

A YEAR OF EXECUTION

HALF-YEAR REPORT 2015

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HIGHLIGHTS 2015

January

MagForce AG and MagForce USA, Inc. Announce FDA Pre-IDE Meeting on MagForce's NanoTherm Prostate Cancer Therapy Pre-Submission

In January 2015, an in-person meeting was held with the FDA Center for Devices and Radiological Health to discuss FDA's response to MagForce's NanoTherm Prostate Cancer therapy Pre-Submission of November 2014. The Company received very constructive feedback on its submission and has an understanding of the pathway to market NanoTherm therapy in the USA to focally ablate Prostate Cancer. MagForce USA, Inc. will accelerate the Prostate Cancer Investigational Device Exemption (IDE) to utilize the MFH 300F NanoActivator for both Glioblastoma and Prostate NanoTherm therapy registration.

March

MagForce AG Installs NanoActivator at the Cologne University Hospital

On March 23, 2015, MagForce announced the installation of the fourth NanoActivator. The device was installed at the Cologne University Hospital to provide NanoTherm therapy for the treatment of Brain Cancers, and Cologne University Hospital will participate in MagForce's Post-Marketing Study. Since NanoTherm therapy has the European CE mark (in 27 EU countries), commercial patients can also be treated in Cologne. NanoActivator devices are now available for treatment of patients at the University medical centers in Cologne, Kiel, Münster, and Berlin.

Commercial NanoTherm Treatment for Brain Cancer at Kiel University Hospital (UKSH) Initiated

The Department of Neurosurgery at Kiel University Hospital (UKSH), headed by Professor Dr. Hubertus Maximilian Mehdorn, has initiated NanoTherm therapy in the commercial setting for the treatment of Brain Cancers. After the beginning of commercial treatments of Brain Cancers at the University Hospital in Münster in February, two world-class medical centers are now offering NanoTherm therapy in a commercial setting. This marks another milestone.

April

MagForce AG Installs Fifth NanoActivator in Germany for the Treatment of Brain Tumors at Frankfurt University Hospital

The fifth NanoActivator was installed at Frankfurt University Hospital to provide NanoTherm therapy for the treatment of Brain Cancers, and the clinic will participate in MagForce's Post-Marketing Study.

May

Cologne University Hospital has Initiated Commercial NanoTherm Treatments for Brain Cancer

The Center for Integrated Oncology at Cologne University Hospital, headed by Prof. Dr. med. Roland Goldbrunner, has initiated NanoTherm therapy in the commercial setting for the treatment of Brain Cancers, in addition to the ongoing Post-Marketing Study. This represents the inauguration of the third clinic in Germany that offers the benefit of MagForce's NanoTherm therapy for Brain Cancer patients, in addition to the university hospitals in Münster and Kiel.

MagForce USA, Inc. Files Investigational Device Exemption for NanoTherm Therapy to Treat Intermediate Risk Prostate Cancer

MagForce USA, Inc. has filed an Investigational Device Exemption (IDE) with the USA Food and Drug Administration (FDA). The study treatment uses MagForce's proprietary NanoTherm technology to completely ablate Prostate Cancer lesions. The purpose of the proposed study, that will enroll up to 120 men, is to demonstrate that NanoTherm can ablate cancer lesions for patients who have Gleason Score 7 Prostate Cancer and are under active surveillance.

LETTER TO SHAREHOLDERS

Dear MagForce Shareholders,

I am pleased to report that we continue to make progress toward achieving our 2015 targets and setting the stage for a successful 2016.

Brain Cancer NanoTherm Therapy at MagForce AG The installation process of additional NanoActivator devices in Germany, in the world class hospitals in Frankfurt and Cologne, has been completed. The installation of the sixth NanoActivator at the University Hospital at Göttingen is on schedule and expected to be operational in the fourth quarter 2015. Therefore, at the end of the year we will have six devices operational in Germany and additional centers trained to perform the instillation of the nanoparticles, giving us sufficient capacity to complete enrollment in our Post-Marketing Glioblastoma Study and as well as to accomplish our commercial treatment targets through 2017.

Although we expect to meet our financial target as forecasted to date, we have achieved less revenue from commercial patients than planned. Clearly this is below my target, but we have taken measures to accelerate this pace to achieve our 2016 objectives. We are in the process of expanding our commercial brain therapy recruitment. We have expanded the opportunity for NanoTherm therapy to treat primary Glioblastoma Brain Tumors in combination with surgery and radiation. These and other measures will enable an increasing number of patients to benefit from NanoTherm therapy.

In summary, we will have completed our target of installing and operating six NanoActivator devices in Germany until the end of 2015. This accomplishment will provide an operational clinical NanoTherm therapy structure to demonstrate expected medical value of NanoTherm therapy for the treatment of brain tumors as well as to continue the Post-Marketing Study.

The MagForce clinical team in Germany is focused solely on the treatment of Brain Tumors with NanoTherm therapy at the six world-class German hospitals. During the second half of 2015, MagForce AG will expand its efforts to establish a reimbursement structure for commercial NanoTherm brain therapy in addition to that of private pay.

With respect to our expansion phase outside Germany, MagForce USA, Inc. plans to submit an Investigational Device Exemption (IDE) for the treatment of Brain Cancer with NanoTherm therapy after approval has been granted for its IDE for the NanoTherm treatment of Intermediate Risk Prostate Cancer.

Prostate Cancer Therapy at MagForce USA, Inc. Regarding the application of our NanoTherm therapy for the focal treatment of Prostate Cancer, our unique technology is viewed as a very promising complement to current treatment approaches. MagForce USA, Inc. has recently filed an IDE with the USA Food and Drug Administration (FDA). The study treatment uses MagForce's proprietary NanoTherm technology to completely ablate Prostate Cancer lesions.

The purpose of the proposed study that will enroll up to 120 men is to demonstrate that NanoTherm can ablate cancer lesions for patients who have Gleason Score 7 Prostate Cancer and are under active surveillance. By ablating the lesions, patients will be able to maintain active surveillance and avoid surgery and other treatments all with well-known side effects such as impairment of urinary and sexual functions. Dr. Ian M. Thompson, Jr., Director, Cancer Therapy and Research Center, a National Cancer Institute-designated Cancer Center at the University of Texas Health Science Center at San Antonio, and Dr. Dan W. Lin, Chief of Urologic Oncology and Professor in the Department of Urology at the University of Washington School of Medicine in Seattle, have agreed to be co-principal Investigators. Larry Kessler, Sc.D., Professor and Chair of the Department of Health Services, School of Public Health at the University of Washington, is also a co-investigator overseeing the regulatory submission and registration processes.

This is indeed a significant milestone for MagForce USA, Inc. and MagForce AG. Men enrolled in active surveillance programs could potentially benefit from this focal therapy after registration in the USA. We believe the registration clinical trial will prove that NanoTherm therapy can fulfill the desired outcome. We are now working with the FDA to advance the registration approval in the USA.

Financials In the first half of 2015, we have started commercialization and reached further important milestones. This led to revenues of EUR 1.3 million from the sale of the NanoTherm therapy to commercial patients and the sale of two NanoActivator devices to MagForce USA, Inc. Net profit was EUR 0.5 million, mainly due to the extension of the outlicensing of NanoTherm therapy in the territories of Mexico and Canada which led to proceeds amounting to EUR 3.0 million.

Cash outflows from operating activities increased to EUR -3.8 million, compared to EUR -3.5 million in the prior year period, mainly as a result of accelerating the operating business. The available liquidity at the end of the period amounted to EUR 5.5 million.

Investor Relations Shareholders have been informed about current developments via a quarterly letter to shareholders, and four analysts are now covering MagForce AG. Research updates were presented by Berenberg (EUR 8.65) and Hauck & Aufhäuser (EUR 12.40). Furthermore, GBC AG initiated research coverage and presented an update. The target price in the update was increased from EUR 13.20 to EUR 14.30. All reports are listed on our website www.magforce.com.

For a detailed overview of our Investor Relations activities, conferences and roadshows, please see the chapter “Shares and Investor Relations” on page 6 of this report.

In summary, we are successfully moving forward on our path to develop NanoTherm therapy into a globally valued therapy for the treatments of Brain Cancer and Prostate Cancer. 2015 continues to be a very important, challenging, and exciting year for MagForce’s development.

I would like to thank our talented and dedicated staff who are creating the successes. Again, thank you for your interest and support of MagForce.

Sincerely,

Dr. Ben J. Lipps

Chief Executive Officer and
Chairman of the Management Board

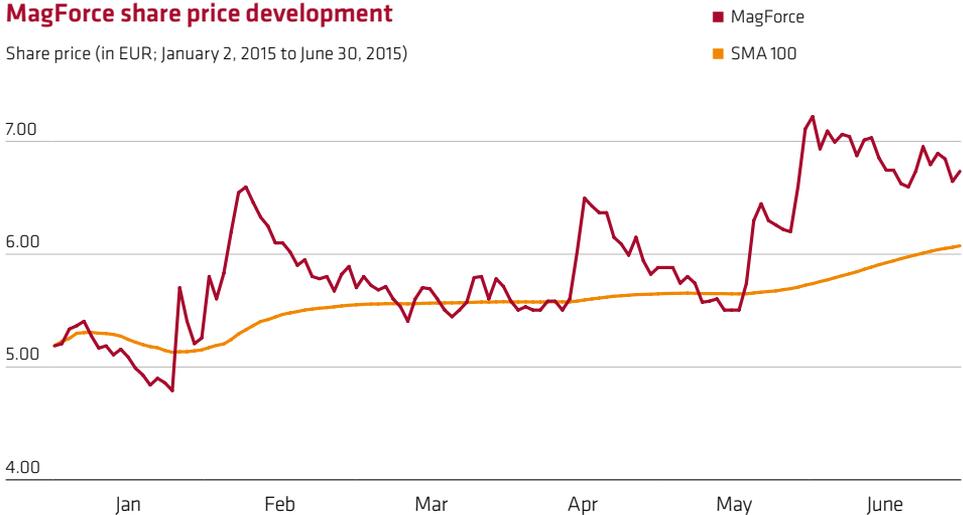
SHARES AND INVESTOR RELATIONS

MagForce's shares

MagForce shares (MF6.DE) closed on June 30, 2015 at a price of EUR 6.70, 35.4% up on the value as of December 31, 2014 (EUR 4.95). During the first half of the year, the share price increased to a high of EUR 7.23. The low for the reporting period was EUR 4.60. The Company's market capitalization increased significantly during the first half of 2015 from EUR 127 million at December 31, 2014 to EUR 172 million on June 30, 2015. The average daily trading volume (XETRA) during this period was 36,052 shares (H1/2014: 22,595).

MagForce share price development

Share price (in EUR; January 2, 2015 to June 30, 2015)



Investor Relations

Hand in hand with MagForce's operational progress, the Company also aims to increase the awareness for its shares in the financial community and sets great store on a regular dialog with its shareholders. The goal is to communicate the Company's strategy and development reliably and transparently to gain investor confidence in MagForce and achieve a fair valuation of our shares. In the first half of 2015, MagForce has presented at: Morgan Stanley European MedTech & Services Conference in London; 27th Annual ROTH Conference in Dana Point, USA; Bank of America Merrill Lynch 2015 Health Care Conference in Las Vegas, USA; Berenberg European Conference USA in Tarrytown, USA; 19th MKK - Munich Capital Market Conference; and dbAccess German, Swiss & Austrian Conference in Berlin. The Company has also conducted roadshows in Paris, Frankfurt, London, Vienna, and Munich.

In September 2015 MagForce has presented at Berenberg & Goldman Sachs European Medtech & Healthcare Services Conference 2015 in London as well as Berenberg and Goldman Sachs Fourth Annual German Corporate Conference in Munich. In November, MagForce will present at the German Equity Forum in Frankfurt. Shareholders have been informed about current developments via a quarterly letter to shareholders, and a number of analysts initiated the research coverage on MagForce in 2014 and during the first half year of 2015.

Research house	Analyst	Rating/price target in EUR
GBC Investment Research	Cosmin Filker, Felix Gode	BUY/14.30
Hauck & Aufhäuser	Torben Teichler	BUY/12.40
Berenberg	Tom Jones, Graham Doyle, Frazer Hall	BUY/8.65
Edison Investment Research	Dr. Philippa Gardner, Emma Ulker, Dr. Mick Cooper	9.80

Key facts MagForce shares

Number of shares issued at the beginning of the period	25,622,711
Number of shares issued at the end of the period	25,622,711
Free float	70%
6-month high (XETRA) in EUR	7.23
6-month low (XETRA) in EUR	4.60
Price at the beginning of the period (XETRA) in EUR	4.95
Price at the end of the period (XETRA) in EUR	6.70
Market capitalization at the beginning of the period (EUR 000's)	126,832
Market capitalization at the end of the period (EUR 000's)	171,672
Average daily trading volume during the period	36,052

MANAGEMENT REPORT

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Business and environment

Company overview

MagForce AG, based in Berlin, is a leading medical engineering company operating in the area of nanotechnology-based cancer treatment and the first company worldwide whose medical devices NanoTherm®, NanoPlan®, and NanoActivator®, as part of the NanoTherm® therapy, have EU-wide certification for the treatment of Brain Tumors. MagForce, NanoTherm, NanoPlan, and NanoActivator are trademarks of MagForce AG in selected countries. The US affiliate, MagForce USA Inc., incorporated in March 2014, develops NanoTherm therapy for the treatment of Glioblastoma and Prostate Cancer in the US and will later introduce the therapy to the US, Mexican, and Canadian markets.

The therapy method is based on iron-oxide nanoparticles, which are injected directly into the tumor in a biopsy-like procedure at the beginning of the therapy. The nanoparticles are very small, water-soluble iron-oxide particles with an amino-saline coating and a diameter of approx. 15 nanometers (a millionth of a millimeter). The patient is then placed in the NanoActivator that generates an alternating magnetic field safe for human beings. This high-frequency magnetic field changes its polarity up to 100,000 times per second. It causes the nanoparticles to oscillate, generating heat directly within the tumor tissue. Depending on the temperature reached and the duration of treatment, the tumor cells are either destroyed directly or sensitized for additional chemotherapy or radiation treatment.

NanoTherm therapy is currently available in seven centers throughout Germany, with NanoActivator devices presently installed at university hospitals in Berlin, Frankfurt am Main, Kiel, and Münster. The installation of a further device in Göttingen is expected to be concluded in the fourth quarter of 2015.

Market and industry conditions

MagForce is active in the medical device sector and is currently focused on treatments for Brain Tumors and Prostate Cancer. The projected annual medical treatment costs in these indications amount to EUR 15 billion for Prostate Cancer and to EUR 2 billion for Brain Tumors. Due to the increase in cancer patients, these expenses are assumed to grow significantly in the coming years.

Medical devices in the oncology market

The oncology devices market is made up of both diagnostic and therapeutic products. The therapeutics market can be segmented into two major categories: type and application. There are two types of devices: brachytherapy devices and endoscopic devices. Segmentation by application covers external radiation beam therapy, systemic radiation therapy, and brachytherapy. MagForce's NanoTherm therapy could establish itself as an additional segment with local thermoablation.

Glioblastoma, Prostate Cancer and treatment

Brain Tumors/Glioblastoma

Glioblastomas are the most common, most aggressive Brain Tumors and are almost always terminal. The median five-year survival rate following combined radiation and temozolomide therapy is 9.8%.

According to current market research the Glioblastoma multiforme (GBM) treatment market is forecast to grow rapidly at a compound annual growth rate (CAGR) of 10.9% until 2020. Despite patent expirations of standard chemotherapeutics such significant growth is expected to be driven primarily by new treatment methods. Most of the therapeutics under development in recent years have not fulfilled the high hopes generated in their early development. There is a clear need for new therapies with different mechanisms of action.

In addition, NanoTherm therapy has the added advantage of facing few other active competitors in the current high-risk GBM therapeutics market. Furthermore, commercial treatment has shown that NanoTherm therapy is also suitable for the treatment of non-operable primary tumors.

Prostate Cancer

In 2012, Prostate Cancer was the second most frequently diagnosed cancer and the sixth leading cause of cancer death in males worldwide. Prostate Cancer is the most common type of cancer affecting men.

MagForce intends to develop and establish its technologies as a new, focal treatment method for intermediate Prostate Cancer. MagForce AG plans to enter this market through its subsidiary MagForce USA, Inc., and on May 21, 2015, the Company announced it had submitted to the U.S. Food and Drug Administration (FDA) its application for approval of a clinical study (Investigational Device Exemption, IDE) with NanoTherm therapy applied for the treatment of intermediate Prostate Cancer.

Competition

The competitive landscape has not changed significantly during the first six months of 2015, refer to page 45 of the 2014 annual report.

Developments in the Company for the first half of 2015

Corporate transactions

As of January 2, 2015, the distribution and development rights of MagForce Ventures GmbH for NanoTherm therapy were extended to the territories of Mexico and Canada.

NanoActivator

The installation process of NanoActivator devices for the treatment of Brain Tumors with NanoTherm therapy in the Cologne and Frankfurt hospitals was completed. On March 23, 2015, MagForce AG announced the installation of the fourth NanoActivator device at the Cologne University Hospital, and on April 27, 2015 it announced the installation of a fifth NanoActivator device at the Frankfurt University Hospital.

Commercialization

On March 27, 2015, MagForce AG announced that the commercial NanoTherm therapy treatment of patients with Brain Tumors had been initiated. The first commercial treatment of a Brain Tumor patient had already started at the Münster University Hospital in February 2015. By the time of publication, patients at the university hospitals in Münster, Kiel and Cologne were treated.

IDE submission

On May 21, 2015, MagForce AG announced that it had submitted its application for approval of a clinical study (Investigational Device Exemption, IDE) with NanoTherm therapy for complete destruction (thermoablation) of carcinogenic lesions in the prostate gland. This application was submitted following the preliminary IDE submission to the FDA in November 2014 and the subsequent personal meeting with the authority in January 2015.

Results of operations, net assets, and financial position

Results of operations

Net profit for the first half year was EUR 525 thousand (previous year: EUR 3,843 thousand). The profit is largely due to the extension of the outlicensing of NanoTherm therapy in the territories of Mexico and Canada. These transactions led to proceeds amounting to EUR 3,000 thousand. The previous year's net profit was mainly due to the outlicensing of NanoTherm therapy in the US territory for the treatment of Prostate Cancer tumors which led to proceeds of EUR 6,900 thousand.

An amount equal to the extension of the outlicensing of EUR 3,000 thousand was contributed to MagForce Ventures GmbH's capital reserve. Excluding this effect, net loss for the period was EUR -2,474 thousand (previous year: EUR -3,057 thousand). Adjusting this effect, net loss for the period decreased by EUR 582 thousand compared to the previous year's loss.

The rise in personnel expenses resulted from salary increases, payment of employee bonuses, and the effects of foreign-currency costs from USD-EUR exchange. Personnel expenses amounting EUR 286 thousand (previous year: EUR 0 thousand) were charged to subsidiaries.

The decrease in other operating expenses by EUR 577 thousand mainly resulted from lower legal and consulting costs amounting to EUR 72 thousand and the reduction of patent costs by EUR 154 thousand.

Sales revenues of EUR 1,293 thousand (previous year: EUR 0 thousand) have mainly been generated from the sale of the NanoTherm therapy and the sale of two NanoActivator devices to MagForce USA, Inc. Correspondingly, finished goods and work in progress were reduced by EUR 1,198 thousand (previous year: EUR 0 thousand).

Other operating income amounts to EUR 3,594 thousand (previous year: EUR 7,078 thousand) and is mainly due to the outlicensing of the US rights to MagForce Ventures GmbH, which led to proceeds of EUR 3,000 thousand (previous year: EUR 6,900 thousand). It also includes charging of costs to the subsidiaries amounting to EUR 370 thousand (previous year: EUR 86 thousand).

The other interest and similar income amounting to EUR 162 thousand (previous year: EUR 134 thousand) include credit interest. Other interest and similar income contain interest income from affiliated companies amounting to EUR 85 thousand (previous year: EUR 118 thousand).

Net assets

In the reporting period, total assets decreased by EUR 1,763 thousand to EUR 26,943 thousand. Property, plant, and equipment increased by EUR 189 thousand, which is mainly due to down payments for the installation of NanoActivator devices in Frankfurt and Kiel. In addition, advance payments were made for additional activators. Furthermore, financial assets rose by EUR 3,000 thousand due to the extension of the territory for the outlicensing of the rights to the NanoTherm therapy leading to an increase of the shareholdings in MagForce USA, Inc. that holds all shares in MagForce Ventures GmbH. In 2014, the shares of MagForce Ventures GmbH were transferred to MagForce USA, Inc. Cash and cash equivalents as per the end of the reporting period amounted to EUR 5,454 thousand.

On the liabilities side, equity increased by EUR 525 thousand to EUR 24,593 thousand due to net profit, and liabilities decreased by EUR 1,879 thousand to EUR 691 thousand. This was primarily due to reduction of the advance payments received by MagForce USA, Inc. and liabilities against MT MedTech GmbH for the acquisition of two NanoActivator devices, which were delivered to MagForce USA, Inc. in the second quarter 2015. Accrued liabilities decreased by EUR 389 thousand to EUR 1,122 thousand. This was primarily caused by lower accruals for outstanding invoices.

Financial position

Net profit for the year amounted to EUR 525 thousand (previous year: EUR 3,843 thousand). Cash outflows from operating activities amounted to EUR -3,829 thousand (previous year: EUR -3,531 thousand) and cash outflows from investing activities amounted to EUR 130 thousand (previous year: EUR -679 thousand).

The available liquidity at the end of the period under review amounted to EUR 5,454 thousand (December 31, 2014: EUR 9,153 thousand).

Net cash used in operating activities was indirectly derived from the net profit for the fiscal year. The outflows largely relate to financing of the operating business.

Summary of the results of operations, net assets, and financial position

MagForce AG's available liquidity at the end of the period at June 30, 2015 is in line with plans and financials have developed as expected by the management. The Company has started commercialization and reached further important milestones. For the fourth quarter, the installation of a sixth NanoActivator is planned for the University of Göttingen, and the commercial treatment of patients with Brain Tumors will continue to accelerate. Regarding the indication Prostate Cancer, the approval of the clinical study is the next important milestone, expected by the Company at the end of 2015/beginning of 2016.

In the future, the Company is planning to develop NanoTherm therapy for other critical oncology indications, further leveraging the potential offered by this technology.

Research and development

We refer to our comments in the 2014 annual report on page 51.

Employees

At June 30, 2015, MagForce AG had 22 (prior year: 21) employees (excluding members of the Management Board). At that date, 64% of the employees were women. At the end of June 2015, the MagForce Group had 44 employees in four companies.

Opportunities and risks

A detailed description of opportunities and risks can be found in the 2014 annual report from page 53 onwards. The statements rendered in the annual report remain unchanged as of today.

Report on expected developments

The outlook for the year 2015, as reported in the 2014 annual report, published on June 30, 2015 was reaffirmed by management. Those forecasts and statements therefore continue to apply:

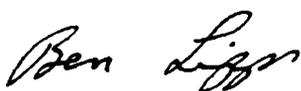
Given the roll-out plan and the ongoing clinical study, the Company expects the net loss for the fiscal year 2015 to be higher than in 2014. This increase in net loss is due to the reduction of special measures taken in 2014 from the out-licensing of distribution rights and to increased commercialization efforts, which can be seen in the context of the corresponding focus of the Company on key strategic value drivers. However, management expects revenues from commercial patients to start in 2015.

For the fiscal year 2015, MagForce AG is forecasting a lower negative operating cash flow, which is partly due to increased cash revenue from product sales.

Report on post-balance-sheet date events

No special events occurred after the balance sheet date that would be of significance for the assessment of the course of business in the reporting year, or that would have any material effects on the assets, liabilities, financial position, and profit or loss of the Company.

Berlin, September 30, 2015



Dr. Ben J. Lipps
Chief Executive Officer



Christian von Volkmann
Chief Financial Officer



Prof. Dr. Hoda Tawfik
Chief Medical Officer

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Income statement

Income statement

in EUR	06/30/2015	06/30/2014
Revenues	1,293,398.95	0.00
Increase or decrease in finished goods and work in process	-1,198,390.00	0.00
Other operating income	3,594,055.49	7,078,697.76
	3,689,064.44	7,078,697.76
Cost of materials		
Raw materials, consumables and supplies	31,287.75	23,241.02
Purchased services	267,861.41	13,028.00
	299,149.16	36,269.02
Personnel expenses		
Salaries	1,303,218.80	1,178,758.54
Social security contributions	162,047.95	127,343.55
	1,465,266.75	1,306,102.09
Amortization and depreciation of intangible assets and property, plant and equipment	182,936.23	70,688.28
Other operating expenses	1,379,183.31	1,956,596.47
Earnings before interest and taxes (EBIT)	362,528.99	3,709,041.90
Other interest and similar income	162,661.64	134,128.15
Interest and similar expenses	23.96	4.09
	162,637.68	134,124.06
Result from ordinary activities	525,166.67	3,843,165.96
Other taxes	131.00	325.55
Net profit	525,035.67	3,842,840.41
Loss carried forward from the prior year	-40,179,000.17	-39,170,814.07
Accumulated deficit	-39,653,964.50	-35,327,973.66

Balance sheet

Assets

in EUR	<u>06/30/2015</u>	<u>12/31/2014</u>
Fixed assets		
Intangible fixed assets		
Purchased commercial trademark rights and similar rights and values such as licenses to those rights and values	8,440.17	10,688.08
Tangible fixed assets		
Buildings and leasehold improvements	336,943.85	251,876.00
Technical assets and machines	1,258,475.56	909,677.99
Other equipment, furniture and fixtures	318,183.15	329,145.00
Advance payments made and construction in progress	1,971,754.54	2,205,825.96
	3,885,357.10	3,696,524.95
Financial assets		
Shares in affiliated companies	15,000,001.00	12,000,001.00
	18,893,798.27	15,707,214.03
Current assets		
Inventories		
Finished goods and goods for resale	0.00	970,780.00
	0.00	970,780.00
Receivables and other assets		
Trade accounts receivables	0.00	0.00
Receivables from affiliated companies	445,596.70	11,459.26
Other assets	1,894,486.39	2,793,683.25
	2,340,083.09	2,805,142.51
Cash in hand, bank balances, and checks	5,453,979.90	9,152,502.93
Prepaid expenses	255,517.55	71,006.33
	26,943,378.81	28,706,645.80

Fixed assets

Fixed assets

in EUR	01/01/2015	Additions	Disposals	Reclassifications
Fixed assets				
Intangible fixed assets				
Purchased commercial trademark rights and similar rights	19,681.45	1,011.41	0.00	0.00
Tangible fixed assets				
Buildings and leasehold improvements	304,052.76	0.00	0.00	137,380.37
Technical assets and machines	2,457,318.06	345.00	0.00	454,016.92
Other equipment, furniture and fixtures	549,248.16	10,838.19	0.00	0.00
Advance payments made and construction in progress	2,205,825.96	357,325.87	0.00	-591,397.29
	5,516,444.94	368,509.06	0.00	0.00
Financial assets				
Shares in affiliated companies	12,027,826.20	3,000,000.00	0.00	0.00
Loans to affiliated companies	3,255,827.60	0.00	0.00	0.00
	15,833,953.95	3,000,000.00	0.00	0.00
	21,370,080.34	3,369,520.47	0.00	0.00

Acquisition costs					Accumulated depreciation		Carrying amounts	
06/30/2015	01/01/2015	Additions	Disposals	06/30/2015	06/30/2015	12/31/2014		
20,692.86	8,993.37	3,259.32	0.00	12,252.69	8,440.17	10,688.08		
441,433.13	52,176.76	52,312.52	0.00	104,489.28	336,943.85	251,876.00		
2,911,679.98	1,547,640.07	105,564.35	0.00	1,653,204.42	1,258,475.56	909,677.99		
560,086.35	220,103.16	21,800.04	0.00	241,903.20	318,183.15	329,145.00		
1,971,754.54	0.00	0.00	0.00	0.00	1,971,754.54	2,205,825.96		
5,884,954.00	1,819,919.99	179,676.91	0.00	1,999,596.90	3,885,357.10	3,696,524.95		
15,027,826.20	27,825.20	0.00	0.00	27,825.20	15,000,001.00	12,000,001.00		
3,255,827.60	3,255,827.60	0.00	0.00	3,255,827.60	0.00	0.00		
18,283,653.80	3,833,952.95	0.00	0.00	3,283,652.80	15,000,001.00	12,000,001.00		
24,189,300.66	5,662,866.31	182,936.23	0.00	5,295,502.39	18,893,798.27	15,707,214.03		

Notes to the interim financial statements for the period January 1 to June 30, 2015

Basis of presentation

The Company is a small corporation within the meaning of section 267 (1) of the Handelsgesetzbuch (HGB – German Commercial Code). The interim financial statements for the period January 1, 2015, to June 30, 2015 were prepared in accordance with the provisions of the HGB for small corporations and the provisions of the Aktiengesetz (AktG – German Stock Corporation Act).

The total cost (nature of expense) format in accordance with section 275 (2) of the HGB is used for the presentation of the income statement. The Company took advantage of some of the disclosure options for small corporations according to section 288 (1) HGB.

Accounting policies

For the preparation of the interim financial statements the same accounting policies were applied as in the annual financial statements as of December 31, 2014. Please refer to the details in the Annual Report 2014.

Balance sheet disclosures

Fixed assets

Changes in the items of fixed assets are presented in the statement of changes in fixed assets, based on the acquisition cost of the fixed assets. Advance payments made and construction in progress solely refer to NanoActivator devices for installation in hospitals.

Disclosures on shareholdings

The Company owns 100% of the shares of MT MedTech Engineering GmbH, Berlin, that manufactures the NanoActivator device and will develop the prototype device for the treatment of prostate cancer. As of December 31, 2014 the reported negative equity amounted to EUR 3,948 thousand. Net loss for the fiscal year from January 1 to December 31, 2014, amounted to EUR 292 thousand. In 2013, an impairment charge was recognized for shareholdings in MT MedTech Engineering GmbH to carry the investment at the lower

fair market value of EUR 1.00 according to prudent business practice. Should MT MedTech Engineering GmbH generate sustainable gains in the future, the carrying amount will be written back to historic costs.

In addition, the Company owns 77% of MagForce USA, Inc., Nevada, USA, incorporated by contract on March 10, 2014. Equity of this subsidiary amounted to USD 30,793 thousand as of December 31, 2014. The net loss for the stub period 2014 amounted to USD 429 thousand and essentially resulted from recharges of personnel expenses.

Inventories

The inventories amounted to EUR 0 (prior year: EUR 971 thousand). In the prior year, they consisted of two NanoActivator devices, which were acquired from the subsidiary MT MedTech Engineering GmbH. These devices were delivered to MagForce USA, Inc. in the USA in the first half of 2015.

Receivables and other assets

All receivables and other assets in the reporting period were due within one year. Other assets mainly comprise short term notes up to six months of EUR 1,578 thousand (prior year: EUR 2,000 thousand) as well as VAT receivables of EUR 117 thousand (prior year: EUR 556 thousand).

Subscribed capital

The Company's share capital recorded in the commercial register of Berlin Charlottenburg amounted to EUR 25,622,711.00 as of June 30, 2014, and is composed of 25,622,711 no-par value bearer shares (ordinary shares) with a notional interest in the share capital of EUR 1.00 per share.

Net accumulated losses

The net accumulated losses contain accumulated losses brought forward of EUR 40,179 thousand. Net accumulated losses developed as follows:

Net accumulated losses

in EUR thousand

Net accumulated losses as of December 31, 2014	-40,179
Net gain for the six-month period January 1 to June 30, 2015	525
Net accumulated losses as of June 30, 2015	-39,654

Special reserve for investment grants and subsidies for fixed assets

The investment subsidies were granted from funds made available under the "Joint Scheme for Improving Regional Economic Structures". The investment grants were made in accordance with the Investitionszulagengesetz (German Investment Grants Act). In the period January 1 to June 30, 2015, EUR 20 thousand (prior year: EUR 20 thousand) were reversed to the income statement from the special reserve for investment grants and subsidies.

Other provisions

The other provisions are composed of the following items:

Other provisions

in EUR thousand

Personnel-related	370
Outstanding invoices	192
Litigation risk	256
Vacation	87
Supervisory Board remuneration	59
Audit fees	15
Other	143
Total	1,122

Liabilities

As in the prior year, trade payables and other liabilities are due within one year.

Advanced payments received on orders amounting to EUR 0 (prior year: EUR 939 thousand) comprised payments from MagForce USA, Inc. from the sale of two NanoActivator devices.

Liabilities against subsidiaries amounting to EUR 218 thousand (prior year: EUR 716 thousand) relate to prepayments for construction material and the purchase of NanoActivator devices from MT MedTech Engineering GmbH.

Other liabilities primarily contain payroll and church tax liabilities.

Income statement disclosures

Sales revenues amounted to EUR 1,293 thousand (prior year: TEUR 0) and comprise the sale of two NanoActivator devices to MagForce USA, Inc and sales of the NanoTherm therapy. Decrease or increase in finished goods and work in process were EUR -1,198 thousand (prior year: EUR 0 thousand).

Other operating income amounting to EUR 3,594 thousand (prior year: EUR 7,079 thousand) mainly results from an accounting gain of EUR 3,000 thousand (prior year: EUR 6,900 thousand) from the transfer of distribution and development rights to MagForce Ventures GmbH as well as intercompany recharges of EUR 370 thousand (prior year: EUR 0 thousand).

Material expenses mainly include services received in connection with the post-marketing study.

Personnel expenses of EUR 1,473 thousand (prior year: EUR 1,306 thousand) primarily comprise salaries of EUR 1,310 thousand (prior year: EUR 1,179 thousand) as well as expenses for social security and old age benefit payments totalling EUR 161 thousand (prior year: EUR 127 thousand). Personnel expenses amounting to EUR 286 thousand (prior year: EUR 0) were charged to subsidiaries for management duties and development services rendered to MagForce USA, Inc.

Other operating expenses of EUR 1,379 thousand (prior year: EUR 1,957 thousand) mainly comprise expenses associated with investor relations, advertising and marketing activities amounting to EUR 292 thousand (prior year: EUR 364 thousand), as well as intellectual property expenses of EUR 118 (prior year: EUR 272 thousand) and legal, audit and consulting amounting to EUR 292 (prior year: EUR 364 thousand). Furthermore, impairment charges of EUR 85 thousand (prior year: EUR 248 thousand) on current intercompany receivables are included in other operating expenses. In addition, they include car and travelling expenses of EUR 74 thousand (prior year: EUR 113 thousand) as well as allowance for doubtful accounts of EUR 46 thousand (prior year: EUR 0 thousand). Expenses of EUR 20 thousand (prior year: EUR 13 thousand) attributable to a defined benefit plan for pensions were incurred in the first half year of 2015.

Other interest and similar income amounted to EUR 163 thousand (prior year: EUR 134 thousand) and related to credit interest. Other interest and similar income of EUR 85 thousand (prior year: EUR 118 thousand) is attributable to affiliated companies.

Supplemental disclosures

Other financial obligations

Other financial obligations amounting to EUR 731 thousand resulted from rental contracts for the rented premises in Berlin-Adlershof and Martinsried as well as from leases for vehicles and office equipment.

Employees

At June 30, 2015, MagForce AG had 22 (prior year: 21) employees (excluding members of the Management Board). At that date, 64% of the employees were women. At the end of June 2015, the MagForce Group had 44 employees in four companies.

Shareholder structure

All of the shares are ordinary shares and carry an equal participating interest in the Company's share capital. In accordance with Article 20 (6) of MagForce's Articles of Association, all shareholders have equal voting rights per share, irrespective of the total number of shares they hold.

Over and above the shareholdings disclosed above, MagForce is not aware of any direct or indirect investments in the Company, or of any shareholdings conveying control, or of the identity of any party holding such investments or exercising such control, or of the nature of that control

No auditors review performed

No review procedures have been performed by an auditor regarding the presented financial statements for the six month period ended June 30, 2015.

Governing bodies of the Company

The composition of the Board of Directors and Supervisory Board did not change compared to that as of December 31, 2014.

Preparation of consolidated financial statements

MagForce AG is not required to prepare consolidated financial statements for the period ending on June 30, 2015.

Berlin, September 30, 2015

The Management Board



Dr. Ben J. Lipps
Chief Executive Officer



Christian von Volkmann
Chief Financial Officer



Prof. Dr. Hoda Tawfik
Chief Medical Officer

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