# 2nd Interim Report

January – June 2015


morphosys

Engineering the Medicines of Tomorrow

# Contents

## MorphoSys Group:
## 2nd Interim Report January – June 2015

# Summary of the Second Quarter of 2015

- MorphoSys presented its updated phase 2 clinical results for MOR208 in non-Hodgkin's lymphoma (NHL) at the 2015 annual conference of the American Society of Oncology (ASCO). The clinical data showed that MOR208 is well tolerated with a low level of infusion reactions and demonstrated encouraging single-agent activity.
- MorphoSys also presented preliminary clinical data on the safety, pharmacokinetics and efficacy of MOR202 in multiple myeloma at the 2015 ASCO conference. MOR202 proved to be safe and well tolerated and showed early signs of clinical activity and cases of long-lasting tumor control.
- In May 2015, MorphoSys acquired all outstanding shares in the Dutch biopharmaceutical company Lanthio Pharma. The acquisition added new development candidates to MorphoSys's proprietary portfolio, including a preclinical program for fibrotic diseases.
- In April 2015, MorphoSys announced that it had reached a clinical milestone with the initiation of a phase 2 study of the antibody guselkumab in psoriatic arthritis by its partner Janssen Biotech. The milestone payment was recognized in the first quarter of 2015.
- In 2015, shortly after the end of the second quarter, MorphoSys announced it had reached a clinical milestone associated with the IND filing of an antibody by its partner Novartis, which was recognized in the second quarter.
- At the Annual General Meeting on 8 May 2015, Ms. Wendy Johnson, Mr. Klaus Kühn and Dr. Frank Morich were newly elected to the Supervisory Board. Dr. Gerald Möller, Dr. Marc Cluzel and Ms. Karin Eastham were re-elected to the Supervisory Board. Additionally, all resolutions proposed by the management were adopted.
- MorphoSys repurchased 88,670 of its own shares in the second quarter of 2015. The shares will be used primarily for long-term incentive programs for the Management Board and Senior Management Group, namely for the new LTI program granted on 1 April 2015.
- At the end of the second quarter of 2015, MorphoSys's product pipeline comprised a total of 102 therapeutic antibodies and other biologics, including 24 clinical programs. Three partnered programs are currently in phase 3 trials.

## MORPHOSYS PRODUCT PIPELINE AS OF 30 JUNE 2015

MORPHOSYS'S PRODUCT-PIPELINE

| Program / Partner | Indication | Discovery | Preclinic | Phase 1 | Phase 2 | Phase 3 | Market |
|---|---|---|---|---|---|---|---|
| Bimagrumab, Novartis | Musculoskeletal | | | | | | |
| Gantenerumab, Roche | Alzheimer's Disease | | | | | | |
| Guselkumab, Janssen/J&J | Psoriasis | | | | | | |
| MOR103, GSK | Inflammation | | | | | | |
| MOR208 | ALL/CLL/NHL | | | | | | |
| BHQ880, Novartis | Cancer | | | | | | |
| CNTO3157, Janssen/J&J | Asthma | | | | | | |
| CNTO6785, Janssen/J&J | Rheumatoid Arthritis | | | | | | |
| LFG316, Novartis | Eye Disease | | | | | | |
| LJM716, Novartis | Cancer | | | | | | |
| NOV-3, Novartis | n. d. | | | | | | |
| Tarextumab (OMP-59R5), OncoMed | Cancer | | | | | | |
| VAY736, Novartis | Inflammation | | | | | | |
| MOR202 | Multiple Myeloma | | | | | 88 Partnered Programs | |
| MOR209/ES414, Emergent | Prostate Cancer | | | | | 14 MOR Programs | |
| Anetumab Ravtansine, Bayer HealthCare | Cancer | | | | | | |
| BI-836845, BI | Cancer | | | | | | |
| NOV-7, Novartis | Eye Disease | | | | | | |
| NOV-8, Novartis | Inflammation | | | | | | |
| NOV-9, Novartis | Eye Disease | | | | | | |
| NOV-10, Novartis | Cancer | | | | | | |
| NOV-11, Novartis | Blood Disorders | | | | | | |
| PF-05082566, Pfizer | Cancer | | | | | | |
| Vantictumab, OncoMed | Cancer | | | | | | |
| MOR106/GPLG2018, Galapagos | Inflammation | | | | | | |
| MOR107 (LP2) | Fibrosis | | | | | | |
| 26 Programs | Various Indications | | | | | | |
| Immuno-oncology programs, Merck Serono | Cancer | | | | | | |
| 42 Programs | Various Indications | | | | | | |
| 7 Early-stage Programs | Various Indications | | | | | | |

# Interim Group Management Report: 1 January – 30 June 2015

## Business Environment and Activities

### ECONOMIC DEVELOPMENT

After the stagnation in the U.S. economy in the first quarter of 2015, a recovery is expected for the remainder of the year. This pick-up could prompt the US Federal Reserve to increase the fed funds rate in the fall of 2015. Strong US economic data could put pressure on the Euro/US dollar exchange rate.

Even though the eurozone economy was growing at the start of the year, lackluster development is expected in the quarters to come. The core inflation rate is anticipated to remain below 1% for the foreseeable future. The European Central Bank's (ECB) bond purchase program is likely to be continued. In early July, Greece voted against their international creditors' conditions for further bailout aid in a national referendum. The result of the referendum is considered to make the nation's exit from the euro ("Grexit") more likely, however the further process is difficult to predict from today's perspective.

In contrast to the situation found in most euro area countries, Germany's economic situation continues to be favorable. Nevertheless, there is skepticism with regard to the development of some leading indicators. This skepticism stems in part from slowing demand growth in the emerging markets as well as from the ongoing discussion about Greece. The German stock market is expected to continue to profit from the lack of investment alternatives as a result of the low interest rates.

China is still plagued by significant economic risk. Debt in the past several years has risen tremendously while real estate prices have fallen. GDP growth is expected to slow in 2015 from 7.3% to 6.5%.

### IMPLICATIONS FOR MORPHOSYS

The economic developments described above had little impact on the commercial development of MorphoSys in the first six months of 2015. The Company's cost basis is partly influenced by the EUR/US dollar exchange rate due to the clinical development of MOR209/ES414 in the US.

### INDUSTRY OVERVIEW

In the second quarter of 2015, the leading medical conference in the field of oncology – the annual conference of the American Society of Clinical Oncology (ASCO) – took place in Chicago, Illinois, USA. As in the previous year, the focus was on innovative approaches in the field of targeted, immuno-oncology methods, including many antibody-based therapies. MorphoSys presented results from two proprietary programs and additional data were published for several partnered programs from Pfizer, Novartis and OncoMed.

### OPERATIONAL PERFORMANCE

MorphoSys is pleased with the Company's positive year-to-date operational performance. Encouraging results from the proprietary cancer programs MOR208 and MOR202 were presented in May/June 2015 at the annual conference of the American Society of Oncology (ASCO) and in June 2015 at the twentieth congress of the European Hematology Association (EHA). In conjunction with the acquisition of the peptide therapeutics company Lanthio Pharma in the second quarter of 2015, MorphoSys added novel

development candidates to its growing proprietary portfolio, which included a preclinical program for fibrosis.

At the end of the second quarter of 2015, MorphoSys's product pipeline comprised 102 partnered and proprietary programs, 24 of which were in clinical development.

With the results achieved in the first six months of 2015, MorphoSys continues to be on track to reach its updated operational and financial targets for the full year.

### STRATEGY AND GROUP MANAGEMENT

MorphoSys did not make any changes to its strategy or to the Group's management in the first six months of 2015. A comprehensive description of the strategy and the Group's management can be found on page 16 of the 2014 Annual Report.

## Commercial Development

### PROPRIETARY DEVELOPMENT

In May and June, MorphoSys presented preliminary results of studies with its proprietary programs MOR202 and MOR208 at two leading international cancer research conferences.

At both the annual conference of the American Society of Oncology (ASCO) and the twentieth congress of the European Hematology Association (EHA), the Company presented meaningful data on safety, pharmacokinetics, and efficacy of MOR202 from the active phase 1/2a study for multiple myeloma. At the end of March, after terminating the agreement with the US company Celgene Corporation for the program's co-development and co-promotion and retrieving all of the rights to MOR202, MorphoSys is now continuing the compound's planned clinical development in patients with relapsed or refractory multiple myeloma. MOR202 demonstrated promising clinical activity in the study. The program has potential in terms of its safety and tolerability profile, which stand out from the other anti-CD38 therapies currently in development.

For its proprietary drug candidate MOR208, MorphoSys presented a very mature data package from the active phase 2a study in non-Hodgkins lymphoma (NHL) at the ASCO annual conference and the EHA congress. The updated clinical data from the study in patients with four different subtypes of relapsed or refractory NHL show that MOR208 was well tolerated with a low level of infusion reactions and demonstrated encouraging results in terms of its single-agent efficacy.

As a result of the acquisition of the biopharmaceutical company Lanthio Pharma B.V. in May, MorphoSys's proprietary portfolio added the preclinical LP2 program, which was renamed MOR107 after the transaction's close. LP2, Lanthio Pharma's most advanced compound, has the potential to become a first-in-class therapy for various fibrotic diseases and thus represents a commercially attractive opportunity.

### PARTNERED DISCOVERY

In early April 2015, MorphoSys announced that it had received a clinical milestone payment from its partner Janssen Biotech. The payment was triggered by the initiation of a phase 2 clinical trial in psoriatic arthritis and was recognized in the first quarter.

In July 2015, MorphoSys announced that it had received a clinical milestone payment from its partner Novartis. The payment was triggered by the initiation of a phase 1 clinical trial. The milestone payment was recognized in the second quarter of 2015.

### ACQUISITION UPDATE

In May 2015, MorphoSys acquired all outstanding shares in the Dutch biopharmaceutical company Lanthio Pharma B.V. The transaction adds Lanthio Pharma's lead compound LP2 to MorphoSys's growing proprietary portfolio. LP2 is a novel lanthipeptide in development for diabetic nephropathy and fibrotic diseases. Following the transaction, LP2 was renamed MOR107. PanCyte is another promising R&D program that was acquired in the transaction. The integration of Lanthio Pharma into the MorphoSys Group proceeded as planned.

# Research and Development

## PROPRIETARY DEVELOPMENT

At the 2015 ASCO annual conference and the EHA congress, MorphoSys presented clinical data for MOR208 and MOR202.

The data for **MOR202** were from a phase 1/2a clinical study in 42 heavily pretreated patients with relapsed / refractory multiple myeloma and showed MOR202 to be safe and well tolerated. The compound, administered in the form of a two-hour infusion, demonstrated best-in-class infusion tolerability. Patients who received MOR202 in combination with dexamethasone did not show any infusion reactions. MOR202 showed promising early signs of clinical activity, and long-lasting tumor control was witnessed in several patients, even in small doses. MorphoSys also presented promising preclinical data demonstrating the synergistic potential of MOR202 and pomalidomide – an established immunomodulatory agent (IMiD) – in the treatment of relapsed / refractory multiple myeloma.

The primary endpoints of the active clinical trial conducted in several study centers in Germany and Austria are the safety, tolerability, and recommended dose of MOR202 as a single agent and in combination with the IMiDs pomalidomide and lenalidomide. Secondary endpoints are pharmacokinetics and preliminary efficacy based on overall response rate, duration of response, and progression-free survival.

The study is currently being continued and higher doses of MOR202 in combination with dexamethasone are being studied. Further cohorts will be started shortly in which patients will receive MOR202 in combination with pomalidomide and lenalidomide plus dexamethasone.

The data presented for **MOR208** were from an active phase 2a clinical study in 92 heavily pretreated patients with different subtypes of relapsed / refractory non-Hodgkin's lymphoma (NHL). The clinical data showed that MOR208 is well tolerated with a low level of infusion reactions and demonstrated encouraging results in terms of its efficacy as a single-agent.

The goal of the open-label, multicenter phase 2a study is to assess the activity and safety of MOR208 as a single-agent in patients with DLBCL, follicular lymphoma (FL), mantle cell lymphoma (MCL), and indolent NHL (iNHL). All of the patients participating had already received at least one rituximab-containing therapy.

In the second half of 2015, MorphoSys plans to initiate two phase 2 clinical trials for the evaluation of MOR208 each in combination with lenalidomide or bendamustine in the indication DLBCL. Plans are in progress for the announced investigator-sponsored pediatric study in cooperation with the St. Jude Children's Research Hospital in Memphis, USA. In this study, MOR208 will be used in combination with immune cell transplantation for children with acute lymphoblastic leukemia (ALL).

The phase 1 study of MOR209/ES414 in patients with metastatic castration-resistant prostate cancer is progressing according to plan.

In addition to the four clinical programs MOR103, MOR202, MOR208, and MOR209/ES414, MorphoSys is pursuing a variety of other programs in earlier stages. After the acquisition of Lanthio Pharma, MorphoSys added the preclinical program LP2 to its proprietary portfolio. LP2, which was renamed MOR107 after the transaction's close, is a lanthipeptide being developed to treat diabetic nephropathy

and fibrotic diseases. Lanthipeptides represent a novel class of therapeutics with high target selectivity and improved drug-like properties. Their high specificity open up new therapeutic applications with potential in indications not usually targeted with antibodies.

At the end of the second quarter of 2015, the Company's entire proprietary portfolio consisted of four antibodies in clinical development and ten in drug discovery or preclinical development.

### PARTNERED DISCOVERY

In the second quarter, MorphoSys's partners have continued to develop their antibody programs and have published various advances.

At the ASCO annual conference, several of MorphoSys's partners presented data for HuCAL antibodies that are currently in clinical development:

- Pfizer presented phase I data for the anti-4-1BB antibody PF-05082566 in NHL.
- Novartis presented results on the phase 1 combination study of the HuCAL antibody LJM716 with BYL719 and trastuzumab in HER2-positive cancer.
- OncoMed announced the final results of its phase 1a study in small-cell lung cancer of tarextumab (PINNACLE study).

In the course of the first six months of 2015, the number of partnered therapeutic antibody programs grew to a total of 88 (31 December 2014: 84 partnered programs). Of these programs, 20 are in clinical development, 26 are in preclinical development, and 42 are in the discovery stage.

## Intellectual Property

In the first six months of 2015, MorphoSys continued to consolidate and expand the patent protection of its development programs and its growing technology portfolio, which are the Company's key value drivers.

Currently, the Company maintains more than 40 different proprietary patent families worldwide in addition to the numerous patent families it pursues in cooperation with its partners.

## Human Resources

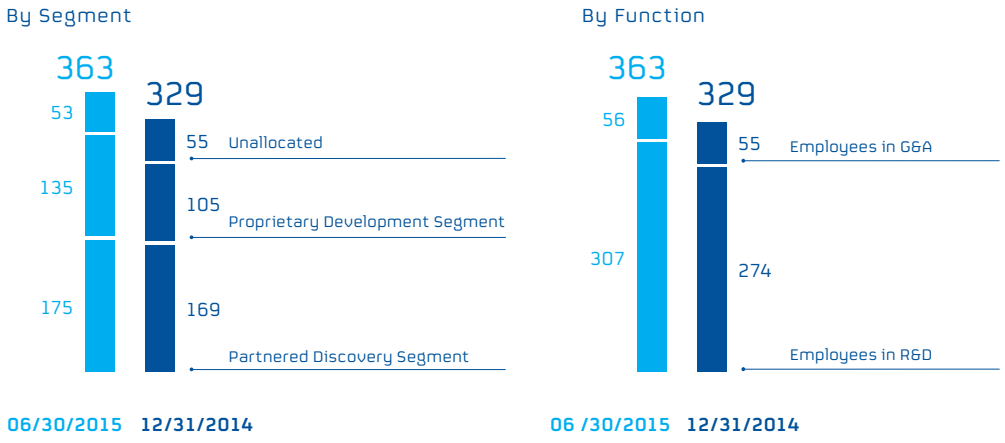
On 30 June 2015, the MorphoSys Group had 363 employees (31 December 2014: 329). In the first six months of 2015, the MorphoSys Group employed 350 people on average (Q2/2014: 309).

Of these 363 employees, 307 were employed in research and development and 56 in general and administrative functions (31 December 2014: 274 and 55, respectively).

Of the 363 employees, 135 were engaged in the Proprietary Development segment and 175 were employed in the Partnered Discovery segment (31 December 2014: 105 in the Proprietary Development segment and 169 in the Partnered Discovery segment). The remaining 53 employees could not be allocated to either of these segments (31 December 2014: 55).

On 30 June 2015, MorphoSys had eight trainees (31 December 2014: eight).

**EMPLOYEES BY SEGMENT AND FUNCTION**



# Financial Analysis

On 7 May 2015, MorphoSys AG acquired all outstanding shares from the Dutch biopharmaceutical company Lanthio Pharma B.V., Groningen, Netherlands for a purchase price in the amount of € 20.0 million. Prior to the acquisition, MorphoSys held 19.98% of Lanthio Pharma B.V. In turn, Lanthio Pharma B.V. owns 100% of Lanthio Pep B.V., which is also located in Groningen. As of 7 May 2015, both companies were included in the MorphoSys Group's scope of consolidation for the first time and therefore had an effect on these interim financial statements.

## Revenues

In comparison to the previous year, Group revenues increased to € 82.6 million (H1/2014: € 30.5 million). This rise was primarily the result of the termination of the cooperation with Celgene for the co-development and co-promotion of MOR202 and the resulting recognition of what was previously accounted for as deferred revenue.

Success-based payments amounted to 2% of total revenue (H1/2014: 5%).

From a geographical point of view, MorphoSys generated 74%, or € 61.2 million, of its commercial revenues with biotechnology and pharmaceutical companies and non-profit organizations headquartered in North America and 26%, or € 21.4 million, with customers primarily located in Europe and Asia. In the previous year's comparable period these figures were 27% and 73%, respectively.

Approximately 98% of the Group's revenues are attributable to the customers Celgene, Novartis, and Janssen Biotech (H1/2014: 95% with Novartis, Celgene, and GlaxoSmithKline).

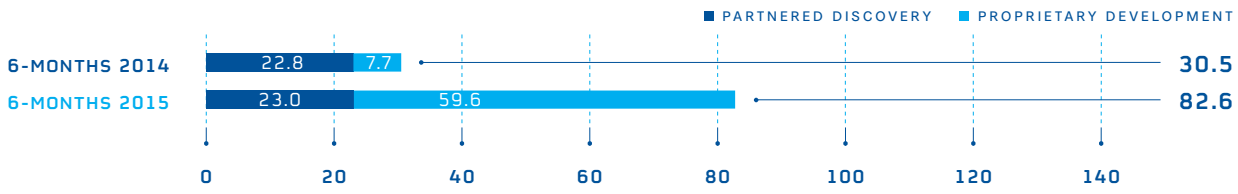
### PROPRIETARY DEVELOPMENT SEGMENT

In the first half of 2015, the Proprietary Development segment generated revenues of € 59.6 million (H1/2014: € 7.7 million). These revenues originated mainly as a result the termination of the co-development activities with Celgene at the end of the first quarter of 2015.

### PARTNERED DISCOVERY SEGMENT

The revenues of the Partnered Discovery segment included € 21.0 million in funded research and license fees (H1/2014: € 21.4 million) as well as € 2.0 million in success-based payments (H1/2014: € 1.4 million).

**REVENUE DEVELOPMENT BY SEGMENT** (IN € MILLION)*




* Differences due to rounding

# Operating Expenses

In the first six months of 2015, operating expenses increased to € 40.9 million (H1/2014: € 30.1 million). Expenses consisted of € 33.9 million for research and development (H1/2014: € 23.4 million) and € 7.0 million in general and administrative expenses (H1/2014: € 6.7 million). Research and development expenses increased as expected as a result of current projects.

The operating expenses in the Proprietary Development segment rose from € 13.6 million to € 24.0 million and those in the Partnered Discovery segment increased to € 10.6 million (H1/2014: € 10.2 million).

Personnel expenses resulting from share-based payments are included in general and administrative expenses and in research and development expenses. These expenses totaled € 2.1 million in the first six months of 2015 (H1/2014: € 2.1 million) and represent a non-cash expense.

### RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses increased to € 33.9 million in the first six months of 2015 (H1/2014: € 23.4 million). These consisted of expenses for external laboratory services (H1/2015: € 12.6 million; H1/2014: € 6.1 million), personnel expenses (H1/2015: € 12.5 million; H1/2014: € 10.5 million), expenses for external services (H1/2015: € 2.6 million; H1/2014: € 0.5 million), expenses for technical infrastructure (H1/2015: € 2.1 million; H1/2014: € 1.9 million), expenses related to intangible assets (H1/2015: € 1.6 million; H1/2014: € 2.0 million), expenses for consumables (H1/2015: € 1.2 million; H1/2014: € 1.1 million), and other expenses (H1/2015: € 1.3 million; H1/2014: € 1.2 million).

In the first six months of 2015, the Company incurred expenses for proprietary product development of € 24.0 million (H1/2014: € 13.6 million) as well as € 1.3 million in expenses for technology development (H1/2014: € 1.3 million).

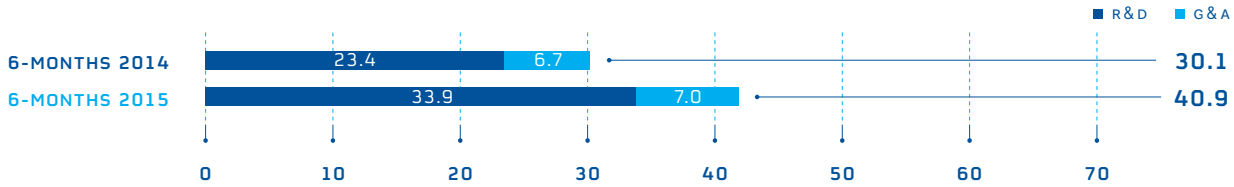
**DISTRIBUTION OF R&D EXPENSES** (IN MILLION €)

| | H1/2015 | H1/2014 |
|---|---|---|
| R&D Expenses on behalf of Partners | 8.6 | 8.5 |
| Proprietary Development Expenses | 24.0 | 13.6 |
| Technology Development Expenses | 1.3 | 1.3 |
| **R&D Total** | **33.9** | **23.4** |

### GENERAL AND ADMINISTRATIVE EXPENSES

At € 7.0 million, general and administrative expenses were slightly above the level reported for the comparable period of the previous year (H1/2014: € 6.7 million). These expenses consisted of personnel expenses (H1/2015: € 5.0 million; H1/2014: € 4.7 million), expenses for external services (H1/2015: € 1.2 million; H1/2014: € 1.2 million), expenses for technical infrastructure (H1/2015: € 0.4 million; H1/2014: € 0.4 million), other expenses (H1/2015: € 0.4 million; H1/2014: € 0.4 million), as well as expenses related to intangible assets (H1/2015: € 0.1 million; H1/2014: € 0.1 million).

**DEVELOPMENT OF OPERATING EXPENSES** (IN € MILLION)




## Other Income and Expenses

Other income in H1 2015 amounted to € 4.8 million (H1/2014: € 0.2 million) and mainly included the effect on profit and loss of the fair-value revaluation of the shares already held in Lanthio Pharma B.V in the amount of € 4.5 million. Moreover, other income contained grant income and currency gains. Other expenses amounted to € 0.4 million (H1/2014: € 0.2 million) and resulted mainly from currency losses.

## EBIT

Earnings before interest and taxes (EBIT) were € 46.1 million after amounting to € 0.4 million in the previous year. The EBIT of the Proprietary Development segment totaled € 40.2 million (H1/2014: € -5.9 million) while the Partnered Discovery segment generated an EBIT of € 12.5 million (H1/2014: € 12.5 million).

## Finance Income and Expenses

Finance income reached € 2.2 million (H1/2014: € 0.5 million) and mainly comprised realized and unrealized gains from foreign-exchange forward contracts and interest income. Financial expenses of € 0.3 million (H1/2014: € 0.1 million) resulted primarily from realized and unrealized losses from foreign-exchange forward contracts and bank fees.

## Taxes

In the first six months of 2015, the Group's income tax expense totaled € 11.4 million (H1/2014: € 0.3 million) and consisted of € 9.7 million in current tax expenses and deferred tax expenses of € 1.7 million.

## Consolidated Net Profit/Loss for the Period

In the first six months of 2015, the Group generated a net profit of € 36.5 million (H1/2014: € 0.6 million).

## Financial Position

### CASH FLOWS

Net cash inflows from operating activities amounted to € 1.1 million in the first six months of 2015 (H1/2014: outflow of € 9.9 million). Investment activities resulted in a cash inflow of € 27.5 million (H1/2014: outflow of € 5.1 million). Financing activities in the first six months of 2015 produced an outflow of € 5.2 million (H1/2014: outflow of € 5.3 million).

### INVESTMENTS

In the first six months of 2015, MorphoSys invested € 0.6 million in property, plant and equipment (H1/2014: € 1.5 million). These investments were mainly made in laboratory equipment (primarily machinery) and computer hardware. Depreciation of property, plant and equipment remained almost unchanged for the 2015 six-month period and amounted to € 0.7 million (H1/2014: € 0.7 million).

In the first six months of 2015, the Company invested € 5.1 million in intangible assets (H1/2014: € 0.5 million), which mainly consisted of a milestone payment to Emergent. Amortization of intangible assets in the first six months of 2015 totaled € 0.9 million and was below the previous year's level (H1/2014: € 1.5 million).

### LIQUIDITY

On 30 June 2015, the Company held cash and cash equivalents, marketable securities, and other financial assets of € 324.9 million in comparison to € 352.8 million on 31 December 2014.

This sum consists of cash and cash equivalents amounting to € 55.7 million (31 December 2014: € 32.2 million), marketable securities and bonds of € 94.5 million (31 December 2014: € 113.5 million), and other financial assets totaling € 160.8 million (31 December 2014: € 157.0 million) that are reported under the category "loans and receivables" within current assets. Further investments of € 14.0 million categorized as "loans and receivables" were reported under non-current assets (31 December 2014: € 50.0 million).

The decline in marketable securities and other financial assets was mainly a result of the purchase of all outstanding shares of Lanthio Pharma B.V., the milestone payment to Emergent, and the use of cash and cash equivalents for operating activities during the first six months of 2015.

# Balance Sheet

### ASSETS

On 30 June 2015, total assets amounted to € 429.4 million and were € 2.9 million above their level on 31 December 2014 (€ 426.5 million). The increase in current assets by € 6.3 million resulted mainly from cash invested on a long-term basis, whose remaining term in the meantime was below twelve months and hence was reclassified to current assets. The use of cash and cash equivalents for operating activities during the first six months of 2015 as well as the acquisition of all outstanding shares of Lanthio Pharma B.V. paid in cash in the amount of € 20.0 million reduced this effect.

In comparison to 31 December 2014, non-current assets were € 3.4 million lower at € 100.6 million primarily as a result of the reclassification of cash invested on a long-term basis to current assets. This effect was almost completely offset by the increase of in-process R&D programs by € 32.7 million due to the preclinical programs acquired in connection with the acquisition of Lanthio Pharma B.V. as well as by the milestone payment made to Emergent. The preclinical program MOR107 (formerly LP2) obtained through the acquisition of Lanthio Pharma B.V. complements the proprietary portfolio of MorphoSys since May 2015.

### LIABILITIES

Current liabilities increased by € 3.1 million to € 35.8 million on 30 June 2015 from their level of € 32.7 million on 31 December 2014. This increase was mainly due to higher tax provisions and a rise in the item “accounts payable and accrued expenses”. This increase was largely offset by a decline in the current portion of deferred revenues.

Non-current liabilities decreased by € 33.7 million in comparison to the balance sheet date 31 December 2014. The decline primarily resulted from the recognition of deferred revenues through profit and loss due to the termination of the cooperation with Celgene for the co-development and co-promotion of the MOR202 program.

### STOCKHOLDERS’ EQUITY

On 30 June 2015, the Group’s stockholders’ equity amounted to € 382.3 million in comparison to € 348.8 million on 31 December 2014.

The number of shares issued totaled 26,469,834 on 30 June 2015; a total of 26,035,164 thereof were outstanding (31 December 2014: 26,456,834 total shares and 26,005,944 shares outstanding).

As of 30 June 2015, the value of treasury stock increased to € 15,828,999 from its level € 14,251,962 on 31 December 2014 mainly as a result of MorphoSys’s repurchase of 88,670 of its own shares on the stock exchange. The repurchase in the total amount of € 5,389,984 was carried out at an average share price of € 60.79. This movement was offset by the transfer of 104,890 own shares in the amount of € 3,816,947 to Management Board and Senior Management Group from the 2011 long-term incentive plan (LTI plan). The four-year vesting period for this LTI program expired on 01 June 2015. As a result, the number of MorphoSys shares owned by the Company amounted to 434,670 as of 30 June 2015.

## Financing

The Company's equity ratio amounted to 89% on 30 June 2015, compared to 82% on 31 December 2014. The Company is currently not financed with financial debt.

## Risk and Opportunity Report

The collaboration with Celgene on MOR202 was terminated in the first quarter of 2015. During the 2015 financial year, there will be only an insignificant rise in MorphoSys's costs for the compound's development compared to the level MorphoSys would have incurred under the co-development agreement with Celgene. Development costs in 2016, however, will be higher due to the discontinuation of cost sharing. We cannot realize the milestone payments and royalties announced as part of Celgene alliance in this form. If the compound shows sufficient clinical efficacy and safety, there may be lucrative opportunities for the Company in the future, particularly in terms of new partnerships.

The other risks and opportunities and their assessment remain unchanged from the situation described on pages 61–69 of the 2014 Annual Report.

## Subsequent Events

No events occurred that require reporting.

# Outlook

### EXPECTED DEVELOPMENT IN THE LIFE SCIENCES SECTOR

After three very successful years for the biotechnology sector, the forecast for the year 2015 is for the continued positive development of the sector. Funds are expected to continue to flow to the sector given the historically low interest rates and the pick-up in the global economy. Scientific progress and a better understanding of biological pathways, such as those in the field of immuno-oncology, are leading to innovation and new drug approvals. In 2014, four out of ten newly approved drugs were for rare diseases and a further 40% were based on novel mechanisms or were novel compounds. This trend will continue. According to a recently published report from IMS Health entitled "The Global Outlook for Medicines Through 2018", global pharmaceutical expenditures should rise 30% to US$ 1.3 trillion by the year 2018.

New drug approvals and innovations as well as clearer guidelines for approval and a strong demand for new drugs will continue to drive the growth of the pharmaceutical and biotechnology industry. The average revenue potential of newly approved drugs is increasing and the number of approvals could either remain at today's high level or increase even further. In any case, pricing and reimbursement policies will remain at the center of attention.

### FINANCIAL GUIDANCE

MorphoSys's updated financial guidance for the 2015 financial year was published on 26 March 2015 and remains unchanged. For the full year 2015, the Company expects revenues in the range of € 101 million to € 106 million. Based on management's current plans, expenses for proprietary research and development should rise to between € 56 million and € 63 million. MorphoSys expects earnings before interest and taxes (EBIT) in the range of € 9 million to € 16 million for the 2015 financial year.

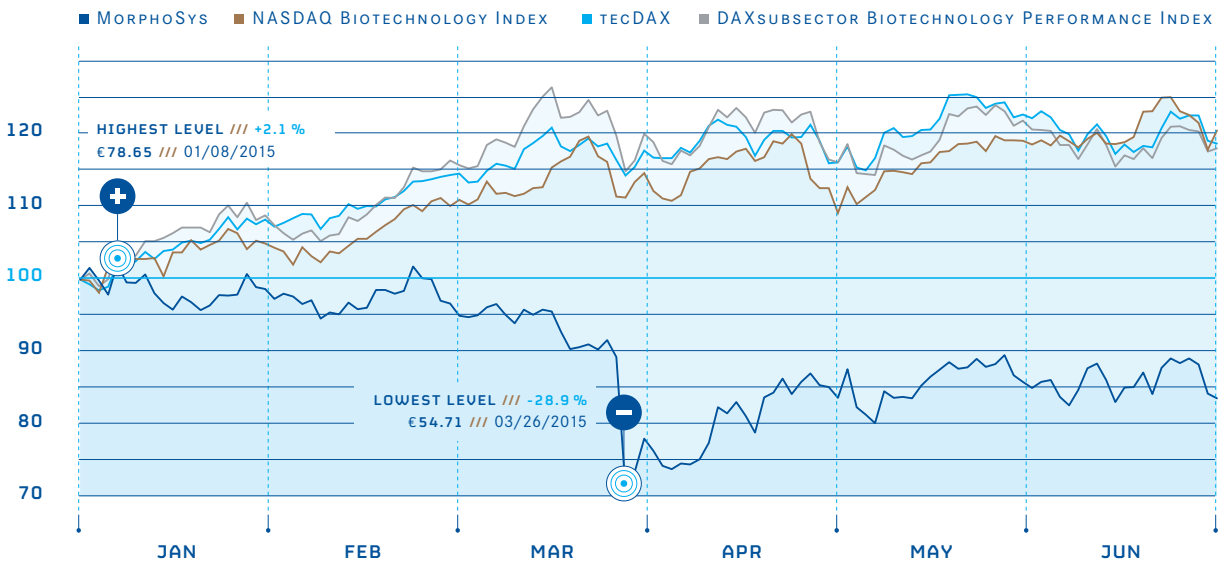
The statements in the 2014 Annual Report on pages 45–48 with regard to the strategic outlook, the expected business and human resources developments, future research and development, and the dividend policy continue to apply.

## Share Price Performance

After suffering a setback in the first quarter of 2015, MorphoSys AG shares made a visible recovery in the second quarter of 2015. On 30 June 2015, the shares closed at € 64.38 per share. This represented a year-to-date decline of 16.0% and a market capitalization for MorphoSys AG of roughly € 1.7 billion.

As a result, MorphoSys's share performance was below that of the industry's major benchmark indices. In the course of the first six months of 2015, the NASDAQ Biotechnology Index climbed 21.6%, the TecDAX increased 19.8%, and the DAX Subsector Biotechnology Performance Index rose 18.4%.

**THE MORPHOSYS SHARE** (2 JANUARY 2015 = 100 %)



# Consolidated Income Statement (IFRS) – (unaudited)

| € | Note | Three Months Ended 06/30/2015 | Three Months Ended 06/30/2014 | Six Months Ended 06/30/2015 | Six Months Ended 06/30/2014 |
|---|---|---|---|---|---|
| **Revenues** | **2** | **12,195,113** | **14,670,293** | **82,609,123** | **30,547,607** |
| **Operating Expenses** | **2** | | | | |
| Research and Development | | 19,227,465 | 12,177,956 | 33,906,473 | 23,389,171 |
| General and Administrative | | 4,012,523 | 3,430,830 | 6,998,384 | 6,746,410 |
| **Total Operating Expenses** | | **23,239,988** | **15,608,786** | **40,904,857** | **30,135,581** |
| Other Income | | 4,690,980 | 102,678 | 4,777,023 | 230,852 |
| Other Expenses | | 337,114 | 137,264 | 397,237 | 230,868 |
| **Earnings before Interest and Taxes (EBIT)** | | **(6,691,009)** | **(973,079)** | **46,084,052** | **412,010** |
| Finance Income | 4 | (172,822) | 272,756 | 2,170,926 | 547,810 |
| Finance Expenses | 4 | 67,877 | 15,061 | 299,061 | 68,701 |
| Income Tax (Expenses) / Income | | 2,596,878 | 188,638 | (11,436,117) | (327,471) |
| **Consolidated Net Profit / (Loss)** | | **(4,334,830)** | **(526,746)** | **36,519,800** | **563,648** |
| **Basic Net Profit / (Loss) per Share** | | **(0.17)** | **(0.02)** | **1.41** | **0.02** |
| **Diluted Net Profit / (Loss) per Share** | | **(0.16)** | **(0.02)** | **1.39** | **0.02** |
| Shares Used in Computing Basic Net Result per Share | | 26,029,331 | 25,849,012 | 25,990,560 | 25,859,320 |
| Shares Used in Computing Diluted Net Result per Share | | 26,295,167 | 26,167,304 | 26,272,053 | 26,180,066 |

See accompanying Notes

# Consolidated Statement of Comprehensive Income (IFRS)* – (unaudited)

| € | Three Months Ended 06/30/2015 | Three Months Ended 06/30/2014 | Six Months Ended 06/30/2015 | Six Months Ended 06/30/2014 |
|---|---|---|---|---|
| **Consolidated Net Profit / (Loss)** | **(4,334,830)** | **(526,746)** | **36,519,800** | **563,648** |
| Change in Unrealized Gains and Losses on Available-for-sale Financial Assets and Bonds | 61,914 | 154,574 | 87,449 | 275,700 |
| (Thereof Reclassifications of Unrealized Gains and Losses to Profit and Loss) | 61,167 | (9,146) | 64,291 | (25,894) |
| Change of Tax Effects presented in Other Comprehensive Income on Available-for-sale Financial Assets and Bonds | (16,302) | (40,038) | (23,025) | (65,680) |
| Change in Unrealized Gains and Losses on Available-for-sale Financial Assets and Bonds, Net of Taxes | 45,612 | 114,536 | 64,424 | 210,020 |
| Foreign Currency Gain from Consolidation | (454) | 3,403 | 638 | 24,065 |
| **Comprehensive Income** | **45,158** | **117,939** | **65,062** | **234,085** |
| **Total Comprehensive Income** | **(4,289,672)** | **(408,807)** | **36,584,862** | **797,733** |

*) In the first six months of 2015 and 2014, the statement of comprehensive income only comprised components, which will be reclassified in terms of IAS 1.82A(b) to profit or loss in subsequent periods when specific conditions are met.

# Consolidated Balance Sheet (IFRS)

| € | Note | 30 June 2015 (unaudited) | 31 Dec. 2014 (audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | 4, 5 | 55.668.204 | 32.238.161 |
| Available-for-sale Financial Assets | 4, 5 | 82.045.410 | 106.039.373 |
| Bonds, Available-for-sale | 4, 5 | 12.408.397 | 7.488.259 |
| Financial Assets classified as Loans and Receivables | 4, 5 | 160.779.188 | 156.993.068 |
| Accounts Receivable | 5 | 11.774.264 | 14.990.532 |
| Tax Receivables | | 1.098.912 | 1.120.563 |
| Other Receivables | 4, 5 | 1.563.473 | 100.194 |
| Inventories, Net | | 527.217 | 556.171 |
| Prepaid Expenses and Other Current Assets | | 2.873.126 | 2.869.067 |
| **Total Current Assets** | | **328.738.191** | **322.395.388** |
| **Non-current Assets** | | | |
| Property, Plant and Equipment, Net | | 3.582.274 | 3.557.729 |
| Patents, Net | | 6.569.180 | 6.987.910 |
| Licenses, Net | | 1.293.731 | 1.343.188 |
| In-process R&D Programs | 3 | 60.959.887 | 28.254.201 |
| Software, Net | | 2.134.138 | 2.042.206 |
| Goodwill | 3 | 11.041.035 | 7.352.467 |
| Financial Assets classified as Loans and Receivables, Net of Current Portion | 4 | 14.005.513 | 50.030.000 |
| Shares Available-for-sale, Net of Current Portion | | 0 | 1.726.633 |
| Deferred Tax Asset | | 58.491 | 1.737.387 |
| Prepaid Expenses and Other Assets, Net of Current Portion | | 992.962 | 1.050.864 |
| **Total Non-current Assets** | | **100.637.211** | **104.082.585** |
| **TOTAL ASSETS** | | **429.375.402** | **426.477.973** |

See accompanying Notes

| € | Note | 30 June 2015 (unaudited) | 31 Dec. 2014 (audited) |
|---|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| **Current Liabilities** | | | |
| Accounts Payable and Accrued Expenses | 5 | 25,047,996 | 17,830,792 |
| Tax Provisions | | 9,500,404 | 777,281 |
| Provisions | | 81,004 | 19,541 |
| Current Portion of Deferred Revenue | | 1,160,104 | 14,075,166 |
| **Total Current Liabilities** | | **35,789,508** | **32,702,780** |
| **Non-current Liabilities** | | | |
| Provisions, Net of Current Portion | | 43,344 | 43,344 |
| Deferred Revenue, Net of Current Portion | | 3,972,723 | 44,677,035 |
| Convertible Bonds due to Related Parties | 5 | 247,389 | 251,679 |
| Deferred Tax Liability | | 7,021,842 | 0 |
| **Total Non-current Liabilities** | | **11,285,298** | **44,972,058** |
| **Total Liabilities** | | **47,074,806** | **77,674,838** |
| | | | |
| **Stockholders' Equity** | | | |
| Common Stock | 6 | 26,469,834 | 26,456,834 |
| Ordinary Shares Issued (26,469,834 and 26,456,834 for 2015 and 2014, respectively) | | | |
| Ordinary Shares Outstanding (26,035,164 and 26,005,944 for 2015 and 2014, respectively) | | | |
| Treasury Stock (434,670 and 450,890 shares for 2015 and 2014, respectively), at Cost | 6 | (15,828,999) | (14,251,962) |
| Additional Paid-in Capital | 6 | 316,852,356 | 318,375,720 |
| Revaluation Reserve | 6 | 59,782 | (4,642) |
| Translation Reserve | 6 | 294,484 | 293,846 |
| Accumulated Income | | 54,453,139 | 17,933,339 |
| **Total Stockholders' Equity** | | **382,300,596** | **348,803,135** |
| **Total Liabilities and Stockholders' Equity** | | **429,375,402** | **426,477,973** |

See accompanying Notes

# Consolidated Statement of Changes in Stockholder's Equity (IFRS) – (unaudited)

| | Common Stock | |
|---|---|---|
| | **Shares** | **€** |
| **Balance as of 1 January 2014** | **26,220,882** | **26,220,882** |
| Compensation Related to the Grant of Convertible Bonds and Performance Shares | 0 | 0 |
| Exercise of Convertible Bonds Issued to Related Parties | 151,702 | 151,702 |
| Repurchase Treasury Stock in Consideration of Bank Fees | 0 | 0 |
| **Reserves:** | | |
| Change in Unrealized Gain on Available-for-sale Financial Assets and Bonds, Net of Tax Effects | 0 | 0 |
| Foreign Currency Gains from Consolidation | 0 | 0 |
| Consolidated Net Profit for the Period | 0 | 0 |
| Total Comprehensive Income | 0 | 0 |
| **Balance as of 30 June 2014** | **26,372,584** | **26,372,584** |
| **Balance as of 1 January 2015** | **26,456,834** | **26,456,834** |
| Compensation Related to the Grant of Convertible Bonds and Performance Shares | 0 | 0 |
| Exercise of Convertible Bonds Issued to Related Parties | 13,000 | 13,000 |
| Repurchase Treasury Stock in Consideration of Bank Fees | 0 | 0 |
| Stock-based Compensation | 0 | 0 |
| **Reserves:** | | |
| Change in Unrealized Gain on Available-for-sale Financial Assets and Bonds, Net of Tax Effects | 0 | 0 |
| Foreign Currency Gains from Consolidation | 0 | 0 |
| Consolidated Net Profit for the Period | 0 | 0 |
| Total Comprehensive Income | 0 | 0 |
| **Balance as of 30 June 2015** | **26,469,834** | **26,469,834** |

See accompanying Notes

| | Treasury Stock Shares | Treasury Stock € | Additional Paid-in Capital € | Revaluation Reserve € | Translation Reserve € | Accumulated Income € | Total Stockholders' Equity € |
|---|---|---|---|---|---|---|---|
| | **339,890** | **(6,418,018)** | **310,963,651** | **240,381** | **192,556** | **20,945,968** | **352,145,420** |
| | 0 | 0 | 1,909,675 | 0 | 0 | 0 | 1,909,675 |
| | 0 | 0 | 2,395,375 | 0 | 0 | 0 | 2,547,077 |
| | 111,000 | (7,833,944) | 0 | 0 | 0 | 0 | (7,833,944) |
| | 0 | 0 | 0 | 210,020 | 0 | 0 | 210,020 |
| | 0 | 0 | 0 | 0 | 24,065 | 0 | 24,065 |
| | 0 | 0 | 0 | 0 | 0 | 563,648 | 563,648 |
| | 0 | 0 | 0 | 210,020 | 24,065 | 563,648 | 797,733 |
| | **450,890** | **(14,251,962)** | **315,268,701** | **450,401** | **216,621** | **21,509,616** | **349,565,961** |
| | **450,890** | **(14,251,962)** | **318,375,720** | **(4,642)** | **293,846** | **17,933,339** | **348,803,135** |
| | 0 | 0 | 2,088,313 | 0 | 0 | 0 | 2,088,313 |
| | 0 | 0 | 205,270 | 0 | 0 | 0 | 218,270 |
| | 88,670 | (5,393,984) | 0 | 0 | 0 | 0 | (5,393,984) |
| | (104,890) | 3,816,947 | (3,816,947) | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 64,424 | 0 | 0 | 64,424 |
| | 0 | 0 | 0 | 0 | 638 | 0 | 638 |
| | 0 | 0 | 0 | 0 | 0 | 36,519,800 | 36,519,800 |
| | 0 | 0 | 0 | 64,424 | 638 | 36,519,800 | 36,584,862 |
| | **434,670** | **(15,828,999)** | **316,852,356** | **59,782** | **294,484** | **54,453,139** | **382,300,596** |

# Consolidated Statement of Cash Flows (IFRS) – (unaudited)

| **For the Period Ended 30 June** (in €) | **Note** | **2015** | **2014** |
|---|---|---|---|
| **Operating Activities:** | | | |
| Consolidated Net Profit / (Loss) | | 36,519,800 | 563,648 |
| **Adjustments to Reconcile Net Profit to Net Cash Provided / (Used) by Operating Activities:** | | | |
| Depreciation and Amortization of Tangible and Intangible Assets | | 1,695,889 | 2,229,259 |
| Net Gain on Sales of Financial Assets | | 58,075 | (36,628) |
| Purchases of Derivative Financial Instruments | | 0 | (15,820) |
| Net (Gain) / Loss on Derivative Financial Instruments | | (1,212,397) | 14,639 |
| (Gain) / Loss on Sale of Property, Plant and Equipment | | 688 | (4,955) |
| Recognition of Deferred Revenue | | (63,024,563) | (16,956,056) |
| Stock-based Compensation | 6, 9 | 2,088,313 | 2,076,590 |
| Income Tax (Expenses) / Income | | 11,436,121 | 327,471 |
| Gain from Revaluation of Participations | 3 | (4,495,020) | 0 |
| **Changes in Operating Assets and Liabilities:** | | | |
| Accounts Receivable | | 3,302,967 | (3,902,828) |
| Prepaid Expenses, Other Assets and Tax Receivables | | (411,897) | 192,421 |
| Accounts Payable and Accrued Expenses and Provisions | | 3,512,945 | (3,034,493) |
| Other Liabilities | | 3,082,676 | 1,273,094 |
| Deferred Revenue | | 9,405,189 | 9,511,660 |
| Income Taxes Paid | | (820,070) | (2,106,106) |
| **Net Cash Provided by / (Used in) Operating Activities** | | **1,138,716** | **(9,868,104)** |

See accompanying Notes

| in € | Note | 2015 | 2014 |
|---|---|---|---|
| **Investing Activities:** | | | |
| Purchases of Available-for-sale Financial Assets | | (25,600,000) | (30,343,147) |
| Proceeds from Sales of Available-for-sale Financial Assets | | 49,703,951 | 31,628,329 |
| Purchase of Bonds, Available-for-sale | 4 | (5,000,750) | 0 |
| Proceeds from Sales of Bonds, Available-for-sale | 4 | 0 | 1,150,000 |
| Purchase of Financial Assets Classified as Loans and Receivables | 4 | (24,698,360) | (91,250,000) |
| Proceeds from Sale of Financial Assets Classified as Loans and Receivables | 4 | 56,222,141 | 85,634,765 |
| Acquisitions, Net of Cash Acquired | 3 | (18,169,658) | 0 |
| Purchase of Property, Plant and Equipment | | (648,524) | (1,544,090) |
| Proceeds from Disposals of Property, Plant and Equipment | | 0 | 5,000 |
| Purchase of Intangibles | | (5,063,521) | (473,734) |
| Interest Received | | 726,217 | 115,235 |
| **Net Cash Provided by / (Used in) Investing Activities** | | **27,471,496** | **(5,077,642)** |
| | | | |
| **Financing Activities:** | | | |
| Repurchase Treasury Stock in Consideration of Bank Fees | 6 | (5,393,984) | (7,833,944) |
| Proceeds from the Exercise of Convertible Bonds Granted to Related Parties | 6 | 215,336 | 2,547,077 |
| Net of Proceeds and Payments from the Issuance of Convertible Bonds Granted to Related Parties | | 0 | (11,466) |
| Interest Paid | | (1,356) | (7,659) |
| **Net Cash Provided / (Used in) Financing Activities** | | **(5,180,004)** | **(5,305,992)** |
| Effect of Exchange Rate Differences on Cash | | (165) | 23,734 |
| Increase / (Decrease) in Cash and Cash Equivalents | | 23,430,043 | (20,228,004) |
| **Cash and Cash Equivalents at the Beginning of the Period** | | **32,238,161** | **71,873,696** |
| **Cash and Cash Equivalents at the End of the Period** | | **55,668,204** | **51,645,692** |

See accompanying Notes

# Notes (unaudited)

MorphoSys AG ("the Company" or "MorphoSys") is a leader in the development of highly efficient technologies for the generation of therapeutic antibodies. The Company's proprietary portfolio and pipeline of compounds jointly developed with partners from the pharmaceutical and biotechnology industry is one of the broadest in the industry. The Group was founded in July 1992 as a German limited liability company. In June 1998, MorphoSys became a German stock corporation. In March 1999, the Company completed its initial public offering on Germany's "Neuer Markt": the segment of the Deutsche Börse designated for high-growth companies. On 15 January 2003, MorphoSys AG was admitted to the Prime Standard segment of the Frankfurt Stock Exchange. The registered offices of the MorphoSys Group are located at Lena-Christ-Straße 48, 82152 Martinsried, Germany.

These interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) taking into account the recommendations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable in the European Union (EU). These interim consolidated financial statements comply with IAS 34 "Interim Financial Reporting".

The condensed interim consolidated financial statements do not contain all of the information and disclosures required for financial year-end consolidated financial statements and, therefore, should be read in conjunction with the consolidated financial statements dated 31 December 2014.

The condensed interim consolidated financial statements were approved for publication on 27 July 2015.

The consolidated financial statements as of 30 June 2015 include MorphoSys AG, Sloning BioTechnology GmbH, Poole Real Estate Ltd. (formerly Biogenesis UK Ltd.), as well as Lanthio Pharma B.V. and Lanthio Pep B.V., which are collectively known as the "Group".

On 30 June 2015, Poole Real Estate Ltd. was in the process of liquidation. The liquidation was resolved by the shareholders and entered into the commercial register of the United Kingdom (Companies House) on 20 March 2014.

## 1 Accounting Policies

The accounting and valuation principles applied to the consolidated financial statements for the financial year ending 31 December 2014 were also applied to the first six months of 2015 and can be found on our website under www.morphosys.com/financial-reports. Additional information regarding accounting and valuation principles for business combinations pursuant to IFRS 3 are provided in Note 3.

The following new and revised standards and interpretations that were not yet mandatory for the financial year or were not yet adopted by the European Union, have not been applied in advance. Standards with the remark "yes" are likely to have an impact on the consolidated financial statements. Their impact is currently being assessed by the Group. Standards with the remark "none" are not likely to have a material impact on the consolidated financial statements.

| Standard / Interpretation | | Mandatory application for financial years starting on | Adopted by the European Union | Possible impact on MorphoSys |
|---|---|---|---|---|
| IAS 1 (A) | Disclosure Initiative | 01/01/2016 | no | yes |
| IAS 19 (A) | Employee Contributions to Defined Benefit Plans | 01/02/2015 | no | none |
| IFRIC 21 | Levies | 17/06/2014 | yes | none |
| | Improvements to International Financial Reporting Standards, 2010 – 2012 cycle | 01/02/2015 | no | none |
| | Improvements to International Financial Reporting Standards, 2011 – 2013 cycle | 01/02/2015 | no | none |
| (A) Amended | | | | |

## 2 Segment Reporting

MorphoSys Group applies IFRS 8 “Segment Reporting”. An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the entity’s chief operating decision maker and for which discrete financial information is available.

Segment information is presented with respect to the Group’s operating segments. The operating segments are based on the Group’s management and internal reporting structures. The segment results include items that can be either directly attributed to the individual segment or can be allocated to the segment on a reasonable basis. Intercompany pricing is determined on an arm’s length basis.

The Group consists of the following operating segments.

### PROPRIETARY DEVELOPMENT

This segment comprises all activities relating to the proprietary development of therapeutic antibodies. The activities of this segment currently include the clinical development of the proprietary programs MOR208 and MOR209/ES414 and the co-development of MOR202 with Celgene (this cooperation was terminated with the effective date of 26 March 2015 and has since been continued by MorphoSys in the Proprietary Development segment). The proprietary program MOR103 was out-licensed to GSK, and all activities are carried out by GSK. MorphoSys is also pursuing further programs that are at an early stage of proprietary development or that fall under co-development agreements. The MOR107 preclinical program (formerly LP2) resulting from the acquisition of Lanthio Pharma B.V. is part of MorphoSys’s proprietary portfolio since May 2015.

## PARTNERED DISCOVERY

MorphoSys possesses one of the leading technologies used for the generation of therapeutics based on human antibodies. The Group markets this technology commercially via partnerships with numerous pharmaceutical and biotechnology companies. The Partnered Discovery segment encompasses all operational activities relating to these commercial agreements and the majority of the technological development.

| For the Six Months Period Ended 30 June (in 000's €) | Proprietary Development | | Partnered Discovery | | Unallocated | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| External Revenues | 59,580 | 7,699 | 23,029 | 22,849 | 0 | 0 | 82,609 | 30,548 |
| Other Operating Expenses | 23,972 | 13,628 | 10,577 | 10,179 | 6,356 | 6,329 | 40,905 | 30,136 |
| Other Income | 4,621 | 41 | 1 | 4 | 155 | 186 | 4,777 | 231 |
| Other Expenses | 0 | 0 | 0 | 170 | 397 | 61 | 397 | 231 |
| **Segment EBIT** | **40,229** | **(5,888)** | **12,453** | **12,504** | **(6,598)** | **(6,204)** | **46,084** | **412** |
| Finance Income | 0 | 0 | 0 | 0 | 2,171 | 548 | 2,171 | 548 |
| Finance Expenses | 0 | 0 | 0 | 0 | 299 | 69 | 299 | 69 |
| **Profit before Taxes** | **40,229** | **(5,888)** | **12,453** | **12,504** | **(4,726)** | **(5,725)** | **47,956** | **891** |
| Income Tax (Expenses) / Income | 0 | 0 | 0 | 0 | (11,436) | (327) | (11,436) | (327) |
| **Consolidated Net Profit / (Loss)*** | **40,229** | **(5,888)** | **12,453** | **12,504** | **(16,162)** | **(6,052)** | **36,520** | **564** |

| For the Three Months Period Ended 30 June (in 000's €) | Proprietary Development | | Partnered Discovery | | Unallocated | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | 202 | 3,609 | 11,993 | 11,061 | 0 | 0 | 12,195 | 14,670 |
| Operating Expenses | 14,250 | 6,905 | 5,367 | 5,342 | 3,623 | 3,362 | 23,240 | 15,609 |
| Other Income | 4,549 | 41 | 1 | 1 | 141 | 61 | 4,691 | 103 |
| Other Expenses | 0 | 0 | 0 | 94 | 337 | 43 | 337 | 137 |
| **Segment EBIT** | **(9,499)** | **(3,255)** | **6,627** | **5,626** | **(3,819)** | **(3,344)** | **(6,691)** | **(973)** |
| Finance Income | 0 | 0 | 0 | 0 | (173) | 273 | (173) | 273 |
| Finance Expenses | 0 | 0 | 0 | 0 | 68 | 15 | 68 | 15 |
| **Profit before Taxes** | **(9,499)** | **(3,255)** | **6,627** | **5,626** | **(4,060)** | **(3,086)** | **(6,932)** | **(715)** |
| Income Tax (Expenses) / Income | 0 | 0 | 0 | 0 | 2,597 | 189 | 2,597 | 189 |
| **Consolidated Net Profit / (Loss)*** | **(9,499)** | **(3,255)** | **6,627** | **5,626** | **(1,463)** | **(2,897)** | **(4,335)** | **(526)** |

* Differences due to rounding.

The following overview shows the regional distribution of the Group's revenues.

| **For the Period Ended 30 June** (in 000's €) | **2015** | **2014** |
|---|---|---|
| Germany | 325 | 0 |
| Other Europe and Asia | 21,079 | 22,354 |
| USA and Canada | 61,205 | 8,194 |
| **Total** | **82,609** | **30,548** |

## 3 Business Combinations

On 7 May 2015, MorphoSys acquired all outstanding shares of the Dutch biopharmaceutical company Lanthio Pharma B.V. for a one-time payment of € 20.0 million. Since this date, Lanthio Pharma B.V.'s activities have been fully included in the consolidated financial statements of MorphoSys. Prior to the acquisition, MorphoSys held 19.98% of Lanthio Pharma B.V. The transaction added Lanthio Pharma's leading LP2 program – a novel lanthipeptide currently in development for diabetic nephropathy and fibrotic diseases – to MorphoSys's growing proprietary portfolio.

In accordance with IFRS 3, the business combination is accounted for according to the acquisition method under which the acquired identifiable assets and liabilities are recognized at their fair value as of the acquisition date. The positive difference between the acquisition costs of the business combination and the share in the net fair value of the assets, liabilities and contingent liabilities identified in the context of the acquisition is separately recognized as goodwill and is allocated to the respective cash-generating unit.

The fair value of the acquired receivables is € 0.5 million. This amount corresponds to the gross amount of the receivables.

In the period from 7 May 2015 to 30 June 2015, the acquired company contributed a net loss of € 0.5 million to the Group's net profit. Group revenues remained unchanged.

Had the acquisition occurred on 01 January 2015, the management estimates that the Group net profit would have amounted to € 35.6 million, respectively.

The cash consideration paid for all outstanding shares was € 20,000,000. Furthermore, the conversion right included in the loan (€ 0.7 million) was exercised by receiving shares of the company. As a result, the share in the company intermediately increased to 25.63 %.

The earnings effect resulting from the measurement of the initial interest in Lanthio Pharma B.V. at fair value amounted to € 4.5 million and was recognized in "other operating income".

As of 7 May 2015, the identifiable assets and liabilities resulting from the acquisition included the following items.

| | Fair value (in 000's €) |
|---|---|
| Cash and Cash Equivalents | 1,830 |
| Trade and other Receivables | 537 |
| Prepaid Expenses and Other current assets | 144 |
| Property, Plant and Equipment | 127 |
| In-process R&D Programs | 28,211 |
| Software | 1 |
| Deferred Tax Asset | 124 |
| Other Non-current Assets | 29 |
| Accounts Payable and Accrued Expenses and Provisions | (752) |
| Deferred Tax Liabilities | (7,047) |
| **FAIR VALUE OF NET ASSETS AND LIABILITIES** | **23,204** |
| Goodwill on Acquisition | 3,689 |
| Fail Value of Investment (25.63%) | 6,893 |
| **CONSIDERATION PAID** | **20,000** |
| Cash (acquired) | (1,830) |
| **NET CASH OUTFLOW** | **18,170** |

The following amount of goodwill was recognized as a result of the acquisition:

| | |
|---|---|
| Consideration paid | 20,000 |
| Fail Value of Investment (25.63%) | 6,893 |
| Fair Value of Identifiable Net Assets and Liabilities | (23,204) |
| **GOODWILL** | **3,689** |

Goodwill is primarily attributable to synergy effects expected from the entities' integration into the Group's Proprietary Development segment and partially attributable to the know-how of the employees acquired. Goodwill is not expected to be deductible from income taxes.

The Company incurred transaction-related costs of € 0.2 million, which mainly related to fees for external legal advice, valuations in the context of the purchase price allocation and notary costs. All transaction-related costs are included in "general and administrative expenses" in the consolidated income statement.

## 4 Financial Instruments

As of 30 June 2015, an amount of € 82.0 million (31 December 2014: € 106.0 million) was invested in various money-market funds, and a total of € 12.4 million (31 December 2014: € 7.5 million) was invested in fixed-rate bonds. These instruments were allocated to the category “available for sale” in accordance with IAS 39 “Financial Instruments”.

As of 30 June 2015, the Company held current financial assets of € 160.8 million (31 December 2014: € 157.0 million) that were assigned to the category “loans and receivables”. Other investments of € 14.0 million (31 December 2014: € 50.0 million) under the category “loans and receivables” were recorded under non-current assets as of 30 June 2015.

In the context of the acquisition of the outstanding shares in Lanthio Pharma B.V., the conversion right included in the loan (€ 0.7 million) was exercised in exchange for shares in the company. The loan was recorded in “other receivables”.

MorphoSys regularly uses foreign-currency options and forwards in order to hedge its foreign exchange risk. As of 30 June 2015, there were 21 unsettled forward rate agreements with terms ranging from one to 18 months (31 December 2014: 24). The gross unrealized gain of € 751,387 and the gross unrealized loss of € 19,604 as of 30 June 2015 (31 December 2014: € 44,506 of gross unrealized gain) were recorded in the financial result.

## 5 Fair Value Measurement

MorphoSys uses the following hierarchy for determining and disclosing the fair value of financial instruments.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The carrying amounts of financial assets and liabilities such as cash and cash equivalents, marketable securities, accounts receivable, and accounts payable approximate their fair values due to their short-term maturities. The fair value of marketable securities is based on quoted market prices (hierarchy Level 1, quoted prices in active markets). None of the financial assets or liabilities was allocated to hierarchy levels 2 or 3. There were no transfers from one fair value hierarchy level to another in the years 2015 and 2014.

The fair values of financial assets and liabilities and the carrying amounts presented in the consolidated balance sheet were composed as follows.

| 30 June 2015 | Note | Loans and Receivables | Available for Sale | Other Financial Liabilities | Total Carrying Amount | Fair value |
|---|---|---|---|---|---|---|
| (in 000's €) | | | | | | |
| Cash and Cash Equivalents | | 55,668 | 0 | 0 | 55,668 | 55,668 |
| Financial Assets classified as Loans and Receivables | 4 | 160,779 | 0 | 0 | 160,779 | 160,779 |
| Accounts Receivable | | 11,774 | 0 | 0 | 11,774 | * |
| Forward Exchange Contracts Used for Hedging | 4 | 751 | 0 | 0 | 751 | 751 |
| Other Receivables | 4 | 812 | 0 | 0 | 812 | 812 |
| Financial Assets classified as Loans and Receivables, Net of Current Portion | 4 | 14,006 | 0 | 0 | 14,006 | 14,006 |
| Shares Available-for-sale, Net of Current Portion | | 0 | 0 | 0 | 0 | * |
| Available-for-sale Financial Assets | 4 | 0 | 82,045 | 0 | 82,045 | 82,045 |
| Bonds, Available-for-sale | 4 | 0 | 12,408 | 0 | 12,408 | 12,408 |
| | | **243,790** | **94,453** | **0** | **338,243** | **326,469** |
| Convertible Bonds - Liabilitiy Component | | 0 | 0 | (247) | (247) | (247) |
| Accounts Payable and Accrued Expenses | | 0 | 0 | (25,048) | (25,048) | (25,048) |
| Forward Exchange Contracts Used for Hedging | 4 | 0 | 0 | (20) | (20) | (20) |
| | | **0** | **0** | **(25,315)** | **(25,315)** | **(25,315)** |

| 31 December 2014 | Note | Loans and Receivables | Available for Sale | Other Financial Liabilities | Total Carrying Amount | Fair value |
|---|---|---|---|---|---|---|
| (in 000's €) | | | | | | |
| Cash and Cash Equivalents | | 32,238 | 0 | 0 | 32,238 | 32,238 |
| Financial Assets classified as Loans and Receivables | 4 | 156,993 | 0 | 0 | 156,993 | 156,993 |
| Accounts Receivable | | 14,991 | 0 | 0 | 14,991 | * |
| Other Receivables | 4 | 100 | 0 | 0 | 100 | 100 |
| Financial Assets classified as Loans and Receivables, Net of Current Portion | 4 | 50,030 | | | 50,030 | 50,030 |
| Shares Available-for-sale, Net of Current Portion | | 0 | 1,727 | 0 | 1,727 | * |
| Available-for-sale Financial Assets | 4 | 0 | 106,039 | 0 | 106,039 | 106,039 |
| Bonds, Available-for-sale | 4 | 0 | 7,488 | 0 | 7,488 | 7,488 |
| | | **254,352** | **115,254** | **0** | **369,606** | **352,889** |
| Convertible Bonds - Liabilitiy Component | | 0 | 0 | (252) | (252) | (252) |
| Accounts Payable and Accrued Expenses | | 0 | 0 | (17,831) | (17,831) | (17,831) |
| | | **0** | **0** | **(18,083)** | **(18,083)** | **(18,083)** |

* Disclosure waived in accordance with IFRS 7.29 (a)

## 6 Changes in Stockholder's Equity

### COMMON STOCK

On 30 June 2015, the Company's common stock amounted to € 26,469,834 (31 December 2014: € 26,456,834).

As of 30 June 2015, the value of treasury stock increased to € 15,828,999 from its level € 14,251,962 on 31 December 2014 mainly as a result of MorphoSys's repurchase of 88,670 of its own shares on the stock exchange. The repurchase of the total amount of € 5,389,984 was carried out at an average share price of € 60.79. The treasury stock may be used for all purposes named in the authorization of the Annual General Meeting on 23 May 2014, and particularly for any existing or future employee participation schemes and/or to finance acquisitions. The shares may also, however, be redeemed. The above-mentioned movement was offset by the transfer of 104,890 own shares in the amount of € 3,816,947 to Management Board and Senior Management Group from the 2011 long-term incentive plan (LTI plan). The four-year vesting period for this LTI program expired on 01 June 2015. As a result, the number of own shares amounted to 434,670 as of 30 June 2015.

### ADDITIONAL PAID-IN CAPITAL

On 30 June 2015, additional paid-in capital amounted to € 316,852,356 (31 December 2014: € 318,375,720). The total decline of € 1,523,364 mainly resulted from the reclassification of own shares in connection with the allocation of shares from the performance-based share plan 2011. The addition of personnel expenses from share-based payments and the exercise of conversion rights had a compensating effect.

### REVALUATION RESERVE

On 30 June 2015, the revaluation reserve amounted to € 59,782 (31 December 2014: € -4,642). The total increase of € 64,424 resulted from a change in unrealized gains and losses from available-for-sale securities and bonds.

### TRANSLATION RESERVE

In the first six months, the translation reserve increased by € 638 from € 293,846 on 31 December 2014 to € 294,484. This item included exchange-rate differences arising from the revaluation of Group company financial statements prepared in foreign currencies as well as from differences between the exchange rates used in the balance sheet and the income statement.

## 7 Changes in Convertible Bonds and Performance Shares

No stock options or convertible bonds were issued to the Management Board, the Senior Management Group, or the employees in the first six months of 2015. In April 2015, 40,425 performance shares were allocated to Management Board and Senior Management Group under the fifth long-term incentive program (LTI plan). Further details can be found in Note 8. After expiration of the four-year vesting period, a total of 104,890 shares from the LTI program 2011 was transferred to Management Board and Senior Management Group.

## 8 Long-Term Incentive Program

On 1 April 2015, MorphoSys established a fifth long-term incentive plan (LTI plan) for the Management Board and the Senior Management Group. According to IFRS 2, this program is considered a share-based payment program with settlement in equity instruments and is accounted for accordingly. The LTI plan is a performance-related share plan and will be paid out in ordinary shares of MorphoSys AG if predefined key performance criteria have been achieved. These criteria are evaluated annually by the Supervisory Board. The grant date was 01 April 2015 and the vesting/performance period is four years. If the predefined key performance criteria for the respective period are met 100%, 25% of the performance shares become vested in each year of the four-year vesting period. The number of shares vested each year will be reduced or increased to the extent that the performance criteria of the respective year have only been achieved between 50% and 99.9% (<100%) or that the achievement of the performance criteria has exceeded 100% (maximum 200%). If in one year the performance criteria are met by less than 50%, no shares will become vested in that year. In any case, the maximum pay-out at the end of the four-year period is limited by a factor determined by the Group which generally amounts to 1. However, in justified cases, the Supervisory Board may set this factor freely between 0 and 2, for example, if the level of payment is regarded as unreasonable in view of the general development of the Company. The right to receive a certain allocation of shares under the LTI plan, however, only occurs at the end of the four-year vesting period.

If the number of repurchased shares is not sufficient for servicing the LTI plan, MorphoSys reserves the right to pay a certain amount of the LTI plan in cash in the amount of the performance shares at the end of the vesting period, provided the cash amount does not exceed 200% of the fair value of the performance shares on the grant date.

If a member of the Management Board ceases to hold an office within the MorphoSys Group through termination (or if the member of the Management Board terminates the employment contract), resignation, death, injury, disability, or by reaching the retirement age (receipt of a normal retirement pension, early-retirement pension or disability pension, as long as the requirements for the disability pension entitlement are met), or under other circumstances subject to the Supervisory Board's discretion, the Management Board member (or his/her heirs) is entitled to performance shares determined on a precise daily pro rata basis.

If a member of the Management Board ceases to hold an office within MorphoSys Group for good reason as defined by Sec. 626 Para. 2 of the German Civil Code (BGB) and/or as defined by Sec. 84 Para. 3 of the German Stock Corporation Act (AktG), the beneficiary will not be entitled to an allocation of performance shares.

If a change of control occurs during the course of the four-year vesting period, all performance shares will become fully vested. In this case, the right to receive a certain allocation of shares under the LTI plan only occurs at the end of the four-year vesting period.

In April 2015, MorphoSys repurchased 88,670 of its own shares on the stock exchange at an average price of € 60.79 per share and in a total amount of € 5,389,984. The repurchased shares may be used for all purposes named in the authorization of the Annual General Meeting on 23 May 2014 and particularly for any existing or future employee participation schemes and/or to finance acquisitions. However, they may also be redeemed.

A total of 40,425 of these shares were granted to beneficiaries on 1 April 2015: 21,948 were granted to the Management Board (further details may be found in the table titled “Performance Shares” in item 10 “Directors’ Dealings”) and 18,477 shares were granted to the Senior Management Group. The fair value of the performance shares as of the grant date (1 April 2015) was € 58.81 per share. No dividends were considered in the determination of the fair value of the repurchased shares since the Group does not intend to distribute any dividends in the foreseeable future. From the grant date until 30 June 2015, no beneficiary has left MorphoSys and no performance shares have been forfeited. For the calculation of the personnel expenses resulting from share-based payments under the 2015 LTI plan, it was assumed that one beneficiary will leave the Company during the four-year period.

## 9 Personnel Expenses Resulting from Share-Based Payments

In the first six months of 2015, personnel expenses resulting from share-based payments totaling € 2.1 million were recognized in the income statement (H1/2014: € 2.1 million). In 2015, this amount exclusively resulted from share-based payments settled with equity instruments, of which personnel expenses of € 1.7 million were related to LTI programs (H1/2014: € 1.1 million). This amount also included additional personnel expenses in the amount of € 0.5 million for the LTI program 2011, which resulted from a company factor of 1.3 as determined by the Supervisory Board. Hitherto, personnel expenses for the LTI program 2011 were recorded by assuming a company factor of 1.0. In 2014, additional personnel expenses in the amount of € 0.2 million resulted from cash-settled share based payments in connection with stock-appreciation rights.

## 10 Directors’ Dealings

The Group engages in commercial relationships with its Management Board and the members of its Supervisory Board as related parties. In addition to cash compensation, the Company has issued convertible bonds and performance shares to members of the Management Board.

The tables below show the shares, convertible bonds, and performance shares held by the members of the Management Board and the Supervisory Board and show the changes in their ownership in the first six months of 2015.

## SHARES

| | 01/01/15 | Additions | Forfeitures | Sales | 06/30/15 |
|---|---|---|---|---|---|
| **Management Board** | | | | | |
| Dr. Simon Moroney | 452,885 | 23,553 | 0 | 0 | 476,438 |
| Jens Holstein | 2,000 | 16,132 | 0 | 14,132 | 4,000 |
| Dr. Arndt Schottelius | 2,000 | 16,132 | 0 | 16,132 | 2,000 |
| Dr. Marlies Sproll | 28,620 | 16,132 | 0 | 8,000 | 36,752 |
| **Total** | **485,505** | **71,949** | **0** | **38,264** | **519,190** |
| **Supervisory Board** | | | | | |
| Dr. Gerald Möller | 9,000 | 2,000 | 0 | 0 | 11,000 |
| Dr. Walter Blättler* | 2,019 | 0 | 0 | 0 | - |
| Dr. Daniel Camus* | 0 | 0 | 0 | 0 | - |
| Dr. Marc Cluzel | 500 | 0 | 0 | 0 | 500 |
| Karin Eastham | 1,000 | 1,000 | 0 | 0 | 2,000 |
| Dr. Geoffrey Vernon* | 0 | 0 | 0 | 0 | - |
| Dr. Frank Morich** | - | 1,000 | 0 | 0 | 1,000 |
| Wendy Johnson**,*** | - | 0 | 0 | 0 | 500 |
| Klaus Kühn** | - | 0 | 0 | 0 | 0 |
| **Total** | **12,519** | **4,000** | **0** | **0** | **15,000** |

* Dr. Walter Blättler, Dr. Daniel Camus and Dr. Geoffrey Vernon left the Supervisory Board of MorphoSys AG on 08. May 2015.

** Dr. Frank Morich, Wendy Johnson and Klaus Kühn joined the Supervisory Board of MorphoSys AG on 08. May 2015.

*** 500 shares have been acquired by Wendy Johnson before joining the Supervisory Board of MorphoSys AG.

## CONVERTIBLE BONDS

| | 01/01/15 | Additions | Forfeitures | Exercises | 06/30/15 |
|---|---|---|---|---|---|
| **Management Board** | | | | | |
| Dr. Simon Moroney | 107,186 | 0 | 0 | 0 | 107,186 |
| Jens Holstein | 90,537 | 0 | 0 | 0 | 90,537 |
| Dr. Arndt Schottelius | 60,537 | 0 | 0 | 0 | 60,537 |
| Dr. Marlies Sproll | 93,537 | 0 | 0 | 0 | 93,537 |
| **Total** | **351,797** | **0** | **0** | **0** | **351,797** |

## PERFORMANCE SHARES

| | 01/01/15 | Additions | Forfeitures | Allocations | 06/30/15 |
|---|---|---|---|---|---|
| **Management Board** | | | | | |
| Dr. Simon Moroney | 54,655 | 13,062 | 0 | 23,553 | 44,164 |
| Jens Holstein | 37,434 | 8,946 | 0 | 16,132 | 30,248 |
| Dr. Arndt Schottelius | 37,434 | 8,946 | 0 | 16,132 | 30,248 |
| Dr. Marlies Sproll | 37,434 | 8,946 | 0 | 16,132 | 30,248 |
| **Total** | **166,957** | **39,900** | **0** | **71,949** | **134,908** |

The Supervisory Board of MorphoSys AG does not hold any stock options, convertible bonds, or performance shares.

## 11 Transactions with Related Parties

With the exception of the transactions described under “Directors’ Dealings”, there were no further transactions carried out with related parties in the first six months of 2015.

On 30 June 2015, the Senior Management Group held 158,050 convertible bonds (31 December 2014: 169,050 units) and 88,251 performance shares (31 December 2014: 91,807 units), which were granted by the Company. In the first six months of 2015, a new performance share program was issued to the Senior Management Group. On 1 June 2015, a total of 29,360 shares under the 2011 LTI plan were allocated to the Senior Management Group reducing the number of performance shares.

## 12 Subsequent Events

No events occurred that require reporting.

## Responsibility Statement

"To the best of our knowledge and in accordance with the applicable principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the Group. The Group interim management report gives a true and fair view of the development and the performance of the business and of the Group's position together with a description of the principal opportunities and risks associated with the future development of the Group in the remaining months of the financial year."

Martinsried, 16 July 2015

Dr. Simon Moroney
Chief Executive Officer

Jens Holstein
Chief Financial Officer

Dr. Arndt Schottelius
Chief Development Officer

Dr. Marlies Sproll
Chief Scientific Officer

# Review Report

**TO MORPHOSYS AG, MARTINSRIED:**

We have reviewed the condensed consolidated interim financial statements - comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of stockholders' equity, consolidated statement of cash flows and notes to the interim consolidated financial statements - and the interim group management report of MorphoSys AG, Martinsried, for the period from 1 January to 30 June 2015 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Munich, 17 July 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dietmar Eglauer
Wirtschaftsprüfer
(German Public Auditor)

ppa. Bodo Kleinschrod
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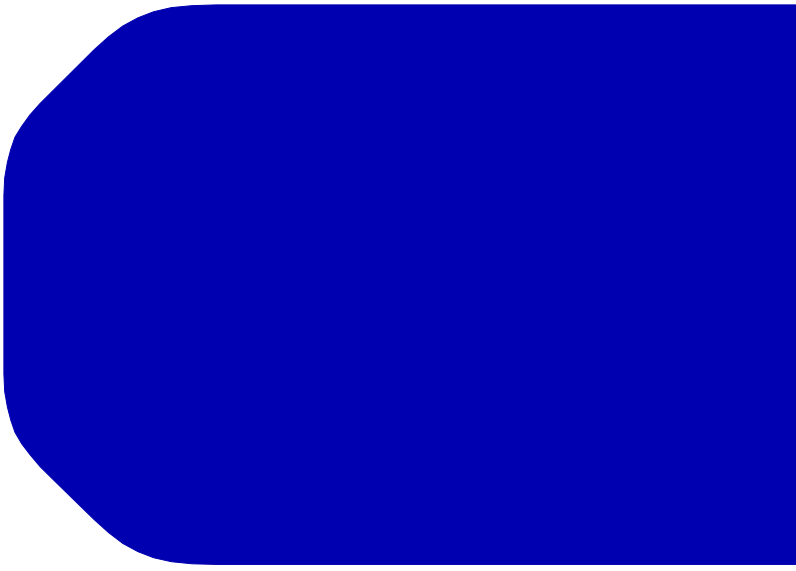
## 2015 Financial Calendar

| | |
|---|---|
| **26 FEBRUARY 2015** | PUBLICATION OF 2014 YEAR-END RESULTS |
| **05 MAY 2015** | PUBLICATION OF 2015 THREE MONTHS' REPORT |
| **08 MAY 2015** | ANNUAL GENERAL MEETING 2015 IN MUNICH |
| **27 JULY 2015** | PUBLICATION OF 2015 SIX MONTHS' REPORT |
| **04 NOVEMBER 2015** | PUBLICATION OF 2015 NINE MONTHS' REPORT |



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