

MOLOGEN AG

MOLOGEN AG:

**Interim report
as of September 30, 2009**

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Foreword

Dear Shareholders,

We made further clinical progress in the third quarter of the current financial year. We reached an important milestone in the study with the cancer drug MGN1703: the investigation of safety and tolerability at different dosages was completed with positive results and exceeded the expectations considerably. The clinical study was extended to include a further dosage level in July 2009 on the basis of these intermediate results. We were able to report in early November that the product candidate demonstrates excellent tolerability in single and multiple applications, as was already the case in all previous dosage groups. Since this means that the primary objective of the study has been reached, we are focussing on preparations for the phase II clinical study. We will be submitting the application for this study to the authorities responsible in Germany and other countries before the end of this year.

We achieved further success on the US market. The patent office in the USA has decided to grant Mologen AG the patent about cell-based gene therapy for the treatment of cancer. This gives us an important basis for subsequent licensing out of another highly innovative product candidate.

Economic developments continued to go as planned in the period under review: as expected, sales in the first nine months were at the low level of € 45 thousand, as they were in the first nine months of the previous year (€ 103 thousand). The other operating income increased, on the other hand, to € 306 thousand thanks to funding grants and was therefore substantially higher than the figure of € 17 thousand reported in the same period the previous year. Mologen AG's earnings figures are determined by ongoing research and development expenditure, which amounted to € 2.4 million in the period under review compared with € 3.1 million in the same period the previous year. The loss for the period decreased to € -3.6 million from € -4.6 million in the same period the previous year.

The main feature of Mologen AG's asset position continues to be a large proportion of cash and cash equivalents in the balance sheet total. The company's good financial situation is attributable, among other things, to a capital increase that was completed successfully in March 2009 as well as to employee stock options that were exercised in July 2009. We have the financial resources to carry out the activities planned for 2009 and onwards as a result.

Dr Matthias Schroff
CEO

Jörg Petraß
CFO

**Mologen AG,
Berlin**

**Interim management report
for the first nine months 2009**

Economic environment

General economic development

Following the return to positive growth in global industrial production in the second quarter of this year, there are more and more signs that the worldwide recession is coming to an end. Future prospects are looking better too. In its recent interim forecast, the OECD revised the estimate for the gross domestic product (GDP) of the G7 states for the current year upward by 0.4 percentage point to -3.7%. The IMF says in its current forecast that it is expecting a reduction of 1.4% in global GDP. Positive growth of +2.5% is already anticipated again in 2010.

The signs of a recovery are increasing primarily in the newly industrialised countries. The positive signals are increasing in a number of industrialised countries too, however, so that the OECD has raised its growth forecasts for most of the G7 states and the Eurozone.

The crisis is now having an increasingly strong delayed impact on the employment market, however. The unemployment rate in the Eurozone of 9.5% in July 2009 was, for example, again 0.1 percentage point higher than in the previous month and 2.0 percentage points higher than at the same time the previous year. The unemployment rate in the USA increased by 0.3 percentage points to 9.7% in August.

All in all, the conditions on the financial markets and the global economic environment have improved, with the state subsidies certainly helping to stabilise the situation somewhat. The extent to which a sustained recovery process has begun still remains to be seen, however.

Development of the pharmaceutical and biotechnology industry

The global pharmaceutical market is developing unexpectedly strongly too. Whereas the market research institute IMS Health was still predicting lower growth of 3% for the current year in April instead of the original estimate of 5%, an increase of 5.5 to 6.5% is now becoming apparent. It is primarily the US market, which is developing considerably better than forecasted, that is driving growth.

The institute has also raised its forecasts for the period until 2013 by one percentage point. It is now assuming an average annual growth rate of 4 to 7%.

The industry is facing tremendous challenges even so. The core issues here are increasing market shares for generic products, budgeting of health care expenses and regulatory / technological risks. The patent protection for blockbuster products that is expiring in the next five years will put even more pressure on the major pharmaceutical companies to innovate and will lead to growing integration of pharmaceutical and biotechnology companies. A large number of extensive research and development co-operation projects has already been announced in the current year too.

The long-term stock market environment for innovative biotechnological companies like Mologen AG (hereinafter referred to in abbreviated form as MOLOGEN) is still considered to be good in this context. It is expected that the progress made in the clinical development programme will have a positive impact on capital market perception of the company. To encourage this process, MOLOGEN was uplisted to the Prime Standard in June 2009 and has been trading in the Deutsche Börse stock market segment that makes the most exacting transparency and disclosure requirements since then.

Like the market as a whole, pharmaceutical and biotechnology shares continued to recover in the first nine months of 2009. The German pharmaceutical industry index "DAXsector Pharma & Healthcare" and the MOLOGEN share were about 5% higher than the price level at the beginning of the year on 30. September 2009.

Research and development (R&D)

MOLOGEN has set itself the goal of developing highly innovative drugs for the treatment of cancer and severe infectious diseases on the basis of proprietary platform technologies. Significant progress was made here in the context of the company's research and development strategy in the first nine months of the 2009 financial year.

In the period under review, the R&D activities focussed on further implementation of the phase Ib clinical study with MGN1703, the DNA-based drug for treating colorectal cancer. MGN1703 has demonstrated a positive safety profile and superior tolerability in the course of the study so far. Patients' response to the cancer drug has exceeded the expectations substantially too. A further dosage level was added to the clinical study on the basis of these good interim results in July 2009. It is now expected that the study will be completed in the fourth quarter of 2009, with the primary objectives of the study already being reached at the beginning of November.

The preparations for more advanced studies with MGN1703 that are required for approval purposes were carried out as well. Further progress was also made in the preparations for a phase I/II clinical study with MGN1601, the cell-based gene therapy for the treatment of renal cancer.

MOLOGEN has in addition made progress in the development of a MIDGE®-based DNA vaccine against leishmaniasis in human beings. As a member of an international project group, the company is receiving financial support for the development of a DNA vaccine against this infectious disease in 2009 to 2011. The support is being provided in the form of funds from the European Union's Framework Programme Seven. A total of € 3.0 million in funding is being provided for the three-year project. It was launched successfully on schedule in January 2009 and MOLOGEN has already received an initial advance payment of € 0.6 million.

Reaching milestones in the R&D field represents an important basis for continuation of the company's positive development. Expenditure and investments amounting to € 2.4 million were therefore made as planned in the first nine months of the 2009 financial year in order to reach these milestones (same period the previous year: € 3.1 million).

Operating results, financial situation and asset position

As expected, sales in the first nine months of 2009 were at the low level of € 45 thousand, as they were in the first nine months of the previous year (€ 103 thousand). The other operating income increased, on the other hand, to € 306 thousand thanks to funding grants and was therefore substantially higher than the figure of € 17 thousand reported for the first nine months of the previous year.

The loss made in the period under review decreased to € -3.626 million from € -4.638 million in the same period the previous year. The development in earnings was attributable to a large extent not only to higher miscellaneous income and lower material costs (€ -771 thousand, same period the previous year: € -1.326 million) but also to a reduction in the other operating expenses (€ -1.343 million, same period the previous year: € -1.587 million). The lower material costs are due essentially to the reduction in outsourced services. In the same period of 2008, services were needed for preparation and implementation of the phase Ib clinical study with MGN1703. The services were not required any longer to the same extent in the period under review because of the very advanced stage now reached in the study. The lower other operating expenses were attributable mainly to a reduction in the consulting services required. Personnel expenses were slightly lower than in the previous year (€ -1.637 million) at € -1.552 million. The reduction is the result of lower expenses from the granting of employee stock options, whereas the wage and salary expenses rose accordingly because of the small increase in the number of employees.

The main feature of MOLOGEN's asset position in the financial statements continues to be a large proportion of cash and cash equivalents in the balance sheet total. The equity ratio is roughly the same as at the end of 2008 (86%) at 85.0%. Cash and cash equivalents at the end of the first nine months of 2009 amounted to € 4.213 million (12/31/2008: € 3.324 million). The increase is attributable to a capital increase in March 2009, the exercising of stock options in July 2009 and the receipt of funding grants in March 2009.

Employees

The number of employees increased slightly over the same date the previous year, with the R&D operations being strengthened. MOLOGEN had a total of 44 employees on September 30, 2009 (September 30, 2008: 42 employees).

Opportunity and risk report

MOLOGEN has exceptionally good income potential thanks to its business model, but it is also exposed to technological, financial, regulatory, patent law and sales risks.

There has been no major change in the assessment of possible risks that may have an adverse effect on development compared with the situation outlined in the 2008 annual financial statements.

In August 2009, a MOLOGEN licensee initiated arbitration proceedings at the German Arbitration Institute. The background to this is the request made by the current licensee to return the licence it acquired to market cell-based gene therapy for the treatment of cancer in the Indian region. It has not been possible to agree on the arrangements for this yet. The papers submitted value the licence at € 2.2 million. The Executive Board of MOLOGEN is not at the present time working on the assumption that the licensee's claims are enforceable. The lawyers commissioned by MOLOGEN to handle this matter think that there is no doubt about the contractual position that MOLOGEN holds in this case. They do not think that the licensee has any chance of returning the licence on his conditions. For this reason, a decision was taken not to form a provision and not to include a contingent liability in the period under review. Expenses of € 52 thousand were incurred in the period under review in connection with the advance cost payment that has to be made for the arbitration proceedings.

Prospects

MOLOGEN is working on the basis of the expectations included in the 2008 management report for the last 3 months of 2009 too. They are in line with the following objectives:

- Completion and evaluation of the phase I clinical study required for approval purposes, involving an investigation of the safety and tolerability of the cancer drug MGN1703,
- Preparation and submission of an application for a more advanced clinical study required for approval purposes, involving investigation of the effectiveness of MGN1703 in the treatment of various types of cancer, primarily colorectal cancer,
- Preparation and submission of an application for a phase I/II clinical study required for approval purposes, involving the cell-based gene therapy for the treatment of renal cancer (MGN1601),
- Preparation and implementation of extensive activities in the context of the international project group for the development of a prophylactic and therapeutic vaccine against leishmaniasis in human beings,
- Reaching of further development milestones in the veterinary medicine leishmaniasis project by US licence partners.

In addition to this, the corporate strategy focusses on the generation of high returns in the medium to long term by research into and optimisation of the innovative product pipeline. Expenditure and investments will continue to be necessary in 2009 – at the expense of positive short-term earnings development – in order to reach this objective.

Supplementary Report

MOLOGEN reached the primary objectives of the phase Ib clinical study at the beginning of November. The cancer drug MGN1703 did not produce any serious side-effects in all the doses tested in this study. This means that the primary objective of the study – to demonstrate the safety and tolerability of the innovative new cancer drug – has been reached. Toxicity, i.e. serious intolerability that would limit the dose has not been found.

Berlin, November 6, 2009

Mologen AG
Executive Board

Dr Matthias Schroff
CEO

Jörg Petraß
CFO

Molgen AG, Berlin
IFRS balance sheet on September 30, 2009

	<u>9/30/2009</u> in € '000	<u>12/31/2008</u> in € '000
ASSETS		
Non-current assets	1,986	2,250
Property, plant, and equipment	215	185
Intangible assets	1,770	2,062
Financial assets	0	0
Other non-current assets	1	3
Current assets	5,544	3,850
Cash and cash equivalents	4,213	3,324
Trade receivables	48	140
Inventories	459	19
Other current assets	811	207
Income tax receivables	13	160
Total	7,530	6,100
EQUITY AND LIABILITIES		
Non-current liabilities	81	91
Deferrals	81	91
Provisions	0	0
Current liabilities	1,051	766
Provisions	0	58
Trade payables	450	454
Other current liabilities and deferrals	599	250
Liabilities to banks	2	4
Equity	6,398	5,243
Subscribed capital	10,143	9,378
Payments received from the exercise of subscription rights	0	0
Capital reserve	28,761	24,745
Balance sheet loss	-32,506	-28,880
Total	7,530	6,100

Mologen AG, Berlin
IFRS income statement
for the first nine months 2009

	1/1/2009 to 9/30/2009 in € '000	7/1/2009 to 9/30/2009 in € '000	1/1/2008 to 9/30/2008 in € '000	7/1/2008 to 9/30/2008 in € '000
Sales	45	11	103	37
Other operating income	306	101	17	5
Costs of materials	-771	-255	-1,326	-582
Personnel expenses	-1,552	-483	-1,637	-565
Depreciation	-355	-115	-385	-123
Other operating expenses	-1,343	-497	-1,587	-295
Operating result	-3,670	-1,238	-4,815	-1,523
Financial result	44	4	177	49
Earnings before tax	-3,626	-1,234	-4,638	-1,474
Tax result	0	0	0	0
Net loss for the period / Comprehensive income	-3,626	-1,234	-4,638	-1,474
Loss carryover from previous year	-28,880	-31,272	-22,789	-25,953
Balance sheet loss	-32,506	-32,506	-27,427	-27,427
Basic earnings per share (in €)	-0.37	-0.12	-0.50	-0.16
Diluted earnings per share (in €)	-	-	-	-

Molgen AG, Berlin
IFRS statement of cash flows
for the first nine months 2009

	1/1/2009 to 9/30/2009 in € '000	1/1/2008 to 9/30/2008 in € '000
Cash flow from operating activities		
Net loss for the period	-3,626	-4,638
Depreciation of fixed assets	355	385
Loss on fixed asset disposals	0	2
Reduction in provisions	-58	-23
Other non-cash expenses and income	146	460
Change in trade receivables, inventories and other assets	-241	-67
Change in liabilities	343	-142
Total cash flow from operating activities	-3,081	-4,023
Cash flow from investing activities		
Cash outflows for investments in tangible assets	-92	-18
Cash outflows for investments in intangible assets	-1	-1
Total cash flow from investing activities	-93	-19
Cash flow from financing activities		
Cash inflow balance from equity increase	4,063	307
Total cash flow from financing activities	4,063	307
Impact of currency translation on cash and cash equivalents	0	-1
Total change in cash flow	889	-3,736
Cash and cash equivalents at the beginning of the period	3,324	8,040
Cash and cash equivalents at the end of the period	4,213	4,304

Mologen AG, Berlin
IFRS statement of changes in equity
on September 30, 2009

In € '000, except for share data	Subscribed capital		Capital reserves	Retained loss	Shareholders' equity
	Number of ordinary shares	Share capital			
Balance on December 31, 2007	9,316,848	9,317	23,989	-22,789	10,517
Capital increase in return for cash					0
Stock options exercised	61,500	61	245		306
Values of the services provided by employees (acc. to IFRS 2)			470		470
Loss for the period				-4,638	-4,638
Balance on September 30, 2008	9,378,348	9,378	24,704	-27,427	6,655
Balance on December 31, 2008	9,378,348	9,378	24,745	-28,880	5,243
Capital increase in return for cash	425,000	425	2,140		2,565
Stock options exercised	340,000	340	1,719		2,059
Values of the services provided by employees (acc. to IFRS 2)			157		157
Loss for the period				-3,626	-3,626
Balance on September 30, 2009	10,143,348	10,143	28,761	-32,506	6,398

Molgen AG, Berlin

Condensed notes for the first nine months 2009

A. General information about the company

Molgen AG (hereinafter referred to in abbreviated form as MOLOGEN) is a public limited company that has its registered office in Berlin (Fabeckstrasse 30, 14195 Berlin, Germany). It was established on January 14, 1998 and has the registration number HRB 65633 at Berlin-Charlottenburg Court. The company shares are listed on the Regulated Market (Prime Standard) at Frankfurt Stock Exchange with the ISIN DE0006637200.

The object of the company is research into and development as well as marketing of products in the molecular medicine field. The operations specifically include molecular biological vaccines, application-oriented clinical research into the molecular biological treatment of tumours and somatic gene therapy. The research projects focus on the MIDGE® and dSLIM® technologies that MOLOGEN has patented. They enable DNA to be used as a drug to combat diseases that it has only been possible to treat inadequately or not at all in the past.

B. General information about the financial statements

MOLOGEN prepared voluntary, audited financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) in the form required by the EU for the year that ended on December 31, 2008 and published these financial statements in the 2008 annual report. MOLOGEN will be applying the rules specified in § 325 II a of the German Commercial Code (HGB) to publish individual financial statements prepared in accordance with the international accounting standards as indicated in § 315a I of the HGB for the first time in the annual financial statements for the year that ends on December 31, 2009.

These unaudited, condensed interim financial statements compiled by MOLOGEN have been prepared in accordance with the IFRS that needed to be applied on the qualifying date of September 30, 2009, in the form required by the EU. They have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in connection with MOLOGEN's financial statements about the year that ended on December 31, 2008 that were prepared and audited in accordance with the IFRS, in the form required by the EU. The same accounting and valuation

principles as in the financial statements about the year that ended on December 31, 2008 have been applied unchanged.

IAS 1 Presentation of Financial Statements (as revised in 2007) and IFRS 2 Share-Based Payments (amended) have to be applied for the first time in reporting periods from January 1, 2009 onwards. Application of these two standards has no major impact on the MOLOGEN financial statements.

None of the other new or amended IFRS that have to be applied for the first time in the period under review have any impact on the MOLOGEN interim financial statements.

The functional currency and the presentation currency in the financial statements is the euro (€). To improve clarity, the figures are commercially rounded and stated in thousand euros (€ '000), unless information is provided to the contrary.

C. Explanatory notes about the balance sheet on 30. September 2009

Assets

Tangible assets / intangible assets

Tangible assets with a value of € 92 thousand were acquired in the period under review (12/31/2008: € 20 thousand); there were no major disposals. There were no major additions to or disposals of intangible assets. There were no indications of any need to take unscheduled action because of impairment.

Cash and cash equivalents

The cash and cash equivalents consist of cash in hand and bank balances. Variable interest rates are paid in the case of bank balances that are available on demand. Short-term investments are made for varying periods up to three months and are specified in accordance with the company's cash needs at any given time. They are made at fixed interest rates. The value of the cash and cash equivalents amounted to € 4.213 million on the balance sheet date (12/31/2008: € 3.324 million). This figure is the sum of the nominal value of the amounts held in euros and of a foreign currency account translated at the exchange rate on the qualifying date of 9/30/2009. The increase in cash and cash equivalents in the period under review is attributable essentially to inflows from a capital increase, inflows from the exercising of employee stock options and the receipt of funding grants.

Inventories

The inventories of € 459 thousand (12/31/2008: € 19 thousand) consist of downpayments of € 439 thousand made for materials for the phase 2 clinical study with MGN1703 (12/31/2008: € 0) and goods with a value of € 20 thousand (12/31/2008: € 19 thousand).

Other current assets and income tax receivables

Breakdown of the other current assets and income tax receivables:

	9/30/2009 € '000	12/31/2008 € '000
Subscribed capital receivables	561	0
VAT reimbursement assets	96	101
Accruals and deferrals	70	24
Income tax receivables	13	160
Receivables from the tax authorities relating to investment grants	1	1
Other receivables	83	81
	824	367

No impairment charges were made with respect to other assets in the period under review and the 2008 financial year.

Liabilities and shareholders' equityNon-current deferred liabilities

The amount stated (€ 81 thousand, 12/31/2008: € 91 thousand) involves public grants for assets (€ 6 thousand, 12/31/2008: € 12 thousand) and deferred income (€ 75 thousand, 12/31/2008: € 79 thousand).

Current and deferred liabilities

The following table gives a breakdown of the current liabilities:

	9/30/2009 € '000	12/31/2008 € '000
Deferred liabilities	306	7
Trade payables	450	454
Provisions for land transfer tax	0	58
Income and church tax liabilities	26	23
Payments received on account	38	39
Bank loans and overdrafts	2	4
Other liabilities	229	181
	1,051	766

The deferred item amounting to € 306 thousand (12/31/2008: € 7 thousand) essentially includes funds of € 299 thousand from the European Union's Framework Programme Seven (12/31/2008: € 0).

In the period under review, MOLOGEN received funds of € 599 thousand from the European Union's 7th general research programme. This amount is an advance payment for the first 18 months of the project. The income from scheduled receipt of the funds amounts to € 300 thousand in the period under review and is included in other operating income.

Shareholders' equity

A breakdown of the shareholders' equity and the movements of the individual equity items can be found in the statement of changes in equity.

Subscribed capital

MOLOGEN's share capital of € 10,143,348.00, divided up into 10,143,348 ordinary bearer shares with no nominal amount that each account for a theoretical amount of € 1.00 of the share capital, is shown as subscribed capital.

MOLOGEN took the following measures that affect the share capital in the period under review:

A capital increase in return for cash which was made in the period under review and in which the subscription right was suspended, was entered in the commercial register responsible for the company on 2. April 2009. 425,000 ordinary bearer shares (about 4.5% of the share capital) were placed with institutional investors on the basis of authorisation given by the shareholders' meeting and approval given by the MOLOGEN Supervisory Board. The issue price was € 6.50 per share and the company received total funds of € 2.763 million. MOLOGEN's share capital therefore increased from € 9.378.348 to € 9.803.348, divided up into the same number of shares, on the date when the entry was made in the commercial register (02.04.2009).

A total of 340,000 shares were issued in the period under review from the conditional capital 2006-1. The shares were transferred on 20.07.2009. The subscribed capital increased by € 340,000 from € 9,803,348 to € 10,143,348, divided up into the same number of shares, on this date.

Authorised capital

Following the use of some of the authorised capital in the context of the capital increase via the issue of 425,000 new shares in return for cash, the authorised capital still amounts to € 4,218,424.00. The use of this amount of the authorised capital was entered in the relevant commercial register on 2. April 2009.

Conditional capital

Information about the conditional capitals can be found in the 2008 annual report. There were the following changes in the period under review:

Conditional capital 2002

On the basis of a resolution passed by the shareholders' meeting held on 19. May 2009, the conditional capital 2002, € 5,500.00 of which – divided up into 5,500 shares – were still available, was cancelled. The subscription rights granted to these 5,500 company shares cannot be exercised any more, since they have expired in accordance with the subscription conditions. The resolution passed by the shareholders' meeting was entered in the relevant commercial register on 23. June 2009.

Conditional capital 2005-1

On the basis of a resolution passed by the shareholders' meeting held on 19. May 2009, the conditional capital 2005-1, € 63,183.00 of which – divided up into 63,183 shares – were still available, has been cancelled to some extent. Since subscription rights have expired, € 58,500.00 of the conditional capital 2005-1 were no longer required and have been cancelled. Only

€ 4,683.00 of the conditional capital 2005-1 – divided up into 4,683 shares – are therefore still available. The resolution passed by the shareholders' meeting was entered in the relevant commercial register on 23. June 2009.

Conditional capital 2006-1

The conditional capital 2006-1 amounted to € 520,268.00 – divided up into 520,268 shares – on 1. January 2009. € 340,000.00 of the conditional capital 2006-1 were used by the exercising of 340,000 employee stock options in June 2009, when the same number of new shares were subscribed. Following the exercising of these stock options, the conditional capital 2006-1 still consists of up to € 180,268.00, divided up into 180,268 shares.

Conditional capital 2009

On the basis of a resolution passed by the shareholders' meeting held on 19. May 2009, the share capital has been increased conditionally by up to € 218,149.00 – divided up into 218,149 shares (conditional capital 2009). The purpose of the conditional capital increase is to grant convertible bonds and/or subscription rights without a bond issue to members of the Executive Board and employees of the company on the basis of the resolution authorising this passed by the shareholders' meeting held on 19. May 2009. The conditional capital increase will only be made to the extent that the holders of the convertible bonds and/or options that are issued by the company on the basis of the resolution passed by the shareholders' meeting held on 19. May 2009, exercise their conversion and/or subscription rights. The new shares participate in profits from the beginning of the financial year onwards, in which they are issued by the exercising of conversion and/or subscription rights.

The resolution passed by the shareholders' meeting was entered in the relevant commercial register on 23. June 2009. The conditional capital 2009 continued to amount to € 218,149.00 on 30. September 2009.

Capital reserves

The costs of € 216 thousand incurred in connection with the capital measures implemented in the period under review (1/1/ – 12/31/2008: € 10 thousand) have been taken into consideration in the capital reserve balance in accordance with IAS 32.37.

Application of IFRS 2 Share-Based Payment led in the period under review to additions to the capital reserves of € 157 thousand (1/1/ – 9/30/2008: € 470 thousand).

	9/30/2009	12/31/2008
	€ '000	€ '000
Capital reserves	27,938	23,863
Employee compensation in equity instruments	2,544	2,387
Costs of equity obtainment	-1,721	-1,505
	28,761	24,745

D. Explanatory notes about the income statementOther operating income

Breakdown of the other operating income:

	1/1/09 - 9/30/09 € '000	7/1/09 - 9/30/09 € '000	1/1/08 - 9/30/08 € '000	7/1/08 - 9/30/08 € '000
Income from the disposal of tangible assets	0	0	1	0
Income from funding grants	300	100	0	0
Miscellaneous items	6	1	16	5
	306	101	17	5

The amount shown under public grants involves funds of € 300 thousand from the European Union's 7th general research programme (1/1/ – 9/30/2008: € 0).

Research and development (R&D)

Large proportions of the resources available to the company are used directly for research projects. No development costs were incurred in the period under review and in the same period the previous year.

	1/1/09 - 9/30/09 € '000	7/1/09 - 9/30/09 € '000	1/1/08 - 9/30/08 € '000	7/1/08 - 9/30/08 € '000
R&D expenditure	2,431	891	3,129	795

Earnings per Share (EPS)

In the calculation of the undiluted earnings per share, the earnings attributable to the holders of ordinary shares in the company are divided by the weighted average number of ordinary shares outstanding during the financial year.

In the calculation of the diluted earnings per share, the earnings attributable to the holders of ordinary shares in the company are divided by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares which would be created by conversion into ordinary shares of all the potential ordinary shares that have a dilutive effect.

	1/1/09 - 9/30/09	7/1/09 - 9/30/09	1/1/08 - 9/30/08	7/1/08 - 9/30/08
Earnings before tax ⁽¹⁾ in € '000	-3,626	-1,234	-4,638	-1,474
Weighted average number of ordinary shares for calculation of the undiluted earnings per share, in '000	9,750	10,069	9,348	9,377
Dilutive effect of the issue of stock options, in '000	0	0	0	0
Weighted average number of ordinary shares including dilutive effect, in '000	<u>9,750</u>	<u>10,069</u>	<u>9,348</u>	<u>9,377</u>
Undiluted EPS in €	<u>-0.37</u>	<u>-0.12</u>	<u>-0.50</u>	<u>-0.16</u>
Diluted EPS in €	- (2)	- (2)	- (2)	- (2)

⁽¹⁾ Earnings attributable to the holders of ordinary shares in the company.

⁽²⁾ The stock options issued in previous years did not have any dilutive effects as defined in IAS 33.41 ff.

E. Explanatory notes about the statement of cash flows

The statement of cash flows shows how MOLOGEN's cash and cash equivalents changed during the period under review by inflows and outflows of funds. In accordance with IAS 7, a distinction is made between cash flows from operating activities, investing activities and financing activities.

The cash flow from operating activities includes a cash item of € 52 thousand consisting of interest income (01.01 – 9/30/2008: € 191 thousand). No interest was paid in the period under review and the same period the previous year.

F. Explanatory notes about the employee stock ownership programs

The company has issued several share-based employee ownership programs. Detailed explanations of the employee stock ownership programs can be found in the 2008 annual report (section F of the notes to the IFRS annual financial statements). The 2009 stock option plan was added in the period under review.

Stock option plan 2009

Stock option:	Each option grants the beneficiary the right to purchase one bearer share with the theoretical nominal amount of € 1.00
Beneficiaries:	Members of the company management and company employees
Waiting period:	Two years from the date when issued or granted to the beneficiary
Exercise periods:	The employee options can only be exercised in a period of four weeks – after the end of the waiting periods – following publication of the last quarterly or half-yearly report and/or of the last interim announcement by the company, apart from this in a period of four weeks after publication of the annual financial statements as well as in a period of four weeks after the company's annual shareholders' meeting.

Basic price:	Corresponds to the average price of the share (arithmetic average of the final prices on the Regulated Market at Frankfurt Stock Exchange or, if the stock market segments are rearranged, on the trading segment of this stock exchange in which the company share is traded) on the 60 stock exchange days before the resolution about the allocation in question is passed by the Executive Board (in the case of employee options issued to the Executive Board: by the Supervisory Board).
Term:	Five years from the allocation date
Exercise price:	Corresponds to the basic price
Performance target:	The conversion right can only be exercised if the share price (arithmetic average of the final prices on the Regulated Market at Frankfurt Stock Exchange or, if the stock market segments are rearranged, on the trading segment of this stock exchange in which the company share is traded) has increased as follows over the basic price in the last 10 stock exchange days before the date on which the conversion right is exercised: the conversion right can only be exercised in the third year after issue/allocation if the share price (arithmetic average of the final prices on the Regulated Market at Frankfurt Stock Exchange or, if the stock market segments are rearranged, on the trading segment of this stock exchange in which the company share is traded) has increased by at least 10% over the basic price in the last 10 stock exchange days before the date on which the conversion right is exercised (performance target). The performance target for the fourth year is 13% over the basic price and for the fifth year 16%.

Valuation of the employee options issued in the context of the 2009 stock option plan has been based on the following parameters:

Dividend yield: 0%
Expected volatility: 44.49%
Risk-free interest rate: 1.81%
Anticipated term of the options: 3.5 years
Share price on the issue date: € 6.52
Model applied: Monte Carlo simulation model

The following table shows the number and weighted average exercise prices (WAEP) as well as the development of the stock options during the period under review.

	WAEP per option (€)	Number of options
January 1, 2009	6.87	754,380
Granted ⁽¹⁾	7.23	217,973
Lapsed	-	0
Exercised ⁽²⁾	6.11	340,000
Expired	-	0
September 30, 2009	7.40	627,053
Exercisable as per September 30, 2009 ⁽³⁾	7.49	179,650

⁽¹⁾ The weighted average fair value of the options granted during the period under review amounted to € 1.96.

⁽²⁾ The weighted average share price at the time when the options were exercised amounted to € 7.44.

⁽³⁾ It is only taken into consideration here whether the option waiting period has already expired. All the other contractual conditions, such as achievement of the performance target, are disregarded.

The weighted average residual contract term amounted to 2.15 years in the case of the options outstanding on September 30, 2009. The exercise prices for the options outstanding at the end of the period under review range between € 7.04 and € 7.76.

G. Explanatory notes about the nature and management of financial risks

Information about the risks arising from the financial instruments and the financial risk management system can be found in the notes section H. of the 2008 annual report. Nothing needs to be added to the risks outlined there.

H. Information about related parties

Directors' dealings

In the period under review, the company was informed about the following securities transactions by management staff that required notification in accordance with § 15 a of the German Securities Trading Act (WpHG):

Name, function	Date	Transaction	No. of shares	Price	Volume traded	Trading location
Dr Matthias Schroff, CEO	6/15/2009	Sale ⁽¹⁾	120,000	€ 7.25	€ 870,000.00	OTC
Dr Mathias P. Schlichting Supervisory Board member	7/17/2009	Sale ⁽²⁾	10,000	€ 7.25	€ 72,500.00	OTC

⁽¹⁾ Explanation:

Sale of shares to BUCHRI GmbH, Berlin (Professor Dr Burghardt Wittig), from the exercising of employee stock options.

⁽²⁾ Sale of shares to BUCHRI GmbH, Berlin (Professor Dr Burghardt Wittig).

I. Miscellaneous notes

Approval of the financial statements

The financial statements were approved by the Executive Board and released for publication on November 6, 2009.

Berlin, November 6, 2009

Mologen AG
The Executive Board

Dr Matthias Schroff
CEO

Jörg Petraß
CFO

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