MOLOGEN AG

ANNUAL REPORT

2009

KEY DATA ACCORDING TO IFRS

in million €	2009	2008	2007
Results			
Revenues	0.1	0.2	0.2
Personnel expenses	2.2	2.1	3.3[1]
EBIT	-6.4	-6.3	-6.8[1]
Net loss for the year	-6.3	-6.1	-6.5[1]
R + D expenses	4.8	4.4	4.1
EPS in € (basic)	-0.64	-0.65	-0.71[1]
Statement of financial position			
Cash and cash equivalents	6.2	3.3	8.0
Non-current assets	1.9	2.2	2.7
Current assets	6.7	3.8	8.6
Non-current liabilities	0.0	0.0	0.2
Current liabilities	1.1	0.8	0.6
Equity	7.4	5.2	10.5
Equity ratio	86%	86%	93%
Cash flow statement			
Cash flows from operating activities	-5.1	-5.0	-5.2
Cash flows from investing activities	0.0	0.0	1.0
Cash flows from financing activities	8.1	0.3	5.8
Number of employees as of Dec. 31	**44**	**44**	**44**
MOLOGEN share			
Outstanding shares as of Dec. 31	10,143,348	9,378,348	9,316,848
Year end price in €	7.38	6.30	6.70

[1] Figures have been adjusted according to IAS 8.42 Please refer to the annual report 2008.

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01 TO THE SHAREHOLDERS

Jörg Petraß, Dr. Matthias Schroff

Dear Shareholders,

The 2009 financial year was extraordinarily eventful for MOLOGEN: We made major steps forward in the development of our most promising product candidate. Moreover, we succeeded in guaranteeing financing for all further planned activities and clinical studies well into 2011. Capital increases, successful even amid the current challenging market climate, have once again demonstrated your trust in MOLOGEN AG and our product pipeline. This gives us great hope for the future.

Our cancer medicine MGN1703 is now in its crucial clinical trial phase. Having demonstrated the excellent tolerability of MGN1703 in the phase Ib study last year, we will now be examining its efficacy in treating metastatic colorectal cancer in the Phase II clinical study. We gained approval for this Phase II study in March 2010, and will begin treating the first patient shortly. The results of the Phase II study with MGN1703 will be available after an interim analysis, which is to be undertaken nine to ten months after the beginning of the study.

This makes MOLOGEN one of the few biotechnology companies worldwide with a well-tolerated DNA-based cancer therapy in its clinical stage. Our product development is aimed at a global market with a revenue potential of several billions of US dollars: In view of the increasing incidence of cancer worldwide, the medical need for improved therapies is high. The therapeutic approach of immunomodulation could mean a breakthrough in efficacy and tolerability.

We have also made important progress with other medicines: In November 2009, we submitted an application for the approval of a Phase I/II clinical study for MGN1601, our cell-based gene therapy for the treatment of advanced kidney cancer. Safety information as well as initial, provisional efficacy data for MGN1601 will be available after the first therapy cycles and the following observation period. We are pleased that we will soon be able to enter the clinical trial phase with another innovative product candidate. In 2006, MGN1601 was granted "orphan drug status" by the European Commission, securing a ten-year marketing exclusivity within the European Union.

We have also made progress in developing our MIDGE®-based DNA vaccine MGN1331 for human leishmaniasis. As a member of an international project consortium, MOLOGEN received financial support for the years 2009 to 2011 to develop a DNA vaccine against this infectious disease. The funding is part of the 7th Framework Programme of the European Union. The total funding for the project amounts to 3 million euros during a 3-year project term.

Once again in 2009, MOLOGEN's financial performance went according to plan: At 0.1 million euros, revenue for the 2009 financial year was close to the level of the previous year (0.2 million euros). On the other hand, other operating income rose to 0.3 million euros from funding, well above the figure of the previous year (0.0 million euros). Naturally, the results continued to be impacted by research and development expenditures in 2009 as well: The company channeled a total of 4.8 million euros (IFRS; 2008: 4.4 million euros) toward research projects. The net loss rose slightly, reaching 6.3 million euros (2008: 6.1 million euros).

With the admission to the Prime Standard in June 2009, the company is now listed in the exchange segment with the highest transparency and publicity requirements of Deutsche Börse. We hope to make our share more attractive over the long term and to increase its liquidity this way. Moreover, in doing so we meet the requirements of Deutsche Börse for inclusion in one of the selection indices.

We look ahead optimistically to the 2010 financial year and to making further advances with our medicines. We thank you, our shareholders, for the confidence you have shown in us, and look forward to your continued support.

Dr. Matthias Schroff
Chief Executive Officer

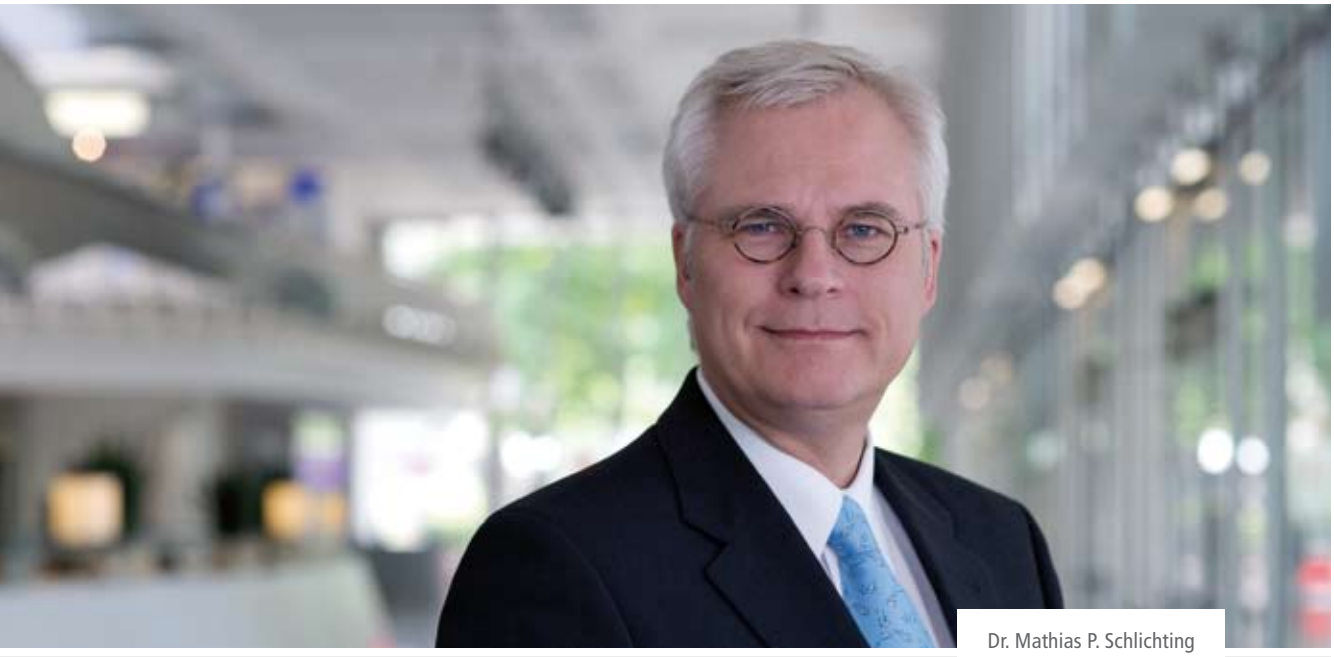
Jörg Petraß
Chief Financial Officer

REPORT OF THE SUPERVISORY BOARD

In the 2009 financial year, the Supervisory Board once again supported and advised the Board of Directors in its work and monitored its management of MOLOGEN AG. To this end, the Supervisory Board was once again supported by the Board of Directors in a regular, timely, and comprehensive manner on the basis of written and verbal reports. The reports contained all relevant information regarding business planning, business development and on the position of the company, including risk position, risk management and compliance. Business developments that deviated from the approved plans were reported on, accounted for, and discussed. The Board of Directors consulted the Supervisory Board about the strategic direction of the company and discussed with the same all business processes significant for the company - particularly the further development of the company. The Supervisory Board was involved in all decisions that were of fundamental importance for the company. The Supervisory Board passed resolutions and performed the tasks entrusted to it as stipulated by law or the Articles of Association.

The Supervisory Board held four regular meetings, which were also attended by the Board of Directors. The topics dealt with were comprehensively presented by the Board of Directors. The Supervisory Board and the Board of Directors extensively discussed the potential options for action.

The main focus of the discussion was on the preparation and implementation of the clinical development programs of the company. This primarily involved the clinical study with the cancer medicine MGN1703, as well as the preparation of a continuative clinical study, but also the preparation of a clinical study with the cell-based gene therapy for the treatment of kidney cancer, MGN1601. Furthermore,



Dr. Mathias P. Schlichting

the Supervisory Board intensively concerned itself with the financial situation and the respective capital increases in this regard. In addition, the focus of the work of the Supervisory Board included the areas of business development and partnering, the upgrade to the Prime Standard on the Frankfurt Stock Exchange and the corresponding further obligations arising from the approval, the area of Investor Relations as well as the re-appointment of the members of the Board of Directors.

The Supervisory Board also intensively and regularly concerned itself with the position of MOLOGEN AG outside of these meetings. In the intervals between the meetings, the Supervisory Board has been kept fully and promptly informed as part of regular reports regarding the earnings, financial and asset situation, recognizable opportunities and risks in terms of future business development as well as

regarding any special events that have arisen, and has been involved in the fundamental decision-making process. To the extent necessary, resolutions were passed by circulation. Decisions requiring specific approval were not made in the financial year 2009.

At the Annual General Meeting that took place on May 19, 2009, all members of the Supervisory Board were re-elected for another term. Consequently, Dr. Mathias P. Schlichting was re-elected to be the chairman by the Supervisory Board as part of the constituent meeting.

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 General Meeting held on May 19, 2009, the accounting firm, Rölfs WP Partner AG Wirtschaftprüfungsgesellschaft, was elected as auditor for the financial year ending on December 31, 2009. As mandated by the Supervisory Board, both the annual financial statements from December 31, 2009 and the management report for the 2009 financial year were audited by Rölfs WP Partner AG Wirtschaftsprüfungsgesellschaft, and have been furnished with an unqualified auditor's opinion.

In addition, the Board of Directors prepared separate financial statements pursuant to Section 325 Para 2a HGB [German Commercial Code] as of December 31, 2009 according to IFRS as applied in the EU as well as a management report for the

2009 financial year. The separate financial statements were also audited by Rölfs WP Partner AG Wirtschaftsprüfungsgesellschaft and have been furnished with an unqualified auditor's opinion.

All auditor's 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 12, 2010 in the presence of the Board of Directors and the auditor.

At the accounting meeting, the Supervisory Board approved and adopted the financial statements as of December 31, 2009, the separate financial statements according to Section 325 Para. 2a HGB as of December 31, 2009 according to IFRS as applied in the EU, and the management report for the 2009 financial year.

The Supervisory Board would like to thank the Board of Directors and all employees, and recognizes their successful work in the past financial year.

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

Berlin, 12 March, 2010

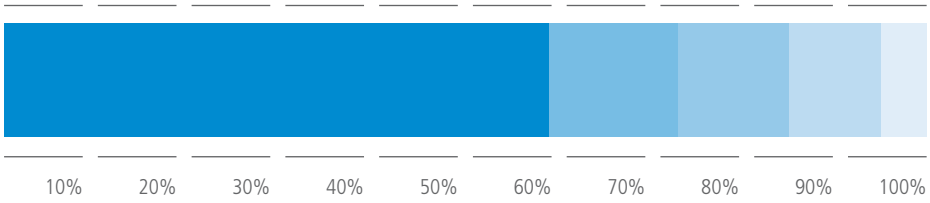
Dr. Mathias P. Schlichting
Chairman

THE MOLOGEN SHARE IN 2009

Share information	
Stock exchange abbreviation	MGN
ISIN	DE 000 663 7200
WKN	663 720
Market segment	Regulated Market (since June 10, 2009: Prime Standard; before: General Standard)
Trading exchanges	XETRA, Frankfurt, Berlin, Düsseldorf, Hamburg, Munich, Stuttgart
Designated sponsor	Close Brothers Seydler AG

Key Data	2009	2008
First trading day (€)	6.45	6.90
Last trading day (€)	7.38	6.30
Year high (€)	7.80	8.19
Year low (€)	5.70	4.61
Year average (€)	6.79	6.56
Number of shares outstanding on December 31	10,143,348	9,378,348
Weighted number of shares	9,848,992	9,355,978
Average market capitalization (Mio. €)	66.87	61.38
Average trading volume (shares)	6,035	14,857
Performance IPO to December 31 (%)	-4	-18

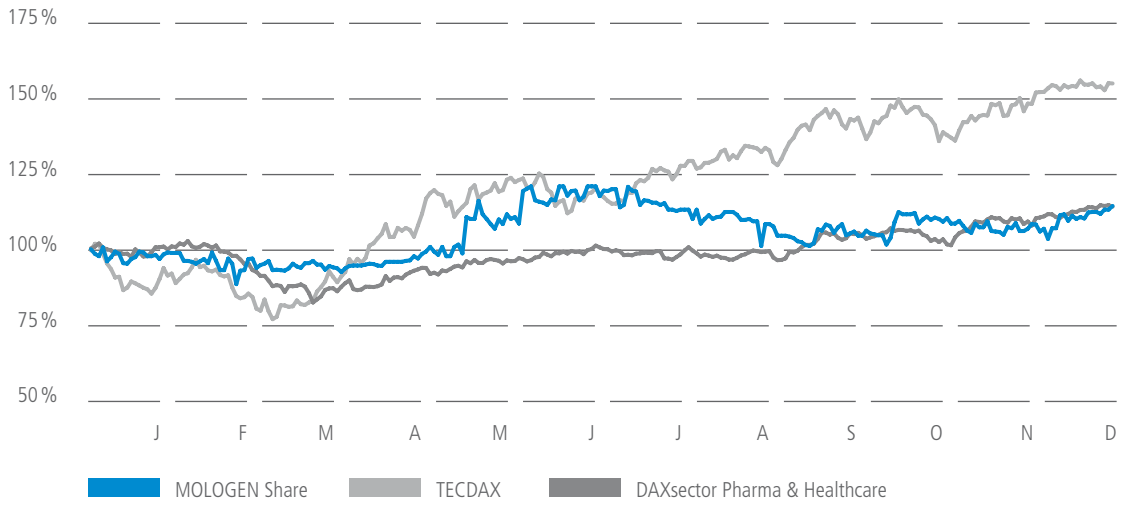
SHARE OWNERSHIP ON DECEMBER 31, 2009



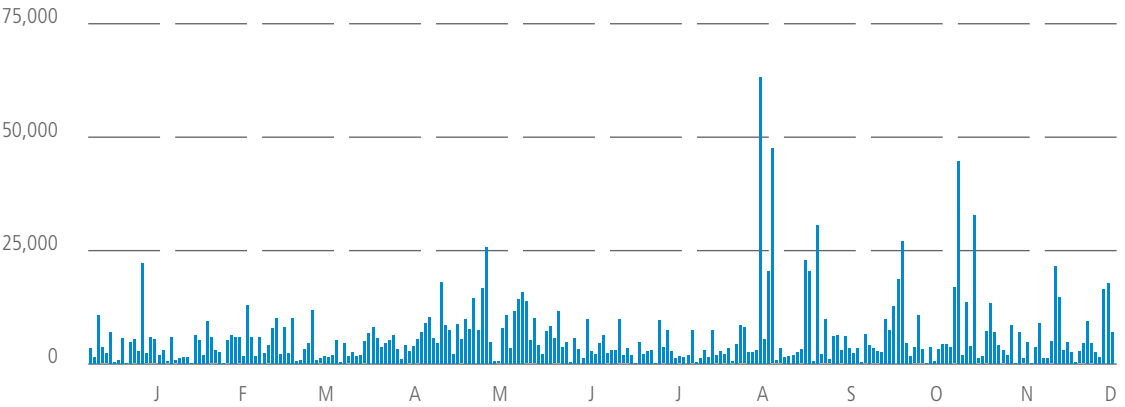
- 59% Free float
- 14% Bâloise Holding, Basel, Switzerland
- 12% SALVATOR Vermögensverwaltungs GmbH, Munich
- 10% Deutscher Ring Krankenversicherungsverein a.G., Hamburg
- 5% BUCHRI GmbH, Berlin

MARKET TREND OF THE MOLOGEN SHARE (JANUARY 2, 2009 UNTIL DECEMBER 30, 2009)

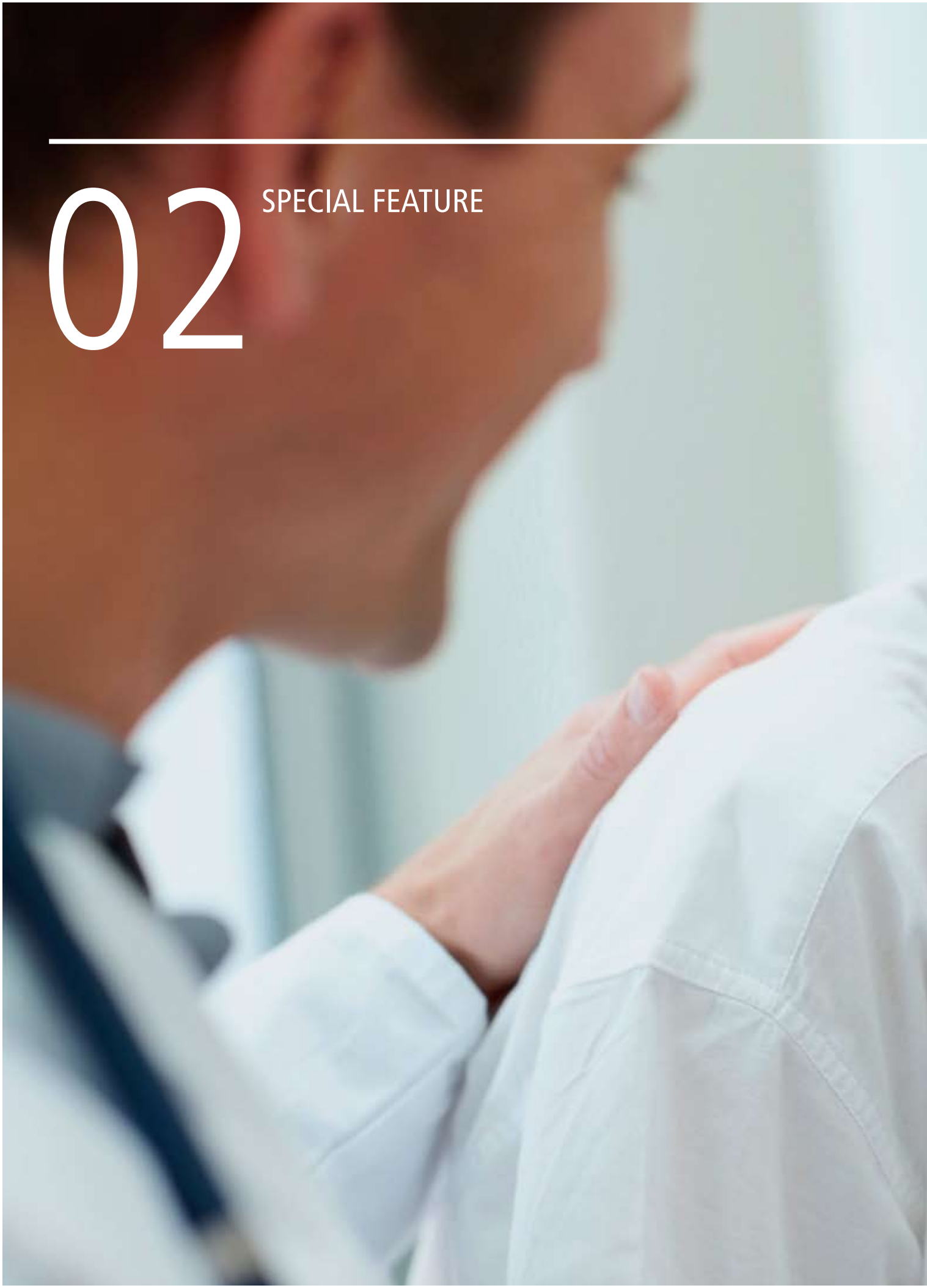
PERFOMANCE COMPARISON (JANUARY 2, 2009 UNTIL DECEMBER 30, 2009)

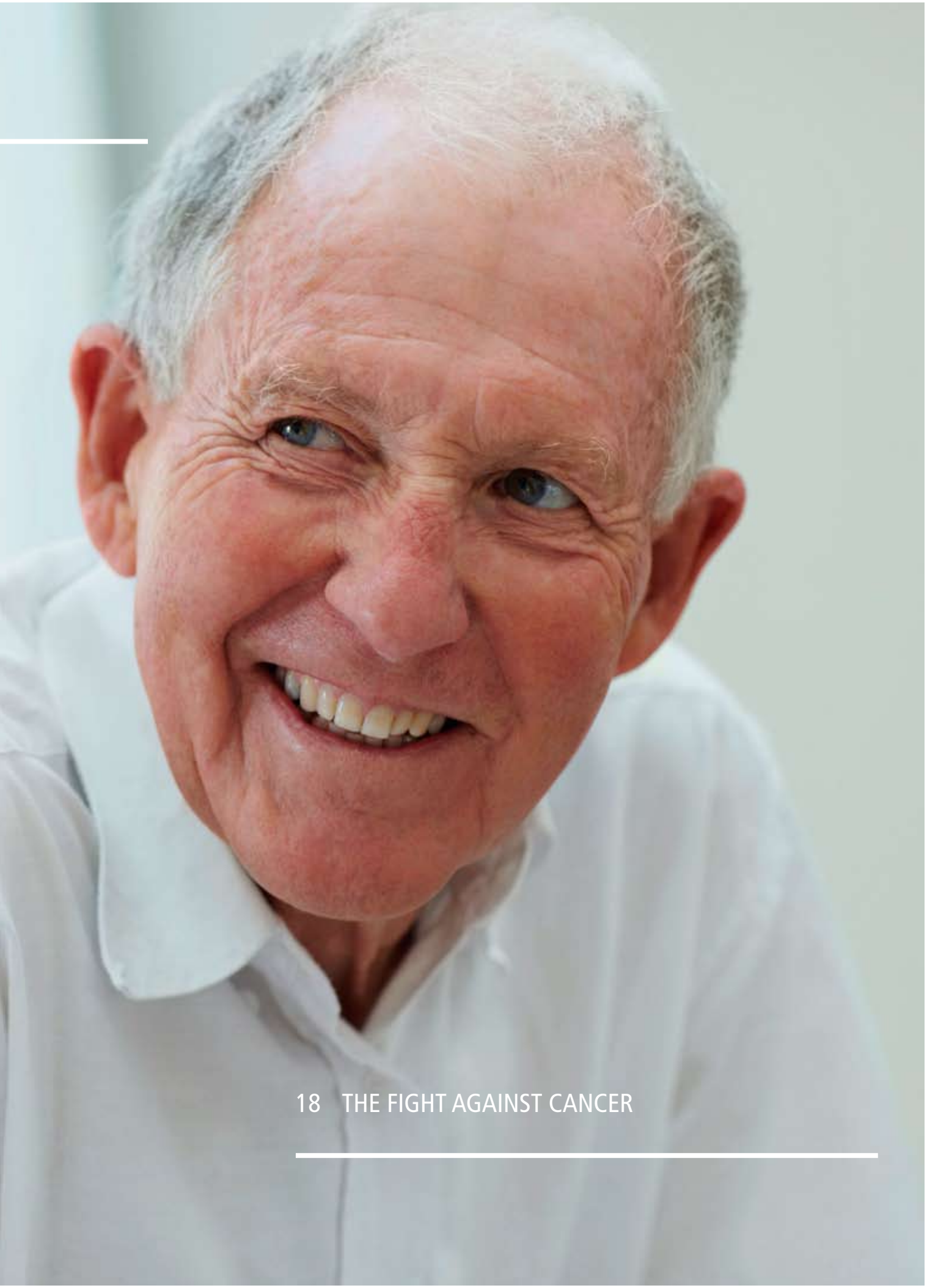


TRADING VOLUME (SHARES)



02 SPECIAL FEATURE





18 THE FIGHT AGAINST CANCER

THE FIGHT AGAINST CANCER

Every year, more than 1 million new cases of colorectal cancer are diagnosed worldwide. This makes it one of the most frequently occurring forms of cancer. Unfortunately it is also the second most frequent cancer-related cause of death in Western industrialized countries.

MOLOGEN is developing a medicine for the treatment of colorectal cancer. It is based on a technology that activates the immune system and uses naturally occurring immune cells to fight cancer cells. It is thus aimed at delaying the progress of cancer for longer than it is possible with currently available drugs.

CANCER MEDICINE IN CRUCIAL TEST PHASE

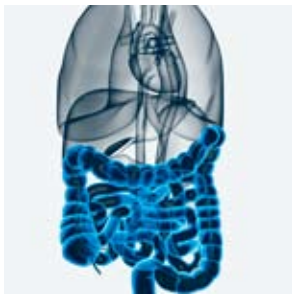
The active ingredient, called MGN1703, is now in the crucial clinical test phase. Having demonstrated its excellent tolerability in the preceding phase Ib study, the drug's efficacy in treating metastatic colorectal cancer is being investigated in the phase II clinical study, making MOLOGEN one of the few biotechnology companies worldwide with a safe and well-tolerated DNA-based cancer therapy in the clinical stage.

If, as it is expected, the drug and the technology of MOLOGEN successfully pass this clinical phase, MOLOGEN will be able to apply the technology used in MGN1703 also for the treatment of other solid tumors such as breast or prostate cancer as well.

COLORECTAL CANCER – ONE OF THE MOST FREQUENT CAUSES OF DEATH

Currently available statistics[1] show that 24.6 million people around the world are afflicted with cancer - and this number is expected to rise to an estimated 30 million by 2020. These figures clearly show an enormous need in medicine for effective forms of therapy.

In Europe, colorectal cancer accounts for roughly 13 percent of the most frequently occurring cancers[2] and takes second place among cancer-related causes of death. People over 50 are most frequently affected. In roughly 25 percent of patients, the disease is not diagnosed until it is already at an advanced stage.



In most cases, advanced colorectal cancer is treated with chemotherapy in combination with antibodies. Standard combination therapy extends the life of a patient significantly, but frequently brings with it serious side effects and problems with resistance, thereby compromising the patients' quality of life to a considerable degree.

[1] World Health Organization (WHO)
[2] Van Cutsem, Oliveira, 2009

ADVANCES IN CANCER THERAPY

Within the last few years, significant progress has been made in the area of cancer therapy. Still, many of those currently established standard therapies take a heavy toll on patients' immune systems, further weakening their overall health. To prevent this in the future, cancer researchers are working intensively not only on effective but also on well-tolerated therapies and drugs.

Immune therapy, which targets the cellular level, is showing particular promise. The toll-like-receptor 9 (TLR9) plays a central role here. Substances that bind to TLR9 and cause the immune system to be activated to a greater degree are being hailed as the best hope of immune therapy. Known as TLR9 agonists, these substances have been an important focus of research at international pharma and biotech companies for several years.

MGN1703 – A DNA-BASED CANCER MEDICINE

The cancer medicine MGN1703 is a DNA-based immunomodulator and TLR9 agonist developed by MOLOGEN for the immune therapy of patients with metastatic, solid tumors. MGN1703 is used to activate the immune system against tumor-associated antigens by targeting various receptors, primarily TLR9, in certain immune cells. Chemotherapy and radiation therapy result in the release of tumor-associated antigens by cancer cells. When activated by MGN1703, the immune system is able to overcome the fatal tolerance for cancer cells and their antigens and counteracts them in a targeted manner.

This technological approach to activating the immune system is what distinguishes MGN1703 significantly from other cancer medications.

IMPORTANT MILESTONE – EFFICACY STUDY WITH MGN1703

In the fourth quarter of 2009, MOLOGEN completed a phase Ib clinical study of MGN1703. The findings of the study show an excellent safety profile, very good tolerability, and promising potential efficacy of the drug.

In a next step, the phase II study will investigate the efficacy of MGN1703 in the treatment of patients with metastatic colorectal cancer. In March 2010, German and Austrian competent authorities, the Paul-Ehrlich-Institut, and the Federal Office for Safety in Health Care, approved to the conduction of this study. Once the responsible ethics commissions have granted their approval, MOLOGEN will begin treating the first patient.

The clinical study will be conducted at several research centers in Germany and Austria. Other research centers in the UK, Russia and other countries are expected to follow as soon as the respective authorizations are granted there. The study is designed as a randomized, double-blind, placebo-controlled, multicenter phase II clinical study to investigate the efficacy and safety of subcutaneously administered MGN1703 (IMPACT-study).

The primary objective of the study is to prove that MGN1703 can significantly delay the further progression of tumors. In addition to other efficacy parameters, the safety parameters will be thoroughly investigated, as they have been studied in all other clinical studies of MGN1703. The primary endpoint is the median survival of patients without progression as calculated on the basis of radiological and clinical parameters. The secondary endpoints are the immune system's reactivity and the safety profile of MGN1703.

This clinical study will include patients with advanced colorectal cancer who responded to the standard chemo-immune first-line therapy. Therefore, it can be ruled out that the patients' immune systems have been damaged by previous therapy lines and by the tumor load like it has been the case in the preceding phase Ib study. It is expected that this will cause patients to respond even better to MGN1703 therapy.

A POTENTIAL BLOCKBUSTER MEDICINE

MOLOGEN hopes to establish MGN1703 on the market as an effective and safe medicine for the treatment of the most frequently diagnosed cancers. Initial findings in the phase II

study will already be available nine to ten months after the study begins. Overall, the study could last up to three years.

MOLOGEN intends to license MGN1703 and to conduct further clinical development of the prospective blockbuster together with an international pharma partner.

Due to its universal mode of action, the dSLIM® technology developed by MOLOGEN and also used in MGN1703 offers numerous potential applications for the treatment of other malignant tumors as well. This facilitates the company significant potential for further promising product candidates.

dSLIM® ACTIVATES THE BODY'S OWN IMMUNE CELLS FOR THE FIGHT AGAINST THE CANCER CELLS

"Our MGN1703 uses the patient's immune system to fight cancer cells," explains Dr. Matthias Schroff, CEO of MOLOGEN AG. "Its therapeutic approach of immunomodulation enables a widespread activity on the entire tumor process. So it is not limited to only one of numerous mechanisms of the tumor development as it is the case with many other cancer drugs available today. With our innovative approach, we hope to make an important contribution to improving the treatment of cancer patients."

03 MANAGEMENT REPORT

MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2009

This Management Report is based on the annual financial statements in accordance with the German Commercial Code (HGB). It also references the individual financial statement pursuant to Section 325 Para. 2a HGB in accordance with the IFRS as applied in the EU. Mologen AG intends to only disclose the individual financial statement pursuant to Section 325 Para. 2a HGB in accordance with the IFRS as applied in the EU pursuant to the stipulations of the German Commercial Code.

Financial figures presented in the Management Report always follow the principles of the stated accounting regulation. When there is no reference to the accounting regulation, the information disclosed pursuant to the German Commercial Code and the IFRS as it is applied in the EU does not differ.

BUSINESS ACTIVITY AND STRATEGY

Mologen AG (hereinafter referred to as: MOLOGEN) was founded in 1998 with registered offices in Berlin, Germany and is actively involved in the biotechnology sector. The company is listed on the stock exchange. MOLOGEN researches innovative medicines to treat cancer and infectious diseases.

For this purpose, MOLOGEN has researched and developed its own technologies over the past few years, which enable the use of DNA (desoxyribonucleic acid, the carrier of genetic information for all living organisms) as a form of medication to treat or facilitate the treatment of diseases that were previously not or only insufficiently treatable. The technologies have been patented and are marketed under the trademarks MIDGE®, MIDGE®-Th1 and dSLIM®.

MOLOGEN develops new medicines and treatment applications with these technologies. In order to develop optimal product candidates, MOLOGEN applies the technologies individually and in combination. For the extensive clinical studies that are necessary to achieve the approval and marketability, MOLOGEN intends to enter partnerships with pharmaceutical companies and other business partners. These co-operation partners will not only invest in the development costs, but also cover parts of the payments for the transfer of knowledge, performance-based milestone payments as well as revenue-based licensing fees in conjunction with the marketing of a product.

Since MOLOGEN focuses on the research and development of therapies against diseases that have extensive medical requirements, this business model has an extraordinary potential yield associated with a successful implementation. To achieve full exploitation of this potential, it is, however, necessary to conduct and finance further developments.

The short, medium and long-term potential yield of the business model can be characterized as follows:

- Delivery of base materials for molecular medicine, out-licensing of proprietary technologies and product candidates,
- medium-term potential yield through the out-licensing of proprietary technologies and product candidates and the resulting advance and milestone payments for development results, licenses and co-operation services,
- long-term potential yield for profit-sharing in drug sales as well as milestone payments for out-licensed product development.

The successful research and development of proprietary technologies and product candidates are a prerequisite for the exploitation of these potential yields. Research and development of new medicines is always associated with high risk and extensive financial requirements.

Any negative results from research and development activities can potentially lead to risks that impact the development of the company. The same applies if there is a future shortage of liquid assets to finance additional research and development of proprietary technologies and product candidates.

MOLOGEN does not prepare segment reports, because the technologies and product candidates are still in the research stage. It is not possible to allocate cash flows and respective expenses to individual product candidates and technologies, because different combinations of MOLOGEN's own as well as licensed technologies are used for different product candidates. On this basis, segment reporting would not provide additional information compared to the other annual report components and the information that is contained in the Management Report.

LEGAL FRAMEWORK CONDITIONS

The regulatory framework conditions for research and development of new pharmaceuticals are particularly relevant for MOLOGEN. This area is subject to regular changes and further development. Among other events during the reporting period, there was an amendment of the German Drug Law with its 15th amendment becoming effective in July of 2009. Overall, the amendments of the framework conditions have not had a disproportionately strong impact on the business activity of MOLOGEN.

The framework conditions in the public health sector, especially in the EU and in the USA, are relevant for the market potential of MOLOGEN's own product candidates as well as the continuous cost pressure in the healthcare systems in particular.

PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE INDICATORS

The activities focus on the research and development of proprietary product candidates and technologies with the objective to out-license those to pharmaceutical partners.

It is therefore essential that sufficient liquidity be ensured to carry out the research and development programs to the planned extent and in the scheduled time frame and to use the newly discovered data to support the out-licensing efforts. Since MOLOGEN does not yet have any considerable regular revenue from licensing agreements, the amount of the liquid assets represents the essential financial performance indicator. On December 31, 2009, liquid assets amounted to € 6.2 million (Dec. 31, 2008: € 3.3 million), strengthened in particular through the issuance of new shares.

NON-FINANCIAL PERFORMANCE INDICATORS

For the most part, the successful out-licensing will depend on the patent protection for the proprietary product candidates and technologies. MOLOGEN therefore strives to continuously expand the patent portfolio in a sensible way to protect new technologies, products, and processes through patents. On December 31, 2009 the company owned 22 patent families and 176 individual patents (including those patents that are slated to be issued). Furthermore, 66 patent applications were pending (December 31, 2008: 21 patent families, 172 individual patents including those patents that were slated to be issued, 69 pending patent applications).

COMPENSATION REPORT

The Board members receive a fixed compensation component, which is paid in monthly partial amounts, as well as a variable compensation component, which is only paid when performance objectives have been met. The Supervisory Board determines the respective performance objectives for the individual Board members. In addition, the Board members receive subsidies for health insurance up to the amount of the legally stipulated employer contributions for those who are voluntary members of an insurance plan. The members of the Board of Directors also receive reimbursements for expenses that they have incurred in conjunction with their work. In addition, the Board members have been granted share options as a long-term performance-based compensation within the parameters of previous share option programs. No regulations have been specified in the event of a premature termination of contract.

The Annual General Meeting decides on the compensation for the members of the Board. The members of the Supervisory Board receive a fixed compensation as well as an attendance fee for each meeting that they attend in person. In addition, they also receive reimbursement for expenses that they have incurred in conjunction with their work.

Additional respective information can be found in the notes to the annual report.

INFORMATION SUBJECT TO SECTION 289 PARA. 4 HGB

On December 31, 2009 the issued capital of the corporation was € 10,143,348.00, divided into 10,143,348 no-par bearer shares. The shares have been fully paid and have been authorized for trading on the regulated market (Prime Standard) at the Frankfurt Stock Exchange.

To the knowledge of the Board of Directors there are no restrictions, which affect the voting rights or the transfer of shares, even though those could arise from agreements between shareholders.

The corporation received the following notices regarding direct or indirect investments in their principal stock exceeding 10% of the voting rights, pursuant Section 21 Securities Trading Act (WpHG):

- Bâloise Holding, Basel, Switzerland: 14.97% (according to a notice dated May 28, 2008)
  The voting rights are to be allocated to Bâloise Holding to the full extent pursuant to Section 22 Para. 1 Clause 1 No.1 WpHG. The group of companies controlled by Bâloise Holding whose percentage of voting rights in MOLOGEN amount to 3% or more is as follows (starting with the highest): Bâloise Holding, Basel, Switzerland, holds 100% of the shares and voting rights in Bâloise Delta Holding S.A.R.L., Bertrange, Luxemburg. Bâloise Delta Holding S.A.R.L., Bertrange, Luxembourg, holds 100% of the shares and voting rights in Basler Versicherung Beteiligungs-GmbH. Basler Versicherung Beteiligungs-GmbH respectively holds 100% of the shares and voting rights in Deutscher Ring Lebensversicherungs-AG and Deutscher Ring Sachversicherungs-AG.
- Mr. Ferdinand Graf von Thun und Hohenstein, Germany: 10.80% (according to a notice dated June 5, 2007)
  The voting rights are to be allocated to Mr. Ferdinand von Thun und Hohenstein pursuant to Section 22 Para. 1, Clause 1, No. 1 WpHG to the full extent by SALVATOR Vermögensverwaltungs GmbH, Munich.

The corporation has not received any further direct or indirect investments in its principal stock exceeding 10% of the voting rights, pursuant Section 21 Securities Trading Act (WpHG).

There are no owners of shares with privileges or other control over voting rights.

The following rights are associated with the shares of the corporation: Additional rights and duties are stipulated by the German Stock Corporation Act (AktG). The appointment and dismissal of members of the Board are based on Sections 84 f. AktG. Amendments to the articles of association are based on the stipulations of Sections 179 ff. AktG in conjunction with Section 20 of the bylaws of MOLOGEN. Furthermore and pursuant to Section 15 of the bylaws of MOLOGEN, the Supervisory Board is authorized to adopt amendments to the articles of association, which only affect its current version.

The shareholders have granted the Board of Directors the following authorizations to issue new shares or issue conversion rights or to buy back its own shares:

Pursuant to Section 4 Para 3 of the bylaws, the Board is authorized to increase the capital stock of the corporation by May 31, 2012 with the approval of the Supervisory Board by issuing new no-par bearer shares as a one-time event or multiple times against investments in cash or in-kind contributions, however, not to exceed € 4,218,424.00 (authorized capital) and thereby to stipulate a start of the profit-sharing that deviates from the law pursuant to Section 23 Para. 2 of the bylaws. The new shares can also be taken over by a credit institution or consortium of credit institutions stipulated by the Board, however only with the obligation to offer them to existing shareholders first (indirect preemptive right). The Board is also authorized to exclude the preemptive right of the shareholders, respectively with the approval of the Supervisory Board

a. to the extent that this is necessary to compensate for peak amounts
b. if the capital increase does not exceed ten percent of the capital stock and the issued value does not significantly fall below of the already publicly traded shares of the company at the time of the final determination through the Board, or
c. for capital increases against assets in kind for the acquisition of companies, company shares or investments in companies as well as assets that are beneficial or useful for the operation of the company, such as e.g. patents, licenses, trademark protected user and utilization rights as well as other rights in intangible assets.

Pursuant to Section 4 Para. 4 of the bylaws, there is conditional capital 2005-1 in the amount of up to € 4,683.00, pursuant to Section 4 Para. 5 of the bylaws a conditional capital 2006-1 in the amount of up to € 180,268.00, pursuant Section 4 Para. 6 of the bylaws a conditional capital 2007 in the amount of up to € 237.234, and pursuant Section 4 Para. 8 of the bylaws a conditional capital 2009 in the amount of up to € 218.149,00. This conditional capital is used for the issuance of options and conversion rights to the Board of Directors and employees of the company or the company's subsidiaries.

Pursuant to Section 4 Para. 7 of the bylaws, conditional capital 2008 in the amount of up to € 3,770,739.00 is used to issue conversion or warrant bonds. The Annual General Meeting on June 2, 2008 authorized the Board of Directors to grant convertible owner and/or bearer bonds and/or warrant bonds once or multiple times over the entire nominal value of up to € 10,000,000.00 with a term of up to 10 years and to grant the owners or holders of bond conversion rights new shares of the corporation with a proportional value of the normal capital of up to € 3,770,739.00 upon further specification of the terms of the convertible bonds.

Finally, the Annual General Meeting on May 19, 2009 has authorized the Board of Directors to repurchase own shares by November 19, 2010 pursuant to Section 71 Para. 1 No. 8 AktG for a volume of up to 10% of the capital stock for purposes other than the trade with own shares. Shares that have been acquired based on this authorization may also be sold in a different way than through the stock exchange or through an offer to all shareholders. The stock right of the shareholders to these own shares has been excluded to this degree. The Board of Directors is also authorized to partially or fully cancel the repurchased own shares with the approval of the Supervisory Board without a further resolution through an Annual General Meeting.

EXPLANATION CONCERNING THE CORPORATE MANAGEMENT PURSUANT TO SECTION 289a HGB

The explanation concerning the corporate management pursuant to Section 289a HGB includes information referencing the corporate management practices, the description of the corporate management practice of the Board of Directors and Supervisory Board and the compliance statement with respect to the German Corporate Governance Code.

INFORMATION REGARDING CORPORATE MANAGEMENT PRACTICES

The structure of corporate management and supervision of MOLOGEN is as follows:

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of MOLOGEN exercise their rights during the Annual General Meeting. The Annual General Meeting of MOLOGEN takes place within the first eight months of the financial year. The Annual General Meeting is chaired by the Chairman of the Supervisory Board or by another Supervisory Board member who is to be specified by the Supervisory Board. The annual shareholder agreement decides over all responsibilities assigned by law (including the selection of the Supervisory Board members, amendments to the bylaws, profit allocation, capital measures).

SUPERVISORY BOARD

The Supervisory Board conducts its business pursuant to the regulations set forth by laws, the bylaws, and by its corporate terms and conditions. The central objective of the Supervisory Board consists in a consulting function and supervision of the Board. The Supervisory Board is also integrated in the planning and strategy of the company. Currently, the Supervisory Board of MOLOGEN consists of three members. Based on the fact that the Supervisory Board only consists of three persons, the Supervisory Board has not formed any committees.

BOARD OF DIRECTORS

In its role as the management body for the corporation, the Board of Directors manages the business of the company, and within the framework of the stipulations according to stock corporation law, it is subject to the interests and the business policy-related principles of the company. The members of the Board manage the business of the company with the prudence of a proper and diligent business manager according to the stipulations of the law, the bylaws, the terms and conditions, the schedule of responsibilities and its service agreements.

The Board of Directors reports to the Supervisory Board in a regular, timely and extensive fashion about all essential questions concerning business development, corporate strategy as well as risk management and compliance.

TRANSPARENCY

MOLOGEN puts great emphasis on the unified, extensive and timely information of the capital markets and the interested public. Reporting about the state of business and the performance of MOLOGEN takes place through the annual report, during analyst, press and telephone conferences, in the quarterly reports, in the semiannual report and as part of the Annual General Meeting.

In addition, information concerning press releases or ad-hoc announcements is published. All announcements, presentations and press releases can be reviewed on the internet on the company website, www.mologen.com.

As stipulated, MOLOGEN keeps an insider directory pursuant to Section 15b of the Securities Trading Act (WpHG). The persons listed in the directory have been informed about their legal obligations and sanctions.

ACCOUNTING AND AUDIT

The annual statements are created based on the German Commercial Code (HGB) as well as on IFRS regulations as applied in the EU. Following preparation by the Board of Directors, the annual report is examined by an auditor and approved by the Supervisory Board. The financial statements are published within 90 days following the end of the financial year.

The auditor immediately reports to the chairman of the Supervisory Board regarding all essential questions and events with respect to the objective of the Supervisory Board, which occurred during the audit.

RISK MANAGEMENT

A risk management system and an internal control system (ICS) have been established at MOLOGEN. In this context, the Board of Directors determines the scope and focus of the implemented systems on its own authority and based on company-specific requirements.

The risk management system of MOLOGEN is continuously adapted to accommodate new requirements. The system is used for early identification of impacts that are the result of unfavorable developments, a deficiency or failure of processes, persons, systems or risks due to external events. A detailed, scientific and financial controlling system, organizational safety measures as well as clearly regulated work processes can ensure appropriate planning in response to the risk situation as well as the control and coordination of even complex project activities.

The audit of the risk management system takes place through the internal control system (ICS) of MOLOGEN. Controls as part of the ICS are also conducted by the Management Board directly.

CORPORATE MANAGEMENT PRACTICE OF BOARD OF DIRECTORS AND SUPERVISORY BOARD

Mologen AG is a corporation under German law with a dual management system consisting of two executive bodies, the Board of Directors and the Supervisory Board. The Board of Directors and the Supervisory Board have a close, trusting and cooperative relationship.

MOLOGEN's CEO leads the operational business with a focus on corporate strategy, research and development, business development and intellectual property. The CFO is also closely integrated in the operational activities with a main focus on accounting, controlling, investor relations, and risk management. The project and division managers report on their projects and their individual departments directly to the Board of Directors.

Pursuant to Section 6 of the bylaws of MOLOGEN, the Supervisory Board appoints the members of the Board of Directors. The Supervisory Board decides how many members should be on the Board of Directors, appoints them, decides whether or not there should be a chairman and decides whether or not to appoint deputy members or a vice chairman. The Supervisory Board adopts rules of procedure for the Board of Directors, which includes a catalog of business items that require approval as well as a schedule of responsibilities. The chairman of the Supervisory Board decides whether members of the Board of Directors should participate in the meetings of the Supervisory Board. Finally, the Supervisory Board adopts rules of procedure for itself.

Since 2008, MOLOGEN's Board of Directors has consisted of two members, namely a CEO and a CFO. The allocation of duties between both members is the result of the schedule of responsibilities. The Board of Directors participates in all meetings of the Supervisory Board, reports in writing and verbally with regard to the individual agenda items and answers the questions of the individual members of the Supervisory Board.

The agenda will be presented to the members of the Supervisory Board in writing two weeks prior to the meeting.

The Supervisory Board usually takes advantage of the option to adopt resolutions by way of a written circulation procedure for cases that are particularly urgent.

Each year, the Chairman of the Supervisory Board outlines the activity of the Supervisory Board in its report to the shareholders and in the Annual General Meeting.

The Chairman of the Supervisory Board in particular meets with the Board of Directors on a regular basis and discusses current issues with the Board. In addition to these meetings, the Board of Directors advises the Chairman of the Supervisory Board of current developments verbally as well as in writing.

WORDING OF THE 2010 COMPLIANCE DECLARATION FOR THE GERMAN CORPORATE GOVERNANCE CODE SECTION 161 STOCK CORPORATION ACT

The Board of Directors and the Supervisory Board of Mologen AG (hereinafter referred to as: MOLOGEN) declare that the company has been in compliance with the recommendations of the German Corporate Governance Code in its current version with the following exceptions:

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The German Corporate Governance Code recommends the communication of the invitation to the Annual General Meeting to domestic and to international financial service providers, auditors, and shareholder associations by way of electronic media. Currently as well as in the future, this recommendation will not be followed due to the lack of technical requirements for a secure identification and addressing of the recipients.

COOPERATION OF BOARD OF DIRECTORS AND SUPERVISORY BOARD

In line with the policies usual in the market, the directors' and officers' insurance for the Supervisory Board of MOLOGEN does not contain a deductible. Starting on July 1, 2010, the already existing D&O insurance for the members of the Board of MOLOGEN will contain a deductible of at least 10% of the damage up to at least the 1.5-fold of the amount of the fixed annual compensation.

BOARD OF DIRECTORS

The detailed compensation report is part of the notes to the annual financial statements and is reflected in the annual report of MOLOGEN. The annual report will be accessible on the Internet pages of the company or will be mailed upon request. The referenced information is therefore accessible for the shareholders of the corporation. As it has been in the past, a repetitive declaration in the corporate governance report will therefore be waived.

The basic principles of the compensation system for the Board of Directors as well as its amendments are explained in the Management Report and are stated again in the annual report. The Annual General Meeting has not and will not receive any information in addition to that.

SUPERVISORY BOARD

The German Corporate Governance Code recommends setting an age limit for the members of the Board. The current contracts of employment of the members of the Board of MOLOGEN have a fixed term and will not be extended automatically. As in the past, the Supervisory Board will consider the age of the candidate in its decision with respect to the re-issuing of an employment contract for the members of the Board and will adjust the term of the contract respectively if necessary. A particular age limit has therefore not been determined, nor will it be determined.

RESPONSIBILITIES AND AUTHORITIES OF THE CHAIRMAN OF THE SUPERVISORY BOARD
FORMATION OF COMMITTEES THROUGH THE SUPERVISORY BOARD

The Supervisory Board of MOLOGEN consists of three members. Due to the low number of members it has not formed any committees in the past. No auditing or nomination committees have therefore been established in the past. As long as the number of members of the Supervisory Board is so low, committees will not be formed in the future either.

CONSTITUTION OF THE SUPERVISORY BOARD

With respect to suggestions for the selection of Supervisory Board members, the German Corporate Governance Code recommends considering an age limit that is to be determined. This recommendation has not been and will not be followed, because the term of office for members of the Supervisory Board stipulates a manageable time period for the appointments.

COMPENSATION OF THE SUPERVISORY BOARD

The compensation paid to the members of the Supervisory Board as well as the compensation for granted benefits for personal performance have and will be disclosed separately for the entire Supervisory Board in a respective line item in the notes to the annual report in accordance with statutory requirements. The members of the Supervisory Board have

and will receive no performance-based compensation. Since the Supervisory Board has to fulfill a supervisory function, the Board of Directors and the Supervisory Board consider a performance-based compensation component for the members of the Supervisory Board as problematic.

TRANSPARENCY

The German Corporate Governance Code recommends that the ownership of shares or financial instruments related to shares, derivatives in particular, held by individual members of the Board of Directors or Supervisory Board members be stated in the event that this, directly or indirectly, amounts to more than 1% of the shares issued by the company. If the total assets of all members of the Board of Directors or Supervisory Board members exceed 1% of the shares issued by the company, the total assets for the Board of Directors and the Supervisory Board shall be listed separately. This recommendation has not been followed and will also not be followed in the future. The publication of this information takes place in accordance with legal stipulations and in a legally stipulated fashion, which in the opinion of the Board of Directors and the Supervisory Board provides sufficient transparency. An additional publication of such information in the corporate governance report has not taken place in the past and shall also not take place in the future.

ACCOUNTING

Detailed information regarding share option programs and similar bond-oriented incentive systems have been disclosed and will be disclosed in the notes to the financial statements pursuant to IFRS and will be reflected in the annual report and shall not be listed again in the corporate governance report.

ECONOMIC ENVIRONMENT

OVERALL ECONOMIC DEVELOPMENT

The financial and economic crisis has led to the deepest recession of the post war era. In the meantime, there are, however, clear signs of a global economic recovery. This was also confirmed most recently by the growth rates of the real gross domestic product in the third quarter of 2009: for the first time, positive growth rates have been reported in the Euro zone and in the US and for the second time in Japan.

The International Monetary Fund (IMF) expects another positive growth rate of 3.1% for 2010, following a predicted decline of 1.1% for 2009. After an expected significant decline of 3.5% in its member states in 2009, the Organization for Economic Cooperation and Development (OECD) anticipates a growth of 1.9% for 2010. The forecasts for global trade are also positive. For 2009, the IMF had expected a slump of the global trade volume by 11.9%, but for 2010 it anticipates another increase of global trade by 2.5%.

Last but not least, the recovery is also carried by the emerging market economies. The financial and economic crisis did not affect them to the same degree as the industrial nations. It is also expected that they will recover faster from the recession. For 2010, the IMF expects a growth of 5.1% in the emerging markets compared to 1.7% in 2009.

The delayed impact of the crisis continues to manifest itself in the job market. After the seasonally adjusted rate of unemployment in the U.S. has increased significantly since February of 2008 from 4.9% to 10.1% in October of 2009, it was finally able to stabilize in December of 2009 at 10.0%. After a slight stabilization in the Euro zone in October of 2009, the situation on the job market was a little bit weaker again in November of 2009: compared to the previous month, the unemployment rate rose again by 0.1% to 10.1%.

The extensive government stabilization measures have most likely contributed to the recovery on the markets. Even though positive signals are starting to emerge at a stronger rate, the risks for the recovery process remain the same. Thus, especially the development in the banking and financial sectors is seen as uncertain. The extent to which the positive forecasts are describing a sustainable recovery process still remains to be seen.

DEVELOPMENT OF THE PHARMACEUTICAL INDUSTRY AND BIOTECHNOLOGY SECTOR

Even the global pharmaceutical market shows an unexpected strong development. As of April of that year, the market research institute IMS Health predicted a lower growth of 3% instead of the originally estimated 5%, but in October this forecast was significantly increased from 5.5% to 6.5%. Especially the U.S. market, which has been developing significantly better than predicted, drives the growth.

The institute also increased its forecast for the time period until 2013 by one percentage point. It now assumes an average annual growth rate of 4 to 7%.

Nevertheless, the industry faces enormous challenges. Core topics are the expansion of the market shares for generic drugs, budgeting for health expenditures as well as regulatory and technological risks. The patent protection of blockbuster products that expires within the next five years will further increase the innovation pressure on large pharmaceutical companies and lead to a growing integration and interdependence of pharmaceutical and biotechnology companies. 2009 has been another year with a large number of extensive research and development co-operations.

The stock market environment for innovative biotechnology companies such as MOLOGEN continues to be seen as favorable over the long-term based on this development. Advancements in the area of clinical development programs are expected to have a positive impact on the perception of the company in the capital market. To support this process, MOLOGEN has upgraded into the Prime Standard in June of 2009 and has been listed in this stock exchange segment with the highest transparency and reporting requirements of the German Stock Exchange.

In 2009, the recovery of pharmaceutical and biotechnology shares, similar to the overall market, has continued. By December 31, 2009, the price for the German pharmaceutical industry index "DAXsector Pharma & Healthcare" was 15% higher than at the beginning of the year, as was the price development of the MOLOGEN shares.

BUSINESS DEVELOPMENT

RESEARCH AND DEVELOPMENT (R&D)

It is the objective of MOLOGEN to develop highly innovative medicines based on proprietary platform technologies to treat cancer and severe infectious diseases. In the financial year of 2009, it was possible to achieve important advancements within the research and development strategy of the company.

The achievement of the milestones in the R&D area presents an important basis for the further positive development of the corporation. In the financial year of 2009, measures and investments in the amount of € 4.6 million (pursuant to the German Commercial Code) and € 4.8 billion (pursuant to IFRS requirements as applied in the EU) were therefore carried out to benefit these milestones and were reported in the profit and loss statement (comparison period: € 4.1 million [Commercial Code] or respectively € 4.4 million [IFRS]).

CANCER MEDICINE MGN1703 (COLORECTAL CANCER)

The core of the R&D activities in the reporting period focused on the clinical development program for the DNA-based cancer medicine MGN1703. MGN1703 is being developed for the DNA immune therapy for patients with metastasized tumors and is based on the immunomodulator dSLIM® ("Double Stem Loop Immunomodulator"). The dSLIM® molecule, a proprietary development of MOLOGEN, is an innovative DNA-based TLR9 agonist, which activates the immune system of the patient on a broad spectrum by targeting specific immune cells on different receptors, primarily the toll-like Receptor 9 (TLR9). This enables the immune system to overcome the fatal tolerance toward cancer cells and to attack them specifically.

The clinical phase Ib study with MGN1703, which was started in 2008, was continued over the course of the year. In July of 2009, the study was expanded by an additional dosage level due to good interim results and was successfully completed in the fourth quarter of 2009. Throughout the entire course of the study, MGN1703 showed a positive safety profile and superior tolerability. None of the examined dosage levels showed severe side effects. The primary objective of the study, the proof of the safety and tolerability of the innovative cancer medicine, has thus been achieved. A dosage-limiting toxicity, meaning a severe intolerance, was not observed. Furthermore, the response of the patients to the cancer drug has significantly exceeded the expectations of the Board of Directors and the investigating physicians.

In addition, continuative studies with MGN1703 relevant for approval had been prepared, so that it was possible to file for a clinical phase II study with MGN1703 for the treatment of metastasized colorectal cancer in December of 2009. The study was filed with the respective official bodies and with the ethics commissions in Germany and Austria. The application is to be expanded to other European countries and Russia. The randomized, placebo-controlled, double-blind, multicenter clinical study of phase II has been designed as a confirmatory study relevant for approval and shall demonstrate the efficacy of MGN1703 with statistical significance. The primary study objective is the ascertainment of the progression-free survival of the patients. Secondary study objectives are the ascertainment of the overall survival of the patients as well as the census of immunological and pharmacodynamical parameters. The first indication regarding

the achievement of the study objectives will already be available following an interim evaluation at nine to ten months after the start of the study. Overall, the study could last up to three years.

Parallel to the preparation and the submission of the study application, a large portion of the investigational medicinal product that was needed for the study has been prepared so that a timely start of the study can be ensured upon receipt of the official approval.

CANCER MEDICINE MGN1601 (KIDNEY CANCER)

In addition, a second clinical development program was started in the financial year of 2009: in November of 2009, an application for a phase I/II clinical study was submitted for MGN1601, the cell-based gene therapy of kidney cancer. The therapy developed by MOLOGEN is a therapeutic vaccination to fight advanced tumors of the kidney and to prevent their recurrence after an operation and drug treatments.

The basis of the vaccination are human kidney cancer cells, which were taken from a kidney tumor and which are available in a standardized and characterized cell bank (master cell bank). MOLOGEN has established its own, unique kidney cancer cell line for this purpose. Cells that come from one individual human being and are established as a cell line and used for other patients are referred to as allogeneic cells. The active principle of the cell-based gene therapy consists of a cross-reaction of the patient's immune system against his or her own cancer cells, after the immune system has learned through the reaction against the allogeneic cancer cells what cancer cells typically look like. The cell-based gene therapy against kidney cancer has received the orphan drug status from the European Medicines Agency [EMA]. This facilitates a 10-year marketing exclusivity of the product within the European Union. Furthermore, the company receives the extensive and cost-reduced consulting support of the EMA during the approval procedure. The Orphan Drug Program of the European Union is to support the development of therapies for rare and severe illnesses.

The filed phase I/II clinical study will investigate the safety and efficacy of MGN1601 and is to be conducted at various oncological clinics in Germany. 24 patients suffering from advanced kidney cancer for which the standard therapy has not shown any success are to be included in this open, single-arm, non-randomized, multicenter proof of principle study. As part of the initial therapy phase of the study, the patients are treated several times with MGN1601 over a time period of 12 weeks and are then observed for four weeks. Patients who respond to the therapy will then be treated and observed in specified intervals as part of a therapy expansion.

The primary objective of the study is the documentation of the safety and tolerability data of the medicine. Additionally, efficacy data, containing the clinical, immunological and radiological parameters of the patients, will also be collected.

DNA VACCINE AGAINST LEISHMANIASIS

MOLOGEN has also made progress in developing a MIDGE®-based DNA vaccine against Leishmaniasis in humans. As a member of an international project consortium, the corporation received a financial subsidy for the years 2009 to 2011 to develop a pre-clinical DNA vaccine against this infectious disease. The support for this project, which spans three years, is granted as part of the 7th Research Framework Programme of the European Union and totals € 3 million. The project was started successfully and according to plan in January of 2009 and MOLOGEN has already received an initial advance payment of € 0.6 million.

However, MOLOGEN has made no progress in developing a MIDGE®-based DNA vaccine against Leishmaniasis in animals. The licensing partner, who is responsible for the further development of this product candidate, reported delays in the project plan. However, compared to the other drug candidates, this product candidate has only very limited market potential, so that a delay in conjunction with this project does not have any significant impact on the overall situation of MOLOGEN.

PATENTS

The protection of proprietary platform technologies, drug candidates and company-internal expertise bears essential importance for the business strategy of MOLOGEN. Therefore, MOLOGEN regularly checks the existing portfolio for economic usability, expands the portfolio as far as this is possible and reasonable, and monitors its own patents and trademarks.

As of December 31, 2009, the patent portfolio includes a total of 22 patent families and 242 individual patents including those patents that have been slated to be issued (prior year: 21 patent families and 241 individual patents including those patents that have been slated to be issued).

New patent applications have been submitted and additional patents were issued in 2009. A patent for the cell-based gene therapy against cancer has been issued in the U.S. for example. A further patent has been issued in Japan, which protects the MIDGE®-based DNA vaccine that is currently under an investigation against feline leucosis virus (economically significant cat disease). Another patent was issued in Singapore, which protects additional applications of the dSLIM® technology.

COOPERATIONS

In the financial year of 2009, MOLOGEN has cooperated with the following scientific institutes and facilities:

- Clinical laboratory, Vetsuisse faculty of the University of Zurich, Switzerland: research in conjunction with innovative MIDGE®-based vaccines against feline leucosis (cat leucosis, FeLV) and the feline immune deficiency virus ("cat aids", "FIV"),
- University of Veterinary Medicine, Hanover: research cooperation in conjunction with different veterinary-related medical applications,
- Vaccine and Infectious Disease Organization (VIDO), Saskatchewan, Canada: research in conjunction with a MIDGE®-based vaccination against an economically significant virus infection of cattle.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION (PURSUANT TO THE GERMAN COMMERCIAL CODE)

Overall, the earnings, financial and asset situation of the company has developed according to schedule. Liquid assets that were available at the end of the reporting period ensure the short-term financial needs of the corporation.

RESULTS OF OPERATIONS

In the financial year of 2009, sales revenues were at a low level with € 0.1 million as in the previous year (comparison period: € 0.2 million) and result mostly from the sale of goods and services for research purposes. On the other hand, other operating income rose to € 0.5 million mostly from grants and was therefore well above the value of the previous year (€ 0.1 million). The grants originate from the EU-subsidized project for the development of a Leishmaniasis vaccination for humans.

The annual deficit increased during the reporting period reaching € 6.3 million (comparison period: € 5.6 million). The main reasons for the annual deficit were extensive activities for the further development of the product pipeline, which resulted in higher research costs. Overall, the company invested € 4.6 million (prior year: € 4.1 million) in research projects in the past financial year.

Increased expenses for materials in the total amount of € 2.2 million (prior year: € 1.7 million) were mainly caused by the need for raw materials in conjunction with the manufacturing of investigational medicinal products as part of the preparation for the clinical studies. Other operating expenses in the amount of € 2.2 million (prior year: € 2.3 million) were approximately at the same level as in the prior year. The increased utilization of legal and consulting services was offset by reduced marketing expenses.

Compared to the prior year, personnel expenses have increased by € 0.5 million to € 2.1 million. For the most part the increase was due to a higher expense for wages and salaries due to the increased number of employees.

The average number of employees for the reporting year was 40 (prior year: 36). This was mainly caused by the additional support in the R&D area, which was already implemented towards the end of the financial year of 2008. On December 1, 2009, the number of employees was 44, the same as on the same day in the prior year (including Board of Directors and part-time employees).

FINANCIAL SITUATION AND LIQUIDITY DEVELOPMENT

MOLOGEN has a risk management in place for the identification, measurement and control of risks, which may occur due to 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. Interest risks, essential currency risks and other price risks do not exist, because the majority of the financial instruments utilized by the corporation cover trade receivables and payables, cash and cash equivalents, other lending, and granted loans.

The financial status of MOLOGEN presented on the statement of financial position continues to be characterized by a high percentage of liquid assets as part of the total. Liquid assets make up 72 % (December 31, 2008: 55 %) of the balance sheet total. On December 31, 2009 cash and cash equivalents amounted to € 6.2 million (December 31, 2008: € 3.3 million). The increase was due to a capital increase in March of 2009, the exercise of share options in July of 2009, the deposits of the capital increase decided in December of 2009, but not yet registered on the due date, as well as the receipt of grants in March of 2009.

In the past financial year, MOLOGEN AG was at all times able to service its financial obligations.

FINANCIAL POSITION

Assets increased from € 6.1 million to € 8.6 million. Responsible for that are mostly increases in equity financing. Equity has increased by € 2.2 million to € 7.4 million, the equity ratio amounts to 86 %, the same as at the end of the reporting period in the prior year.

The scheduled amortizations in the amount of € 0.5 million for assets were the same as in the previous year (€ 0.5 million).

FINANCIAL SITUATION AND LIQUIDITY DEVELOPMENT (PURSUANT TO THE IFRS AS APPLIED IN THE EU)

Overall, the financial performance and financial position of the corporation has developed as planned also in accordance with the IFRS as applied in the EU.

RESULTS OF OPERATIONS

In the financial year of 2009, sales revenues were at a low level with € 0.1 million as in the previous year (comparison period: € 0.2 million) and result mostly from the sale of goods and services for research. On the other hand, other operating income rose to € 0.3 million mostly from grants and were therefore well above the value of the previous year (€ 0.0 million). The grants originate from the EU subsidized project for the development of a Leishmaniasis vaccine for humans.

The annual deficit rose slightly for the reporting period reaching € 6.3 million (time period for comparison: € 6.1 million). The main reasons for the annual deficit were extensive activities for the further development of the product pipeline, which resulted in higher research costs. Overall, the corporation invested € 4.8 million (prior year: € 4.4 million) in the past fiscal year for research projects.

Increased expenses for materials in the total amount of € 2.2 million (prior year: € 1.7 million) were mainly caused by the need for raw materials in conjunction with the manufacturing of investigational medicinal products as part of the preparation for the clinical studies. For the most part they were compensated by a decrease in other operational expenses to € 1.8 million (prior year: € 2.2 million). The reduction of the other operational expenses was mainly achieved through the reduction of consulting services that were utilized, especially in the marketing area.

With € 2.2 million the personnel expense also came in slightly above the level of the prior year (€ 2.1 million). For the most part the increase was due to higher expenses for wages and salaries due to the increased number of employees. The average number of employees for the reporting year was 40 (prior year: 36). The increase was mainly caused by the backing in the R&D department, which was already implemented towards the end of the financial year of 2008. On December 1, 2009, the number of employees was 44, the same as on the same day in the prior year (including the Board of Directors and part time employees).

FINANCIAL SITUATION AND LIQUIDITY DEVELOPMENT

Pursuant to the IFRS, the financial status of MOLOGEN presented on the statement of financial position continues to be characterized by a high percentage of liquid assets as part of the total. Liquid assets make up 72% (December 31, 2008: 54%) of the balance sheet total. On December 31, 2009, the cash and cash equivalent amounted to € 6.2 million (December 31, 2008: € 3.3 million). The increase is based on a capital increase in March of 2009, the exercising

of share options in July of 2009, the deposit of the capital increase that was decided in December of 2009 but not yet registered at the end of the reporting period, as well as the receipt of grants in March of 2009.

The means of payment utilized for the operational activity were mostly invested in research and development. With € 5.1 million, they were at about the same level as in the prior year (prior year: € 5.0 million).

The cash flow from financing activities could be increased by € 7.8 million to € 8.1 million through the issuance of new shares as part of the capital increases.

Especially new investments for technical equipment in the research and development area have increased the cash flow in conjunction with the investment activities in comparison to the prior year by € 75 thousand to € 96 thousand.

FINANCIAL POSITION

Assets increased from € 6.1 million to € 8.6 million. The increase in equity financing particularly had an impact. Equity increased by € 2.2 million to € 7.4 million, the equity ratio amounts to 86%, similar to the ratio at the end of the reporting period of the prior year.

The scheduled amortizations on assets in the amount of € 0.5 million were the same as in the prior year (€ 0.5 million).

RISK REPORT

RISK MANAGEMENT SYSTEM

MOLOGEN is a company researching and developing highly innovative product candidates while mostly utilizing proprietary technologies.

Each corporate transaction was based on the consideration of opportunities and risks. The risk management at MOLOGEN is conducted as part of a corporate strategy, which makes the company subject to an extremely detailed opportunity-risk profile. Corporate success and the achievement of corporate objectives are mainly influenced by the management and spreading of risks.

A risk management system and an internal control system (ICS) have been established at MOLOGEN for this purpose. In this context, the Board of Directors determines the scope and focus of the implemented systems on its own authority and based on company-specific requirements.

The rapidly changing conditions on the pharmaceutical markets caused by technological and health-related political developments, the use of new technologies as well as the complexity of the business processes and the business model lead to complex control instruments. This requires risk management as a continuous process of the strategic corporate management. The underlying principle for this risk management process is the strategy that unambiguously regulates which risks are to be documented and controlled in due time. The identified risks are assessed. Countermeasures are adopted and assigned to responsible parties to control and reduce the identified risk potential. Since some risks are beyond the control of the Board of Directors, even appropriate and functional systems do not allow absolute assurance with respect to the identification or the control of the risks. In this respect, there may occur developments, which deviate from the plans of the Board of Directors.

The risk management system of MOLOGEN is continuously adapted to accommodate new requirements. The system is used for early identification of impacts that are the result of unfavorable developments, a deficiency or failure of processes, persons, systems or risks due to external events. A detailed, scientific and financial controlling system, organizational safety measures as well as clearly regulated work processes can ensure appropriate planning in response to the risk situation as well as the control and coordination of even complex project activities. Furthermore, project progresses are monitored and documented in regular intervals, if necessary jointly with the respective cooperation partners.

The audit of the risk management system takes place through the internal control system (ICS) of MOLOGEN. Controls as part of the ICS are also conducted directly by the Board of Directors.

The main objective of the risk management system was and is the monitoring of the liquidity status and the equity of the company. Since the sales revenue is mostly the result of one-time events, it is difficult to predict future revenues. The detailed monitoring of risks in conjunction with the liquidity and capital development is therefore of great importance for the continuation of the company.

Basic objectives of risk management systems in the area of the accounting processes are, in particular, the identification and assessment of risks that may present an obstacle to achieving regulatory compliance of the financial statements, the limiting and the checking of recognized risks with regard to their impact on the financial statements and the respective illustration of those risks. The objective of the ICS of the accounting process is to ensure sufficient security through the implementation of controls, so that in spite of the identified risks it is possible to create regulation-compliant financial statements.

Fundamental risks are identified, documented and monitored to achieve these goals. Authoritative operating instructions and checklists, which take identified risks into account, regulate the essential work processes and can be expanded if necessary. In turn, operating instructions and checklists are regularly checked by the ICS. This includes the verification of compliance with proper bookkeeping, the status of the means of payment and the organization of the business processes through regular and random surveillance. The following items are monitored in particular: accounts receivable and accounts payable invoices, bank statements and account balances, all incoming payments, payroll lists, reports to the Supervisory Board, quarterly statements, and contracts. The second important element of the ICS is the four-eyes-principle, which is particularly documented by the signature authorizations with respect to payment transactions and the lack of authorization for sole representation of management.

The functionality of the internal control and risk management system with regard to the accounting process is checked internally on a regular basis, mainly by management, as well as externally by the auditor during the annual financial statement audit.

MOLOGEN continues to improve its risk management. This puts management and employees in the position to recognize challenges in due time and to respond accordingly.

OPPORTUNITIES AND RISKS

The extraordinary revenue opportunities of the MOLOGEN business model are faced by technological, financial, regulatory, patent right-related and especially sales risks. Some of the individual risks are interdependent and can influence each other in a positive or negative way.

As a biotechnology company, MOLOGEN is mainly subject to industry-related risks. Research and development of new drugs bear the risk that a new drug development does not feature the desired product characteristics, especially in the areas of efficacy and tolerability or that these cannot be proven sufficiently. Especially unforeseen problems with the current clinical and pre-clinical development of drug candidates could occur at MOLOGEN. If pre-clinical tests or clinical studies do not show the expected results, this can delay the further development of the respective drug candidate, increase associated expenses or even lead to a stop of the current development. This could have a negative impact on the financial performance and financial position of the company.

The regulatory environment for drug development also bears sectoral risks. MOLOGEN relies on official approval for the execution of clinical studies, for the manufacture of investigational medicinal products and to operate special facilities for conducting research work or for manufacturing active ingredients and investigational medicinal products. The delay, loss, expiration or rejection of such approvals can prolongate the further development of the respective drug candidate, increase associated expenses or lead to the abandonment of the development. This could have a negative impact on the financial performance and financial position of the company.

In order to be able to fully utilize the revenue potential, MOLOGEN does not only depend on successful research and on the development of its own technologies and product candidates. The corporation also depends on the market developments for these product candidates. MOLOGEN has focused on the research and development of innovative cancer therapies, which continue to be in very high demand. The number of cancer cases continues to increase annually, as do the number of deaths caused by cancer.

The market for effective cancer medicines therefore continues to expand. The future development of the market depends, however, on various factors, such as e.g. the financial pressure of the health care systems, potential new legal regulations of the health industry and the pharmaceutical law. Certain developments can therefore have a negative impact on the market potential of MOLOGEN's drug candidates and can have negative impacts on the financial performance and financial position of the company.

The MOLOGEN business model is designed to pursue its own drug developments up to a certain point and to then license the drug candidates to another biotechnology company or pharmaceutical partner. The number of such potential licensees is limited and relatively low in the area of large pharmaceutical companies. Another consolidation of the industry as it was observed over the last years could lead to further reduction of the number of potential licensees. This could have a negative impact on the financial scope of the licensing agreement and therefore have a negative impact on the financial performance and financial position of the company.

Successful out-licensing of the product candidates depends on a multitude of different factors. Most important is the potential of the product candidates in comparison to the competition. In the event that competitors develop clearly superior drugs, this could significantly impact the prospects for lucrative out-licensing of the product candidates of MOLOGEN. The effective protection of the underlying expertise with respect to the product candidates is another important factor of successful out-licensing. Patent and license-related legal problems can prevent or delay respective business deals or diminish the economic attractiveness of the product candidates of MOLOGEN. This could have a negative impact on the financial performance and financial position of the company.

The involvement of MOLOGEN in non-European countries bears certain country-specific risks. As far as possible, MOLOGEN will try to take appropriate measures to protect itself against those risks. These risks could have negative impacts on the financial performance and financial position of the company.

In conjunction with the implementation of the business strategy, MOLOGEN was already able to conclude contracts with pharmaceutical, sales and marketing partners over the past financial years; however, the annual revenues that have been realized do not yet suffice to cover the financing needs at MOLOGEN and ensure its profitability. The company therefore continues to depend on the conclusion of these types of contracts. As long as the revenues from licensing and marketing agreements are not sufficient to cover the expenses of the company, the company also depends on other financing sources such as for example the capital market. If the planned closing of business transactions is delayed or if the financing is not possible or not sufficiently covered by other sources, this would have negative effects on the financial performance and financial position of MOLOGEN.

Since MOLOGEN has incurred losses in the past financial years due to extensive research expenses, these losses are by now adding up to a relatively substantial accumulated deficit. It cannot be ruled out that additional losses, which are associated with the business model of MOLOGEN, may lead to a loss of half of the equity, which is subject to a mandatory notification. Such a notification could have a negative effect on the share price of MOLOGEN, and the mandated immediate call for an extraordinary shareholders' meeting, which would be mandated by law in this case, would cause additional expenses.

The loss of the services of members of the Board of Directors and other leading employees or staff in key positions can have negative effects on the profit or loss account and on the financial and asset status of MOLOGEN. This could be caused by the loss of expertise, by costs that are incurred in conjunction with the hiring of new employees, or higher salary demands from qualified candidates.

In addition, there may be financial risks due to the following legal disputes:

- In August of 2009, a licensee for MOLOGEN initiated arbitration procedures at the German Institute for Arbitration. This is based on the desire of the current licensee to return an acquired license for the marketing of a cell-based gene therapy against cancer in the region of India. To-date, a mutual agreement concerning the modalities could not be reached. The submitted brief values the license at € 2.2 million. MOLOGEN does not anticipate that the claims of the licensee will be enforceable. The attorneys commissioned by MOLOGEN to handle this case consider the contractual situation of MOLOGEN in this matter as unquestionable. They assess the desire of the licensee to enforce the return of the license under the licensee's conditions as futile. The formation of provisions has therefore been waived in the reporting period. The costs of the mandatory advance payment in conjunction with the arbitration procedure (€ 62 thousand) and the expenses for the lawyers commissioned by MOLOGEN in the amount of € 39 thousand have been incurred during the reporting period.
- In September of 2009, a lawsuit was filed before a Saudi Arabian court against a former business partner in conjunction with a joint venture agreement, which MOLOGEN terminated in 2006. MOLOGEN demands the repayment of investments, which were paid for the joint venture, as well as the reimbursement of expenses. Overall, MOLOGEN's claims toward the former partner amount to € 1.5 million. Expenses for the commissioned attorneys in the amount of € 7 thousand have been incurred during the reporting period.

OVERALL RISK

Overall, the described risks are manageable and the continuation of MOLOGEN is not at risk at the time the report was compiled. The overall risk situation that is based on the described individual risks has not changed significantly compared to the previous year. No fundamental change of the risk situation is anticipated from today's perspective.

INFORMATION ON RELEVANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The Board of Directors has affirmed the issue of 512,000 new shares against cash contributions with the exclusion of subscription rights. The issue takes place by partial utilization of the available authorized capital pursuant to the bylaws and with the approval of the Supervisory Board. The issue price was € 7.00. The corporation therefore received € 3,574 thousand by December 31, 2009 and further € 10 thousand in 2010. The capital increase was reported for entry in the Commercial Register in January of 2010 and the entry was executed on January 20, 2010.

FORECAST

The internal planning system, which enables a forecast of the future development of the corporation, does also consider experiences and developments from the past course of business. This internal planning system is checked regularly with the help of Target/Actual comparisons and is adapted to reflect current developments. It was possible to prove the reliability of the forecasts for the 2009 business plan. The forecasts have been accurate and within the expected range, the development of MOLOGEN continued as planned in the past financial year.

Over the next two years, MOLOGEN will continuously and intensively drive the development of the product pipeline forward. The objectives for the 2010 financial year are:

- Obtaining official approval for the execution of a phase II clinical study to examine the efficacy of the cancer medicine MGN1703 for the treatment of metastasized colorectal cancer as well as the start of the study,
- Obtaining official approval for the execution of a phase I/II clinical study to examine the safety and efficacy of the cancer medicine MGN1601 for the treatment of advanced kidney cancer as well as the start of the study,
- Continuation of the activities as part of an international project consortium for the development of a prophylactic and therapeutic vaccination against Leishmaniasis in humans,
- Achievement of additional development milestones and the veterinary Leishmaniasis project through license partners.

The progression of the financial performance and financial position over the next two financial years essentially depends on the achievement of these objectives. The focus is thus mainly on the clinical development programs for the cancer drug candidates MGN1601 and MGN1703. If the work on the respective projects is successful and the objectives can be achieved as planned, a positive development of the profit and loss situation can be anticipated.

Additionally, the corporate strategy has been designed to focus on research and further development of the innovative product pipeline to achieve higher rates of return over the mid- and long-term. To achieve this objective, profit and loss-related spending measures and investments will therefore also be necessary in 2010 and in 2011, which will counter a short-term positive profit and loss development. In light of this information, MOLOGEN anticipates another deficit especially for 2010 and an increase of the loss.

A successful further development of the product pipeline in 2009 and the good financial endowment form the basis of MOLOGEN's continued positive progression. The advancements in the clinical development programs planned for 2010 will continue to increase the value of the product pipeline. MOLOGEN therefore starts the new business year with good prospects of success.

Berlin, 5 March, 2010
Management Board of the Mologen AG

Dr. Matthias Schroff
Chief Executive Officer

Jörg Petraß
Chief Financial Officer

04 SEPARATE ANNUAL FINANCIAL STATEMENTS

IFRS STATEMENT OF FINANCIAL POSITION

AS PER DECEMBER 31, 2009

in € thousand	Notes	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
Non-current assets		**1,872**	**2,250**
Property, plant and equipment	1	187	185
Intangible assets	2	1,681	2,062
Investments	3	0	0
Other non-current assets	4	4	3
Current Assets		**6,710**	**3,850**
Cash and cash equivalents	5	6,174	3,324
Trade receivables	6	5	140
Inventories	7	20	19
Other current assets	8	491	207
Income tax receivables	8	20	160
Total assets		**8,582**	**6,100**
EQUITY AND LIABILITIES			
Non-current liabilities		**86**	**91**
Deferred revenue	9	86	91
Provisions		0	0
Current liabilities	10	**1,145**	**766**
Provisions		0	58
Trade payables		513	454
Other current liabilities and deferred revenue		627	250
Liabilities to banks		5	4
Equity		**7,351**	**5,243**
Issued capital	11	10,143	9,378
Deposits to effect the agreed capital increase, entered in the commercial register on January 20, 2010	11	3,574	0
Capital reserves	12	28,798	24,745
Accumulated losses	13	-35,164	-28,880
Total equity and liabilities		**8,582**	**6,100**

IFRS STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2009

EUR'000	Notes	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
Revenue	14	53	210
Other operating income	15	308	36
Cost of materials	16	-2,173	-1,745
Personnel expenses	17	-2,246	-2,084
Depreciation and amortization expenses	18	-471	-508
Other operating expenses	19	-1,823	-2,212
Operating result		**-6,352**	**-6,303**
Finance costs	20	-1	0
Finance income	20	69	212
Profit for the year before tax		**-6,284**	**-6,091**
Tax income	21	0	0
Net loss for the year / Comprehensive income		**-6,284**	**-6,091**
Net loss carried forward from the previous year		-28,880	-22,789
Accumulated losses		**-35,164**	**-28,880**
Basic earnings per share (in EUR)	22	-0.64	-0.65
Diluted earnings per share (in EUR)	22	–	–

IFRS STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2009

EUR'000	Notes	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
	23		
Cash flows from operating activities			
Net loss before taxes for the financial year		-6,284	-6,091
Depreciation and amortization of fixed assets		471	508
Loss on disposal of fixed assets		4	2
Decrease in provisions		-58	-23
Other non-cash expenses and income		290	486
Change in trade receivables, inventories and other assets		-10	-2
Change in trade payables and other liabilities		446	119
Net cash used in operating activities		**-5,141**	**-5,001**
Cash flows from investing activities			
Payments for property, plant and equipment, classified as investing activities		-85	-20
Payments for intangible assets, classified as investing activities		-11	-1
Net cash used in investing activities		**-96**	**-21**
Cash flows from financing activities			
Cash receipts from issue of capital		8,113	306
Net cash used in financing activities		**8,113**	**306**
Foreign currency effect on cash and cash equivalents		**-26**	**0**
"Total changes in liquidity (cash flow)"		**2,850**	**-4,716**
Cash and cash equivalents at the beginning of the period		**3,324**	**8,040**
Cash and cash equivalents at the end of the period		**6,174**	**3,324**

IFRS STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2009

EUR'000, excluding share prices	Issued capital Number of ordinary shares	Issued capital Share capital	Deposits made to effect the agreed capital increase	Capital reserves	Accumulated losses	Equity
As of December 31, 2007	**9,316,848**	**9,317**	**0**	**23,989**	**-22,789**	**10,517**
Share options exercised	61,500	61		245		306
Value of services rendered by employees (according to IFRS 2)				511		511
Net loss for the financial year					-6,091	-6,091
As of December 31, 2008	**9,378,348**	**9,378**	**0**	**24,745**	**-28,880**	**5,243**
Capital increase in exchange for cash contributions	425,000	425	3,574	2,055		6,054
Share options exercised	340,000	340		1,719		2,059
Value of services rendered by employees (according to IFRS 2)				279		279
Net loss for the financial year					-6,284	-6,284
As of December 31, 2009	**10,143,348**	**10,143**	**3,574**	**28,798**	**-35,164**	**7,351**

IFRS STATEMENT OF CHANGES IN FIXED ASSETS

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2009

EUR'000	I. Property, plant and equipment			II. Intangible assets	
	Technical equipment and machinery	Other equipment, operating and office equipment	Total	Licenses, industrial property rights and similar rights	Total
Acquisition / manufacturing costs:					
As of January 1, 2008	758	358	1,116	3,950	3,950
Additions	10	10	20	1	1
Disposals	7	9	16	0	0
As of December 31, 2008	761	359	1,120	3,951	3,951
Additions	55	30	85	11	11
Disposals	36	23	59	0	0
As of December 31, 2009	**780**	**366**	**1,146**	**3,962**	**3,962**
Depreciation and amortization:					
As of January 1, 2008	627	214	841	1,490	1,490
Additions	68	41	109	399	399
Disposals	7	8	15	0	0
As of December 31, 2008	688	247	935	1,889	1,889
Additions	38	41	79	392	392
Disposals	32	23	55	0	0
As of December 31, 2009	**694**	**265**	**959**	**2,281**	**2,281**
Carrying amount:					
As of January 1, 2008	131	144	275	2,460	2,460
As of December 31, 2008	73	112	185	2,062	2,062
As of December 31, 2009	**86**	**101**	**187**	**1,681**	**1,681**

III. Investments		Fixed assets	
Other loans	Total	Total	
			Acquisition / manufacturing costs:
370	370	5,436	As of January 1, 2008
0	0	21	Additions
0	0	16	Disposals
370	370	5,441	As of December 31, 2008
0	0	96	Additions
0	0	59	Disposals
370	**370**	**5,478**	**As of December 31, 2009**
			Depreciation and amortization:
370	370	2,701	As of January 1, 2008
0	0	508	Additions
0	0	15	Disposals
370	370	3,194	As of December 31, 2008
0	0	471	Additions
0	0	55	Disposals
370	**370**	**3,610**	**As of December 31, 2009**
			Carrying amount:
0	0	2,735	As of January 1, 2008
0	0	2,247	As of December 31, 2008
0	**0**	**1,868**	**As of December 31, 2009**

A. GENERAL INFORMATION ON THE COMPANY

Mologen AG (short: MOLOGEN) is a stock corporation with registered offices in Berlin (Fabeckstraße 30, 14195 Berlin, Germany). It was founded on January 14, 1998 and is registered at the Berlin-Charlottenburg District Court under Trade Register Entry HRB 65633. The shares of the company are listed on the regulated market (since June 10, 2009: Prime Standard; previously: 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. This particularly encompasses biomolecular vaccines, 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 facilitate the use of DNA-based therapies to treat diseases that are currently untreatable or for which treatment is insufficient.

B. GENERAL INFORMATION ON THE FINANCIAL STATEMENTS

PRINCIPLES

For the first time, the current company financial statements of MOLOGEN are being prepared according to the provisions of Section 325 IIa HGB [German Commercial Code] regarding the publication of the separate financial statements according to the international accounting standards specified in Section 315a I HGB.

The current company financial statements of MOLOGEN were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as applied in the EU. The International Accounting Standards (IAS) in their present valid form as well as the interpretations of the International Financial Reporting Interpretations Committees (IFRIC) – formerly known as the Standard Interpretation Committee (SIC) –, as applied in the EU have likewise been utilized in these financial statements.

The financial year for these financial statements is the period from January 1, 2009 to December 31, 2009. The corresponding prior year period for these financial statements is the period from January 1, 2008 to December 31, 2008.

The functional currency and the presentation currency in the financial statements is the EUR (€). For better readability, the numbers have been rounded in accordance with standard business practice and are presented in thousands of EUR (EUR'000) unless indicated otherwise.

The application of IFRS 8 "Operating Segments" was disregarded since the technologies and product candidates of MOLOGEN are still in the research stage. The individual product candidates and technologies could not be clearly allocated to cash flows and respective expenditure because different combinations of in-house and licensed technologies are utilized for the various product candidates. Segment reporting would not lead to more information gained regarding expenditures and income compared to the other components of the financial statements.

APPLICATION OF NEW AND AMENDED FINANCIAL REPORTING STANDARDS

The following statements of the IASB must be applied for the financial year commencing on or after January 1, 2009 and these statements were applied by MOLOGEN for the first time in the financial year:

- A revised version of the IAS 1 "Presentation of the Financial Statements",
- the amended IFRS 2 "Share-based Payment",
- the amended IAS 32 "Financial Instruments: Presentation",
- the amended IAS 39 "Financial Instruments: Recognition and Measurement" / IFRS 7 "Financial Instruments: Disclosures".

The first-time application of the statements did not significantly affect the presentation of the company's asset, financial and earnings situation.

If relevant to MOLOGEN, the following standards or interpretations newly issued or revised by the IASB would have been mandatory:

IFRS 8 "Operating Segments" replaces the current IAS 14 "Segment Reporting" and must be applied for the financial years commencing on or after January 1, 2009. The amended IAS 23 "Borrowing Costs" must be applied for financial years commencing on or after January 1, 2009. The revised version of IFRS 1 "First-time Adoption of International Financial Reporting Standards" must be applied for financial years commencing on or after January 1, 2009. IFRIC 13 "Customer Loyalty Programs" must be applied for financial years commencing on or after January 1, 2009 (according to EU directive, in contrast to IASB).

IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" must be applied for the first time for financial years that commence on or after January 1, 2009.

The following standards or interpretations issued or revised by IASB, which did not require mandatory application in the current financial statements, were not voluntarily applied ahead of time by MOLOGEN, as adoption by the EU is not yet complete:

The amended IFRS 3 "Business Combinations" must be applied for business combinations that were acquired in the financial year commencing on or after July 1, 2009. IFRS 9 "Financial Instruments" must be applied for financial years commencing on or after January 1, 2013. The amended IAS 24 "Related Party Disclosures" must be applied for financial years commencing on or after January 1, 2011. The amended IAS 27 "Consolidated and Separate Financial Statements" must be applied for financial years commencing on or after July 1, 2009. IFRIC 12 "Service Concession Arrangements" applies for financial years commencing on or after March 26, 2009 (according to the EU directive, in contrast to IASB).

IFRIC 15 "Agreements for the Construction of Real Estate" must be applied for the first time for financial years that commence on or after January 1, 2010 (according to the EU directive, in contrast to IASB). 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 July 1, 2009 (according to the EU directive, in contrast to IASB). IFRIC 17 "Distributions of Non-cash Assets" must be applied for the first time for financial years that commence on or after July 1, 2009. IFRIC 18 "Transfers of Assets from Customers" must be applied for the first time for transfers that a company carried out on or after July 1, 2009.

C. ACCOUNTING AND VALUATION METHODS

The fundamental accounting and valuation methods and principles governing these financial statements are described in the following section.

The accounting and valuation methods have been applied consistently throughout the financial year.

The financial statements were generated according to the cost method. Amortized costs are recognized for the assets and liabilities recorded in the statement of financial position.

The amortized cost of a financial asset or financial liability is the amount at which a financial asset or liability was recognized, minus repayments, plus or minus the accumulated amortization of any difference between the original amount and the amount to be paid back on maturity, using the effective interest method as well as minus any impairment (either directly or using a valuation adjustment account) for reduced value or bad debts (IAS 39).

Preparation of the financial statements according to IFRS requires assumptions or estimates in relation to some items. These affect the recognition in the statement of financial position and/or in the income statement for the period. All estimates are continually revised, and are based on historical experiences and additional factors, including expectations with respect to future events that are deemed reasonable under the given circumstances.

Estimate uncertainties particularly arise in the determination of useful life and the recoverability of intangible and tangible assets and also regarding the realizability of future tax benefits when recognizing deferred taxes.

On each end of the reporting period, the company examines the book values of the assets and liabilities for indications of reduced value. In this case, the target amount of the respective asset or repayment amount of a liability is established to determine the scope of a value adjustment.

The Tangible and the intangible assets are valued at original cost minus scheduled amortization based on use according to the cost model (IAS 16.30). Amortization is carried out on a straight-line, pro rata temporis basis, beginning with the month the asset is acquired or in the month when the asset is first used. The average useful life is between 3 and 10

years (software, technologies, and patents 3 – 10 years, technical equipment 4 – 10 years, company and office equipment 3 – 10 years). The amortization of tangible and intangible assets is recognized in the statement of comprehensive income under amortization.

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

Financial assets are recognized at amortized cost in consideration of the required impairment.

Government grants are recorded if it can be reasonably assumed that the grants will be paid out and the company meets the necessary requirements for receiving the grant.

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 are listed as deferred income within non-current liabilities. They are reversed on a straight-line basis over the expected useful life of the corresponding asset, with an impact on income.

Research costs are costs for original and planned research undertaken with the prospect of gaining new scientific or technical knowledge and understanding (IAS 38.8). They are recognized as an expense in the period in which they are incurred (IAS 38.54). Research costs are costs that are required to conduct research activities. These costs include personnel expenses as well as directly attributable variable and fixed overhead costs, which are recorded as expenses at the time when they are incurred.

Development costs cover expenses that serve to implement technical knowledge on a technical and commercial basis and they are capitalized if they can be identified as such and if future cash flows can be ascribed to them clearly with a high degree of probability (IAS 38.57). Since not all criteria required by the 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 reported in the income statement under other operating income or under 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 the day when the payment is received or rendered. The valuation at the end of the reporting period is also carried out with the exchange rate at the end of the reporting period. The differences arising from the valuation are recognized in profit or loss.

Receivables are valued at amortized cost.

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

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

A financial instrument is a contract that creates a financial asset in one company and a financial liability or an equity instrument in another company. This generally includes original financial instruments on the one hand, and derivative financial instruments on the other. MOLOGEN did not hold any derivative financial instruments - with or without balance sheet hedging - in the financial year or the prior year period.

The original financial instruments are reported and explained under other long-term financial assets, trade receivables, other short-term receivables/ assets, cash and cash equivalents, long-term and short-term debts. Other comprehensive explanations regarding the financial instruments are contained in Section H "Notes on the Type and Management of Financial Risks".

In principle, financial instruments are initially recorded on the settlement date. When they are initially recorded, the financial instruments are recognized at the latest fair value. All financial assets that have not been reported as income at the current fair value in the subsequent periods are included in transaction costs allocated to purchases.

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

The financial assets are examined on each end of the reporting period for indications of impairment. Financial assets are deemed impaired if there is an objective indication that the future cash flows of the assets have adversely changed as a result of one or more events that occurred after they are first recognized.

Financial assets are written off when the legal rights to payment have expired or have been assigned.

No reclassifications between the valuation categories took place in the financial year or in the prior year period.

Financial debts are either recognized in profit or loss as financial debts valued at fair value, or they are recorded as other financial debts.

The financial liabilities held by MOLOGEN in the financial year and prior year period consist of trade payables or other liabilities and are classified as other liabilities.

For the subsequent valuation, the other financial liabilities are valued according to the effective interest method for amortized costs, with potentially incurred interest expenses recorded according to the effective annual interest rate.

No reclassifications between the valuation categories took place in the financial year or in the prior year period.

Financial liabilities are no longer recognized after redemption, meaning after payment, revocation or expiry of the liability.

In principle, conversions of foreign currency liabilities are recognized in profit or loss at the exchange rate valid at the end of the reporting period.

Provisions (IAS 37) are liabilities of uncertain timing or amount. They are created for past events for which a current liability exists. This obligation is probable and it is possible to reliably estimate the amount of the obligation.

Taxes

Current tax assets and tax liabilities

The current tax assets and tax liabilities for the financial year and the prior year period are carried at the level that is expected to be reimbursed by the tax authorities or to be paid to the tax authorities. The calculation of the amount is based on the tax rates and tax laws valid at the reporting date.

Deferred taxes

Deferred taxes are recognized for temporary differences between the book values in the financial statements and tax accounts arising on the reporting date. They are set up for the amount of the expected tax burden or tax relief in subsequent financial years. Tax assets are only recognized if their realization appears to be sufficiently secured (IAS 12.27). The calculation is based on the tax rates expected at the time of realization that are valid at the end of the reporting period and/or are legally adopted. Tax assets and tax liabilities are only offset to the extent that they can be set off against each other in relation to a tax authority (IAS 12.74).

Actual and deferred taxes are recognized in profit or loss unless they are linked to items that are directly reported in equity. In this case, the taxes are reported directly in equity. No income taxes were recorded as expenditure or directly in equity during the financial year or prior year period. Deferred taxes were not reported as it is unclear whether they are actually realizable.

Ordinary shares are classified as equity. Costs that can be directly attributed to issues of new shares or options are recognized in equity (net value after tax) as a deduction from issue proceeds.

As compensation for services provided, the employees of the company (including management) are given share-based compensation in the form of equity instruments (so-called transactions settled through equity instruments). Expenses that result from the granting of the equity instruments and the corresponding increase in capital are recorded in the time period in which the exercising or service requirements must be met (so-called "vesting period").

This time period ends on the first day the employee can exercise this option, meaning the day the employee is irrevocably entitled to exercise the option. The cumulative expenses recognized at the end of the reporting period up to the time when the employee can first exercise the option and resulting from the equity instruments reflect the portion of the vesting period that has already passed as well as the company's best possible estimate of the number of equity instruments that can currently be exercised when the vesting period is over. The amount recognized in the statement of comprehensive income for the period reflects the development of the cumulative expenses recorded at the beginning and end of the financial year.

Expenses and income of the financial year are recognized when they become realizable, regardless of the time when they are paid. Income from the sale of goods and services, technologies, licensing and sales rights and consulting services is recognized 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 a reversal is carried out over the period in which the services are performed.

D. NOTES TO THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2009

ASSETS

NON-CURRENT ASSETS

(1) TANGIBLE ASSETS

Net tangible assets increased in the financial year by € 2 thousand - namely from € 185 thousand in the previous year to € 187 thousand. Ordinary amortization was offset by investments of € 85 thousand.

The development of the fixed assets is depicted in the assets analysis (page 54).

(2) INTANGIBLE ASSETS

In the reporting period, the value of the intangible assets in the financial statements decreased by € 381 thousand to € 1,681 thousand (prior year: € 2,062 thousand). The intangible assets consist of purchased technologies (residual book value: € 1,671 thousand; prior year: € 2,061 thousand) and software (residual book value: € 10 thousand; prior year: € 1 thousand).

Ordinary amortization was offset by investments of € 11 thousand (prior year: € 1 thousand).

The development of the intangible assets is depicted in the assets analysis (page 54).

RESEARCH AND DEVELOPMENT

The resources available to the company are largely used directly for research projects. Expenses in this area amount to € 4.8 million (prior year: € 4.4 million). As in the prior year, there were no development costs in terms of IAS 38.

(3) FINANCIAL ASSETS

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

For the cost of other loans of € 370 thousand, a value adjustment in the same amount was made in financial year 2005. The loan was related to a joint venture. The project was terminated. The claim is being legally enforced.

(4) OTHER NON-CURRENT ASSETS

The other non-current assets consist of loans to employees amounting to € 4 thousand (prior year: € 3 thousand) and at the time of the reporting date, have a remaining term of over one year.

CURRENT ASSETS

(5) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash in hand and bank balances with a remaining term of less than three months. Readily available bank balances are subject to variable interest rates. There were no short-term investments in the reporting period. The value of the cash on the reporting date totals € 6,174 thousand (prior year: € 3,324 thousand). This is based on the nominal value of the Euro holdings and the recognition of a foreign currency account converted using the exchange rate valid on December 31, 2009.

(6) TRADE RECEIVABLES

Trade receivables are non-interest bearing and, on the reporting date, they have a remaining term that is exclusively under one year. They are generally due within 14 days. They are recognized at amortized cost, and on December 31, 2009 they totaled € 5 thousand (prior year: € 140 thousand).

The analysis of non-impaired trade receivables is presented in the following table:

EUR'000	Total	Neither overdue nor impaired	Overdue, but not impaired (portions of) receivables			
			<30 days	30 - 90 days	90 - 365 days	> 365 days
Dec. 31, 2009	5	0	5	0	0	0
Dec. 31, 2008	140	30	50	6	6	48

As of December 31, 2009, value adjustments of € 60 thousand (prior year: € 612 thousand) were recognized for trade receivables.

During the 2009 financial year, value adjustments of € 48 thousand (prior year: € 12 thousand) were made for trade receivables.

In the 2009 financial year, trade receivables amounting to € 600 thousand were revalued and written-off, because it could no longer be assumed that the contractually agreed payments would be received. The value adjustments recognized in this regard in the prior years have been respectively derecognized.

No reversals of value adjustments for trade receivables were made (previous year: € 0).

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

The development of value adjustments for trade receivables can be found under section H as part of the table entitled "Development of the impairment of the financial instruments."

(7) INVENTORIES

Inventories are comprised of goods (€ 20 thousand; prior year: € 19 thousand).

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

(8) OTHER CURRENT ASSETS AND DEFERRED INCOME TAX ENTITLEMENTS

The accounted value of € 511 thousand (prior year: € 367 thousand) is comprised of the following:

EUR'000	Dec. 31, 2009	Dec. 31, 2008
Income tax entitlements	20	160
Reimbursements from VAT	321	101
Claims against tax authorities for investment subsidy	8	1
Other receivables	162	105
	511	**367**

The income tax entitlements pertain to the corporate tax refunds (including the solidarity tax contribution) for the year 2009.

The amounts indicated under Reimbursements from VAT are comprised of receivables and liabilities to the same authorities and as such may be netted off according to IAS 12.71.

Fixed-term deposits in the amount of € 13 thousand (prior year: € 13 thousand) have been pledged and serve as collateral for a rental.

The amount reported in other receivables includes value adjustments in the amount of € 559 thousand (prior year: € 560 thousand).

The value adjustments recorded in the 2005 financial year in the amount of € 555 thousand (prior year: € 555 thousand) are related to a joint venture. The project was terminated. The claim is being legally enforced.

No value adjustments for other assets were recorded in the financial year or in the prior year period.

The development of impairments of other current assets is presented under section H.

EQUITY AND LIABILITIES

NON-CURRENT LIABILITIES

(9) DEFERRED REVENUES

The amount posted of € 86 thousand (prior year: € 91 thousand) pertains to government funds for assets (€ 13 thousand; prior year: € 12 thousand) and deferred revenues.

CURRENT LIABILITIES

(10) CURRENT LIABILITIES

Trade payables are non-interest bearing and generally due within 30 days. Other current liabilities are non-interest bearing and are due within a twelve-month period.

The composition of current liabilities is presented in the following table:

EUR'000	Dec. 31, 2009	Dec. 31, 2008
Trade payables	513	454
Deferred revenues	306	7
Property transfer tax provisions	0	58
Payments received for orders	37	39
Liabilities from income and church tax	28	23
Liabilities to banks	5	4
Other liabilities	256	181
	1,145	**766**

The deferred revenues in the amount of € 306 thousand (Dec 31, 2008: € 7 thousand) primarily contain funds from the 7th Research Framework Programme of the European Union totaling € 299 thousand (Dec 31, 2008: € 0).

During the reporting period, MOLOGEN received funding in the amount of € 599 thousand from the 7th Research Framework Programme of the European Union. This amount is a prepayment for the first 18 months of the project term. The income from the planned receipt of the funding totals € 300 thousand for the reporting period and is reported under other operating income.

EQUITY

The composition of equity and the development of the equity components are presented (page 53).

(11) ISSUED CAPITAL / DEPOSITS MADE TO AFFECT THE AGREED CAPITAL INCREASE

MOLOGEN's share capital is € 10,143,348 divided into 10,143,348 no-par bearer shares, each with a notional share of € 1.00 in the share capital.

In 2009, MOLOGEN implemented the following measures relevant to share capital:

On April 2, 2009, a capital increase performed in March 2009 was entered into the relevant Commercial Register for the company in exchange for cash contributions with the exclusion of subscription rights. Based on an authorization by the Annual General Meeting as well as the approval of the Supervisory Board of MOLOGEN, 425,000 ordinary shares in the name of the bearers (about 4.5% of the share capital) were issued to institutional investors. At an issue price of € 6.50 per share, the company received total capital in the amount of € 2,763 thousand. The share capital of MOLOGEN increased from € 9,378,348 to € 9,803,348, divided into the same number of individual no-par shares.

Furthermore, in the 2009 financial year, a total of 340,000 new shares were issued from the share capital 2006-1, passed by resolution in the Annual General Meeting on June 7, 2006. The share capital thus increased from € 9,803,348 to € 10,143,348, divided into the same number of no-par shares. The company received total capital in the amount of approximately € 2,077 thousand. The issuance of these new shares was entered in the Commercial Register on January 20, 2010.

In December 2009, the Board of Directors decided to carry out a capital increase in exchange for cash contributions with the exclusion of subscription rights. Based on an authorization by the Annual General Meeting as well as the approval of the Supervisory Board of MOLOGEN, 512,000 ordinary shares in the name of the bearers (about 5% of the share capital) were issued to institutional investors. At an issue price of € 7.00 per share, the company, as of Dec 31, 2009, had received total capital of € 3,574 thousand and additional capital in the amount of € 10 thousand between the effective date and the entry in the Commercial Register. The disclosure of the payments received as at the end of the reporting period in the amount of € 3,574 thousand is reported in the item "Deposits made to affect the agreed capital increase". By the time the share capital of MOLOGEN was entered into the Commercial Register on January 20, 2010, it had increased from € 10,143,348 to € 10,655,348, divided into the same number of no-par shares.

At the end of the reporting period on December 31, 2009, the company had the following authorized and conditional capital:

in €	Dec. 31, 2008	Dec. 31, 2009	Change
Authorized capital	4,643,424	4,218,424	-425,000
Conditional capital 2002	5,500	0	-5,500
Conditional capital 2005-1	63,183	4,683	-58,500
Conditional capital 2006-1	520,268	180,268	-340,000
Conditional capital 2007	237,234	237,234	0
Conditional capital 2008	3,770,739	3,770,739	0
Conditional capital 2009	0	218,149	218,149

The conditional capital 2005-1, 2006-1 and 2007 is used to grant convertible bonds and/or subscription rights without issuing debt securities to the members of the Board of Directors and the employees of the company. The conditional capital increase is only implemented insofar as holders of the convertible bonds and/or options issued by the company exercise their conversion or subscription right. The new shares participate in the earnings from the beginning of the financial year in which the new shares were created by exercising the conversion or subscription rights.

The conditional capital 2008 is used to issue convertible or warrant bonds with a total par value of up to € 10,000,000.00 with a term of up to 10 years, and to grant the owners or holders of debt securities conversion rights on new shares of the company with a pro-rata amount of the share capital of up to € 3,770,739.00. The conditional capital increase is implemented insofar as the owners or holders of conversion or option rights exercise their rights or the owners or holders required to convert fulfill their obligation to convert. The new shares participate in the earnings from the beginning of the financial year in which the new shares were created by exercising the conversion rights or by fulfilling the conversion obligations.

In a resolution passed by the Annual General Meeting on May 19, 2009, the share capital was conditionally increased by up to € 218,149.00, divided into 218,149 no-par shares (conditional capital 2009). The conditional capital increase is used to grant convertible bonds and/or subscription rights without issuing debt securities to the members of the Board of Directors and the employees of the company based on the resolution for approval passed by the Annual General Meeting on May 19, 2009. The conditional capital increase is implemented only insofar as the holders of the convertible bonds and/or options issued by the company exercise their conversion or subscription rights. The new shares participate in the earnings from the beginning of the financial year in which the new shares were created by exercising the conversion or subscription rights. The resolution of the Annual General Meeting was entered into the respective Commercial Register on June 23, 2009.

(12) CAPITAL RESERVE

Equity items are recognized in capital reserves that were received externally via the issued capital as well as the withdrawal of € 6,668 thousand made in the financial year 2002, which was offset with the accumulated losses.

As a result of the capital increases made in the financial year 2009 in exchange for cash contributions and the new shares issued, the capital reserve increased by € 4,075 thousand. As required by IAS 32.37, the costs incurred for the equity procurement of € 301 thousand (prior year: € 10 thousand) were taken into account in the capital reserve. Thus, the capital reserve increased by € 3,774 thousand.

The application of IFRS 2, share-based compensation, resulted in allocations of € 279 thousand (prior year: € 511 thousand) in the capital reserve. 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, we refer to No. 17 of the Notes.

EUR'000	Dec. 31, 2009	Dec. 31, 2008
Capital reserve	27,938	23,863
Employee compensation in equity instruments	2,666	2,387
Costs of equity procurement	-1,806	-1,505
	28,798	**24,745**

(13) ACCUMULATED LOSSES

The accumulated losses include a loss carried forward of € 28,880 thousand (prior year: € 22,789 thousand).

E. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR 2009

(14) (REVENUES

Revenues in the financial year 2009 resulted largely from domestic business and amounted to € 53 thousand (prior year: € 210 thousand).

EUR'000	2009	2008
Goods and services	41	147
Technologies	7	7
Licensing and sales rights	5	14
Consulting	0	42
	53	**210**

Revenues are due to one-time effects and as such are subject to fluctuations.

(15) OTHER OPERATING INCOME

Other operating income comprises the following:

EUR'000	2009	2008
Funding	300	0
Income from other accounting periods	0	17
Remaining other operating income	8	19
	308	**36**

During the reporting period, MOLOGEN received funding in the amount of € 599 thousand from the 7th Research Framework Programme of the European Union. This amount is a prepayment for the first 18 months of the project term. The income from the planned receipt of the funding totals € 300 thousand for the reporting period and is stated under other operating income.

(16) COST OF MATERIALS

EUR'000	2009	2008
Expenses for raw materials, supplies, and goods	1,231	401
Expenses for services used	942	1,344
	2,173	**1,745**

Due to preparation for clinical studies, the demands on raw materials increased during the reporting period.

Expenses for raw materials, supplies and goods include changes in inventories of € -15 thousand (prior year: € 21 thousand).

(17) PERSONNEL EXPENSES

EUR'000	2009	2008
Wages and salaries	1,707	1,342
Social insurance contributions	260	231
Stock options granted (according to IFRS 2)	279	511
	2,246	**2,084**

On average, MOLOGEN had 40 (prior year: 36) employees (excluding members of the Board of Directors and temporary staff) during the year.

The employee structure (including temporary staff) was as follows on the reporting date:

	Dec. 31, 2009	Dec. 31, 2008
Board of Directors	2	2
Research and Development Staff (R&D)	36	35
Administration	6	7
	44	**44**

(18) AMORTIZATION

The amortization posted for intangible and tangible assets consists of scheduled amortization. There were no unscheduled impairments.

EUR'000	2009	2008
Intangible assets	392	399
Tangible assets	79	109
	471	**508**

(19) OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

EUR'000	2009	2008
Legal and consulting costs	644	655
Administration costs	250	212
Patent costs	197	261
Travel expenses	184	219
Marketing / Investor Relations	151	453
Rent	104	114
Maintenance	103	119
Fringe costs (personnel)	54	68
Impairments on receivables	48	33
Remaining other operating expenses	88	78
	1,823	**2,212**

Audit costs of € 40 thousand were incurred in the financial year 2009 (of which attributable to the prior year: € 5 thousand). Furthermore, costs for other services of our auditor amounting to € 3 thousand and travel expenses of € 5 thousand were incurred.

(20) FINANCIAL RESULT

The interest and related income shown in the financial result of € 68 thousand (prior year: € 212 thousand) consist of interest and financial credit (€ 68 thousand; prior year: € 211 thousand), interest on receivables (€ 1 thousand; prior year: € 1 thousand) and other interest expense (€ 1 thousand; prior year: € 0).

(21) TAX RESULT

Current tax assets and tax liabilities

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

Deferred taxes

Under German law, MOLOGEN's corporate tax loss carried forward of € 40.9 million (prior year: € 34.6 million) and the trade tax loss of € 39.1 million (prior year: € 32.9 million) can be offset 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 entitlements.

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

	31.12.2008			
Balance sheet item EUR'000	**Discrepancy**	**Deferred tax prior to value adjustment**	**Value adjustment**	**Deferred tax after value adjustment**
Tangible assets	-16	-5	5	0
Total deferred taxes		**-5**	**5**	**0**
Tax loss carried forward		10,199	-10,199	0
Total deferred tax assets		**10,199**	**-10,199**	**0**
Subtotal deferred taxes on Dec. 31, 2008		**10,194**	**-10,194**	**0**

	31.12.2009			
Balance sheet item EUR'000	**Discrepancy**	**Deferred tax prior to value adjustment**	**Value adjustment**	**Deferred tax after value adjustment**
Tangible assets	0	0	0	0
Total deferred taxes		**0**	**0**	**0**
Tangible assets	3	1	-1	0
Tax loss carried forward		12,082	-12,082	0
Total deferred tax assets		**12,083**	**12,083**	**0**
Subtotal deferred taxes on Dec. 31, 2009		**12,083**	**12,083**	**0**

The accounting is based on the 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 2009 and the prior year period.

EUR'000	2009	2008
Earnings before tax	-6,284	-6,091
Expected tax expenditure (+) / income (-)	-1,897	-1,838
Tax effects of expenses that are not tax-deductible	9	166
Tax effects of income to be disregarded in terms of tax	-1	-1
Changing the value adjustment to deferred taxes	1,889	1,673
Actual tax expenditure (+) / income (-)	0	0

(22) EARNINGS PER SHARE (EPS)

Undiluted earnings per share are calculated by dividing the earnings attributable to the owners of the 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 the 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 the dilution effect into ordinary shares.

	2009	2008
Earnings[1] in EUR '000	-6,284	-6,091
Weighted average number of ordinary shares for calculating the undiluted earnings per share in thousands	9,849	9,356
Dilution effect from the issue of stock options in thousands	0	0
Weighted average number of ordinary shares including the dilution effect in thousands	9,849	9,356
Undiluted EPS in EUR	-0.64	-0.65
Diluted EPS in EUR	–[2]	–[2]

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

(23) NOTES ON THE CASH FLOW STATEMENT

The cash flow statement shows how the cash and cash equivalents of MOLOGEN have changed through cash inflow and outflow during the financial year. According to IAS 7, a distinction is made between cash flow from operating activities and from investment and financing activities.

The cash flow from operations contains interest-affecting income of € 75 thousand (prior year: € 242 thousand). Interest was paid in the amount of € 1 thousand (prior year: € 0).

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 conditional capital for this purpose.

CONTRACTUAL OBLIGATIONS OF THE STOCK OPTION PROGRAMS (AOP)

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 (supplemented by stock option plan 2005, 2006 and 2007: 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 to grant shares to the entitled persons
Exercise periods:	After the waiting period expires, the employee stock options can only be exercised within 4 weeks after the publication of the respective, current quarterly report or semi-annual report or the respective, current interim report of the company, otherwise within 4 weeks after the publication of the annual report or within 4 weeks after the company's Annual General 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 a trading statement of the stock exchange in which the company's shares are traded) and 60 trading days prior to the resolution of the Board of Directors (if employee options are issued to the Board of Directors: by the Supervisory Board) on the respective allocation.

Exercise price: Equates to the strike price

DETAILS OF THE RESPECTIVE STOCK OPTION PROGRAMS:

2005, 2006 and 2007 stock option programs

Duration: Three years from the allocation date

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 the restructuring of the stock exchange segments in the trading segment of this stock exchange in which the company's shares 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.

2009 stock option program

Duration: Five years from the allocation date

Performance target: The conversion rights can only be exercised if the average share price (arithmetical mean of the closing prices on the regulated market at the Frankfurt Stock Exchange, or after the restructuring of the stock exchange segments in a trading statement of this stock exchange in which the company's shares are traded) compared with the strike price has increased in the following manner in the last 10 trading days prior to the day the conversion right is exercised: The conversion right can only be exercised in the third year after the issue/allocation if the share price (arithmetical mean of the closing prices on the regulated market at the Frankfurt Stock Exchange, or in the event there is a restructuring of the stock exchange segments in the trading segment of this stock exchange in which the company's share is traded) has increased compared with the strike price by at least 10% in the last 10 trading days prior to the day the conversion right is exercised (performance target). For the 4th year, the performance target is 13% above the strike price and for the 5th year, it is 16% above the strike price.

ACCOUNTING

The fair value of the granted stock options is calculated on the date when they are granted, taking into account the conditions under which the options were granted. The fair values of the stock option programs were calculated using a Monte Carlo simulation model.

The following table contains the parameters applied to the valuation:

Parameters	Stock option program						
	2005b	2005c	2006c	2006d	2007	2009a	2009b
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected volatility (%)	62.06	62.10	62.06	62.10	53.41	44.49	43.37
Risk-free interest rate (%)	4.00	4.01	4.00	4.01	3.80	1.81	1.79
Anticipated term of option (years)	2.25	2.25	2.25	2.25	2.25	3.5	3.5
Share price on date of issue (EUR)	8.10	8.05	8.10	8.05	6.90	6.52	7.24

On the basis of past experience, the anticipated term of the stock options for the 2005, 2006 and 2007 stock option programs is 2.25 years, and for the 2009 stock option program 3.5 years. 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 (German Federal Bank) are used as the risk-free interest rates. In this respect, the interest rate that has an identical remaining 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 in the future.

DEVELOPMENT DURING THE FINANCIAL YEAR

The Board of Directors issues stock options to employees of MOLOGEN. The Supervisory Board issues stock options to members of the Board of Directors. In the current financial year, 217,973 (prior year: 0) option rights were issued to the persons entitled. On December 31, 2009, a total of 3,176 stock options had not yet been allocated.

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.

	2009		2008	
	WAEP per option (€)	**Options** (unit)	**WAEP** per option (€)	**Options** (unit)
Status on Jan. 1	**6.87**	**754,380**	**6.65**	**872,685**[1]
Granted[2]	7.22	217,973	–	0
Forfeited	7.48	600	7.51	4,805
Exercised[3]	6.11	340,000	5.14	61,500
Expired	7.52	156,150	5.26	52,000
Status on Dec. 31	**7.35**	**475,603**	**6.87**	**754,380**
Exercisable as per Dec. 31[4]	**7.46**	**257,630**	**6.55**	**496,150**

[1] This includes 5,500 stock options that were not accounted for as per 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 for as per IFRS 2.
[2] The weighted average fair value of the options granted was € 1.97 per share.
[3] The weighted average share price when the options were exercised was € 7.44 (prior year: € 7.38).
[4] The only factor taken into account here is whether the waiting period of the options has already expired. All other contractual obligations, such as the attainment of the performance target were disregarded.

The weighted average remaining contractual duration for the options outstanding as of December 31, 2009 is 2.56 years (2008: 1.03 years). The exercise prices for options outstanding at the end of the reporting period range between € 6.95 and € 7.76 (2008: € 6.11 and € 7.76).

G. OTHER FINANCIAL LIABILITIES AND CONDITIONAL LIABILITIES

Lease agreements resulting in other financial liabilities of € 69 thousand for the financial year 2010 and € 16 thousand for the financial year 2011. Additionally, MOLOGEN is encumbered with other financial liabilities of € 366 thousand for 2010, which must be recognized. For the years 2011 and 2012, € 229 thousand and € 117 thousand respectively remain as other financial liabilities.

Pursuant to IAS 37, there are € 3.7 million in conditional liabilities on December 31, 2009. The conditional liabilities are the result of payment risk (amount in dispute plus interest) due to arbitration proceedings initiated by a license holder of MOLOGEN. Based on legal advice, the Board of Directors assumes the decision will be in favor of MOLOGEN. Further details are provided in the Management Report. A decision in the arbitration proceedings shall be reached in the summer of 2010.

H. NOTES ON THE TYPE AND MANAGEMENT OF FINANCIAL RISKS

FINANCIAL RISK MANAGEMENT

MOLOGEN has a risk management system for the detection, assessment and control of risks that could arise from the existing financial instruments. The risks arise from effected and planned cash income and expenses and can take the form of default, liquidity and exchange rate risks. There are no other interest risks or 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. Further details are provided in the Management Report ("Risk report" section). The secondary purpose is to utilize the investment opportunities to achieve interest earnings using only conservative and current products.

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

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 default risk as a result of its operating activities. Receivables are monitored constantly. Default risks are taken into consideration by way of specific value adjustments (see 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 company monitors the terms of financial assets (e.g. receivables) and liabilities as well as expected cash flow from operating activities. 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 in the market interest rates.

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

EXCHANGE RATE RISKS

Financial instruments held in foreign currencies are only used by MOLOGEN in a very limited capacity. The exchange rate risk can therefore be classified as very low.

OTHER PRICE RISKS

There are no other price risks.

CATEGORIES OF FINANCIAL INSTRUMENTS

EUR'000	Dec. 31, 2009	Dec. 31, 2008
Financial assets		
Loans and receivables valued at amortized costs		
Financial investments	0	0
Trade receivables	5	140
Cash and cash equivalents	6,174	3,324
Other financial assets	174	109
Financial liabilities		
Valued at costs less impairment		
Liabilities to banks	5	4
Trade payables	513	454
Other financial liabilities	321	243

The book values of the financial assets and the financial liabilities correspond to their fair value.

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

No new classifications or reclassifications were made in the financial year or in the corresponding prior year.

Expenditures of € 28 thousand (prior year: € 3 thousand) from exchange rate losses were reported in the financial year.

Development of the impairment of the financial instruments:

	Impairments of			
EUR'000	Financial assets	Trade receivables	Other financial assets	Total
Status on Jan. 1, 2008	**370**	**651**	**563**	**1,584**
Increase / decrease in impairment recognized in income	0	12	-3	9
Derecognition of the impairment recorde	0	-51	0	-51
Status on Dec. 31, 2008	**370**	**612**	**560**	**1,542**
Increase / decrease in impairment recognized in income	0	48	-1	47
Derecognition of the impairment recorde	0	-600	0	-600
Status on Dec. 31, 2009	**370**	**60**	**559**	**989**

I. INFORMATION ON AFFILIATED PERSONS AND THE COMPANY

INFORMATION ON THE BOARD OF DIRECTORS

THE FOLLOWING PERSONS WERE ON 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 Jan. 31, 2014)

Mr. Jörg Petraß

Chief Financial Officer, Berlin,(from Feb. 1, 2007 to Jan. 31, 2013).

INFORMATION ON THE COMPENSATION STRUCTURE OF THE BOARD OF DIRECTORS

Non-performance-based and performance-based compensation components

The members of the Board of Directors receive the following non-performance-based and/or performance-based compensation:

EUR'000		Dr. Matthias Schroff	Jörg Petraß	Total
Non-performance-based compensation	**2009**	**120**	**100**	**220**
	2008	120	100	220
Performance-based compensation	**2009**	**80**	**65**	**145**
	2008	0	0	0
Other compensation	**2009**	**122**[1]	**0**	**122**
	2008	0	5[2]	5
Total of directly paid compensation	**2009**	**322**	**165**	**487**
	2008	120	105	225

[1] Non-cash benefit from exercising the stock options.
[2] Non-cash benefit from stock options that were granted before the appointment to the Board of Directors.

Compensation components with long-term incentive effect

The members of the Board of Directors were granted stock options as compensation components with long-term incentive effect in the financial year.

Member of the Board		Issued subscription rights: Units	Issued subscription rights: Fair value on the date issue in EUR '000	Total personnel expenditure from stock options in the relevant financial year in EUR '000
Dr. Matthias Schroff	**2009**	**43,630**	**86**	**61**
	2008	0	0	163
Jörg Petraß	**2009**	**43,630**	**86**	**61**
	2008	0	0	139[1]
Total	**2009**	**87,260**	**172**	**122**
	2008	0	0	302

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

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 WERE ON THE SUPERVISORY BOARD OF MOLOGEN IN THE FINANCIAL YEAR:

Dr. Mathias P. Schlichting (Chairman)
Attorney at law, Hamburg (Membership in other supervisory bodies: none)

Mr. Gregor Kunz
Auditor, Tax Consultant, Berlin (Membership in other supervisory bodies: member of the Supervisory Boards of the following companies: Odeon Film AG, Berlin; Konsumgenossenschaft Berlin und Umgegend eG, Berlin; CAT Model Management AG, Berlin; member of the advisory boards in the following companies: Berliner Volksbank eG, Berlin; GESTRIM Deutsche Fondsmanagement GmbH, Berlin)

Mr. Ferdinand Graf von Thun und Hohenstein
Entrepreneur, Munich (Membership in other supervisory boards: SALVATOR Vermögensverwaltungs GmbH, Munich: Chairman of the Supervisory Board)

The compensation of the Supervisory Board amounted to € 80 thousand in 2009 (prior year: € 80 thousand). There was also compensation for attending meetings totaling € 14 thousand (prior year: € 14 thousand).

INFORMATION ON THE SCIENTIFIC ADVISORY BOARD

THE FOLLOWING PERSONS WERE ON THE SCIENTIFIC ADVISORY BOARD OF MOLOGEN IN THE FINANCIAL YEAR:

Prof. Dr. Burghardt Wittig (Germany)
Co-founder and former Chairman of the Board of Directors of Mologen AG and Professor of Molecular Biology and Bioinformatics at the Freie Universität Berlin

Prof. Dr. Hans Lutz (FVH, FAMH, Switzerland)
Professor for Clinical Laboratory Diagnostics and Head of the Veterinary Medicinal Laboratory and Vice Dean of Planning and Resources, Vetsuisse Faculty at the University of Zurich

Dr. Ulrich Granzer (Germany)
Founder and CEO of "Granzer Regulatory Consulting & Services" based in Munich

Dr. med. habil. Martin Weihrauch (Germany)
Board certified Internist, Hematologist and Oncologist at the center for Integrated Oncology and Medical Director of the outpatient department (MVZ) at the University Clinic, Cologne

Professor Farrokh Modabber (Ph.D., Switzerland)
Senior Manager at the Drugs for Neglected Diseases initiative (DNDi), Geneva

During the reporting period, the members of the Scientific Advisory Board received compensation totaling € 120 thousand (prior year: € 90 thousand). There was also compensation for attending meetings totaling € 4 thousand (prior year: € 4 thousand). On Dec. 31, 2009, there were advance payments for travel expenses of € 20 thousand (prior year: € 12 thousand).

J. OTHER INFORMATION

INFORMATION ON RELEVANT EVENTS AFTER THE END OF THE REPORTING PERIOD

With the approval of the Supervisory Board, the Board of Directors passed a resolution to increase capital partly by utilizing the authorized capital. 512,000 new shares at € 7.00 a share were issued with the exclusion of subscription rights. MOLOGEN thus received capital totaling € 3,574 thousand at the end of the reporting period and € 10 thousand in 2010. The capital increase was entered in the Commercial Register on January 20, 2010. As a result, the company's issued capital has increased to a total of € 10,655,348, divided into as many no-par shares.

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 the Supervisory Board of MOLOGEN published their statement regarding conformity with the German Corporate Governance Code for 2009 on the company's website (www.mologen.com) in March 2009, thus making it available to all shareholders. The declaration for 2010 (see Management Report) is expected to be published, and made continuously accessible on the company's website in March 2010 for the shareholders, as well as in the 2009 annual report.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements were approved by the Board of Directors and released for publication on March 5, 2010.

Berlin, 5 March 2010
Board of Directors of the MOLOGEN AG

Dr. Matthias Schroff
Chief Executive Officer

Jörg Petraß
Chief Financial Officer

AUDITORS' REPORT

We have audited the separate annual financial statements prepared in accordance with section 325(2a) of the German Commercial Code (Handelsgesetzbuch – HGB) – consisting of the balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements – as well as related accounting records and the report of management of Mologen AG for the year ended 31 December 2009. Management of the Company is responsible for preparation of the annual financial statements in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU and the complementary provisions of commercial law pursuant to section 325(2a) of the German Commercial Code, as well as for preparation of the report of management in accordance with the provisions of German commercial law. Our responsibility is to provide an opinion on the separate annual financial statements prepared in accordance with section 325(2a) of the German Commercial Code on the basis of our audit, taking into consideration accounting records and the assertions of management.

We conducted our audit of the financial statements in compliance with section 324a of the German Commercial Code in conjunction with section 317 of the German Commercial Code as well with the German generally accepted principles for the audit of annual financial statements issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW).

Accordingly, the audit must be planned and performed to obtain reasonable assurance of detecting material misstatements or non-compliance with laws and regulations in the presentation of the net assets, financial position and results of operations in the separate financial statements pursuant to section 315(2a) of the German Commercial Code, taking into account applicable accounting principles, and the report of management. Auditing procedures are determined to take into account knowledge of the business activities as well as of the economic and legal environment of the Company and an evaluation of possible misstatements. The audit includes assessment of the efficacy of the internal system of control procedures and, primarily on a test basis, examination of evidence of supporting amounts and disclosures in the Company's accounting records, separate financial statements pursuant to section 315(2a) of the German Commercial Code and the assertions of management. The audit also includes assessment of the principles of accounting applied and significant estimates made by management as well as overall evaluation of the separate financial statements pursuant to section 315(2a) of the German Commercial Code and the report of management. We believe that our audit provides a sufficiently reasonable basis for our opinion.

Our audit resulted in no reservations.

In our opinion, on the basis of the knowledge acquired in the course of our audit, the separate financial statements are in compliance with IFRS as applied in the EU and the supplementary provisions of section 325(2a) of the German Commercial Code and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these provisions.

The report of management is consistent with the separate financial statements pursuant to section 315(2a) of the German Commercial Code, conveys on the whole an accurate portrayal of the situation of the Company and accurately presents the opportunities and risks of future developments.

Leipzig, 5 March 2010
Rölfs WP Partner AG (Wirtschaftsprüfungsgesellschaft)

Thomas Gloth
German Public Auditor

Mario Hesse
German Public Auditor

Mologen AG, Berlin
Separate financial statements pursuant to section 325(2a) of the German Commercial Code for the year ended 31 December 2009 in accordance with IFRS – as applied in the EU – and the report of management for the financial year 2009

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

To the best of our knowledge, and in accordance with the applicable reporting principles, the seperate financial statements pursuant to § 325(2a) of the German Commercial Code according to IFRS as applied in the EU, give a true and fair view of the assets, liabilities, financial and profit or loss situation of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Berlin, 5 March 2010
Board of Directors of the MOLOGEN AG

Dr. Matthias Schroff
Chief Executive Officer

Jörg Petraß
Chief Financial Officer

CORPORATE CALENDAR 2010

March 30, 2010
Annual Financial Statements 2009

May 12, 2010
Quarterly Report as of March 31, 2010

June 07, 2010
Annual General Meeting 2010

August 12, 2010
Half-Year Report as of June 30, 2010

November 11, 2010
Quarterly Report as of Sept 30, 2010

November 22-24, 2010
German Equity Forum Fall 2010

DISCLAIMER

This document contains forward-looking statements which are based on the current estimates and assumptions by the corporate management of MOLOGEN AG. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by MOLOGEN AG and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside MOLOGEN's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and other involved in the marketplace. MOLOGEN neither plans nor undertakes to update any forward-looking statements.

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