Q1+2

Mid-Year Report 2015

Q1+2

Half Year Report 2015

Interim Financial Statements

Consolidated Interim Financial Statements

Dr. Carsten Brockmeyer, CEO

Dr. Nicolas Combé, CFO

Prefacing Remarks

Dear shareholders of Formycon AG

In the first half of 2015, Formycon continued moving rapidly forward on its path of success. Following fiscal year 2014, in which we were able for the first time to close the year with a profit, our financial results for the first six months of 2015 were again gratifyingly positive, in terms of both of top-line revenue and bottom-line profit. We have, moreover, made significant advances not only in our financial performance but also in the development of our biosimilar drug candidates. Through these successes, we have been able to demonstrate once again that our company is based on a solid foundation and is poised for sustainable and profitable growth.

The strength of our company and of our growth prospects is derived from our business model, namely the identification and product development of biosimilars of the so called “third wave of biosimilars”, meaning follow-on versions of established biotechnologically produced drugs which will lose their patent protection starting in the year 2020. In this global market space, Formycon established a unique and leading position for itself at an early stage. Because biosimilars are highly complex and require technology and know-how of a completely different order of magnitude than conventional generics, in both development and production, creators and producers of biosimilar drugs must have a great deal of specialized expertise and experience in order to succeed. The number of companies with these capabilities is limited, and barriers to market entry are high. With our in-house scientific, technological and business expertise, Formycon is set to play a leading global role in this new market.

Our product pipeline already includes three biosimilar drug candidates under development, designated as FYB201, FYB202 and FYB203. The market potential of the original products against which these biosimilars will compete is estimated to be roughly USD 12 billion. Our objective is to be the first company to produce data demonstrating bioequivalence of our biosimilar product candidates with these established drugs and, together with our partners, to be the first to bring competing biosimilars to market upon patent expiry of the original drugs.

We are immensely proud to have found, already in an early phase, a strong and experienced partner, Santo Holding GmbH, for two of these product candidates, FYB201 und FYB203. Thanks to our out-licensing agreement with Santo, the further clinical development of these two new biosimilars rests securely upon a strong and reliable foundation. With these two product licensing deals in place, we are a significant step further towards our objective of entering the global market starting in 2020.

In the case of FYB201, our furthest advanced biosimilar, we aim to commence phase III clinical trials before the end of 2015. For Formycon, the working partnership with Santo means not only stability of financing and participation in future sales revenue, which we expect to be significant, but above all the security of having a strong and experienced industry player at our side. This instills us with the confidence and conviction to rapidly move forward with the biosimilar drug candidates currently in our development pipeline – as well as to explore new projects to enrich our future pipeline.

It is not only these developments within our company that confirm to us that we are on the right path; it is also what we are hearing from all around us. Financial analysts and pharmaceutical industry experts are talking more and more about the highly topical subject of biosimilars and the extraordinary promise which it offers. This emerging new class of drugs is also winning more and more attention among the general public, with a steady rise in media coverage on these exciting, new-generation biopharmaceuticals.

The advantages of biosimilars are striking: For one, they are cheaper than the original drugs, and will thus help to reduce the cost burden on the overall healthcare system. They will, for this reason, also provide doctors and patients with broader access to these highly specific and highly effective biopharmaceuticals. It is an industry segment, moreover, with enormous financial potential. Market experts forecast that sales of biosimilar drugs could already be upwards of USD 25 billion by the year 2020. In other words: We are running a company which is not only a solid, profitable business today but which also offers enormous growth potential.

The opportunity space in which we find ourselves is thus extraordinarily favorable to further expand and strengthen the position of FORMYCON as a leading independent developer of biosimilar drugs. With our staff of some 50 committed professionals, with specialized scientific and business expertise, we are working hard each and every day to create this new and innovation-driven generation of biosimilars – which will serve to benefit patients, our company, and our shareholders.

FORMYCON AG

Dr. Carsten Brockmeyer

Dr. Nicolas Combé

Interim Financial Statements
Management Report

Interim Management Report – First Half 2015
FORMYCON AG and FORMYCON Group

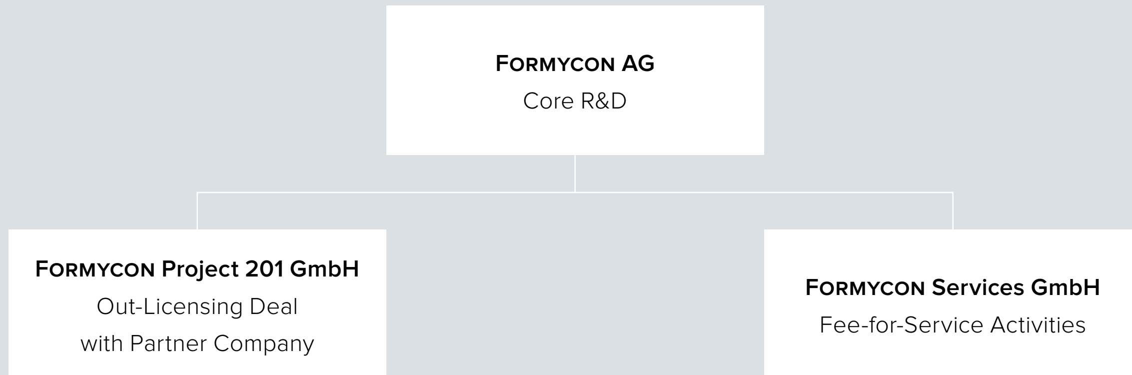
I. Basic Information about the Group

1. Business Model

The business model of the FORMYCON Group centers around the development of biosimilars, meaning new drugs which closely imitate biopharmaceutical products already on the market. The Company's business objective is to develop new products for subsequent out-licensing, whereby their subsequent development is then supported by the new licensing partner.

The Group is structured in accordance with this business model. Core research and development activities are conducted by FORMYCON AG, with drug candidates then spun off into product-specific subsidiaries. In addition, FORMYCON Services GmbH, a separate subsidiary, offers specialized services on a fee-for-service basis to pharmaceutical and biotech companies.

In the past year, the Group's structure was thus as follows:



FORMYCON Project 201 GmbH was the first such company to be spun off during the fiscal year, assuming all ongoing project activities for the Company's first two biosimilars to be licensed out. More such partnerships are planned in subsequent years. FORMYCON does not have any other facilities besides its main offices and laboratories in Planegg-Martinsried, a suburb of Munich. FORMYCON AG owns 100 % of both subsidiaries.

The activities of FORMYCON Group are substantially limited to research and development. Certain other activities relating to its fee-for-service business are insignificant.

The business of FORMYCON is directed toward the pharmaceutical market, and thus healthcare policy and regulation should be recognized as an important external influence factor.

2. Research & Development

During the first half of 2015, the activities of the Group were limited to research & development, incurring expenditures as follows:

	K€
External services	3,853
Raw materials, etc.	429
Staff	1,913
Depreciation	507
Other	1,614
	8,316

39 employees worked in research and development. These expenditures in the amount of 8,316 k€ were charged as current expenses, equal to approx. 84.6 % of consolidated revenue. None of these research & development expenditures were capitalized. No new patents or licenses were reported. Product development activities are proceeding on schedule, and market entry is thus likewise anticipated according to plan. There were no significant changes within the Company's R&D organization.

II. Report on Business Performance

1. General Economic Conditions and Industry Conditions

During the reporting period, overall economic conditions varied considerably. While the German economy was generally quite strong, with high productivity and low unemployment rates, the country's political agenda was dominated, in particular, by the Greek crisis. Even though its impact on the German economy was limited, there were constant concerns that the crisis could spill over into other southern European countries. The financial markets were significantly burdened by this threat of this "sword of Damocles" hanging over it during the first half of the year.

Towards the end of the first half, moreover, the Chinese economy began to fumble, as the country's economy slowed down. Following the rapid growth rates of previous years, Chinese industrial growth rates moderated significantly, with dramatic consequences for the Chinese financial markets: After reaching record high after record high in recent years, the Chinese stock market suffered a major crash in June 2015, with prices plunging over a short time by more than 30 percent.

In contrast, the healthcare sector – which is the industry within which FORMYCON operates – remained strikingly robust during the first half of the year. By way of illustration, Evaluate Pharma, a research house specializing in the pharmaceutical and biotech industry, estimates the value of the industry's current research and development pipeline at $ 493 billion. The total amount of new capital raisings, the number of IPOs internationally, the various M&A transactions within the industry ranging from large to small, and the number of new product launches all testify to the strong conditions prevailing within the healthcare sector – and specifically the gaining strength of the biosimilars industry.

Some notable examples are as follows:

- **January 2015:** Samsung Bioepis submits application to European Medicines Agency (EMA) for its biosimilar product Enbrel.
- **February 2015:** Pfizer acquires biosimilar developer Hospira for USD 17 billion.
- **February 2015:** Hospira introduces the first biosimilar antibody Inflectra (a biosimilar version of Remicad, developed by Celltrion) in key European markets.
- **March 2015:** The FDA approves the first U.S. biosimilar, Zakio from Sandoz (filgrastim-sndz), thus marking the opening of the world's largest pharmaceutical market to biosimilars.
- **April/May 2015:** The FDA approves the generic version of Teva's Copaone, developed by Sandoz. Teva, having originally planned to acquire Mylan for USD 40.1 billion, instead decides to acquire Allergan for USD 40.5 billion.

2. Business Development During the Period

Both FORMYCON AG and FORMYCON Group performed well during the first half of 2015. Revenue for the parent company only (FORMYCON AG unconsolidated) was USD 7.1 million, with after-tax profit of USD 1.65 million, while FORMYCON Group reported consolidated revenue of USD 9.82 million and after-tax consolidated profit of $ 1.52 million. FORMYCON Group does not have any financial debt.

Following the positive advice received from the European Medicines Agency (EMA) in 2014 that FORMYCON AG, with its FYB 201 biosimilar project, would be the first company allowed to proceed directly to phase III clinical trials, further key business milestones were attained in the first six months of 2015:

- **In March 2015**, FORMYCON passed a Good Manufacturing Practices (GMP) inspection carried out at its premises by regional government authorities, officially certifying that FORMYCON operates its production in accordance with these internationally accepted guidelines for quality assurance.
- **In April 2015**, FORMYCON successfully completed an increase in its share capital in the amount of € 11.1 million. The new shares were subscribed by international investors, primarily within the U.S.
- **In May 2015**, Dr. Carsten Brockmeyer, CEO of FORMYCON, was included in the 2015 "Medicine Maker Power List", a global selection of the 20 most influential people in the pharmaceutical world.
- Also **in May 2015**, the Company signed its second out-licensing deal with Santo Holding, for its FYB 203 biosimilar project, granting Santo exclusive worldwide marketing rights for FYB 203 as well as the right to further sub-license FYB 203. With this deal in place, Santo has now assumed responsibility for further clinical development, marketing and distribution. In addition, FORMYCON has received a multi-million-euro upfront payment to continue the technical and preclinical development work on FYB 203 on behalf of Santo. FORMYCON is also entitled to a significant share of the drug's future sales revenue.
- **In June 2015**, FORMYCON received a positive Scientific Advice from the U.S. Food and Drug Administration (FDA) for FYB 201, its first new drug to be out-licensed to Santo Holding, now clearing the way for the launch of global phase III clinical trials.
- At the Company's annual meeting of shareholders **in June 2015**, shareholders expressed their particular support for FORMYCON's orientation around long-term, sustainable business performance.

FORMYCON continues to strategically position itself as a leading independent company in the development, production and marketing of high-quality biosimilar drugs, with a particular focus on the highly regulated markets of Europe and the U.S. The Company's strength lies in the expertise of its senior management, supervisory board and highly qualified professional staff. Moreover, its tightly focused development processes lead to rapid and reliable results. FORMYCON makes great efforts to be a highly desirable partner, for both major pharmaceutical corporations and for producers of generic drugs.

FORMYCON is planning to expand its future product portfolio of biosimilar drug candidates, advancing them to the phase I clinical trials phase using its own resources.

Shareholder Structure
Approx. 50 percent of the shares of FORMYCON AG are held by family offices and institutional investors. Approx. 20 percent remain in the hands of the Company's founders. The remaining 30 percent are widely held.

The Company's shares are listed in the Entry Standard segment of the Frankfurt Stock Exchange. Based on daily closing prices, the Company's shares started the year at a price of € 10.10, reaching an all-time high of € 32.50 on April 10, 2015, before closing the period at a price of € 23.19 on June 30. Relative to other biotech stocks, shares in FORMYCON AG have performed extremely well, since their original listing as well as during the first half of 2015.

Additional Staff
During the period, the number of staff has increased from 40 at the start of the year to 47 at the end of June. FORMYCON Group plans to hire 13 additional staff members before the end of the year.

Additional Office and Laboratory Space
As FORMYCON continues to grow, it requires more office space and laboratory space. Thus, in the summer of 2015, interior construction works began on an additional floor which the Company has rented in its facility in Planegg-Martinsried, outside of Munich. Once these works are completed in the fall of 2015, FORMYCON Group will have approx. 520 sq.m. (approx. 5,600 sq.ft.) of additional office and laboratory space at its disposal.

3. Financial Performance

The financial results herein are reported for the period from January 1, 2015 to June 30, 2015. Because of rounding errors, it is possible that the figures cited do not precisely add up to the stated total, or that percentages do not precisely correspond to the absolute figures.

a) Results of Operations

During the first half of 2015, FORMYCON AG proceeded with the development of its first three biosimilar projects according to plan. As in the previous year, significant revenue was generated from the out-licensing deals of FYB 201, signed in December 2013, and FYB 203, signed in May 2015. Under the terms of the out-licensing deal for FYB 203, FORMYCON has received an upfront multi-million-euro payment, to be followed with subsequent payments in support of ongoing product development.

For the first half of 2015, FORMYCON AG (parent entity only) reported revenues of € 7.11 m, compared to revenue of € 7.41 m for the prior year period. The modest decrease was due to the reassignment of certain project activities into the newly formed subsidiary FORMYCON Project 201 GmbH. The cost of materials increased by roughly € 251 k to € 1.855 m, leading to a gross profit of € 5.523 m and after-tax profit for the period of € 1.651 m.

FORMYCON AG anticipates its coverage ratios to remain stable.

As to FORMYCON Group, consolidated revenue for the period was € 9.82 m, with consolidated after-tax net profit of € 1.529 m.

b) Financial Position

The financial situation of the Group remained solid and stable, with key financial ratios above average.

Current assets totaled € 24.826 m, compared to total current liabilities of just € 2.348 m. The Company did not have any bank loans or long-term loans.

As of the period closing date, cash and equivalents amounted to € 4.722 m, while marketable securities totaled € 15.835 m. Reference is made here to the interim statement of cash flows included in the consolidated financial statements.

Return on sales (after-tax profit divided by revenue) for the period was 15.6 %, while EBIT was € 1.540 m and EBITDA was € 2.047 m.

c) Net Assets

During the period, the Company's equity capital ratio increased from 83.4 % to 89.8 %, which is considerably above average. Non-current assets, which declined as a result of depreciation and amortization, are completely covered by equity capital, suggesting a strong and healthy balance sheet structure.

The Company's current assets consist almost completely of cash and marketable securities and thus involve negligible risks.

4. Financial and Non-Financial Performance Indicators

FORMYCON remains in the product development phase, which means that the informative value of customary financial indicators is limited. The performance indicators of importance to the Group are those which measure its long-term, sustainable financial strength.

Working capital, measured as the difference between current assets and current liabilities, amounted to € 22.686 m as of the period closing date. Cash flow (calculated as after-tax profit + depreciation and amortization + changes in long-term provisions) for the period was once again positive at € 2.047 m. The company's investment outflows of € 350 k were less than depreciation and amortization, and thus cash flow was positive.

The return on equity was 5.94 %, while the return on total capital was 5.98 %.

FORMYCON undertakes development for selected clients who see themselves as partners. Because of the small number of relationship clients, this implies a low conflict potential. The Company has been able to attain high general levels of customer satisfaction.

The Company's staff works primarily in research and development. Staff turnover is very low, demonstrating the high general level of employee satisfaction.

III. Report on Subsequent Events

There have been no significant events at FORMYCON since the end of the reporting period.

There are no identifiable increased risks to the current fiscal year.

IV. Report on Outlook

With positive scientific advice on FORMYCON's product candidate FYB 201 now having been received from both the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA), the company is now planning to commence phase III clinical trials on this new biosimilar drug before the end of 2015. It is anticipated that the study will begin in Europe, then be subsequently expanded to include clinical centers in the U.S. In any case, these phase III clinical trials will be conducted in such a way as to fulfill the requirements for regulatory approval in both the European and American markets.

The market launch of FYB 201 in the U.S. and in European markets is anticipated starting from 2020, directly upon expiry of the original product patent.

FORMYCON intends to commence further biosimilar projects starting next year. The Company is currently in the process of evaluating potential drug candidates.

With regard to the Company's earnings outlook, management remains confident that FORMYCON will report a full-year profit for 2015.

V. Report on Opportunities and Risks

1. Opportunities

Looking ahead to the future, the Company's management anticipates a continuation of favorable trends in the healthcare sector. There are several reasons for this:

– Advances in medical technology are offering new treatments for diseases which just a decade or two ago could not be treated.

– Populations are aging, not only in Germany but in the world as a whole, and there are thus ever more elderly people requiring intensive medical care.

– Through its research and development work in biosimilars, FORMYCON has been able to establish itself at an early stage as a leader in a new market segment which offers extraordinary promise. With its extensive expertise in biosimilars, FORMYCON has potential access to this entire market.

Management sees opportunities for future organic growth particularly in future product development as well as further out-licensing deals.

The Company will compete in its market – particularly as new competitors enter the biosimilars segment – on the basis of its expertise and experience, its capacity for innovation, its reliability, and the high levels of quality and customer satisfaction which is it able to maintain.

Biosimilar companies generally have a competitive advantage relative to the producers of the original products which they imitate because of their far lower cost structures. Compared to the conventional generics market, moreover, competition within the biosimilars segment is expected to be much less because of the significantly higher barriers to market entry.

2. Risks

Industry-Specific Risks

Should the economic difficulties in southern Europe and China intensify, the resulting economic decline could adversely affect not only general business conditions but also, insofar as the healthcare market is specifically impacted, the demand for FORMYCON products. Such an event could thus pose risks to the Group's revenue and earnings.

In addition, biosimilar producers face particular challenges which were not faced in the past by the producers of conventional generics based on small molecules. For one, the costs of product development, production and marketing of biosimilars are far higher. Moreover, biosimilars represents an entirely new class of drugs which must gain familiarity and acceptance with physicians, patients and health insurers.

A further risk, albeit a small one, is that the manufacturer of the original drug being imitated might change a production process or dosage form, forcing the producer of a competing biosimilar drug to follow suit.

Another significant risk is that the producer of the original patented biopharmaceutical might drop its price upon expiry of patent protection in order to retain market share in the face of new competition from a biosimilar.

Finally, governmental authorities responsible for drug approval could make regulatory changes which hamper or even preclude market entry for biosimilars.

Profitability Risks

FORMYCON's management does not currently see any immediate risks to earnings. There are long-term risks that research and development efforts could prove to be unsuccessful, or that new biosimilar drugs might not find market acceptance. It is, moreover, impossible to exclude the possibility of setbacks in the Company's product development efforts.

Financial Risks

In view of the Group's stable liquidity and strong base of equity capital, no liquidity risks can be identified at present. The Company has ample cash and marketable securities.

3. Overall Assessment

Looking to the future, FORMYCON management continues to see risks in the fragile economic outlook in certain regions of the world. Considering the Group's strong and stable financial condition, however, management is confident that it is well equipped to deal with the future risks which might specifically impact its market segment.

At present, no risks can be identified which might endanger the Company's continued existence. Compared to the previous year, there has been little or no change in either the probability of a significant risk event or the potential financial impact if such a risk event were to occur. Considering the Group's position on the whole, there has been no fundamental change in its risk exposure. Through the use of internal control mechanisms, the Company is in a position to identify changes in its risk exposure at an early stage and to take appropriate action.

VI. Report on Risks Related to the Use of Financial Instruments

The financial instruments of any significance currently used by FORMYCON Group are receivables, liabilities and bank balances.

Liabilities are settled within the stipulated period. Potential currency risks, which could have a negative effect on the Group's asset situation, financial position and profitability, are mitigated by avoiding the accumulation of foreign-currency liabilities.

The Group's most significance foreign-currency exposure arises from purchases of third-party services in CHF, which are paid promptly in order to minimize currency risks.

FORMYCON's risk management policy is fundamentally to protect against financial risks of all kinds.

In managing its financial position, the Group follows a conservative risk policy.

To the extent that payment default or other credit risks are identifiable with regard to financial assets, these risks are reflected through value adjustments.

Management does not see any risks which might endanger the Company as a going concern.

VII. Report on Branches

The Company does not currently maintain any branches.

FORMYCON AG

Dr. Carsten Brockmeyer

Dr. Nicoals Combé

Formycon AG
Interim Financial Statements

Formycon AG
Profit and Loss Account
January 1, 2015 – June 30, 2015

		06.30.2015	06.30.2014
	€	€	€
1. Revenue		7,110,312.00	7,413,404.67
2. Other operating income		268,409.93	28,105.45
3. Cost of materials			
a) Cost of raw materials and supplies	-429,208.48		-349,810.83
b) Cost for purchased services	-1,426,147.09	-1,855,355.57	-1,604,893.89
Gross profit or loss		5,523,366.36	5,486,805.40
4. Personnel expenses			
a) Wages and salaries	-1,651,444.42		-1,278,860.58
b) Social costs	-261,946.33	-1,913,390.75	-196,635.14
5. Depreciation and amortization			
a) of fixed intangible and tangible assets		-507,067.93	-545,022.24
6. Other operating expenses		-1,439,954.96	-845,472.66
Operating Income		1,662,952.72	2,620,814.78
7. Other interest and similar income		10.55	24.70
8. Interest expense and similar expenses		-11,069.59	-2,871.76
Financial results		-11,059.04	-2,847.06
9. Profit before tax		1,651,893.68	2,617,967.72
10. Income taxes		0.00	-200,600.00
11. Other taxes		-468.00	-270.00
12. Net profit / loss		**1,651,425.68**	**2,417,097.72**

Balance Sheet as of June 30, 2015 and December 31, 2014

Assets

		06.30.2015	12.31.2014
	€	€	€
A. Long-term capital			
I. Intangible assets			
1. Purchased concessions, industrial property rights and assets as well as licenses for such rights and assets	91,164.79		120,070.75
2. Goodwill	1,142,745.00	1,233,909.79	1,221,555.00
II. Property, plant and equipment			
1. Tenant installations	214,821.44		240,094.58
2. Other equipment, factory and office equipment	2,405,064.29	2,619,885.73	2,448,761.46
III. Financial assets			
1. Shares in affiliated companies	50,000.00		50,000.00
2. Loans to affiliated companies	1,547,349.12	1,597,349.12	1,667,965.88
B. Short-term capital			
I. Inventories			
1. Raw materials, consumables, and supplies		293,734.12	345,561.84
II. Receivables and other assets			
1. Trade receivables	0.00		303.76
2. Receivables from associated companies	4,591,945.52		2,390,087.50
3. Other assets	318,349.86	4,604,701.70	27,076.44
III. Securities			
1. Other securities		15,834,969.39	8,934,969.39
IV. Cash and cash equivalents		4,093,805.68	261,073.69
C. Deferred expenses			
1. Other deferred expenses		7,292.51	26,913.87
		30,285,648.04	**17,734,433.76**

Liabilities

		06.30.2015	12.31.2014
	€	€	€
A. Equity			
I. Subscribed capital	9,062,603.00		8,626,683.00
II. Capital reserve	28,927,564.34		18,247,524.34
III. Loss carry-forward	-12,076,346.07		-12,946,286.43
IV. Annual net profit/loss	1,651,425.68	27,565,246.95	869,940.36
B. Provisions			
1. Other provisions		572,056.49	519,000.00
C. Liabilities			
1. Trade accounts payable	445,269.92		1,423,251.15
2. Other liabilities	1,703,074.68	2,148,344.60	994,321.34
		30,285,698.04	**17,734,433.76**

Notes to the Interim Financial Statements

Notes to the Interim Financial Statements January 1, 2015 – June 30, 2015

Appendix 3

I. Basic Rules

A. General Rules

These interim financial statements for the period from January 1, 2015 to June 30, 2015 have been prepared in accordance with the German Commercial Code (HGB).

B. German Law

These interim financial statements also comply with the German Stock Corporation Act.

C. Formal Presentation

The methods used to value assets and liabilities in the financial statements as of December 31, 2014 have not been changed.

The structure of these interim financial statements follows the form of §§ 266ff. HGB.

The profit and loss account has been prepared according to § 275 HGB in the total expenditure format.

II. Principles of Capitalization and Valuation

A. General Principles

These interim financial statements have been prepared along the same rules as in the previous year. The profit and loss accounts have been prepared according to § 275 HGB in the total expenditure format.

The balance sheet contains all assets, all liabilities and all prepaid and deferred items.

Long-term capital includes only assets intended for long-term use.

Provisions were recorded according to § 249 HGB, deferred items according to § 250 HGB.

The valuations followed the principle of going-concern and single-asset valuation.

The valuation of the assets and liabilities follows the accounting principle of prudence.

B. Fixed Assets

Intangible and tangible assets are stated at cost less accumulated depreciation and accumulated impairment loss. The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs to bring the asset to its working condition.

Depreciation is computed on a straight-line basis over the estimated useful lives following the tax depreciation tables.

Financial assets are stated at historical cost or the lower market value, according to the lower-of-cost-or-market principle.

The depreciation period for goodwill is 15 years, based upon the estimated timeframe for research and development assets.

C. Current Assets

Inventories, including raw materials and supplies, are valued at the lower of cost or market value.

The receivables and other assets are recorded at the original invoice amount minus valuation adjustment for uncollectible receivables. Receivables are written off if they cannot be collected.

D. Provisions

Other provisions were formed when a liability to third parties exists, its take-up appears probable and the anticipated amount of the provision can be reliably estimated.

E. Liabilities

Liabilities are valued at the amount that is required to meet liabilities. They are structured as follows:

	06.30.2015	amounts falling due <1 year	1–5 years	>5 years	of which secured
	€	€	€	€	€
1. Trade accounts Payable	445,269.92	445,269.92	0.00	0.00	0.00
2. Other liabilities	1,703,074.68	1,304,507.01	398,567.67	0.00	0.00
	2,148,344.60	**1,749,776.93**	**398,567.67**	**0.00**	**0.00**

III. Comments on the Balance Sheet

Changes in fixed assets are further detailed in the attached Schedule of Changes in Fixed Assets.

	Historical cost	Additions	Repostings	Disposals at historical cost	Accumulated depreciation & amortization	Book value 06.30.2015	Book value 12.31.2014	Depreciation & amortization current year	Disposals at book value
	€	€	€	€	€	€	€	€	€
I. Intangible assets									
1. Purchased concessions, industrial Property and assets as well as license for such rights and assets	262,780.62	0.00	0.00	4,785.40	166,830.43	91,164.79	120,070.75	24,120.56	4,785.40
2. Goodwill	1,576,200.00	0.00	0.00	0.00	433,455.00	1,142,745.00	1,221,555.00	78,810.00	0.00
II. Property, plant and equipment									
1. Tenant installations	353,823.64	0.00	0.00	0.00	139,002.20	214,821.44	240,094.58	25,273.14	0.00
2. Other equipment, factory and other equipment	4,456,776.89	350,366.32	0.00	122,766.70	2,279,312.22	2,405,064.29	2,448,761.46	378,864.23	15,199.26
III. Financial assets									
1. Shares in affiliated companies	50,000.00	0.00	0.00	0.00	0.00	50,000.00	50,000.00	0.00	0.00
2. Loans to affiliated companies	1,667,965.88	0.00	0.00	120,616.76	0.00	1,547,349.12	1,667,965.88	0.00	120,616.76
	8,367,547.03	**350,366.32**	**0.00**	**248,168.86**	**3,018,599.85**	**5,451,144.64**	**5,748,447.67**	**507,067.93**	**140,601.42**

A. Capital Reserve

As a result of the increase in the Company's share capital, € 10,680,040.00 was added to the capital reserve.

B. Provisions

Other provisions consists of:

	€
Vacation and extra hours	316,005.00
Bonuses	186,454.00
Safekeeping of records	9,700.00
Occupational cooperative	14,597.49
Other	30,000.00
Outstanding invoice	4,300.00
Financial statement	11,000.00
	572,056.49

The other provisions are mainly composed of benefits payable, legal costs, and safekeeping obligations for accounts and other records for a specified period.

IV. Comments on the Profit and Loss Accounts

In accordance with § 158 of the German Stock Corporation Act, current profit is attributed to profit and loss accounts as follows:

	€
Current net profit	1,651,425.68
Loss carry-forward	-12,076,346.07
Balance sheet deficit	**-10,424,920.39**

V. Other Information

A. Governing Bodies

The members of the Company's executive board (Vorstand) were:

- **Dr. Carsten Brockmeyer**, residing in Marzling
- **Dr. Nicolas Combé**, residing in Marburg

The members of the Company's supervisory board (Aufsichtsrat) were:

- **Dr. Olaf Stiller** (Chairman), residing in Weimar
- **Hermann Vogt** (Deputy Chairman), residing in Dieburg
- **Peter Wendeln**, residing in Oldenburg

Overall remuneration of the Supervisory Board (as per § 285 item 9 HGB) amounted to € 11,250.00 (previous year € 5,625.00).

In accordance with § 314 para. 2 HGB, the information referred to in § 314 para. 1 item 6 HGB is not provided.

There are no debts to members of the Supervisory Board.

B. Employees

There were 44 employees employed within the Group.

This staff is comprised as follows:

- **2 Executive Board members**
- **5 administration**
- **37 research and development**

Staff is counted using the methodology specified in § 267 para. 5 HGB.

C. Equity

As of the end of the period, subscribed capital totaled € 9,062,603,00.

As to the Company's subsidiaries, we report as follows:

- **FORMYCON Services GmbH 100 %**
  Interim profit 1H2015: -1,296.46 €
  Equity capital 06.30.2015: -1,657,790.26 €

- **FORMYCON Project 201 GmbH 100 %**
  Interim profit 1H2015: -121,433.64 €
  Equity capital 06.30.2015: -101,731.95 €

D. Contingent Liabilities

As of the end of the period, there was a contingent liability in the sense of § 251 HGB in the amount of **€ 85,000.00** representing the guarantee of a rental agreement.

Other financial liabilities also include future lease payments in the amount of **€ 151,101.72**.

FORMYCON AG

Dr. Carsten Brockmeyer

Dr. Nicolas Combé

Interim Financial Statements
Auditor's Review Report

Independent Auditor's Review Report on Interim Financial Information of FORMYCON AG

We have reviewed the accompanying interim financial statements of FORMYCON AG, comprising the balance sheet, the profit and loss accounts for the interim period from January 1, 2015 to June 30, 2015 and the notes to the financial statements and the interim management report for the period from January 1, 2015 to June 30, 2015.

The preparation of the financial statements and the management report in accordance with the requirements of German commercial law, in particular the German Commercial Code (HGB), and the Company`s statutes is the responsibility of the Company`s management.

Our responsibility is to express a conclusion on these interim financial statements based on our review. We conducted our review in accordance with the IDW (Institut der Wirtschaftsprüfer) Standard on Review Engagements (IDW PS 900), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This standard requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with this standard consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

Based an our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of FORMYCON AG for the six months ended June 30, 2015, is not prepared, in all material respects, in accordance with German principles of proper accounting and provides a true and fair view of net assets, financial position and results of operations. Furthermore, nothing has come to our attention that causes us to believe that the management report is not consistent with the financial statements or as a whole does not provide a suitable view of the Company's position or does not suitably present the opportunities and risks of future developments.

Cologne, August 27, 2015
Dr. Lehwald und Kollegen GmbH

The translated auditor's report is not signed since the German text is authoritative.

Consolidated Interim Financial Statements **Management Report**

Interim Management Report – First Half 2015 FORMYCON AG and FORMYCON Group

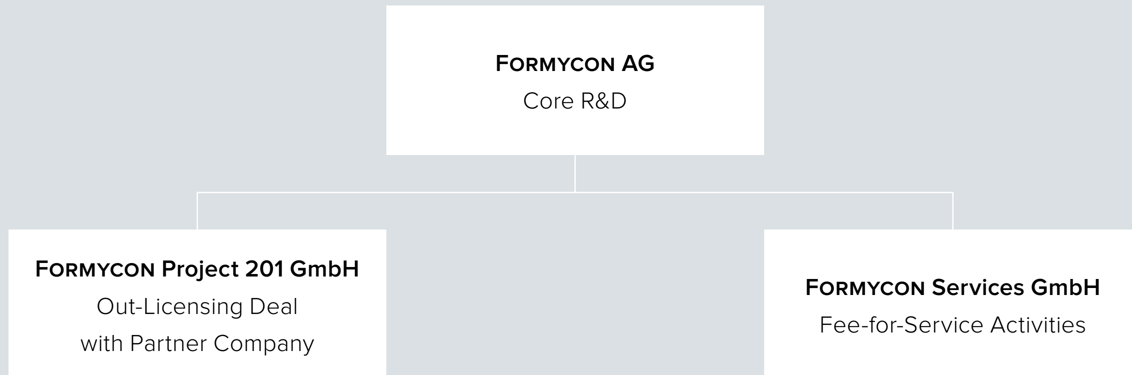
I. Basic Information about the Group

1. Business Model

The business model of the FORMYCON Group centers around the development of biosimilars, meaning new drugs which closely imitate biopharmaceutical products already on the market. The Company's business objective is to develop new products for subsequent out-licensing, whereby their subsequent development is then supported by the new licensing partner.

The Group is structured in accordance with this business model. Core research and development activities are conducted by FORMYCON AG, with drug candidates then spun off into product-specific subsidiaries. In addition, FORMYCON Services GmbH, a separate subsidiary, offers specialized services on a fee-for-service basis to pharmaceutical and biotech companies.

In the past year, the Group's structure was thus as follows:



FORMYCON Project 201 GmbH was the first such company to be spun off during the fiscal year, assuming all ongoing project activities for the Company's first two biosimilars to be licensed out. More such partnerships are planned in subsequent years. FORMYCON does not have any other facilities besides its main offices and laboratories in Planegg-Martinsried, a suburb of Munich. FORMYCON AG owns 100% of both subsidiaries.

The activities of FORMYCON Group are substantially limited to research and development. Certain other activities relating to its fee-for-service business are insignificant.

The business of FORMYCON is directed toward the pharmaceutical market, and thus healthcare policy and regulation should be recognized as an important external influence factor.

2. Research & Development

During the first half of 2015, the activities of the Group were limited to research & development, incurring expenditures as follows:

	K€
External services	3,853
Raw materials, etc.	429
Staff	1,913
Depreciation	507
Other	1,614
	8,316

39 employees worked in research and development. These expenditures in the amount of 8,316 k€ were charged as current expenses, equal to approx. 84.6 % of consolidated revenue. None of these research & development expenditures were capitalized. No new patents or licenses were reported. Product development activities are proceeding on schedule, and market entry is thus likewise anticipated according to plan. There were no significant changes within the Company's R&D organization.

II. Report on Business Performance

1. General Economic Conditions and Industry Conditions

During the reporting period, overall economic conditions varied considerably. While the German economy was generally quite strong, with high productivity and low unemployment rates, the country's political agenda was dominated, in particular, by the Greek crisis. Even though its impact on the German economy was limited, there were constant concerns that the crisis could spill over into other southern European countries. The financial markets were significantly burdened by this threat of this "sword of Damocles" hanging over it during the first half of the year.

Towards the end of the first half, moreover, the Chinese economy began to fumble, as the country's economy slowed down. Following the rapid growth rates of previous years, Chinese industrial growth rates moderated significantly, with dramatic consequences for the Chinese financial markets: After reaching record high after record high in recent years, the Chinese stock market suffered a major crash in June 2015, with prices plunging over a short time by more than 30 percent.

In contrast, the healthcare sector – which is the industry within which FORMYCON operates – remained strikingly robust during the first half of the year. By way of illustration, Evaluate Pharma, a research house specializing in the pharmaceutical and biotech industry, estimates the value of the industry's current research and development pipeline at $ 493 billion. The total amount of new capital raisings, the number of IPOs internationally, the various M&A transactions within the industry ranging from large to small, and the number of new product launches all testify to the strong conditions prevailing within the healthcare sector – and specifically the gaining strength of the biosimilars industry.

Some notable examples are as follows:

- **January 2015:** Samsung Bioepis submits application to European Medicines Agency (EMA) for its biosimilar product Enbrel.
- **February 2015:** Pfizer acquires biosimilar developer Hospira for USD 17 billion.
- **February 2015:** Hospira introduces the first biosimilar antibody Inflectra (a biosimilar version of Remicad, developed by Celltrion) in key European markets.
- **March 2015:** The FDA approves the first U.S. biosimilar, Zakio from Sandoz (filgrastim-sndz), thus marking the opening of the world's largest pharmaceutical market to biosimilars.
- **April/May 2015:** The FDA approves the generic version of Teva's Copaone, developed by Sandoz. Teva, having originally planned to acquire Mylan for USD 40.1 billion, instead decides to acquire Allergan for USD 40.5 billion.

2. Business Development During the Period

Both FORMYCON AG and FORMYCON Group performed well during the first half of 2015. Revenue for the parent company only (FORMYCON AG unconsolidated) was USD 7.1 million, with after-tax profit of USD 1.65 million, while FORMYCON Group reported consolidated revenue of USD 9.82 million and after-tax consolidated profit of $ 1.52 million. FORMYCON Group does not have any financial debt.

Following the positive advice received from the European Medicines Agency (EMA) in 2014 that FORMYCON AG, with its FYB 201 biosimilar project, would be the first company allowed to proceed directly to phase III clinical trials, further key business milestones were attained in the first six months of 2015:

- **In March 2015**, FORMYCON passed a Good Manufacturing Practices (GMP) inspection carried out at its premises by regional government authorities, officially certifying that FORMYCON operates its production in accordance with these internationally accepted guidelines for quality assurance.
- **In April 2015**, FORMYCON successfully completed an increase in its share capital in the amount of € 11.1 million. The new shares were subscribed by international investors, primarily within the U.S.
- **In May 2015**, Dr. Carsten Brockmeyer, CEO of FORMYCON, was included in the 2015 "Medicine Maker Power List", a global selection of the 20 most influential people in the pharmaceutical world.
- Also **in May 2015**, the Company signed its second out-licensing deal with Santo Holding, for its FYB 203 biosimilar project, granting Santo exclusive worldwide marketing rights for FYB 203 as well as the right to further sub-license FYB 203. With this deal in place, Santo has now assumed responsibility for further clinical development, marketing and distribution. In addition, FORMYCON has received a multi-million-euro upfront payment to continue the technical and preclinical development work on FYB 203 on behalf of Santo. FORMYCON is also entitled to a significant share of the drug's future sales revenue.
- **In June 2015**, FORMYCON received a positive Scientific Advice from the U.S. Food and Drug Administration (FDA) for FYB 201, its first new drug to be out-licensed to Santo Holding, now clearing the way for the launch of global phase III clinical trials.
- At the Company's annual meeting of shareholders **in June 2015**, shareholders expressed their particular support for FORMYCON's orientation around long-term, sustainable business performance.

FORMYCON continues to strategically position itself as a leading independent company in the development, production and marketing of high-quality biosimilar drugs, with a particular focus on the highly regulated markets of Europe and the U.S. The Company's strength lies in the expertise of its senior management, supervisory board and highly qualified professional staff. Moreover, its tightly focused development processes lead to rapid and reliable results. FORMYCON makes great efforts to be a highly desirable partner, for both major pharmaceutical corporations and for producers of generic drugs.

FORMYCON is planning to expand its future product portfolio of biosimilar drug candidates, advancing them to the phase I clinical trials phase using its own resources.

Shareholder Structure
Approx. 50 percent of the shares of FORMYCON AG are held by family offices and institutional investors. Approx. 20 percent remain in the hands of the Company's founders. The remaining 30 percent are widely held.

The Company's shares are listed in the Entry Standard segment of the Frankfurt Stock Exchange. Based on daily closing prices, the Company's shares started the year at a price of € 10.10, reaching an all-time high of € 32.50 on April 10, 2015, before closing the period at a price of € 23.19 on June 30. Relative to other biotech stocks, shares in FORMYCON AG have performed extremely well, since their original listing as well as during the first half of 2015.

Additional Staff
During the period, the number of staff has increased from 40 at the start of the year to 47 at the end of June. FORMYCON Group plans to hire 13 additional staff members before the end of the year.

Additional Office and Laboratory Space
As FORMYCON continues to grow, it requires more office space and laboratory space. Thus, in the summer of 2015, interior construction works began on an additional floor which the Company has rented in its facility in Planegg-Martinsried, outside of Munich. Once these works are completed in the fall of 2015, FORMYCON Group will have approx. 520 sq.m. (approx. 5,600 sq.ft.) of additional office and laboratory space at its disposal.

3. Financial Performance

The financial results herein are reported for the period from January 1, 2015 to June 30, 2015. Because of rounding errors, it is possible that the figures cited do not precisely add up to the stated total, or that percentages do not precisely correspond to the absolute figures.

a) Results of Operations

During the first half of 2015, FORMYCON AG proceeded with the development of its first three biosimilar projects according to plan. As in the previous year, significant revenue was generated from the out-licensing deals of FYB 201, signed in December 2013, and FYB 203, signed in May 2015. Under the terms of the out-licensing deal for FYB 203, FORMYCON has received an up-front multi-million-euro payment, to be followed with subsequent payments in support of ongoing product development.

For the first half of 2015, FORMYCON AG (parent entity only) reported revenues of € 7.11 m, compared to revenue of € 7.41 m for the prior year period. The modest decrease was due to the reassignment of certain project activities into the newly formed subsidiary FORMYCON Project 201 GmbH. The cost of materials increased by roughly € 251 k to € 1.855 m, leading to a gross profit of € 5.523 m and after-tax profit for the period of € 1.651 m.

FORMYCON AG anticipates its coverage ratios to remain stable.

As to FORMYCON Group, consolidated revenue for the period was € 9.82 m, with consolidated after-tax net profit of € 1.529 m.

b) Financial Position

The financial situation of the Group remained solid and stable, with key financial ratios above average.

Current assets totaled € 24.826 m, compared to total current liabilities of just € 2.348 m. The Company did not have any bank loans or long-term loans.

As of the period closing date, cash and equivalents amounted to € 4.722 m, while marketable securities totaled € 15.835 m. Reference is made here to the interim statement of cash flows included in the consolidated financial statements.

Return on sales (after-tax profit divided by revenue) for the period was 15.6 %, while EBIT was € 1.540 m and EBITDA was € 2.047 m.

c) Net Assets

During the period, the Company's equity capital ratio increased from 83.4 % to 89.8 %, which is considerably above average. Non-current assets, which declined as a result of depreciation and amortization, are completely covered by equity capital, suggesting a strong and healthy balance sheet structure.

The Company's current assets consist almost completely of cash and marketable securities and thus involve negligible risks.

4. Financial and Non-Financial Performance Indicators

FORMYCON remains in the product development phase, which means that the informative value of customary financial indicators is limited. The performance indicators of importance to the Group are those which measure its long-term, sustainable financial strength.

Working capital, measured as the difference between current assets and current liabilities, amounted to € 22.686 m as of the period closing date. Cash flow (calculated as after-tax profit + depreciation and amortization + changes in long-term provisions) for the period was once again positive at € 2.047 m. The company's investment outflows of € 350 k were less than depreciation and amortization, and thus cash flow was positive.

The return on equity was 5.94 %, while the return on total capital was 5.98 %.

FORMYCON undertakes development for selected clients who see themselves as partners. Because of the small number of relationship clients, this implies a low conflict potential. The Company has been able to attain high general levels of customer satisfaction.

The Company's staff works primarily in research and development. Staff turnover is very low, demonstrating the high general level of employee satisfaction.

III. Report on Subsequent Events

There have been no significant events at FORMYCON since the end of the reporting period.

There are no identifiable increased risks to the current fiscal year.

IV. Report on Outlook

With positive scientific advice on FORMYCON's product candidate FYB 201 now having been received from both the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA), the company is now planning to commence phase III clinical trials on this new biosimilar drug before the end of 2015. It is anticipated that the study will begin in Europe, then be subsequently expanded to include clinical centers in the U.S. In any case, these phase III clinical trials will be conducted in such a way as to fulfill the requirements for regulatory approval in both the European and American markets.

The market launch of FYB 201 in the U.S. and in European markets is anticipated starting from 2020, directly upon expiry of the original product patent.

FORMYCON intends to commence further biosimilar projects starting next year. The Company is currently in the process of evaluating potential drug candidates.

With regard to the Company's earnings outlook, management remains confident that FORMYCON will report a full-year profit for 2015.

V. Report on Opportunities and Risks

1. Opportunities

Looking ahead to the future, the Company's management anticipates a continuation of favorable trends in the healthcare sector. There are several reasons for this:

– Advances in medical technology are offering new treatments for diseases which just a decade or two ago could not be treated.

– Populations are aging, not only in Germany but in the world as a whole, and there are thus ever more elderly people requiring intensive medical care.

– Through its research and development work in biosimilars, FORMYCON has been able to establish itself at an early stage as a leader in a new market segment which offers extraordinary promise. With its extensive expertise in biosimilars, FORMYCON has potential access to this entire market.

Management sees opportunities for future organic growth particularly in future product development as well as further out-licensing deals.

The Company will compete in its market – particularly as new competitors enter the biosimilars segment – on the basis of its expertise and experience, its capacity for innovation, its reliability, and the high levels of quality and customer satisfaction which is it able to maintain.

Biosimilar companies generally have a competitive advantage relative to the producers of the original products which they imitate because of their far lower cost structures. Compared to the conventional generics market, moreover, competition within the biosimilars segment is expected to be much less because of the significantly higher barriers to market entry.

2. Risks

Industry-Specific Risks

Should the economic difficulties in southern Europe and China intensify, the resulting economic decline could adversely affect not only general business conditions but also, insofar as the healthcare market is specifically impacted, the demand for FORMYCON products. Such an event could thus pose risks to the Group's revenue and earnings.

In addition, biosimilar producers face particular challenges which were not faced in the past by the producers of conventional generics based on small molecules. For one, the costs of product development, production and marketing of biosimilars are far higher. Moreover, biosimilars represents an entirely new class of drugs which must gain familiarity and acceptance with physicians, patients and health insurers.

A further risk, albeit a small one, is that the manufacturer of the original drug being imitated might change a production process or dosage form, forcing the producer of a competing biosimilar drug to follow suit.

Another significant risk is that the producer of the original patented biopharmaceutical might drop its price upon expiry of patent protection in order to retain market share in the face of new competition from a biosimilar.

Finally, governmental authorities responsible for drug approval could make regulatory changes which hamper or even preclude market entry for biosimilars.

Profitability Risks

FORMYCON's management does not currently see any immediate risks to earnings. There are long-term risks that research and development efforts could prove to be unsuccessful, or that new biosimilar drugs might not find market acceptance. It is, moreover, impossible to exclude the possibility of setbacks in the Company's product development efforts.

Financial Risks

In view of the Group's stable liquidity and strong base of equity capital, no liquidity risks can be identified at present. The Company has ample cash and marketable securities.

3. Overall Assessment

Looking to the future, FORMYCON management continues to see risks in the fragile economic outlook in certain regions of the world. Considering the Group's strong and stable financial condition, however, management is confident that it is well equipped to deal with the future risks which might specifically impact its market segment.

At present, no risks can be identified which might endanger the Company's continued existence. Compared to the previous year, there has been little or no change in either the probability of a significant risk event or the potential financial impact if such a risk event were to occur. Considering the Group's position on the whole, there has been no fundamental change in its risk exposure. Through the use of internal control mechanisms, the Company is in a position to identify changes in its risk exposure at an early stage and to take appropriate action.

VI. Report on Risks Related to the Use of Financial Instruments

The financial instruments of any significance currently used by FORMYCON Group are receivables, liabilities and bank balances.

Liabilities are settled within the stipulated period. Potential currency risks, which could have a negative effect on the Group's asset situation, financial position and profitability, are mitigated by avoiding the accumulation of foreign-currency liabilities.

The Group's most significance foreign-currency exposure arises from purchases of third-party services in CHF, which are paid promptly in order to minimize currency risks.

FORMYCON's risk management policy is fundamentally to protect against financial risks of all kinds.

In managing its financial position, the Group follows a conservative risk policy.

To the extent that payment default or other credit risks are identifiable with regard to financial assets, these risks are reflected through value adjustments.

Management does not see any risks which might endanger the Company as a going concern.

VII. Report on Branches

The Company does not currently maintain any branches.

FORMYCON AG

Dr. Carsten Brockmeyer

Dr. Nicoals Combé

Formycon Group
Consolidated Interim
Financial Statements

Consolidated Profit and Loss Account
January 1, 2015 – June 30, 2015

		06.30.2015	06.30.2014
	€	€	€
1. Revenue		9,819,080.95	622,835.95
2. Increase (decrease) in carried cost of completed services and work in process		0.00	6,948,845.72
3. Other operating income		38,666.60	28,105.45
4. Cost of materials			
a) Cost of raw materials and supplies	-429,208.48		-349,810.83
b) Cost for purchased services	-3,853,027.55	-4,282,236.03	-1,637,328.60
Gross profit or loss		5,575,511.52	5,612,647.69
5. Personal expenses			
a) Wages and salaries	-1,651,444.42		-1,278,860.58
b) Social costs	-261,946.33	-1,913,390.75	-196,635.14
6. Depreciation and amortization			
a) of fixed intangible and tangible assets		-507,067.93	-545,022.24
7. Other operating expenses		-1,614,830.22	-849,534.22
Operating Income		1,540,222.62	2,742,595.51
8. Other interest and similar income		10.55	24.70
9. Interest expense and similar expenses		-11,069.59	-2,871.76
Financial Results		-11,059.04	-2,847.06
10. Profit before tax		1,529,163.58	2,739,748.45
11. Income taxes		0.00	-237,800.00
12. Other taxes		-468.00	-191.00
13. Net profit / loss		**1,528,695.58**	**2,501,757.45**

Consolidated Balance Sheet as of June 30, 2015 and December 31, 2014

Assets

		06.30.2015	12.31.2014
	€	€	€
A. Long-term capital			
I. Intangible assets			
1. Purchased concessions, industrial property rights and assets as well as licenses for such rights and assets	91,164.79		120,070.75
2. Goodwill	1,142,745.00	1,233,909.79	1,221,555.00
II. Property, plant and equipment			
1. Tenant installations	214,821.44		240,094.58
2. Other equipment, factory and office equipment	2,405,064.29	2,619,885.73	2,448,761.46
B. Short-term capital			
I. Inventories			
1. Raw materials, consumables, and supplies		293,734.12	345,561.84
II. Receivables and other assets			
1. Trade receivables	3,962,482.06		3,252,360.28
2. Other assets	12,756.18	3,975,238.24	27,076.44
III. Securities			
1. Other securities		15,834,969.39	8,934,969.39
IV. Cash and cash equivalents		4,721,559.79	288,898.53
C. Deferred expenses		7,292.51	26,913.87
		28,686,589.57	**16,906,262.14**

Liabilities

		06.30.2015	12.31.2014
	€	€	€
A. Equity			
I. Subscribed capital	9,062,603.00		8,626,683.00
II. Capital reserve	28,927,564.34		18,247,524.34
III. Loss carry-forward	-13,763,138.18		-14,623,462.57
IV. Annual net profit/loss	1,528,695.58	25,755,724.74	860,324.39
B. Provisions			
1. Other provisions		583,023.49	530,222.64
C. Liabilities			
1. Trade accounts payable	644,766.66		2,270,649.00
2. Other liabilities	1,703,074.68	2,347,841.34	994,321.34
		28,686,589.57	**16,906,262.14**

Notes to the Consolidated Interim Financial Statements

Notes to the Consolidated Interim Financial Statements January 1, 2015 – January 1, 2015

I. Basic Rules

These consolidated interim financial statements for the period from January 1, 2015 to June 30, 2015 is prepared in accordance with the German Commercial Code (HGB).

A. Consolidated Entities

In addition to FORMYCON AG as the parent company, these consolidated financial statements also include the following subsidiaries (owned shares in parentheses):

FORMYCON AG
- FORMYCON Services GmbH (100 %)
- FORMYCON Project 201 GmbH (100 %)

These subsidiaries have been fully consolidated.

B. Fiscal Year and Period of Consolidation

These consolidated interim financial statements have been prepared as of June 30, 2015. All of the consolidated companies use the calendar year as their fiscal year.

C. Consolidation Principles

These consolidated financial statements are based upon the financial statements of the individual consolidated companies, under German law and prepared using uniform accounting and valuation principles.

These consolidated interim financial statements have been prepared in accordance with §§ 290 ff. HGB (German Commercial Code).

All majority-owned subsidiaries have been fully consolidated.

The scope of consolidated entities remained unchanged compared to the prior year.

In consolidating liabilities, receivables and payables among consolidated companies have been eliminated.

The consolidated profit and loss accounts have been prepared as a fully consolidated profit and loss account according to the total expenditure format, in which all earnings and expenses between the companies have been offset against each other. Elimination of intercompany profits was not required.

In these consolidated interim financial statements, there were no new elections of options to capitalize (§ 300 Abs. 2 HGB) or valuation options (§ 308 Abs. 1 HGB).

D. Foreign Currency Translation

In these consolidated interim financial statements, there were no consolidated companies with accounts in currencies other than the currency of these statements (EUR). Foreign currency translations are in accordance with § 308a HGB.

E. Principles of Capitalization and Valuation

These consolidated interim financial statements have been prepared in accordance with the provisions of the German Commercial Code (HGB) for large corporations, and in further accordance with the German Stock Corporation Act (AktG).

The financial statements of all consolidated companies, including the parent company, have been prepared in accordance with the same account principles as in the previous year. The profit and loss account has been prepared according to § 275 HGB in the total expenditure format.

The balance sheet contains all assets, all liabilities and all prepaid and deferred items.

The valuations followed the principle of single-asset valuation.

The valuation of the assets and liabilities follows the accounting principle of prudence.

Intangible and tangible assets are stated at cost less accumulated depreciation and accumulated impairment loss. The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs to bring the asset to its working condition.

Depreciation is computed on a straight-line basis over the estimated useful lives following the tax depreciation tables.

Financial assets are stated at historical cost or the lower market value, according to the lower-of-cost-or-market principle.

The depreciation period for goodwill is 15 years, based upon the estimated timeframe for research and development assets.

Inventories, including raw materials and supplies, are valued at the lower of cost or market value.

The receivables and other assets are recorded at the original invoice amount minus valuation adjustment for uncollectible receivables. Receivables are written off if they cannot be collected.

The balance sheet follows the form stipulated by § 266 para. 2 and 3 HGB, with the addition of items specific to the consolidated group.

Other provisions were formed when a liability to third parties exists, its take-up appears probable and the anticipated size of the provision can be reliably estimated.

Liabilities are valued at the amount that is required to meet liabilities.

Schedule of Changes in Fixed Assets January 1, 2015 – June 30, 2015

	Historical cost	Additions	Repostings	Disposals at historical cost	Accumulated depreciation & amortization	Book value 06.30.2015	Book value 12.31.2014	Depreciation & amortization current year	Disposals at book value
	€	€	€	€	€	€	€	€	€
I. Intangible assets									
1. Purchased concessions, industrial property and assets as well as licence for such rights and assets	262,780.62	0.00	0.00	4,785.40	166,830.43	91,164.79	120,070.75	24,120.56	4,785.40
2. Goodwill	1,576,200.00	0.00	0.00	0.00	433,455.00	1,142,745.00	1,221,555.00	78,810.00	0.00
II. Property, plant and equipment									
1. Tenant installations	353,823.64	0.00	0.00	0.00	139,002.20	214,821.44	240,094.58	25,273.14	0.00
2. Other equipment, factory and other equipment	4,456,776.89	350,366.32	0.00	122,766.70	2,279,312.22	2,405,064.29	2,448,761.46	378,864.23	15,199.26
	6,649,581.15	**350,366.32**	**0.00**	**127,552.10**	**3,018,599.85**	**3,853,795.52**	**4,030,481.79**	**507,067.93**	**19,984.66**

II. Comments on the Consolidated Interim Balance Sheet

Changes in fixed assets are further detailed in the Schedule of Changes in Fixed Assets.

Liabilities are valued at the amount that is to be repaid. The structure of these liabilities is shown in the following Schedule of Liabilities:

	06.30.2015	amounts falling due < 1 year	amounts falling due 1 – 5 years	amounts falling due > 5 years	of which secured
	€	€	€	€	€
1. Trade accounts payable	644,766.66	644,766.66	0.00	0.00	0.00
2. Other Liabilities	1,703,074.68	1,304,507.01	398,567.67	0.00	0.00
	2,347,841.34	**1,949,273.67**	**398,567.67**	**0.00**	**0.00**

Other provisions are mainly composed of staff-related expenses (vacation time and bonuses) as well as outstanding invoices and expenses for advisory services and financial statement preparation.

III. Comments on the Consolidated Profit and Loss Accounts

Revenue for the period was primarily proceeds from out-licensing transactions.

Income and expenses follow the matching principle.

IV. Other Information

A. Governing Bodies

The members of the Company's executive board (Vorstand) were:

- **Dr. Carsten Brockmeyer**, residing in Marzling
- **Dr. Nicolas Combé**, residing in Marburg

The members of the Company's supervisory board (Aufsichtsrat) were:

- **Dr. Olaf Stiller** (Chairman), residing in Weimar
- **Hermann Vogt** (Deputy Chairman), residing in Dieburg
- **Peter Wendeln**, residing in Oldenburg

Overall remuneration of the Supervisory Board (as per § 314 item 6 HGB) amounted to € 11,250.00 (previous year € 5,625.00).

In accordance with § 314 para. 2 HGB, the information referred to in § 314 para. 1 item 6 HGB is not provided.

There are no debts to members of the Supervisory Board.

B. Employees

There were 44 staff employed within the Group.

This staff is comprised as follows:

- **2 Executive Board members**
- **5 administration**
- **37 research and development**

Staff is counted using the methodology specified in § 267 para. 5 HGB.

C. Equity

As of the end of the period, subscribed capital totaled € 9,062,603,00.

As to the Company's subsidiaries, we report as follows:

- **FORMYCON Services GmbH 100 %**
  Interim profit 1H2015: -1,296.46 €
  Equity capital 06.30.2015: -1,657,790.26 €

- **FORMYCON Project 201 GmbH 100 %**
  Interim profit 1H2015: -121,433.64 €
  Equity capital 06.30.2015: -101,731.95 €

D. Contingent Liabilities

As of the end of the period, there was a contingent liability in the sense of § 251 HGB in the amount of **€ 85,000.00** representing the guarantee of a rental agreement.

Other financial liabilities within the meaning of § 314 (1) item 2a HGB were **€ 151,101.72** and include future fees payable under leasing contracts.

FORMYCON AG

Dr. Carsten Brockmeyer

Dr. Nicolas Combé

Consolidated Statement of Cash Flows
January 1, 2015 – June 30, 2015

	First half 2015	First half 2014
	€	€
Net profit/loss for reporting period	1,528,695.58	2,501,757.45
Depreciation and amortization of intangible assets and plant, equipment and other fixed assets	507,067.93	545,022.24
Increase/decrease of short-term provisions	52,800.85	-28,087.52
Increase / decrease in trade receivables and other assets that cannot be allocated to investing or financing activities.	-624,352.44	-6,804,345.29
Increase / decrease in trade accounts payable and other liabilities that cannot be allocated to investing or financing activities.	-917,129.00	4,461,397.85
Profit/loss from disposal of long term capital	19,984.66	6,353.98
Interest expense/earnings	11,059.04	2,847.06
Income tax expense/earnings	-	237,800.00
Cash Flow from operating activities	**578,126.62**	**922,745.77**
Cash paid for investment in intangible assets	-	-1,166.20
Cash paid for investments in property, plant and equipment	-350,366.32	-15,521.73
Interest earnings	10.55	24.70
Cash Flow from investing activities	**-350,355.77**	**-16,663.23**
Increase in share capital	11,115,960.00	-
Interest expense	-11,069.59	-2,871.76
Cash Flow from financing activities	**11,104,890.41**	**-2,871.76**
Payment-related changes in cash and cash equivalents	11,332,661.26	903,210.78
Cash and equivalents plus marketable securities at beginning of fiscal year	9,223,867.92	10,399,311.60
Cash and equivalents plus marketable securities at end of fiscal year	**20,556,529.18**	**11,302,522.38**

Consolidated Statement of Changes in Equity
January 1, 2015 – June 30, 2015

	January 1, 2015	Proceeds from capital increase	Profit not yet appropriated	Current-period profit	June 30, 2015
	K-€	K-€	K-€	K-€	K-€
Subscribed capital	8,626	436			9,062
Capital reserves	18,248	10,680			28,928
Accumulated loss carryforward	-14,623		860		-13,763
Appropriated profits	860		-860	1,529	1,529
Equity	13,111			1,529	25,756
	13,111			**1,529**	**25,756**

Consolidated Interim Financial Statements
Auditor's Review Report

Independent Auditor's Review Report on Consolidated Interim Financial Information of FORMYCON AG

We have reviewed the accompanying consolidated interim financial statements of FORMYCON AG, comprising the consolidated balance sheet, the consolidated profit and loss accounts for the interim period from January 1, 2015 to June 30, 2015 and the notes to the financial statements, consolidated statement of cash flows, consolidated statement of changes in equity and the interim management report for the period from January 1, 2015 to June 30, 2015.

The preparation of the financial statements and the management report in accordance with the requirements of German commercial law, in particular the German Commercial Code (HGB), and the Company`s statutes is the responsibility of the Company`s management.

Our responsibility is to express a conclusion on these interim financial statements based on our review. We conducted our review in accordance with the IDW (Institut der Wirtschaftsprüfer) Standard on Review Engagements (IDW PS 900), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This standard requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with this standard consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of FORMYCON AG for the six months ended June 30, 2015, is not prepared, in all material respects, in accordance with German principles of proper accounting and provides a true and fair view of net assets, financial position and results of operations. Furthermore, nothing has come to our attention that causes us to believe that the management report is not consistent with the financial statements or as a whole does not provide a suitable view of the Company's position or does not suitably present the opportunities and risks of future developments.

Cologne, August 27, 2015
Dr. Lehwald und Kollegen GmbH

The translated auditor's report is not signed since the German text is authoritative.

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