

HALF-YEAR REPORT

2007  
JUNE 30





**Prof. Dr. Burghardt Wittig**  
Chief Executive Officer



**Dr. Matthias Schroff**  
Chief Operation Officer



**Jörg Petraß**  
Chief Financial Officer

**Dear shareholders,**

The first six months of the 2007 financial year were dominated by key developments aimed at ensuring the future business success of MOLOGEN AG.

This focused primarily on decisions affecting the future management and structure of the Company. After ten years of successful involvement in the foundation and expansion of MOLOGEN AG, I will not be extending my term as Chief Executive Officer after it expires at the end of this year. In future, I intend to devote more time and effort to the research activities forming part of the academic chair I hold at Charité Berlin. However, I will retain my close connections with MOLOGEN and will continue to be involved in the Company's development – both as a member of the newly formed Scientific Advisory Board, which will advise the Executive Board on key strategic issues, and through the planned research cooperation with my academic chair.

Dr. Matthias Schroff, a long-standing member of the Executive Board and a co-inventor of some of MOLOGEN's key patents, will take over as CEO from January 2008.

With this step, we will ensure the required continuity in the Company's management, while at the same time creating the organisational conditions necessary for the complex challenges posed by our future business activities.

Another key milestone was the sale of our subsidiary Vivotecnia Research S. L. (Madrid) in the second quarter. The company, which was formed by MOLOGEN in 2000, specialises in contract pharmaceutical research in the areas of toxicology, pharmacology, biomedicine and pre-clinical animal studies. The disposal was aimed at streamlining our corporate structure and generating additional personnel and financial capacities that can be harnessed for the development of our own products. MOLOGEN received proceeds of around €1.1 million from this transaction. The transfer of the shares came into force on 30 May 2007.

In addition to these strategic developments, the first half of 2007 was characterised by extensive activities aimed at completing pre-clinical work and preparing clinical studies for our therapies against colon and renal cancer. In the first six months, we made good progress towards our planned milestones for the financial year as a whole. We successfully completed further pre-clinical tests, meaning that we are on schedule in terms of our development plan. Discussions held with the responsible German regulatory authorities in July were an important early step towards the planned clinical studies, allowing us to comprehensively adjust our data and study plans to reflect regulatory requirements. We are now working at full speed to prepare the necessary documentation that will allow us to submit the applications for the licensing of our clinical studies for colon and renal cell cancer indications in the near future.

I am confident that our focus on MOLOGEN's key value drivers – the development of innovative medicines against cancer and other serious diseases – will be reflected in the Company's share price in future.

Speaking on behalf of the Executive Board, we would be delighted if you, our shareholders, would continue to accompany us on our path.

Professor Dr. Burghardt Wittig  
Chief Executive Officer of MOLOGEN AG

# INTERIM MANAGEMENT REPORT

1 JANUARY - 30 JUNE 2007

## NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The financial statements for the first half of 2007 were prepared in accordance with the accounting provisions of the German Commercial Code. The amounts for the corresponding prior-year period (1 January 2006 to 30 June 2006) were calculated in accordance with the same accounting policies.

At €0.1 million, the revenues recorded by MOLOGEN AG ("MOLOGEN" for short) were unchanged as against the previous year.

The operating result (EBIT) amounted to €-2.8 million (30 June 2006: €-1.7 million). This development was mainly due to the increase in the cost of materials (€-0.8 million) and personnel expenses (€-1.1 million).

The increase in the cost of materials is primarily attributable to the materials-intensive preparation of clinical studies and the performance of pre-clinical tests.

Personnel expenses increased as a result of the significant growth in the number of employees, from 31 to 40, as well as the higher bonus payments compared with the same period of the previous year. The additional employees were largely appointed in the area of research and development.

The Company's intensive research and development activities are also reflected in the cash flow statement (see table on page 4), with net cash used in operating activities amounting to €-3.3 million at the end of the first half of 2007 compared with €-1.8 million in the previous year.

Other operating expenses increased year-on-year to €-1.4 million due to the non-recurring effects of capital increases and higher marketing costs (previous year: €-0.8 million).

This was offset by the rise in other operating income (€0.6 million compared with €0.1 million in the same period of the previous year), which was largely attributable to the sale of the Company's Spanish subsidiary Vivotecnia Research S. L.

The higher level of operating expenses meant that the net loss for the period increased to €-2.6 million (previous year: €-1.6 million).

Cash funds amounted to €10.1 million at the end of the first half of the year (30 June 2006: €5.7 million). This was primarily due to the capital increase that was successfully implemented in April 2007, as a result of which the Company received (gross) proceeds of around €6 million.

The equity ratio remained at a high level of 95 % (30 June 2006: 94 %).



**Table: Cash flow statement (indirect method) in accordance with the German Commercial Code for the period from 1 January to 30 June 2007**

€ THOUSANDS	1 JAN. - 30 JUN. 2007	1 JAN. - 30 JUN. 2006*
Net loss for the period	-2,642	-1,633
Depreciation and amortisation of fixed assets	243	126
Increase/decrease in provisions	-35	-113
Other non-cash income and expenses	77	26
Gain/loss on the disposal of fixed assets	-628	36
Increase/decrease in inventories, trade receivables and other assets	-150	-50
Increase/decrease in trade payables and other liabilities	-179	-148
<b>Net cash used in operating activities</b>	<b>-3,314</b>	<b>-1,756</b>
Purchase of tangible fixed assets	-60	-17
Proceeds from the disposal of long-term financial assets	1,077	0
<b>Net cash from/used in investing activities</b>	<b>1,017</b>	<b>-17</b>
Cash receipts from issue of capital	6,000	0
<b>Net cash from financing activities</b>	<b>6,000</b>	<b>0</b>
<b>Net change in cash funds</b>	<b>3,703</b>	<b>-1,773</b>
<b>Cash funds at beginning of period</b>	<b>6,381</b>	<b>7,513</b>
<b>Cash funds at end of period</b>	<b>10,084</b>	<b>5,740</b>

\* unaudited and not reviewed

## OPPORTUNITIES AND RISKS

The extraordinary opportunities for earnings growth afforded by MOLOGEN's business model are offset by technological, financial, regulatory, patent and sales risks.

As announced at August 8, 2007, the license partner ONCO Life Sciences Pvt. Ltd. (ONCO), India, has informed MOLOGEN that the respective authorities have granted treatment permission for MOLOGEN'S cell-based gene therapy against cancer. Based on this decision ONCO will start to commercialize the cancer therapy within India. Thus MOLOGEN gets the opportunity to generate significant revenues for the supply of the individualized therapy components during the next months and within the coming years.

The assessment of the risks that could pose a danger to the Company's development has not changed significantly compared with the situation presented in the 2006 annual report. Although it proved possible to confirm several contracts with pharmaceutical and sales or marketing partners in the last fiscal year, the company will nevertheless in future still be dependent on the conclusion of further contracts of this kind. Any delay in the conclusion of the business transactions that are targeted could well lead in the future to risks that have an adverse affect on the company's development.

In addition, the following interrelated problem areas may develop in the next six months into risks that will have a negative impact on development at MOLOGEN:

- The emergence of unexpected problems in the ongoing preclinical and clinical development of MIDGE<sup>®</sup> and dSLIM<sup>®</sup> based products.
- Dependence of the business model on a small number of potential business partners.
- Problems related to patent and licensing law preventing or delaying the conclusion of business transactions or reducing the commercial appeal.
- A co-operation contract with the Campus Benjamin Franklin (CBF), Department of Medicine, had not been signed at the time this report was drawn up. In the course of the fiscal year 2007, however, the company is expecting that a contract will be concluded. The reasons for updating the current contract that was concluded in 1998 with the Freie Universität Berlin (FU) are the handover of the authority over the building at Arnimallee 22 from the FU to the CBF and the amendments to the Employee Inventions Act relating to university professors.
- MOLOGEN's commitments in countries outside of Europe harbor country-specific risks to which the business operations have not previously been exposed to any noteworthy extent. As far as possible, MOLOGEN will try to implement suitable measures to protect itself against these risks.

## REPORT ON EXPECTED DEVELOPMENTS

In the second half of 2007, MOLOGEN will continue to pursue the targets set out in the 2006 annual report systematically:

- Continuation of the activities aimed at commercialising the Company's cell-based gene therapy against cancer
- Conclusion of pre-clinical activities and start of planning for clinical studies for the renal and colon cancer indicators
- Targeted planning and start-up of development work in the field of veterinary medicine
- Achievement of further milestones in the leishmaniasis project by the Company's development partner in the USA
- Targeted planning and start-up of pre-clinical development work on the leishmaniasis (human) indication

The Company's strategy is oriented towards achieving significant returns in the medium and long term through the research and development of innovative therapies. In order to achieve this goal, additional measures requiring expenditure and investment will be consciously implemented in the second half of 2007 at the expense of the positive short-term development of the Company's earnings situation.

Berlin, 14 August 2007

Mologen AG

Der Vorstand

**Prof. Dr. Burghardt Wittig   Dr. Matthias Schroff   Jörg Petraß**

## BALANCE SHEET

IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE  
AS OF 30 JUNE 2007

€ THOUSANDS	30 JUN. 2007	31 DEC. 2006	30 JUN. 2006*
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	<b>2,650</b>	<b>2,846</b>	<b>645</b>
Concessions, industrial and similar rights and assets	2,650	2,846	645
<b>Tangible fixed assets</b>	<b>274</b>	<b>261</b>	<b>292</b>
Technical equipment and machinery	119	147	164
Other equipment, operating and office equipment	115	114	128
<b>Long-term financial assets</b>	<b>0</b>	<b>449</b>	<b>449</b>
Shares in affiliated companies	0	449	449
<b>Fixed assets, total</b>	<b>2,924</b>	<b>3,556</b>	<b>1,386</b>
<b>Current assets</b>			
<b>Inventories – finished goods and merchandise</b>	<b>147</b>	<b>128</b>	<b>65</b>
<b>Receivables and other assets</b>	<b>817</b>	<b>690</b>	<b>398</b>
Trade receivables	406	383	62
Receivables from other investees and investors	0	247	250
Other assets	411	60	86
<b>Bank balances</b>	<b>10,084</b>	<b>6,381</b>	<b>5,740</b>
<b>Current assets, total</b>	<b>11,048</b>	<b>7,199</b>	<b>6,203</b>
<b>Prepaid expenses</b>	<b>35</b>	<b>44</b>	<b>39</b>
<b>TOTAL ASSETS</b>	<b>14,007</b>	<b>10,799</b>	<b>7,628</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Subscribed capital</b>	<b>9,287</b>	<b>8,487</b>	<b>8,358</b>
<b>Capital reserves</b>	<b>23,484</b>	<b>18,284</b>	<b>18,103</b>
<b>Net accumulated losses</b>	<b>-19,504</b>	<b>-16,862</b>	<b>-19,293</b>
<b>Equity, total</b>	<b>13,267</b>	<b>9,909</b>	<b>7,168</b>
<b>Special reserve for investment grants and subsidies</b>	<b>28</b>	<b>31</b>	<b>37</b>
<b>Provisions</b>			
Provisions for taxes	81	81	81
Other provisions	108	143	98
<b>Provisions, total</b>	<b>189</b>	<b>224</b>	<b>179</b>
<b>Liabilities</b>			
Payments received on account of orders	15	15	0
Trade payables	369	154	179
Liabilities to affiliated companies	0	89	37
Other liabilities	44	278	28
<b>Liabilities, total</b>	<b>428</b>	<b>536</b>	<b>224</b>
<b>Deferred income</b>	<b>95</b>	<b>99</b>	<b>0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,007</b>	<b>10,799</b>	<b>7,628</b>

\* unauditetd and not reviewed

# INCOME STATEMENT

IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE  
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2007

€ THOUSANDS	1 JAN. - 30 JUN. 2007	1 JAN. - 30 JUN. 2006*
Revenues	94	114
Increase in finished goods inventories	34	3
Other operating income	645	73
Cost of materials	-800	-413
Cost of raw materials, consumables and supplies and of purchased merchandise	-262	-145
Cost of purchased services	-538	-268
Personnel expenses	-1,068	-529
Wages and salaries	-967	-446
Social security costs	-101	-83
Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	-243	-126
Other operating expenses	-1,425	-826
Other interest and similar income	118	72
<b>Result from ordinary activities</b>	<b>-2,645</b>	<b>-1,632</b>
Other taxes	3	-1
<b>Net loss for the period</b>	<b>-2,642</b>	<b>-1,633</b>
Accumulated losses brought forward	-16,862	-17,660
<b>Net accumulated losses</b>	<b>-19,504</b>	<b>-19,293</b>

\* unauditetd and not reviewed

## STATEMENT OF CHANGES IN FIXED ASSETS

IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE  
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2007

€ THOUSANDS	COST			AS OF 30 JUN. 2007
	AS OF 1 JAN. 2007	ADDITIONS	DISPOSALS	
<b>Intangible fixed assets</b>	<b>3,950</b>	<b>0</b>	<b>0</b>	<b>3,950</b>
Concessions, industrial and similar rights and assets	3,950	0	0	3,950
<b>Tangible fixed assets</b>	<b>1,054</b>	<b>60</b>	<b>3</b>	<b>1,111</b>
Technical equipment and machinery	760	0	0	760
Other equipment, operating and office equipment	294	60	3	351
<b>Long-term financial assets</b>	<b>1,339</b>	<b>0</b>	<b>449</b>	<b>890</b>
Shares in affiliated companies	449	0	449	0
Other long-term equity investments	163	0	0	163
Loans to other long-term investees and investors	357	0	0	357
Other loans	370	0	0	370
<b>Total fixed assets</b>	<b>6,343</b>	<b>60</b>	<b>452</b>	<b>5,951</b>

	DEPRECIATION AND AMORTISATION			NET CARRYING AMOUNT		
	AS OF 1 JAN. 2007	ADDITIONS	DISPOSALS	AS OF 30 JUN. 2007	AS OF 30 JUN. 2007	AS OF 31 DEC. 2006
	<b>1,104</b>	<b>196</b>	<b>0</b>	<b>1,300</b>	<b>2,650</b>	<b>2,846</b>
	1,104	196	0	1,300	2,650	2,846
	<b>793</b>	<b>47</b>	<b>3</b>	<b>837</b>	<b>274</b>	<b>261</b>
	613	28	0	641	119	147
	180	19	3	196	155	114
	<b>890</b>	<b>0</b>	<b>0</b>	<b>890</b>	<b>0</b>	<b>449</b>
	0	0	0	0	0	449
	163	0	0	163	0	0
	357		0	357	0	0
	370	0	0	370	0	0
	<b>2,787</b>	<b>243</b>	<b>3</b>	<b>3,027</b>	<b>2,924</b>	<b>3,556</b>

# SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2007

## 1. GENERAL INFORMATION

### 1.1 General information on the condensed interim financial statements

MOLOGEN AG (hereinafter referred to as "MOLOGEN" for short) has prepared condensed interim financial statements in accordance with the provisions of the German Commercial Code for large corporations, the German Stock Corporation Act and the German Securities Trading Act.

MOLOGEN is a stock corporation under German law and is headquartered in Berlin (Fabeckstraße 30, D-14195 Berlin, Germany). The Company was formed on 14 January 1998 and is registered with the Berlin-Charlottenburg Local Court under HRB 65663. The Company's shares are listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange under ISIN DE 000 663 7200.

The purpose of the Company is the research, development and marketing of products in the area of molecular medicine. In particular, this encompasses biomolecular vaccines and application-oriented clinical research in the field of biomolecular tumour therapy, including somatic gene therapy. The main focus of research is on the MIDGE<sup>®</sup> und dSLIM<sup>®</sup> technologies patented by MOLOGEN, which allow the use of DNA as a therapeutic treatment against diseases that were previously either untreatable or insufficiently treatable. The presentation options provided by the applicable legislation have largely been exercised in favour of the notes to the interim financial statements.

### 1.2 Reporting period

The reporting period for these condensed interim financial statements is 1 January to 30 June 2007.

## 2. ACCOUNTING POLICIES

The functional currency and the presentation currency for the condensed interim financial statements is the euro (€). In order to improve the clarity of presentation, figures have been rounded in accordance with standard business practice and are presented in thousands of euros (€ thousands) unless otherwise stated. The structure of the condensed balance sheet corresponds to the structure set out in section 266 of the German Commercial Code. The condensed income statement was prepared in accordance with the total cost (nature of expense) method and corresponds to the structure set out in section 275 of the German Commercial Code.

The measurement of assets and liabilities is based on the going concern principle (section 252 (1) no. 2 of the German Commercial Code).

The following accounting policies also apply:

- Intangible fixed assets are carried at cost and amortised on a straight-line basis over their expected useful life of between 3 and 10 years.



- Tangible fixed assets are carried at cost less straight-line depreciation. The depreciation periods correspond to the useful lives that are typical for the industry and permitted under tax law. New additions are depreciated on a pro rata basis.
- Assets that have been written off are recognised at a pro mem value of €1.
- Low-value assets are written off in full in the year of their acquisition and presented as additions and disposals in the statement of changes in fixed assets.
- Investments in and loans to other long-term investees and investors and other loans are carried at cost. Valuation allowances are recognised for permanent impairment.
- The inventories recognised as assets by MOLOGEN related to finished goods and merchandise. Raw materials, consumables and supplies and work in progress are not recognised as inventories. Inventories are recognised in the amount of the corresponding production overheads. Finished products (genetic constructs) are carried at the lower of cost and net realisable value less costs to complete.
- Receivables and other assets are carried at their nominal value less valuation allowances. Specific valuation allowances are recognised for counterparty default risk. No specific valuation allowances were recognised in the period under review.
- Bank balances denominated in foreign currencies are translated at the bid rate on the date of the incoming or outgoing payment. If the bid rate at the balance sheet date is lower than the bid rate on the date of the incoming payment, the German Commercial Code requires that the carrying amount be written down to the lower amount. The resulting measurement differences are recognised in income.
- Grants and subsidies for investments in fixed assets are recognised in a special liability-side reserve in the single-entity financial statements in accordance with opinion 1/1984 issued by the Accounting and Auditing Board of the Institute of Public Auditors in Germany. The special reserve is reversed to income over the useful life of the assets to which the grants and subsidies relate, starting from the first date of their economic use. Funds not yet paid by the institution providing the respective grants or subsidies are recognised as other assets.
- The carrying amount of other provisions takes into account all identifiable risks and other uncertain obligations to a sufficient extent.
- Liabilities are carried at their settlement amount.

### 3. NOTES TO THE CONDENSED BALANCE SHEET AND THE CONDENSED INCOME STATEMENT

#### 3.1 Condensed balance sheet

The composition and development of MOLOGEN's **fixed assets** can be seen in the statement of changes in fixed assets (**see page 8**).

MOLOGEN holds a 28.3% equity interest in bcd biomedical consulting + development GmbH, Berlin ("bcd GmbH" for short). bcd filed for insolvency in February 2004.

The insolvency proceedings were wound up on 7 May 2007. bcd was not yet deleted from the commercial register during the period under review.

The carrying amount of the investment in bcd GmbH (€163 thousand) and the loan receivable from bcd GmbH (€330 thousand) were written off in full in the 2002 financial year and are recognised in the condensed interim financial statements at a pro mem value of €1 each (31 December 2006: €1 each; 30 June 2006: €1 each).

No specific or global valuation allowances were recognised for **trade receivables** in the period under review.

**Other assets** – composition:

€ THOUSANDS	30 JUN. 2007	31 DEC. 2006	30 JUN. 2006
Receivables from advances granted (due in less than one year: €73 thousand; due in less than five years: €120 thousand)	193	0	0
Receivables from the tax office (including investment grants)	64	40	30
Miscellaneous	70	20	56
	327	60	86

**Cash funds** include cash holdings and bank balances.

**Net accumulated losses** include accumulated losses brought forward in the amount of €16,862 thousand.

**Other provisions** – development:

€ THOUSANDS	1 JAN. 2007	UTILISATION	REVERSAL	ADDITION	30 JUN. 2007
Year-end closing, audit and publication costs	69	32	21	39	55
Outstanding vacation	51	51	0	26	26
Legal and consultancy costs	13	0	0	0	13
Inventors' compensation	1	0	0	0	1
Miscellaneous	9	7	0	11	13
	143	90	21	76	108

**All liabilities** have a remaining maturity of less than one year.

**3.2 Condensed income statement**

The condensed income statement was prepared in accordance with the **total cost (nature of expense) method**.

**Revenues** for the period under review amounted to €94 thousand (30 June 2006: €114 thousand).

€ THOUSANDS	30 JUN. 2007	31 DEC. 2006
Technologies	4	0
Merchandise	90	36
Licences and distribution rights	0	78
	94	114

Composition of **other operating income**:

€ THOUSANDS	30 JUN. 2007	31 DEC. 2006
Book gains on the disposal of long-term financial assets	629	0
Grants and subsidies	0	63
Reversal of special reserve	6	7
Reversal of provisions	9	1
Miscellaneous	1	2
	<b>645</b>	<b>73</b>

The amount reported under book gains on the disposal of long-term financial assets relates to the sale of the subsidiary Vivotecnia, and is composed of the proceeds of the sale (€1,078 thousand) less the carrying amount of the shares in Vivotecnia that were recognised as long-term financial assets at the disposal date (€449 thousand).

Composition of **other operating expenses**:

€ THOUSANDS	30 JUN. 2007	31 DEC. 2006
Legal and consultancy costs	586	175
Marketing/Investor relations	247	118
Travel expenses	171	214
Patents	100	71
Administrative expenses	71	65
Office space costs	62	60
Maintenance	30	35
Non-wage labour costs	16	22
Miscellaneous	142	66
	<b>1,425</b>	<b>826</b>

The increase in legal and consultancy costs was due to the capital increase that was implemented in the period under review.

**Depreciation** of tangible fixed assets and **amortisation** of intangible fixed assets amounted to €243 thousand (30 June 2006: €126 thousand). Write-downs of inventories in the amount of €15 thousand (30 June 2006: €13 thousand) are reported in other expenses. No write-downs were charged in the period under review.

Costs for the audit of the financial statements in the amount of €18 thousand (30 June 2006: €19 thousand) and other audit services in the amount of €0 (30 June 2006: €34 thousand) were incurred in the period under review.

The figure of €3 thousand reported under **other taxes** is composed of a tax refund for prior periods in the amount of €4 thousand and the payment of real estate tax in the amount of €1 thousand.

## 4. DISCLOSURES ON EQUITY

### 4.1 Subscribed capital and capital reserves

The share capital of MOLOGEN, which amounts to €9,286,848.00 and is divided into 9,286,848 no-par value bearer shares each with a notional interest in the share capital of €1.00, is reported as subscribed capital. The following capital measure affecting subscribed capital was implemented by MOLOGEN in the first half of the 2007 financial year:

In February, the Executive Board resolved to partially utilise the authorised capital created by the Annual General Meeting on 7 June 2006 to issue a total of 800,000 new no-par value shares each with a notional interest in the share capital of €1.00 against cash contributions, resulting in a total issuing amount of €6,000,000.00. The new shares are eligible for dividends with effect from 1 January 2006. Shareholders' pre-emptive subscription rights are disapplied. The Supervisory Board approved the resolution by the Executive Board, and the implementation of the capital increase was entered in the commercial register on 27 April 2007.

The capital reserves were formed voluntarily. They contain equity components accrued externally on the basis of the subscribed capital, as well as a one-time partial elimination against net accumulated losses recognised in the 2002 financial year. As a result of the issue of 800,000 new shares in the 2007 financial year to date, the Company's capital reserves increased by €5,200,000.00, from €18,283,867.82 to €23,483,867.82.

### 4.2 Authorised capital

The Annual General Meeting on 7 June 2006 resolved to authorise the Executive Board to increase the share capital of the Company on one or more occasions up to 6 June 2011, subject to the approval of the Supervisory Board, by issuing new no-par value bearer shares against cash and/or non-cash contributions up to a maximum of €4,178,124.00 (authorised capital) and to stipulated that these shares may be eligible for dividends from a different date to that permitted by law in accordance with Article 22 (2) of the Articles of Association. The new shares may also be acquired by a bank or consortium of banks specified by the Executive Board with the proviso that they are then offered to shareholders for subscription (indirect right of subscription). The Executive Board is further authorised, in each case subject to the approval of the Supervisory Board, to disapply shareholders' pre-emptive subscription rights

- a) if this is required to eliminate fractions;
- b) if the capital increase does not exceed ten percent of the share capital and the issuing price is not substantially lower than the market price of the shares of the Company already listed on the stock exchange at the date on which it is finalised by the Executive Board;  
or
- c) for capital increases against non-cash contributions for the acquisition of companies, parts of companies or shares in companies or assets that are beneficial or useful for the Company's business operations, such as patents, licences, proprietary rights of use and exploitation and other intellectual property rights.

The Executive Board was also authorised to stipulate the additional terms and conditions of the issue of new shares, subject to the approval of the Supervisory Board.

At the reporting date 30 June 2007, the authorised capital after partial utilisation amounted to €3,378,124.00.

## 5. CONTINGENT LIABILITIES

The Company has other **financial commitments** under rental agreements for the 2008 and 2009 financial years totalling € 198 thousand.

## 6. OTHER DISCLOSURES

### 6.1 Employees

In the first half of 2007, MOLOGEN employed an average of 32 people in accordance with section 267 (5) of the German Commercial Code, excluding the members of the Executive Board and trainees and temporary staff (previous year: 26; same period of previous year: 25).

At the reporting date, the Company's workforce was composed as follows:

€ THOUSANDS	30 JUN. 2007	31 DEC. 2006	30 JUN. 2006
Executive Board	3	3	3
Research staff	7	7	4
Commercial staff	8	7	7
Technical staff	18	17	14
Trainees and temporary staff	4	2	3
	<b>40</b>	<b>36</b>	<b>31</b>

### 6.2 Disclosures on the Executive Board

In the period under review, the members of the **Executive Board** of MOLOGEN were:

- Prof. Burghardt Wittig, Chief Executive Officer, Berlin (Chairman)
- Dr. Matthias Schroff, Chief Operating Officer, Berlin
- Mr. Dirk Simon, Chief Financial Officer, Berlin (until 31 January 2007)
- Mr. Jörg Petraß, Chief Financial Officer, Berlin (from 1 February 2007).

### 6.3 Disclosures on the Supervisory Board

In the period under review, the members of the **Supervisory Board** of MOLOGEN were:

- Dr. Mathias P. Schlichting, lawyer, Hamburg (Chairman)  
(Memberships of other supervisory bodies: none)
- Mr. Gregor Kunz, auditor and tax consultant, Berlin  
(Memberships of other supervisory bodies: Odeon Film AG, Berlin: member of the Supervisory Board; DRIAG Deutsche Real Invest AG, Berlin: member of the Supervisory Board; DPuW Deutsche Pflege und Wohnen AG, Grünwald: member of the Supervisory Board)
- Prof. Hans Lutz, university lecturer, Zurich, Switzerland (until 1 June 2007)  
(Memberships of other supervisory bodies: none)
- Mr. Ferdinand Graf von Thun und Hohenstein (from 1 June 2007)  
(Memberships of other supervisory bodies: SALVATOR Grundbesitz-Aktiengesellschaft, Munich: Chairman of the Supervisory Board)

The following notifications of related party shareholdings were received by MOLOGEN in the period under review:

- On 5 June 2007, Mr. Ferdinand Graf von Thun und Hohenstein, Germany, informed MOLOGEN AG in accordance with section 21 (1) of the German Securities Trading Act that his shareholding in MOLOGEN AG, ISIN: DE 000 663 7200, WKN: 663 720, had exceeded the threshold of 10 % of the voting rights on 24 May 2007 and now amounted to 10.80 % (corresponding to 1,002,980 voting rights). 10.80 % of the voting rights (corresponding to 1,002,980 voting rights) are allocated to Mr. Graf von Thun und Hohenstein by SALVATOR Vermögensverwaltungs GmbH in accordance with section 22 (1) sentence 1 no. 1 of the German Securities Trading Act.
- On 5 June 2007, SALVATOR Vermögensverwaltungs GmbH, Notzing, Germany, informed MOLOGEN AG in accordance with section 21 (1) of the German Securities Trading Act that its shareholding in MOLOGEN AG, ISIN: DE 000 663 7200, WKN: 663 720, had exceeded the threshold of 10 % of the voting rights on 24 May 2007 and now amounted to 10.80 % (corresponding to 1,002,980 voting rights).

#### 6.4 Subsidiaries and other long-term investees and investors of MOLOGEN:

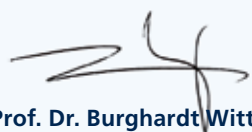
- Vivotecnia Research S.L., Madrid (Spain)  
(until December 2005: Mologen Molecular Medicines S.L.)  
Equity interest: 89.8 % until 30 May 2007, 0 % as of 1 June 2007
- bcd biomedical consulting + development GmbH, Berlin  
(equity interest held since 04/01)  
Insolvent since February 2004  
Equity interest: 28.3 %  
Total equity: n.a.  
Net profit for financial years 2004-2006: n.a.

## RESPONSIBILITY STATEMENT

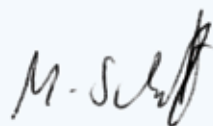
To the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the financial year.

Berlin, 14 August 2007

Mologen AG  
The Executive Board



**Prof. Dr. Burghardt Wittig**  
Chief Executive Officer



**Dr. Matthias Schroff**  
Chief Operation Officer



**Jörg Petraß**  
Chief Financial Officer

## REVIEW REPORT BY THE AUDITORS

To Mologen AG, Berlin:

We have reviewed the condensed interim financial statements, consisting of the condensed balance sheet, condensed income statement and selected explanatory notes, as well as the interim management report of Mologen AG for the period from 1 January to 30 June 2007, which form part of half-yearly financial reporting in accordance with section 37w of the German Securities Trading Act. The preparation of the condensed interim financial statements in accordance with the German Commercial Code and the interim management report in accordance with the provisions of the German Securities Trading Act applicable to interim management reports is the responsibility of the Executive Board of Mologen AG. Our responsibility is to express a conclusion on the condensed interim financial statements and the interim management report based on our review.

We conducted our review of the condensed interim financial statements and the interim management report in accordance with the 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 our review in order to obtain by way of a critical evaluation some assurance that the condensed interim financial statements are materially consistent with the accounting provisions of the German Commercial Code and that the interim management report is materially consistent with the provisions of the German Securities Trading Act applicable to interim management reports. A review is largely limited to making inquiries of employees of the Company and analytical evaluations, and hence does not provide the same level of assurance as an audit of the financial statements. As our engagement does not extend to an audit of the financial statements, we cannot express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements are not prepared in accordance with the accounting provisions of the German Commercial Code or that the interim management report is not prepared in accordance with the provisions of the German Securities Trading Act applicable to interim management reports.

Berlin, 14 August 2007

Rölfs WP Partner AG  
Wirtschaftsprüfungsgesellschaft

Stephan Schilling  
Wirtschaftsprüfer

Dirk Luther  
Wirtschaftsprüfer

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### **CONCEPT UND DESIGN**

Ramona Weitzenberg, Berlin

[www.avocado-design.de](http://www.avocado-design.de)

### **PHOTOS**

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