

HALF-YEAR REPORT

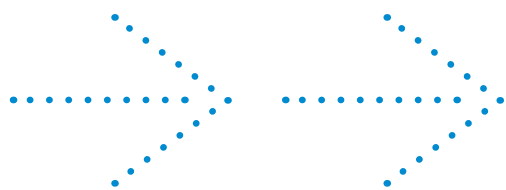
2008





**HALF-YEAR REPORT 2008**

Q2



## INDEX

<b>TO THE SHAREHOLDERS</b> .....	<b>4</b>
<b>INTERIM FINANCIAL STATEMENT ACCORDING TO IFRS</b> .....	<b>6</b>
BALANCE SHEET .....	8
PROFIT AND LOSS ACCOUNT .....	9
CASH FLOW STATEMENT .....	10
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY .....	11
CHANGES IN FIXED ASSETS .....	12
NOTES .....	14
REVIEW REPORT .....	24
RESPONSIBILITY STATEMENT .....	25

## LETTER FROM THE BOARD OF DIRECTORS

Dear Shareholders, Ladies and Gentlemen,

Today we can report to you eventful and successful first six months of 2008.



**Dr. Matthias Schroff**  
Chief Executive Officer



**Jörg Petraß**  
Chief Financial Officer

The first six months of the fiscal year were marked in particular by intensive preparations for our clinical phase I study with MGN1703, an innovative cancer medication. MGN1703 is based on the DNA immunomodulator dSLIM<sup>®</sup>, developed and patented by MOLOGEN.

After receiving official permission in May of this year, we were able to create the pre-conditions for a successful start of the study within only a few weeks. By the middle of July, the first cancer patient could be enrolled in our study.

The study in which the safety, tolerance, and immunological effectiveness of MGN1703 is to be tested, forms the basis for a comprehensive clinical development program. After the successful conclusion of the current phase I study (end of 2008), further tests are planned in which the effectiveness of the treatment for various cancer indications is to be tested.


We are convinced that with MGN1703 we can establish an effective and well-tolerated cancer treatment, and thus we will be able to make available to many patients an additional option for fighting cancer.

The economic opportunities for MOLOGEN are enormous. According to forecasts by experts, there is a global market worth several billion US dollars for innovative immunomodulative cancer therapies.

The start of the clinical development program represents a significant milestone in our company's history, since with it comes the successful transformation of a purely research oriented company into a developing biotech company. As a rule, these biotech companies enjoy greater awareness by potential cooperating partners and higher visibility and valuation on the capital market.

As evidence of the trust of institutional investors in the future potential of MOLOGEN, we have seen the insurance company Deutscher Ring acquire around 25 percent of the shares. We as the Board of Directors welcome the long-term orientation of this shareholder, and assume that all shareholders will benefit from the increased stability of our stock structure.

Dear shareholders, we would like to thank you for the trust shown in our performance, and we would be very happy if you were to continue to accompany us into the future.



**Dr. Matthias Schroff**  
Chief Executive Officer



**Jörg Petraß**  
Chief Financial Officer



INTERIM FINANCIAL STATEMENTS ACCORDING TO IFRS





BALANCE SHEET	8
PROFIT AND LOSS ACCOUNT	9
CASH FLOW STATEMENT	10
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	11
NOTES	12
REVIEW REPORT	14
RESPONSIBILITY STATEMENT	24
	25

## BALANCE SHEET

ACCORDING TO IFRS AS OF JUNE 30, 2008

IN T€	NOTES	JUNE 30, 2008	DEC. 31, 2007
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>2,490</b>	<b>2,740</b>
Tangible assets	1	228	275
Intangible assets	2	2,258	2,460
Financial Assets	3	0	0
Other non-current assets	4	5	5
<b>Current assets</b>		<b>6,296</b>	<b>8,559</b>
Cash and cash equivalents	5	5,579	8,040
Trade receivables	6	89	107
Inventories	7	13	44
Other current assets	8	615	368
<b>TOTAL ASSETS</b>		<b>8,786</b>	<b>11,299</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		<b>182</b>	<b>192</b>
Accrual items	9	101	111
Provisions	10	81	81
<b>Current liabilities</b>	11	<b>712</b>	<b>590</b>
Trade liabilities		434	390
Other current liabilities and accrual items		278	200
<b>Equity</b>		<b>7,892</b>	<b>10,517</b>
Share capital	12	9,358	9,317
Capital reserve	13	23,972	23,474
Balance sheet loss	14	-25,438	-22,274
<b>TOTAL LIABILITIES</b>		<b>8,786</b>	<b>11,299</b>

## PROFIT AND LOSS ACCOUNT

IN ACCORDANCE TO IFRS FOR THE PERIOD JAN 1 TO JUN 30, 2008

IN T€	NOTES	JAN 1, - JUNE 30, 2008	JAN 1, - JUNE 30, 2007
Revenues	15	66	94
Other operating income	16	12	647
Cost of materials	17	-744	-800
Personnel expenses	18	-1,072	-1,459
Amortization	19	-262	-265
Other operating expenses	20	-1,292	-1,072
<b>Operating result</b>		<b>-3,292</b>	<b>-2,855</b>
Financial results	21	128	118
<b>Earnings before taxes</b>		<b>-3,164</b>	<b>-2,737</b>
Tax result	22	0	0
<b>Loss in the reporting period</b>		<b>-3,164</b>	<b>-2,737</b>
Basic earnings per share (in €)	23	-0.34	-0.31
Diluted earnings per share (in €)		-	-

## CASH FLOW STATEMENT

IN ACCORDANCE TO IFRS FOR THE PERIOD JAN 1 TO JUN 30, 2008

IN T€	NOTES	JAN 1, - JUNE 30, 2008	JAN 1, - JUNE 30, 2007
<b>Cash flow from operating activities</b>			
Period earnings before taxes		-3,164	-2,737
Amortization of fixed assets		262	265
Deficit from disposal of fixed assets		1	0
Income from disposal of a subsidiary		0	-628
Other non-cash income and expenses		325	373
Change in trade receivables, inventories and other assets		-195	-115
Change in trade payables and other liabilities		119	-134
<b>Net cash used for operating activities</b>		<b>-2,652</b>	<b>-2,976</b>
<b>Cash flow from investing activities</b>			
Outflows for property, plant and equipment		-13	-60
Outflows for intangible assets		-1	0
Inflow from disposal of a subsidiary		0	1,077
<b>Net cash used for investing activities</b>		<b>-14</b>	<b>1,017</b>
<b>Cash flow from financing activities</b>			
Cash receipts balance from issuing of capital		206	5,663
<b>Net cash used for financing activities</b>		<b>206</b>	<b>5,663</b>
<b>Foreign currency effect on cash and cash equivalents</b>		<b>-1</b>	<b>-1</b>
<b>Total change in liquidity (Cash flow)</b>		<b>-2,461</b>	<b>3,703</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>8,040</b>	<b>6,381</b>
<b>Cash and cash equivalents at end of period</b>	24	<b>5,579</b>	<b>10,084</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

IN ACCORDANCE TO IFRS FOR THE PERIOD JAN 1 TO JUN 30, 2008

IN T€, APART FROM SHARE INFORMATION	SHARE CAPITAL		CAPITAL RESERVE	BALANCE SHEET RESULT	EQUITY
	NO. OF SHARES	SHARE CAPITAL			
<b>As of December 31, 2006</b>	<b>8,486,848</b>	<b>8,487</b>	<b>17,734</b>	<b>-16,318</b>	<b>9,903</b>
Capital increase against cash contribution	800,000	800	4,863		5,663
Value of services rendered by employees (according to IFRS 2)			391		391
Net result for the period				-2,737	-2,737
Rounding difference			-1		-1
<b>As of June 30, 2007</b>	<b>9,286,848</b>	<b>9,287</b>	<b>22,987</b>	<b>-19,055</b>	<b>13,219</b>
<b>As of December 31, 2007</b>	<b>9,316,848</b>	<b>9,317</b>	<b>23,474</b>	<b>-22,274</b>	<b>10,517</b>
Exercise of stock options	41,000	41	165		206
Value of services rendered by employees (according to IFRS 2)			333		333
Net result for the period				-3,164	-3,164
<b>As of June 30, 2008</b>	<b>9,357,848</b>	<b>9,358</b>	<b>23,972</b>	<b>-25,438</b>	<b>7,892</b>

## CHANGES IN FIXED ASSETS

IN ACCORDANCE TO IFRS FOR THE PERIOD JAN 1 TO JUN 30, 2008

IN T€	I. TANGIBLE ASSETS			II. INTANGIBLE ASSETS		
	TECHNICAL EQUIPMENT AND MACHINERY	OTHER EQUIPMENT, FACTORY AND OFFICE EQUIPMENT	SUM	LICENSES, INDUSTRIAL PROPERTY RIGHTS AND OTHER RIGHTS	SUM	
<b>Acquisition/manufacturing costs:</b>						
As of January 1, 2007	760	294	1,054	3,950	3,950	
Additions	0	74	74	0	0	
Divestitures	2	10	12	0	0	
As of December 31, 2007	758	358	1,116	3,950	3,950	
Additions	6	7	13	1	1	
Divestitures	0	8	8	0	0	
<b>As of June 30, 2008</b>	<b>764</b>	<b>357</b>	<b>1,121</b>	<b>3,951</b>	<b>3,951</b>	
<b>Amortization:</b>						
As of January 1, 2007	553	180	733	1,073	1,073	
Additions	75	44	119	417	417	
Divestitures	1	10	11	0	0	
As of December 31, 2007	627	214	841	1,490	1,490	
Additions	36	23	59	203	203	
Divestitures	0	7	7	0	0	
<b>As of June 30, 2008</b>	<b>663</b>	<b>230</b>	<b>893</b>	<b>1,693</b>	<b>1,693</b>	
<b>Book value:</b>						
As of January 1, 2007	207	114	321	2,877	2,877	
As of December 31, 2007	131	144	275	2,460	2,460	
<b>As of June 30, 2008</b>	<b>101</b>	<b>127</b>	<b>228</b>	<b>2,258</b>	<b>2,258</b>	

## III. FINANCIAL ASSETS

## FIXED ASSETS

	SHARES IN ASSOCIATED COMPANIES	LOANS TO COMPANIES IN WHICH SHARES ARE HELD	OTHER LOANS	SUM	TOTAL
	449	357	370	1,176	6,180
	0	0	0	0	74
	449	357	0	806	818
	0	0	370	370	5,436
	0	0	0	0	14
	0	0	0	0	8
	<b>0</b>	<b>0</b>	<b>370</b>	<b>370</b>	<b>5,442</b>
	0	357	370	727	2,533
	0	0	0	0	536
	0	357	0	357	368
	0	0	370	370	2,701
	0	0	0	0	262
	0	0	0	0	7
	<b>0</b>	<b>0</b>	<b>370</b>	<b>370</b>	<b>2,956</b>
	449	0	0	449	3,647
	0	0	0	0	2,735
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,486</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE 1ST HALF-YEAR 2008

#### A. GENERAL INFORMATION ON THE COMPANY

Molgen AG (short MOLOGEN) is a stock corporation under German law and is headquartered in Berlin (Fabeckstrasse 30, 14195 Berlin, Germany). The company was founded on January 14, 1998 and is registered under HRB 65663 with the Berlin-Charlottenburg local court. The shares of the company are listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange under ISIN DE 0006637200.

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 therapy, including somatic gene therapy. The main focus of research is on the MIDGE® and dSLIM® technologies patented by MOLOGEN, which allow the use of DNA as a therapeutic treatment against diseases that were previously either untreatable or only treatable insufficiently.

The present interim financial statements of MOLOGEN have been prepared on a voluntary basis and in line with the International Financial Reporting Standards (IFRS) as they are to be applied in the EU.

#### B. GENERAL DISCLOSURES ON THE FINANCIAL STATEMENTS

The reporting period in the sense of this abridged interim report is the period from January 1, 2008, to June 30, 2008.

The functional currency and the presentation currency in the statement is the euro. In order to improve clarity, figures have been rounded in accordance with standard business practice and are given in thousands of euros (T€) unless indicated otherwise.

This abridged interim report is made in accordance with IAS 34 (interim reporting). It should be read in conjunction with the audited annual report of Molgen AG as of December 31, 2007. All the balancing and evaluation methods found there apply without change to this financial report and will therefore not be discussed (IAS 34.28). Methods other than the IAS mentioned there or IFRS were not applied in this reporting period.

#### C. NOTES ON THE BALANCE SHEET AS AT JUNE 30, 2008

##### ASSETS

##### LONG-TERM ASSETS

##### [1] Tangible assets

In the reporting period, the net tangible assets declined by T€ 47 from T€ 275 (December 31, 2007) to T€ 228. Investments of T€ 13 stand against the standard write-offs.

The growth of tangible assets is presented in the fixed asset movement schedule (page 12).

##### [2] Intangible assets

In the reporting period, the value of all intangible assets in the financial statements increased by T€ 202 to T€ 2,258 (December 31, 2007: T€ 2,460). Intangible assets comprise purchased technologies (residual book value: T€ 2,256), patents (residual book value: T€ 0), software (residual book value: T€ 1) and other intangible assets (residual book value: T€ 1).

Investments of T€ 1 stand against the standard write-offs.

The growth of intangible assets is presented in the fixed asset movement schedule (page 12).

##### Research

The resources available to the company are in large part applied directly to research projects. Expenses in this area amount to € 2.3 million (January 1 through June 30, 2007: € 2.0 million).

##### [3] Financial Assets

The transaction costs of the other loan of T€ 370 are equal to the valuation adjustment of the same amount made in the fiscal year 2005. The contract on which the loan is based was terminated on business grounds by MOLOGEN. For strategic reasons, payment of the debt was not sued for.

**[4] Other long-term assets**

Other non-current assets comprise loans to employees amounting to T€ 4 (December 31, 2007: T€ 5) and had a residual term of more than one year at the reporting date.

**SHORT-TERM ASSETS****[5] Cash and cash equivalents**

The cash and cash equivalents consist of cash reserves and bank credits with a remaining period of less than one year. Bank credits due on demand are kept with variable interest rates. Short-term assets exist for various terms up to three months, and are set depending on the particular company need for cash. They are invested with set interest rates. The value of the cash amounts and short-term investments as of June 30, 2008 is T€ 5,579 (December 31, 2007: T€ 8,040). This follows from reserves held in Euros and the exchange rate value of an account held in foreign currency as of the closing date of June 30, 2008. The foreign exchange loss of T€ 1 (January 1 through June 30, 2007: T€ 1) was recognized as expense.

Fixed-term deposits of T€ 13 (December 31, 2007: T€ 13) are bonded and serve as collateral for rental surety.

**[6] Receivables from goods and services**

Receivables from goods and services are not interest-bearing, and as of the closing date all have a remaining period of less than one year. The general maturity period is 14 days. They are recognized at amortized cost and to June 30, 2008 total T€ 89 (December 31, 2007: T€ 107).

The analysis of the undiscounted claims from goods and services as of June 30, 2008, shows the following:

IN T€	TOTAL	NEITHER OVERDUE NOR IMPAIRED	OVERDUE BUT NOT IMPAIRED			
			< 30 DAYS	30 – 90 DAYS	90 – 365 DAYS	> 365 DAYS
June 30, 2008	89	0	3	0	86	0
December 31, 2007	107	4	3	6	86	8

It was decided not to impair the overdue but not impaired amounts because the debtor claims that payment will be made.

As at June 30, 2008, value adjustments of T€ 600 were made (December 31, 2007: T€ 651) as the due date has already been exceeded and it is not probable that all contractually agreed payments will be received. In the reporting period, no other value adjustments were made on trade receivables (December 31, 2007: T€ 20). Value adjusted claims of T€ 51 and non-value adjusted receivables of T€ 8 were written off in the reporting period since no future payment streams are to be expected as a result of the development of the project underlying the receivable.

In the fiscal year 2005, a value adjustment of T€ 600 was undertaken, since the contract on which the claim rested was terminated for economic reasons by MOLOGEN. Payment of the debt was not sued for on strategic grounds.

There were no reversals of value adjustments on trade receivables (December 31, 2007: T€ 0).

There were no valuation allowances (December 31, 2007: T€ 0).

**[7] Inventories**

Inventories were accounted at cost.

Inventories consist of goods and amount to T€ 13 at the balance sheet date (December 31, 2007: T€ 44). In the fiscal year no valuation adjustments were taken on inventories (December 31, 2007: T€ 0).

There were no reversals. Inventories are not subject to any restraints or pledging restrictions.

**[8] Other current assets**

A breakdown of the accounted value of T€ 615 (December 31, 2007: T€ 368) is shown below:

IN T€	JUN. 30, 2008	DEC. 31, 2007
Tax refund claims	255	184
Claims against tax authorities for investment subsidy	3	2
Other receivables	357	182
	<b>615</b>	<b>368</b>

The amounts listed under tax refund claims are comprised of claims against and liabilities to the same office and may be netted in line with IAS 12.71.

The amount reported in other receivables includes value adjustments of T€ 561 (December 31, 2007: T€ 563).

In the fiscal year 2003 value adjustments of T€ 12 were made because a debtor was in financial difficulties and had discontinued payments. Repayment and interest payments have since been resumed; value adjustments of T€ 2 (December 31, 2007: T€ 2) were resolved during the reporting period. In the reporting period value adjustments of T€ 6 were reversed (December 31, 2007: T€ 8).

The value adjustments made in the 2005 fiscal year of T€ 555 (December 31, 2007: T€ 555) were made on the transfer to a Saudi Arabian joint venture. The contract on which the receivable is based was terminated by MOLOGEN for economic reasons. For strategic reasons, no legal claim for repayment was asserted.

In the year under review there were no value adjustments on other assets.

**LIABILITIES**

**NON-CURRENT LIABILITIES**

**[9] Accrual items**

The amount posted of T€ 101 (December 31, 2007: T€ 111) relates to government grants for assets and license income. The accrual items for assets are written back over the useful life of the individual assets. The accrual items set up for license income are written back over the period for which the license is granted.

**[10] Provisions**

There is no change to the non-current provisions which relate to property acquisition tax at T€ 81 (December 31, 2007: T€ 81).

**CURRENT LIABILITIES**

**[11] Current liabilities**

Trade payables do not bear interest and generally have a due date of 30 days. Other liabilities do not bear interest and have an average time to maturity of up to twelve months.

The breakdown of non-current liabilities and provisions with a residual term of up to one year is shown in the table below:

IN T€	JUN. 30, 2008	DEC. 31, 2007
Trade liabilities	434	303
Liabilities from social security and income and church taxes	22	30
Advance payments received	15	15
Bank loans	3	0
Other liabilities	238	155
	<b>712</b>	<b>590</b>

**EQUITY**

**[12] Share capital**

MOLOGEN's share capital is € 9,316,848.00, divided into 9,316,848 no-par-value bearer shares, each with a notional share of € 1.00 in the share capital.

MOLOGEN took the following steps regarding the share capital during the reporting period:

A total of 41,000 new shares were issued on the basis of the contingent capital 2005-1 authorized by the shareholders' meeting of June 9, 2005. The share capital was thus raised from € 9,316,848 to € 9,357,848 and the company received € 210,700 from the subscribed funds. The issue of these new shares will be recorded in the commercial register responsible for the company in 2009.

## AUTHORIZED CAPITAL

As of the reporting date of June 30, 2008, the capital authorized by the Annual General Meeting of June 1, 2007, was € 4,643,424 and thus was unchanged in comparison to the reporting date of December 31, 2007.

## CONTINGENT CAPITAL

The company currently has the following contingent capital:

### Contingent capital 2002

The share capital is increased on a contingent basis as of June 30, 2008, by up to € 5,500. The 2002 contingent capital is unchanged in comparison to the reporting date of December 31, 2007.

### Contingent capital 2005-1

The share capital is increased on a contingent basis as of June 30, 2008, up to € 83,683 (contingent capital 2005-1). During the first half-year of 2008, 41,000 new shares were issued as the result of the exercise of subscription rights, and thus T€ 41 of the contingent capital 2005-1 authorized by the annual general meeting of June 9, 2005, were taken.

From June 25 through June 30, 2008, a further 20,500 subscription rights were exercised. However, the shares were first issued on July 7, 2008, after the reporting period, and thus an additional amount of € 20,500 of the contingent capital 2005-1 was taken.

According to Article 201 of the Aktiengesetz (AktG – German Corporation Law), the issued shares will be registered at the commercial register in January 2009 by the Board of Directors.

### Contingent capital 2006-1

The share capital is increased on a contingent basis as of June 30, 2008, by up to € 520,268.00. The 2006 contingent capital is unchanged in comparison to the reporting date of December 31, 2007.

### Contingent capital 2007

The share capital is increased on a contingent basis as of June 30, 2008, by a maximum of € 237,234. The 2007 contingent capital is unchanged in comparison to the reporting date of December 31, 2007.

### Contingent capital 2008

The share capital is increased on a contingent basis by up to € 3,770,739 (contingent capital 2008). The contingent increase in capital will be carried out only as the owners or creditors of conversion or option rights make use of their conversion or option rights. These rights were added by the company on the basis of the authorization resolution of the annual meeting of June 2, 2008, to expire June 1, 2013. They may also be exercised if the owners or creditors obliged for conversion fulfill their duty to convert prior to June 1, 2013, on the basis of the authorization resolution of the general meeting of June 2, 2008. The new shares participate in profits from the beginning of the fiscal year in which they come into effect on the basis of conversion rights or through fulfillment of conversion obligations.

### [13] Capital reserve

The development of the remaining equity items is shown on page 11. The capital reserve was made voluntarily. It includes equity components from subscribed capital as well as withdrawal of T€ 6,668 carried out in fiscal year 2002 which was offset with the balance sheet loss.

As required by IAS 32.37, the costs incurred for equity procurement of T€ 5 (December 31, 2007: T€ 344) were realized in the capital reserve. Because of adjustments occurring in capital reserve in the reporting period in connection with stock options guaranteed to employees, we refer to number 18 of this note.

IN T€	JUN. 30, 2008	DEC. 31, 2007
General capital reserve	23,778	23,608
Employee compensation in capital stock instruments	1,694	1,361
Costs of equity capital acquisition	-1,500	-1,495
	<b>23,972</b>	<b>23,474</b>

[14] Balance sheet loss

The balance sheet loss includes a loss carryforward of T€ 22,274 (December 31, 2007: T€ 16,318)

D. NOTES ON THE CALCULATION OF  
PROFIT AND LOSS ACCOUNT

[15] Revenues

Revenues in the reporting period resulted essentially from the domestic company; they amounted to T€ 66 (January 1, 2007 through June 30, 2007: T€ 94).

IN T€	JAN. 1 TO JUN. 30, 2008	JAN. 1 TO JUN. 30, 2007
Goods	63	91
Technologies	3	3
	<b>66</b>	<b>94</b>

[16] Other operating income

Other operating income in the reporting period amounted to T€ 12 (January 1, 2007 through June 30, 2007: T€ 647).

IN T€	JAN. 1 TO JUN. 30, 2008	JAN. 1 TO JUN. 30, 2007
Earnings from the divestiture of financial investments	0	629
Other	12	18
	<b>12</b>	<b>647</b>

Supplements for research expenditures were paid in past fiscal years. They were associated with a series of stipulations, which can be fulfilled according to the current state of knowledge. If this is not possible (contrary to expectation), repayment obligations of T€ 729 (June 30, 2007: T€ 643) will arise.

[17] Cost of materials

IN T€	JAN. 1 TO JUN. 30, 2008	JAN. 1 TO JUN. 30, 2007
Expenses for raw materials and supplies and goods	302	262
Expenditure for services used	442	538
	<b>744</b>	<b>800</b>

Inventory changes of T€ 13 (January 1 through June 30, 2007: T€ 14) are included in the expenses for raw materials, supplies and goods.

[18] Personnel expenses

IN T€	JAN. 1 TO JUN. 30, 2008	JAN. 1 TO JUN. 30, 2007
Wages and salaries	628	967
Social insurance contributions	111	101
Stock options granted (in line with IFRS 2)	333	391
	<b>1,072</b>	<b>1,459</b>

During the half-year period, MOLOGEN employed on average 34 persons, excluding Board of Directors and temporary staff (comparison period: 32).

The employee structure on the reporting date was composed as follows:

	JUN. 30, 2008	JUN. 30, 2007
Board of Directors	2	3
Scientists, scientific staff	14	11
Technical assistants, other R&D employees	14	14
Administration	6	8
Temporary staff	4	4
	<b>40</b>	<b>44</b>

[19] Amortization

IN T€	JAN. 1 TO JUN. 30, 2008	JAN. 1 TO JUN. 30, 2007
Intangible assets	203	208
Tangible assets	59	57
	<b>262</b>	<b>265</b>

**[20] Other operating expenses**

Other operating expenses in the reporting period amounted to T€ 1,292 (January 1, 2007 through June 30, 2007: T€ 1,072).

IN T€	JAN. 1 TO JUN. 30, 2008	JAN. 1 TO JUN. 30, 2007
Legal and consultancy costs	506	249
Marketing/investor relations	230	247
Travel expenses	120	171
Administration costs	101	71
Patents	164	100
Office space costs	62	62
Maintenance	47	30
Employee benefit costs	15	16
Value adjustments	0	0
Other expenses	47	126
	<b>1,292</b>	<b>1,072</b>

**[21] Net financial income/net financial loss**

Net financial income/net financial loss for the reporting period amounts to T€ 128 (January 1 through June 30, 2007: T€ 118) and includes other interest and similar income. This includes interest on cash (T€ 128; January 1 through June 30, 2007: T€ 115). The comparison period included interest on receivables (January 1: T€ 1) and other interest (January 1 through June 30, 2007: T€ 2).

**[22] Tax result****Actual tax refund claims and tax payables**

During the reporting year and in the December 31, 2007, no income tax was recorded as expenditure, income, or directly in equity.

**Deferred taxes**

Deferred taxes were not reported in the reporting period or in the comparison period. Extensive comments on the deferred taxes may be found in note E (23) of the note in the 2007 Annual Report.

**[23] Earnings per share (EPS)**

Basis earnings per share are calculated by dividing the earnings attributable to the owners of ordinary shares of the company by the weighted average number of ordinary shares in circulation during the fiscal year.

Diluted earnings per share are calculated by dividing the earnings attributable to the owners of ordinary shares of the company by the weighted average number of ordinary shares in circulation during the fiscal year plus the weighted average number of ordinary shares arising from the conversion of all potential ordinary shares with a dilution effect into ordinary shares.

IN T€	JAN. 1 TO JUN. 30, 2008	JAN. 1 TO JUN. 30, 2007
Earnings before taxes <sup>1</sup> in T€	-3,164	-2,737
Weighted average number of ordinary shares for calculating the basis earnings per share in thousands	9,344	8,969
Dilution effect from the issue of stock options in thousands	0	0
Weighted average number of ordinary shares including the dilution effect in thousands	9,344	8,969
Basis EPS in T€	-0.34	-0.31
Diluted EPS in T€	- <sup>2</sup>	- <sup>2</sup>

<sup>1</sup> Earnings attributable to the owners of ordinary shares of the company.

<sup>2</sup> According to IAS 33.41, potential ordinary shares are only to be regarded as diluting if their conversion into ordinary shares would reduce the earnings per share from continuing operations or increase the net loss for the period per share from continuing operations. This was not the case in the reporting period. Consequently, diluting EPS was not calculated.

**[24] Financial resources funds**

The liquid funds (5) listed in the cash flow statement on June 30, 2008 consisted of the following:

IN T€	JUN. 30, 2008	JUN. 30, 2007
Cash and bank balances	5,566	10,071
Pledged fixed-term deposits	13	13
	<b>5,579</b>	<b>10,084</b>

The cash flow from operating activities includes interest of T€ 136 (January 1 through June 30: T€ 72).

#### E. NOTES TO THE EMPLOYEE PARTICIPATION PROGRAMS

The company has set up several share-based employee participation programs. Extensive comments on the employee participation programs may be found in Appendix F of the notes to the 2007 Annual Report.

The following table shows the number and the weighted averaged exercise price (WAEP) and the development of stock options during the reporting period.

	WAEP PER OPTION (€)	OPTIONS (UNIT)
<b>As of January 1, 2008</b>	<b>6.64</b>	<b>872,685<sup>1</sup></b>
Granted	–	0
Forfeited	7.51	4,805
Exercised	5.14 <sup>2</sup>	61,500
Expired	–	0
<b>As of June 30, 2008</b>	<b>6.76</b>	<b>806,380</b>
<b>Exercisable as of June 30, 2008<sup>3</sup></b>	<b>5.26</b>	<b>52,000</b>

<sup>1</sup> Includes 5,500 stock options that were not reported, in accordance with IFRS 2. These options were granted before November 7, 2002, and their basic contractual regulation has not changed in the meantime; as a result, in accordance IFRS 2, they do not have to be entered on the balance sheet.

<sup>2</sup> The weighted average stock price at the time of the option exercise was T€ 7.38.

<sup>3</sup> This applies only if the waiting period for the options has already expired. All other contractual conditions, such as fulfillment of the success target, are not considered.

The weighted average remaining contractual period for options outstanding as of June 30, 2008, is 1.47 years.

The exercise prices for options outstanding at the end of the reporting period lie in the range of T€ 5.14 to T€ 7.76.

#### F. OTHER FINANCIAL LIABILITIES

Lease agreements result in other financial liabilities of T€ 115 for fiscal year 2008 and T€ 83 for fiscal year 2009.

In addition, MOLOGEN has other financial liabilities of T€ 200 subject to a disclosure requirement.

#### G. NOTES TO THE TYPE AND MANAGEMENT OF FINANCIAL RISKS

Disclosures on risks arising from the financial instruments and on financial risk management can be taken from Note H to the 2007 Annual Report.

#### CATEGORIES OF FINANCIAL INSTRUMENTS

IN T€	JUN. 30, 2008	DEC. 31, 2007
<b>Financial assets</b>		
Loans and Receivables valued at amortized costs <sup>1</sup>		
Financial investments	0	0
Trade receivables	89	107
Advance payments	99	111
Cash <sup>2</sup>	5,579	8,040
Other	533	306
<b>Financial liabilities</b>		
Valued at amortized cost <sup>1</sup>		
Trade payables	434	390
Other	460	393

<sup>1</sup> Amortized costs of a financial asset or a financial liability is the amount at which a financial asset or a financial liability is initially recognized, minus repayments, plus or minus accumulated amortization of any difference between the original amount and the amount to be repaid on maturity, using the effective interest method and minus any impairment (either directly or using an impairment account) for reduced value or irrecoverability (IAS 39.9).

<sup>2</sup> Fixed-term deposits of T€ 13 (previous year: T€ 13) are bonded for a guarantee at the same level. They serve as security for the fulfillment of obligations found in a lease and are to be returned to MOLOGEN at the end of the lease.

## IMPAIRMENT OF THE FINANCIAL INSTRUMENTS

IN T€	IMPAIRMENT OF			TOTAL
	FINANCIAL INVESTMENTS	TRADE RECEIVABLES	OTHER FINANCIAL ASSETS	
<b>As of December 31, 2006</b>	<b>727</b>	<b>631</b>	<b>565</b>	<b>1,923</b>
Increase / decrease in impairment recognized income	0	20	-2	18
Derecognition of the impairment recorded	357	0	0	357
<b>As of December 31, 2007</b>	<b>370</b>	<b>651</b>	<b>563</b>	<b>1,584</b>
Increase / decrease in impairment recognized income	0	0	0	0
Derecognition of the impairment recorded	0	51	2	53
<b>As of June 30, 2008</b>	<b>370</b>	<b>600</b>	<b>561</b>	<b>1,531</b>

In the reporting period, impairment of trade receivables of T€ 51 in the fiscal years 2002 (T€ 31) and 2007 (T€ 20) were derecognized (D(6)). Impairment of trade receivables was not recorded in the reporting period.

Of the impairment on other financial instruments, T€ 2 was resolved in the reporting period (D (8)).

The Board of Directors' non-performance-related remuneration in the reporting period amounted to T€ 110 (January 1 through June 30, 2007: T€ 100).

In the reporting period, there were no payments of performance-related remuneration (January 1 through June 30, 2007: T€ 300) and no payments of other remuneration (January 1 through June 30, 2007: T€ 125). No advances were made as of the reporting date (January 1 through June 30, 2007: T€ 0).

## H. OTHER INFORMATION

## INFORMATION ON THE BOARD OF DIRECTORS

## 1. THE FOLLOWING FORMED THE BOARD OF DIRECTORS OF MOLOGEN IN THE REPORTING PERIOD:

- **Dr. Matthias Schroff**, Chief Executive Officer, Berlin, (from January 1, 2008 through December 31, 2010)
- **Jörg Petraß**, Chief Financial Officer, Berlin, (from February 1, 2007 through January 31, 2010).

## 2. INFORMATION ON THE REMUNERATION STRUCTURE OF THE BOARD OF DIRECTORS

## a) Non-performance-related and performance-related remuneration components

The members of the Board of Directors receive a non-performance-related and a performance-related remuneration component.

One member of the Board of Directors exercised stock options in the reporting period. The accompanying taxation effective with the issuance of capital stock occurred after the reporting date of the interim financial report.

The amount of the individual remuneration components per member of the Board of Directors (without former members) is presented in the following table:

IN T€		DR. M. SCHROFF	J. PETRASS	TOTAL
Non-performance-related remuneration	<b>Jan. 1 to Jun. 30, 2008</b>	<b>60</b>	<b>50</b>	<b>110</b>
	Jan. 1 to Jun. 30, 2007	50	42	92
Performance-related remuneration	<b>Jan. 1 to Jun. 30, 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Jan. 1 to Jun. 30, 2007	50	50	100
Other remuneration	<b>Jan. 1 to Jun. 30, 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Jan. 1 to Jun. 30, 2007	0	0	0
<b>Total of directly paid remuneration</b>	<b>Jan. 1 to Jun. 30, 2008</b>	<b>60</b>	<b>50</b>	<b>110</b>
	Jan. 1 to Jun. 30, 2007	100	92	192

**b) Remuneration components with long-term incentive effect**

The members of the Board of Directors received no stock options as remuneration components with long-term incentive effect in the reporting period and in the comparison period.

Remuneration components with long-term incentive effect that were distributed in December 31, 2007s and whose conditions for being exercised have not yet been fulfilled result in the following personnel expenditure in the reporting period and in the comparison period:

IN T€		DR. M. SCHROFF	J. PETRASS	TOTAL
Total personnel expenditure from stock options	<b>Jan. 1 to Jun. 30, 2008</b>	<b>120</b>	<b>28</b>	<b>148</b>
	Jan. 1 to Jun. 30, 2007	105	0	105

**c) Others**

Third party services were not authorized or granted in the reporting period to any member of the Board of Directors for activity as a member of the Board of Directors.

### INFORMATION ON THE SUPERVISORY BOARD

During the reporting period, the Supervisory Board of MOLOGEN comprised:

- **Dr. Mathias P. Schlichting** Attorney, Hamburg (Chairman): Membership of other monitoring bodies – none
- **Gregor Kunz** auditor and accountant, Berlin: membership of other monitoring bodies – Member of the supervisory boards of the following companies: Odeon Film AG, Berlin; DRIAG Deutsche Real Invest AG, Berlin; Konsumgenossenschaft Berlin und Umgegend eG, Berlin (since February 2008); member of the advisory boards in the following companies – Berliner Volksbank e.G., Berlin; GESTRIM Deutsche Fondsmanagement GmbH, Berlin
- **Ferdinand Graf von Thun und Hohenstein**: Membership of other monitoring bodies – SALVATOR Grundbesitz-Aktiengesellschaft, Munich (chairman of the supervisory board)

Remuneration of the Supervisory Board in the reporting period was T€ 40 (January 1: T€ 40). In addition, there were meeting fees of T€ 8 (January 1, T€ 0). No accounting services were given (January 1: T€ 0).

### INFORMATION ON THE SCIENTIFIC ADVISORY BOARD

Extensive disclosures on the scientific advisory board of MOLOGEN are to be found in the 2007 Annual Report under I. Other information.

During the reporting period, the **scientific advisory board** of MOLOGEN comprised the following:

- **Prof. Dr. Burghardt Wittig**: Co-founder and former chairman of the Board of Directors of MOLOGEN AG; Professor of Molecular Biology and Bioinformatics at the Free University of Berlin
- **Prof. Dr. Hans Lutz, FVH, FAMH**: Professor of Internal Medicine for Animals and Director of the Veterinary Laboratory and Assistant Dean for Planning and Research, University of Zurich
- **Dr. Ulrich Granzer**: Founder and director of Granzer Regulatory Consulting & Services, Munich
- **Dr. Martin Weihrach**: Assistant physician at Clinic I for Internal Medicine (hematology and oncology) of the clinic of the University of Cologne

In the reporting period, the members of the scientific advisory board were granted payment of T€ 45. As of June 30, 2008 advances for travel costs exist in the amount of T€ 21. Since the scientific advisory board was first founded on July 1, 2007, no data could be made available for the comparison period.

### INFORMATION ON EXISTING LAWSUITS

At this time, the company is not involved in any arbitration or legal suits.

### DISCLOSURES ON IMPORTANT EVENTS AFTER THE REPORTING DATE

No important events took place after the reporting date.

### DECLARATION OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODEX

The Board of Directors and Supervisory Board of MOLOGEN have made their Declaration of Compliance to the German Corporate Governance Codex for 2008 in line with Article 161 of the Aktiengesetz (German Corporation Law) available to the shareholders on the Company's website and have published it in the 2007 Annual Report.

### ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements were approved by the Board of Directors on August 5, 2008 and released for publication.

Berlin, August 5, 2008

Board of Directors



**Dr. Matthias Schroff**  
Chief Executive Officer



**Jörg Petraß**  
Chief Financial Officer

## REVIEW REPORT

To Mologen AG, Berlin:

We have reviewed the condensed interim financial statements – comprising the condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of changes in equity, and selected explanatory notes - for the period from January 1 to June 30, 2008. The preparation of the condensed interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU is the responsibility of the Board of Managing Directors of Mologen AG. Our responsibility is to issue a review report on the condensed interim financial statements based on our review.

We conducted our review of the condensed interim financial statements in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW - Institute of Public Auditors in Germany), Düsseldorf. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU.

A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU.

Leipzig, August 5, 2008

Rölfs WP Partner AG  
Wirtschaftsprüfungsgesellschaft

**Stephan Schilling**    **Mario Hesse**  
German Public Auditor    German Public Auditor

## RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements, prepared in accordance with the IFRS as applicable in the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.

Berlin, August 5, 2008

Board of Directors



**Dr. Matthias Schroff**  
Chief Executive Officer



**Jörg Petraß**  
Chief Financial Officer

## MOLOGEN AG

Fabeckstraße 30  
14195 Berlin

Phone: +49 (0)30 84 17 88 - 0  
Fax: +49 (0)30 84 17 88 - 50

Internet: [www.molgen.com](http://www.molgen.com)  
E-Mail: [info@molgen.com](mailto:info@molgen.com)

