- Item 11 (Decision on the assertion of compensation claims against the Management Board members Prof. Dr. Lübbert and Schaffer, against the Supervisory Board member Dr. John Borer as well as against Maruho Deutschland GmbH and Maruho Co. Ltd pursuant to Section 147 (1) AktG and appointment of a Special Representative to assert these claims pursuant to Section 147 (2) AktG due to the circumstances of the capital increase in February 2018, accompanied by the U.S. listing and the U.S. share placement): For this purpose, the supplementary motion of Deutsche Balaton AG to assert claims against the members of the Management Board Prof. Dr. Herrmann Lübbert and Thomas Schaffer, the Supervisory Board member Dr. John Borer and Maruho Deutschland GmbH pursuant to Section 147 (1) AktG for compensation of the Company by the improper and improper execution of the capital increase pursuant to the resolution of January 29, 2018 and the associated U.S. listing.

The claim is directed against the effectiveness of the decisions taken and is also aimed at making the decisions that have been rejected effective by means of a positive decision.

The action has not yet been served. The company does not consider the justification of Deutsche Balaton AG to be valid, in particular since, in the company's estimation, no damage of any kind has occurred. The company will therefore defend itself against the lawsuit.

Forecast report (outlook)

The company retains its forecast for the 2018 financial year as published in the "Forecast report (outlook)" section of the 2017 annual report.

Leverkusen, 31 August 2018

Biofrontera AG

Prof. Dr. Hermann Lübbert	Christoph Dünwald	Thomas Schaffer
Chief Executive Officer	Chief Sales and Marketing Officer	Chief Financial Officer

Responsibility Statement

Affirmation of the legal representatives

We affirm that, to the best of our knowledge and in accordance with the applicable accounting principles for interim reporting the interim condensed consolidated financial statements give a true and fair view of the Group's interim financial position, cash flows and results of operations, and that the management report for the Group presents the business performance, including the business results and the position of the Biofrontera Group, in such a way that a true and fair view is conveyed, and that the main opportunities and risks relating to the anticipated performance of the Biofrontera Group for the remainder of the financial year are described.

Leverkusen, 31 August 2018
Biofrontera AG

Prof. Dr. Hermann Lübbert
Chief Executive Officer

Christoph Dünwald
Chief Sales and Marketing Officer

Thomas Schaffer
Chief Financial Officer

Condensed interim consolidated financial statements as of 30 June 2018

Condensed consolidated balance sheet as of 30 June 2018

Assets

EUR thousands	30 June 2018	31 December 2017
Non-current assets		
Tangible assets	763.6	746.4
Intangible assets	409.7	647.9
Total Non-current assets	**1,173.3**	**1,394.3**
Current assets		
Current financial assets		
Trade receivables	2,022.6	1,560.6
Other financial assets	892.3	571.0
Cash and cash equivalents	26,251.0	11,083.0
Total current financial assets	**29,165.9**	**13,214.6**
Other current assets		
Inventories		
Raw materials and supplies	1,148.4	1,516.3
Unfinished products	284.2	484.6
Finished products and goods	1,544.8	1,731.5
Income tax reimbursement claims	51.7	52.0
Other assets	673.3	1,453.7
Total Other current assets	3,702.4	5,238.0
Total Current assets	**32,868.3**	**18,452.6**
Total assets	**34,041.5**	**19,846.9**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Equity and liabilities

EUR thousands	30 June 2018	31 December 2017
Equity		
Subscribed capital	44,507.0	38,416.8
Capital reserve	116,707.0	100,769.3
Capital reserve from foreign currency conversion adjustments	288.9	699.6
Loss carried forward	(136,505.2)	(120,402.9)
Loss for the period	(7,684.9)	(16,102.3)
Total equity	**17,312.8**	**3,380.5**
Non-current liabilities		
Financial debt	13,023.5	12,355.5
Current liabilities		
Current financial liabilities		
Trade payables	1,244.4	1,619.9
Financial debt	168.6	170.5
Other financial liabilities	53.3	19.7
Total current financial liabilities	**1,466.3**	**1,810.1**
Other current liabilities		
Other provisions	746.9	561.7
Other current liabilities	1,492.1	1,739.2
Total other current liabilities	2,238.9	2,300.9
Total current liabilities	**3,705.2**	**4,111.0**
Total equity and liabilities	**34,041.5**	**19,846.9**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income for the first half of the 2018 and 2017 financial years

EUR thousands	6M 2018	6M 2017
Sales revenue	8,969.2	5,006.4
Cost of sales	(1,653.0)	(635.4)
Gross profit on sales	7,316.2	4,371.1
Operating expenses		
Research and development costs	(2,187.7)	(2,185.4)
General administrative costs	(4,078.9)	(1,695.5)
thereof financing costs	(406.2)	(510.8)
Sales costs	(8,310.9)	(8,275.3)
Loss from operations	**(7,261.4)**	**(7,785.2)**
Interest expenses	(1,066.5)	(329.6)
Interest income	4.4	4.2
Other expenses	(42.8)	(740.9)
Other income	681.4	114.9
Loss before income tax	**(7,684.9)**	**(8,736.6)**
Income tax	0.0	0.0
Loss for the period	**(7,684.9)**	**(8,736.6)**
Expenses and income not included in loss		
Items which may in future be regrouped into the comprehensive income statement under certain conditions		
Translation differences resulting from the conversion of foreign business operations	-410.6	596.0
Other income total	**(410.6)**	**596.0**
Total loss for the period	**(8,095.5)**	**(8,140.6)**
Basic/diluted earnings per share in EUR	(0.18)	(0.23)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity for the first half of the 2018 and 2017 financial years

	Ordinary shares	Subscribed share capital	Capital reserve	Capital from foreign currency conversion adjust-ments	Accumulated loss	Total
	number	EUR thousands	EUR thousands	EUR thousands	EUR thousands	EUR thousands
Balance as of 1 January 2017	**37,722,433**	**37,722.4**	**98,676.8**	**(154.2)**	**(120,402.9)**	**15,842.1**
Conversion from convertible bond 2016/2021	26,700	26.7	74.5	0.0	0.0	101.2
Conversion from convertible bond 2017/2022	667,295	667.3	1,836.0	0.0	0.0	2,503.3
Foreign currency conversion adjustment	0	0.0	0.0	596.0	0.0	596.0
Increase in capital reserve from the stock option programme	0	0.0	82.8	0.0	0.0	82.8
Loss for the period	**0**	0.0	0.0	0.0	(8,736.6)	(8,736.6)
Balance as of 30 June 2017	**38,416,428**	**38,416.4**	**100,670.1**	**441.8**	**(129,139.5)**	**10,388.9**
Conversion from convertible bond 2017/2022	400	0.4	1.2	0.0	0.0	1.6
Foreign currency conversion adjustment	0	0.0	0.0	257.8	0.0	257.8
Increase in capital reserve from the stock option programme	0	0.0	98.0	0.0	0.0	98.0
Loss for the period	0	0.0	0.0	0.0	(7,365.7)	(7,365.7)
Balance as of 31 December 2017	**38,416,828**	**38,416.8**	**100,769.3**	**699.6**	**(136,505.2)**	**3,380.5**
Capital increase	6,000,000	6,000.0	18,000.0	0.0	0.0	24,000.0
Conversion from convertible bond 2016/2021	6,874	6.9	25,8	0.0	0.0	32,7
Conversion from convertible bond 2017/2022	10,778	10.8	41,5	0.0	0.0	52,3
Conversion of stock options from the stock option programme	72,500	72.5	172.1	0.0	0.0	244.6
Foreign currency conversion adjustment	0	0.0	0.0	(410.6)	0.0	(410.6)
Costs of equity procurement	0	0.0	(2,432.0)	0.0	0.0	(2,432.0)
Increase in capital reserve from the stock option programme	0	0.0	130.3	0.0	0.0	130.3
Loss for the period	0	0.0	0.0	0.0	(7,684.9)	(7,684.9)
Balance as of 30 June 2018	**44,506,980**	**44,507.0**	**116,707.0**	**288.9**	**(144,190.1)**	**17,312.8**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the first half of the 2018 and 2017 financial years

EUR thousands	6M 2018	6M 2017
Cash flows from operations		
Loss for the period	(7,684.9)	(8,736.6)
Adjustments to reconcile profit/loss for the period to cash flow into operations		
Financial result	1,062.1	325.4
Depreciation	397.7	443.8
Non-cash expenses and income	(292.9)	789.2
Changes in operating assets and liabilities		
Trade receivables	(462.0)	422.0
Other assets and income tax assets	(204.7)	372.4
Inventories	755.0	(188.1)
Trade payables	(375.5)	(1,644.6)
Provisions	185.2	66.1
Other liabilities	(213.5)	63.4
Cash flow used in operating activities	**(6,833.5)**	**(8,087.0)**
Cash flows from investing activities		
Purchase of intangible and tangible assets	(178.8)	(203.7)
Interest received	0	1.8
Proceeds from sale of intangible and tangible assets	2.2	9.7
Net cash flow used in investment activities	**(176.6)**	**(192.2)**
Cash flows from financing activities		
Proceeds from the issue of shares	24,000.0	0.0
Equity procurement costs	(1,768.0)	0.0
Proceeds from issue of convertible bonds 2017/2022	0.0	4,999.0
Proceeds from the exercise of employee stock options	244.6	0.0
Interest paid	(271.8)	(394.4)
Repayment of convertible bond 2016/2021	(50.3)	0.0
Net cash flows from financing activities	**22,154.5**	**4,604.6**
Net increase (decrease) in cash and cash equivalents	15,144.4	(3,674.6)
Changes from currency differences	23.6	0.0
Cash and cash equivalents at the start of the period	11,083.0	15,126.1
Cash and cash equivalents at the end of the period	**26,251.0**	**11,451.5**
Composition of cash and cash equivalents		
Cash and cash equivalents	**26,251.0**	**11,451.5**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements as of 30 June 2018

Information about the company

Biofrontera AG (www.biofrontera.com), registered in the commercial register of Cologne District Court, Department B under No. 49717, and its wholly-owned subsidiaries Biofrontera Bioscience GmbH, Biofrontera Pharma GmbH, Biofrontera Development GmbH, Biofrontera Neuroscience GmbH, all with head office at Hemmelrather Weg 201, 51377 Leverkusen, Germany, and Biofrontera Inc., which is based in Wakefield, Massachusetts, research, develop and market dermatological products. Biofrontera AG is the parent company that prepares the consolidated financial statements for the group. The company's strategic objective is to position itself globally as a pharmaceuticals company specialising in photodynamic therapy (PDT). Focus areas of activity include further expanding our products' sales, as well as extending the approvals of Ameluz® to include further indications to enhance its brand potential. Biofrontera AG (hereinafter also the "company" or "Biofrontera") pursues this goal along with its subsidiaries. All the companies together form the "Biofrontera Group", or "Group".

The Biofrontera Group was the first German start-up pharmaceutical company to receive centralized European and U.S. drug approval for an independently developed drug, Ameluz®. In December 2011, Ameluz® was approved in Europe to treat light and moderate actinic keratosis. In September 2016, European approval was expanded to treat field cancerisation and in January 2017 to treat basal cell carcinoma. In May 2016, the FDA issued approval in the U.S. for lesion-directed and field-directed treatment of actinic keratosis in combination with the red-light lamp BF-RhodoLED®. In addition, a range of cosmetic products is being marketed. The first product in this range, belixos® Creme, was launched in the autumn of 2009. A hair tonic, belixos® Liquid, was introduced in the spring of 2014 and a belixos® Gel skin care for rosacea and acne was launched at the beginning of December 2014. In July 2015, this was followed by belixos® Protect, a daily cream with protective anti-ageing properties especially for light-damaged skin. belixos® Body Creme has arisen to address significant demand for larger packaging of the belixos® Creme and is ideal for application on larger body areas. Two further clinical development projects, one a dermatological project and one for the prevention of migraines, have been spun off into dedicated subsidiaries and are not being actively pursued at this time.

The product Ameluz® (development name BF-200 ALA), which was approved in Europe at the end of 2011, has been tested for European approval in one Phase II and two Phase III clinical trials to treat actinic keratosis. In preparation for approval in the U.S., two Phase I trials and a further Phase III trial were conducted. Ameluz® consists of a combination of the drug aminolevulinic acid (ALA) and a patent-protected nanoemulsion (BF-200), with the latter chemically stabilizing the ALA and enhancing its skin penetration. The clinical results regarding the treatment of actinic keratosis have shown its clear superiority to the competitor product against which it was compared to in the Phase III trials. An application for centralized European approval was submitted on 1 September 2010, and this approval was granted by the European Commission on 16 December 2011. Ameluz® has been sold in Germany since February 2012 and in several other European countries since autumn 2012. In September 2016, approval was expanded to treat field cancerisation, in other words, larger related areas permeated by tumour cells. Approval in the U.S. occurred on 10 May 2016, which opened up the world's largest healthcare market to Biofrontera. Market launch occurred in October 2016. A further Phase III trial to treat basal cell carcinoma formed the basis for the expansion of the existing EU approval for this indication, which was issued in January 2017. Furthermore, Ameluz® was tested in a Phase III trial for the application of daylight PDT in a direct comparison with the competitor product, and this trial formed the basis for issuing the approval for this therapy type in March 2018. In August 2017, the FDA confirmed in writing the approval procedure that was agreed with Biofrontera at a formal meeting for the treatment of basal cell carcinoma with Ameluz®. We have meanwhile largely reached agreement with the FDA concerning the protocol for the Phase III trials for basal cell carcinoma, and plan to start patient recruitment in September.

In November 2012, Biofrontera's BF-RhodoLED® PDT lamp received EU approval for use as a medical device and has since been sold together with Ameluz®. In Europe, doctors can opt to use any of the lamps approved for PDT, whereas in the U.S. the approval of Ameluz® is combined with utilisation of the BF-RhodoLED® lamp. It is consequently approved as a combination product along with Ameluz®.

In July 2016, the company signed a research partnership agreement with Maruho Co., Ltd, ("Maruho") to research possibilities to jointly develop pharmaceutical products based on Biofrontera's proprietary nanoemulsion technology. As part of the Phase 1 of the partnership, which concluded on 31 March 2018, Biofrontera and Maruho tested potential formulations for various brand generics in Europe. Stable compounds were developed for some, but not all, tested substances and combinations. Maruho bore all research and development costs incurred as part of Phase 1 of the partnership. Both companies share the understanding that the newly developed IP as part of Phase 1 is the joint property of Biofrontera and Maruho, and that the previously existing IP, especially Biofrontera's patented nanoemulsion, remains the property of the respective company. To date, Biofrontera and Maruho have not made any binding agreements concerning marketing rights and are currently considering continuing their research partnership based on a new agreement. However, no statement has yet been made concerning the details and timing of such a new agreement.

Project BF-derm1, which is not being actively pursued at present, was tested in a three-part Phase II trial for the treatment of chronic, antihistamine-resistant urticaria. The trial demonstrated the drug's good efficacy, which reduced the intensity of urticaria rashes and itching as well as reducing the amount of drowsiness-inducing antihistamines required by patients.

Project BF-1 is an innovative substance that is intended to be used for migraine prophylaxis. The substance was administered to healthy subjects for the first time towards the end of 2006, by intravenous injection and in tablet form. The company received the results of this trial in early 2007. They show that the substance is almost completely absorbed in the intestine, and that it takes around two days for 50% of the substance to be broken down or excreted. These results are an excellent starting point to develop the substance for administration in tablet form.

The intention is to finance the development of both BF-derm1 and BF-1 independently of Biofrontera's normal budget by seeking funding providers who will benefit directly from the development of these products. For this reason, the two projects were acquired by Biofrontera AG and transferred as shareholder contributions to the two subsidiaries Biofrontera Development GmbH and Biofrontera Neuroscience GmbH, which were formed in December 2012. The product BF-derm1, which is intended for the treatment of severe chronic urticaria, is now the responsibility of Biofrontera Development GmbH, while the product BF-1, which is intended for the prophylactic treatment of migraines, is the responsibility of Biofrontera Neuroscience GmbH. This outsourcing of development candidates has created a structure through which the financing of the further development of these two products was uncoupled from the normal Group financing. As a result, the company's short-term financial plans can focus on the market launch of Ameluz® in North America and the extension of its range of indications, as well as the establishment of the Group as a specialist pharmaceutical company.

Accounting policies

Pursuant to the regulations of Section 115 of the German Securities Trading Act (WpHG), in combination with Section 117 WpHG, this half-year financial report as of 30 June 2018 comprises condensed interim consolidated financial statements, an interim Group management report and a responsibility statement pursuant to the regulations of Section 264 (2) sentence 3, Section 289 (1) sentence 5 of the German Commercial Code (HGB).

The condensed interim consolidated financial statements as of 30 June 2018 of Biofrontera AG were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) for "Interim Financial Reporting" in accordance with IAS 34, as applicable in the European Union. As a consequence, they do not include all information and disclosures required for consolidated financial statements, and for this reason should be read in connection with the consolidated financial statements for the financial year ending 31 December 2017.

As part of preparing the condensed interim consolidated financial statements, the Management Board must make assumptions that affect the application of accounting policies within the Group, and the reporting of assets and liabilities as well as income and expenses. Actual amounts can differ from such estimates. The results achieved during the first half of the 2018 financial year do not enable any predictions to be made about trends during the further course of business.

Apart from the new or amended IFRS standards and interpretations described below, the accounting policies applied in the preparation of the consolidated financial statements as of 31 December 2017 were adopted unchanged for the preparation of these condensed interim consolidated financial statements. As of 1 January 2018, IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) were applied for the first time.

The first-time application of IFRS 15 did not have any effects except for the extended disclosure requirements. IFRS 9 contains revised requirements for the classification and measurement of financial assets, including impairment regulations, supplements the regulations for hedge accounting and requires more extensive disclosure obligations.

The application of IFRS 9 had the following effects on the classification of financial assets and liabilities:

Pursuant to IAS 39, all financial assets were allocated to the loans & receivables category in an amount of EUR 13,215 thousand Pursuant to IFRS 9, these were allocated to the "Hold" category and continue to be measured at amortised cost.
The other liabilities pursuant to IAS 39 in an amount of EUR 13,614 thousand are now allocated to the "financial liabilities at amortized cost" category pursuant to IFRS 9. The financial liabilities of EUR 552 thousand measured at fair value through profit or loss pursuant to IAS 39 are allocated to the "financial liabilities measured at fair value through profit or loss" category pursuant to IFRS 9.

For a more reliable and relevant presentation, the accrued liabilities are no longer recognized under provisions but under the respective liabilities if they show a significantly lower degree of uncertainty. The previous year's figures have been reclassified without affecting net income.

In relation to the other accounting policies, we also refer in this connection to the notes to the consolidated financial statements for the financial year ending 31 December 2017.

The interim reporting as of 30 June 2018 contains no separate segment-based reporting, as the activities of the Biofrontera Group are limited to a single business segment in terms of the definition in IFRS 8. All business operations focus on the product Ameluz®, including the supplementary products BF-RhodoLED® (PDT lamp) and Belixos®, and are monitored and managed internally on a uniform basis accordingly.

This half-year financial report of Biofrontera AG was approved for publication by a Management Board resolution on 31 August 2018.

Rounding differences can arise in the tables due to commercial rounding.

Convertible bond 2017/2022

The company's Management Board passed a resolution to issue a convertible bond on 23 December 2016. This EUR 5.0 million bond was fully placed in January 2017. The initial conversion price for the bond amounted to EUR 3.50, to EUR 4.00 from 1 April 2017 and to EUR 5.00 from 1 January 2018. On 15 March 2018, the conversion price was adjusted to EUR 4.75 in accordance with Section 12 of the bond's terms and conditions. The bonds carry 6% annual interest on their par value from 1 February 2017. The bond will be redeemed in cash on 1 January 2022 unless converted previously. As of 30 June 2018, bonds with a nominal amount of EUR 2,390,900 had been converted into the company's shares.

Employee stock option programme 2010

In the first half of fiscal 2018, a total of 72,500 options were granted under the employee stock option plan. The expenses posted in the reporting period amount to EUR 5 thousand (previous year: EUR 26 thousand).

Employee stock option programme 2015

After the end of the 2010 employee share option programme, the company's AGM on 28 August 2015 authorised the Management and Supervisory boards until 27 August 2020 to issue to Management Board members and employees up to 1,814,984 subscription rights to up to EUR 1,814,984 of the company's ordinary registered shares according to the more detailed specifics of the authorisation resolutions. Further related provisions were specified in the invitation to the AGM and are available on the company's website (2015 option programme).

On 18 April 2016, a total of 425,000 options were issued for the first time from the potential 1,814,914 share options (exercise price: EUR 2.49 per option). On 1 December 2016, a further 130,500 options (second tranche) were issued with an exercise price of EUR 3.28 each. On 28 April 2017, a further 329,000 options (third tranche) were issued with an exercise price of EUR 4.02 each. On 28 November 2017, a further 300,500 options (fourth tranche) were issued with an exercise price of EUR 3.33 each. On 7 May 2018, 180,000 options (fifth tranche) were issued with an exercise price of EUR 5.73 each. A total of 94,500 options were forfeited by employees leaving the company. Due to the blocking period, no options have yet been exercised or forfeited. As a consequence, 449,984 options are still outstanding on 30 June 2018. The expenditure recognised in the reporting period was EUR 125 thousand (previous year: EUR 56 thousand).

In March 2018, the exercise prices were adjusted pursuant to Section 13 of the option terms and conditions. The exercise price now amounts for the first tranche to EUR 2.25, for the second tranche to EUR 3.04, for the third tranche to EUR 3.78 and for the fourth tranche to EUR 3.09.

Earnings per share

Earnings per share are calculated by dividing net consolidated income by the weighted average number of outstanding shares during the year in accordance with IAS 33 ("Earnings per Share").

	30 June 2018	30 June 2017
Weighted average number of ordinary shares outstanding (on average)	43,661,206	37,730,066
Net loss for the year in EUR	(7,684.9)	(8,736.6)
Basic/diluted earnings per share in EUR	(0.18)	(0.23)

Disclosures according to IFRS 15

	01.01.-30.06.2018			01.01.-30.06.2017		
Revenue	Sales revenue	Development revenue	Other	Sales revenue	Development revenue	Other
Germany	1,184	0	0	1.103	0	0
Europe	1,211	0	0	732	0	0
U.S.	6,443	0	0	2,386	0	0
Other regions	0	91	40	0	785	0
Total	**8,838**	**91**	**40**	**4,221**	**785**	**0**

In the USA, BF RhodoLED® lamps are also offered under leasing agreements. In the first six months of 2018, we generated income of EUR 58 thousand from operating leases (previous year: 0). We also generated EUR 81 thousand of financing lease revenue in the reporting period (previous year: 0).

Reporting on financial instruments

Based on the input factors used at the valuation methods fair values are divided into different steps of the fair value hierarchy:

Level 1: Fair value valuations using prices listed on active markets (not adjusted) for identical assets or liabilities.

Level 2: Fair value valuations using inputs for the asset or liability that are either directly observable (as prices) or indirectly observable (derived from prices), but which do not constitute listed prices pursuant to Level 1.

Level 3: Fair value valuations using inputs for the asset or liability that are not based on observable market data (unobservable input data).

Biofrontera only has financial instruments at levels 1 and 3. During the first half of 2018, no reclassifications between the individual levels of the fair value hierarchy were implemented. In the case of the financial liabilities, the non-current and current financial liabilities are allocated to Level 1 (EUR 12.0 million; 31 December 2017: EUR 11.9 million) and Level 3 (performance components of the EIB loan (EUR 1.0 million, 31 December 2017: EUR 0.6 million).
The financial assets and liabilities are subdivided into measurement categories with the following carrying amounts:

Financial assets (EUR thousands)	Fair Value as of 30/06/2018	Carrying amount as of 30/06/2018	Fair Value as of 31/12/2017	Carrying amount as of 31/12/2017
Category: Held				
Liquid assets	26,251	26,251	11,083	11,083
Trade accounts receivable	2,023	2,023	1,561	1,561
Miscellaneous current financial receivables and assets	892	892	571	571
Total	29,166	29,166	13,215	13,215

Financial liabilities (EUR thousands)	Fair Value as of 30/06/2018	Carrying amount as of 30/06/2018	Fair Value as of 31/12/2017	Carrying amount as of 31/12/2017
Financial liablities at amortised costs				
Financial liabilities	169	169	171	171
Current trade accounts payable	1,244	1,244	1,620	1,620
Other financial liabilities current	53	53	20	20
Financial liabilities non-current	11,993	11,993	11,803	11,803
	13,459	**13,459**	**13,614**	**13,614**
Financial liabilities measured through profit or loss				
Financial liabilities non-current	1,030	1,030	552	552
Total	**14,489**	**14,489**	**14,166**	**14,166**

Members of the Supervisory Board

One change relating to the following Supervisory Board member occurred during the first half of 2017: The Cologne District Court appointed Mr. Reinhard Eyring as a member of the Supervisory Board until the Ordinary AGM 2018 as successor to Mr. Mark Reeth, who stepped down as of 31 October 2017. At the AGM on 11 July 2018, Mr. Eyring was then elected to the Supervisory Board until the end of the AGM that approves the discharge for the financial year ending on 31 December 2020.

Related party disclosures

In July 2016, Biofrontera AG signed a research partnership agreement ("Collaboration and Partnership Agreement") with Maruho Co., Ltd. As part of the Phase 1 of the partnership, Biofrontera and Maruho tested potential formulations for various brand generics in Europe. According to this agreement's provisions, Biofrontera, as part of research services, conducted the requisite work for the exploratory research of these product candidates. Maruho bore the related costs.

This development partnership generated revenue of EUR 91 thousand in the first half of 2018 (prior-year period: EUR 785 thousand). As of 30 June 2018, no receivables are due from Maruho (31 December 2017: EUR 124 thousand).

The partnership ended on 31 March 2018. Biofrontera and Maruho are currently considering continuing their research partnership based on a new agreement. No decision has yet been made concerning the details and timing of such a new agreement.

In the first half of 2018, no further significant reportable transactions or relationships with related parties existed beyond the aforementioned matter.

Significant events after the reporting date

The following significant events in the company's development occurred after the end of the reporting period:

On 12 July, Biofrontera incorporated, a wholly-owned subsidiary of Biofrontera AG, submitted a lawsuit alleging unfair competition and market manipulation against DUSA at the Orange County Superior Court in the U.S. state of California (see section "Litigation" starting on page 18).

On 26 July, the company announced that it had concluded the patient recruitment for a further Phase III trial with Ameluz®. In the trial, the safety and efficacy of conventional photodynamic therapy with Ameluz® and the BF-RhodoLED® lamp is to be investigated for the treatment of actinic keratosis on the extremities or the trunk and neck. The conclusion of patient recruitment represents the important milestone for achieving the expanded application for Ameluz®. It is anticipated that the application for approval will be submitted in the third quarter of 2019.

On August 7, 2018, Deutsche Balaton AG filed an action for rescission and nullity as well as a positive declaratory action with regard to certain resolutions of the AGM of the Company on July 11, 2018 (see section "Litigation" starting on page 18).

On 9 August 2018, Deutsche Balaton Biotech AG notified pursuant to Section 23 (1) Clauses 1 and 2 of the German Securities Acquisition and Takeover Act (WpÜG) that it had acquired a total of 1,286,401 shares as part of the voluntary purchase offer which it had published on 28 May 2018 and modified on 20 July 2018. As a consequence, the bidder and persons acting jointly with the bidder hold a total of 7,098,576 Biofrontera shares as well as 2,995 ADS. This corresponds to an interest of around 18.84% of the share capital and voting rights of the target company.

On August 16, 2018, Biofrontera reported the award of a 5-year contract with the U.S. Department of Veterans Affairs (VA) for the sale of Ameluz® in combination with the medical device BF-RhodoLED®. This contract allows Biofrontera to offer Ameluz® to all VA as well as U.S. Department of Defense medical facilities. It further validates the efficacy of Ameluz® and allows more patients to receive effective treatment.

Leverkusen, 31 August 2018

Prof. Dr. Hermann Lübbert
Chief Executive Officer

Thomas Schaffer
Chief Financial Officer

Christoph Dünwald
Chief Sales and Marketing Officer

Certification following the auditor's review

To Biofrontera AG, Leverkusen

We have reviewed the condensed interim consolidated financial statements – comprising the condensed statement of financial position, the condensed statement of profit or loss and other comprehensive income for the period, the condensed statement of changes in equity, the condensed statement of cash flows and selected explanatory notes – and the interim group management report of Biofrontera AG, for the period from 1 January 2018 to 30 June 2018 which form part of the half-year financial reporting in accordance with *section 115 German Securities Trading Act* (Wertpapierhandelsgesetz – WpHG).

The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, 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 material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of Company employees and analytical assessments 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 statements audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements of Biofrontera AG have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 31 August 2018

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger
German Public Auditor

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Financial, conference and roadshow calendar

13 September 2018	Lake Street Capital Markets 2018 Best Ideas Growth (BIG) Conference, New York, NY
24 – 27 September 2018	Baader Investment Conference, München
29 -30 October 2018	Dawson James Small Cap Growth Conference, Miami, FL
26 -28 November 2018	Analyst Conference 2018, Deutsches Eigenkapitalforum, Frankfurt
29 November 2018	Benchmark Microcap Discovery Conference, Chicago, IL
16 November 2018	Third quarter 2018 interim report
4 – 6 December 2018	LD Micro: Main Event, Los Angeles, CA

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