MOLOGEN AG

ANNUAL REPORT 2008

KEY DATA ACCORDING TO IFRS

in Million €	2008	2007	2006 [1]
Results			
Revenues	0.2	0.2	4.3
Personnel expenses	2.1	3.3 [2]	1.9
EBIT	-6.3	-6.8 [2]	0.2
Net income / loss for the year	-6.3	-6.5 [2]	0.4
R + D expenses	4.4	4.1	2.5
EPS in € (basic)	-0.65	-0.71 [2]	0.04
Balance sheet			
Cash and cash equivalents	3.3	8.0	6.4
Non-current assets	2.2	2.7	3.8
Current assets	3.8	8.6	7.0
Non-current liabilities	0.0	0.2	0.2
Current liabilities	0.8	0.6	0.7
Equity	5.2	10.5	9.9
Equity ratio	86%	93%	92%
Cash flow			
Cash flow from operating activities	-5.0	-5.2	0.9
Cash flow from investing activities	0.0	1.0	-2.3
Cash flow from financing activities	0.3	5.8	0.3
Number of employees as of Dec 31	**44**	**44**	**36**
MOLOGEN share			
Outstanding shares as of Dec. 31	9,378,348	9,316,848	8,486,848
Year end price in €	6.30	6.70	8.52

[1] unaudited
[2] Last year's figures have been adjusted according to IAS 8.42. Please refer to section "B" of the notes.

INDEX

01

TO THE SHAREHOLDERS

02

SPECIAL FEATURE

03

ANNUAL FINANCIAL STATEMENTS

01

TO THE SHAREHOLDERS

TO OUR SHARHOLDERS

We are pleased to be able to report to you today on a very successful and indicative financial year here at MOLOGEN AG.

Our consistent focus on the development of our own, highly innovative pharmaceuticals is bearing the fruits of our labor. After many years of intensive research we have started the first clinical study required for the approval of our promising cancer drug MGN1703.

DR. MATTHIAS SCHROFF

Phase 1 of the study, during which we examine the tolerability of the medicine, started in July 2008 and has since demonstrated an optimistic safety profile and good tolerability. We will be in a position to complete the study in a few weeks. Further tests to examine the efficacy of MGN1703 are currently in preparation.

With the impending verification of the tolerability of MGN1703, we have overcome a significant hurdle on the road to the future approval of the product.

MOLOGEN is one of the few biotech companies throughout the world with clinical development programs for tolerable DNA-based cancer therapy. We are convinced that this success will strengthen our position in the market and will boost the interest of large pharmaceutical companies in cooperating with MOLOGEN.

In view of the worldwide increasing incidences of cancer, the medical requirement for improved therapies is high. The approach of "immune modulating" therapy could represent a breakthrough with regard to effectiveness and tolerability. Our product development is aimed at a world market, which, according to estimates from experts, has a sales potential of several billion US dollars.

With MGN1601 we intend to include a further project in our clinical development program in the current financial year. MGN1601, a cell-based gene therapy for the treatment of kidney cancer, received "orphan drug status" from the European Commission, which secures a ten-year marketing exclusivity within the European Union.

In the previous financial year, we successfully completed the majority of the pre-clinical work on MGN1601. The application to the competent authorities for approval of a combined phase I / II study is planned for the first half of 2009.

In 2008, we also reached an important milestone in the development of anti-infectives. As a member of an international project consortium, MOLOGEN received comprehensive financial assistance of 1.2 million euros for the development of a vaccine against leishmaniasis from the European Union. The project, which includes cooperation partners from Germany, Great Britain, India, Israel and Tunisia, is funded with a total of 3 million euros.

The medical requirement for the treatment and prevention of leishmaniasis is extremely high. The World Health Organization (WHO) estimates that, worldwide, 500,000 people die of this deadly disease each year. The special section of our Annual Report (see page 14) covers this topic in detail.

Dear Shareholders, by focusing on the development of our own highly innovative DNA-based therapies to treat cancer and severe infectious diseases, we are creating the basis for a positive performance and continued growth at MOLOGEN.

Our stock performance in the previous turbulent stock market year remained stable, and compared favorably against the major stock market indices. For us, this is a proof of the confidence that our shareholders have in the future performance of the company. We are pleased that we were able to get a new major stockholder (approx. 25 % of total votes), the Deutsche Ring Group, on board.

The previous financial year was characterized by several highlights. In the new financial year we will continue our dedicated work in order to reach our goal of establishing MOLOGEN as one of the leading biotech companies in the field of DNA therapeutic agents and vaccines.

We extend our thanks to you, our shareholders, for the confidence you have shown in our innovative strength and capability, and look forward to your continued support.

M. Schroff

Dr. Matthias Schroff
Chief Executive Officer

Jörg Petraß

Jörg Petraß
Chief Financial Officer

REPORT OF THE SUPERVISORY BOARD

DR. MATHIAS P. SCHLICHTING

In the 2008 financial year, the Supervisory Board once again supported and advised the Board of Directors in its work and monitored its management of MOLOGEN AG. The Supervisory Board has once again been supported in the past financial year by the Board of Directors on the basis of regular, comprehensive and prompt reports on the strategy, current developments and important transactions. There were also regular exchanges of information and opinions between the Supervisory Board and the Chief Executive Officer. The Supervisory Board performed, in full, all of the tasks incumbent upon it as stipulated by law and the articles of association.

The Supervisory Board held four regular meetings, which were also attended by the Board of Directors. In the intervals between these meetings, the Supervisory Board has been kept fully and promptly informed of any special events that have arisen and has been involved in the fundamental decision-making processes. Decisions requiring specific approval were not made in the financial year 2008.

The main focus of advice was on the preparation and implementation of the clinical study with the cancer drug MGN1703. This study represents a significant element of the research and development program of MOLOGEN.

The Supervisory Board also concerned itself intensively and regularly with the overall situation at MOLOGEN AG. At all meetings of the Supervisory Board, the Board of Directors presented the topics in detail and discussed the options for action with the Supervisory Board.

No committees were set up in the past financial year.

Compliance with the German Corporate Governance Code was continuously monitored by the Supervisory Board. A joint statement from the Board of Directors and the Supervisory Board concerning the Code can be found on the website of the company as well as in this annual report.

At the Annual Genereal Meeting held on June 2, 2008, the accountancy firm Rölfs WP Partner AG Wirtschaftsprüfungsgesellschaft was elected as auditor for the financial year ending on December 31, 2008. As mandated by the Supervisory Board, both the annual financial statement and the consolidated financial statement, as well as the management report, were audited by Rölfs WP Partner AG and all have been furnished with an unqualified auditor's certificate. In addition, the Board of Directors voluntarily prepared an annual financial statement according to international financial reporting standards (IFRS) as applicable in the EU. This annual financial statement was also audited by Rölfs WP Partner AG and has been furnished with an unqualified auditor's certificate.

All auditors' reports were submitted on time, audited by the Supervisory Board in accordance with the statutory provisions and subsequently discussed at the accounting meeting on March 13, 2009 in the presence of the Board of Directors and of the auditor.

Per decision of March 27, 2009, the Supervisory Board approved and adopted both the annual financial statements and the management report for the 2008 financial year. The Supervisory Board also approved the annual financial statements prepared voluntarily on the basis of IFRS as they are to be applied in the EU for the 2008 financial year.

The Supervisory Board wishes to thank and acknowledge all employees for their successful work in the past financial year.

We extend particular thanks to you, our shareholders, for the trust you have placed in our company.

Berlin, March 27, 2009

Dr. Mathias P. Schlichting
Chief Executive Officer

GERMAN CORPORATE GOVERNANCE CODE

MOLOGEN AG DECLARATION OF COMPLIANCE IN LINE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

The Board of Directors and the Supervisory Board of MOLOGEN AG declare that the company has complied and continues to comply with the recommendations of the German Corporate Governance Code in its current version as of June 6, 2008, with the following exceptions:

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The German Corporate Governance Code recommends sending notification of convening the Annual General Meeting by electronic means to domestic and international financial service providers, shareholders and shareholders' associations. As the technical requirements for a secure identification and addressing of the recipient are not available, this recommendation is currently not complied with and will not be complied with in the future.

COOPERATION OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD

The D&O liability insurance taken out for the members of the Board of Directors and the Supervisory Board of MOLOGEN AG does not include any deductibles, in accordance to common practice on the market.

BOARD OF DIRECTORS

The Code recommends that the supervisory board agrees upon a possible limit (cap) on the variable remuneration components in the event of extraordinary and unexpected developments. This recommendation has not been and will not be complied with, as it is regarded as inappropriate by the Board of Directors and the Supervisory Board in view of the scope of the share option programs approved by the Annual General Meeting.

A detailed remuneration report is part of the notes to the annual financial statements and is reproduced in the annual report of MOLOGEN AG. The annual report is available on the company's website or can be sent by post on request. The information specified can thus be viewed by the company's shareholders. Hence, a repetition of the detailed account in the Corporate Governance report is not made in line with past practices. The main features of the remuneration system for the Board of Directors as well as its changes are also presented in the annual financial statements and again in the annual report. The Annual General Meeting has not been and will not be informed of the remuneration system separately.

SUPERVISORY BOARD

The German Corporate Governance Code recommends that an age limit be set for members of the Board of Directors. The members of the Board of Directors of MOLOGEN AG are currently on fixed-term contracts that are not automatically renewed. Continuing its past practice, the Supervisory Board will take into consideration the age of the candidate when deciding on the conclusion of new service contracts for members of the Board of Directors and will, if necessary, adjust the term of the contract accordingly. No age limit has been or will be set.

TASKS AND AUTHORITY OF THE SUPERVISORY BOARD CHAIRMAN, FORMATION OF COMMITTEES BY THE SUPERVISORY BOARD

The Supervisory Board of MOLOGEN AG consisting of three members has not formed any committees due to its limited number of members. In particular, no Audit Committee or Nomination Committee was formed. No committees will be established in future as long as the number of members in the Supervisory Board remain as limited.

COMPOSITION OF THE SUPERVISORY BOARD

The German Corporate Governance Code recommends that an age limit is set and taken into consideration when candidates are proposed for election to the Supervisory Board. This recommendation has not been and will not be complied with, as the term of office stipulated by law and in the articles of association for members of the Supervisory Board sets a clear timeframe for their mandates.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration paid to the members of the Supervisory Board and the remuneration or benefits granted in return for services rendered individually have been and will in future each be stated separately in the notes to the annual financial statement as single items covering the entire Supervisory Board, in accordance with the legal requirements. The members of the Supervisory Board have not received and do not receive any performance-related remuneration. As the Supervisory Board has to fulfill the function of supervision, a performance-related remuneration component for the members of the Supervisory Board is regarded critically by the Board of Directors and the Supervisory Board.

TRANSPARENCY

The German Corporate Governance Code recommends that shares or related financial instruments (derivatives in particular) held by individual members of the Board of Directors and of the Supervisory Board should be disclosed if the holdings directly or indirectly exceed 1% of the shares issued by the company. If the total shareholdings of all of the members of the Board of Directors and the Supervisory Board exceed 1% of the shares issued by the company, the total stockholding should then be broken down into the holding owned by the Board of Directors and the holding owned by the Supervisory Board. This recommendation has not been and will not be complied with in the future. The publication of this information is made in line with legal requirements and in the prescribed manner, which allow for adequate transparency in the opinion of the Board of Directors and the Supervisory Board. An additional publication of such information in the Corporate Governance report has not taken place in the past and should also not take place in the future.

ACCOUNTING

Detailed information on the stock option programs and similar securities-related incentive systems has been and is provided in the notes to the annual financial statements according to IFRS and is not reproduced in the Corporate Governance report. Hitherto this information was also provided in the notes to the annual financial statements according to HGB ("Handelsgesetzbuch", German Commercial Code). This procedure will be abstained from in the future.

Berlin, March 13, 2009

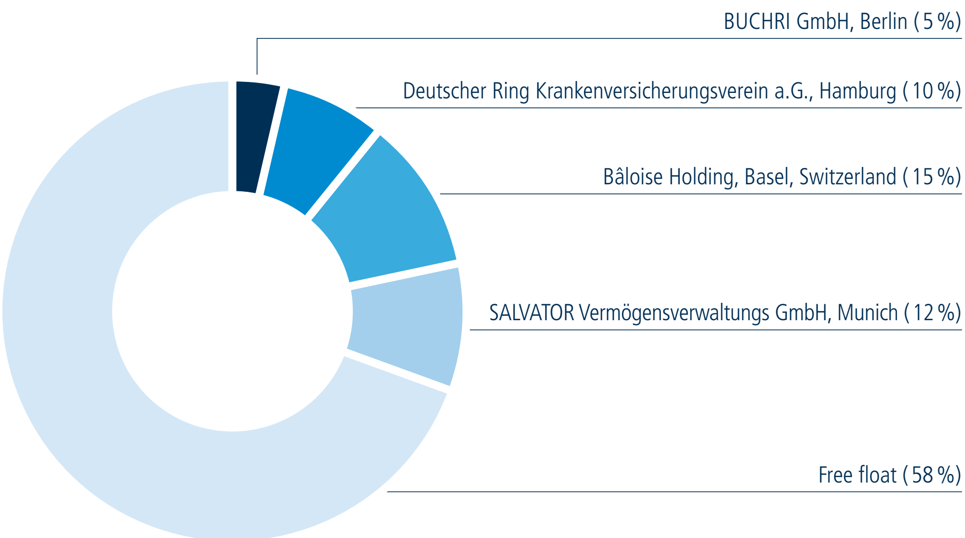
Dr. Mathias P. Schlichting	**Dr. Matthias Schroff**
Chairman of the Supervisory Board	Chairman of the Board of Directors

THE MOLOGEN SHARE IN 2008

Share information	
Stock exchange abbreviation	MGN
ISIN	DE 000 663 7200
WKN	663 720
Market segment	Regulated market (General Standard)
Trading exchanges	XETRA, Frankfurt, Berlin-Bremen, Düsseldorf, Hamburg, Munich, Stuttgart
Designated sponsor	Close Brothers Seydler Bank AG

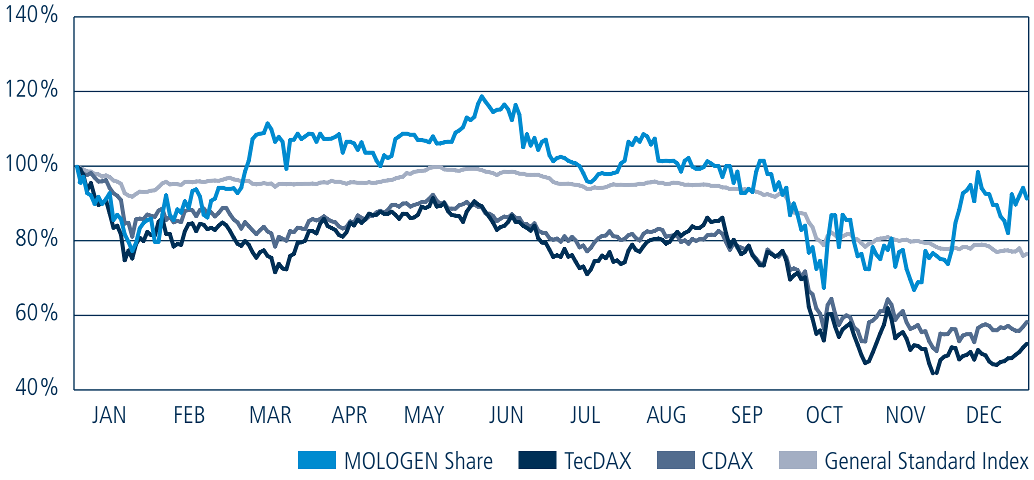
Key Data	2008	2007
First trading day (€)	6.90	8.80
Last trading day (€)	6.30	6.70
Year high (€)	8.19	9.26
Year low (€)	4.61	5.33
Year average (€)	6.56	7.62
Number of shares outstanding on December 31	9,378,348	9,316,848
Weighted number of shares	9,355,978	9,162,656
Average market capitalization (Mio. €)	61.38	69.82
Average trading volume (shares)	14,857	17,984
Performance IPO to December 31 (%)	-18	-13

SHARE OWNERSHIP ON DECEMBER 31, 2008

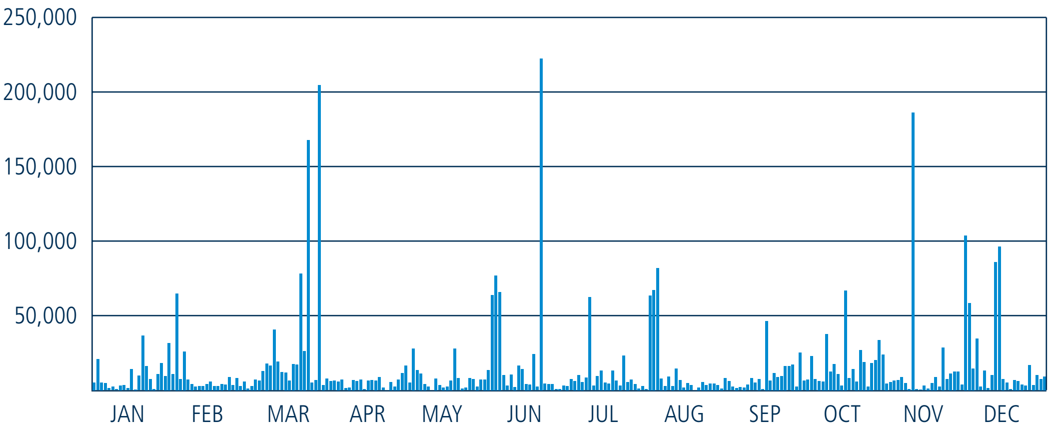


MARKET TREND OF THE MOLOGEN SHARE (JANUARY 2, 2008 UNTIL DECEMBER 30, 2008)

PERFOMANCE COMPARISON (JANUARY 2, 2008 UNTIL DECEMBER 30, 2008)



TRADING VOLUME (SHARES)



COMMITTED TO THE FIGHT AGAINST LEISHMANIASIS

02

SPECIAL FEATURE

According to estimates by the World Health Organization (WHO), more than 1 billion people suffer from "neglected diseases" - diseases that have previously received only little attention.

"Neglected diseases" are most prevalent in poor and heavily populated countries of Africa, Asia and Latin America. Leishmaniasis, a serious and often deadly infectious disease affecting animals and humans, is one of those.

MOLOGEN AG is committed to the fight against leishmaniasis. In cooperation with renowned research institutions from around the world, the company is developing a ground-breaking vaccine for the prevention and treatment of the disease.

Currently around 12 million people worldwide are infected with leishmaniasis. Every year approx. 1.5 – 2 million new infections occur – with an upward trend.

The geographic expansion has significantly increased over the past 15 years: Leishmaniasis already exists in 88 countries on four continents – Africa, Asia, Europe and South America. (source: WHO).

Due to the growing number of incidences, leishmaniasis now belongs to the 14 "neglected diseases" to which the WHO is now directing its increased attention.

WHAT IS LEISHMANIASIS?

Leishmaniasis is an infectious disease, which occurs in humans and animals.

The disease is caused by leishmania parasites that are transmitted through sand fly bites. The symptoms and progression of leishmaniasis is varied.

The most prevalent form is cutane leishmaniasis (skin leishmaniasis), which is associated with ulcers but is generally not fatal.
In contrast, visceral leishmaniasis ("internal leishmaniasis"), also known as dum-dum fever, black fever or kala-azar, will result in serious damage to health. The parasites attack the immune system and can damage the spleen, liver and bone marrow. Without medical treatment, the disease is surely fatal in most cases.

The worldwide requirement for a medically effective prevention and treatment is high: According to expert opinions, around 500,000 people each year suffer from the severe form of leishmaniasis, which claims more than 50,000 lives each year.

Around 90 percent of the cases are solely registered in the following six countries: Bangladesh, India, Nepal, Sudan, Ethiopia and Brazil.

Leishmaniasis has particularly serious effects in conjunction with a simultaneous HIV infection. As a result of the existing immune deficiency, leishmaniasis progresses very quickly. Simultaneously, the illness will speed up the development of AIDS, by stimulating the multiplication of the AIDS virus. In the Mediterranean countries of Europe alone, approx. 70 percent of the leishmaniasis infections occur in conjunction with HIV infections.

MOLOGEN – INNOVATIVE VACCINE AGAINST LEISHMANIASIS

MOLOGEN AG has already recognized the potential for innovative DNA-based active ingredients in the fight against leishmaniasis. During years of successful research work, the patented DNA-based platform technology MIDGE® was developed and provides the basis for prophylactic and therapeutic applications.

With the help of these MIDGE® vectors (small DNA molecules), specific reactions are created by the immune system to fight the infection.

In 2004, MOLOGEN successfully conducted a study for a preventative vaccine against internal leishmaniasis in dogs. In 2006, the vaccine was licensed to a leading US pharmaceutical company for further development – a convincing verification for the innovative potential of the technology.

Since then, MOLOGEN has focused on the development of a prophylactic and therapeutic vaccine suitable for humans and thereby has created the basis for further studies.

EXTENSIVE EU GRANT FOR LEISHMANIASIS VACCINE

As a member of an international consortium, MOLOGEN has received comprehensive financial support for the extensive development of a vaccine against leishmaniasis. The grant consisting of funds from the 7th Research Framework Programme of the European Union totals 3 million euros of which 1.2 million euros are allocated to MOLOGEN. The project, with a duration of three years, will commence in January 2009.

The objective of the project is the development of a prophylactic and therapeutic DNA vaccine against visceral leishmaniasis in humans. To this end, the consortium will formulate a MIDGE®-based vaccine, examine its immunogenicity in human cell culture systems, test its efficacy in animals and finally evaluate the safety of the new vaccine by conducting pre-clinical trials. At the end of the three-year project term, the consortium shall be in a position to run clinical trials with the new, broadly applicable vaccine for humans with proven safety and efficacy.

Apart from MOLOGEN, the consortium includes project partners with extensive experience in leishmaniasis research and vaccine development as well as clinical research institutions. MOLOGEN works with experts in Germany, Great Britain, India, Israel and Tunisia. Within the project, MOLOGEN will be responsible for optimizing and manufacturing the vaccine as well as for conducting pre-clinical safety studies.

Dr. Matthias Schroff, Chairman of the Board of MOLOGEN AG, explains the vision of the project: "All participating experts and research institutions are united in one joint, long-term goal: to develop an effective and tolerable vaccine in order to free the world of the scourge of leishmaniasis."

03

ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET

ACCORDING TO IFRS AS PER DECEMBER 31, 2008

in € thousand	Notes	Dec. 31, 2008	Dec. 31, 2007
ASSETS			
Non-current assets		**2,250**	**2,740**
Tangible assets	1	185	275
Intangible assets	2	2,062	2,460
Financial assets	3	0	0
Other non-current assets	4	3	5
Current assets		**3,850**	**8,559**
Cash and cash equivalents	5	3,324	8,040
Trade receivables	6	140	107
Inventories	7	19	44
Other current assets	8	207	284
Profit tax entitlements	8	160	84
TOTAL		**6,100**	**11,299**
LIABILITIES			
Non-current liabilities		**91**	**192**
Accrual items	9	91	111
Provisions	10	0	81
Current liabilities	11	**766**	**590**
Provisions		58	0
Trade liabilities		454	390
Other current liabilities, accruals and deferrals		250	200
Liabilities to banks		4	0
Equity		**5,243**	**10,517**
Subscribed capital	12	9,378	9,317
Capital reserve (1)	13	24,745	23,989
Balance sheet loss (1)	14	-28,880	-22,789
TOTAL		**6,100**	**11,299**

(1) Last year's figures have been adjusted according to IAS 8.42. Please refer to section "B" of the notes.

PROFIT AND LOSS ACCOUNT

ACCORDING TO IFRS FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2008

in € thousand	Notes	Jan. 01 – Dec. 31, 2008	Jan. 01 – Dec. 31, 2007
Revenues	15	210	150
Other operating income	16	36	737
Cost of materials	17	-1,745	-1,567
Personnel expenses [(1)]	18	-2,084	-3,325
Amortization	19	-508	-536
Other operating expenses	20	-2,212	-2,234
Operating result [(1)]		**-6,303**	**-6,775**
Financial result	21	212	304
Earnings before taxes [(1)]		**-6,091**	**-6,471**
Tax result	22	0	0
Annual Deficit [(1)]		**-6,091**	**-6,471**
Loss carried forward from the previous year		-22,789	-16,318
Balance sheet loss [(1)]		**-28,880**	**-22,789**
Basic result per share (in €) [(1)]	23	-0.65	-0.71
Diluted result per share (in €)		–	–

[(1)] Last year's figures have been adjusted according to IAS 8.42. Please refer to section "B" of the notes.

CASH FLOW STATEMENT

ACCORDING TO IFRS FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2008

in € thousand	Notes	Jan. 01 – Dec. 31, 2008	Jan. 01 – Dec. 31, 2007
	24		
Cash flow from operating activities			
Annual deficit [1]		-6,091	-6,471
Amortization of fixed assets		508	536
Deficit from disposal of fixed assets		2	1
Income from disposal of a subsidiary		0	-628
Decrease in provisions		-23	-1
Other non-cash income and expenses [1]		486	1,257
Change in trade receivables, inventories and other assets		-2	238
Change in trade payables and other liabilities		119	-83
Net cash used for operating activities		**-5,001**	**-5,151**
Cashflow from investing activities			
Outflows for property, plant and equipment		-20	-74
Outflows for intangible assets		-1	0
Inflows from disposal of subsidiary		0	1,077
Net cash used for investing activities		**-21**	**1,003**
Cash flow from financing activities			
Cash receipts from issuing of capital		306	5,810
Net cash used for financing activities		**306**	**5,810**
Foreign currency effect from cash and cash equivalents		**0**	**-3**
Total change in liquidity (cash flow)		**-4,716**	**1,659**
Cash and cash equivalents at beginning of period		**8,040**	**6,381**
Cash and cash equivalents at end of period		**3,324**	**8,040**

[1] Last year's figures have been adjusted according to IAS 8.42. Please refer to section "B" of the notes.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

ACCORDING TO IFRS FOR FISCAL YEAR 2008

in € thousand, apart from share information	Share Capital		Capital Reserve [1]	Balance Sheet Result [1]	Equity
	No. of Shares	Share Capital			
Status as per December 31, 2006	**8,486,848**	**8,487**	**17,734**	**-16,318**	**9,903**
Capital increase against cash contribution	800,000	800	4,856		5,656
Exercise of stock options	30,000	30	124		154
Value of services rendered by employees (according to IFRS 2) [1]			1,275		1,275
Annual loss carried forward [1]				-6,471	-6,471
Status as per December 31, 2007	**9,316,848**	**9,317**	**23,989**	**-22,789**	**10,517**
Exercise of stock options	61,500	61	245		306
Value of services rendered by employees (according to IFRS 2)			511		511
Annual loss carried forward				-6,091	-6,091
Status as per December 31, 2008	**9,378,348**	**9,378**	**24,745**	**-28,880**	**5,243**

[1] Last year's figures have been adjusted according to IAS 8.42. Please refer to section "B" of the notes.

CHANGES IN FIXED ASSETS

ACCORDING TO IFRS AS PER DECEMBER 31, 2008

in € thousand	I. Tangible Assets			II. Intangible Assets	
	Technical Equipment and Machinery	Other Equipment, Factory and Office Equipment	Sum	License, Industrial Property Rights and Other Rights	Sum
Acquisition / manufacturing costs					
Status January 1, 2007 *	760	294	1,054	3,950	3,950
Additions	0	74	74	0	0
Divestitures	2	10	12	0	0
Status December 31, 2007	758	358	1,116	3,950	3,950
Additions	10	10	20	1	1
Divestitures	7	9	16	0	0
Status December 31, 2008	**761**	**359**	**1,120**	**3,951**	**3,951**
Amortization					
Status January 1, 2007 *	553	180	733	1,073	1,073
Additions	75	44	119	417	417
Divestitures	1	10	11	0	0
Status December 31, 2007	627	214	841	1,490	1,490
Additions	68	41	109	399	399
Divestitures	7	8	15	0	0
Status December 31, 2008	**688**	**247**	**935**	**1,889**	**1,889**
Book value					
Status January 1, 2007 *	207	114	321	2,877	2,877
Status December 31, 2007	131	144	275	2,460	2,460
Status December 31, 2008	**73**	**112**	**185**	**2,062**	**2,062**

* unaudited

III. Financial Assets				Fixed Assets
Shares in Associated Companies	Loans to Companies in which Shares are held	Other Loans	Sum	Sum
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	21
0	0	0	0	16
0	**0**	**370**	**370**	**5,441**
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	508
0	0	0	0	15
0	**0**	**370**	**370**	**3,194**
449	0	0	449	3,647
0	0	0	0	2,735
0	**0**	**0**	**0**	**2,247**

NOTES FOR THE FINANCIAL YEAR 2008

A. GENERAL INFORMATION ON THE COMPANY

Mologen AG (short: MOLOGEN) is a Stock Corporation headquartered in Berlin (Fabeckstraße 30, 14195 Berlin, Germany). The company was founded on January 14, 1998 and is registered at Berlin-Charlottenburg Local Court under HRB 65633. The shares of the company are listed on the regulated market (General Standard) at the Frankfurt stock exchange under ISIN DE 000 663 7200.

The objective of the company is the research and development, and the marketing of products in the field of molecular medicine. In particular, this encompasses biomolecular vaccines and application-oriented clinical research in the field of biomolecular tumor 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 are currently either untreatable or can only be treated insufficiently.

B. GENERAL INFORMATION ON THE BALANCE SHEET

PRINCIPLES

The current single entity financial statement of MOLOGEN was created on a voluntary basis according to the International Financial Reporting Standard (IFRS) of the International Accounting Standards Board (IASB), as applicable in the EU. The International Accounting Standards (IAS), which are still valid and the interpretations of the International Financial Reporting Interpretations Committees (IFRIC) – formerly known as Standing Interpretation Committee (SIC) – as applicable in the EU, were also utilized in the current financial statement.

The financial year for this financial statement is the period from January 1, 2008 through December 31, 2008. The corresponding prior-year period for this financial statement is the period from January 1, 2007 through December 1, 2007.

The functional currency and the presentation currency for the financial statement is the euro (€). For better readability, figures have been rounded in accordance with standard business practice and are presented in thousands of euros (€ thousand) unless stated otherwise. The structure of the balance sheet corresponds to the structure set out in IAS 1.

The application of the IAS 14, "Segment Reporting" and / or IFRS 8 "Business Segments" was disregarded as the technologies and product candidates of MOLOGEN are still in the research stage. The individual product candidates and technologies cannot be clearly allocated to cash flows and corresponding expenditure as various combinations of in-house and licensed technologies are utilized for the various product candidates. The information on the expenditure and income that must be extracted from segment reports would not add any information contained in other elements of the financial statement.

APPLICATION OF NEW AND AMENDED FINANCIAL REPORTING STANDARDS (FRS)

The amendment of existing standards published by December 31, 2008 and newly published standards and interpretations that have not yet commenced for MOLOGEN were not applied in the preparation of the financial statement. They would not have had any tangible effect on the representation of the financial status, financial position and profit situation.

It would have been mandatory for IASB to use the following newly issued and / or amended standards or interpretations had they been relevant for MOLOGEN:

IFRIC 11, "IFRS 2 - Business with Own Shares and Shares of Groups", must be applied for financial years commencing on or after Mar. 1, 2007. IFRIC 12 "Service Concession Arrangement" applies to financial years commencing on or after Jan. 1, 2008. IFRIC 14, "IAS 19 - The Limit on a Defined Benefit Asset Minimum Funding Requirement and their Interaction" must be applied for financial years commencing on or after Jan. 1, 2008. The amendments to IAS 39 / IFRS 7 "Reclassification of Financial Assets" must be applied from July 1, 2008.

The following standards or interpretations issued by IASB, which did not require mandatory application in the current financial statement, were not voluntarily applied by MOLOGEN as the EU adoption is not yet complete.

IFRS 8 "Operating Segments" shall replace the previous IAS 14 "Segment Reporting" and must be applied for financial years commencing on or after the Jan. 1, 2009. An amended version of the IAS 1 "Presentation of the Financial Statement" must be applied for financial years that commence on or after Jan. 1, 2009. The amended IAS 23, "Borrowing Costs" must be applied for financial years commencing on or after Jan. 1, 2009.

The amended IFRS 3 "Business Combinations" must be applied for business mergers that took place in financial years commencing on or after July 1, 2009. The amended IAS 27, "Consolidated and Separate Financial Statements" must be applied for financial years commencing on or after July 1, 2009. The amended IAS 2, "Share-based Payment" must be applied for financial years commencing on or after Jan. 1, 2009. The revised version of the IFRS 1 "First-time adoption of International Financial Reporting Standards" must be applied for financial years that commence on or after Jan. 1, 2009. IFRIC 13 "Customer Loyalty Programs" must be applied for financial years that commence on or after July 1, 2008. IFRIC 15 "Agreement for the Construction of Real Estate" must be applied for the first time for financial years that commence on or after Jan. 1, 2009. IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" must be applied for the first time for financial years that commence on or after Oct. 1, 2009. IFRIC 17 "Distributions of Non-cash Assets to Owners" must be applied for the first time for financial years that commence on or after July 1, 2009.

ADJUSTMENT IN ACCORDANCE WITH IAS 8.42

The share-based employee participation program in accordance with IAS 8.42 was amended in the current financial statement. A retroactive adjustment took place of the vesting period for stock options from the programs 2005 and 2006 for retired members of the Board in accordance with IFRS 2 whose options did not expire despite their retirement from the company.

The retroactive adjustment requirement for the Financial Year 2007 is listed in the following table:

As a result of the adjustments made as shown above, the equity amendment statement required an amendment.

With consideration of this adjustment, the undiluted result for the financial year 2007 is -0.71 euros per share in accordance with IAS 33 as opposed to -0.65 euros in the published statement of the previous year.

C. BALANCE SHEET AND EVALUATION METHODS

The accounting and valuation methods and principles governing these financial statements are discribed in the following. The methods have been applied consistently in the presented reporting periods unless stated otherwise.

The accounting and valuation methods are adhered to consistently.

The financial statements were prepared in line with cost. Amortized costs are used for the assets and liabilities recognized in the balance sheet.

Amortized costs of a financial asset or a financial liability are 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 bad debts (IAS 39).

in € thousand	Published Financial Statement Previous Year	Adjustment	Adjusted Financial Statement of Previous Year
Balance Sheet			
Capital reserve	23,474	515	23,989
Balance sheet loss	-22,274	-515	-22,789
Profit and Loss Account			
Personnel expenses	-2,810	-515	-3,325
Operating result	-6,260	-515	-6,775
Earnings before tax	-5,956	-515	-6,471
Annual deficit	-5,956	-515	-6,471
Cash Flow Statement			
Annual deficit	-5,956	-515	-6,471
Other non-cash income and expenditure	742	515	1,257

Preparation of the financial statements according to IFRS requires assumptions or estimates in relation to some items. These affect the recognition in the balance sheet or profit and loss account. All estimates are continually revised, and are based on historical experience as well as other factors, including expectations concerning future events, deemed reasonable under the given circumstances.

Estimation difficulties particularly arise in the determination of useful life and recoverability of the intangible and tangible assets and also in the estimation of realization of future tax benefits for the reporting of active deferred taxes.

On each balance sheet date the company examines the book values of the assets and debts for indications of reduced value. In this case, the target amount of the relevant asset and / or the repayment amount of a debt is established to determine the scope of a value adjustment if necessary.

The **tangible** and **non-tangible** assets are valued as original costs minus scheduled, use-related amortization in accordance with the cost model (IAS 16.30). Amortization is carried out on a straight-line, pro rata temporis basis, beginning with the month of purchase or start of utilization. The useful life lasts between 3 and 10 years (software and patents 3 - 10 years, technical equipment 4 - 10 years, furniture and office equipment 3 - 10 years). Amortization of tangible assets and intangible assets is listed in the profit and loss account under amortization.

The expected useful life and the amortization methods are examined at the end of the financial year. In the event that estimations require a revision, these shall be taken into consideration on a prospective basis. The book values of tangible and intangible assets are also examined on the balance sheet date. In the event that this examination provides indications for incurred impairments these shall be recorded as expenses. There were no amendments to the estimated useful life and amortization method and no unscheduled impairment for tangible and intangible assets were recorded in the financial year and in the corresponding prior year period.

Financial assets are recognized as amortized costs with consideration of the required impairment.

Government grants are recorded if it can be reasonably assumed that the grants will be paid out and that the company will meet the required conditions for receiving them.

Government grants for costs will be stated for the period in which the costs they were issued to meet are incurred.

Government grants for investments will be listed as deferred income within non-current liabilities. They will be reversed on a straight-line basis over the expected useful life of the assets concerned, with an impact on income.

Research costs are costs for original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding (IAS 38.8). They are to be recognized as an expense in the period in which they are incurred (IAS 38.54). Costs necessary for implementing research activities are stated under research costs. These costs relate to personnel expenses, as well as directly attributable variable and fixed overhead costs, which are also recognized as expenditure at the time they are incurred.

Development costs cover expenses that serve to implement technical knowledge on a technical and commercial basis and are capitalized if they can be identified as such and if future cash flows can be ascribed to them clearly and with a high degree of probability (IAS 38.57). Since not all criteria required by IFRS could be met simultaneously and due to the risks existing before commercialization, development costs were not capitalized.

Acquisition and manufacturing costs, as well as cumulative amortization, are applied to **asset disposals**. Results from asset disposals (disposal proceeds minus net book values) are carried in the profit and loss account under other operating income or other operating expenses.

Cash and cash equivalents include cash in hand and bank balances at nominal value. Bank balances held in foreign currency are converted at the rate on receipt or issue of payment. Valuation is also carried out at the rate on the balance sheet date. The differences arising from the valuation are recorded with an impact on income.

Receivables are valued at amortized cost.

Assets of MOLOGEN recognized as **inventories** are goods recognized at amortized cost and in line with the FIFO (First In - First Out) method. Raw materials and supplies, finished goods and work in progress are not stockpiled.

Other current and non-current assets are accounted at amortized cost.

A **financial instrument** is a contract that creates a financial asset in one company and a financial liability or equity instrument in another company. This generally includes original financial instruments, on the one hand, and derivative financial instruments on the other. MOLOGEN held no derivative financial instruments – with or without balance sheet related safeguarding – in the financial year and the prior year period.

The original financial instruments are shown under long-term financial assets, trade receivables, other short-term receivables / assets, cash funds, long-term and short-term debts and explained accordingly. Further consolidating explanations on financial instruments are contained in Section H "Notes on the Type and Management of Financial Risks".

Financial instruments are generally recorded on the settlement date. In the first reporting, financial instruments are evaluated at the latest fair value. All financial assets and debts that have not been reported as income at the current fair value are included in transaction costs allocated for purchases.

The financial assets held by MOLOGEN in the financial year and in the corresponding prior year period consist of financial assets as well as trade receivables and other receivables with fixed or determinable payments that are not noted in an active market.

The financial assets are examined on each balance sheet date for indicators of impairment. Financial assets have depreciated if, as a result of one or more events that occurred after the initial reporting, there is an objective indication that the expected future cash flows of the assets have changed adversely.

Financial assets are booked out if the contractual rights to a payment have expired or have been assigned.

In the financial year and in the corresponding prior year period, no reclassifications are made between the evaluation categories.

Financial debts are either categorized as financial debts affecting income at the time with fair value or as other financial debts.

The financial debts held by MOLOGEN in the financial year and in the corresponding prior year period consist of trade liabilities and other debts and are allocated to the category other debts.

The other financial debts are evaluated for the subsequent evaluation in accordance with the annual percentage rate method for amortized costs, where, if applicable, incurring interest expenditure is recorded in accordance with the annual percentage rate.

In the financial year and in the corresponding prior year period, no reclassifications are made between the evaluation categories.

Financial debts are booked out once they are amortized, i.e. on payment, revocation or expiry of the debt.

Liabilities in foreign currency are generally converted in income on the balance sheet date.

Reserves (IAS 37) are debts that cannot be predicted exactly with regard to their due date and their amount. They are created for an occurrence from the past for which a current liability exists. This obligation is probable and a reliable estimate relating to the amount can be made.

TAXES

CURRENT TAX ASSETS AND TAX LIABILITIES

Current tax assets and tax liabilities for the reporting and comparable period are carried at the level at which a refund is expected from a tax office or a payment to a tax office is expected. The calculation of the amount is based on the tax rates and tax legislation applying at the reporting date.

DEFERRED TAXES

Deferred taxes are recognized for temporary differences arising on the reporting date between the carrying amounts in the financial statements and the tax accounts. They are set up for the amount of the expected tax burden or tax relief in subsequent financial years. Tax assets shall only be considered if their realization is sufficiently secured (IAS 12.27). They are based on the expected taxes at the time of realization, which are valid at the balance sheet date and/or are passed by law. A settlement of active and passive taxes is only made as far as they can be set off against each other in relation to a tax authority (IAS 12.74).

Actual and deferred taxes are reported as expenditure or income unless they are connected to items that were directly recorded in equity. In this case, the tax is to be directly recorded in equity. No income tax was recorded as expenditure or directly into equity in the financial year or in the corresponding prior year period. Deferred taxes were not reported as there are significant doubts relating to the realization of the same.

Ordinary shares are classified as **equity**. Costs related directly to the issue of new shares or options are recognized in equity (net value after tax) as a deduction from issue proceeds.

Company employees (including managers) receive **share-based payment** in the form of equity instruments (so-called 'transaction settled through equity instruments'). Expenses resulting from granting equity instruments and the corresponding increase in equity are recorded over the period in which the exercising or payment conditions must be fulfilled (so-called 'vesting period'). This period ends on the date of the first exercising opportunity, i.e. the date on which the relevant employee is irrevocably entitled to subscription. The cumulative expenses from granting of the equity instruments posted on each balance sheet date up to the date of the first exercising opportunity reflect the elapsed portion of the vesting period as well as the number of equity instruments that can actually be exercised according to the company's optimum estimate upon expiry of the vesting period. The amount recognized in the profit and loss account reflects the development of the cumulative expenses recorded at the beginning and end of the reporting period.

Expenses and income of the financial year will be considered when they are realized, regardless of the time of payment. Income from the sale of products, technologies, licenses and sales rights is realized when the service has been provided or the goods have been delivered, after the risk has been transferred and the expected consideration can be reliably estimated. If the services for collected or spent fees are performed in subsequent periods, the fees are deferred or accrued and reversal is carried out over the period in which the services are performed.

D. NOTES ON THE BALANCE SHEET TO DECEMBER 31, 2008

ASSETS

NON-CURRENT ASSETS

(1) TANGIBLE ASSETS

Net tangible assets declined by €90 thousand to €275 thousand in the reporting period, from €185 thousand in the previous year. Ordinary amortization was offset by investments of €20 thousand.

The development of tangible assets is set out in the assets analysis (see page 20).

(2) INTANGIBLE ASSETS

In the reporting period, the value of all intangible assets in the financial statements decreased by €398 thousand to €2,062 thousand (previous year: €2,460 thousand). Intangible assets comprise purchased technologies (residual book value: €2,061 thousand (previous year: €2,451 thousand), patents (residual book value: €0 thousand, previous year: €6 thousand), software (residual book value: €1 thousand, previous year: €2 thousand) and other non-tangible assets (residual book value: €0 thousand, previous year: €1 thousand).

Ordinary amortization was offset by investments of €1 thousand (previous year: €0 thousand).

The development of intangible assets is represented in the assets analysis (see page 20).

RESEARCH AND DEVELOPMENT

The resources available to the company are largely used directly for research projects. Expenses in this area amount to €4.4 million (previous year: €4.1 million). There were no development costs as in the previous year.

(3) FINANCIAL ASSETS

Other loans posted under MOLOGEN financial assets are recognized at amortized cost. To the reporting date, they total € 0.00 (previous year: € 0.00).

For the cost of other loans of €370 thousand, a value adjustment at the same level was made in financial year 2005. The loan was related to a joint venture. The project was terminated.

(4) OTHER NON-CURRENT ASSETS

Other non-current assets comprise loans to employees amounting to €3 thousand (previous year: €5 thousand) and had a residual term of more than one year at the balance sheet date.

CURRENT ASSETS

(5) CASH FUNDS

Cash and cash equivalents comprise cash on hand and bank balances with a residual term of less than one year. Variable interest was paid on bank balances due on demand. Current assets are made for different periods of up to three months. This is determined in line with the respective net cash requirements of the company. It is invested at fixed rates of interest. The value of net cash and current assets was €3,324 thousand (previous year: €8,040 thousand). This is based on the nominal value of the Euro holdings and the recognition of a foreign currency account converted at the reporting date on December 31, 2008.

Fixed-term deposits of €13 thousand (previous year: €13 thousand) are bonded and serve as collateral for rental surety. In deviation to the previous year, this is no longer reported under cash and cash equivalent fund but is now posted under other current assets. As the value of the previous year was negligible it was not adjusted.

(6) TRADE RECEIVABLES

Trade receivables do not bear interest and have a residual term of less than one year at the reporting date. They are generally due in 14 days. They are recognized at amortized cost and, on December 31, 2008, total €140 thousand (previous year: €107 thousand).

The analysis of non-impaired trade receivables is shown below:

in € thousand	Total	Neither overdue nor impaired	Overdue but not impaired (portions of) receivables			
			< 30 days	30 – 90 days	90 – 365 days	> 365 days
Dec. 31, 2008	140	30	50	6	6	48
Dec. 31, 2007	107	4	3	6	86	8

As of December 31, 2007, value adjustments of € 612 thousand were made (previous year: € 651 thousand) as the due date has already been exceeded and it is not probable that all contractually agreed payments will be received. In the financial year, value adjustments of € 12 thousand were made for trade receivables (previous year: € 20 thousand), value adjustments of € 51 thousand were derecognized (previous year: € 0 thousand) and a loss of receivables on non-adjusted trade receivables of € 21 thousand (previous year: € 0 thousand).

Value adjustments of € 600 thousand (previous year: € 600 thousand) are relevant in association with receivables from a joint venture. The project was terminated.

There were no reversals of value adjustments on trade receivables (previous year: € 0 thousand).

Value adjustments were solely made on a case-by-case basis.

The development of the value adjustments for trade receivables is an integral part of the table shown under H "Development of the impairment of the financial instruments".

(7) INVENTORIES

Inventories solely consist of goods and amount to € 19 thousand at the balance sheet date (previous year: € 44 thousand).

In the financial year, no valuation or pledging limitations were made on inventories.

(8) OTHER CURRENT ASSETS AND PROFIT TAX ENTITLEMENTS

The accounted value of € 367 thousand (previous year: € 368 thousand) is shown as follows:

in € thousand	Dec. 31, 2008	Dec. 31, 2007
Entitlements to profit tax	160	84
Reimbursements from VAT	101	100
Claims against tax authorities for investment subsidy	1	2
Other receivables	105	182
	367	**368**

The tax refund claims comprise corporate tax refunds (including solidarity tax contribution) for 2007 and 2008.

The amounts listed under tax refund claims from VAT comprise claims against and liabilities to the same office and may be netted in line with IAS 12.71.

Fixed-term deposits of € 13 thousand (previous year: € 13 thousand) are bonded and serve as collateral for rental surety. In deviation to the previous year, this is no longer reported under cash and cash equivalent funds but is now posted under other current assets. As the value of the previous year was negligible, it was not adjusted.

The amount reported in other receivables includes value adjustments of € 560 thousand (previous year: € 563 thousand).

In the financial year 2003, value adjustments of € 12 thousand were made because a debtor was in financial difficulties and had discontinued payments. Repayment and interest payments have since been resumed, whereupon, in the reporting period, value adjustments of € 3 thousand were reversed (previous year € 4 thousand). On December 31, 2008, value adjustments of € 5 thousand (previous year: € 8 thousand) were made.

Value adjustments of € 555 thousand (previous year: € 555 thousand) were made in the financial year 2005 in relation to a joint venture. The project was terminated.

In the financial year and in the corresponding prior year period, there were no value adjustments on other assets.

The development of the impairments of other current assets is shown under H.

LIABILITIES

NON-CURRENT LIABILITIES

(9) ACCRUAL ITEMS

The amount posted of € 91 thousand (previous year: € 111 thousand) related to government funds for assets (€ 12 thousand, previous year: € 25 thousand) and accrual items.

(10) PROVISIONS

The amount posted under non-current provisions of € 81 thousand was reversed in the financial year by € 23 thousand. It is now posted in other operational expenses under other taxes and the amount of € 58 thousand has been reclassified to current liabilities corresponding to its maturity. There are no non-current provisions in the financial year.

CURRENT LIABILITIES

(11) CURRENT LIABILITIES

Trade liabilities 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 is shown in the table below:

in € thousand	Dec. 31, 2008	Dec. 31, 2007
Trade liabilities	454	390
Provisions property transfer tax	58	0
Liabilities from income and church tax	23	30
Advance payments received for orders	39	15
Liabilities towards banks	4	0
Other liabilities	188	155
	766	**590**

EQUITY

The composition of equity and the development of equity components are shown on page 23.

(12) SUBSCRIBED CAPITAL

MOLOGEN's share capital is €9,378,348.00, divided into 9,378,348 no-par-value bearer shares, each with a notional share of €1.00 in the share capital.

In 2008, MOLOGEN implemented the following measures relevant to the share capital:

In the current financial year, a total of 61,500 new shares were issued from the contingent capital 2005 resolved in the shareholder's meeting on June 9, 2005. The share capital was thus increased from €9,316,848.00 to €9,378,348.00, the company received funds of around €306 thousand after deduction of the capital expenses. The capital increase was recorded in the commercial register responsible for the company in January 2009.

AUTHORIZED CAPITAL

The company currently has the following authorized capital: The shareholders meeting of June 1, 2007 resolved to authorize the Board of Directors to increase the company's share capital up to May 31, 2012, subject to the consent of the Supervisory Board, by issuing new no-par-value bearer shares against contributions in kind and / or cash contributions on one or more occasions, not exceeding a limit of €4,643,424.00 (authorized capital), and to define a profit participation diverging from legal regulations in line with Section 23 (2) of the Articles of Association.
The newly issued shares can also be acquired by a financial institution or a consortium of financial institutions decided upon by the Board of Directors with the obligation to offer them to the shareholders for purchase (indirect subscription rights). The Board of Directors is further authorized, also with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders:

a) if this is required to eliminate fractions;

b) if the capital increase does not exceed ten percent of the share capital and the issue price is not substantially lower than the market price of the shares of the company already listed on the stock exchange at the time of finalization by the Board of Directors; or

c) for capital increases against contributions in kind for the purchase of companies, parts of companies or company shares as well as of assets that are beneficial or useful for the company's operation, such as patents, licenses, proprietary rights of use and exploitation in intellectual property, as well as other intellectual property rights.

The Board of Directors was also authorized to determine all further details of the issue of the new shares with the consent of the Supervisory Board.

CONTINGENT CAPITAL

The company currently has the following contingent capital:

Contingent capital 2002

As of December 31, 2008, the company's share capital is increased by up to €5,500.00 of contingent capital through one or more issues of up to 5,500 new shares with profit participation from the beginning of the financial year in which the shares are issued (contingent capital 2002). The contingent capital increase is implemented to grant convertible bonds and / or subscription rights without bond issue to members of the company's Board of Directors, members of the management of German or international companies affiliated with the company, and employees of the company or its German or international affiliates, based on the authorization by the shareholders' meeting on May 17, 2002.

The contingent capital increase will be implemented only insofar as the holders of convertible bonds and / or options issued by the company following the resolution of the shareholders' meeting on May 17, 2002 make use of their conversion or subscription rights. The new shares participate in the profit from the beginning of the financial year in which they are issued through the exercising of conversion or subscription rights.

Contingent capital 2005-1

As of December 31, 2008, the share capital is increased by up to €63,183.00 of contingent capital, divided into 63,183 shares (contingent capital 2005-1). The contingent capital increase is implemented to grant convertible bonds and / or subscription rights without bond issue to members of the company's Board of Directors, employees of the company and members of the management of German and international companies affiliated with MOLOGEN in accordance with Section 15 et seq. of the Stock Corporation Law (AktG), and or its German or international affiliates, based on the authorization by the shareholders' meeting on June 9, 2005.

The contingent capital increase will be implemented only insofar as the holders of convertible bonds and/or options issued by the company following the resolution of the shareholders' meeting on May 9, 2005 make use of their conversion or subscription rights. The new shares participate in the profit from the beginning of the financial year in which they are issued through the exercising of conversion or subscription rights.
During the financial year 2008, contingent capital 2005-1 totaling €61,500.00 was utilized through the exercise of 61,500.00 subscription rights.

Contingent capital 2006-1

As of December 31, 2008, the share capital is increased by up to €520,268.00 of contingent capital, divided into 520,268 shares (contingent capital 2006-1). The contingent capital increase is implemented to grant convertible bonds and/or subscription rights without bond issue to members of the company's Board of Directors, employees of the company and members of the management of German and international companies affiliated with MOLOGEN in accordance with Section 15, et seq. of the Stock Corporation Law, and or its German or international affiliates, based on the authorization by the shareholders' meeting on June 9, 2006.
The contingent capital increase will be implemented only insofar as the holders of convertible bonds and/or options issued by the company following the resolution of the shareholders' meeting on May 7, 2006 make use of their conversion or subscription rights. The new shares participate in the profit from the beginning of the financial year in which they are issued through the exercising of conversion or subscription rights.

Contingent capital 2007

As of December 31, 2008, the share capital is increased by up to €237,234.00 of contingent capital, divided into 237,234 shares (contingent capital 2007). The contingent capital increase is implemented to grant convertible bonds and/or subscription rights without bond issue to members of the company's Board of Directors, employees of the company and members of the management of German and international companies affiliated with MOLOGEN in accordance with Section 15 et seq. of the Stock Corporation Law, and or its German or international affiliates, based on the authorization by the shareholders' meeting on June 1, 2007.
The contingent capital increase will be implemented only insofar as the holders of convertible bonds and/or options issued by the company following the resolution of the shareholders' meeting on June 1, 2007 make use of their conversion or subscription rights. The new shares participate in the profit from the beginning of the financial year in which they are issued through the exercising of conversion or subscription rights.

Contingent capital 2008

As of December 31, 2008, the share capital is increased by up to €3,770,739.00 of contingent capital (contingent capital 2008). The contingent capital increase is implemented to grant convertible bonds and/or options. The shareholders meeting of June 2, 2008 has authorized the Board of Directors to issue, until June 1, 2013, bearer convertible bonds and/or options with a total par value of €10,000,000.00 with a maturity of up to 10 years and to grant to the holder and/or creditors of bonds conversion rights for new shares of the company with a proportion of the share capital of up to €3,770,739.00 according to conversion bond regulations.
The contingent capital increase will be implemented only insofar as the holders of convertible bonds and/or options issued by the company holders of convertible bonds and/or options issued by the company make use of their conversion or subscription rights, or the holders and/or creditors obliged to conversion fulfill their obligation of conversion. The new shares participate in the profit from the beginning of the financial year in which they are issued through the exercising or completion of conversion rights.

(13) CAPITAL RESERVE

Equity items are posted in capital reserves that were received externally via the subscribed capital as well as a withdrawal of €6,668 thousand made in the financial year 2002, which was offset with the balance sheet loss.

As a result of the new shares issued in the financial year 2008, the capital reserve increased by €245 thousand. As required by IAS 32.37, the costs incurred for equity procurement of €10 thousand (previous year: €344 thousand) were taken into account in the capital reserve.
The application of IFRS 2, share-based payment, resulted in allocations of €511 thousand in the capital reserve (previous year: €1,275 thousand). As a result of the adjustments made in the capital reserves in the financial year in association with the stock options granted to the employees, No. 18 of this Note is referred to.

in € thousand	Dec. 31, 2008	Dec. 31, 2007
Capital reserve	23,863	23,608
Employee remuneration in equity instruments	2,387	1,876
Costs of equity procurement	-1,505	-1,495
	24,745	**23,989**

(14) BALANCE SHEET LOSS

The balance sheet loss includes a loss carried forward of €22,789 thousand (previous year: €16,318 thousand).

E. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR 2008

(15) REVENUES

Revenues in the financial year 2008 resulted largely from domestic business and amounted to €210 thousand (previous year: €150 thousand).

in € thousand	2008	2007
Goods	147	141
Consulting	42	0
Licensing and distribution rights	14	2
Technologies	7	7
	210	**150**

(16) OTHER OPERATING INCOME

Other operating income comprises the following:

in € thousand	2008	2007
Income from other accounting periods	17	30
Income from the disposal of financial assets	0	628
Government grants	0	44
Remaining other operating income	19	35
	36	**737**

(17) COST OF MATERIALS

in € thousand	2008	2007
Expenses for raw materials and supplies and goods	401	556
Expenses for services used	1,344	1,011
	1,745	**1,567**

Expenses for raw materials and supplies and goods include changes in inventories of €21 thousand (previous year: €12 thousand).

(18) PERSONNEL EXPENSES

in € thousand	2008	2007
Wages and salaries	1,342	1,840
Social insurance contributions	231	210
Stock options granted (according to IFRS2)	511	1,275
	2,084	**3,325**

On average for the year, MOLOGEN had 36 (previous year: 34) employees (excluding members of the Board and temporary staff).

As of the balance sheet date, the employee structure (including temporary staff) was as follows:

	Dec. 31, 2008	Dec. 31, 2007
Board of Directors	2	3
Research and Development Staff (R&D)	35	32
Administration	7	9
	44	**44**

(19) AMORTIZATION

The amortization posted for intangible and tangible assets consists of scheduled amortization. Unscheduled impairments were not made.

in € thousand	2008	2007
Intangible assets	399	417
Tangible assets	109	119
	508	**536**

(20) OTHER OPERATING EXPENSES

Other operating expenses comprises the following:

in € thousand	2008	2007
Legal and consulting costs	655	552
Marketing/Investor Relations	453	550
Travel expenses	219	306
Administration costs	212	227
Patent costs	261	198
Rent	114	114
Maintenance	119	77
Fringe costs (personnel)	68	36
Impairments on receivables	33	20
Remaining other operating expenses	78	154
	2,212	**2,234**

(21) FINANCIAL RESULT

The interest and similar income shown in the financial result of €212 thousand (previous year: €304 thousand) consists of interest and financial credit (€211 thousand, previous year: €301 thousand) and interest on receivables (€1 thousand, previous year: €1 thousand). No other interest was accrued in the financial year (previous year: €2 thousand).

(22) TAX RESULT

Current tax assets and tax liabilities

No income taxes were reported in the financial year and prior year period.

Deferred taxes

Under German law, MOLOGEN's corporation tax loss carried forward of €34.6 million (previous year: €29.1 million) and the trade tax loss of €32.9 million (previous year: €27.4 million) can be set off against future taxable earnings. However, there is uncertainty regarding future possibilities for offsetting because tax legislation could change and future profitability is difficult to predict. For these reasons there has been no recognition of deferred tax receivables.

The composition of the deferred taxes as well as the respective value adjustments are shown in the following table:

December 31, 2007

Balance sheet item in € thousand	Discrepancy	Deferred tax prior to value adjustment	Value adjustment	Deferred tax after value adjustment
Intangible assets	-5	-2	2	0
Tangible assets	-40	-12	12	0
Overall deferred taxes		**-14**	**14**	**0**
Non-current liabilities	3	1	-1	0
Tax loss carried forward		8,534	-8,534	0
Overall deferred tax assets		**8,535**	**-8,535**	**0**
Subtotal deferred taxes		**8,521**	**-8,521**	**0**

December 31, 2008

Balance sheet item in € thousand	Discrepancy	Deferred tax prior to value adjustment	Value adjustment	Deferred tax after value adjustment
Intangible assets	0	0	0	0
Tangible assets	-16	-5	5	0
Overall deferred taxes		**-5**	**5**	**0**
Non-current liabilities	0	0	0	0
Tax loss carried forward		10,199	-10,199	0
Overall deferred tax assets		**10,199**	**-10,199**	**0**
Subtotal deferred taxes		**10,194**	**-10,194**	**0**

The accounting is based on a combined income tax rate of 30.2 %, which includes corporate and trade tax.

The following reconciliation of predicted and actual tax result is based on a tax rate of 30.2 % for 2008.

A tax rate of 43.4 % is applied in the corresponding prior year period that is based on the previously applicable general tax conditions.

in € thousand	2008	2007
Earnings before tax	-6,091	-6,471
Expected tax expenditure (+) / income (-)	-1,838	-2,807
Tax effects of the expenditure that is not tax-deductible	166	425
Tax effects of income to be tax-disregarded	-1	-2
Changing the value adjustment to deferred taxes	1,673	2,387
Effect from the change in tax rate	0	0
Unresolved discrepancy	0	-3
Expected tax expenditure (+) / income (-)	0	0

(23) EARNINGS PER SHARE (EPS)

Undiluted 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 financial 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 financial 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.

	2008	2007
Earnings before taxes (1) in € thousand	-6,091	-6,471
Weighted average number of ordinary shares for calculating the undiluted earnings per share in thousands	9,356	9,163
Dilution effect from the issue of stock options in thousands	0	0
Weighted average number of ordinary shares including the dilution effect in thousands	9,356	9,163
Undiluted EPS in €	-0.65	-0.71
Diluted EPS in €	– (2)	– (2)

(1) Earnings attributable to the owners of ordinary shares of the company.
(2) Stock options issued in the previous years did not result in any dilution effects as per IAS 33.41 et seq.

(24) NOTES ON THE CASH FLOW STATEMENT

The cash flow statement shows how the cash and non-cash funds of MOLOGEN have changed by cash inflow and outflow during the financial year. According to IAS 7, a distinction is made between payments from operational activity and from investment and financing activity.

The cash flow contains interest affecting income of € 242 thousand (previous year: € 267 thousand). No interest was paid (previous year: € 0 thousand).

F. NOTES ON THE EMPLOYEE PARTICIPATION PROGRAMS

The company has set up several share-based employee participation programs. The employees have received stock options that entitle them to subscribe to MOLOGEN shares at a predetermined price under certain conditions. MOLOGEN will create the necessary shares via capital increases, and has various sets of contingent capital for this purpose.

CONTRACTUAL CONDITIONS OF THE STOCK OPTION PROGRAMS

The contractual conditions on the basis of which persons entitled can exercise the granted stock options are summarized below.

The following conditions apply to all option programs:

Stock option
Each option grants the person entitled the right to subscribe to one bearer share with the notional par value of € 1.00.

Persons entitled
Members of the Board of Directors and company employees as well as the members of the management and employees of the German and international companies affiliated with the company.

Waiting period
Two years from the decision on allocation to the persons entitled.

Exercise periods
The options can only be exercised after expiry of the waiting period, then four weeks after publication of the quarterly reports or annual financial statements and four weeks after the shareholders’ meeting.

Strike price
This equates to the average market price of the share (arithmetical mean of the closing prices on the regulated market at the Frankfurt Stock Exchange or, after restructuring of the stock exchange segments, in the trading segment of this Stock Exchange in which the company’s share is traded) in the 60 trading days prior to the decision by the Board of Directors (if employee options are issued to the Board of Directors: by the Supervisory Board) on the respective allocation.

SPECIAL FEATURES OF THE RESPECTIVE STOCK OPTION PROGRAMS:

2002 stock option program

Duration

Up to Dec. 31, 2008.

Exercise price

Strike price plus 20 % as a performance target

2005, 2006 and 2007 stock option programs

Duration

Three years from the allocation date

Exercise price

Equates to the strike price

Performance target

The options can only be exercised if the average market price of the share (arithmetical mean of the closing prices on the regulated market at the Frankfurt Stock Exchange or, after restructuring of the stock exchange segments, in the trading segment of this Stock Exchange in which the company's share is traded) has increased by at least 10 % compared with the strike price at issue for each full year after issue of the option on the last 10 trading days prior to the exercise date.

BALANCE SHEET

The fair value of the granted stock options is calculated on the date of grant, taking into account the conditions under which the options were granted. The fair value for the 2002 stock option program was calculated using the Black-Scholes price equation (1); the fair values of the other programs were calculated using a Monte Carlo simulation model (2). The options arising from the 2002 stock option program were assigned to the employees before November 7, 2002 and are therefore not recognized in line with IFRS 2.53.

On the basis of past experience, the anticipated duration of the stock options for each stock option program initiated after 2005 was assumed to be 2.25 years. For the stock options issued in 2002, the maximum possible duration was assumed. These assumptions do not necessarily correspond to the actual exercise behavior of the persons entitled.

The considered volatility is based on the assumption that historical volatilities can suggest future trends. The historical volatility was considered over a period corresponding to the anticipated duration of the share options. The actual volatility may differ from the assumptions made.

The estimates of the yield curve on the bond market published by the Deutsche Bundesbank are used as the risk-free interest rates. In this respect, the interest rate that has an identical residual term or the nearest due date is selected.

The company does not currently pay a dividend to its shareholders. There was no change to this distribution policy during the term of the stock options. This will not necessarily equate to the actual dividends paid out later.

DEVELOPMENT DURING THE FINANCIAL YEAR

The Board of Directors issues stock options to employees of MOLOGEN. The Supervisory Board issues stock options to the members of MOLOGEN's Board of Directors. During the financial year 2007, no option rights (previous year: 259,010) were issued to those entitled to subscribe. On December 31, 2008, 3,000 stock options had not yet been allocated.

The table below contains the parameters applied to the valuation: (list)

Parameters	**Stock option program**								
	2002	2005a	2005b	2005c	2006a	2006b	2006c	2006d	2007
Dividend yield	0	0	0	0	0	0	0	0	0
Expected volatility (%)	45.50	54.60	62.06	62.10	63.12	62.59	62.06	62.10	53.41
Risk free interest rate (%)	4.73	2.38	4.00	4.01	3.56	3.71	4.00	4.01	3.80
Anticipated duration of option (years)	6.50	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Share price on date of issue (€)	4.00	5.38	8.10	8.05	7.25	8.75	8.10	8.05	6.90
Model	1	2	2	2	2	2	2	2	2

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

	2008 WAEP per option (€)	2008 Options (unit)	2007 WAEP per option (€)	2007 Options (unit)
Status January 1	**6.65**	**872,685[1]**	**6.24**	**650,675[1]**
Granted	–	0	7.46	259,010[2]
Forfeited	7.51	4,805	5.14	7,000
Exercised	5.14 [3]	61,500	5.14 [4]	30,000
Expired	5.26	52,000	0	0
Status December 31	**6.87**	**754,380**	**6.65**	**872,685**
Exercisable as per December 31 [5]	**6.55**	**496,150**	**5.20**	**113,500**

[1] This includes 5,500 stock options that were not accounted, in line with IFRS 2. These options were granted before November 7, 2002 and their underlying contractual regulations have not been changed since, so they do not have to be accounted according to IFRS 2.
[2] The weighted average fair value of the options granted during the financial year 2007 was € 2.16 per share.
[3] The weighted average share price when the options were exercised was € 7.38.
[4] The weighted average share price when the options were exercised was € 8.38.
[5] The only factor taken into account here is whether the waiting period of the options has already expired. All other contractual conditions, such as fulfillment of the performance were disregarded.

The weighted average residual contractual duration for the options outstanding as of December 31, 2008 is 1.03 years (2007: 1.87 years). The exercise prices for options outstanding at the end of the reporting period range between € 6.11 and € 7.76 (2007: € 5.14 and € 7.76).

G. OTHER FINANCIAL LIABILITIES

Lease agreements result in other financial liabilities of € 108 thousand for financial year 2009 and € 16 thousand for financial year 2010. Additionally MOLOGEN is encumbered with other financial liabilities of € 252 thousand for 2009, which must be reported. For 2010 to 2012 respectively, € 50 thousand remain as other financial liabilities.

H. NOTES ON THE TYPE AND MANAGEMENT OF FINANCIAL RISKS

1. FINANCIAL RISK MANAGEMENT

MOLOGEN has a risk management system for the detection, assessment and management of risk that could arise from the existing financial instruments. The risks arise from the cash income and expenses either carried out or planned and can take the form of default, liquidity and exchange rate risks. There are no interest risks or other price risks as the main financial instruments used by the company cover trade receivables and payables, cash and cash equivalents, other loans and granted loans.

The main purpose of the financial instruments is to finance the company's activities.

The secondary purpose is to utilize the investment opportunities to achieve interest earnings by the use of conservative and current products only.

The main indicators for the primary target are the level of indebtedness and the relationship between subscribed capital and overall equity.

2. RISKS ARISING FROM FINANCIAL INSTRUMENTS

MOLOGEN may be exposed to the following risks with regard to its assets, liabilities and scheduled transactions:

Default risks

MOLOGEN is exposed to a default risk as a result of its operating activities. Receivables are monitored constantly. Default risks were carried out by specific value adjustments D (3), D (6), D (8)). Collective specific value adjustments were not carried out.

The company did not take out any loans or grant any financial guarantees.

Liquidity risk

The company constantly monitors the risk of liquidity bottlenecks. To do so, the durations of the financial assets (e.g. receivables) and liabilities as well as expected cash flow from operating activities are monitored. If necessary, certain cost-intensive activities and projects may be postponed temporarily in order to reduce the outflow of funds.

MOLOGEN is either not exposed to the following **market risks** or its exposure is negligible:

Interest risk

There is no risk from fluctuations in the market interest rates as the company does not have any non-current or current financial liabilities that are subject to variable interest rates. The loans granted by the company were agreed at fixed interest rates and are not affected by fluctuations of the market interest rates.

Non-required funds are invested as fixed deposits for a maximum period of 3 month always at current market interest rates. Changes in the interest level are reflected in the amount of interest income.

Exchange rate risks

Nominated financial instruments in foreign currencies are only implemented by MOLOGEN in a very limited capacity. The exchange rate risk can therefore be classified as very low.

Other price risks

With regard to presenting market risks, IFRS 7 requires information on the way in which hypothetical changes of risk variables affect the prices of financial instruments. Market prices in particular are regarded as risk variables. However, the company does not hold any shares in listed companies. There is no other price risk.

3. CATEGORIES OF FINANCIAL INSTRUMENTS

in € thousand	Dec. 31, 2008	Dec. 31, 2007
Intangible assets		
Loans and receivables valued at amortized costs		
Financial assets	0	0
Trade receivables	140	107
Cash funds [1]	3,324	8,040
Other financial assets [1]	109	189
Financial liabilities		
Valued at amortized costs		
Liabilities towards banks	4	0
Trade liabilities	454	390
Other financial liabilities	243	193

[1] Fixed-term deposits of € 13 thousand (previous year: € 13 thousand) are bonded for a guarantee at the same level. They serve as collateral for fulfilling the liabilities arising from a lease agreement and will be returned to MOLOGEN at the end of the lease relationship. The reporting is made under other financial assets in the financial year. The reporting from the previous year under cash and non-cash funds was not adjusted.

The book values of the financial assets and the financial liabilities were made at fair value.

The evaluation of the financial assets and the financial liabilities of MOLOGEN are explained under C "Accounting and accounting methods".

New and re-classifications were neither made in the financial year nor in the corresponding prior year period.

In the financial year, expenditure from exchange rate loss of € 3 thousand (previous year: € 3 thousand) is shown.

Development of the impairment of the financial instruments:

in € thousand	Impairments of			
	Financial assets	Trade receivables	Other financial assets	Total
Status on Jan. 1, 2007	**727**	**631**	**565**	**1,923**
Increase / decrease in impairment recognized in income	0	20	-2	18
Derecognition of the impairment recorded	357	0	0	357
Status on Dec. 31, 2007	**370**	**651**	**563**	**1,584**
Increase / decrease in impairment recognized in income	0	12	-3	9
Derecognition of the impairment recorded	0	-51	0	-51
Status on Dec. 31, 2008	**370**	**612**	**560**	**1,542**

The non value-adjusted receivables of € 21 thousand of previous years were booked out in the financial year (€ 0 thousand).

I. INFORMATION ON AFFILIATED PERSONS AND THE COMPANY

INFORMATION ON THE BOARD OF DIRECTORS

1. The following persons belonged to the **Board of Directors** of MOLOGEN in the financial year:

- Dr. Matthias Schroff, Chief Executive Officer, Berlin, (Chairman of the Board from Jan. 1, 2008 to Dec. 31, 2010)
- Mr. Jörg Petraß, Chief Financial Officer, Berlin, (from Feb. 1, 2007 to Jan. 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 the following non-performance-related and / or performance-related remuneration:

in € thousand		Dr. M. Schroff	J. Petraß	Total
Non-performance related remuneration	**2008**	**120**	**100**	**220**
	2007	100	92	192
Performance related remuneration	**2008**	**0**	**0**	**0**
	2007	100	75	175
Other remuneration	**2008**	**0**	**5** [1]	**5**
	2007	0	0	0
Sum of directly paid remuneration	**2008**	**120**	**105**	**225**
	2007	200	167	367

[1] The amount is a result of stock options that were issued prior to the appointment to the Board of Directors.

b) Remuneration components with long-term incentive effect

The members of the Board of Directors did not receive any stock options as remuneration component with long-term incentive effect in the financial year.

Member of the Board		Issued subscription rights: Units	Issued subscription rights: Fair value on date of issue in € thousand	Total personnel expenditure from stock options in the relevant financial year in € thousand
Dr. M. Schroff	**2008**	**0**	**0**	**163**
	2007	55,000	112	208
J. Petraß	**2008**	**0**	**0**	**139** [2]
	2007	55,000	112	123 [1]
Total	**2008**	**0**	**0**	**302**
	2007	110,000	224	331

[1] This includes personnel expenditure of € 114 thousand from stock options that was issued prior to the appointment to the Board of Directors.
[2] This includes personnel expenditure of € 83 thousand from stock options that was issued prior to the appointment to the Board of Directors.

c) Other

Payments from third parties regarding activity as a director were not promised or granted to any member of the Board of Directors in the financial year.

INFORMATION ON THE SUPERVISORY BOARD

The following persons belonged to the **Supervisory Board** of MOLOGEN in the financial year:

- Dr. Mathias P. Schlichting, Attorney at law, Hamburg (Chairman) (Membership in other supervisory bodies: None)
- Mr. Gregor Kunz, Auditor, Tax Consultant, Berlin (Membership in other supervisory bodies: Member of the Supervisory Board in the following companies: Odeon Film AG, Berlin, DRIAG Deutsche Real Invest AG, Berlin (until October 2008), Konsumgenossenschaft Berlin und Umgegend eG, Berlin (since February 2008); membership of other advisory boards: Berliner Volksbank e. G., Berlin; GESTRIM Deutsche Fondsmanagement GmbH, Berlin)
- Ferdinand Graf von Thun und Hohenstein, Entrepreneur, Munich (membership of other supervisory boards: SALVATOR Grundbesitz-Aktiengesellschaft, Munich: Chairman of the Supervisory Board)

The remuneration of the Supervisory Board amounted to € 80 thousand in 2008 (previous year: € 80 thousand). There was also remuneration for attending meetings totaling € 14 thousand (previous year: € 8 thousand). There were no consultation services (previous year: € 0 thousand).

INFORMATION ON THE SCIENTIFIC ADVISORY BOARD

The following persons were members of MOLOGEN's **Scientific Advisory Board** during the reporting year:

- Prof. Dr. Burghardt Wittig
  Co-founder and former Chairman of the Board of Directors of Mologen AG. Professor for Molecular Biology and Biotechnology at the Freie Universität Berlin.
- Prof. Dr. Hans Lutz, FVH, FAMH
  Professor for Internal Veterinary Medicine, Head of the Veterinary Medicinal Laboratory and Vice Dean of Planning and Research at the University of Zurich.
- Dr. Ulrich Granzer
  Founder and Managing Director of "Granzer Regulatory Consulting & Services" based in Munich.
- Dr. Martin Weihrauch
  Assistant physician in the Clinic for Internal Medicine (Hematology and Oncology) at the University of Cologne.

During the reporting period, the members of the Scientific Advisory Board received remuneration totaling € 90 thousand (previous year: € 17 thousand). There was also remuneration for attending meetings totaling € 4 thousand (previous year: € 0 thousand). On Dec. 31, 2008, there were advance payments for travel expenses of € 12 thousand (previous year: € 0 thousand).

J. OTHER INFORMATION

INFORMATION ON RELEVANT EVENTS AFTER THE BALANCE SHEET DATE

In March 2009, a total of 425,000 shares were placed with institutional investors under exclusion of subscription rights within the framework of a capital increase. As a result, the corporation's subscribed capital has increased by 4.5 % to EUR 9.8 million. The corporation will obtain liquid funds in the gross amount of about EUR 2.8 million. Filing of the capital increase for entry with the respective commercial register is scheduled to take place in March / April 2009.
As a result of this inflow of funds, the continuance of the company and the planned research activities are secured for at least the next 12 months.

DECLARATION OF THE BOARD OF DIRECTORS ON THE GERMAN CORPORATE GOVERNANCE CODE

In accordance with Section 161 of the German Stock Corporation Act, the Board of Directors and Supervisory Board of MOLOGEN published their statement regarding conformity with the German Corporate Governance Code for 2008 on the company's website in March 2008, thus making it available to all shareholders in the 2007 annual report. The declaration for 2009 is expected to be published, and be made continuously accessible, on the company's website in March 2009 for the shareholders, as well as in the 2008 annual report.

ADOPTION OF THE ANNUAL FINANCIAL STATEMENT

The annual financial statement was approved by the Board of Directors and released for publication on March 27, 2009.

Berlin, March 27, 2009

Board of Directors

M. Schroff

Dr. Matthias Schroff
Chief Executive Officer

Jörg Petraß
Chief Financial Officer

AUDITOR'S REPORT

To Mologen AG, Berlin:

We have audited the financial statements prepared by Mologen AG comprising the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the financial statements in accordance with IFRS as adopted by the EU for the business year from January 01 to December 31, 2008. The preparation of the financial statements in accordance with IFRS as adopted by the EU is the responsibility of the Board of Directors of Mologen AG. Our responsibility is to express an opinion on the financial statements based on our audit.

We have conducted our audit of the financial statements in accordance with § 317 HGB ("Handelsgesetzbuch", "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of Mologen AG and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the financial statements comply with IFRS as adopted by the EU and give a true and fair view of the net assets, financial position and results of operations of Mologen AG in accordance with these requirements.

Leipzig, March 27, 2009

Rölfs WP Partner AG
Wirtschaftsprüfungsgesellschaft

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

Mologen AG, Berlin
Financial statements as of December 31, 2008 in accordance with IFRS – as adopted by the EU –

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual 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, March 27, 2009

Board of Directors

Dr. Matthias Schroff Chief Executive Officer	**Jörg Petraß** Chief Financial Officer

CORPORATE CALENDAR 2009

March 30, 2009	Annual financial statements 2008
May 6, 2009	Entry and General Standard Conference Analysts / Investors Presentations Frankfurt / Main
May 14, 2009	Interim Report according to Article, 37x of the WpHG
May 19, 2009	Annual General Meeting 2009
Aug. 13, 2009	Half Year Report 2009
Nov. 09, 2009	Interim Report according to Article 37x of the WpHG

IMPRINT

PUBLISHER

MOLOGEN AG . Fabeckstraße 30 . 14195 Berlin
Phone: +49 (0)30 84 17 88 - 0 . Fax: +49 (0)30 84 17 88 - 50 . Internet: www.mologen.com . E-Mail: info@mologen.com

CONCEPT AND DESIGN

Ramona Weitzenberg, Berlin . www.avocado-design.de

PHOTOS

istockphoto: © pixhook: Cover . © JurgaR: page 3, 4 . © VikramRaghuvanshi: page 14 . © LajosRepasi: Cover, page 3, 18