

INTERIM FINANCIAL REPORT

AS OF SEPTEMBER 30, 2007



MeVis Medical Solutions AG

Interim consolidated financial statements as of September 30, 2007

January 1 through September 30, 2007

MeVis Medical Solutions AG laying the foundation for further dynamic growth:

- Sales plus other operating income up 17% year on year in the first nine months of 2007.
- EBIT (IFRS) of EUR 1.9 million or EUR 2.6 million net of IPO costs. Development costs not capitalized.
- Earnings for Q3 in line with expectations.

Sales in the first three quarters of 2007 came to EUR 6.2 million. In addition, other operating income of EUR 0.7 million from development grants was generated. Fiscal 2007 is characterized by substantial extensions to development activities for new products, which are planned for release in 2008 and 2009, as well as the stock-market flotation, which was successfully completed on November 16, 2007.

Staff costs rose to EUR 2.6 million in the first three quarters, equivalent to an increase of approximately EUR 1.1 million or some 75%, primarily as a result of intensive development activities. Once again, the product development costs were not capitalized.

EBIT for the first three quarters of 2007 came to EUR 1.9 million, compared with EUR 3.3 million in the same period in Fiscal 2006. However, adjusted for costs directly related to the stock market flotation of around EUR 0.7 million as well as currency translation effects, EBIT stood at some EUR 2.8 million. The third quarter saw further development of the Group structure, the execution of corporate measures and preparations for the planned stock market flotation.

In June 2007, MeVis Medical Solutions Inc. was established in Wisconsin, United States, as a wholly owned subsidiary, commencing its operations as of September 1, 2007. In addition to extending the global network of research and development partners and establishing additional product development capacity, the Company is focusing on gaining new distribution partners. Ahead of the planned stock market flotation, corporate restructuring activities were implemented (including the acquisition and amalgamation of the outstanding shares in MeVis Diagnostics GmbH & Co. KG and MeVis Distant Services AG).

The Management Board comprising the CEO Dr. Carl J.G. Evertsz was extended in the period under review with the appointment of Dr. Olaf Sieker (CFO) and Thomas E. Tynes (Sales & Marketing). Dr. Peter Zencke was appointed to the Supervisory Board on August 22, 2007.

Significant events occurring after the first nine months of 2007:

MeVis Medical Solutions AG was successfully floated on November 16, 2007 and is listed in the Prime Standard of the Frankfurt Stock Exchange. A total of 776,866 shares were placed, equivalent to a ratio of around 42.7 percent. The issue generated proceeds of approximately EUR 28.6 million.

Consolidated income statement

For the period of January 1 through September 30, 2007

	Note	01.01.-30.09.2007	01.01.-30.09.2006
(in € thousands)			
Revenues		6.192	5.822
Other operating income	6	738	80
Cost of materials/cost of services purchased		-308	-346
Staff costs	6	-2.608	-1.493
Other operating expenses	10	-1.878	-649
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		2.136	3.414
Depreciation and amortisation		-226	-154
Earnings before interest and taxes (EBIT)		1.910	3.260
Interest income		82	38
Interest expense		-99	-127
Net financial results		-17	-89
Earnings before tax (EBT)		1.893	3.171
Taxes on income	6	-891	-1.050
Consolidated net profit for the year		1.002	2.121

Consolidated income statement

For the period from July 1 until September 30, 2007

	Note	01.07.-30.09.2007	01.07.-30.09.2006
(in € thousands)			
Revenues	6	2.023	2.196
Other operating income	6	506	0
Cost of materials/cost of services purchased		-104	-170
Staff costs		-1.027	-622
Other operating expenses		-1.133	-152
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		265	1.252
Depreciation and amortisation		-72	-18
Earnings before interest and taxes (EBIT)		193	1.234
Interest income		31	28
Interest expense		-50	-55
Net financial results		-19	-27
Earnings before tax (EBT)		174	1.207
Taxes on income		-64	-417
Consolidated net profit for the year		110	790

Consolidated balance sheet

as of September 30, 2007

	Note	30.09.2007	31.12.2006
(in € thousands)			
Non-current assets			
Intangible assets		610	389
Property, plant and equipment		400	287
Deferred taxes	9	162	574
		1.172	1.250
Current assets			
Inventories		13	30
Trade receivables		2.001	1.873
Other financial assets		472	365
Other assets	4	1.105	157
Cash and cash equivalents		4.445	5.428
		8.036	7.853
ASSETS		9.208	9.103
Equity		3.695	2.653
Non-current liabilities			
Other financial liabilities		76	566
		76	566
Other financial liabilities			
Provisions		76	76
Liabilities from contract development		0	114
Trade payables		1.074	438
Liabilities to banks		0	1
Other financial liabilities		1.596	2.049
Deferred revenues	7	232	249
Miscellaneous other liabilities		427	716
Income taxes		2.032	2.241
		5.437	5.884
EQUITY AND LIABILITIES		9.208	9.103

Consolidated cash flow statement

For the period of January 1 through September 30, 2007

	01.01.2007- 30.09.2007	01.01.2006 - 30.09.2006
	(in € thousands)	
Consolidated net profit for the year before taxes and interest	1.910	3.260
+ Depreciation and amortisation	226	154
+/- Increase / decrease in provisions	-3	-138
-/+ Interest paid and received	77	37
-/+ Taxes paid and refunded	-870	0
-/+ Increase / decrease in inventories	17	-28
-/+ Increase / decrease in trade receivables and other assets	-661	-1.599
+/- Increase / decrease in trade payables and other liabilities	-1.150	1.686
= Cash flow from operating activities	-454	3.372
+ Cash inflow from the disposal of non-current assets	0	38
- Payments made for investments in property, plant and equipment	-318	-224
- Payments made for investments in intangible assets	-96	-251
- Payments made for investments in consolidated companies	-250	0
+ Cash inflow from the acquisition of other companies	96	0
= Cash flow from investing activities	-568	-437
+ Cash inflow from the increase in equity	760	0
+ Cash inflow from the sale of treasury stock	1.500	0
- Payments made for the acquisition of treasury stock	-2.208	0
+ Cash inflow from raising non-current borrowings	0	48
- Payments made to repay non-current borrowings	-1	0
= Cash flow from financing activities	51	48
Changes due to exchange rate fluctuations	-12	0
Changes in cash and cash equivalents	-983	2.983
+ Cash and cash equivalents at the beginning of the period	5.428	2.024
= Cash and cash equivalents at the end of the period	4.445	5.007

Changes in equity and non-current capital provided by the limited partners

for the period of January 1 through September 30, 2007

(in € thousands)

	Equity capital			Other non-current capital provided by the limited partners	Equity and other long-term capital provided by the limited partners
	Subscribed capital	Consolidated retained earnings (loss)	Total		
Balance 1.1.2006	0	-2.115	-2.115	1.833	-282
Consolidated results for the period	0	2.121	2.121	0	2.121
Change of legal status	50	1.783	1.833	-1.833	0
Balance 30.9.2006	50	1.789	1.839	0	1.839
Balance 1.1.2007	50	2.603	2.653	0	2.653
Increase in capital from retained earnings	490	-490	0	0	0
Contributed capital	760	0	760	0	760
Capital reserves from sale of treasury shares	0	837	837	0	837
Treasury shares	0	-1.545	-1.545	0	-1.545
Exchange rate deferral	0	-12	-12	0	-12
Consolidated results for the period	0	1.002	1.002	0	1.002
Balance 30.9.2007	1.300	2.395	3.695	0	3.695

Notes to consolidated interim financial statements

as of September 30, 2007

1 General disclosures

At their meeting held on July 20, 2007, the shareholders passed a resolution to rename MeVis Technology AG ("MT AG") as MeVis Medical Solutions AG, Bremen. The entry in the commercial register, necessary for this resolution to take legal effect, was effective on August 27, 2007.

Financial instruments, which entitle the holder to repayment of the capital made available to the company, are classified as liabilities in accordance with IAS 32. As the group parent, MT AG was organised as a partnership until September 6, 2006. Upon re-organization as "AG", the limited partners were able to exercise a statutory right of termination, which was not limited by the articles of association of the partnership agreement, however, the company was under the obligation to repay the terminating partner's share capital and the share of profits accrued. In accordance with the partnership agreement, the settlement payment was calculated on the basis of the Stuttgart method, a valuation method used to determine the fair value of shares in non-listed corporations, the value of which cannot be determined from comparable transactions.

In accordance with the agreements entered into amongst the shareholders for calculating the value of the settlement, the balance sheet value as of June 30, 2006 was based on the value calculated on the results of the financial year ended on December 31, 2005.

The settlement obligations towards limited partners previously reported under the item "Long-term capital provided by the limited partners" was dissolved without effecting the income statement in connection with the change in legal form of the parent company into a public company on September 6, 2006. As a result of the change in legal form, no comparable obligations are due to the shareholders anymore.

The consolidated interim financial statements of MeVis Medical Solutions AG as of June 30, 2007 were prepared in accordance with IAS 34. In this context, the option provided for in IAS 34 for the preparation of condensed notes was utilised.

The consolidated interim financial statements for the period from January 1 to September 30, 2007 use the same reporting and measurement policies as the IFRS consolidated financial statements for the annual statements of 2006. The consolidated interim financial statements as of September 30, 2007 are therefore to be read in conjunction with the consolidated financial statements as of December 31, 2006.

The following standards were applied for the first time in the consolidated interim financial statements of MeVis Medical Solutions AG as of September 30, 2007:

- Changes to IAS 1 "Presentation of the annual financial statements"
- IFRS 7 "Financial Instruments: Disclosures"
- IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Countries"
- IFRIC 9 "Reassessment of Embedded Derivatives"
- IFRIC 10 "Interim Financial Reporting and Impairment"

The application of the aforementioned standards and interpretations did not have an impact on the Group's net assets, financial position and results of operations.

The following standards and interpretations issued by IASB and/or IFRIC in 2006 or 2007 were not yet mandatory for the MeVis Group's interim consolidated financial statements as of September 30, 2007:

- IFRS 8 "Operating Segments"
- IFRIC 11 "Group and Treasury Share Transactions in accordance with IFRS 2"
- IFRIC 12 "Service Concession Agreements"
- IFRIC 13 "Customer Loyalty Programs"
- IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- Changes to IAS 23 "Borrowing Costs"

At present, the MeVis-Group assumes that with the exception of IFRS 8 the application of these standards and interpretations as of the date on which they become mandatory will not have any material effect on its net assets, financial position and results of operations.

The Group is currently assessing the potential effects of IFRS 8, which has not yet been endorsed by the Commission of the European Union.

2 Withdrawal of shareholders / acquisition of treasury shares / sale of treasury shares

On June 14, 2007, MeVis Medical Solutions AG and the founders of MeVis Medical Solutions AG entered into contracts with Bremer Unternehmensbeteiligungsgesellschaft mbH ("BUG"), Bremen, for the purchase and transfer of 10,871 shares, under the terms of which MeVis Medical Solutions AG acquired 5,000 shares. Following this transaction, BUG now no longer holds any shares in MeVis Medical Solutions AG. MeVis Medical Solutions AG holds treasury stock of 10% as a result of this transaction. The acquisition and the transfer of the shares were entered in the commercial register on July 9, 2007.

At the general meeting of shareholders held on August 22, 2007 it was approved that 1,500 treasury shares were to be transferred to Mr. Peter Kuhlmann-Lehmkuhle. The purchase price per share amounted to € 1,000. Not affecting net income, the resulting capital reserve of € 837 thousand is being accounted for as part of the equity.

3 Incorporation of companies and acquisition of shares

On June 25, 2007 MeVis Medical Solutions AG founded MeVis Medical Solutions, Inc., Mukwonago, Wisconsin (USA), with a share capital of USD 1,000; the company is recorded by 100% in the consolidated financial statements of MeVis Medical Solutions AG.

At the shareholders' meeting of MeVis Research GmbH on June 25, 2007, a resolution was passed to increase that company's share capital by € 34,341.63 from € 102,258.37 to € 136,600. MeVis Medical Solutions AG was permitted to acquire a share of € 34,300 (25.1% of the share capital) and undertook to accept the transfer of these shares. In the revised articles of incorporation of MeVis Research GmbH, MeVis Medical Solutions AG undertakes to pay MeVis Research GmbH an annual grant of 25% of the government funds provided in that year by the State of Bremen for the purposes of institutional financing. In 2006, the government funds provided by the State of Bremen amounted to € 1,063 thousand. The shareholders are entitled to withdraw from the company at the end of the year subject to six months' advance notice. The changes in the articles of incorporation of MeVis Research GmbH, MeVis Medical Solutions AG's inclusion as a shareholder and the increase in share capital have been registered in the commercial register on October 8, 2007. MeVis Research GmbH has not been included in the consolidated interim financial statements of MeVis Medical Solutions AG for the period ended on September 30, 2007. On July 20, 2007 MeVis Medical Solutions AG and the founders of MeVis Medical Solutions AG have signed share purchase and transfer agreements regarding the shares of the MeVis Distant Services AG, Bremen. Including additional share purchase and transfer agreements signed by other shareholders of MeVis Distant Services AG on July 2, 2007, a total of 50,000 shares were purchased and transferred for a consideration of € 250 thousand. All shares of the MeVis Distant Services AG have been acquired by and transferred to MeVis Medical Solutions AG. The acquisition of the shares of the MeVis Distant Services AG has been registered in the commercial register on August 27, 2007.

4 Merger of companies

Based on a resolution passed by the general meeting of shareholders on August 22, 2007, the MeVis Distant Services AG was merged with MeVis Medical Solutions AG retroactively to January 1, 2007. The transfer of all assets and liabilities of the MeVis Distant Services AG is effected at book value on the basis of the year end balance sheet dated to December 31, 2006 of the MeVis Distant Services AG.

Additionally, based on resolutions passed by the general meeting of shareholders on August 22, 2007, the MeVis Diagnostics Verwaltungs GmbH as well as the MeVis Technology Verwaltungs-GmbH were merged with MeVis Medical Solutions AG retroactively to January 1, 2007. The transfer of all assets and liabilities is effected at book value on the basis of the year end balance sheet dated to December 31, 2006 of the respective companies.

The shareholders of the MeVis Diagnostic Verwaltungs GmbH as well as of the MeVis Technology Verwaltungs-GmbH have abstained from the formulation of a merger report and the execution of a merger audit.

After the merging of the general partner (MeVis Diagnostic Verwaltungs GmbH) of the MeVis Diagnostic GmbH & Co. KG, Bremen with MeVis Medical Solutions AG, the MeVis Diagnostic GmbH & Co. KG is accreted to MeVis Medical Solutions AG.

5 Increase in authorised share capital

At the shareholder meeting held on July 20, 2007, a resolution was passed to increase the company's share capital by € 490,000 from € 50,000 to € 540,000 using retained earnings. The entry in the commercial register necessary for this resolution to take legal effect was completed on August 27, 2007.

At the shareholder meeting held on August 22, 2007, a resolution was passed to modify the ratio of shares to share capital as well as to increase the authorised share capital by a cash contribution of € 760,000 from € 540,000 to € 1,300,000.

With the exception of MeVis Medical Solutions AG, whose subscription rights were excluded, the shareholders participated in the equity issued on a pro-rata basis. The cash contributions were paid in full in September 2007. The entry in the commercial register was completed on October 8, 2007.

In addition, the following resolutions were passed at the shareholder meeting held on August 22, 2007:

- Creation of an authorised capital equalling 50% of the share capital,
- Authorisation was granted to issue a total of 130,000 stock options on or before December 31, 2011 and to create the necessary conditional capital of € 130 thousand.

The stock options have a validity period of 5 years as of the date on which they are granted and may only be exercised after a vesting period of 2 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 prior to the end of the subscription period in which the options in question were granted.

Exercise of the stock options is contingent upon the following performance hurdles being reached:

1st Instalment (30,000 stock options, granted on or before December 31, 2007):

The stock price exceeds the base price (issue price) by 15% in the period between the date on which the stock options are granted and the commencement of the exercise period.

2nd Instalment (all other stock options):

The stock outperforms the TecDax by more than 15% in the period between the date on which the stock options are granted and the commencement of the exercise period.

Stock options which have vested but are not exercised despite the performance hurdles being reached, may be exercised in a later exercise period notwithstanding the possibility that the performance criteria are not met in such later exercise period. The option conditions may provide for further conditions for exercise in addition to the performance hurdles.

In the event of any share issues, provision may be made for corresponding adjustments to be made to the option conditions. Partial exercise of the stock options is permissible. As a matter of principle, the stock options are granted on a non-remunerated basis but subscription rights may be made contingent upon certain conditions being met.

The employees and members of the management and companies in which MeVis Medical Solutions AG directly or indirectly holds a share are eligible to receive stock options. If MeVis Medical Solutions AG's Board of Directors is eligible to receive stock options, the shares are granted by the Supervisory Board.

The executive board of MeVis Medical Solutions AG has been authorised by a resolution passed at the general meeting held on September 28, 2007 to increase the authorised share capital of MeVis Medical Solutions AG until September 27, 2012 by up to € 650 thousand by means of an emission of registered shares. In addition MeVis Medical Solutions AG has been authorised to acquire and sell treasury shares.

6 Selected notes on the consolidated balance sheet and consolidated income statement

Other assets

Up until September 30, 2007, costs in the amount of € 402 thousand were incurred in connection with the planned initial public offering and recognized as other assets pending the receipt of the proceeds from the public offering.

Revenues

Consolidated revenue for the third quarter 2007 is mainly affected by a new pricing agreement between the 51%-subsidiary company MeVis BreastCare GmbH & Co. KG and a customer active in the field of digital mammography. This new pricing agreement, which came into effect in 2007, stipulates a reduction in licence prices after the customer has procured a defined number of licenses over the course of a year.

Due to the strong focus of the MeVis-group on the US-market, the group is exposed to exchange rate fluctuations. Caused by the significant decrease in value of the US-\$ in comparison with the Euro in 2007, the group's revenues were negatively affected in Euro terms.

Other operating income

The increase in operating income by € 658 thousand to the amount of € 738 thousand for the period ended September 30, 2007 is predominantly due to the recognition of development grants received affecting net income.

In the third quarter 2006, other operating income has decreased in comparison to June 30, 2006. In the interim consolidated financial statements dated to June 30, 2006, € 100 thousand were reported as other operating income due to the pro-rata recognition of development grants received. By applying the percentage of completion (poc) method, these amounts would have been recognised at the time of completion of the underlying development work. The differing amount of € 100 thousand is reported as other operating expenses.

Staff costs

	01.01.-30.09.2007	01.01.-30.09.2006	Change
			(in € thousands)
Staff costs	2.608	1.493	1.115

The increase in staff costs is due to the rise in the number of employees. The average head count for the period under review stood at 63 (2006: 37). Of these, 26 (2006: 20) people were employed by the consolidated companies.

Taxes on income

Taxes on income have been affected by the decrease in deferred taxes on the assets side from the acquisition of software licences as well as by the reduction in the corporate tax rate to 30% due to the German corporate tax reform ("Unternehmensteuerreform 2008") (cf note 9).

7 Significant changes in transactions with related parties

The Group engages in business with related parties. These transactions form part of its usual business activities and are subject to arms length conditions.

One of the main transactions concerns the consulting contract entered into with one of the shareholders (who was elected to the Supervisory Board on September 6, 2006). During the first nine months of 2007, fees of € 26 thousand (Q3 of 2006: € 30 thousand) were included in the income statement. The shareholder is also the managing director of MeVis Research GmbH.

MeVis Research GmbH performs research and software development services on a commission basis for MeVis Medical Solutions AG. As of September 30, 2007 these activities had a volume of € 200 thousand (Q3 of 2006: € 66 thousand). Office space was leased from MeVis Research GmbH until April 2007. As of April 2007, MeVis Medical Solutions AG leased the office space directly from the lessor.

A loan of € 1,035 thousand granted by BUG was duly terminated effective December 31, 2006 in notice served on September 29, 2006 and repaid in full as of December 31, 2006. During the first nine months of 2007, no interest expense arose in connection with this loan (Q3 of 2006: € 78 thousand).

Management remuneration (members of management, Board of Directors, Supervisory Board) amounted to € 201 thousand as of September 30, 2007 (Q3 of 2006: € 89 thousand).

Related parties also include the joint-venture companies MeVis BreastCare GmbH & Co. KG and MeVis BreastCare Verwaltungs-GmbH.

As of September 30, 2007 (December 31, 2006), the following receivables were due from and the following liabilities were owing to related parties:

	30.09.2007	31.12.2006
	(in € thousands)	
Members of management		
Receivables	48	30
Liabilities	24	0
BUG		
Receivables	6	1
Liabilities	0	41
MeVis Research GmbH		
Receivables	106	10
Liabilities	2	84
Joint Ventures		
Receivables	60	4
Liabilities	846	1.262

8 Segment reporting

Reflecting the different product groups sold by the company, the Group revenue is reported on the basis of two segments: Digital mammography and other diagnostics.

Primary segment format

Segment report as of September, 30, 2007 (in € thousands)

	Digital mammography		Other diagnostics		Eliminations		MeVis - Group	
	1.1. - 30.9.		1.1. - 30.9.		1.1. - 30.9.		1.1. - 30.9.	
	2007	2006	2007	2006	2007	2006	2007	2006
External revenues	4.250	4.204	1.953	1.618	-10	0	6.192	5.822
Total revenues	4.250	4.204	1.953	1.618	-10	0	6.192	5.822
Depreciation and amortisation	-143	-204	-126	-77	42	127	-226	-154
Operating expenses	-1.400	-1.072	-1.516	-768	0	0	-2.916	-1.840
Segment net profit / loss	2.707	2.928	311	774	32	127	3.050	3.829
Other operational income	305	41	433	40	0	-1	738	80
Other operational expenses	-588	-361	-1.296	-285	6	-3	-1.878	-649
Result of operating activities	2.425	2.608	-552	529	38	123	1.910	3.260

Secondary segment format

Segmentation report as of September 30, 2007

	1.1. - 30.9.		1.1. - 30.9.	
	2007		2006	
	in € thousands	in %	in € thousands	in %
Europe	1.224	20%	949	16%
United States	4.969	80%	4.873	84%
Total segment revenues	6.192	100%	5.822	100%

9 Deferred taxes

The calculation of deferred taxes was carried out on the basis of an income tax rate of 40% insofar as the temporary taxation differences will reverse in 2007. Due to the corporate tax reform of 2008, an income tax rate of 30% is applied for temporary taxation differences that will reverse in 2008.

10 Other operating expenses

The increase in other operating expenses is predominantly due to the increase in consultancy and auditing expenses related to the initial public offering in 2007.

11 Events after the balance sheet date (September 30 2007)

The shareholders of MeVis Medical Solutions AG plan to float the company's entire share capital, which will amount up to € 1,820 thousand following the execution of the capital increase decided upon during the extraordinary shareholder meeting on September 28, 2007, on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. Admission to the regulated market took place on November 15, 2007, with trading to commence on November 16, 2007.

MeVis
MEDICAL SOLUTIONS



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