on account of stabilization of the tax result of MMS AG.

Net profit after taxes in the reporting period was therefore € 3,713 k (prev. year: € 3,681 k), which represents basic earnings per share of € 2.16 (prev. year: € 2.14).

FINANCIAL POSITION

Cash flow from current operating activities came to € 4,831 k (prev. year: € 7,694 k) in the period under review. This comprised earnings before interest and taxes (EBIT) of € 3,890 k (prev. year: € 4,358 k), adjusted for depreciation in the amount of € 1,695 k (prev. year: € 1,674 k), changes in provisions of € 22 k (prev. year: € -229 k), the total of all non-cash expenses and income of € -23 k (prev. year: € 110 k), the total of interest paid and received of € 207 k (prev. year: € 74 k), the total of taxes paid and received in the amount of € -617 k (prev. year: € -136 k), changes in inventories and trade receivables and other assets of € -196 k (prev. year: € 1,206 k), and changes in trade payables and other liabilities of € -147 k (prev. year: € 457 k).

In the period under review, cash flow from investing activities came to € -5,045 k (prev. year: € -5,553 k) and mainly consisted of payments for capitalized development expenses of € 1,194 k (prev. year: € 1,433 k), payments for the acquisition of securities of € 11,622 k (prev. year: € 4,006 k), proceeds from the disposal of securities in the amount of € 7,637 k (prev. year: € 300 k) and proceeds from the disposal of business units of € 500 k (prev. year: € 0 k).

Cash flow from financing activities, amounting to € -9 k (prev. year: € -51 k), consisted exclusively of leasing transactions.

The change in cash and cash equivalents came to € -233 k in the period under review (prev. year: € 2,090 k).

ASSETS POSITION

Liquid funds amounted to € 17,511 k (prev. year: € 13,450 k) as of the balance sheet date. This comprised cash and cash equivalents of € 9,267 k (prev. year € 9,299 k) and securities available for sale of € 8,244 k (prev. year: € 4,151 k).

Total assets increased by € 4,241 k to € 38,254 k (prev. year: € 34,013 k) in the reporting year. The increase in assets is largely due to the increase in other financial assets of € 3,996 k to € 8,441 k (prev. year: € 4,445 k).

In this context, the balance sheet structure hardly changed in the reporting year. The equity ratio increased to 79 % (prev. year: 78 %).

Non-current assets increased by 1 % to € 17,566 k (prev. year: € 17,369 k) as of the balance sheet date. Amortization of capitalized development costs of € 1,158 k (prev. year: € 991 k) were offset by newly recognized development costs of € 1,194 k (prev. year: € 1,433 k) in the reporting period.

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 € 110 k to € 374 k in the year under review (prev. year: € 484 k). The increase in current assets of 24 % to € 20,688 k (prev. year: € 16,644 k) in the reporting period stems from the slight decline in cash and cash equivalents to € 9,267 k (prev. year: € 9,299) with a simultaneous increase in other financial assets by € 3,996 k, to € 8,441 k (prev. year: € 4,445 k), of which € 4,093 k resulted from the acquisition of securities. Trade receivables also increased by € 714 k to € 2,733 k (prev. year: € 2,019 k).

Equity rose by 16 % to € 30,270 k (prev. year: € 26,445 k) as of the balance sheet date on the back of net profit for the year. The equity ratio therefore increased to 79 % (prev. year: 78 %). Subscribed capital remained unchanged at € 1,820 k (prev. year: € 1,820 k). The capital reserve remained more or less unchanged at € 9,784 k (prev. year: € 9,768 k), as did the treasury stock deducted from this figure in the amount of € 3,300 k (prev. year: € 3,300 k). Retained earnings increased by € 3,744 k to € 21,305 k (prev. year: € 17,561 k). This corresponds to the total of net income for the year of € 3,713 k (prev. year: € 3,681 k), the change in revaluation reserves of € 104 k (prev. year: € -142 k) and actuarial losses of € -73 k (prev. year: € -2 k).

Non-current liabilities as of the balance sheet date amounted to € 2,602 k, which is € 660 k up on the previous year's level (prev. year: € 1,942 k). Other financial liabilities fell by € 145 k to € 0 k. At the same time, deferred tax liabilities increased by € 691 k to € 2,444 k (prev. year: € 1,753 k) on account of the decreased recognition of deferred tax asset differences on loss carry forwards and temporary differences.

Current liabilities were down 4 % to € 5,382 k (prev. year: € 5,626 k).

Personnel liabilities rose by € 190 k to € 815 k year on year. Other financial liabilities increased by € 120 k to € 290 k (prev. year € 170 k).

Trade payables decreased by € 210 k to € 579 k (prev. year: € 789 k).

The rise in deferred income by € 144 k to € 2,343 k (prev. year: € 2,199 k) was primarily due to the payments received during the reporting period under maintenance contracts for which the corresponding maintenance services had already been provided.

Other liabilities fell to € 311 k (prev. year: € 516 k) and was a result of the use of installment payments received from funded projects in the previous year. Income tax liabilities decreased to € 739 k (prev. year: € 930 k). The income tax assessments for 2013 and 2014 are still outstanding as of the balance sheet date.

NON-FINANCIAL PERFORMANCE INDICATORS

Beyond defined financial parameters, particularly sales, EBIT and liquidity, non-financial performance indicators are also relevant and thus important indicators of MeVis' 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' 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 97 permanent employees as of the balance sheet date (prev. year: 95) as well as 11 student testers on a temporary basis (prev. year: 13). This equates to a total of 94 full-time equivalents (prev. year: 94), 90 of whom were permanent employees (prev. year: 89) and 4 of whom (prev. year: 5) 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 has been 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. In fiscal year 2013, as part of this stock option plan, 19,589 stock options were issued to employees and 8,500 to the Members of the Executive Board. 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 39. In 2014, no additional stock options were issued.

Quality management and Regulatory Affairs

High-quality processes, including comprehensive expertise in international regulatory processes, is a necessary requirement for the achievement of MeVis' 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, intervention support and evaluation services for medical image data." 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 the 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

2014 was again very successful for MeVis in terms of the key financial figures. The Company generated excellent results thanks to the solid cost structure and ongoing success of Hologic in 3-D tomosynthesis. This also boosted liquidity. The disposal of the Medis shares marks the completion of the restructuring initiative which began in 2011.

However, the announcement by Hologic that it plans to change its cooperation and the related decline in sales and activities with Hologic in the medium to long term have considerably deteriorated MeVis' prospects. In addition, the dependency on the Digital Mammography segment could not be reduced in 2014 as in previous years, despite considerable effort. In view of this, the Executive Board and Supervisory Board welcomed the takeover offer by VMS Deutschland Holdings GmbH, Darmstadt, for the acquisition of MeVis.

CORPORATE DISCLOSURES PURSUANT TO SECTION 289 NO. 4 HGB

Composition of the subscribed capital

As of the balance sheet date, the Company had subscribed capital of € 1,820 k, which consisted of 1,820,000 no-par 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.

Shares in capital exceeding 10 % of the voting rights

- In accordance with the share register dated December 31, 2014, Dr. Hartmut Jürgens, Grohner Bergstrasse 11, 28759 Bremen, holds roughly 16.5 % of the voting rights.
- In accordance with the share register dated December 31, 2014, Prof. Dr. Heinz-Otto Peitgen, Am Jürgens Holz 5, 28355 Bremen, holds roughly 19.5 % of the voting rights.
- In accordance with a report received from Fortelus Special Situations Master Fund Ltd, George Town, Cayman Islands, dated April 30, 2008 pursuant to Section 21(1) of the German Securities Trading Act, the share of voting rights jointly held by Fortelus GP Ltd, c/o M&C Corporate Services Ltd, Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, Fortelus Special Situations Fund LP, registered office 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA, and Fortelus Special Situations Fund Ltd, c/o M&C Corporate Services Ltd, Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, stands at around 10.2 %.

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 20, 2013 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 20, 2013, 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 10, 2010, 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 9, 2015. The Executive Board is also authorized, subject to the Supervisory Board's approval, to exclude the subscription rights of shareholders in certain cases. In addition, the Executive Board is authorized to acquire treasury stock up to a total of 10 % of the Company's share capital held on the date on which the resolution was passed by the annual general meeting on June 10, 2010. Including any other treasury stock already held by or attributable to the Company in accordance with Sections 57a et seq. of the German Stock Corporation Act, the shares thus acquired may not exceed 10 % of the Company's total share capital. This authorization does not extend to trading in the Company's treasury stock. The authorization may be exercised in whole or in part, in one or more tranches and for one or several purposes. It may also be exercised by dependent entities or by entities in which the Company holds a majority interest or by third parties for its or their account. The authorization expires at the end of June 9, 2015.

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

- As a 49 % partner in MBC KG, Siemens Aktiengesellschaft 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 Aktiengesellschaft.
- 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 MeVis 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. In 2013, Markus Kirchhoff was granted an option on 5,000 stocks, and Dr. Hannemann was granted an option on 3,500 stocks in MMS AG at an issue price of € 8.59, with a vesting period of four years. The stock options have a term of five years as of the date on which they are granted. In 2014, 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 38), the total remuneration paid to the Executive Board in the period under review came to € 607 k (prev. year: € 641 k).

OPPORTUNITIES AND RISK REPORT

The Executive Board of MMS AG believes that the market for medical imaging technology in the extremely important digital mammography segment will increasingly be 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. In addition, the Company intends to establish a business model to meet the needs of small- and medium-sized clinical facilities with limited budgets through more extensive marketing of MeVis' online services.

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 2015 and beyond.

On the other hand, the Executive Board of MMS AG is hoping that MeVis will be able to play a leading role, for example, if large-scale lung cancer screening is introduced.

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 fiscal year ended, the 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 the 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, the 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' licensing business.

- Risks related to the expiry of the SecurViev™ agreement with Hologic as of December 31, 2015

  The existing agreement with industrial customer Hologic for the distribution of the SecurView™ product runs until December 31, 2015. Given the robust business with this product and no visible alternative to SecurViev™ for Hologic according to MeVis, an extension of the agreement or a follow-up contract from January 1, 2016 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 based on the new contractual regulations.

- Exchange rate risks and opportunities

  MMS AG and 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. Although this exposure is hedged, 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.

- 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 over the next few years by amortizing the capitalized development expense.

- Product liability risks

  Despite consistent quality assurance, the risk of defects in MeVis' 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.

- 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 balance sheet date, MMS AG reported cash and cash equivalents of € 17.5 million (previous year: € 13.5 million). 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 balance sheet date.

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.

- 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 recommendation. It was defined more accurately in the reporting year and on February 5, 2015, CMS (Centers for Medicare and Medicaid Services) released a memorandum. It can subsequently be assumed that this method will be reimbursed by insurers from the second half of 2015. Due to this development, there is likely to be a sharp rise in the need for lung CT scans. MeVis expects that in the wake of an increased demand, it will be able to develop solutions that simplify, shorten and improve the quality of this procedure. MeVis is already in a position to serve this potential growth market with its Visia™ Lung CAD product, and intends to position itself in the field of pulmonary diagnosis with other related products and services. 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.

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 concluded, 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 sales 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.

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' 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 again driven by Hologic's success in marketing its new tomosynthesis modalities. The maintenance business was also stable. MeVis therefore developed better than assumed in its 2014 guidance issued in March 2014. Sales clearly exceeded original forecasts of between € 12.0 million to € 12.5 million at € 13.1 million. EBIT also came in better than expected (€ 3.0 million to € 3.5 million) at € 3.9 million. The Company also clearly beats its liquidity forecast from March 2014 of € 15.0 million to € 16.0 million by the end of 2014, with cash and cash equivalents totaling € 17.5 million at the end of 2014. In addition to the positive operating performance, the disposal of the Medis shares contributed € 0.5 million. As this positive trend already became apparent in the course of fiscal year 2014, the guidance was lifted in an ad hoc release in December.

For fiscal year 2015 we forecast stable sales of between € 13.0 million and € 13.5 million. The Digital Mammography business segment is likely to remain the main sales contributor at around 75 %. This segment will exclusively comprise the business with our industrial customer Hologic in 2015. Earnings before interest and taxes (EBIT) is expected to decline year on year to € 2.0 million to € 2.5 million, due largely to, besides a slight increase in operating costs, the absence of capitalized development costs and a minor increase in depreciation and amortization. Liquidity is anticipated to rise to between € 20.0 million and € 21.0 million in 2015 as a result of sustained positive cash flows from operating activities of MMS AG, although potential dividends or other cash outflows to potential new major shareholders are not included.

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

MATERIAL EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On January 27, 2015, VMS Deutschland Holdings GmbH made a voluntary public tender offer to acquire MeVis shares for cash consideration of € 17.50 per share. The offer was amended on March 9, 2015 and the acceptance period was extended to March 24, 2015.

On February 18, 2015 the complete treasury stock was tendered.

Bremen, March 24, 2015

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

INCOME STATEMENT

for the period January 1 through December 31, 2014

FIGURES IN € k	Notes	2014	2013
Revenues	10	**13,091**	**12,783**
Income from capitalization of development expenses	11	1,194	1,433
Other operating income	12	971	741
Cost of material	13	-634	-514
Staff costs	14	-7,025	-6,672
Other operating expenses	15	-2,012	-1,739
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**5,585**	**6,032**
Depreciation, amortization and impairment of intangible and tangible assets	16	-1,695	-1,674
Earnings before interest and tax (EBIT)		**3,890**	**4,358**
Income from equity investments	5	348	-47
Interest income		213	100
Interest expenses		-22	-96
Other net financial result		515	-367
Net financial result	17	**1,054**	**-410**
Earnings before tax (EBT)		**4,944**	**3,948**
Income tax	18	-1,231	-267
Net profit		**3,713**	**3,681**
Earnings per share in €	19		
Basic		2.16	2.14
Diluted		2.16	2.14

STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 through December 31, 2014

FIGURES IN € k	Notes	2014	2013
Net profit		**3,713**	**3,681**
Items that are never recognized as profit or loss			
Actuarial losses on pensions	25	-110	-2
Deferred tax on actuarial losses on pensions		37	0
		-73	**-2**
Items that have been or could be recognized as profit or loss			
Changes in fair value of available-for-sale financial instruments	24	246	-24
Deferred tax on changes in fair value		-77	7
		169	**-17**
Other comprehensive income		**96**	**-19**
Total comprehensive income		**3,809**	**3,662**

STATEMENT OF FINANCIAL POSITIONS

as of December 31, 2014

FIGURES IN € k	Notes	2014	2013	2012
Non-current assets				
Intangible assets	20	15,621	15,662	15,693
Property, plant and equipment	20	374	484	282
Equity investments	4	1,571	1,223	1,771
		17,566	**17,369**	**17,746**
Current assets				
Inventories	21	0	0	0
Trade receivables	22	2,733	2,019	3,851
Income tax receivables		0	79	352
Other financial assets	22	8,441	4,445	731
Other assets	22	247	306	261
Cash and cash equivalents	23	9,267	9,299	7,335
Assets held for sale	4	0	496	0
		20,688	**16,644**	**12,530**
ASSETS		**38,254**	**34,013**	**30,276**
Equity capital	24			
Subscribed capital		1,820	1,820	1,820
Capital reserve		9,784	9,768	28,079
Revaluation reserve		507	611	753
Treasury shares		-3,300	-3,300	-3,300
Cumulated fair value changes of available-for-sale financial instruments		154	-15	2
Retained earnings		21,305	17,561	4,585
		30,270	**26,445**	**22,769**
Non-current liabilities				
Provisions	25	158	44	229
Other financial liabilities	26	0	145	314
Deferred taxes	18	2,444	1,753	1,766
		2,602	**1,942**	**2,309**
Current liabilities				
Provisions	25	305	397	441
Trade payables		579	789	989
Other financial liabilities	27	1,105	795	488
Deferred income	28	2,343	2,199	2,004
Other liabilities	29	311	516	154
Income tax liabilities		739	930	1,122
		5,382	5,626	5,198
EQUITY AND LIABILITIES		**38,254**	**34,013**	**30,276**

STATEMENT OF CASH FLOW

for the period January 1 through December 31, 2014

FIGURES IN € k	Notes	2014	2013
Earnings before interest and tax (EBIT)		**3,890**	**4,358**
+ Depreciation and amortization and impairments	16	1,695	1,674
+/- Increase/decrease in provisions		22	-229
+/- Other non-cash expenses/income		-23	110
+ Interest received		210	108
- Interest paid		-3	-34
+ Tax received		130	330
- Tax paid		-747	-466
+ Decrease in inventories		0	180
+/- Decrease/increase in trade receivables and other assets		-196	1,206
-/+ Decrease/increase in trade payables and other liabilities		-147	457
= Cash flow from operating activities		**4,831**	**7,694**
- Purchase of property, plant and equipment		-72	-391
- Purchase of intangible assets (excl. development cost)		-294	-23
- Payments for capitalized development cost		-1,194	-1,433
+ Proceeds from sale of investments in associated companies		500	0
- Payments for the acquisition for marketable securities		-11,622	-4,006
+ Proceeds from sale of marketable securities		7,637	300
= Cash flow from investing activities		**-5,045**	**-5,553**
+ Repayment of finance lease liabilities		-9	-51
= Cash flow from financing activities		**-9**	**-51**
Change in cash and cash equivalents		**-223**	**2,090**
Effect of exchange rates on cash and cash equivalents		**191**	**-126**
+ Cash and cash equivalents at the beginning of the period		**9,299**	**7,335**
= Cash and cash equivalents at the end of the period	23	**9,267**	**9,299**

This item comprises cash and cash equivalents.

STATEMENT OF CHANGES IN EQUITY

for the period January 1 through December 31, 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**
Issue of stock options	0	14	0	0	0	0	14
Transfer to retained earnings according to amortization	0	0	-142	0	0	142	0
Withdrawal of the capital re-serve of the MMS AG	0	-18,325	0	0	0	18,325	0
Net profit	0	0	0	0	0	3,681	3,681
Other net result	0	0	0	0	-17	-2	-19
Net result	0	0	0	0	-17	3,679	3,662
Balance on Dec. 31, 2013	**1,820**	**9,768**	**611**	**-3,300**	**-15**	**17,561**	**26,445**
Balance on Jan. 1, 2014	**1,820**	**9,768**	**611**	**-3,300**	**-15**	**17,561**	**26,445**
Issue of stock options	0	16	0	0	0	0	16
Transfer to retained earnings according to amortization	0	0	-104	0	0	104	0
Net profit	0	0	0	0	0	3,713	3,713
Other net result	0	0	0	0	169	-73	96
Net result	0	0	0	0	169	3,744	3,809
Balance on Dec. 31, 2014	**1,820**	**9,784**	**507**	**-3,300**	**154**	**21,305**	**30,270**

NOTES TO THE INCOME STATEMENT 2014

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.

The separate financial statements according to IFRS as of December 31, 2014 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 analogue Section 325 No. 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 the MMS AG.

These separate financial statements according to IFRS 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 separate financial statements according to IFRS 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 balance sheet date.

The currency used in the separate financial statements according to IFRS is Euro. Unless otherwise stated, all figures are quoted in thousands of Euro (€ 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 separate financial statements according to IFRS as of December 31, 2014 were approved for submission to the Supervisory Board by MMS AG’s Executive Board on April 2, 2015. The Supervisory Board is responsible for examining the separate financial statements according to IFRS and approving them. The separate financial statements according to IFRS are to be published on the Company website on April 23, 2015.

2. BUSINESS ACTIVITIES OF THE 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’ 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.

3. REPORTING SEGMENTS OF THE 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. The **Digital Mammography** segment includes the business with Hologic, Inc..

The Digital Mammography segment includes the investments in the MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen, and the MeVis BreastCare GmbH & Co. KG, Bremen. Customer of the 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. 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).

The 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 AND ASSOCIATED COMPANIES

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. Under the equity method the respective carrying amount is increased or reduced by the changes of equity of the joint venture, as far as they apply to the shares of MMS AG.

An associated company is a company on which the Company exercises material influence and which is neither a subsidiary nor a share in a joint venture. Material influence is the ability to affect the financial and business policy decisions of the company in which the investment is held. However, the Group does not control such financial and business policies either individually or in conjunction with other parties. Using as a basis the cost of acquisition as of the date on which the shares were acquired, the changes in the equity of the associated companies are increased or decreased in accordance with the equity method of accounting to the extent that these shares are attributable to MMS AG.

The financial statements included under the equity method in the separate financial statements according to IFRS 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 Aktiengesellschaft ("Siemens").

As of December 31, 2014, 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	2014	2013
Non-current assets	881	1,417
Current assets	2,893	1,829
Thereof: Cash and cash equivalents	(2,598)	(1,120)
Non-current liabilities	7	126
Current liabilities	720	755
Revenues	4,528	3,793
Net income / total result	682	-411
Amortization of intangible fixed assets and tangible fixed assets	-623	-929
Interest income	1	2
Interest expenses	0	-19
Income tax	-182	-273

Of the assets and liabilities of MBC KG an equity-accounted approach of € 1,554 k (2013: € 1,206 k) can be derived. The difference to the balance sheet relates to the equity of MBC GmbH.

Associated companies accounted for using the equity method

Since the beginning of June 2010, the MMS AG held around 41% of the shares in Medis Holding BV, Leiden (Netherlands). This investment has been sold in April 2014 to the Reiber Consultancy BV. Proceeds from the sale of shares of MMS AG amounted to T € 500, which were reported in the consolidated financial statements on December 31, 2013 as assets held for sale.

5. EFFECT FROM THE INITIAL APPLICATION OF IFRS 11

In the past, the MBC GmbH and MBC KG have been proportionately consolidated in the consolidated financial statements of MMS AG.According to the IFRS 11 (for details see paragraph 9) this is no longer allowed because both companies are classified as joint ventures whose recognition is carried at equity. This also applies to the present IFRS financial statements ("individual financial statements"), which continue the value approaches of the former MeVis-Group.

The initial application of IFRS 11 retrospectively results in the following adaptations:

FIGURES IN € k	**Statement of financial positions**	
	2013	**2012**
Intangible and tangible fixed assets	-722	-1,186
Investments in companies accounted for using the equity method	+1,223	+1,436
Cash and cash equivalents	-594	-814
Other current assets	-267	-75
ASSETS	**-360**	**-639**
Non-current liabilities	-65	-200
Deferred revenue	-140	-132
Other current liabilities	-155	-307
LIABILITIES	**-360**	**-639**

FIGURES IN € k	**Change in income statement**
	2013
Revenues	-1,834
Other operating income	+206
Cost of material	+169
Staff costs	+1,206
Other operating expenses	+111
EBITDA	**-142**
Depreciation and amortization	+474
EBIT	**+332**
Income from associated companies	-115
Other net financial result	-85
Earnings before tax	**+132**
Income tax	-132
Net profit	**0**

6. 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:

Currency	End-of-year exchange rate 31.12.2014	31.12.2013	Annual average exchange rate 2014	2013
USD/€	1.2141	1.3791	1,3285	1.3281

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

7. ACCOUNTING AND MEASUREMENT POLICIES

Recognition of sales

Sales 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 (collectibility),
- the percentage of completion of the transaction can be reliably measured on the balance sheet 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. The 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 deceloped with the support of MeVis. Since it is not possible to reliably determine the revenues for MeVis 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 the 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' 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 separate financial statements according to IFRS 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 the MMS AG continued business of MMS AG with Hologic, after the accrual of the 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 the experiences of the past, and, on the other hand, taken 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 depreciates intangible assets with a limited 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 depreciation; rather, an impairment test is carried out once a year.

Property, plant and equipment

Property, plant and equipment are shown at acquisition/production cost less scheduled, utilization-related depreciation and amortization as well as extraordinary reductions in value. 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 leads to the development of 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 balance sheet 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 asset:

Financial assets at fair value through profit or loss comprise financial assets held for trading or designated financial assets. 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 are allocated to this category.

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

Inventories

Inventories solely comprise assets held for sale in the ordinary course of business, which are recognized at cost. If the net realizable value of the inventories drops below their initial cost, they are depreciated to this value. In the event of an increase in the net realizable value of inventories for which impairment expense has previously been recognized, the resultant reversal amount is deducted from the cost of materials.

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. 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.

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' equity capital are reported in the statement of changes in consolidated 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 balance sheet date. Since 2013 actuarial gains and losses are not recognized in profit or loss immediately, but recognized in the 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 balance sheet is the present value of the defined benefit obligation, and reduced by the fair value of existing plan assets. If the calculation of the balance sheet 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 balance sheet 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 in 2009 and 2013 is calculated in each case using a Monte Carlo simulation. The main determinants of the value of staff options are the value of the stocks 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 originated liabilities and the negative fair values of derivative financial instruments. Originated liabilities are recognized in the balance sheet if MeVis has a contractual obligation to transfer cash or any other financial assets to another entity. An originated 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.

8. MATERIAL JUDGMENTS AND ESTIMATES

The preparation of the seperate financial statements according to IFRS in accordance with IFRS necessitates, as adopted in the EU, 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 balance sheet subject to management estimates are goodwill of € 10,625 k (2013: € 10,625 k), intangible assets with a definite useful life (€ 4,996 k; 2013: € 5,037 k), and property, plant and equipment (€ 374 k; 2013: € 484 k) with estimated useful lives. In addition to the development expenses included in the intangible assets with a definite useful life with € 3,309 k (prev. year: € 3,274 k), the proceeds that can be generated through the use of these developments have to be estimated. With regard to trade receivables (€ 2,733 k; 2013: € 2,019 k), management does not expect any defaults given the limited number of customers and customers' credit ratings. Deferred tax assets include deferred taxes for tax loss carry forwards (€ 1,270 k; 2013: € 1,723 k). The use of the tax loss carry forwards depends on generating future taxable income. The provisions (€ 463 k; 2013: € 441 k) mainly relate in addition to pension obligations to liabilities from the grant obligation to Fraunhofer MEVIS 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 (€ 287 k; 2013: € 271 k).

At least once a year, MeVis conducts impairment testing of existing goodwill (€ 10,625 k; 2013: € 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, 2014. The impairment tests did not show any need for impairment.

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

9. EFFECTS OF NEW ACCOUNTING STANDARDS

MMS AG's seperate financial statements according to IFRS as of December 31, 2014 including the previous year's figures have been prepared in accordance with IFRS as endorsed by the European Union as of the balance sheet date in question.

The applied recognition and measurement principles generally correspond to the methods used in the previous years 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 2014: However, they had no or at least no material impact on the separate financial statements according to IFRS or the consolidated financial statements at the time of first application:

Amendments to IAS 27 – Separate Financial Statements

As part of the passing of IFRS 10 Consolidated Financial Statements, the regulations on the principle of control and the requirements to prepare consolidated financial statements will be removed from IAS 27 and then covered in IFRS 10 (see comments on IFRS 10). As a result, IAS 27 will only contain the regulations for accounting for subsidiaries, joint ventures and associated companies in certain separate financial statements according to IFRS in future ("separate financial statements").

Amendments to IAS 28 – Investments in Associates and Joint Ventures

Amendments were also made to IAS 28 as a result of the passing of IFRS 11 Joint Arrangements. As in the past, IAS 28 regulates the application of the equity method. However, its range of application has been significantly expanded by IFRS 11 as investments in not just associates but also joint ventures (see IFRS 11) have to be measured at equity in future. Proportionate consolidation will also no longer apply to joint ventures.

Because of modifications made, even potential voting rights and other derivative financial instruments must be considered when assessing if a company has material influence and when determining investors' shares in the company's assets.

Another amendment pertains to accounting pursuant to IFRS 5, if only part of a share in an associated company or joint venture is to be sold. IFRS 5 must be partially applied if only a share or part of a share in an associated company (or joint venture) meets the criteria of "held for sale".

IFRS 10 – Consolidated Financial Statements

This standard provides a new and comprehensive definition of control. If an entity controls another entity, the parent company must include the subsidiary in consolidation. Under the new concept, control exists when the potential parent company has power over the potential subsidiary on the basis of voting or other rights, it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

This new standard could affect the scope of the consolidated group, including for special purpose entities. If it is found that an investment qualifies as a subsidiary differently according to IAS 27/SIC 12 and IFRS 10, IFRS 10 must be applied retrospectively.

IFRS 11 – Joint Arrangements

IFRS 11 provides new regulations for accounting for joint arrangements. Under the new concept, it must be decided whether the arrangement is a joint operation or a joint venture. In a joint operation, the parties with joint control have rights to the assets and obligations for the liabilities. The individual rights and obligations are accounted for proportionately in the consolidated financial statements. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. This right is accounted for using the equity method in the separate financial statements according to IFRS respectively the consolidated financial statements; the option of proportionate inclusion in the consolidated financial statements therefore no longer applies.

MMS AG included joint ventures MBC KG and MBS GmbH in its consolidated financial statements by way of proportionate consolidation. If MMS AG were to continue to prepare consolidated financial statements, the application of IFRS 11 as from 2014 would lead to affiliates having to be included in the consolidated financial statements using the equity method. This would have corresponding effects on individual items in the consolidated balance sheet and consolidated income statement. Given the merger or integration of both subsidiaries of MMS AG in 2013, MMS AG no longer represents a Group. The Company therefore no longer prepares consolidated financial statements, but separate financial statements according to IFRS. The shares in the associated companies are shown retrospectively using the equity method, considering the transitional provisions of IFRS 11. Details are contained in no. 4 and 5 of the notes.

IFRS 12 – Disclosure of Interests in Other Entities

This standard regulates the disclosure requirements for interests in other entities. The necessary information is significantly more extensive as compared to the disclosures previously required under IAS 27, IAS 28 and IAS 31.

MMS AG has complied with the additional disclosure requirements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance

The amendments include a clarification and additional easements for the transition to IFRS 10, IFRS 11, and IFRS 12. Adjusted comparable figures are only requested for the latest comparable period. Furthermore, the duty to disclose comparable figures for periods prior to the first-time application of IFRS 12 does not apply in connection with the disclosures in the notes regarding unconsolidated structured entities.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities

The amendments include the definition of the term investment entities and exclude such companies from the area of application of IFRS 10 *Consolidated Financial Statements*.

According to the amendments, investment entities do not include entities under their control in their IFRS consolidated financial statements. The exception from the general principles is not to be understood as an option. Instead of full consolidation, they measure investment entities at fair value and recognize periodic value fluctuations in profit or loss.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

This addition to IAS 32 clarifies the requirements for offsetting financial instruments. The addition explains the significance of the current legal right to offsetting and clarifies which methods can be considered gross or net settlement within the meaning of the standard.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

A new mandatory disclosure for goodwill impairment tests as per IAS 36 was introduced as a consequential amendment from IFRS 13 *Fair Value Measurement*. Consequently, the recoverable amount of cash-generating units must be disclosed regardless of whether an impairment was actually made. This note was introduced by the IASB unintentionally, however, and deleted with the amendment from May 2013.

On the other hand, the amendment requires additional disclosures if impairment is performed and the recoverable amount was determined on the basis of fair value.

Amendment to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

As a result of this amendment, derivatives will continue to be designated as hedging instruments in ongoing hedge accounting under certain conditions despite the novation of a hedging instrument to a central counterparty arising as a consequence of legal requirements.

The following standards and interpretations were also published prior to the preparation of the separate financial statements according to IFRS. However, application of these standards is not mandatory as December 31, 2014 and MMS AG did not elect early application. Unless stated otherwise, the impact on the consolidated financial statements of MMS AG is currently being examined.

A) EU ENDORSEMENT GIVEN

IFRIC 21 – Levies

IFRIC 21 *Levies* is an interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. 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 is to be created for levies of 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 norm. Its formulation is in this respect the determining factor for accounting purposes.

The amendments are effective for the first time for annual periods starting on or after June 17, 2014, subject to their outstanding endorsement in EU law.

Improvements to IFRS 2011 – 2013

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

The amendments are effective for the first time for annual periods starting on or after January 1, 2015, subject to their outstanding endorsement in EU law.

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 outstanding endorsement in EU law.

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 amendment to IFRS 2 and IFRS 3 are applicable to transactions that will take place or have taken place on or after July 1, 2014.

B) EU ENDORSEMENT STILL PENDING

Except for the following new standards and interpretations which could have a major impact on the separate financial statements according to IFRS, a number of additional standards and interpretations were issued which are not expected to have a major impact on the separate financial statements according to IFRS.

Amendments to IAS 1 - Disclosure Initiative

The amendments relate to various recognition issues. It states that notes to the financial statements are only necessary if their content is important. 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 balance sheet 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 endorsement in EU law.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 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 Programmes.

IFRS 15 is effective for the first time for fiscal years starting on or after January 1, 2017, subject to its endorsement in EU law. 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.

IFRS 9 (2014) – 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 endorsement in EU law.

NOTES TO THE INCOME STATEMENT

10. REVENUES

Revenues break down by type as follows:

FIGURES IN € k	2014	2013
Software and licenses	6,643	6,522
Maintenance (software service contracts)	5,731	5,906
Services (consulting and training)	702	338
Hardware	15	17
	13,091	**12,783**

The breakdown by segments is disclosed in the segment report (see Note 34).

11. INCOME FROM THE CAPITALIZATION OF DEVELOPMENT COSTS

Pursuant to IAS 38, development expenses incurred for development work by staff of the MMS AG were capitalized in the amount of € 1,194 k (2013: € 1,433 k). As in the previous year, no third-party development services were capitalized. Further details are provided in Note 20. Research and development expenses in fiscal year 2014 totaled € 3,640 k (2013: € 3,285 k).

12. OTHER OPERATING INCOME

FIGURES IN € k	2014	2013
Grants	355	180
Income from recharges	565	462
Income from the derecognition of liabilities	0	12
Off-period income	9	5
Other	42	82
	971	**741**

13. COST OF MATERIALS/SERVICES PURCHASED

FIGURES IN € k	2014	2013
Cost of materials	66	193
Cost of services purchased	568	321
	634	**514**

14. STAFF COSTS

FIGURES IN € k	2014	2013
Wages and salaries	5,938	5,615
Social security charges and expenditure on old age pensions and support	1,087	1,057
	7,025	**6,672**

Social security and old-age pension and related expenses include the employer contribution to the government pension plan for employees of € 485 k (2013: € 444 k). The annual average headcount was 107 (2013: 107). This is equivalent to an average of 94 full-time positions (2013: 93).

15. OTHER OPERATING EXPENSES

FIGURES IN € k	2014	2013
Rental/leasing expense	524	405
Travel expense	199	147
Maintenance/repairs	193	127
Legal and consulting costs	172	126
Stationary	103	62
Cost of preparing and auditing financial statements Stationary	86	138
Energy costs	83	80
Supervisory Board remuneration	80	79
Vehicle costs	71	83
Training costs	70	34
Insurances	55	41
Cleaning expense	41	37
Internet expense	40	42
Events / Congresses	37	54
Catering costs	35	26
External work	19	40
Telephone expense	17	19
Advertising costs	15	5
Cost of annual general meeting	13	17
Membership subscriptions	11	36
Accounting costs	8	17
Others	140	124
	2,012	**1,739**

16. DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE AND TANGIBLE ASSETS

FIGURES IN € k	2014	2013
Amortization of purchased industrial property rights and similar rights and customer base	371	497
Amortization of capitalized development costs	1,158	990
Depreciation of property, plant and equipment	166	187
Total depreciation, amortization and impairment losses	**1,695**	**1,674**

All development costs were tested for impairment as of December 31, 2014. The impairment tests did not show any need for impairment.

17. INTEREST INCOME / INTEREST EXPENSE AND OTHER NET FINANCIAL RESULT AS WELL AS EARNINGS FROM ASSOCIATED COMPANIES

The MMS AG financial result for 2014 was € 1,054 k (2013: € -410k). This comprises earnings from Equity-companies of € 348 k (2013: € -47 k), interest income from the investment of cash of € 213 k (2013: € 100 k), interest expense of € 22 k (2013: € 96 k), and the other financial result of € 515 k (2013: € -367 k). The other financial result consists of the revaluation of derivative financial instruments of € -152 k (2013: € -12 k), the balance of exchange rate gains and losses of € 764 k (2013: € -290 k), and expenses for the safekeeping of securities in the amount of € -97 k (2013: € -65 k).

18. INCOME TAX

FIGURES IN € k	2014	2013
Current income taxes reporting period	523	281
Current income taxes previous period	57	-14
Deferred taxes	651	0
	1,231	**267**

Deferred tax assets and liabilities for temporary differences are calculated on the basis of an income tax rate of 31.9 % (2013: 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.

FIGURES IN € k	2014	2013
Earnings before taxes (EBT)	4,944	3,948
Theoretical tax paid / received 31.9 %	1,578	1,259
Utilization of unrecognized tax loss carry forwards	-466	-368
Recognition of tax loss carry forwards due to improved earnings	-212	-561
Change in tax rate (trade tax rate Bremen)	0	37
Tax effects off-period	57	-14
Deferred tax effects off-period	342	-149
Non-deductible expenses	18	24
Tax-free income	-146	0
Other	60	39
Effective tax expense	**1,231**	**267**
Effective tax rate	24.9 %	6.8 %

Deferred income taxes break down as follows as of the balance sheet date:

FIGURES IN € k	2014	2013
Deferred tax assets		
Tax loss carry forwards	1,270	1,723
Provisions (in parts directly recognized in equity)	82	111
Derivatives	42	0
Leasing liabilities	0	7
Accruals and deferred income	32	32
Others	37	58
Deferred tax assets gross	**1,463**	**1,931**
Offsetting	-1,463	-1,931
Deferred tax assets	**0**	**0**
Deferred tax liabilities		
Intangible assets	3,671	3,654
Foreign Currency Valuation / Derivatives	51	6
Securities (directly recognized in equity)	70	5
Provisions	16	16
Other	99	3
Deferred tax liabilities gross	**3,907**	**3,684**
Offsetting	-1,463	-1,931
Deferred tax liabilities	**2,444**	**1,753**

Deferred taxes on loss carry forwards break down as follows:

FIGURES IN € k	2014	2013
Corporation tax loss carry forwards	498	1,071
Trade tax loss carry forwards	2,156	2,751
Deferred tax assets gross	**2,654**	**3,821**
Non-recognized deferred tax assets on loss carry forwards	-1,384	-2,098
Deferred tax assets on tax loss carry forwards net	**1,270**	**1,723**

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. They may basically be omitted in a comprehensive change in ownership. However, this is not expected for the MMS AG.

19. 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 dillutionary 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. 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 number of shares outstanding is calculated on the basis of shares redeemed and reissued subject to chronological weighting.

	2014	2013
consolidated net profit in €k	3,713	3,681
Weighted average of shares outstanding during the reporting period	1,722,447	1,722,447
Basic earnings per share in €	**2.16**	**2.14**
Diluted earnings per share in €	**2.16**	**2.14**

On February 18, 2015, the Company has tendered their treasury shares of 97,553 to VMS Deutschland Holdings GmbH, Darmstadt, in the context of the takeover offer. The disposal of treasury shares would increase the number of shares outstanding to 1,820,000, with a corresponding effect on earnings per share.

NOTES TO THE BALANCE SHEET

20. 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 2014 and 2013 are set out in the statement of changes in assets in Appendices 1 and 2 to the Notes.

Carrying amounts

FIGURES IN € k				**Assets and licenses**
	Acquired intangible assets with a definite useful life	Internally generated intangible assets with a definite useful life	Goodwill	Total
Balance on Dec. 31, 2014	1,687	3,309	10,625	15,621
Balance on Dec. 31, 2013	1,763	3,274	10,625	15,662

In accordance with IAS 38, software development costs of € 1,194 k (2013: € 1,433 k) were capitalized in 2014 as internally generated intangible assets with a definite useful life. This resulted exclusively from own work capitalized. As in the previous year, no services that can be capitalized were purchased. Depreciation and amortization of € 1,158 k (2013: € 991 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 balance sheet date are shown at their carrying amounts in the following table.

Carrying amounts by cash generating units

FIGURES IN € k	**2014**	**2013**
	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, 2014. 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 11.10 % after taxes (2013: 11.10 % after taxes).

Impairment tests according to IAS 36 for CGUs Hologic and Distant Services indicated no impairment losses for fiscal year 2014. 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 € 72 k (2013: € 391 k).

21. INVENTORIES

Like the prior year, the Company had no inventories at the end of the fiscal year.

22. TRADE RECEIVABLES, OTHER FINANCIAL ASSETS AND OTHER ASSETS

Trade receivables

An adjustment of € 9 k (2013: € 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 € 77 k (2013: € 186 k) is 90 days (2013: 92 days). The Company does not hold any collateral for these outstanding items.

All trade receivables totaling € 2,733 k (2013: € 2,019 k) are due for settlement within one year.

FIGURES IN € k			**of which: not impaired as of the balance sheet 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, 2014	2,733	0	2,656	24	7	2	44	0
as of Dec. 31, 2013	2,019	0	1,833	24	68	5	89	0

As in the previous year Payments for trade receivables already derecognized not received.

Other financial assets

FIGURES IN € k	**2014**	**2013**
Securities	8,244	4,151
Loans and receivables	87	169
Accrued interest	69	65
Eligible expenses	41	37
Derivatives	0	19
Other	0	4
	8,441	**4,445**

The securities held are a widely diversified portfolio of fixed-income corporate and government bonds with nominal interest rates of between 0.442 % and 4.65 % p.a. and staggered maturities up to 2025. 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 MBC KG at € 79 k (2013: € 160 k).

As of the balance sheet date, the Company had 3 (2013: 2) options transactions denominated in USD in 2014.

From other financial assets of € 8,441 k (2013: € 4,445 k) € 197 k (2013: € 502 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, 2014	197	0	108	8	8	65	8
as of Dec. 31, 2013	502	0	169	230	52	51	0

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

Other assets

Other assets primarily include accruals of € 164 k (2013: € 224 k).

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

23. CASH AND CASH EQUIVALENTS

The assets contained in this item comprise demand deposits and overnight deposits of € 9,265 k (2013: € 9,297 k) subject to interest of 0.05 % p.a. In addition, there is cash on hand of € 2 k (2013: € 2 k).

24. 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 shareholder's equity.

Subscribed capital

The share capital of MMS AG totals € 1,820 k (2013: € 1,820 k) and is comprised of 1,820,000 (2013: 1,820,000) shares without par value. As in the previous year, there was authorized capital of € 910 k and contingent capital of € 130 k as of December 31, 2014.

There were no changes in subscribed capital during the year under review. The conditional capital, which had initially been issued until December 31, 2011, was extended until 2015 by resolution of the annual general meeting on June 15, 2011.

Capital reserve

The share premium of € 9,784 k (2013: € 9,768 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 € 287 k (2013: € 271 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. € 434 k was offset against the capital reserve due to the disposal of treasury stock worth less than the acquisition costs in 2011.

As at December 31, 2013, € 18,325 k were taken from the capital reserve to compensate for the MMS AG accrued losses.

The capital reserve of MMS AG of € 9,784 k is not available for dividend distribution.

Revaluation reserve

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, the assets and liabilities of MBS KG were completely remeasured. 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	-104	-142
Status as at Dec. 31	**507**	**611**

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 53,200 more 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 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, as in the previous year, a total of 97,553 treasury shares were held as of December 31, 2014. This corresponds to 5.36 % of the current share capital.

Cumulated 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 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).

25. PROVISIONS

Provisions for pensions reported in the balance sheet break down as follows:

FIGURES IN € k	2014	2013
Defined benefit obligation	514	393
Reinsurance	-356	-349
Reported in balance sheet	**158**	**44**

Provisions for pensions relate to defined benefit plans. A retirement capital from reaching the age of 63 years and a surviving dependents capital has 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 2.3 % (2013: 3.6 %). 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	2014	2013
Defined benefit obligation at the beginning of the fiscal year	393	380
Interest cost of acquired rights	11	11
Actuarial losses	110	2
Defined Benefit Obligation at the end of the fiscal year	**514**	**393**

A reduction of 0.5 percentage points in the interest rate for calculation purposes, to 1.80 % (2013: 3.10 %), would increase the defined benefit obligation (DBO) disclosed above to € 565 k (2013: € 431 k) as of the December 31, 2014 valuation date. An increase of 0.5 percentage points in the interest rate for calculation purposes, to 2.80 % (2013: 4.10 %), would decrease the defined benefit obligation (DBO) disclosed above to € 469 k (2013: € 358 k) as of the December 31, 2014 valuation date.

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

FIGURES IN € k	2014	2013
Interest expense: interest on the entitlements already vested	11	11
Net pension expenditure on benefit obligations	**11**	**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, 2014 the fair value of reinsurance amounted to € 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	2014	2013
Status at the beginning of the reporting year	**349**	**323**
Added value	7	26
Status at the end of the reporting year	**356**	**349**

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 2014:

FIGURES IN € k	Status at Jan. 1, 2014	Utilization	Reversal	Accrued interest	Status at Dec. 1, 2014
Warranty provisions	171	0	0	0	171
Anticipated losses	226	100	0	8	134
Other provisions	**397**	**100**	**0**	**8**	**305**

The provisions for contingent liabilities mainly relate to liabilities from the grant obligation to Fraunhofer MEVIS for research and development projects. Based on the evaluation by the Executive Board of the probability of availment without corresponding compensation, which takes into account the diverging developments of the Company on the one hand and Fraunhofer MEVIS on the other hand, two similar contracts were included when calculating the provision in 2011. The nominal values of payment obligations still amounted to € 140 k (2013: € 240 k) as of the balance sheet date.

The warranty provisions relate to contractual warranty obligations to customers.

26. OTHER NON-CURRENT FINANCIAL LIABILITIES

FIGURES IN € k	2014	2013
Liability from 49 % acquisition of MBS KG	0	145
Other non-current financial liabilities	**0**	**145**

27. OTHER CURRENT LIABILITIES

Other current financial liabilities contain the following items:

FIGURES IN € k	2014	2013
Staff liabilities	815	625
Liability from the 49 % acquisition of MBS KG	150	150
Leasing liabilities	133	0
Miscellaneous other financial liabilities	7	20
Other financial liabilities	**1.105**	**795**

Staff liabilities primarily comprise the cost of accrued vacation entitlements and bonuses.

28. 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.

29. MISCELLANEOUS OTHER LIABILITIES

Miscellaneous other liabilities contain the following items:

FIGURES IN € k	2014	2013
Liabilities from grants	182	360
Current tax liabilities	82	82
Other	47	74
Miscellaneous other liabilities	**311**	**516**

The liabilities from grants relate to advance payments from the research project ASSURE. The current tax liabilities relate to income tax and church tax.

30. CONTINGENT LIABILITIES

MMS AG is under an obligation to grant a loan of up to € 820 k to the joint venture MBC KG 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 use of MMS AG is currently not expected

31. FINANCIAL OBLIGATIONS

FIGURES IN € k	Total	less than 1 year	1 to 5 years	over 5 years
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**
Rental contracts	1.835	432	1,403	0
Leasing contracts	135	72	63	0
Total financial obligations as of Dec. 31, 2013	**1,970**	**504**	**1,466**	**0**

The rental contracts comprise solely leases for office space for limited periods of time. In the fiscal year, rental expenses of € 473 k (2013: € 353 k) were incurred by the Company and are shown within other operating expenses.

All of the leases for passenger vehicles and copying stations of MeVis in 2014 are again operating leases. Economic ownership of these leased assets remains with the respective lessor. MeVis recognizes lease payments as expense. In 2014, other operating expenses totaled € 51 k (2013: € 52 k).

32. 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 MeVis. Any changes in fair value are recognized in profit and loss.

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

MeVis 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

Where necessary, MeVis enters 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 is measured in each relevant foreign currency. The Company's exchange rate exposure is due to its global business activities, particularly the sale of its products to US customers, which are invoiced in US dollars.

As of the balance sheet date, MMS AG had 3 (2013: 2) options transactions denominated in USD in 2013. 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 balance sheet date:

Forwards for hedging purposes expected revenues	**Nominal value**	**Market value**	**Nominal value**	**Market value**
FIGURES IN € k	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2013
Currency options (Risk Reversal)	6,352	-133	4,092	19

The option transactions have different maturities 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 balance sheet date, the Company has cash and cash equivalents of € 9,267 k (2013: € 9,299 k) as well as securities available for sale in the amount of € 8,244 k (2013: € 4,151 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 heightened risk of default. Provision has been made in the balance sheet 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	2014	2013
Category 1 (securities)	8,244	4,151
Category 2 (derivatives)	0	19
Category 3 (other financial assets)	2,930	2,294
Financial assets	**11,174**	**6,464**
Category 2 (derivatives)	133	0
Category 3 (other financial liabilities)	1,551	1,729
Financial liabilities	**1,684**	**1,729**

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

Non-current financial liabilities

The fair value of the non-current financial liabilities was calculated in 2013 using the discount cash flow method based on an interest rate of 0.53 % up to 0.86 % p.a. appropriate to the applicable term and risk.

Financial assets and current financial liabilities

The carrying amounts of cash and cash equivalents, other financial assets and current 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 balance sheet date.

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

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
Other financial assets	FAPL	0	0	0	0	0	0
Cash and cash equivalents		9,267	9,267	0	0	0	9,267
Equity and liabilities							
Other non-current financial liabili-ties	FLAC	0	0	0	0	0	0
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 assets at fair value through profit or loss	FAPL	0	0	0	0	0	0
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

FIGURES IN € k	IAS 39 category	Carrying amount as of Dec. 31, 2013	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, 2013
Assets							
Trade receivables	LaR	2,019	2,019	0	0	0	2,019
Other financial assets	AfS	4,151	0	0	4,151	0	4,151
Other financial assets	LaR	275	275	0	0	0	275
Other financial assets	FAPL	19	0	0	0	19	19
Cash and cash equivalents		9,299	9,299	0	0	0	9,299
Equity and liabilities							
Other non-current financial liabili-ties	FLAC	145	145	0	0	0	145
Trade payables	FLAC	789	789	0	0	0	789
Other current financial liabilities	FLPL	0	0	0	0	0	0
Other current financial liabilities	FLAC	795	795	0	0	0	795
Of which aggregated by IAS 39 category:							
Loans and receivables	LaR	2,294	2,294	0	0	0	2,294
Financial assets available for sale	AfS	4,151	0	0	4,151	0	4,151
Financial assets at fair value through profit or loss	FAPL	19	0	0	0	19	19
Financial liabilities measured at amortized costs	FLAC	1,729	1,729	0	0	0	1,729
Financial liabilities at fair value through Profit or Loss	FLPL	0	0	0	0	0	0

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

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

FIGURES IN € k		Cash flow 2014			Cash flows 2015-2018			Total		
	Carrying amount Dec. 31, 2013	Fixed interest rate	Floating interest rate	Repayment	Fixed interest rate	Floating interest rate	Repayment	Fixed interest rate	Floating interest rate	Repayment
Other financial liabilities	940	5	0	795	10	0	145	15	0	940

Net gains/losses by category break down as follows:

		From subsequent measurement			Net result	
FIGURES IN € k	From dividends and interests	at fair value	Currency translation	Derecognition of receivables and liabilities	**2014**	**2013**
Loans and Receivables (LaR)	7	0	764	0	771	-231
Financial Assets Available for Sale (AfS)	206	0	0	0	206	35
Derivatives	0	-152	0	0	-152	-12
Financial Liabilities measured at Amortised Costs (FLAC)	-22	0	0	0	-22	-84
					803	**-292**

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. MeVis 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, 2014 indicates elasticity of € 552 k (2013: € 408 k) for a 10 % change in the rate on the reporting date. On the basis of these measurement bands, there is elasticity of € 202 k (2013: € 561 k) for cash and cash equivalents as of December 31, 2014.

Around 50 % 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, 2014, an increase of +10 % in the underlying exchange rate would cause the net financial result to rise by € 737 k (2013: € 214 k) while a decrease of -10 % would cause it to decline by € 511 k (2013: € 519 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 balance sheet.

FIGURES IN € k	**2014**	**2013**
Other financial liabilities	1,105	940
Gross financial liabilities	**1,105**	**940**
Cash and cash equivalents	9,267	9,299
Other financial assets	8,441	4,445
Gross financial receivables	**17,708**	**13,744**
Net financial receivables	**16,603**	**12,804**
Economic capital	**30,270**	**26,445**

Given the international nature of MeVis' 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.

33. DISCLOSURES ON THE CASH FLOW STATEMENT

The cash flow statement 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.

34. SEGMENT REPORTING

As of December 31, 2014 the activities of the Company were still 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:

FIGURES IN € k	Digital Mammography Jan. 1 – Dec. 31 2014	2013	Other Diagnostics Jan. 1 – Dec. 31 2014	2013	MMS AG Jan. 1 – Dec. 31 2014	2013
External revenues	9,772	9,414	3,319	3,369	13,091	12,783
Intersegment revenues/expenses	0	101	0	-101	0	0
Revenues	**9,772**	**9,515**	**3,319**	**3,268**	**13,091**	**12,783**
Grants	0	0	355	180	355	180
Total segment revenues	**9,772**	**9,515**	**3,674**	**3,448**	**13,446**	**12,963**
Other capitalized development costs	1,194	1,433	0	0	1,194	1,433
Depreciation and amortization	-1,249	-1,328	-446	-346	-1,695	-1,674
Operating expenses	-3,668	-2,855	-3,991	-4,331	-7,659	-7,186
Result of operating activities	**6,049**	**6,765**	**-763**	**-1,229**	**5,286**	**5,536**
Other operating income	509	342	107	219	616	561
Other operating expenses	-1,510	-1,227	-502	-512	-2,012	-1,739
Segment net profit and loss	**5,048**	**5,880**	**-1,158**	**-1,522**	**3,890**	**4,358**

After MBS KG has been accrued to 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 segments of Digital Mammography and Other Diagnostics are predominantly achieved with three customers, accounting each for a share of total revenues in excess of 10 %.

Segmentation of external revenues by geographical regions is as follows:

FIGURES IN € k	Digital Mammography Jan. 1 – Dec. 31 2014	2013	Other Diagnostics Jan. 1 – Dec. 31 2014	2013	MeVis Group Jan. 1 – Dec. 31 2014	2013
USA	9,526	9,338	2,563	2,956	12,089	11,934
Europe	246	76	756	773	1,002	849
External revenues	**9,772**	**9,414**	**3,319**	**3,369**	**13,091**	**12,783**

35. 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 include the joint ventures MBC KG and MBC GmbH.

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

FIGURES IN € k	2014	2013
Members of the Supervisory Board		
Expenses	80	79
Joint Ventures		
Receivables	87	160
Liabilities	0	6
Income (from services)	895	531
Expenses	0	29
Associated Companies		
Income	0	79
Expenses	0	1

36. 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 §§ 21 et seq. of the German Securities Trading Act (WpHG) concerning changes in the voting rights held in MMS AG:

1) On November 15, 2007, we were notified by Prof. Dr. Heinz-Otto Peitgen, Am Jürgens Holz 5, 28355 Bremen, in accordance with § 21(1a) of the German Securities Trading Act that his share of the voting rights stood at 17.67 % on November 15, 2007, i.e. the first day of admission.

2) On November 15, 2007, we were notified by Dr. Carl J.G. Evertsz, Schumannstraße 12, 28213 Bremen, in accordance with § 21(1a) of the German Securities Trading Act that his share of the voting rights stood at 17.67 % on November 15, 2007, i.e. the first day of admission.

3) On December 13, 2007, we were notified by Dr. Hartmut Jürgens, Grohner Bergstraße 11, 28759 Bremen, in accordance with § 21(1) of the German Securities Trading Act that his share of the voting rights had exceeded the reporting threshold of 15 % on December 13, 2007, and now stands at 16.53 %.

4) On April 30, 2008, we received the following notification from Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands: In accordance with § 21(1) of the German Securities Trading Act, the share of voting rights held by Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands, exceeded the thresholds of 3 % and 5 % on November 19, 2007, standing at 112,000 voting rights (equivalent to 6.15 % of all voting rights) as of that date.

   In accordance with § 21(1) of the German Securities Trading Act, the share of voting rights held by Fortelus GP Ltd., c/o M&C Corporate Services Ltd., Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, Fortelus Special Situations Fund LP, registered office 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA, and Fortelus Special Situations Fund Ltd., c/o M&C Corporate Services Ltd., Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, exceeded in the aggregate the thresholds of 3 % and 5 % on November 19, 2007, and the aforementioned entities held 112,000 voting rights (equivalent to 6.15 % of all voting rights) as of that date. The voting rights are held by Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands, and attributable to the aforementioned entities in accordance with § 22(1) Sentence 1 No. 1 of the German Securities Trading Act.

   In accordance with § 21(1) of the German Securities Trading Act, the share of voting rights held by Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands, exceeded the threshold of 10 % on April 2, 2008, standing at 186,037 voting rights (equivalent to 10.22 % of all voting rights) as of that date. In accordance with § 21(1) of the German Securities Trading Act, the share of voting rights held by Fortelus GP Ltd., c/o M&C Corporate Services Ltd., Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, Fortelus Special Situations Fund LP, registered office 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA, and Fortelus Special Situations Fund Ltd., c/o M&C Corporate Services Ltd., Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, exceeded in the aggregate the threshold of 10 % on April 2, 2008, and the aforementioned entities held 186,037 voting rights (equivalent to 10.22 % of all voting rights) as of that date. The voting rights are held by Fortelus Special Situations Master Fund Ltd., George Town, Cayman Islands, and attributable to the aforementioned entities in accordance with § 22(1) Sentence 1 No. 1 of the German Securities Trading Act.

5) On June 17, 2008, MMS AG announced in accordance with § 26(1) Sentence 2 of the German Securities Trading Act that its treasury stock had exceeded the threshold of 5 % on June 17, 2008 and stood at 5 % on that day (equivalent to 91,000 shares).

6) On November 4, 2008, we were notified by Mr. Peter Kuhlmann-Lehmkuhle, Oyten, Germany, in accordance with § 21(1) of the German Securities Trading Act that his share in the voting rights had exceeded the threshold of 3 % on October 30, 2008, and now stands at 3.0027 % (equivalent to 54,650 shares).

7) On February 14, 2011 MMS AG announced in accordance with § 26(1) Sentence 2 of the German Securities Trading Act that its treasury stock had exceeded the threshold of 5 % on November 7, 2008 and stood at 5.02 % on that day (equivalent to 91,332 voting rights).

8) On May 8, 2012, PEN GmbH, Heidelberg, Germany has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on MeVis Medical Solutions AG, Bremen, Germany have exceeded the 5 % and the 3 % threshold of the Voting Rights on May 3, 2012 and on that day amounted to 5.17 % (this corresponds to 94,101 Voting Rights).

   On May 8, 2012, Uhuru GmbH, Heidelberg, Germany has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on MeVis Medical Solutions AG, Bremen, Germany have exceeded the 5 % and the 3 % threshold of the Voting Rights on May 3, 2012 and on that day amounted to 5.17 % (this corresponds to 94101 Voting Rights). All of these Voting Rights are to be attributed to the company according to Article 22, Section 1, Sentence 1, No. 1 WpHG via PEN GmbH.

9) On May 07, 2013, Axxion S.A., Munsbach, Luxemburg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on MeVis Medical Solutions AG, Bremen, Deutschland, have exceeded the 3 % threshold of the Voting Rights on May 03, 2013 and on that day amounted to 3.08 % (this corresponds to 56,000 Voting Rights).

10) On November 12, 2013, Mr Dr. Carl J.G. Evertsz, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on MeVis Medical Solutions AG, Bremen, Deutschland, have fallen below the 15 % threshold of the Voting Rights on November 11, 2013 and on that day amounted to 14.9995 % (this corresponds to 272,991 Voting Rights).

11) On March 26, 2014, Mr Dr. Carl J.G. Evertsz, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on MeVis Medical Solutions AG, Bremen, Deutschland, have fallen below the 10 % threshold of the Voting Rights on March 26, 2014 and on that day amounted to 9.99 % (this corresponds to 181,829 Voting Rights).

37. 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 (from Feb. 28, 2013) · Member of the Board of Trustees of Fraunhofer MEVIS
Dr. Robert Hannemann Bremen	from Oct.1, 2010	· Managing Director of MeVis BreastCare Verwaltungsgesellschaft mbH · Member of the Shareholders' Committee of MeVis BreastCare GmbH & Co. KG (until March 17, 2014)

SUPERVISORY BOARD

Prof. Dr. Heinz-Otto Peitgen Chairman Bremen	from Sep. 6, 2006	· Member of the Board of Trustees Stiftung Bremer Wertpapierbörse · Member of the Advisory Board of Die Deutsche Kammerphilharmonie Bremen GmbH · Member of the Board of Trustees of the Center for Art and Media, Karlsruhe
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
Peter Kuhlmann-Lehmkuhle Bremen	from June 15, 2011	· Managing Partner of C. Melchers GmbH & Co. KG

Shareholdings of the corporate bodies

Shares in the company held by members of its corporate bodies as of December 31, 2014 are as follows:

SUPERVISORY BOARD	Number of shares	% of share capital
Prof. Dr. Heinz-Otto Peitgen	354,039	19.45
Peter Kuhlmann-Lehmkuhle	54,749	3.01

As of December 31, 2014 the Executive Board held no shares in the company.

38. REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

Executive Board remuneration

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

FIGURES IN €	**Fixed remu-neration**	**Perfor-mance-related re-muneration**	**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**

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 2013:

FIGURES IN €	**Fixed remu-neration**	**Perfor-mance-related re-muneration**	**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	103,250.00	19,775.00	9,070.16	8,511.18	343,606.34
Dr. Robert Hannemann	176,400.00	66,997.88	46,898.52	1,132.87	5,957.82	297,387.09
Total	**379,400.00**	**170,247.88**	**66,673.52**	**10,203.03**	**14,469.00**	**640,993.43**

In contrast to the principles of Executive Board remuneration explained above and in the management report, Marcus Kirchhoff's bonus for 2013 includes a minimum bonus granted to him for his first year on the Executive Board.

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

Granted benefits

In the years 2013 and 2014 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	**2014**	**2014 (Min)**	**2014 (Max)**	**2013**	**2014**	**2014 (Min)**	**2014 (Max)**	**2013**
Fixed remuneration	203	203	203	203	176	176	176	176
Additional benefits	9	9	9	9	1	1	1	1
Total	**212**	**212**	**212**	**212**	**177**	**177**	**177**	**177**
Annual variable remuneration	69	0	100	103	59	0	87	67
Multi-year variable remuneration								
Bonus on a share dependant lever	48	0	70	20	42	0	61	47
Stock options	0	0	n.a.	9	0	0	n.a.	6
Total variable remuneration	**117**	**0**	**170**	**132**	**101**	**0**	**148**	**120**
Pension expenses	0	0	0	0	0	0	0	0
Total remuneration	**329**	**212**	**382**	**344**	**278**	**177**	**325**	**297**

Inflows

In the years 2013 and 2014 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	**2014**	**2013**	**2014**	**2013**
Fixed remuneration	203	203	176	176
Additional benefits	9	9	1	1
Total	**212**	**212**	**177**	**177**
Annual variable remuneration	107	75	72	42
Multi-year variable remuneration				
Bonus on a share dependant lever	0	0	0	0
Stock options	0	0	0	0
Total variable remuneration	**107**	**75**	**72**	**42**
Pension expenses	0	0	0	0
Total remuneration	**319**	**287**	**249**	**219**

Supervisory Board remuneration

Remuneration for the members of the Supervisory Board is governed by § 10 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 sales tax due on the reimbursed amount.

The members of the Supervisory Board received the following remuneration in 2014 for their duties:

a. Prof. Dr. Heinz-Otto Peitgen

As Chairman of the Supervisory Board of MMS AG, Prof. Dr. Peitgen received remuneration in the amount of € 35 k in 2013 (2013: € 35 k). He also had expenses reimbursed in the amount of less than € 0 k (2013: € 1 k).

b. Dr. Jens Kruse

As Vice-Chairman of the Supervisory Board of MMS AG, Dr. Kruse received remuneration in the amount of € 26 k (2013: € 26 k) in 2013. He also had expenses reimbursed in the amount of less than € 1 k (2013: € 1 k).

c. Peter Kuhlmann-Lehmkuhle

As Vice-Chairman of the Supervisory Board of MMS AG, Peter Kuhlmann-Lehmkuhle received remuneration in the amount of € 18 k (2013: € 18 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.

39. 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 2014 no options were issued to employees (2013: 19,589). In addition, in 2014 no options were granted to Executive Board members (2013: 8,500). The exercise price for all options granted in 2013 amounts to € 8.59.

MMS AG is entitled to settle the stock options in cash form – in other words, a combination model is in place. In view of the fact that there are no discernible restrictions to the issue of shares to settle the stock options and the Company currently does not have any preference for settling the stock options in cash form, they have been measured in accordance with 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 2014 year the expense totals € 16 k (2013: € 14 k).

As the stock option program of MMS AG expires on December 31, 2015, the maximum term of the outstanding options is less than 7 years (until December 31, 2020).

	2014			2013		
	Beginning of reporting period	Change	End of reporting period	Beginning of reporting period	Change	End of reporting period
Outstanding stock options	58,975	0	58,975	87,064	-28,089	58,975
Options granted	71,510	0	71,510	43,421	28,089	71,510
Options forfeited	-15,657	-1,455	-17,122	-13,509	-2,148	-15,657
Options exercised	0	0	0	0	0	0
Options lapsed	-24,764	0	-24,764	-2,925	-21,839	-24,764
Total	**90,064**	**-1,455**	**88,609**	**114,051**	**-23,987**	**90,064**
of which exercisable options	*0*	*0*	*0*	*0*	*0*	*0*

40. GERMAN CORPORATE GOVERNANCE CODEX

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 13, 2013 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, 2014. Shareholders can view it on the Company website as a PDF.

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

FIGURES IN € k	2014	2013
Audit of financial statements	63	65
Other auditing services	0	0
Tax advisory	34	83
Miscellaneous	6	3
Total	**103**	**151**

42. EVENTS AFTER THE BALANCE SHEET DATE

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

43. APPROPRIATION OF PROFITS

Executive Board and Supervisory Board propose that from net profit in the amount of € 4,612,488.30 for the financial year 2014, reported in the annual financial statements, an amount of € 72,800.00 will be paid as dividend for the 2014 financial year, amounting to € 0.04 per eligible share and accordingly adjust the remaining amount of € 4,539,688.30 to other retained earnings. Executive Board and Supervisory Board assume that the 97,533 treasury shares, which were tendered on February 18, 2015 will be sold until the Annual General Meeting.

Bremen, March 24, 2015

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

CHANGES IN ASSETS

for the period January 1 through December 31, 2014

FIGURES IN € k	Cost of acquisition or manufacturing Balance on Jan. 1, 2014	Additions	Disposals	Balance on Dec. 31, 2014
I. Intangible assets				
Purchased industrial property rights and similar rights	2,420	194	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**

Cumulative 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	70	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**

CHANGES IN ASSETS

for the period January 1 through December 31, 2013

		Cost of acquisition or manufacturing			
	FIGURES IN € k	Balance on Jan. 1, 2013	Additions	Disposal	Balance on Dec. 31, 2013
I.	**Intangible asstes**				
	Purchased industrial property rights and similar rights	2,402	23	4	2,420
	Customer base	4,091	0	0	4,091
	Development expenses	8,721	1,433	0	10,155
	Goodwill	10,625	0	0	10,625
		25,839	**1,456**	**4**	**27,291**
II.	**Property, plant and equipment**				
	Other equipment, furniture and office equipment				
	Leasehold improvements	680	0	0	680
	IT-equipment	790	320	1	1,109
	Furniture and office equipment	545	71	13	603
		2,015	**391**	**14**	**2,392**
		27,854	**1,847**	**18**	**29,683**

Cumulative depreciation and amortization				Carrying amounts	
Balance on Jan. 1, 2013	Depreciation and amortization	Disposals	Balance on Dec. 31, 2013	Balance on Dec. 31, 2013	Balance on Dec. 31, 2012
2,114	216	4	2,326	94	287
2,141	281	0	2,422	1,669	1,950
5,891	990	0	6,881	3,274	2,831
0	0	0	0	10,625	10,625
10,146	**1,487**	**4**	**11,629**	**15,662**	**15,693**
660	12	0	672	8	20
645	88	1	732	378	145
428	87	10	505	98	117
1,733	**187**	**11**	**1,909**	**484**	**282**
11,879	**1,674**	**15**	**13,538**	**16,146**	**15,975**

AUDITOR´S REPORT

We have audited the separate financial statements according to IFRS – comprising the income statement, statement of comprehensive income, statement of financial positions, cash flow statement, statement of changes in equity, and notes to the financial statements – taking into account the accounting as well as the management report of MeVis Medical Solutions AG, Bremen, for the financial year from January 1 until December 31, 2014. The preparation of the separate financial statements according to IFRS and the management report in accordance with IFRS as endorsed in the EU and, in supplementation, with the regulations as set forth in Section 325 Paragraph 2a of the German Commercial Code (HGB) is the responsibility of the Executive Board of the Company. Our responsibility is to express an opinion on the separate financial statements according to IFRS including accounting and the management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that material misstatements affecting the presentation of the net assets, financial position and results of operations in the separate financial statements according to IFRS in accordance with the applicable accounting principles 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 evaluations of 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 separate financial statements according to IFRS and management report are examined primarily on a samples basis within the framework of the audit. The audit includes assessing the accounting and consolidation principles used and the significant estimates made by the Executive Board as well as evaluating the overall presentation of the separate financial statements according to IFRS and the 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 separate financial statements according to IFRS give a true and fair view of the Company's net assets, financial position and results of operations in accordance with IFRS as endorsed in the EU and, by way of supplementation, in accordance with the provisions of the German Commercial Code (§ 325 (2a) HGB). The management report is consistent with the separate financial statements according to IFRS 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 2, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Fahlbusch	Bultmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT ("BILANZEID")

Responsibility statement required by section 37v para. 2 sentence 3 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 264 para. 2 sentence 3 and 289 para. 1 sentence 5 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, March 24, 2015

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 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 2015

Date	Event
April 23, 2015	Annual Report 2014
May 21, 2015	Interim Report for Q1 2015
June 9, 2015	Annual General Meeting, Bremen
August 11, 2015	Interim Report for H1 2015
Aug. 31 - Sept. 2, 2015	Small Cap Conference, Frankfurt am Main
November 19, 2015	Interim Report for Q3 2015
November 23 - 25, 2015	German Equity Forum, Frankfurt am Main

MeVis Medical Solutions AG
Caroline-Herschel-Str. 1
28359 Bremen
Germany

Phone +49 421 22495 0
Fax +49 421 22495 999
info@mevis.de

www.mevis.de