MOLOGEN AG

MOLOGEN. Our Research – for you

Annual Report

2011

ADVANCED PRODUCT PIPELINE

of MOLOGEN AG as of December 31, 2011

Product	Research	Preclinic	Phase I	Phase II	Phase III	Approval
Oncology						
MGN1703-CRC (colorectal cancer) see page 4					IMPACT study (phase II/III) recruitment ongoing	
MGN1703-NSCLC (non-small cell lung cancer) see page 4				phase II study under preparation		
Other solid tumors						
MGN1601 (renal cell carcinoma) see page 10				ASET study (phase I/II) recruitment completed		
Infectious Diseases						
MGN1331 leishmaniasis see page 12						
MGN1333 hepatitis B see page 12						

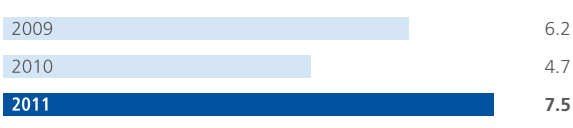
We conduct research – with a professional approach and passion – to develop safe and well tolerated medicines. Our development work focuses on oncological and infectious diseases. Our universally applicable platform technologies thereby form the basis for our broad and attractive product pipeline. What is remarkable: the active principle of our medicines utilizes the defense system of the human body and enables the patient's immune system to fight against the disease on its own again. An approach that our team enforces with great dedication.

With our unique technologies and innovative products we want to be among the leading biotechnology companies in the field of DNA-based and cell-based therapies and vaccines.

We conduct research for you – for innovative medicines that are highly effective and well tolerated.

Cash and cash equivalents

in million €



R&D expenses (IFRS)

in million €

CONTENT

KEY DATA

MOLOGEN AG according to IFRS

in million €	2011	2010	Change
Results			
Revenue	0.1	0.1	0%
Personnel costs	3.1	2.5	+24%
EBIT	-7.6	-5.7	+33%
Net loss for the year	-7.5	-5.7	+32%
R&D expenses	6.1	4.3	+42%
EPS in € (basic)	-0.61	-0.52	+17%
Statement of financial position			
Cash and cash equivalents	7.5	4.7	+60%
Non-current assets	1.5	1.5	0%
Current assets	8.3	5.5	+51 %
Non-current liabilities	0	0.1	-100%
Current liabilities	1.1	0.8	+38%
Equity	8.7	6.2	+40%
Equity ratio	89%	88%	+1%
Cash flow statement			
Cash flows from operating activities	-6.3	-5.5	+15%
Cash flows from investing activities	-2.3	-0.1	+2,200%
Cash flows from financing activities	9.3	4.1	+127%
Number of employees as of Dec. 31	**52**	**44**	**+18%**
MOLOGEN share			
Outstanding shares as of Dec. 31	12,459,275	11,213,348	+11%
Year end price in €	7.02	8.60	-18%

2011 – TARGETS REACHED

Our most important advances at one glance

→ Europe-wide patent for cell-based cancer therapy MGN1601 granted

Major addition to patent portfolio of MOLOGEN AG for activation of the economic potential of the therapy

→ Successful capital increase

Gross proceeds of € 10 million secure the further development of the pipeline and the continuation of clinical studies

→ Start of phase II/III study with MGN1703 against colorectal cancer in Russia

Besides Germany, France and Austria MOLOGEN AG is present in a further large market

→ Expansion of product pipeline: Clinical study with MGN1703 in lung cancer

Preparation of clinical study and submission to competent authorities in March 2012

Application of MGN1703 in one of the most common cancer diseases worldwide

→ Primary endpoints of phase I/II study with MGN1601 in renal cancer achieved ahead of schedule

First promising efficacy results besides very good data concerning safety and tolerability of the compound

→ Dr. Stefan M. Manth joins Scientific Advisory Board

Top manager from the pharmaceutical industry with extensive experience in the strategic development and marketing of innovative medicines attracted for the advisory body

Dr. Matthias Schroff
Chief Executive Officer (CEO)

is a scientist and responsible for the areas research and development, strategy and partnering. With a Ph.D. in biochemistry he firstly worked as a leading scientist for MOLOGEN AG, is the co-inventor of numerous technologies of the company, and is now the drive of further groundbreaking developments.

In 2005 he became a member of the Management Board and Chief Scientific Officer, and was appointed as Chief Executive Officer in 2008.

Jörg Petraß
Chief Financial Officer (CFO)

is accountable for the areas finance, investor relations, administration and human resources. Since 2001 he combines his management experiences in the field of finances with detailed knowledge about the business at MOLOGEN AG and the biotechnology sector.

In the position of Chief Financial Officer (since 2007) he brings this broad expertise into the company and with this is an ideal complement to the CEO.

DEAR SHAREHOLDERS,

Positive clinical data for the renal cancer therapy MGN1601, performance of the phase II/III colorectal cancer study with our product candidate MGN1703, expansion of the product pipeline with the lung cancer indication, a successful capital increase, expansion of the personnel on the Scientific Advisory Board with Dr. med. Stefan M. Manth: in many ways, the past financial year was a great step forward for MOLOGEN AG, only slightly clouded by the delay on the way to interim analysis of the colorectal cancer study.

The year began with a successful capital increase, wherein about 10 million euros of new capital flowed into our company. In a targeted manner, we have invested most of this in the expansion of our product pipeline and have commenced a further clinical study with our DNA immunomodulator MGN1703, this time for the indication of lung cancer. After intensive preparation in the 2011 financial year, we were able to apply for the phase II study shortly before the release of this annual report in March 2012. In addition, the test medication required for the study has already largely been produced, which means that there is nothing to prevent immediate commencement of the study upon receipt of the necessary approval. Though we were not able to present any new clinical research results for MGN1703 in 2011, the addition of the indication lung cancer, an even more common disease than colorectal cancer, as a further area of application of MGN1703, is a significant step. This expansion of our pipeline is an expression of the potential of our product candidates and opens further medicinal and commercial perspectives for this product and hence also for the company. This is a factor that will be important in the current discussions regarding the licensing of MGN1703.

With regard to our second promising blockbuster candidate, the cell-based renal cancer therapy MGN1601, we have been able to present the first clinical data from the phase I/II study and we were even able to finalize patient recruitment for the study ahead of schedule in November. The evaluation confirmed very good safety and tolerability for the patients. In addition, a very promising efficacy that exceeded expectations was also displayed, even at this early stage of clinical testing. Notable here is that we are continuing treatment of some patients in an extension phase of the study, which we are following with great pleasure with regard to the patients but also with regard to the efficacy of our compound.

In addition to our activities in the field of cancer treatment, MOLOGEN AG also continued research in the field of vaccines in 2011. Please see later in this annual report the current status of this research work.

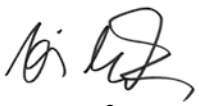
From an economic perspective, primarily the clinical studies in the indications colorectal and renal cancer led to a planned increase in expenditure on research and development to approximately 6.1 million euros. Also, the intensive preparations for the new lung cancer study contributed towards the increase. Compared to the previous year, R&D expenses increased by about 40 percent. With regard to income, in 2011 like the previous year we recorded revenues of 0.1 million euros. Other operating income rose in comparison with the previous year by 0.3 million euros to a total of 0.7 million euros, since we were able to obtain higher government grants for our ongoing research. The bottom line is that MOLOGEN AG recorded an annual loss of 7.5 million euros for 2011, which is within the planned framework. The balance sheet on the reporting date of December 31, 2011 shows a sufficiently high proportion of liquid assets of 7.5 million euros to finance the current research work. Hence MOLOGEN AG remains on a very solid financial basis.

The foundations of our company are our staff members. Over the course of the year we have increased the number of employees from 44 to 52, and have thereby expanded the Research & Development department. We are well prepared for the coming tasks with this excellent scientific potential.

We thank our staff members for all the work that has been done, and at this point also you, our shareholders, for your confidence. And we wish ourselves all the best for a successful continuation of the 2012 financial year.

Sincerely,

Dr. Matthias Schroff
Chief Executive Officer

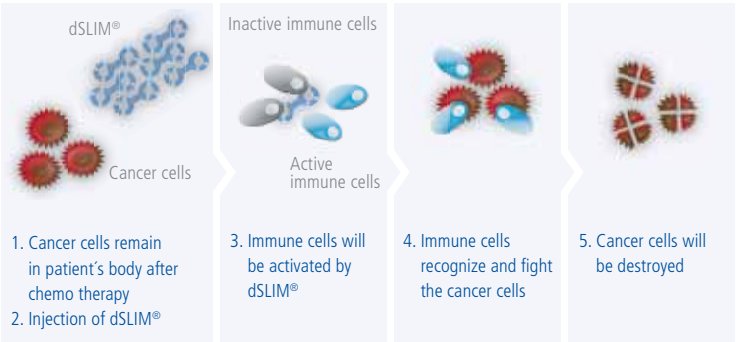


Jörg Petraß
Chief Financial Officer

MGN1703 is a novel active cancer immunotherapy with high market potential. It is designed for the therapy of solid tumors. At present, this compound is still being examined within a phase II/III clinical study on the treatment of advanced colorectal cancer. In the preceding phase Ib study, the product candidate already displayed good tolerability with very few side effects.

Furthermore, a phase II clinical study with MGN1703 for the indication lung cancer is being prepared.

MGN1703 – DNA-IMMUNE THERAPY AGAINST COLORECTAL CANCER



The immune system of the patients is broadly activated with the immunomodulator MGN1703. This enables the immune cells to identify cancer cells and attack them.

Active principle

MGN1703 is based on the dSLIM® technology, developed in-house by MOLOGEN AG. The dSLIM® molecules are small, dumbbell-shaped DNA molecules that exclusively comprise natural DNA components and that belong to the class of TLR9 agonists. The molecules are detected by specific immune cells in the human body and trigger a broad and strong innate immune reaction. This active principle could be verified exemplarily with cancer patients in a phase Ib clinical study.

MOLOGEN makes use of the active mechanism of the dSLIM® molecules in combating cancer within the development of product candidate MGN1703. With very strong and broad activation, the patient's immune system is in a position to recognize and fight cancer cells against which it had previously

developed a tolerance. Since activation is independent of the type of cancer disease, the use of MGN1703 is not restricted to a specific cancer type. The product candidate can generally be used in the treatment of solid tumors, which include, apart from colorectal cancer, for example lung cancer or breast cancer.

Very good tolerability

The excellent tolerability of MGN1703 could be verified in the phase Ib clinical study. No serious side effects occurred. Only symptoms such as e.g. light fever, tiredness and mild reddening at the point of injection were observed. These symptoms are typical for an innate immune reaction.

Highly promising efficacy data from phase Ib study

The phase Ib study has already shown very promising results with regard to the efficacy of MGN1703. The study only involved patients that were suffering from an advanced cancer disease and that could no longer be helped with available standard therapies, i.e. where the progress of the tumor could no longer be stopped. But after treatment with MGN1703 for six weeks, the cancer disease could be stabilized in the case of about half of the patients. In two cases, it was even possible to maintain the stabilized state of the disease for a period of more than one year with continuous treatment with MGN1703.

Phase II/III clinical study with advanced colorectal cancer (IMPACT study)

MOLOGEN is currently conducting a phase II/III clinical study with MGN1703 for advanced colorectal cancer. This randomized, placebo-controlled, double-blinded, multi-center IMPACT study is designed to further investigate the efficacy of MGN1703. The dosage of MGN1703 is 60 mg, administered subcutaneously twice a week. Treatment is continued until renewed progress of the cancer disease is detectable.

Patients are accepted into the clinical phase II/III study who have previously only been treated with a standardized chemo-immunotherapy as first-line therapy. The study is currently being conducted at various study centers in Europe and Russia. A first evaluation of the study is about to be made.

Expansion of the MGN1703 development program with the lung cancer indication

In addition to the colorectal cancer indication, the efficacy of MGN1703 will next be examined with advanced lung cancer. To this end, in March 2012 MOLOGEN submitted a corresponding study application to the Paul-Ehrlich-Institut and the responsible ethics commission. The study is designed as an open-label, two-armed, randomized and multi-center study. In particular, the efficacy of two different dosage schemata is to be examined on a total of 78 patients.

50%
of progressing cancer patients developed disease control after six weeks of treatment

The study will involve patients who are suffering from an advanced stage of non-small cell lung cancer and whose tumors have responded to first line therapy with chemotherapeutics. Treatment with MGN1703 is to commence after completion of the first-line therapy and to continue until renewed progression of the cancer disease. Patient recruitment will commence in 2012 directly after receipt of the necessary approvals.

2012
clinical study with MGN1703 for the treatment of lung cancer about to start

Out-licensing activities will be intensified in the 2012 financial year

In particular, the data from the first evaluation of the colorectal cancer study should provide the basis for further intensification of out-licensing activities. After MOLOGEN AG had introduced the product candidate MGN1703 to potential partners in the pharmaceutical industry at an early stage, the company is striving for out-licensing after presentation of the data from the ongoing clinical study as intended.

Colorectal cancer and lung cancer are among the most common cancer diseases

With colorectal cancer and lung cancer, MOLOGEN has focused on two of the most common cancer diseases. Each year, more than 1.2 million people

throughout the world fall ill with colorectal cancer alone, and 1.6 million contract lung cancer. With this, colorectal cancer takes third position with men and second position with women in regards to new cancer incidences. Lung cancer is the world's most common newly-diagnosed cancer with men, and the fourth most common with women. Over 600,000 people die each year of colorectal cancer and about 1.4 million of lung cancer.

Hence the need for new and better cancer drugs is enormous. Oncology is the therapy area with the highest sales figures, and will also lead the entire pharmaceutical market in coming years due to above-average growth rates.

"With colorectal cancer and lung cancer, MOLOGEN has focused on two of the most common cancer diseases."

In light of this and its demonstrated tolerability and efficacy, MGN1703 has a superior market potential that may lie for the indications colorectal cancer and lung cancer alone in the blockbuster area of above 1 billion euros. This market potential shall be realized and developed by MOLOGEN AG with the help of a suitable pharmaceutical partner.

Interview: M. Weihrauch, M.D.

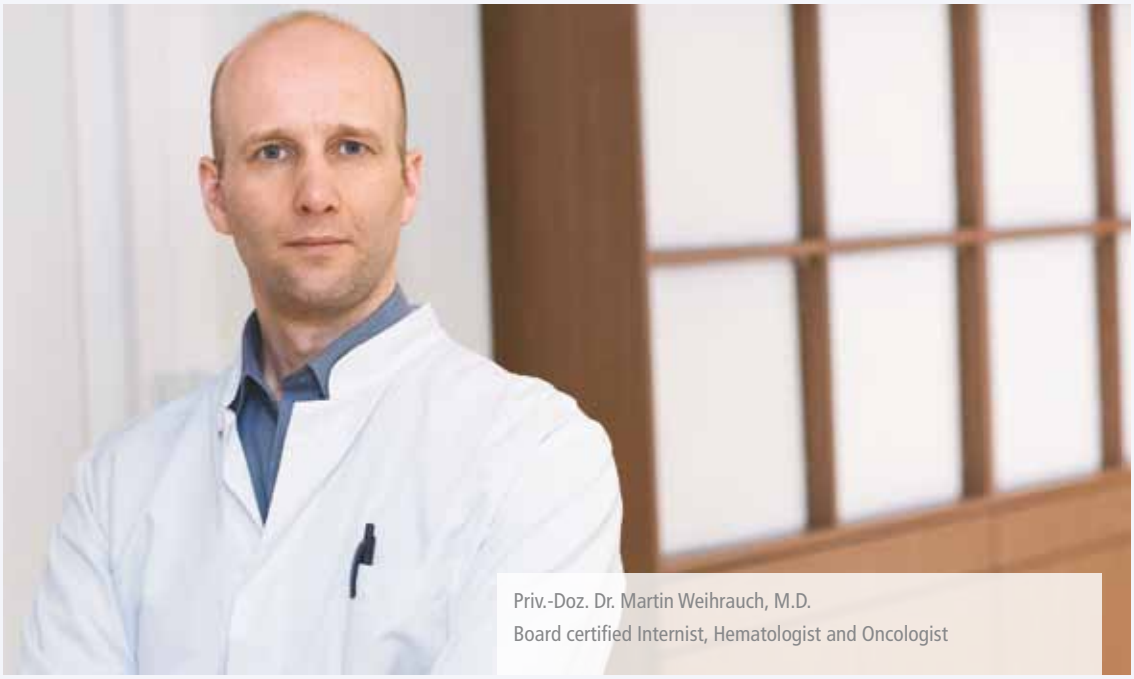
Dr. Weihrauch, your professional commitment involves treating seriously ill cancer patients on a daily basis. What can modern therapies do to help?
The last decade has been a very exciting time regarding the development of new forms of therapy in the treatment of cancer. For cancers of the lymphomas and leukemias, through improvements in chemotherapy, but in particular immunotherapies and especially antibody therapies, we have managed to make tremendous improvements in cure statistics. An entirely new group of drugs, known as signal transduction inhibitors, has also been discovered. For example, a previously highly threatening form of leukemia is now a chronic disease, that allows the patient to once again live a – generally – normal life.

This all sounds very positive. So is there still any room for improvement?
Unfortunately, for "regular" cancers, or carcinomas, the situation is not as positive as for the blood disorders I have just mentioned. The killers are primarily lung cancer, colorectal cancer, breast cancer, prostate cancer and kidney cancer.

Over the last ten years, a number of new drugs have been developed in the fields of immunotherapy and signal transduction inhibitors for these cancers, but apart from only a few exceptions, these treatments generally only prolong life for a few months.

Through earlier detection and a healthier lifestyle, especially without smoking, it would be possible to prevent many diseases, or to improve their treatment.

But we will urgently need innovative therapeutic approaches in order to be finally able to cure metastasized cancers or at least attenuate them into chronic conditions.



Priv.-Doz. Dr. Martin Weihrauch, M.D.
Board certified Internist, Hematologist and Oncologist

What are the most promising new approaches currently?

Antibody therapies that are a branch of the discipline of immunotherapy are very much the focus of research right now. The Nobel Prize for Medicine was awarded last year to outstanding researchers in this field – and with good reason. It shows how important an improved understanding of the mechanisms involved with the immune system is, in order to be able to fight diseases more effectively in the future. Through combination with other therapies and the increased use of personalized medicine, there is scope for further developments in this field. Immunotherapies are certainly among the most promising new approaches out there.

Where would you place the research of MOLOGEN in this context?

I have been involved with the company's research spectrum for many years, so that's an easy question for me.

MOLOGEN AG is, if you like, "right at the heart of it", and has been consistently using immunotherapeutic approaches right from the start with exacting demands in terms of tolerability. Let's take MGN1703, for example. What I value most about this product is its excellent tolerability. Even though modern immunotherapies are significantly less problematic in general regarding side effects than chemotherapy drugs, for example, the adverse events profile of MGN1703 as determined in clinical studies to date can be classified as extremely mild.

These side effects are not of major significance for the patients. Therefore, the treatments were fortunately very well tolerated.

In light of the few side effects, I was at first not sure whether we would even see any effect in these very sick patients.

However this phase Ib study has revealed clear indicators that the drug has been able to stop the advance of the disease, for a few weeks in a number of patients – and in some cases for more than a year. For these patients, who had a very short life expectancy anyway, this is quite remarkable for an immunotherapy. Of course, not many patients have been investigated in this phase Ib study yet. Therefore, we have to have the observations scientifically validated further before we are able to draw any conclusions regarding its efficacy. This is why MOLOGEN is also currently carrying out a phase II/III study in patients with advanced colorectal cancer in order to demonstrate the efficacy of the drug in a larger patient group.

What do you anticipate that the study results will reveal?

If the drug manages to stop the progression of tumors in patients with advanced cancer for a given period of time, this – coupled with its excellent tolerability – represents great progress in my view as an oncologist, and I have many patients who would benefit from this type of treatment. As I said, a cure at this stage is unfortunately not realistic for many cancers, so it is all the more important that prolongation of the patient's life is also associated with a good quality of life.

ONE YEAR

MGN1703 stopped tumor progression in individual cases

BREAKTHROUGH ADVANCES ALREADY WITHIN REACH

Dr. Stefan M. Manth, a top manager in the pharmaceutical industry for many years, is an expert for strategic development and commercialization of medicines. As a new member of the Scientific Advisory Board of MOLOGEN AG, he analyzes the interaction of "big pharma" and "small biotech" in an interview, and rates the prospects of MOLOGEN AG in the current licensing negotiations.

Dr. Manth, since Fall 2011 you have been a member of the Scientific Advisory Board of MOLOGEN AG. What's the thrill?
See, the pharma world is perceived in a dichotomy by many, "Big Pharma" on the one hand side and "Small Biotech" on the other, when in reality, both are working towards the same goals: to develop new, innovative therapies with substantially improved treatment outcomes for those affected (patients, relatives, doctors and caretakers); and, at the same time, to create sustainable value for the companies and their staff, for the public healthcare systems and, of course, also for investors. In other words: to convert first-class science into medical and economic utility and benefit.

At this interface of science and market is where I developed my own career and expertise. In all my years in the pharma industry, I have dealt with very large and also with small and very small companies.

MOLOGEN AG is now into a phase of transition: committed to basic science and research, it is now growing out of the world of the lab bench. It all of a sudden has to gain skills and competences from the pharma industry, which often works in according to very different principles. In this context, I can contribute my experiences and help prepare for the challenges ahead.

I would, however, also like to add that this extraordinary scientist, entrepreneur and person, Burghardt Wittig, is also a great inspiration to me. So it particularly appealed to me to join his Scientific Advisory Board, diligently composed with great vision and empathy, and to bring additional facets of the pharma business to the already very lively debate amongst the other seasoned and tried Advisory Board colleagues.

What do you find particularly attractive about MOLOGEN AG?
At MOLOGEN AG, we are dealing with the treatment of cancer: one of the greatest medical challenges. There is not one of us that is not directly or indirectly affected by it.

There have been enormous advances since the seventies, when I started in medicine. Nowadays, in some indications, we even talk of "cure". But in many more indications, what we can presently accomplish therapeutically is still very unsatisfactory. It's quite clear to me: the next ground-breaking advances in cancer therapy will be achieved through the new immunotherapies: unleashing the immune system and targeted stimulation with specific cancer antigens. On their own, or in combination with other principles. The first buds have already started to bloom. But MOLOGEN has its nose in the wind with its innovations, and its very unique approach has enormous potential. I find this very thrilling.

What can biotech companies like MOLOGEN AG offer the large, established and fully integrated pharma companies?
One of the worrying trends in "Big Pharma" in recent years has been a steady decline of R&D productivity whilst at the same time costs have gone up sharply. In almost 30 years in the business, I myself could observe what large companies around the globe have tried to imitate the creative productivity of biotech companies; thus far without resounding success.

"Promising product candidates coming out of biotech are efficiently turned into marketable products by big pharma companies: a classical win-win".

It all begins with an idea, and with the person that has this idea. But the idea on its own is not enough. It needs the vision of its creator to breathe life into it. Thanks to his or her enthusiasm, he or she is able to put together an inspired team and to win financial backing for the project. Until today, this seems still disproportionately more difficult to do within the massive organizations of large pharma companies than it is in small start-ups.

Why do biotech companies themselves not develop new drugs all the way through to market approval?

From proof of concept through to market launch substantially higher investments are required. The necessary clinical trials quickly cost ten times the amount spent in earlier stages of development! On the other hand, experiences and competencies, established contacts with clinical trial sites, with opinion leaders, with authorities and their staff, specialist skills in disciplines that have hitherto been remote from biotech but are now of enormous importance such as market development, market exploitation, yes, simple global market presence as well as pharma economy, strategic pricing, production upscaling, certification and approvals, etc. are indispensable in the last stages before market launch and for achieving rapid commercial success. A small company just can't buy all this from one year to the next. And certainly not at risk. Here, large pharma companies have, on the one hand all of these skills, experience and personnel, and on the other hand they have the breadth and depth of an ongoing business and diversified portfolio to balance the risks of eleventh-hour failure or unexpected delays and hurdles. What might be "make or break" for a small biotech company is part of a calculated risk to large pharma companies. Hence, big pharma companies take promising product candidates coming out of biotech in later stages of clinical development and efficiently turn them into marketable products and ultimately market successes. A classical "win-win" situation.

In your view, what are the most impactful value drivers with respect to a licensing deal?

I see three factors primarily:

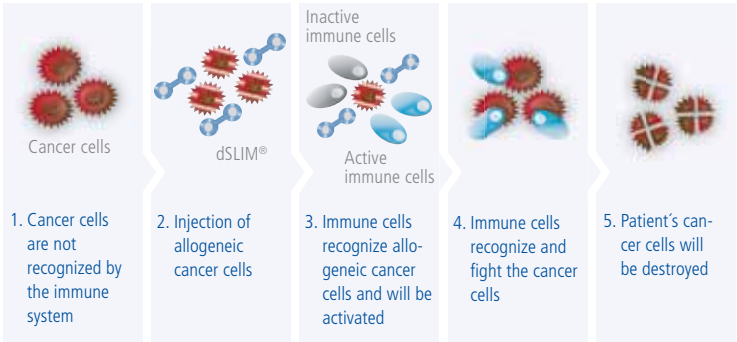
1. the degree of innovation and its IP position with longest possible patent protection and global geographic coverage.
2. The data: the preclinical and pharmacological profiling as well as clear efficacy signals and competitive safety and tolerability in the early clinical testing.
3. The attractiveness of the target market, i.e. is the product addressing real medical needs and is the expected competitive setting and pricing potential amenable to rewarding market prospects and financial returns.

In this respect, MOLOGEN AG is in an excellent position. With the cancer drug MGN1703, the most advanced project in the portfolio, I am convinced that we have already come within reach of breakthrough advances for some forms of cancer.

Dr. Stefan M. Manth, M.D., independent expert for pharma and biotechnology, member of the Scientific Advisory Board of MOLOGEN AG

MGN1601 is our cell-based cancer therapy for the treatment of renal cancer. Last year, this in-house development was examined more closely within a phase I/II clinical study. The excellent safety and tolerability that was determined meant that patient recruitment could be finalized ahead of schedule in November 2011. Furthermore, the first data from the study on the efficacy of the compound are very promising.

MGN1601 – THERAPEUTIC VACCINATION AGAINST RENAL CANCER



The foreign cancer cells are very similar to the cancer cells of the patient. The foreign cells teach the immune system to identify the patient's cancer cells. This enables the immune system to then fight the cancer cells again.

Active principle

Genetically-modified human tumor cells are used for MGN1601. The tumor cells originate from a renal cancer cell line established by MOLOGEN AG itself. They are exogenous (allogeneic) for the patients to be treated, wherein an immune reaction is triggered against these allogeneic cells. As a result of overlapping surface properties of the foreign renal cancer cells with the patient's tumor cells, the desired immune response is also directed against the patient's own cancer cells. The active principle is therefore also designated as a therapeutic vaccination.

Successful phase I/II clinical study (ASET study)

Last year, MOLOGEN AG conducted a phase I/II clinical study with MGN1601 on advanced renal cancer.

Patients were admitted into the trial that had already undergone various lines of therapy and where tumor growth could no longer be halted using standard therapies. As part of this ASET study, the patients received eight injections containing MGN1601 over a period of twelve weeks in accordance with a fixed therapy plan. If the patients' illness had at least stabilized at the end of the treatment period, they were treated further within the expansion phase that had been designed as part of the study.

It was possible to finalize patient recruitment for the ASET study ahead of schedule after 19 patients tolerated the preparation very well and only mild side effects occurred. The observed side effects, such as e.g. light fever, edema, skin rash, itching and joint pains, were classified by the investigators as signs of the desired immune reaction.

In addition to the good tolerability, MGN1601 also already demonstrated very promising efficacy. In the case of three patients, it was possible to delay the progress of the tumor disease after completion of the three-month course of therapy. With one of these patients, the size of the metastasis was even reduced by more than 50%. Two patients are still currently being treated as part of the expansion phase.

Further data generated as part of the study, especially immunological data, is still being evaluated. In addition to this, MOLOGEN is currently planning more progressive studies with MGN1601.

"Promising efficacy of MGN1601: in the case of three patients, tumor progress could be delayed after three-month course of therapy."

Renal cancer: a rare but life-threatening disease

Annually, about 270,000 people contract renal cancer. If this type of cancer has already formed distant metastases upon first diagnosis, treatment is difficult and the medicinal demand for new drugs is very high: at this stage, the five-year survival rate is below 10%.

Orphan Drug Status

Renal cancer is one of the rare cancer diseases and amounts to about 2–3% of new cancer cases. Hence, MOLOGEN AG has received Orphan Drug Status for MGN1601 from the European Medicines Agency EMA, which promotes the development of therapies for rare and serious diseases.

50%
reduction of metastases in one patient

→ Primary endpoints of phase I/II study achieved ahead of schedule
→ MGN1601 holds EMA orphan drug status

Alongside oncology, infectious diseases form the second focal point of research at MOLOGEN AG. We create modern DNA vaccines based on our self-developed technology platforms MIDGE® and MIDGE®-Th1. At present, two product candidates are undergoing preclinical development: MGN1331 is directed against the parasitic disease leishmaniasis and MGN1333 addresses the widespread viral disease hepatitis B.

MIDGE® GENE EXPRESSION VECTOR

Midge®

MIDGE® and MIDGE®-Th1 are the foundation for the modern DNA vaccines of MOLOGEN AG. Compared to plasmids or viral vectors, MIDGE® vectors only contain the information that is needed to achieve the desired effect.

MGN1331: the DNA vaccine against leishmaniasis

Furthest advanced is the development of the prophylactic and therapeutic vaccine MGN1331 against leishmaniasis.

Currently, about 12 million people around the world suffer from leishmaniasis – with a clearly rising trend and with increasing geographic spread over 88 countries on four continents. This serious and for humans and animals often lethal infectious disease is therefore considered to be one of the 14 "neglected diseases". The combating efforts focusing on

these diseases have been given reinforced attention through the World Health Organization. According to WHO estimates, more than one billion people worldwide suffer from these "neglected diseases".

MOLOGEN AG is a committed participant in the fight against leishmaniasis. Together with renowned research institutes from all over the world, the company is currently developing the innovative vaccine MGN1331 for the prevention and treatment of this disease.

"It is the aim to develop a prophylactic and therapeutic DNA vaccine against leishmaniasis. (…) our novel hepatitis B vaccine is a further preclinical project."

Global demand for a medically-effective preventative and therapeutic treatment is high: according to expert estimates, about 500,000 people contract the severe form of leishmaniasis, annually, which results in more than 50,000 deaths per year.

Joint research in a consortium

MOLOGEN has formed a consortium with several international partners of the leishmaniasis research field in order to conduct the very cost-intensive development of a vaccine against leishmaniasis: London School of Hygiene & Tropical Medicine, Charité – Universitätsmedizin Berlin, Indian Institute of Chemical Biology, Institut Pasteur de Tunis, Hebrew University of Jerusalem, Rajendra Memorial Research Institute of Medical Sciences, and the Drugs for Neglected Diseases Initiative.

The consortium receives extensive financial support from the European Union. In total, 3 million euros in subsidies has been provided, of which up to 1.2 million euros will support the research of MOLOGEN AG.

The goal of the research project is to develop a prophylactic and therapeutic DNA vaccine against leishmaniasis. With the assent of the European Union, the project has been extended until the end of June 2012 in order to finalize the work currently in progress.

At the end of the project duration, it is planned to perform clinical studies with the innovative, broadly applicable vaccine MGN1331.

MGN1333: the DNA vaccine against hepatitis B

MGN1333, our novel hepatitis B vaccine, is another of our preclinical projects in the field of infectious diseases.

Hepatitis B is a severe disease of the liver with about 2 billion cases globally, of which 350 million people exhibit the chronic form of the disease. The disease can result in severe conditions such as cirrhosis of the liver or hepatic cancer. The treatment of a chronic hepatitis B is difficult and a preventative vaccination is therefore the most important measure.

→ Support program of the EU for development of a leishmaniasis vaccine extended until end of June 2012

The development of MGN1333 is aimed at developing a highly-effective vaccine against the infection by hepatitis B viruses that can be applied preventatively (prophylactically) as well as for treatment (therapeutically).

→ Project for preclinical development of a highly efficacious hepatitis B vaccine to be completed by the end of 2012

The objective – a highly efficacious and well-tolerated DNA vaccine

In order to implement this objective in the most optimum way possible, MOLOGEN is collaborating on this development with the Dutch company Synvolux B. V. which is contributing its well-tolerable SAINT transfection reagent to increase the efficacy and efficiency of the vaccine.

The preclinical development of the vaccine is being funded by the German Federal Ministry of Education and Research within the framework of the EU's EuroTrans-Bio initiative. The project is to be completed by the end of 2012, so that the new vaccine MGN1333 can subsequently be tested in clinical trials.

→ Clinical testing of MGN1331 and MGN1333 planned after completion of preclinical development

Dr. Mathias P. Schlichting, lawyer, LLM
Chairman of the Supervisory Board
(photograph)

Lawyer, business consultant and partner at Brehm & v. Moers, lawyers – tax consultants, Hamburg

Gregor Kunz,
Dipl.-Kfm.

Auditor, tax consultant and partner at RBS RoeverBroennerSusat, auditing company, tax consultants, Berlin

Susanne Klimek
Tradeswoman

Managing Director of SALVATOR Vermögens-verwaltungs GmbH, Munich

REPORT OF THE SUPERVISORY BOARD

For MOLOGEN AG, 2011 was marked by the clinical studies of the two leading drug candidates MGN1703 and MGN1601. The successfully executed capital increase at the beginning of the last financial year considerably reinforced the company's financial basis required for the studies. The colorectal cancer study with product candidate MGN1703 could therefore proceed. The recruitment phase for the study is still ongoing. For MGN1601, it was possible to finalize recruiting patients for the renal cancer study ahead of schedule back in November 2011. This study was able to demonstrate the excellent tolerability and safety of the second product candidate from the company's oncology portfolio, too.

In the past financial year of 2011, the Supervisory Board has worked intensively on the further development of MOLOGEN AG, and especially on clinical development programs. In doing this, it comprehensively and carefully performed all tasks and duties required by law, by the bylaws of MOLOGEN AG and by the internal rules of procedure. It was comprehensively and timely included in all decisions of substantial importance to the company, and directly involved therein. Continuous monitoring and regular consultation services were provided by the Supervisory Board. These tasks were undertaken on the basis of written and oral reports from the Management Board, containing current and comprehensive information on all handled procedures. This meant that the Supervisory Board was continuously kept up to date on the course of business, the position of the company, including exposure to risk, risk management and compliance as well as on the strategy and planning of MOLOGEN AG.

Five regular meetings of the Supervisory Board took place in the 2011 financial year, in which the company's Management Board participated as well. The Scientific Advisory Board of MOLOGEN AG was also invited to two of these meetings. In the course of the two joint meetings of the Supervisory Board, the Scientific Advisory Board and the Management Board, the main subject for discussion was the organization and contents of the two clinical studies. Furthermore, there were intensive discussions about the expansion of the clinical development program with regard to future studies, especially between the scientific experts. Between the meetings, the Management Board kept the Supervisory Board informed about all projects and developments that were of importance to the company. All developments of importance to the company were discussed in detail by the Supervisory Board on the basis of Management Board reports. This ensured that the Supervisory Board was extensively and timely informed about the asset, financial and earnings situation, recognizable opportunities and risks in future business developments and special occurrences, and was involved in fundamental decision-making. Where required, decisions were made via telephone, electronically or as written circulars.

The Management Board agreed the strategic orientation of the company with the Supervisory Board and discussed with it all business processes that were of importance to the company – especially expansion of the clinical development program for the individual product candidates and the financial situation. Deviations of the course of business from the planned and target values were reported, justified and discussed so that corresponding measures could be introduced insofar as this was necessary in individual cases.

In addition, the focus of consultation work was on the development of the company, progression of the clinical projects, expansion of the clinical development programs and assuring the necessary liquidity for it. Furthermore, the sectors of business development, partnering and investor relations were topics of the consultation work. The Supervisory Board also attended to the reappointment of two Advisory Board members and the new appointment of a further member of the Advisory Board.

In January 2011, the Supervisory Board agreed to a cash capital increase from authorized capital, decided upon by the Management Board, as well as to the determination of the subscription price. In February 2011, the corresponding amendment to the company's bylaws was decided.

No committees were formed in the past financial year.

No conflicts of interest, of which the Supervisory Board were to be immediately informed and which were to be reported at the Annual General Meeting, occurred in this financial year with respect to the members of the Management Board and the Supervisory Board.

The members of the Supervisory Board without exception attended all meetings in the 2011 financial year.

Compliance with the German Corporate Governance Code was continuously monitored by the Supervisory Board. In most respects, MOLOGEN AG complies with the recommendations of the Government Commission German Corporate Governance Code. The current joint declaration of the Management Board and Supervisory Board with regard to the Code, dated February 2012, can be found on the company's homepage and in the current annual report.

At the annual general meeting of June 7, 2011, the Rölfs RP AG Wirtschaftsprüfungsgesellschaft (formerly Rölfs WP Partner AG Wirtschaftsprüfungsgesellschaft) was again chosen as auditor for the financial year ending on December 31, 2011. On behalf of the Supervisory Board, the annual financial statements as of December 31, 2011 in accordance with the regulations of the German Commercial Code (HGB) and the management report prepared by the Management Board for the financial year 2011 were audited by the Rölfs RP AG Wirtschaftsprüfungsgesellschaft. Furthermore, in accordance with Section 325 Para. 2a of the German Commercial Code (HGB), the Management Board has prepared the individual annual financial statements in accordance with IFRS as adopted by the EU. The management report that was prepared by the Management Board also makes reference to the individual annual financial statements in accordance with IFRS as adopted by the EU. The Supervisory Board commissioned Rölfs RP AG Wirtschaftsprüfungsgesellschaft to audit these financial statements also.

The audit by Rölfs RP AG Wirtschaftsprüfungsgesellschaft did not lead to any objections. The auditors pronounced that the individual annual financial statements in accordance with Section 325 Para. 2a of the German Commercial Code (HGB) as of December 31, 2011 in accordance with IFRS as adopted by the EU give a true and fair view of the net assets, financial position and results of operations of the company. An unqualified auditor's opinion was also issued for the annual financial statements as of December 31, 2011 in accordance with the German Commercial Code (HGB). Furthermore, the auditor also determined that the management report that is consistent with the individual annual financial statements in accordance with Section 325 Para. 2a of the German Commercial Code (HGB) and with the annual financial statements in accordance with the German Commercial Code (HGB) as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

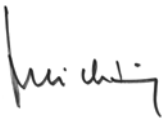
The annual financial statements in accordance with the German Commercial Code (HGB), the individual annual financial statements in accordance with IFRS as adopted by the EU, and the management report that also refers to the individual annual financial statements as well as the audit reports were submitted to Supervisory Board members in good time, were examined by the Supervisory Board in accordance with legal requirements and were then discussed in detail at the Supervisory Board meeting of March 9, 2012 in the presence of the Management Board and the auditor. The auditor informed the Supervisory Board of the main results of their audit and was available to answer further questions and provide more detailed information.

The Supervisory Board agreed with the results of the audits. The own review and discussion did also not lead to any objections to the annual financial statements and the individual annual financial statements. Furthermore, the Supervisory Board declared its acceptance of the management report that also refers to the individual annual financial statements and the statements contained therein relating to the development of the company. Both financial statements were then approved by the Supervisory Board without restrictions or supplements. The annual financial statements as of December 31, 2011 in accordance with the German Commercial Code (HGB) are hereby adopted.

The personal composition of the Supervisory Board also changed in the 2011 financial year. Ferdinand Graf von Thun und Hohenstein stepped down from his position on January 14, 2011 with immediate effect for health reasons. The Supervisory Board thanks Graf von Thun und Hohenstein for his commitment. As his successor, Mrs. Susanne Klimek was appointed as a member of the Supervisory Board in a decision dated January 24, 2011 from the Amtsgericht Berlin-Charlottenburg (competent local court).

The Supervisory Board thanks the Management Board and all staff members of MOLOGEN AG for their great commitment and their successful work.

Berlin, March 9, 2012



Dr. Mathias P. Schlichting
Chairman of the Supervisory Board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Prof. Dr. Burghardt Wittig, Germany
Chairman of the Supervisory Board (1)

Co-founder and former CEO of MOLOGEN AG
Professor for molecular biology and bioinformatics at the Freie Universität Berlin

Prof. em. Dr. Hans Lutz, FVH, FAMH, Switzerland (2)

Professor em. for clinical laboratory diagnostics and former head of the veterinary medicinal laboratory and the center for clinical trials of the Vetsuisse-faculty, University of Zurich, Switzerland

Dr. med. habil. Martin Weihrauch, Germany (3)

Board certified Internist, Hematologist and Oncologist at the Center for Intergrated Oncology and Medical Director of the outpatient department (MVZ) at the University Clinic, Cologne

Dr. Ulrich Granzer, Germany (5)

Founder and CEO of Granzer Regulatory Consulting & Services, Munich

Dr. med. Stefan M. Manth, Switzerland (4)

Independent expert for pharma and biotechnology

THE SCIENTIFIC ADVISORY BOARD

Trough the Scientific Advisory Board, MOLOGEN AG has access to a panel with broad scientific expertise.

The Scientific Advisory Board is a panel of recognized and very experienced scientists in the fields of molecular medicine, infectious diseases, oncological diseases, and pharmaceuticals. Its members are internationally recognized experts in the research and development of medicines.

Through this panel, the Management Board and Supervisory Board have access to bundled expertise in the development of new medicines. The Scientific Advisory Board assists MOLOGEN AG in the current product development, with general questions concerning the strategic direction of R&D activities as well as for future planning.

The scientific assessment of the Scientific Advisory Board is also important in the evaluation and planning of clinical studies.

The Scientific Advisory Board of MOLOGEN AG – a knowledgeable interface between science and practical implementation.

THE MOLOGEN SHARE

- Shares trending upwards after turbulent stock market year
- Year-end market cap of 87.5 million euros
- Rallye in March 2012 pushes share price above 9 euros

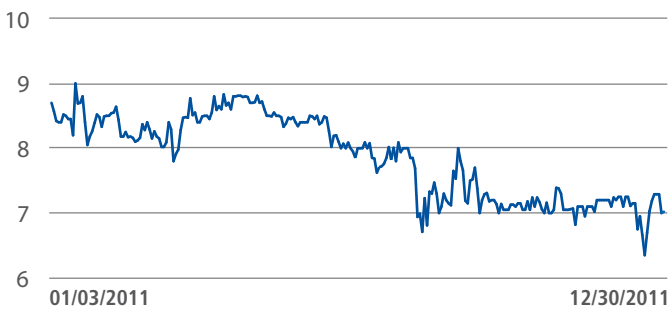
2011 turbulent year for the stock market

In the first half of 2011, the stock market developed healthily overall and was able to maintain the strong level of 2010. This meant that the DAX was able to reach its highest position for three years with over 7,500 points.

From the third quarter, stock market turbulence increased and continued until the end of the year. This nervousness was primarily due to the debt crisis within Europe. The consequences were sustained, substantial deficit in all German indices. The DAX fell in September to an annual low of 4,966 points and closed on the last day of trading at 5,898 points. For the full year, this corresponded to a loss of about 15%.

The market values of the pharmaceutical industry were also affected by these developments. In comparison with its annual high at the start of the third quarter of 2011, the German pharmaceutical industry index "DAXsector Pharma & Healthcare" lost about 17% and on August 10, 2011 was at 1,805 points. The mood turned positive again towards the end of the year, whereby the pharma sector index stood at about 8% above the starting rate for the year on December 31, 2011.

Market trend of the MOLOGEN share in 2011



MOLOGEN share – upwards trend after decline in value in 2011

The 2011 stock market year started extremely well for MOLOGEN shareholders. At the beginning of the year, the price of MOLOGEN shares rose to its annual high of 9.00 euros and thus almost reached the absolute high of 2010.

After a successful capital increase in February 2011, the share price remained relatively stable in the area between 7.70 euros and 8.80 euros. Together with the overall market, which experienced severe incursions due to the uncertain economic situation in Europe, MOLOGEN shares also dropped sharply in value in the third quarter of 2011, and fell to a price of 6.80 euros. Even the announcement of new, very positive clinical study data for the drug candidate MGN1601 at the end of August could not stop the downward trend. Consequently, MOLOGEN shares briefly dropped to their annual low of 6.35 euros in December.

However, the share price managed to recover strongly and has since developed positively. MOLOGEN shares closed on December 30, 2011 at a rate of 7.02 euros. Hence, shares lost a total value of 19.3% between January and December 2011.

MOLOGEN shares showed a positive price trend at the start of the 2012 stock market year with a considerably increasing share value particularly in the month of March. As a result, the share price successfully jumped to 9.40 euros on March 16, 2012 – the highest value since June 2010. On completion of this report the MOLOGEN share quoted slightly above the nine-euro-mark and therewith about 30% above the year end figure of 2011.

SHARE DATA

Share information	
Stock exchange abbreviation	MGN
ISIN	DE 000 663 7200
WKN	663 720
Class	bearer shares without par-value
Market segment	Regulated Market (Prime Standard)
DAXsector	Pharma & Healthcare
DAXsubsector	Biotechnology
Trading exchanges	XETRA, Frankfurt, Berlin, Düsseldorf, Hamburg, Munich, Stuttgart
Designated sponsor*	DZ Bank AG, equinet Bank AG, Tradegate AG Wertpapierhandelsbank

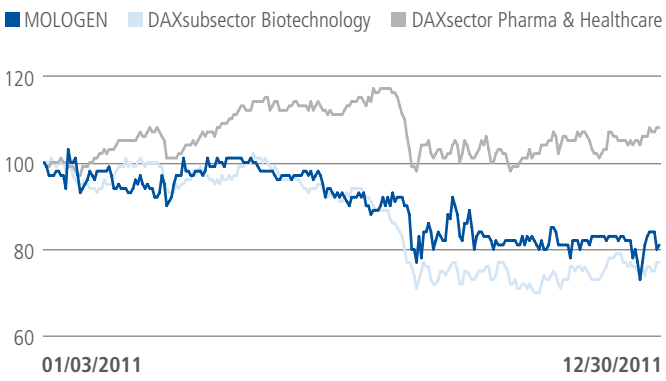
* As of February 2012

KEY CAPITAL MARKET FIGURES

Key data (XETRA)	2011	2010
First trading day (€)	8.70	7.29
Last trading day (€)	7.02	8.60
Year high (€)	9.00	9.90
Year low (€)	6.35	7.17
Year average (€)	7.86	8.83
Number of shares outstanding on Dec. 31	12,459,275	11,213,348
Weighted number of shares	12,339,803	10,882,959
Average market capitalization (in million €)	96.99	96.10
Average trading volume at Frankfurt Stock Exchange (shares)	9,179	9,296
Performance IPO on Dec. 31 (%)	-8.5	+12.1

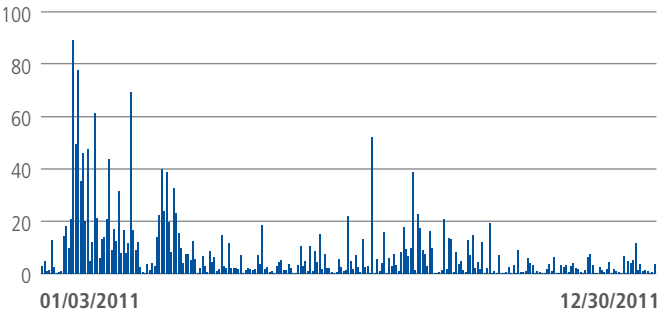
STOCK PRICE DEVELOPMENT AND TRADING VOLUME

Performance comparison 2011



Trading volume of MOLOGEN share in 2011

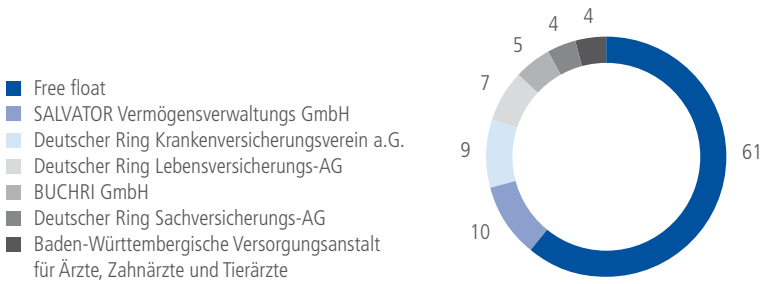
(thousand shares)



SHAREHOLDER STRUCTURE

Share ownership as of December 31, 2011

in %



Stable shareholder base

At the end of 2011, about 60% of the 12.5 million MOLOGEN shares were in free float. The largest single shareholders are SALVATOR Vermögensverwaltungs GmbH with 10%, Deutscher Ring Krankenversicherungsverein a. G. with 9% and Deutscher Ring Lebensversicherungs-AG with about 8%.

Investor relations

With our own contacts, we are well positioned for professional management of investor relations. Our goal is proactive, transparent financial communication with all market participants. We provide comprehensive and timely information about our strategy as well as all occurrences relating to MOLOGEN AG that are relevant to the capital market.

In 2012, the DZ Bank assumed coverage of MOLOGEN shares with a share price target of 17.50 euros. Alongside this, MONTEGA AG, an independent research house, regularly publishes studies about our company.

FINANCIAL INFORMATION

MOLOGEN AG

MANAGEMENT REPORT

for the 2011 business year

- Drug pipeline development progresses
- Positive initial study results with renal cancer medicine MGN1601
- Additional clinical studies are in preparation
- Capital increase successfully executed – cash inflow € 10 million

MOLOGEN AG's 2011 business year was marked by the clinical studies it carried out for both drug candidates MGN1703 and MGN1601. In addition, further clinical studies were planned and prepared with the result that expenses in the area of R&D showed a distinct increase compared to the previous year. As already anticipated, the result of these investments in the company's product pipeline showed a loss from operations in accordance with the individual annual financial statements and declined by 33% to € -7.6 million. Strengthened by the capital increase on December 31, 2011 liquid assets of € 7.5 million were clearly above last year's figure.

Business activity and strategy

MOLOGEN AG (hereafter referred to as MOLOGEN) is an internationally active biotechnology company. Its research & development activities are focused on the fields of oncology and infectious diseases. In these fields, MOLOGEN researches and develops various drug candidates that primarily address diseases with a high medical demand.

The foundation for the work are proprietary technologies, which should enable, or decisively facilitate, the use of DNA (deoxyribonucleic acid, carriers of genetic information for all living beings) as a drug against all previously untreated or insufficiently treatable diseases.

These technologies are patented under the trademarks MIDGE®, MIDGE®-Th1 and dSLIM®. Furthermore, MOLOGEN also has a unique tumor cell bank characterized according to the guidelines governing drug law which also forms the basis for drug development.

MOLOGEN researches its own drug candidates and develops them during the course of preclinical studies and early clinical studies. Ultimately, the aim is to issue licenses to large pharmaceutical companies for further clinical development and marketing of these drug candidates. Additional growth is envisaged through license income, which could consist of one-off and milestone payments as well as royalties, and consequently promote MOLOGEN's operational profitability.

MOLOGEN was founded in 1998 as a public limited company under German law and went public in the same year. Since June 10, 2009, the company's shares have been traded on the Prime Standard at the Frankfurt Stock Exchange.

Accounting

This Management Report refers to the annual report drawn up in accordance with the German Commercial Code (HGB). It also refers to the individual annual financial statements in accordance with Section 325 Para. 2a HGB as adopted by the EU. MOLOGEN will disclose the individual annual financial statements in accordance with Section 325a Para. 2a HGB as adopted by the EU (hereafter also referred to as: IFRS individual annual financial statements), pursuant to the provisions of German commercial law.

The figures stated in this Management Report refer to MOLOGEN's IFRS individual annual financial statements. Figures relating to the annual report are marked accordingly.

Since the technologies and product candidates are still under research or clinical development, MOLOGEN does not prepare segment reporting. Cash flow and corresponding expenses cannot be clearly allocated to the individual product candidates and technologies as various combinations of in-house as well as licensed technologies are used for the various product candidates. Segment reporting would not provide any additional information compared to the information already included in the other components of the annual report or compared to information contained in the Management Report.

Legal framework conditions

The regulatory outline conditions governing the research and development of new drugs are particularly relevant for MOLOGEN. This area is regularly subject to changes and further development. For example, the German Medicines Law (AMG) has been changed yet again, namely, by the law to regulate the pharma market within the context of the statutory health insurance (Pharmaceutical Market Restructuring Act, AMNOG) which came into effect on January 1, 2011. All in all, the changes to the outline conditions did not have a disproportionately noteworthy effect on MOLOGEN's business activities.

What is relevant for the sales potential of in-house product candidates, however, are the outline conditions in the health sector, in particular in the EU and the USA – specifically the continuing cost pressure in the health systems.

Performance indicators

FINANCIAL PERFORMANCE INDICATORS

The focus of the company's activities is research and development of in-house technologies and product candidates with the objective to license these out to partners in the pharmaceutical industry. It is therefore essential to assure sufficient liquidity so as to carry out the research and development programs according to the envisaged scope and timeframe and to support the out-licensing activities with the data gained.

Since MOLOGEN does not yet have noteworthy regular turnover from license agreements, the amount of cash and cash equivalents is the main financial performance indicator. Up to December 31, 2011, the cash and cash equivalents totalled € 7.5 million (12/31/2010: € 4.7 million) and were particularly strengthened by the issue of new shares.

NON-FINANCIAL PERFORMANCE INDICATORS

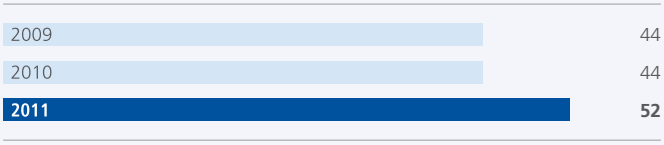
In addition to the financial performance indicators, the non-financial performance indicators play a decisive role in the success of MOLOGEN.

One of MOLOGEN's most important non-financial performance indicators is its employees. To ensure a target-oriented and scientifically-established further development of innovative product candidates, it is imperative to have competent employees and a workforce dedicated to coping with the scope of duties.

The diverse duties in the area of research and clinical development required an expansion in the number of personnel in the past business year. The number of employees in the field of research and development showed a distinct increase to the previous year: An average of 40 employees were active in the area of research and development (without management; 2010: 35 employees). As of December 31, 2011, MOLOGEN had a total of 52 employees (12/31/2010: 44 employees).

Number of employees

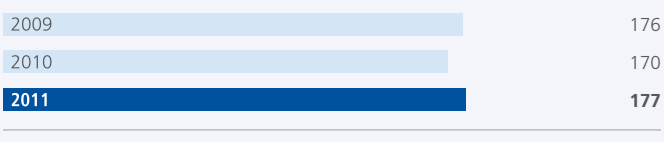
As of Dec. 31



MOLOGEN's patent portfolio is also an important non-financial performance indicator. The protection of in-house platform technologies and drug candidates and in-house know-how is of great significance for MOLOGEN's business strategy. A successful licensing out of in-house drug candidates will primarily be dependent on the quality of the underlying patent protection. MOLOGEN therefore strives to secure new technologies, products and processes by patents and to continuously further develop the patent portfolio.

As of December 31, 2011, the patent portfolio is sub-divided into 22 patent families and comprises 177 issued and envisaged single patents as well as more than 58 patent applications.

Number of already granted and envisaged patents



Economic environment

OVERALL ECONOMIC DEVELOPMENT

- Global economic growth declines to 3.8% (2010: 5.2%)
- German economy resolutely withstands both the financial and debt crisis
- IMF predicts global growth of 3.3% for 2012

The development of the global economy in the past year varied considerably from region to region and on the whole did not expand as much as in 2010. According to the International Monetary Fund (IMF), the global economic growth of 3.8% was considerably lower in 2011 than in the previous year, which had shown a growth of 5.2%.

In the Eurozone, both the financial crisis and the debt crisis increasingly dominated the economic development during the course of the past year. Here, the German economy proved to be extremely robust and managed to achieve a strong growth of 3.0% compared to 3.6% in 2010. The remaining Eurozone was clearly more concerned about the prevailing tensions in the financial markets, the Greek national debt and particularly the economic development of southern European economies. Overall, the expansion in the Eurozone economy was curbed so that the economic growth was 1.6% compared to 1.9% in the previous year. The European debt crisis, however, continues to extend worldwide and, to different extents, even impacts the development of other economies.

The USA was only able to record moderate economic growth: 1.8% in a one-year period. The distinct growth of 3.0% in 2010 could not be repeated.

As expected, the growth rate in emerging markets for 2011 as a whole was clearly higher than in the advanced economies. However, here too the growth rate of 6.2% was slightly below expectations and was distinctly lower than the previous year's growth rate of 7.3%.

The IMF predicts a slight recession for the Eurozone in 2012 based on the continuing crisis and a corresponding decline of the overall economy by 0.5%. The IMF expects a growth rate of 0.3% for Germany. A positive future economic development in the USA is anticipated, in particular due to the moderate recovery in the second half of 2011. It is expected that the growth rate in 2012 will reach the 2011 level of 1.8%. According to the IMF's expectations, growth in emerging markets will continue to decelerate and be around 5.4% in 2012. Overall, the world economy is predicted to grow by 3.3%.

Due to concerns surrounding economic development, the interest rate level will remain low. The European Central Bank withdrew the interest rate increase implemented throughout the year and lowered the prime rate to 1.00% in December 2011. The American Reserve Bank did not adjust the prime rate during the course of last year and kept its margin between 0% and 0.25%. During a meeting held in January 2012, it was decided to retain this interest rate level until at least the end of 2014.

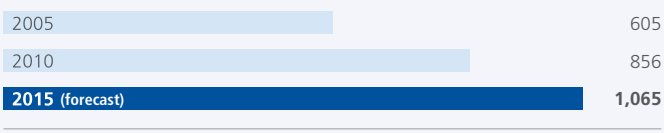
DEVELOPMENT OF THE PHARMACEUTICAL AND BIOTECHNOLOGY INDUSTRIES

- Pharmaceutical expenses will increase by 5% annually until 2015
- 11 of the 20 highest best-selling drugs will lose their patent protection
- Oncology remains the best-selling therapeutic area

The market research institute IMS Health predicts that the growth rate of the global pharma market will be slower in the period up to 2015 than in the previous 5-year period 2005 to 2010. The institute expects an increase in medication expenses of nearly 0.9 billion US$ in 2010 to almost 1.1 billion US$ in 2015. This corresponds to an average annual growth rate of about 5% while the annual growth rate in the period 2005 to 2010 still averaged 6.2%. It is assumed that the growth rate will vary considerably from region to region. The market share of the emerging markets, led by China, will increase considerably over the next five years from about 18% to an estimated 28% while the market share in the USA and the five largest European markets will drop from 53% in 2010 to 44% in 2015.

Development of the global pharma market 2005 to 2015

in billions USD *



* Source: IMS Health

The analysts of IMS Health also expect that the significance of generic drugs will continue to increase. Consequently, in the following years, generic drugs will make a significant contribution towards growth. In addition, a stagnation of turnover of trademark products in industrial countries is also expected. The introduction of new, patent-protected drugs is offset against the expiry of the patents of eleven of the twenty bestselling trademark products. Forecasts assume that generic drugs will reach a worldwide market share of 39% in 2015; this would correspond to an increase of about 12 percent compared to 2010.

Parallel to a decelerated growth of the pharmaceutical industry as a whole, the increase in revenue in most therapeutic areas will be considerably slower than in the years 2005 to 2010. Oncology is expected to achieve a growth rate of approximately 5–8% and an estimated market volume of 78–80 million US$ in 2015 and will thus remain the bestselling therapeutic area. However, the annual growth rate still averaged 13% in the period 2005 to 2010.

This means that the industry faces great challenges in the future. The key issues are expiring patents, the expansion of market shares for generic drugs, budgeting of health expenses as well as regulatory and technological risks. New, innovative drugs, which are more easily tolerated, utilize novel modes of action and show a better efficacy than the previous therapeutic options could, however, also make a considerable contribution towards the further growth of pharmaceutical companies. This would lead to an increased interrelation of pharmaceutical and biotechnology companies. The concluded takeover of Genzyme, the US American biotechnology company, in April last year by the French pharmaceutical company Sanofi-Aventis was an excellent example. Against this background, the business prospects for innovative biotechnical companies such as MOLOGEN can continue to be assessed positively in the long-term.

Course of business

- Great progress in the further development of the product pipeline
- Renal cancer study with MGN1601 reaches its study goals prematurely
- Clinical studies with MGN1703 for lung cancer in preparation

RESEARCH AND DEVELOPMENT (R&D)

MOLOGEN's objective is to develop highly innovative drugs to treat cancer and serious infectious diseases on the basis of its own technology platforms.

Once again, important developments were achieved during the business year 2011 within the scope of the company's research and development strategy. Here, the execution of the currently ongoing clinical studies was the focus of the R&D activities in the period under review.

Composition of the product pipeline:

Produckt	Research	Preclinic	Phase I	Phase II	Phase III	Approval
Oncology						
MGN1703-CRC (colorectal cancer)					IMPACT study (phase II/III) recruitment ongoing	
MGN1703-NSCLC (non-small cell lung cancer)				phase II study under preparation		
Other solid tumors						
MGN1601 (renal cell carcinoma)				ASET study (phase I/II) recruitment completed		
Infectious Diseases						
MGN1331 leishmaniasis						
MGN1333 hepatitis B						

ONCOLOGY – CANCER DRUG MGN1703

Colorectal cancer clinical study

MOLOGEN is currently conducting a phase II/III clinical study ("IMPACT" study). This study is structured as a randomized, placebo-controlled, double-blinded, multi-center study with the objective of confirming the efficacy of MGN1703 in the treatment of colorectal cancer. For this purpose, patients who are assigned to this type of therapy are treated with the drug once the standard first-line therapy (usually chemo-immune therapy) has been concluded. MGN1703 is then administered to the patient twice a week subcutaneously, that is under the skin. The treatment is continued until a further progression of the cancer is recognizable. The intention is to prevent a relapse or the further progression of the illness for a considerably longer period of time than is currently possible with existing, already approved drugs. The comparison group receives a placebo as there is no prescribed standard therapy which would offer a significant advantage to patients in this phase of illness. The primary objective of the study is the determination of the so-called progression-free survival. Further study objectives are the determination of the overall survival of patients, the determination of additional statistical parameters for the quantification of the drug's efficacy as well as conducting a survey of immunological and pharmacodynamic parameters.

Up until now, the clinical study shows a very good tolerability. This is particularly significant as the highest dosage from the previous phase Ib clinical study was selected for this current study. In this case, the applied dosage is considerably higher than the dosage used by competitors in comparable clinical trials. This is possible as the by MOLOGEN developed and patented dSLIM® DNA molecule, the ingredient of MGN1703, has very few side-effects due to its unique composition.

The clinical study is led by Prof. Dr. Hans-Joachim Schmoll, director of the Clinic and Polyclinic for Internal Medicine IV at the University Hospital Halle and is currently being conducted at more than twenty centers in Germany, Austria, England, France, Czech Republic and Russia.

Due to official restructuring in Russia, the authorization was only granted in April 2011. The associated departure from the schedule could not be recouped meaning that the first evaluations of the study planned for last year can now only be expected during the course of the first months of the 2012 business year.

Lung cancer clinical study

The universal mode of action of MGN1703 is based on a broad activation of the immune system in a manner required to successfully combat cancer. This means that MOLOGEN is in a position to utilize MGN1703 for completely different cancer indications.

In future, MOLOGEN will also examine the cancer drug MGN1703 for the treatment of lung cancer. For this purpose, MOLOGEN began its preparations for a clinical study for this indication during the course of the last business year. The main focus of activities was compiling the application for the execution of the clinical study. With that, the production of the investigational medicinal product also commenced.

ONCOLOGY – CELL-BASED THERAPY AGAINST RENAL CANCER (MGN1601)

Renal cancer clinical study

From the outset, the phase I/II clinical study for the renal cancer drug MGN1601 also showed very good data in terms of safety and tolerability. Within the scope of the study which commenced in December 2010, patients were able to be included and treated simultaneously as from mid-January 2011. For safety reasons, the first patients could initially only be included and treated successively with a subsequent observation period.

The phase I/II ("ASET" study) clinical study examines the safety and efficacy of MGN1601. The open-label clinical study is performed at three study centers in Germany and is led by Dr. med. Steffen Weikert, deputy Clinical Director at the Clinic for Urology at the Charité – University Medicine Berlin. Additional study centers participating in this clinical study are the MHH – Medizinische Hochschule Hannover (Hanover Medical School) with Dr. Viktor Grünwald, and the University Hospital Bonn (Prof. Dr. med. Ingo Schmidt-Wolf).

This clinical study included patients suffering from advanced renal cancer and for whom the standard therapies were unsuccessful; that is to say, the tumor growth could no longer be stopped. Initially, the patients were treated with MGN1601 over a period of three months. Within the scope of an expanded phase, treatment then continues for those patients who show a reaction to the treatment with MGN1601. In addition to the drug's safety and tolerability data, efficacy data which includes the patients' clinical, immunological and radiological parameters is also collected.

According to the information provided by the clinical investigators, the assessment of the drug's safety and tolerability has been very positive so far. Observed side-effects, which could possibly be connected to the treatment with MGN1601 (slight fever, oedema, rash, itching, aching joints), can all be classified as mild ("Grade 1"). No serious side-effects or intolerability occurred which would have resulted in a discontinuation of the treatment. All in all, the treatment with MGN1601 was exceptionally well tolerated.

The first results regarding the efficacy of MGN1601 are also very positive. Altogether, 19 patients were included in the clinical study. These patients had a progressing renal cancer for which there is currently no available approved therapy.

Ten patients were able to complete the full three-month treatment cycle. In one of these patients, the size of the metastases reduced by over 50%; for two patients the progression of their renal cancer could be stopped.

Two patients are still receiving treatment within the scope of the expanded phase of the clinical study. The successful therapy for these two patients has already continued for more than eight months. In accordance with the clinical investigators, and against the background of the study participants who, without exception, are seriously ill, these therapy results can be regarded as a clear success of the drug MGN1601.

Based on the good tolerability, MOLOGEN, in agreement with the clinical investigators involved, requested a premature termination of patient recruitment. The initial intention was to recruit 24 patients. In November 2011, the Paul-Ehrlich-Institute and the responsible ethics committee agreed to terminate the recruitment process prematurely. Both these patients, who are still part of the clinical studies, will continue to be treated according to plan.

INFECTIOUS DISEASES

Additional R&D activities in the field of leishmaniasis with the vaccine candidate MGN1331 and hepatitis B with the vaccine candidate MGN1333 also progressed in the reporting period.

DNA vaccine against leishmaniasis

For the development of a MIDGE®-based DNA vaccine against leishmaniasis in humans, MOLOGEN formed a consortium with international experts in the field of leishmaniasis. Within the scope of the 7th Framework Programme of the European Union, the consortium will receive a subsidy of € 3 million, of which €1.2 million will flow to MOLOGEN. The three-year project has commenced in 2009.

The formulation of the vaccine candidate MGN1331 was improved during the course of the reporting period and additional preclinical studies were carried out with the drug. Since not all planned work could be finalized by December 31, 2011, the consortium requested the EU Commission to grant an extension for the project. The Commission approved an extension until June 30, 2012. During this period, the consortium may still benefit of any unutilized subsidies.

On the other hand, there was no significant progress in the development of a MIDGE®-based DNA vaccine against leishmaniasis in animals. However, in comparison to other drug candidates, the product candidate has a very restricted market potential meaning that delays in this project do not have a significant effect on MOLOGEN's situation.

DNA vaccine against hepatitis B

MOLOGEN collaborates with the Dutch company Synvolux Therapeutics B.V in the development of a new, highly effective vaccine against an infection caused by hepatitis B viruses. The goal is to use the vaccine both as a preventative measure (prophylactic) as well as a treatment (therapeutic). As part of a three-year project, all necessary preclinical studies should be conducted in such as way that the vaccine can subsequently be tested in clinical studies. The project is subsidized by the Bundesministerium für Bildung und Forschung (Federal Ministry of Education and Research) within the scope of the EU's Euro-TransBio-Initiative with about € 0.3 million which corresponds to a subsidy ratio of 50%. The project should be concluded by the end of 2012.

The work regarding the formulation of the vaccine and the examinations during the preclinical study progressed according to plan during the reporting period.

COOPERATIONS

MOLOGEN collaborated with the following scientific institutes and facilities during the 2011 business year:

- Freie Universität Berlin (Free University Berlin): Research cooperation in the field of molecular biology

  The company has cooperated with the Freie Universität Berlin (FU-Berlin) in the field of basic research for several years. To regulate further collaboration and in particular to regulate the application possibilities for the inventions and patent rights arising from the collaboration, MOLOGEN and the FU-Berlin concluded a new cooperation agreement in the 2010 business year with a goal to discover and further develop promising technologies in the future. As part of the cooperation, the parties decided to establish and finance the "MOLOGEN Stiftungsinstitut für Molekularbiologie und Bioinformatik" (MOLOGEN Foundation Institute for Molecular Biology and Bioinformatics) at the FU-Berlin. MOLOGEN supports the Foundation Institute led by Prof. Dr. Burghardt Wittig both financially as well as by non-cash benefits through the provision of personnel and material resources via an independent foundation created by MOLOGEN.

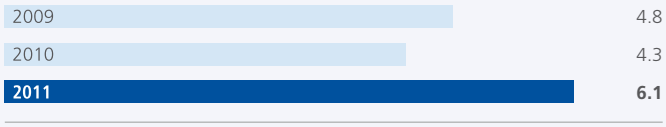
- Tierspital Zürich der Vetsuisse-Fakultät der Universität Zürich, Schweiz (Animal Hospital Zurich of the Vet-Suisse Faculty of the University of Zurich, Switzerland): Research in the field of veterinary medicine, in particular related to cats

R&D EXPENSES

Progress in the R&D area represents an important foundation for the company's further positive development. Therefore, recognized measures and investments amounting to € 6.1 million (2010: € 4.3 million) were executed according to plan in the 2011 business year.

R&D Expenses

in million €



Financial performance and financial position

- R&D investments of € 6.1 million (2010: € 4.3 million)
- EBIT of € -7.6 million (2010: € -5.7 million)
- Average cash utilized per month: € 0.60 million (2010: € 0.51 million per month)
- Cash and cash equivalents of € 7.5 million (2010: € 4.7 million)

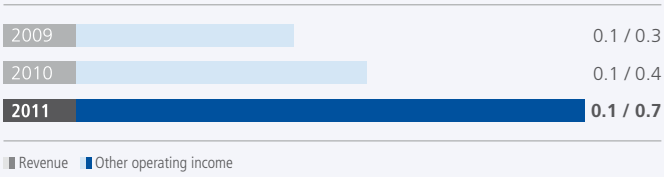
Overall, the company's financial performance and financial position developed according to plan. Existing cash and cash equivalents at the end of the reporting period secure the company's short-term financial requirements.

RESULTS OF OPERATIONS

As in the previous year, MOLOGEN's revenue of € 0.1 million in the 2011 business year was, as expected, at a low level (2010: € 0.1 million). Among other things, this can be attributed to the sale of research-related goods and services. As more subsidies were received and/or realized in the reporting period than in the comparative period, the other operating revenue of € 0.7 million was clearly above the previous year's figure (€ 0.4 million). Subsidies were granted by the European Union for the development of a leishmaniasis vaccine (MGN1331) and by the German Federal Ministry of Economics and Technology for the development of a hepatitis B vaccine (MGN1333).

Revenue and other operating income

in million €



The significantly higher expenses compared to those of the previous year related to the execution of the clinical studies and the preparation of further studies – hereby in particular the procurement of the required base material for the investigational medicinal products – resulted in increased material expenses of € 2.4 million (2010: € 1.1 million). This also had an effect on other operating expenses which rose to € 2.6 million (2010: € 2.1 million). The intensification of research activities as well as the measures adopted in the fields of marketing and investor relations also contributed to the increase.

Personnel expenses in particular increased by € 0.6 million to € 3.1 million (2010: € 2.5 million). This was due to the recruitment of new employees and higher expenses resulting from issue of share options. Hereby, personnel expenses in the amount of € 0.7 million (2010: € 0.4 million) relating to the granting of employee share options are non-cash effective.

Planned depreciation and amortization of € 0.3 million was slightly below last year's figure (2010: € 0.4 million). The decline can be ascribed to the reduction of the remaining useful life of the individual intangible fixed assets.

Financing revenue increased to € 0.11 million (2010: € 0.05 million) as a result of increased interest received from fixed deposits.

€ 6.1 million of the total expenses were utilized for research and development in the 2011 business year; this represents a plus of about 40% (2010: € 4.3 million).

The annual deficit rose in the 2011 business year to € 7.5 million and was therefore € 1.8 million above the loss of the comparative period (€ 5.7 million).

Annual deficit

in million €

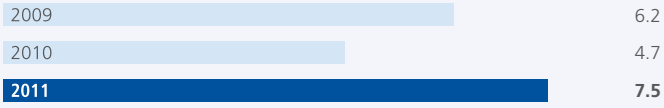
The development of the annual deficit was decisive for the result per share which declined to € -0.61 (2010: € -0.52).

NET ASSETS AND FINANCIAL POSITION

As of December 31, 2011, assets included a large portion of cash and cash equivalents amounting to € 7.5 million (12/31/2010: € 4.7 million). The increase is due to the capital increase executed in February 2011 and the related payment of a gross amount of € 10.0 million.

Cash and cash equivalents

in million €



Income derived from the capital increase was balanced out by the cash consumption within the scope of operating activities, including investments and expenses for equity procurement in the amount of € 7.2 million (2010: € 6.1 million).

MOLOGEN was always in a position to meet its financial obligations in the past business year.

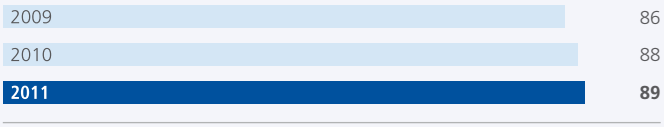
Since the amount of the investments executed in the 2011 business year and the planned depreciation and amortization are virtually the same, the fixed assets as of December 31, 2011 of € 1.5 million were at the same level as at the previous year's end of the reporting period.

Liabilities are marked by the recognized shareholders' equity of € 8.7 million (12/31/2010: € 6.2 million). The strengthening of shareholders' equity is also attributable to the capital measures. The shareholders' equity ratio increased slightly to 89% in comparison to the previous year (12/31/2010: 88%). MOLOGEN's share capital increased from € 11,213,348.00 by about 11% to € 12,459,275.00 as a result of the issue of new shares.

Hereby, the shareholders were granted subscription rights to the new shares in accordance with a subscription offer. The subscription ratio was set at 9:1; that is to say, every nine existing MOLOGEN shares provided an entitlement to one new share at a subscription price of € 8.00. After the end of the subscription period, any unsubscribed shares were sold to interested investors during the course of an international private placement at a rate corresponding to the subscription price of € 8.00. Overall, the existing shareholders exercised more than 40 percent of their subscription rights. Share certificates offered as part of the private placement were considerably over-subscribed. The cash inflow derived from the capital increase was a gross amount of € 10.0 million. The new shares are eligible for profits as from January 1, 2010. The capital increase was entered into the relevant Commercial Register on February 4, 2011.

Shareholders' equity ratio

in %



The increase of short-term debt by € 0.3 million to € 1.1 million to December 31, 2011 is due to the ongoing and already completed clinical studies and consequently the expansion of the R&D activities.

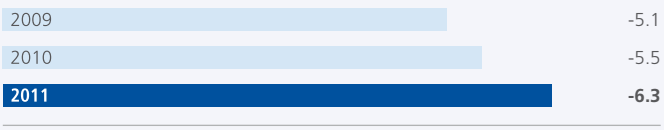
LIQUIDITY DEVELOPMENT

Funds of € 6.3 million used for the operating activity were above the previous year's figure (2010: € 5.5 million) and, to a great extent, flowed into research and development. Responsible for the rise were increased expenses not only for the area of R&D but also for the areas administration, marketing and investor relations as well as general expenses.

Contrary to the previous year, changes in working capital amounting to € 0.4 million had a positive effect on the cash flow derived from operating activities (2010: € -0.4 million).

Cash flow from operating activities

in million €



Funds utilized for investments were € 2.3 million above last year's amount (2010: € 0.1 million). Among other things, one decisive factor for this was the repurchase in the 2011 business year of a patent license granted in the 2006 business year for the cell-based cancer therapy for the Indian region amounting to € 250 thousand. The repurchase consequently leads to the expiry of the originally granted license right (confusion). MOLOGEN now holds all international licenses and exploitation rights to the relevant underlying patents. This legal action results in a new legal position at MOLOGEN which is shown under intangible assets. In addition, there was a fixed-term deposit of € 2 million over a term of six months.

Cash flow of € 9.3 million from financing activities was correspondingly above last year's figures (2010: € 4.1 million). Here, the decisive factor was the inflow of funds from the capital increase for cash minus the costs for equity procurement.

Cash consumption (including the consideration of payments from sales revenue and subsidies) averaged € 0.60 million per month (2010: € 0.51 million).

Average monthly cash utilization

in million €

ANNUAL FINANCIAL STATEMENTS OF MOLOGEN (HGB)

The annual financial statements of MOLOGEN are prepared according to the provisions of the German Commercial Code (Handelsgesetzbuch = HGB). The various accounting regulations result in differences in individual items included in the annual financial statements as of December 31, 2011 in terms of the HGB in comparison to the individual annual financial statements pursuant to Section 325 Para. 2a HGB in accordance with the IRFS, as applied in the EU.

The main reasons for this are:

- According to the provisions of the IFRS applied in the EU, when determining personnel expenses and capital reserves, the allocated current value of the employee options granted must be considered.
- In the IFRS individual annual financial statements applied in the EU deviating useful lives are sometimes used. This leads to differing depreciation and amortization.
- Costs which are directly attributable to the issue of new shares of employee options are recognized in shareholders' equity as a deduction from the issue proceeds.

The result of common business activities according to the HGB is at the level of the annual results in terms of the IFRS, as applied in the EU. The result of common business operations pursuant to the HGB for the 2011 business year was € -7.5 million (2010: € -5.8 million). As in the IFRS individual annual financial statements, the change in the annual result compared to the previous year is attributable to increased material expenses, personnel expenses and increased other operating expenses. Another decisive factor for this was the inclusion of increased expenses for research and development in the annual financial statements as compared to the previous year (2011: € 5.7 million; 2010: € 4.1 million) in connection with the execution and the preparation of clinical studies.

Differences in the HGB annual financial statements compared to the IFRS individual annual financial statements arise for personnel expenses, other operating expenses as well as depreciation and amortization. Personnel expenses according to HGB do not include any expenses related to the issue of share options to the company's Management Board and employees and is therefore € 0.7 million (2010: € 0.4 million) less. On the other hand, compared to the IFRS individual annual financial statements, costs in connection with equity procurement were recorded as an expense in personnel expenses and in other operating expenses totaling € 0.7 million (2010: € 0.6 million). In the 2011 business year, as well as in the previous year, the varying useful life periods only led to minor differences in the amounts of the relevant depreciation and amortization for both annual statements.

The balance sheet total and shareholder's equity of the annual financial statements according to HGB is at the same level as the IFRS individual annual financial statement. The differing treatment of granted share options, as well as the consideration of the costs for equity procurement in terms of the accounting guidelines according to the IFRS as applied in the EU and according to HGB, is balanced in the shareholders' equity.

With regard to the further analysis of the annual financial statements, reference is made to the paragraph "Financial performance and financial position" (analysis of the IFRS individual annual financial statements) included in this Management Report which also essentially apply to the annual financial statements.

The corporate governance statement pursuant to Section 289a HGB

The corporate governance statement pursuant to Section 289a HGB includes information on management practices, the description of the working method of the company's Management Board and Supervisory Board and the declaration of conformity to the German Corporate Governance Code. The corporate governance statement pursuant to Section 289a HGB is repeated in the annual report as part of the Management Report. After its publication, the annual report can be retrieved from MOLOGEN's website (www.mologen.com).

INFORMATION ON CORPORATE MANAGEMENT PRACTICES

MOLOGEN's corporate governance practices observe the legal provisions and guidelines. The company and its employees operate under the principle of moral and ethic values culminating in a fair, respectful conduct in conformity with the law. Considering the manageable size of the company, its flat hierarchies and the personal interaction with employees and business partners, no further corporate governance practices are necessary. The management and monitoring of the company is conducted in accordance with legal provisions and social norms and observes numerous provisions and regulations of the German Corporate Governance Code.

MOLOGEN's management structures and monitoring are represented as follows:

SHAREHOLDERS AND ANNUAL GENERAL MEETING

MOLOGEN's shareholders exercise their rights in the Annual General Meeting. MOLOGEN's Annual General Meeting is held within the first eight months of the business year. The chairman of the Supervisory Board or a member of the Supervisory Board nominated by the Supervisory Board chairs the Annual General Meeting. The Annual General Meeting decides on all those duties allocated to it by law (among others, election of the members of the Supervisory Board, changes to the company's bylaws, appropriation of earnings, capital measures).

SUPERVISORY BOARD

The Supervisory Board conducts its business according to legal provisions, the bylaws and its rules of procedure. The central duty of the Supervisory Board is to consult and monitor the Management Board. In addition, the Supervisory Board is included in the company's planning and strategy.

MOLOGEN's Supervisory Board currently consists of three members. Taking into consideration that the Supervisory Board merely consists of three persons, the Supervisory Board has not formed any committees.

MANAGEMENT BOARD

The Management Board – as the managing organ of the public limited company – manages the company's business and, within the scope of the provisions governing corporate law, is bound to the interests and the company's business-policy principles. The members of the Management Board manage the company's business in consideration of the due diligence of a prudent business manager according to the stipulations of the law, the bylaws, the terms and conditions, the schedule of responsibilities and its service agreements.

The Management Board regularly reports to the Supervisory Board, in good time and comprehensively, about all significant issues related to business development, corporate strategy as well as risk management and compliance.

TRANSPARENCY

MOLOGEN places great value on providing unified, comprehensive and timely information to the capital market and to the interested public. MOLOGEN's business situation and results are reported in the annual report, at conferences with analysts, the press and via telephone, in quarterly reports, in the half-year report and at the Annual General Meeting.

Furthermore, information is published via press releases and/or ad-hoc notifications. All financial reports, notifications, presentations and notices can be read on the Internet on MOLOGEN's website (www.mologen.com).

As prescribed by law, MOLOGEN keeps an insider register in terms of Section 15b of the German Securities Trading Act (Wertpapaierhandelsgesetz = WpHG). Any person included in the register has been informed of the corresponding legal obligations and sanctions.

ACCOUNTING AND AUDIT

MOLOGEN's annual financial statement is prepared according the provisions of the German Commercial Code. In addition, the company also prepares individual financial statements pursuant to Section 325 Para. 2 HGB according to the International Financial Reporting Standards (IFRS) as adopted by the EU. Once the Management Board has prepared the annual financial statements and the IFRS individual annual financial statements, they are then audited by the auditor and determined by the Supervisory Board. The IFRS individual annual financial statements are published within 90 days after the end of the business year and form a part of the annual report.

MOLOGEN's comprehensive annual financial statements according to the HGB are published in the Electronic Federal Gazette and can be requested from the company or retrieved from the MOLOGEN website.

The auditor reports to the chairman of the Supervisory Board on all significant questions and events related to the duties of the Supervisory Board which become evident during the course of the audit.

RISK MANAGEMENT

MOLOGEN has an established risk management system and an internal control system. It is the responsibility of the Management Board to determine the scope and structure of the established systems on the basis of company-specific requirements.

MOLOGEN's risk management system is continuously adapted to meet new demands. The system can identify the effects of unfavorable developments due to a deficit or failure of processes, persons, systems or dangers of external events at an early stage.

A detailed, scientific and financial controlling system makes it possible to assure organizational safety measures. Clearly regulated work processes, planning, control and coordination that are appropriate to the risk situation can also assure even the most complex project activities.

The inspection of the risk management system is conducted by MOLOGEN's internal control system. Inspections within the scope of the internal control system are therefore also conducted directly by management.

CORPORATE MANAGEMENT PRACTICES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

MOLOGEN is a corporation under German law with a dual management system consisting of the two executive bodies, the Management Board and the Supervisory Board. The Management Board and the Supervisory Board have a close, trusting and co-operative relationship.

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

The Supervisory Board appoints the members of the Management Board pursuant to Section 6 of the MOLOGEN bylaws. The Supervisory Board decides how many members should be on the Management Board, appoints them, decides whether there should be a chairman and decides whether to appoint deputy members or a vice chairman. The Supervisory Board adopts rules of procedure for the Management Board. These rules of procedure include a catalogue of business transactions which require approval as well as a schedule of responsibilities. The chairman of the Supervisory Board decides if the members of the Management Board should participate in meetings of the Supervisory Board. Finally, the Supervisory Board adopts the rules of procedure for itself.

MOLOGEN's Management Board has consisted of two members since 2008; namely, a CEO and a CFO. The allocation of duties between both members is derived from the schedule of responsibilities. The Management Board takes part in all meetings of the Supervisory Board, reports both in writing and verbally with regard to the individual agenda items and resolution proposals and answers the questions posed by 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 in particularly urgent cases.

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

In particular the chairman of the Supervisory Board discusses current issues with the Management Board and is informed of current developments. This takes place either verbally during a personal meeting, by telephone or in writing.

CORPORATE GOVERNANCE

The German Corporate Governance Code includes internationally recognized standards for a good and responsible corporate management. In applying this code, those regulations applicable in Germany for management and management supervision for national and international investors are to be made transparent. The objective of good corporate governance is to assure the competitiveness of the company and strongly increase its value.

MOLOGEN's Supervisory Board and Management Board are obligated to the objectives and values of the German Corporate Governance Code and actively implement the recommendations to a large extent.

As the Code is directed at all companies listed on the German stock exchange, some recommendations are, however, strongly tailored to large corporations. These are the recommendations that MOLOGEN in part does not implement. These and other deviations from the Code are named and explained by the Supervisory Board and the Management Board in terms of the provisions of the Stock Corporation Act in the general corporate governance statement.

MOLOGEN's Supervisory Board and Management Board last issued a statement in February 2012 pursuant to Section 161 of the Stock Corporation Act. The following wording of the statement refers to the German Corporate Governance Code in the version of May 26, 2010. The current corporate governance statement was also published on the MOLOGEN website (www.mologen.com).

WORDING OF THE CORPORATE GOVERNANCE STATEMENT OF FEBRUARY 2012

The Board of Directors and the Supervisory Board hereby declare that the recommendations of the German Corporate Governance Code in their current draft of May 26, 2010 have been and continue to be complied with:

Shareholders and Annual General Meeting

The German Corporate Governance Code recommends the transmission of the invitation to the Annual General Meeting to domestic and foreign financial service providers, shareholders and shareholder organizations via electronic means. This recommendation is not currently and will not in future be implemented, since the technical requirements for the secure identification and addressing of recipients cannot be guaranteed.

Collaboration of the Board of Directors and Supervisory Board

The D&O insurance concluded for the MOLOGEN Supervisory Board contains no deductible. The company does not believe that the motivation and responsibility with which the members of the Supervisory Board perform their duties will be improved by a deductible in the D&O insurance.

Board of Directors

The full remuneration report is part of the Notes to the annual financial statements and is reproduced in the MOLOGEN annual report. The annual report can be retrieved from the company's website or will be sent in printed form upon request. These details are therefore transparent to the company's shareholders. Consequently, this information is not repeated in the Corporate Governance Report, as previously.

The essential features of the remuneration system for the Board of Directors and its modification are set out in the management report and reproduced in the annual report. The Annual General Meeting has not and will not be notified separately of the remuneration system since the relevant information is included in the annual report as detailed above, and is therefore accessible to shareholders.

Upon conclusion of the current service contracts of the members of the Board of Directors, the Supervisory Board took care to ensure that the benefit agreements in the event of premature termination of the contracts without major reason are limited in terms of their amount, even in the event of a change of control. The upper limits agreed in the Board of Directors' contracts are currently above the values recommended by the Code and are set out in the remuneration report. In the view of the Supervisory Board, they offer the company adequate protection against disproportionate severance payments, so the Supervisory Board saw no need to insist on compliance with the limits set down by the Code.

Supervisory Board

The German Corporate Governance Code recommends that diversity be observed in the appointment of the Board of Directors and appropriate consideration be given to the inclusion of women. The Board of Directors of MOLOGEN consists of two people, meaning that consideration of minorities and women is not generally possible. The Supervisory Board believes it appropriate that the choice of Board members be based not on criteria such as gender, orientation or race, but rather on their personalities and expertise. As such, this recommendation has not been and will not be implemented.

The German Corporate Governance Code also recommends setting an age limit for Board members. The ongoing service contracts of the Board members of MOLOGEN are limited and are not automatically extended. The Supervisory Board will, as previously, take account of the age of the candidate in its decisions regarding the approval of a service contract for Directors and, where appropriate, adapt the contract period accordingly. A fixed age limit has not been and is therefore not defined.

Responsibilities and authorities of the Supervisory Board chairman, formation of committees by the Supervisory Board

The Supervisory Board of MOLOGEN, which comprises three members, has not formed any committees due to its small number of members. In particular, no auditing or nomination committees have been formed. While the number of members of the Supervisory Board remains small, no committees will be formed in future either.

Composition of the Supervisory Board

According to the German Corporate Governance Code, the Supervisory Board should stipulate specific goals with regard to its composition which, bearing in mind the company's specific situation, take account of the company's international activity, potential conflicts of interest, a defined age limit for Supervisory Board members and diversity. These specific goals must in particular provide for the appropriate participation of women. The Supervisory Board's proposals to the responsible voting committees should take account of these goals. The composition of the Supervisory Board and the status of the implementation must be published in the Corporate Governance Report.

Following the introduction of the diversity requirement into the Code, there has been a new appointment to the Supervisory Board which, in the opinion of the Supervisory Board, now constitutes sufficient compliance with the diversity requirements. The Supervisory Board has not, however, set any specific goals for its composition and has consequently been unable thus far to provide any equivalent reporting in the Corporate Governance Report. Consequently, as a precaution, a deviation from point 5.4.1 Para. 2 and Para. 3 of the German Corporate Governance Code has been declared. The Supervisory Board will in future, wherever possible, take account of diversity aspects. The Supervisory Board believes it appropriate, however, that the choice of future Supervisory Board members be based not on criteria such as gender, orientation or race, but rather on their personalities and expertise.

No age limit has been defined for either the Board of Directors or the Supervisory Board, since the company must essentially be able to avail itself of the expertise of experienced Board and Supervisory Board Members. The Supervisory Board does not consider exclusion based solely on age to be appropriate, especially since the term of office defined in the law and constitution for Supervisory Boards provides a manageable timeframe for mandates.

Remuneration of the Supervisory Board

The remuneration paid to the members of the Supervisory Board and the remuneration or granted benefits for personally-provided services have been and will continue to be listed separately in accordance with legal requirements as a separate item for the entire Supervisory Board in the Notes to the annual financial statements. In the view of the Board of Directors and the Supervisory Board, this provides adequate transparency. The company does not provide individualized listings in the Corporate Governance Report.

Transparency

The German Corporate Governance Code recommends that the holding of shares or related financial instruments, in particular derivatives, by individual Directors or Supervisory Board members must be declared if the shares amount directly or indirectly to more than 1% of the shares issued by the company. If the total holding of all Directors and Supervisory Board members amounts to 1% of the shares issued by the company, the total holding must be listed in broken down form, specifying the holdings of the Board of Directors and the Supervisory Board. This recommendation has not and will not in future be complied with. This information is published in accordance with legal requirements and in the legally-prescribed manner which, in the view of the Board of Directors and Supervisory Board, provides sufficient transparency. The additional publication of such information in the Corporate Governance Report has not occurred thus far and will also not occur in future.

Accounting

Extensive information regarding the share options programs and similar securities-oriented incentive systems have been and continue to be listed in the Notes to the individual financial statements in accordance with IFRS rules.

The annual report can be retrieved from the company's website or will be sent in printed form upon request. The information in question is therefore visible to shareholders of the company, thereby permitting the Board of Directors and Supervisory Board to dispense with repeating this information in the Corporate Governance Report.

Information according to Section 289 Para. 4 HGB

As of December 31, 2011, the company's subscribed capital is € 12,459,275, divided into 12,459,275 ordinary bearer shares with no-par value (no-par value shares). The shares are fully liberated and admitted for trade on the regulated market (Prime Standard) at the Frankfurt Stock Exchange.

As far as the Management Board is aware, there are no restrictions affecting the voting rights or the transfer of shares even if these could result from agreements between the shareholders.

The company was notified of the following direct or indirect participations exceeding 10% of voting rights in its share capital in terms of Section 21 of the German Securities Trading Act.

- Bâloise Holding, Basel, Switzerland: 14.97% (according to the notification dated 04/28/2008)
  Full voting rights must be granted to the Bâloise Holding in terms of Section 22 Para. 1 Sentence 1 No. 1 German Securities Trading Act. The chain of companies it controls, whose voting right share in MOLOGEN is 3% or more, is (from top to bottom) as follows: Bâloise Holding, Basel, Switzerland holds 100% of the shares and voting rights in Bâloise Delta Holding S.A.R.L., Bertrange, Luxembourg. Bâloise Delta Holding S.A.R.L., Bertrange, Luxembourg holds 100% of the shares and voting rights in Basler Versicherung Beteiligungs-GmbH. The latter in turn, holds 100% of the shares and voting rights in Deutscher Ring Lebensversicherungs AG and in Deutscher Ring Sachversicherungs-AG.

- Mr. Graf von Thun und Hohenstein, Germany: 10,80% (according to the notification dated 06/05/2007)
  Full voting rights must be granted to Graf von Thun und Hohenstein by SALVATOR Vermögensverwaltungs GmbH, Munich according to Section 22 Para. 1, Sentence 1 No. 1 of the German Securities Trading Act.

Other than the above, the company has not been notified of any direct or indirect participation in its share capital that exceeds 10% of the voting rights in terms of Section 21 of the German Securities Trading Act.

No shareholder has special rights or any other voting rights control.

The following rights are associated with the shares of the company:

Further rights and obligations are determined by the Stock Corporation Act. The nomination and revocation of members of the Management Board is determined by Sections 84 et seq. of the Stock Corporation Act. Changes to the bylaws are conducted in accordance with the regulations of Sections 179 et seq. Stock Corporation Act in conjunction with Section 20 of MOLOGEN's bylaws. In terms of Section 15 of the bylaws, the Supervisory Board is furthermore authorized to decide on changes to the bylaws which only affect that specific version.

The shareholders have granted the Management Board the following authorizations to issue new shares or conversion rights or to repurchase own shares.

According to Section 4 Para. 3 of the bylaws and with the approval of the Supervisory Board, the Management Board is entitled to increase the share capital by issuing new, no-par bearer shares for cash and/or contributions in kind on one or more occasions up to June 6, 2016; such increase may, however, not exceed € 6,229,637 (authorized capital) and furthermore determine a commencement of the profit sharing in terms of Section 12 Para. 2 of the bylaws which deviates from the law. The new shares can also be taken over by a financial institution or consortium of credit institutions stipulated by the Management Board with the obligation to offer these new shares to the shareholders for purchase (indirect subscription right).

In addition, the Management Board shall also be entitled, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights,

a) insofar as this is required to balance fractional amounts,
b) if the capital increase does not exceed ten percent of the share capital and the issue price does not significantly fall below the market price of the already listed shares of the company at the time of the final determination by the Management Board, or
c) for capital increases against payments in kind for the purchase of companies, shares in companies or participations in companies as well as assets which would be practical or useful for the company's operations such as, for example, patents, licenses, copyright user and exploitation rights as well as other intangible property rights.

Hereby, the Management Board is authorized, with the consent of the Supervisory Board, to determine the further details for the issue of the new shares.

In addition, the following conditional capital exists: 2009 – in terms of Section 4 Para. 5 of the bylaws, conditional capital of up to € 218,149; 2010 – in terms of Section 4 Para. 6 of the bylaws, conditional capital of up to € 610,151; and 2011 – in terms of Section 4 Para. 7 of the bylaws conditional capital of up to € 238,393. These conditional capital amounts serve towards the issue of options and conversion rights to members of the Management Board and to the company's employees.

Furthermore, according to Section 4 Para. 4 of the bylaws, there is a conditional capital 2008 of up to € 3,770,739 which serves for convertible bonds or bonds with warrants. Prior to June 1, 2013, the Management Board is authorized to issue on one or more occasions bearer and/or registered convertible bonds and/or bonds with warrants for a total nominal value of up to € 10,000,000 with a term of up to ten years.

Finally, the Management Board is authorized to purchase its own shares in terms of Section 71 Para. 1 No. 8 of the Stock Corporation Act before June 7, 2015 up to a volume of 10% of the share capital for other purposes than trading in its own shares. Those shares purchased on the basis of this authorization can also be sold by means other than through the stock exchange or by an offer to all shareholders. The shareholders' subscription rights to these own shares are effectively excluded. The Management Board is also authorized to withdraw its own purchased shares with the approval of the Supervisory Board in part or in total without the requirement of a decision by the Annual General Meeting.

Compensation report

The remuneration of members of the Management Board includes fixed and variable performance-based components. The fixed remuneration is € 180 thousand per annum. The amount of the variable compensation component (maximum € 360 thousand p.a.) is dependent on the attainment of the respectively agreed success criteria.

Part of the success criteria includes the attainment of research and development-focused goals, the attainment of objectives in the implementation of the company's commercialization strategy as well as the assurance of sufficient liquidity to finance research and development activities. The sum of the variable compensation components, bonus payments and special compensation is limited by a maximum amount. In particular research and development-orientated success criteria, as well as the objectives to implement the company's commercialization strategy, is determined by the Supervisory Board before the beginning of a business year.

Furthermore, following a resolution of the Annual General Meeting, MOLOGEN had introduced various employee participation programs in the past and issued the respective stock options to members of the Management Board.

Should the company's position decline after the determination of the overall compensation of the Management Board members in such a way that a further payment of the compensation were to be unreasonable for the company, the Supervisory Board would have the right to unilaterally reduce the compensation amounts in consideration of legal provisions. In the event of extraordinary developments, the Supervisory Board is additionally entitled, at its own discretion, to limit the variable compensation component; this restriction must not be unreasonable.

The employment contracts of the Management Board further provide for the possible provision of a company car at the request of the Management Board; this car can also be used privately. A further cash-value benefit also includes taking out occupational disability insurance cover at the member's request. The members of the Management Board also receive subsidies for their health insurance up to a maximum amount of the legal employer contributions for voluntary insured persons as well as compensation for expenses which they incur as a result of their activity.

In addition, the company, as the policyholder, has taken out directors and officers liability insurance (D&O insurance) cover for the members of the Management Board; this liability insurance covers the activities of the Management Board as prescribed by law. The statutory required minimum deductible is taken into consideration.

In the event of a premature termination of the employment contract by the Supervisory Board or a premature amicable revocation of the contract, each member of the Management Board shall receive a severance pay in the amount of 1.5 times the fixed annual compensation plus all variable compensation components achieved up until this point in time. This is subject to the condition that the contract, as far as it was terminated prematurely by the Supervisory Board, was not terminated due to willful intent or a grossly negligent breach of duty or as a result of a dismissal of an organ or for another important reason.

In the event of a premature termination of the employment contract following the proclamation of a so-called Change-of-Control, the employment contracts of the Management Board also provide for a severance pay. This amount shall be two times the fixed annual compensation plus all variable compensation components achieved up until this point in time in addition to the discounted sum of 5% of the maximum variable remuneration components which can be achieved during the

original remaining term of the contract. Hereby, it is irrelevant whether the contract was terminated by the company or amicably.

Regulations have also been made with regard to a temporary inability to work, a permanent inability to work or in the event of the death of a member of the Management Board. The employment contracts for the Management Board provide that in the event of a temporary inability to work, the compensation will continue to be paid taking into consideration the sick benefits paid by the health insurance company during the period of the inability to work for a duration of up to six months, however, not longer than the end of the agreed term of the employment contract of the relevant member of the Management Board. In the event of a permanent inability to work, the employment contract of the relevant member of the Management Board ends in the quarter in which the inability to work was determined. In the event of the death of the relevant member of the Management Board, the benefits for the month in which the death occurred and the following three months must be paid; however, no longer than up until the end of the agreed term of the relevant employment contract. In addition, the variable remuneration components due to the affected member of the Management Board for the relevant year up until his death shall also be paid.

The remuneration for the members of the Management Board is decided by the Annual General Meeting. Members of the Supervisory Board receive a fixed remuneration (€ 20 thousand p.a.) as well as an attendance allowance for each meeting they personally attend. In addition, they also receive compensation for expenses which they incur as a result of their activity. Furthermore, the members of the Supervisory Board receive a performance-oriented variable remuneration starting from a positive result of € 0.05 per share according to IFRS as applied in the EU; the maximum amount is restricted to € 20 thousand per annum and per member. The chairman receives twice this amount.

The remuneration of the members of the Advisory Board conforms to the rules of procedure of the Advisory Board as adopted by the Management Board and the Supervisory Board and lies between € 10 thousand and € 30 thousand. In addition, the members of the Advisory Board also receive an attendance allowance.

Further information in this regard can be found in the Notes to the annual financial statements.

Risk report

RISK MANAGEMENT SYSTEM

MOLOGEN is a company that researches and develops innovative product candidates with the use of primarily self-developed technologies.

Any corporate action is based on weighing up risks and opportunities. At MOLOGEN, risk management takes place within the scope of a company strategy which subjects the company to an extremely defined opportunity-risk-profile. The company success and the achievement of company objectives are decisively influenced by management and risk diversification.

For this purpose, MOLOGEN established a risk management system and an internal control system (ICS). Hereby, the Management Board is responsible for determining the scope and structure of the established systems based on company-specific requirements.

The rapidly changing conditions in the pharma market as a result of technological developments and developments in health policy, the use of new technologies as well as the complexity of the business processes and the business model lead to complex management tools. This requires risk management to be an ongoing process of the strategic corporate management. The basis for this risk management process is the strategy which clearly regulates which risks are to be recognized and managed in due time and when this becomes appropriate.

The identified risks are evaluated. In order to control and reduce the determined risk potential, counter-measures are decided on and responsibilities allocated accordingly. As parts of the risks are outside the sphere of influence of the Management Board, even appropriate and functional established systems cannot guarantee absolute safety for the identification and management of risks. In this respect, this could result in developments which deviate from the Management Board's plan.

The risk management system of MOLOGEN is continuously adapted to new demands. The system already identifies the effects of unfavorable developments as a result of a deficit or failure of processes, persons, systems or dangers of external events at an early stage.

A detailed, scientific and financial controlling system makes it possible to assure organizational safety measures. Clearly regulated work processes, planning, control and coordination that are appropriate to the risk situation can also assure even the most complex project activities. In addition, if necessary, the project progress is monitored and documented at regular intervals with the relevant collaboration partners.

The inspection of the risk management system is carried out by the internal control system (ICS) of MOLOGEN. Inspections within the scope of the internal control system are also carried out directly by management.

The primary focus of risk management has always been and remains the monitoring of the company's liquidity situation and share capital. Based on revenue that has so far primarily been attributable to one-off effects, future income is very hard to predict. Therefore, an accurate monitoring of risks in connection with the development of liquidity and share capital is extremely important for the company's continuation.

Underlying objectives of the risk management system are focused on the areas of accounting processes, in particular the identification and evaluation of risks which could contradict the objective of the regulation conformity of the financial statements, the limitation and the examination of recognized risks with regard to their influence on the financial statements and the corresponding depiction of these risks. The objective of the ICS in the accounting process is to guarantee sufficient safety through the implementation of controls so as to establish financial statements that are conform to regulations despite identified risks.

Significant risks are identified, documented and monitored in order to achieve these objectives. Binding instructions and checklists, which do justice to the identification of risks and can be further developed if required, regulate the most important work processes. In turn, instructions and checklists are regularly checked by the ICS. This also includes the examination of the compliance with accounting regulations, the status of funds and the organization of business transactions by way of regular and random controls.

In particular, the following points are checked: incoming and outgoing invoices, bank statements and bank balances, all payments received, pay-roll lists, reports to the Supervisory Board, quarterly reports, and contracts. The second important element of the ICS is the four-eye principle which is particularly documented by signing powers for payments and the absence of sole representational authorization of the company's management.

The functionality of the internal control and risk management system in regard to the accounting process undergoes regular, internal checks primarily by management as well as externally by the auditors within the scope of the audit of the annual financial statements.

At MOLOGEN, risk management is subject to continuous further development. Management and employees are therefore in a position to regularly recognize new challenges and to adapt to them.

RISKS OF THE COMPANY

The extraordinary revenue opportunities of the MOLOGEN business model are offset against technological, financial, regulatory, patent-law and in particular sales risks. The individual risks are partly related and could have either a positive or a negative influence on each other.

As a biotechnology company, MOLOGEN is primarily exposed to the standard risks in the industry. In this way, the research and development of new drugs for example, includes the risk that a new development of a drug does not have the desired product characteristics, in particular in the areas of efficacy and tolerability or that these characteristics cannot be sufficiently proven. At MOLOGEN, in particular unpredictable problems can occur during the current preclinical and clinical development of the drug candidates. If preclinical examinations or clinical studies do not show the required results, this could delay the further development of the affected drug candidate and make it more expensive or even lead to the discontinuance of such further development. This could have negative effects on the financial performance and financial position.

The regulatory environment for medicament development also entails industry-specific risks. MOLOGEN is dependent on official authorizations to perform clinical studies, for the production of investigational medicinal products and to operate special facilities to perform research work or produce active substances and clinical investigational medicinal products. Delays, loss, expiry or non-granting of such authorizations could delay the development of drug candidates, make them more expensive or lead to their discontinuation. This could have negative effects on the financial performance and financial position.

In order to be fully able to develop revenue potential, MOLOGEN is not only dependent on the successful research and development of its own technologies and product candidates but also on the development of the market for this product candidate.

MOLOGEN has focused on the research and development of new cancer therapies for which there continues to be a very high demand. There is an annual increase in the number of cancer patients as well as in the number of cancer-related deaths. Consequently, the field of effective cancer drugs remains a strong growth market. The future market development, however, depends on various factors such as, for example, cost pressure of the health systems, possible new statutory regulations in the health market and pharmaceutical law. Certain developments could therefore have negative consequences on the market potential of MOLOGEN's drug candidates and detrimental effects on the financial performance and financial position.

The business model of MOLOGEN envisages executing the development of its own drug development up to a certain stage and then to sell the licenses for the drug candidates to another biotechnology company or a pharma partner. The number of such potential licensees is restricted and relatively small in the area of large pharma companies. A further consolidation in the industry, as could be observed over the last few years, may also lead to a further reduction in the number of licensees. This could have a negative effect on the financial scope of a license agreement and a consequential detrimental effect on the financial performance and financial position.

Successful outlicensing of the drug candidates depend on a number of different factors. Hereby, the decisive factor is the drug candidate's potential compared to its competitors. Should competitors develop clearly superior drugs, this could have a significant negative impact on the chances for success for the lucrative outlicensing of MOLOGEN's product candidates. Apart from this, the effective protection of the product candidate's underlying know-how is a significant aspect for a successful outlicensing. Problems related to license and patent law could prevent or delay the conclusion of corresponding business transactions or reduce the commercial attractiveness of MOLOGEN's product candidate.

Even if patents, by rights, develop an assumption for their efficacy, the granting of these patents does not necessarily mean that they are actually effective or that such possible patent claims can be enforced to the required or desired extent. No guarantee can be assumed that patents will not be challenged, declared invalid or circumvented. It cannot be excluded that third parties infringe on MOLOGEN's patents. At the same time, as MOLOGEN's competitors also register a large volume of inventions and receive appropriate patent protection, it can also not be excluded that MOLOGEN itself does not infringe on patents or other protective rights of third parties. Should this be the case, MOLOGEN would then be prevented from using the affected technologies in the relevant countries in which such protective rights were granted. There is, however, no guarantee that in future MOLOGEN will receive the necessary licenses to the required extent and to reasonable conditions as would be necessary for their business success. All of the above could have negative effects on the financial performance and financial position.

In general, MOLOGEN's sale of licenses for technologies and drug candidates cannot be accurately forecast either in terms of time or volume. Based on the complexity of granting a license and the number of questions to be clarified in this regard, the actual time of a contractual agreement cannot be reliably predicted. For example, this could depend on the scope of the resources on the part of the potential contractual partner for such contractual negotiations, on the extent of the questions to be clarified with regard to patients, clinical data,

preclinical data or other details as well as other factors over which MOLOGEN has either no or only restricted influence. In addition, a successful outlicensing can also not be guaranteed even if the clinical development of the relevant drug candidate is positive, the desired product characteristics can be proven, patents are considered reliable and a market potential exists. When it comes to granting licenses, MOLOGEN has no influence on the positive decision of the potential contractual partner.

The activities of MOLOGEN in countries outside Europe entail country-specific risks. As far as possible, MOLOGEN will try to adopt suitable measures to ensure against these risks. These risks could have negative effects on the financial performance and financial position.

As part of the implementation of its company strategy, in the past business years MOLOGEN was already able to conclude various contracts with pharma and sales and/or marketing partners; the annual revenue achieved so far is, however, not yet sufficient for MOLOGEN's financing requirements and to show profitability. The company will therefore continue to be dependent on concluding further contracts in future. As long as license and marketing contracts do not provide sufficient revenue to cover the company's expenses, it will remain dependent on other financing sources such as, for example, the capital market. As far as the strived business contracts are delayed or the financing is not possible – or not sufficiently possible – from other sources, this would have negative effects on MOLOGEN's financial performance and financial position.

As MOLOGEN incurred losses in previous years due to its extensive research and development costs, these losses have meanwhile added up to a relatively high accumulated deficit. It cannot be excluded that further losses – which are due to MOLOGEN's business model – may result in a notifiable loss of half of the share capital. Such notification could have a negative effect on MOLOGEN's share price, and the statutorily required immediate calling of an extraordinary Annual General Meeting would also lead to additional financial expenses.

The loss of services provided by the members of the Management Board, other executives or employees in key functions can have a negative effect on MOLOGEN's financial performance and financial position. This can be caused by a loss of know-how, by costs for the recruitment of new employees or higher salary demands of qualified candidates.

In addition, financial risks can ensue as a result of disputes with current or previous business partners. Depending on the outcome of such disputes, there could be a negative effect on MOLOGEN's financial performance and financial position. Currently, financial risks could arise from a lawsuit which the company initiated before a Saudi Arabian court in September 2009 against a previous business partner in connection with a terminated joint venture contract. MOLOGEN demanded the repayment of deposits which were made to the joint venture and the compensation of expenses. Overall, MOLOGEN's claim against the previous business partner amounted to € 1.5 million. Within the scope of the legal dispute, the defendant alleged claims in the amount of € 0.5 million, compensation of expenses of € 3 million and claims for damages of at least € 20 million. This document was not sent to MOLOGEN's trial representatives, and MOLOGEN's legal action was terminated in 2010 due to the incompetence of the court at first instance. Consequently, MOLOGEN is currently unable to assess whether this asserted counter-claim actually exists and/or whether the previous business partner will take action for this possibly existing claim at another court in future. A risk of utilization of MOLOGEN remains unclear at this time.

All in all, the described risks are controllable and the continuation of MOLOGEN up to the time of the existing report is not endangered. Compared to the previous year, there has been no significant change in the overall risk situation as a result of the individual risks described above. From today's point of view, no fundamental change in the risk situation is expected.

OPPORTUNITIES OF THE COMPANY

In particular the drug candidates under clinical development will reach further important milestones in the short to medium-term. According to MOLOGEN's assessment, the entry of product candidates into clinical studies, the conclusion of individual study phases as well as positive study results should not only result in an increase in value of the relevant product candidate but also in the overall value of the company.

In addition, MOLOGEN plans to enter into partnerships with companies in the pharma or biotechnology industry for its product candidates, and grant licenses for the commercial exploitation of the product candidates.

Should MOLOGEN be successful in this venture – depending on the market potential and development status of the relevant drug candidate – this would result in significant license payments for MOLOGEN. According to MOLOGEN's estimation, the conclusion of such contracts would also result in an increase in value of the company.

Furthermore, pharma or biotechnology companies are not only interested in acquiring licenses for promising drug candidates. There are always examples where companies with attractive technologies or drug candidates are being acquired. In many cases sums are offered which are clearly above the market price of the relevant company. MOLOGEN's shareholders could also benefit from this kind of scenario.

Information on relevant events after the end of the reporting period

On February 21, 2012 MOLOGEN informed that the Japan Patent Office had confirmed that it would issue a patent for the invention "allogeneic tumor therapy". MOLOGEN's invention is a cancer therapy based on allogeneic, gene-modified cancer cells which could be used to treat various cancers. The cell-based cancer therapy MGN1601, already in clinical development, falls under this patent. This means that MOLOGEN, following the already granted patents in Europe, USA and Russia now also acquires a patent right for the Japanese market for both the underlying invention as well as for the actual product candidate MGN1601.

Patent protection also includes the underlying allogeneic cancer cell line which MOLOGEN established according to pharmaceutical legislation.

Outlook and forecast

The internal planning system applied to forecast the company's future development at all times, always considers experience and developments from the previous course of business. This internal planning system is regularly adjusted on the basis of target versus actual comparisons and current developments. The reliability of the forecast could be proven for the 2011 business plan. The forecasts were partially met and the development of MOLOGEN proceeded according to plan within the expected corridor during the last business year.

OBJECTIVES

In general, the corporate strategy is geared towards achieving high returns on a medium and long-term basis through the research and further development of innovative product pipeline. Therefore, MOLOGEN will continue to drive the development of the product pipeline forward over the next two years and utilize a significant portion of available funds for this purpose.

Accordingly, the objectives for the 2012 business year are predominantly in the area of research and development. In the oncology area, the phase II/III clinical study to examine the efficacy of the cancer medicine MGN1703 for the treatment of metastatic colorectal cancer is being continued. The objective is to be able to perform an interim evaluation of the study as soon as possible. MOLOGEN also intends to make an application to carry out a phase II clinical study to examine the efficacy of the cancer drug MGN1703 for the treatment of metastatic lung cancer. Subject to receiving the required authorizations and the approvals of the responsible authorities and ethic commissions, it is planned to start the study during the 2012 business year.

In addition, progress in the development of the drug candidate MGN1601 is also envisaged. Further to the additional evaluation of the phase I/II clinical study, the application of a continuing clinical study in the indication renal cancer is being sought.

In the area of infectious diseases, activities within the scope of the international project consortium for the development of a prophylactic and therapeutic vaccine against leishmaniasis for humans are being continued with the aim to conclude the project during the course of the year.

In the field of cooperation and partnerships, MOLOGEN aims to conclude a license agreement for the cancer medicine MGN1703 with a partner in the pharma industry. However, to a large extent, achieving this objective depends on the further course of the studies and the study data.

DEVELOPMENT OF RESULTS AND LIQUIDITY

The development of the financial performance and financial position in the next two business years primarily depends on the progress of the clinical development programs for the cancer drug candidates MGN1601 and MGN1703. The required measures and investments will also be to the detriment of a short-term positive result development in 2012 and 2013. Against this background, MOLOGEN once again – particular in 2012 – reckons on a negative annual result and an increase in losses. Should work in the relevant projects be successful and the objectives – as stated – be reached, a positive development of the financial and earnings situation can be forecast. Should the outlicensing for the drug candidate MGN1703 be successful – and depending on the actual design of the relevant contracts – this could lead to positive annual results.

In the event that the planned business contracts are delayed, MOLOGEN would require additional financial means in 2013 for the planned further development of the product pipeline.

DIVIDENDS

Due to the accumulated deficit as of December 31, 2011, it is not possible to pay any dividends to the shareholders at this time. The company does not assume that it will be able to pay dividends in the foreseeable future. According to standard practice in the biotechnology industry, future profits derived from business activities are mainly reinvested in the further development of the product pipeline and the operative business activity so as to consistently increase the value of the product pipeline and subsequently also that of the company.

OVERALL STATEMENT ON THE FUTURE DEVELOPMENT

The successful further development of the product pipeline in 2011 and the good financial supply form the foundation for MOLOGEN's positive development. The progress planned in 2012 for the clinical development programs should continue to increase the value of the product pipeline. MOLOGEN will therefore begin the new business year with good chances for success.

Berlin, March 2, 2012

Management Board of Mologen AG

Dr. Matthias Schroff
Chief Executive Officer

Jörg Petraß
Chief Financial Officer

IFRS STATEMENT OF FINANCIAL POSITION

as of December 31, 2011

EUR'000	Notes	Dec. 31, 2011	Dec. 31, 2010
ASSETS			
Non-current assets		**1,523**	**1,548**
Property, plant and equipment	1	134	173
Intangible assets	2	1,385	1,371
Financial assets	3	0	0
Other non-current assets	4	4	4
Current assets		**8,308**	**5,536**
Cash and cash equivalents	5	5,476	4,722
Fixed term deposits with a term of more than three months	5	2,000	0
Trade receivables	6	6	0
Inventories	7	33	24
Other current assets	8	756	780
Income tax receivables	8	37	10
Total		**9,831**	**7,084**
EQUITY AND LIABILITIES			
Non-current liabilities		**11**	**80**
Deferred income	9	11	80
Current liabilities	10	**1,109**	**802**
Trade payables		737	416
Other current liabilities and deferred income		369	380
Liabilities to banks		3	6
Shareholders' equity		**8,711**	**6,202**
Issued capital	11	12,459	11,213
Capital reserves	12	44,552	35,804
Accumulated deficit	13	-48,300	-40,815
Total		**9,831**	**7,084**

IFRS STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2011

EUR '000	Notes	Jan. 1 – Dec. 31, 2011	Jan. 1 – Dec. 31, 2010
Revenue	14	137	89
Other operating income	15	675	379
Cost of materials	16	-2,384	-1,132
Personnel costs	17	-3,126	-2,517
Depreciation and amortization	18	-292	-372
Other operating expenses	19	-2,604	-2,149
Profit (loss) from operations		**-7,594**	**-5,702**
Finance costs	20	-1	-1
Finance income	20	110	52
Profit (loss) before taxes		**-7,485**	**-5,651**
Tax income	21	0	0
Profit (loss) for the year		**-7,485**	**-5,651**
Loss carried forward		-40,815	-35,164
Accumulated deficit		**-48,300**	**-40,815**
Basic earnings per share (in €)	22	-0.61	-0.52
Diluted earnings per share (in €)	22	—	—

IFRS STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2011

EUR '000	Notes	Jan. 1 – Dec. 31, 2011	Jan. 1 – Dec. 31, 2010
	23		
Cash flows from operating activities			
Earnings before taxes		-7,485	-5,651
Depreciation and amortization of intangible assets and property, plant and equipment		292	372
Loss from disposal of intangible assets and property, plant and equipment		0	1
Other non-cash expenses and income		518	141
Change in trade receivables, inventories and other assets		-18	-274
Change in trade payables and other liabilities		397	-124
Net cash used in operating activities		**-6,296**	**-5,535**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1	0
Cash payments to aquire property, plant and equipment		-18	-47
Cash payments to aquire intangible assets		-250	-2
Cash payments to aquire financial investments within the cash management and forecast (fixed term deposits with a term of more than three months)		-2,000	0
Net cash used in investing activities		**-2,267**	**-49**
Cash flows from financing activities			
Cash proceeds from issuing shares		9,311	4,132
Net cash used in financing activities		**9,311**	**4,132**
Effect of exchange rate changes on cash		**6**	**0**
Total changes in cash and cash equivalents		**754**	**-1,452**
Cash and cash equivalents at the beginning of the period		**4,722**	**6,174**
Cash and cash equivalents at the end of the period		**5,476**	**4,722**
Fixed term deposits with a term of more than three months at the end of the period		2,000	0
Liquid funds at the end of the period		**7,476**	**4,722**

IFRS STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2011

EUR '000, except share values	Issued capital		Deposits made to effect the agreed capital increase	Capital reserves	Accumulated deficit	Shareholders' equity
	Number of ordinary shares	Share capital				
As of Dec. 31, 2009	**10,143,348**	**10,143**	**3,574**	**28,798**	**-35,164**	**7,351**
Capital increase in exchange for cash contributions	1,012,000	1,012	-3,574	6,280		3,718
Share options exercised	58,000	58		357		415
Value of services rendered by employees (according to IFRS 2)				369		369
Profit (loss) for the year					-5,651	-5,651
As of Dec. 31, 2010	**11,213,348**	**11,213**	**0**	**35,804**	**-40,815**	**6,202**
Capital increase in exchange for cash contributions	1,245,927	1,246		8,065		9,311
Value of services rendered by employees (according to IFRS 2)				683		683
Profit (loss) for the year					-7,485	-7,485
As of Dec. 31, 2011	**12,459,275**	**12,459**	**0**	**44,552**	**-48,300**	**8,711**

IFRS STATEMENT OF CHANGES IN FIXED ASSETS

for the period from January 1 to December 31, 2011

EUR '000	I. Property, plant and equipment		
	Technical equipment and machinery	Other equipment, operating and office equipment	Total
Aquisition/manufacturing costs:			
As of Jan. 1, 2010	780	366	1,146
Additions	30	17	47
Disposals	77	15	92
As of Dec. 31, 2010	733	368	1,101
Additions	2	16	18
Disposals	1	80	81
As of Dec. 31, 2011	**734**	**304**	**1,038**
Depreciation and amortization			
As of Jan. 1, 2010	694	265	959
Additions	22	38	60
Disposals	76	15	91
As of Dec. 31, 2010	640	288	928
Additions	17	39	56
Disposals	0	80	80
As of Dec. 31, 2011	**657**	**247**	**904**
Carrying amount			
As of Jan. 1, 2010	86	101	187
As of Dec. 31, 2010	93	80	173
As of Dec. 31, 2011	**77**	**57**	**134**

II. Intangible assets		III. Financial assets		Fixed assets
Purchased software, technologies, patents and licenses, and other rights	Total	Other loans	Total	Total
3,962	3,962	370	370	5,478
2	2	0	0	49
0	0	0	0	92
3,964	3,964	370	370	5,435
250	250	0	0	268
0	0	370	370	451
4,214	**4,214**	**0**	**0**	**5,252**
2,281	2,281	370	370	3,610
312	312	0	0	372
0	0	0	0	91
2,593	2,593	370	370	3,891
236	236	0	0	292
0	0	370	370	450
2,829	**2,829**	**0**	**0**	**3,733**
1,681	1,681	0	0	1,868
1,371	1,371	0	0	1,544
1,385	**1,385**	**0**	**0**	**1,519**

NOTES

according to IFRS for the financial year 2011

A. General information on the company

MOLOGEN AG (short: MOLOGEN) is a stock corporation as defined under the law of the Federal Republic of Germany with its headquarters 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 B. The shares of the company are listed on the Regulated Market (Prime Standard) at the Frankfurt Stock Exchange under ISIN: DE0006637200.

The objective of the company is the research, development and marketing of products in the field of molecular medicine. This particularly encompasses bio-molecular vaccines, application-oriented clinical research in the field of bio-molecular 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

The current individual financial statements of MOLOGEN (hereinafter: financial statements) have been prepared in accordance with the provisions of Section 325 Para. 2a HGB (German Commercial Code) regarding the publication of individual financial statements according to the International Accounting Standards specified in Section 315a I HGB.

The present individual financial statements of MOLOGEN were drawn up 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 interpretations of the International Financial Reporting Interpretations Committees (IFRIC) – formerly known as the Standard Interpretation Committee (SIC) – as applied in the EU, have also been utilized in these financial statements.

The financial year for these financial statements is the period from January 1, 2011 to December 31, 2011. The corresponding prior year comparison period for these financial statements is the period from January 1, 2010 to December 31, 2010.

In the valuation of assets and liabilities, the "going-concern principle" is applied.

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

The statement of comprehensive income was prepared using total cost accounting.

The application of IFRS 8 "Operating Segments" was disregarded since the technologies and product candidates of MOLOGEN 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. 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 (FRS)

The following statements of the IASB must be applied for financial year commencing on or after January 1, 2011 and these statements were applied by MOLOGEN for the first time in the financial year 2011:

The application of the amended IFRS 7 "Financial Instruments: Disclosures" – changes based on the annual improvement measures in the IFRS dated May 2010 – is mandatory for financial years that start on or after January 1, 2011.

The application of the amended IAS 1 "Presentation of Financial Statements" – changes based on the annual improvement measures in the IFRS dated May 2010 – is mandatory for financial years that start on or after January 1, 2011.

The application of the amended IAS 24 "Related Party Disclosures" – changes relating to revised definitions of related parties – is mandatory for financial years that start on or after January 1, 2011.

The application of the amended IAS 34 "Interim Financial Reporting" – changes based on the annual improvement measures in the IFRS dated May 2010 – is mandatory for financial years that start on or after January 1, 2011.

The first-time application of the statements did not significantly affect the presentation of the company's financial performance and financial position.

Had they been relevant to MOLOGEN, the following standards or interpretations newly issued or revised by the IASB would have been mandatory in financial year 2011:

The application of the amended IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Limited exemption from comparative IFRS 7 disclosures for first-time adopters – is mandatory for financial years that start on or after July 1, 2010.

The application of the amended IFRS 1 "First-time Adoption of International Financial Reporting Standards" – changes based on the annual improvement measures in the IFRS dated May 2010 – is mandatory for financial years that start on or after January 1, 2011.

The application of the amended IFRS 3 "Business Combinations" – changes based on the annual improvement measures in the IFRS dated May 2010 – is mandatory for financial years that start on or after July 1, 2010.

The application of the amended IAS 27 "Consolidated and Individual Financial Statements" – changes based on the annual improvement measures in the IFRS dated May 2010 – is mandatory for financial years that start on or after July 1, 2010.

The application of the amended IAS 32 "Financial Instruments: Presentation" – Changes relating to classification of subscription rights – is mandatory for financial years that start on or after February 1, 2011.

Moreover, it would have been mandatory for MOLOGEN to apply IFRIC 13 "Customer Loyalty Programs", IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" and IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" would have been mandatory for MOLOGEN for the first time starting in the financial year 2011.

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 application of the amended IFRS 1 "First-time Adoption of International Financial Reporting Standards" – amendment regarding the fixed points in time regarding the exemption of derecognizing – is mandatory for the financial years that begin on or after July 1, 2011.

The application of the amended IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Additional exemption for entities ceasing to suffer from severe hyperinflation – is mandatory for financial years commencing on or after July 1, 2011.

The application of the amended IFRS 7 "Financial Instruments: Disclosures" – changes to improve reporting of transfers of financial assets – is mandatory for financial years that start on or after July 1, 2011.

The application of the amended IFRS 7 "Financial Instruments: Disclosures" – changes to improve reporting of offsetting of financial assets and financial liabilities – is mandatory for financial years that start on or after January 1, 2013.

The application of the amended IFRS 7 "Financial Instruments: Disclosures" – changes requiring reporting of the initial application of IFRS 9 – is mandatory for financial years that start on or after January 1, 2015.

The application of the amended IFRS 9 "Financial Instruments: Classification and Measurement", and also accounting for financial liabilities and derecognition – is mandatory for financial years that start on or after January 1, 2015.

IFRS 10 "Consolidated Financial Statements" is mandatory for financial years commencing on or after January 1, 2013.

IFRS 11 "Joint Arrangements" is mandatory for financial years commencing on or after January 1, 2013.

IFRS 12 "Disclosure of Interests in Other Entities" is mandatory for financial years commencing on or after January 1, 2013.

IFRS 13 "Fair Value Measurement" is mandatory for financial years commencing on or after January 1, 2013.

The application of the amended IAS 1 "Presentation of Financial Statements" – changes to revise the way other comprehensive income is presented – is mandatory for financial years that start on or after July 1, 2012.

The application of the amended IAS 12 "Income Taxes" – Limited scope changes with regard to the recovery of underlying assets – is mandatory for financial years that start on or after January 1, 2011.

The application of the amended IAS 19 "Employee Benefits" – Amended standard resulting from the post-employment benefits and termination benefits projects – is mandatory for financial years that start on or after January 1, 2013.

The application of the amended IAS 27 "Individual Financial Statements (amended 2011)" – Revision of previous consolidation and disclosure requirements in IFRS 10 "Consolidated Financial Statements" – is mandatory for financial years that start on or after January 1, 2013.

The application of the amended IAS 28 "Investments in Associates and Joint Ventures" – replaces the previous version of IAS 28 (2003) – is mandatory for financial years that start on or after January 1, 2013.

The amended IAS 32 "Financial Instruments: Presentation" – changes to improve reporting of offsetting of financial assets and financial liabilities – is mandatory for financial years that start on or after January 1, 2014.

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" is mandatory for financial years that start on or after January 1, 2013.

C. Accounting and valuation methods

The fundamental accounting and valuation methods and principles governing these financial statements are described in the following section. They have been applied consistently throughout the financial year.

The 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 an impairment account) for reduced value or bad debts (IAS 39).

Preparation of the financial statements in accordance with IFRS requires assumptions or estimates in relation to some items. These affect the recognition in the statement of financial position and/or statement of comprehensive income for the period. All estimates are continually revised, and are based on historical experience 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.

At every reporting date, the company reviews any carrying amounts of the assets and liabilities for any indication of an impairment. In this case, the recoverable amount of the respective asset or repayment amount of a liability is established to determine the scope of the impairment write-down that may need to take place.

The tangible and intangible assets are value at original cost minus scheduled depreciation and amortization based on use according to the cost model (IAS 16.30). Depreciation and 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 14 years (software, technologies, and patents, licenses and other rights 3 to 10 years, technical equipment 3 to 10 years, company and office equipment 3 to 14 years). Depreciation and amortization of tangible and intangible assets is recognized in the statement of comprehensive income in depreciation and amortization.

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

Financial assets are recognized at amortized cost taking into consideration the required impairment write-downs.

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 are recognized in 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 expenditures, individual costs as well as directly attributable variable and fixed overhead costs. These costs are recognized as an expense at the time that 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 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 remaining carrying value) are reported in the statement of comprehensive income in other operating income or respectively in 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 rate on the reporting date. The differences arising from the valuation are recognized on the income statement. In contrast to the prior year period, cash and cash equivalents are divided on the statement of financial position and the statement of cash flows into cash and cash equivalents and investments with a term of three months. Prior year figures have been adjusted accordingly.

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 costs.

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 financial year 2011 or the prior year period.

The original financial instruments are reported and respectively explained in other non-current financial assets, trade receivables, other current receivables/assets, cash and cash equivalents, and non-current and current financial liabilities. Other comprehensive explanations regarding financial instruments can be found 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 their current fair value. For all financial assets and liabilities that have not been reported in income at their current fair value in the subsequent periods, transaction costs are allocated to purchases.

The financial assets held by MOLOGEN in financial year 2011 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 reporting date 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 were 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 financial year 2011 or in the prior year period.

Financial liabilities are either recognized in the income statements as financial liabilities valued, or they are recorded as other financial liabilities.

The financial liabilities held by MOLOGEN in financial year 2011 and the 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 at the effective annual interest rate.

No reclassifications between the valuation categories took place in financial year 2011 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 the statement of comprehensive income at the exchange rate valid on the reporting date.

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 financial year 2011 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 carrying 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, income or directly in equity during financial year 2011 or the 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 issuing new shares or options are recognized in equity (net value after tax) as a deduction from the 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 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 every 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 in 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.

Profit and loss balances from foreign currency conversion are reported in accordance with IAS 1.35 because they are per se non-essential.

D. Notes to the statement of financial position as of December 31, 2011

ASSETS

NON-CURRENT ASSETS

(1) Tangible assets

Net tangible assets decreased in the financial year by € 39 thousand from € 173 thousand in the previous year to € 134 thousand. Ordinary amortization was offset by investments of € 18 thousand (prior year: € 47 thousand).

The changes in tangible fixed assets are described in the "Statement of changes in fixed assets" presented on page 48.

(2) Intangible assets

The value of the intangible assets in the financial statements increased in the financial year by € 14 thousand to € 1,385 thousand (prior year: € 1,371 thousand). The intangible assets comprise acquired technology (carrying value: € 1,131 thousand, prior year: € 1,361 thousand), software (carrying value: € 8 thousand, prior year: € 10 thousand) and other rights (carrying value: € 246 thousand, prior year: € 0 thousand).

An essential intangible asset that deserves mention is the SAINT technology, which is a unique method of using DNA molecules such as MIDGE® und dSLIM®. The acquisition was made in financial year 2006 in the amount of € 2.3 million. In the opinion of the company, the useful life of the technology remains unchanged at 10 years. The net carrying value on the reporting date amounts to € 1.1 million and is listed under purchased technologies.

Ordinary amortization was offset by investments of € 250 thousand (prior year: € 2 thousand).

Financial year 2011 saw the buyback of a patent granted in financial year 2006 for cell-based cancer therapy for the Indian region in the amount of € 250 thousand. The repurchase will void the originally issued licensing right. The legal transaction puts MOLOGEN in a new legal position, which is reported under intangible assets. The acquisition costs will be amortized using scheduled and linear depreciation until 2021 over the remaining useful life of the originally issued licensing right.

The changes in tangible fixed assets are described in the "Statement of changes in fixed assets" presented on page 48.

Research and Development

The resources available to the company are largely used directly for research and development projects. Expenses in this area amount to € 6.1 million (prior year: € 4.3 million). As in the prior year, there were no development costs requiring capitalization as defined in IAS 38.

(3) Financial assets

In financial year 2011, the other loans posted under financial assets in the amount of € 370 thousand and the associated valuation allowances, which were fully adjusted in financial year 2005, were written off because receipt of the contractually agreed payments could no longer be assumed.

(4) Other non-current assets

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

CURRENT ASSETS

(5) Cash and cash equivalents and investments with a term of three months

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. Cash and cash equivalents in the amount of € 2,000 thousand are invested as fixed-term deposits with a term of six months. The value of cash and cash equivalents on the reporting date was € 7,476 thousand (prior year: € 4,722 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, 2011.

(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 carried at amortized cost.

As of December 31, 2011, trade receivables amounted to € 6 thousand (previous year: € 0).

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

			Overdue, but not impaired (portions of) receivables			
EUR '000	Total	Neither overdue nor impaired	< 30 days	30–90 days	90–365 days	> 365 days
Dec. 31, 2011	6	6	0	0	0	0
Dec. 31, 2010	0	0	0	0	0	0

As of December 31, 2011, impairment allowances of € 60 thousand (prior year: € 60 thousand) were recognized for trade receivables.

In the financial year 2011, no impaired trade receivables were derecognized (previous year: € 0 thousand).

No reversals of impaired write-downs for trade receivables were made (previous year: € 0).

The development of impairments in trade receivables can be found under section H in the table entitled "Development of impairment of financial instruments".

(7) Inventories

Inventories consist of goods (€ 33 thousand; prior year: € 24 thousand). No valuation or pledging limitations were placed on inventories.

(8) Other current assets and deferred income tax entitlements

EUR '000	Dec. 31, 2011	Dec. 31, 2010
Income tax entitlements	37	10
Reimbursements from VAT	188	99
Claims against tax authorities for investment subsidy	0	4
Other receivables	568	677
	793	**790**

The income tax entitlements pertain to the corporate tax refunds (including the solidarity tax contribution) for the years 2010 and 2011.

The amounts indicated under Reimbursements from VAT are comprised of receivables and liabilities to the same authorities and as such may be netted off in accordance with 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 lease guarantee.

Other receivables comprise a cost reimbursement in the amount of € 262 thousand (previous year: € 262 thousand), made to the MOLOGEN Foundation Institute of Molecular Biology and Bioinformatics in the context of collaboration with the Freie Universität Berlin (Free University of Berlin).

No allowances are reported under other receivables (prior year: € 555 thousand). In the 2011 financial year, other receivables in the amount of € 555 thousand and the associated valuation allowances were written off, because it could no longer be assumed that the contractually agreed payments would be received.

No impairment allowances for other receivables were written off in financial year 2011 (previous year: € 4 thousand).

No impairment allowances for other assets were recorded in financial year 2011 or in the prior year period.

The development of impairments of other current assets is shown in section H.

EQUITY AND LIABILITIES

NON-CURRENT LIABILITIES

(9) Accrual items

The recorded amount of € 11 thousand (prior year: € 80 thousand) pertains to government grants for assets (€ 11 thousand; prior year: € 14 thousand) and accrual items (€ 0; prior year: € 66 thousand).

The repurchase of the license granted in financial year 2006 (see D. (2)) led to the termination of this license. As a result, the license revenues in the amount of € 66 thousand in the prior year period reported under non-current deferred income and not yet booked as revenue were achieved ahead of schedule.

(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.

Composition of current liabilities:

EUR'000	Dec. 31, 2011	Dec. 31, 2010
Trade payables	737	416
Liabilities from income and church tax	36	44
Deposits received for orders	35	35
Liabilities to banks	3	6
Deferred revenue	0	91
Other liabilities	298	210
	1,109	**802**

The expenditure subsidy of € 84 thousand reported in the prior year period under non-current deferred revenue and received as part of an EU-funded project could be posted as income in financial year 2011.

The repurchase of the license granted in financial year 2006 (see D. (2)) led to the termination of this license. As a result, the license revenues in the amount of € 7 thousand in the prior year period reported under short-term deferred income and not yet booked as revenue were achieved ahead of schedule.

SHAREHOLDERS' EQUITY

The composition of equity and the development of the equity components are presented in the statement of changes in equity.

(11) Issued capital

The company's issued capital is € 12,459,275 divided into 12,459,275 no-par bearer shares, each with a notional share of € 1.00 in the share capital.

In financial year 2011, the company implemented the following measures relevant to share capital:

With the approval of the Supervisory Board, the Management Board of MOLOGEN decided on January 13, 2011 to utilize the existing authorized capital in accordance with Section 4 Para. 3 of the company's bylaws and conduct a capital increase with subscription rights for shareholders. The subscription price for the 1,245,927 new shares offered and placed under the terms of the rights offering was set by the Management Board with the approval of the Supervisory Board to € 8.00 per new share. The gross issue proceeds amounted to approximately € 10 million.

The capital increase was entered into the Commercial Register responsible for the company on February 4, 2011. The issued capital increased at this time by € 1,245,927 from € 11,213,348 to € 12,459,275.

Conditional and authorized capital

The resolution of the Annual General Meeting of June 7, 2011 was entered into the Commercial Register on June 10, 2011. This led to the following changes in the conditional and authorized capitals.

Conditional capital 2007
With a resolution passed by the Annual General Meeting on June 7, 2011, the conditional capital, which still existed in the amount of € 179,234, divided into 179,234 no-par shares, was canceled.

Conditional capital 2011
With a resolution passed by the Annual General Meeting on June 7, 2011, the share capital was conditionally increased by up to € 238,393, divided into 238,393 no-par shares (conditional capital 2011). The conditional capital increase is used to grant convertible bonds and/or subscription rights without issuing debt securities to the members of the Management Board and the employees of the company based on the resolution for approval passed by the Annual General Meeting on June 7, 2011. The conditional capital increase is implemented only insofar as the holders of the convertible bonds and/or options issued by the company on the basis of the resolution of the Annual General Meeting of June 7, 2011 exercise their conversion or subscription rights. The new shares participate in earnings from the beginning of the previous financial year when they are created by exercising conversion or subscription rights before the company's Annual General Meeting, otherwise from the beginning of the financial year in which they are created by exercising conversion or subscription rights.

Authorized capital
The Annual General Meeting of June 7, 2011 authorized the Management Board to cancel the existing authorized capital, which after partial utilization as part of the capital increase entered in the Commercial Register on February 4, 2011 still amounted to € 4,081,747 and to create new authorized capital. Until June 6, 2016 and with the approval of the Supervisory Board, the company's share capital can be increased on one or more occasions to a maximum of € 6,229,637 by issuing new no-par bearer shares against cash contributions and/or contributions in kind.

The new shares can also be made available to a bank or consortium of banks specified by the Management Board with the obligation to offer them to shareholders for subscription (indirect subscription right).

The Management Board, with the approval of the Supervisory Board, is also authorized to exclude the subscription rights of shareholders

a) when required to eliminate fractional amounts
b) if the capital increase does not exceed ten percent of the share capital and the par value is not significantly lower than the market price of the company's publicly traded shares at the time of the final determination by the Management Board, or
c) for capital increases against contributions in kind for the acquisition of companies, parts of companies or stakes in companies, as well as assets that are beneficial or useful for the operation of the company, such as for example patents, licenses, copyright exploitation and patent utilization rights and other intellectual property rights.

The Management Board is authorized, with the approval of the Supervisory Board, to define the other details of the new share issue.

At the end of the reporting period on December 31, 2011, the company had the following authorized and conditional capital:

in €	Dec. 31, 2011	Dec. 31, 2010	Change
Authorized capital	6,229,637	5,327,674	901,963
Conditional capital 2007	canceled	179,234	-179,234
Conditional capital 2008	3,770,739	3,770,739	0
Conditional capital 2009	218,149	218,149	0
Conditional capital 2010	610,151	610,151	0
Conditional capital 2011	238,393	—	238,393

The conditional capital 2008 is used to issue convertible or warrant bonds with a total par value of up to € 10,000,000 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. 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.

The conditional capital 2009 is used to grant convertible bonds and/or subscription rights without issuing debt securities to the members of the Management Board 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 are created by exercising conversion or subscription rights.

The conditional capital 2010 is used to grant convertible bonds and/or subscription rights without issuing debt securities to the members of the Management Board and the employees of the company based on the resolution for approval passed by the Annual General Meeting on June 7, 2010. The conditional capital increase is implemented only insofar as the holders of the convertible bonds and/or options issued by the company on the basis of the resolution of the Annual General Meeting of June 7, 2010 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 are created by exercising conversion or subscription rights.

(12) Capital reserves

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.

The capital increase in exchange for cash contributions conducted in financial year 2011 increased the capital reserves by € 8,721 thousand. As required by IAS 32.37, the costs incurred for the equity procurement of € 656 thousand (prior year: € 561 thousand) were taken into account in the capital reserves. This increased the capital reserves by a total of € 8,065 thousand.

The application of IFRS 2, share-based payment, resulted in allocations of € 683 thousand (prior year: € 369 thousand) in capital reserves.

As a result of the adjustments made in capital reserves in the financial year in association with the stock options granted to employees, we refer to No. 17 of the Notes.

EUR'000	Dec. 31, 2011	Dec. 31, 2010
Capital reserves	43,857	35,136
Employee compensation in equity instruments	3,718	3,035
Costs of equity procurement	-3,023	-2,367
	44,552	**35,804**

(13) Accumulated deficit

Accumulated deficit include a loss carried forward of € 40,815 thousand (prior year: € 35,164 thousand).

E. Notes to the statement of comprehensive income for the period from January 1 to December 31, 2011

(14) Revenue

EUR'000	2011	2010
Goods and services	64	82
Technologies	73	7
	137	**89**

Revenues from goods and services result from domestic business. Revenues from technologies result from the reversal of deferred income (see D. (9), (10)) for income under license agreements.

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

(15) Other operating income

EUR'000	2011	2010
Government grants	663	263
Income from other accounting periods	9	108
Remaining other operating income	3	8
	675	**379**

In financial year 2011, MOLOGEN received funding in the amount of € 420 thousand (prior year: € 0) from the 7th Framework Programme of the European Union and additionally

€ 130 thousand (previous year: € 215 thousand) recognized in the balance sheet and realized as income. Repayment risks are not apparent.

In financial year 2010, MOLOGEN started a project for the preclinical development of a MIDGE®-based vaccine against hepatitis B. The project is being funded by the German Federal Ministry of Education and Research as part of the EU's EuroTrans-Bio initiative. In financial year 2011, funding was received in the amount of € 49 thousand (previous year: € 19 thousand), additional funds in the amount of € 64 thousand (previous year: € 29 thousand) were also recognized in the balance sheet and realized as income. These grants are associated with a range of conditions. According to current knowledge, the conditions can be fulfilled. Repayment risks are not apparent.

(16) Cost of materials

EUR '000	2011	2010
Expenses for raw materials, supplies and goods	876	305
Expenses for services used	1,508	827
	2,384	**1,132**

The cost of materials increased in financial year 2011 compared to the previous year. Raw materials and supplies were used in financial year 2011 for the preparation and conduct of clinical studies with MGN1703 and MGN1601 and a considerable volume of third party services were commissioned.

Expenses for raw materials and supplies used include changes in inventories of € -9 thousand (prior year: € -4 thousand).

(17) Personnel costs

EUR '000	2011	2010
Wages and salaries	2,128	1,870
Social insurance contributions	315	278
Stock options granted (according to IFRS 2)	683	369
	3,126	**2,517**

The increase in personnel costs compared to financial year 2010 is due to the recruitment of new employees and the issue of employee stock options under stock option programs, and the resulting increase in personnel expenditure.

On average, MOLOGEN had 45 (prior year: 40) employees (excluding members of the Management Board and staff on parental leave) during the year.

Employee structure (including temporary staff and staff on parental leave):

	Dec. 31, 2011	Dec. 31, 2010
Management Board	2	2
Research and development (R&D)	44	36
Administration	6	6
	52	**44**

(18) Depreciation and amortization

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

EUR '000	2011	2010
Intangible assets	236	312
Tangible assets	56	60
	292	**372**

(19) Other operating expenses

EUR '000	2011	2010
Legal and consulting costs	527	561
Administration costs	388	372
Marketing/Investor Relations	342	197
Travel expenses	340	178
Patent costs	261	240
Rent	138	120
Maintenance	84	85
Fringe costs (personnel)	63	33
Remaining other operating expenses	461	363
	2,604	**2,149**

Remaining other operating expenses include research costs incurred within the framework of collaboration with the Free University of Berlin (€ 365 thousand, previous year: € 263 thousand).

The fees incurred to the auditors in financial year 2011 amount to € 39 thousand for audit services, € 57 thousand for other certification services and € 6 thousand for other services.

(20) Finance costs and finance income

EUR'000	2011	2010
Finance costs		
Other interest expense	**1**	**1**
Finance income		
Interest on financial credit	110	40
Other interest (from other accounting periods)	0	12
	110	**52**

(21) Tax income

Current tax assets and tax liabilities

No income taxes were reported in financial year 2011 and the prior year period.

Deferred taxes

Under German law, MOLOGEN's corporate tax loss carried forward of € 54.7 million (prior year: € 47.2 million) and the trade tax loss of € 52.9 million (prior year: € 45.5 million) can be offset against future taxable earnings.

However, there is uncertainty regarding future possibilities for offsetting because future profitability is difficult to predict. For these reasons there has been no recognition of deferred tax entitlements.

Structure of deferred taxes and their respectively formed value adjustments:

Dec. 31, 2010

Statement of financial position item/ loss carried forward in 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	6	2	-2	0
Tax loss carried foward		14,004	-14,004	0
Total deferred tax assets		**14,006**	**-14,006**	**0**
Subtotal deferred taxes on Dec. 31, 2010		**14,006**	**-14,006**	**0**

Dec. 31, 2011

Statement of financial position item/ loss carried forward in 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	6	2	-2	0
Tax loss carried foward		16,240	-16,240	0
Total deferred tax assets		**16,242**	**-16,242**	**0**
Subtotal deferred taxes on Dec. 31, 2011		**16,242**	**-16,242**	**0**

The accounting is based on a combined income tax rate of 30.2%. It includes corporate tax, the solidarity tax contribution and trade tax.

Reconciliation of expected to actual tax result:

EUR '000	2011	2010
Profit (loss) before taxes	-7,485	-5,651
Expected tax expenditure (+)/income (-)	-2,260	-1,707
Tax effects of expenses that are not tax-deductible	25	-37
Tax effects of income with no tax-effect	-1	-1
Change of value adjustment to deferred taxes	2,236	1,923
Tax effects through adjustment of tax loss carried forward resulting from the audit	0	-180
Unexplained discrepancy	0	2
Actual tax expenditure (+)/ income (-)	**0**	**0**

The reconciliation is based on a combined income tax rate of 30.2%. It includes corporate tax, the solidarity tax contribution and trade tax.

(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 outstanding 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 outstanding 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.

	2011	2010
Earnings attributable to the ordinary shareholders of the company in €'000	-7,485	-5,651
Weighted average number of ordinary shares for calculating the undiluted earnings per share in thousands	12,340	10,883
Dilution effect from issue of stock options in thousands	0	0
Weighted average number of ordinary shares including the dilution effect in thousands	12,340	10,883
Undiluted EPS in €	-0.61	-0.52
Diluted EPS in €	—[1)]	—[1)]

[1)] Stock options issued in the previous years and in the financial year 2011 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. In accordance with IAS 7, a distinction is made between cash flow from operating activities, and from investing and financing activities.

Regarding the distribution of liquid assets into cash and cash equivalents and investments with a term of three months, we refer to the comments in section C (cash and cash equivalents) of the Notes.

Income taxes in the amount of € 27 thousand (previous year: € 10 thousand) were paid in financial year 2011. No income taxes were refunded to MOLOGEN in financial year 2011 (prior year: € 20 thousand).

The cash flow from operating activities contains interest income affecting payment in the amount of € 101 thousand (prior year: € 52 thousand). Interest was paid in the amount of € 1 thousand (prior year: € 1 thousand).

F. Notes on the employee participation programs

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

Duration:
Five years (AOP 2009) and seven years (AOP 2010 and 2011) from the date of allocation

Vesting period:
Two years from the resolution about the allocation to the entitled person (AOP 2009) or four years from the time of their issuance or grant to the entitled person (AOP 2010 und AOP 2011).

Exercise periods:
After the vesting period expires, the stock options can only be exercised within four weeks after the publication of the respective, current quarterly report or semi-annual report or the current interim report of the company, otherwise within four weeks after the publication of the annual report or within four 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 (i) on the regulated market (AOP 2009 and AOP 2010) or (ii) in XETRA trading or a comparable successor system (AOP 2011) 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 Management Board (if stock options are issued to the Management Board: the Supervisory Board) on the respective allocation.

Exercise price:
Equates to the strike price

Performance target (AOP 2009):
The options can only be exercised if the average share price of the stock (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 the stock exchange in which the company's share is traded) has increased compared with the strike price in the last ten trading days prior to the exercise date as follows: the 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 the stock exchange in which the company's share is traded) has increased compared with the strike price by at least 10% in the last ten trading days prior to the exercise date (performance target). For the fourth year, the performance target is 13% above the strike price and for the fifth year, it is 16% above the strike price.

Performance target (AOP 2010):
The options can only be exercised if the average share price of the stock (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 the stock exchange in which the company's share is traded) has increased compared with the strike price in the last ten trading days prior to the exercise date as follows: the right can only be exercised in the fifth 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 the stock exchange in which the company's share is traded) has increased compared with the strike price by at least 16% in the last ten trading days prior to the exercise date (performance target). For the sixth year, the performance target is 19% above the strike price and for the seventh year, it is 22% above the strike price.

Performance target (AOP 2011):
The options can only be exercised if the average market price of the share (arithmetical mean of the closing prices in XETRA trading or a comparable successor system at the Frankfurt Stock Exchange, or after restructuring of the stock exchange segments in the trading segment of the stock exchange in which the company's share is traded) has increased in the last ten trading days prior to the exercise date by at least 5% compared with the strike price for each full year after issue/allocation of the option.

ACCOUNTING

The fair value of the granted stock options is determined at the time of the grant. In this respect, the conditions under which the options were granted are taken into account. The fair values of the stock option programs were calculated using a Monte Carlo simulation model. Within a stock option program, the total available stock options can be distributed to multiple pieces and granted at different times. In this case, the individual pieces are designated "a", "b", etc.

The following table contains the parameters applied to the valuation:

	Stock option program				
Parameter	**2009a**	**2009b**	**2010a**	**2010b**	**2011**
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
Expected volatility (%)	44.49	43.37	51.07	21.66	19.99
Risk-free interest rate (%)	1.81	1.79	1.70	2.48	1.44
Anticipated duration of the option (years)	3.50	3.50	5.50	5.50	5.50
Share price on date of issue (€)	6.52	7.24	8.55	8.49	7.13

The anticipated life of the respective stock options was determined on the basis of past experience. 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 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 later.

DEVELOPMENT DURING THE FINANCIAL YEAR

Stock options are issued to employees of MOLOGEN by MOLOGEN's Management Board. The Supervisory Board issues stock options to members of MOLOGEN's Management Board. In the current financial year, 309,435 (prior year: 529,494) stock options were issued to the eligible personnel. As of December 31, 2011, a total of 9,791 stock options (prior year: 80,833) 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:

	2011		2010	
	WAEP per stock option €	Stocks options unit	WAEP per stock option €	Stocks options unit
As of Jan. 1	8.45	737,892	7.35	475,603
Granted [1]	7.76	309,435	8.93	529,494
Forfeited	—	0	7.23	9,575
Exercised [2]	—	0	7.48	58,000
Expired	—	0	7.46	199,630
As of Dec. 31	8.24	1,047,327	8.45	737,892
Exercisable as per Dec. 31 [3]	7.22	208,398	—	0

[1] The weighted average fair value of the stock options granted in the financial year was € 1.47 per share (prior year: € 3.78).
[2] The weighted average share price at the time the stock options were exercised was € 9.19 in the prior year period.
[3] The only factor taken into account here is whether the vesting period of the stock 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 stock options outstanding as of December 31, 2011 is 5.40 years (12/31/2010: 5.85 years). The exercise price for the options outstanding at the end of the reporting period range between € 6.95 and € 8.93.

G. Other financial liabilities and conditional liabilities

Other financial liabilities comprise leases for the financial year 2012 in the amount of € 44 thousand. In addition, MOLOGEN has other financial obligations that require reporting in the amount of € 447 thousand for the year 2012 and € 5 thousand for the year 2013.

As of December 31, 2011, there are no contingent liabilities as defined in IAS 37.

H. Notes on the type and management of financial risks

1. FINANCIAL RISK MANAGEMENT

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

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

2. RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

Default risks

MOLOGEN is exposed to 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 risks

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 risks

There is no risk from fluctuations in market interest rates as the company does not have any non-current or current financial assets or liabilities that are subject to variable interest rates.

Non-required funds are invested as fixed deposits for a maximum period of three months always at current market interest rates. Reported cash and cash equivalents in the amount of € 2 million was invested for a term of six months in order to generate higher interest income. Changes in the interest level are reflected in the amount of the interest income.

Exchange rate risks

MOLOGEN uses financial instruments held in foreign currency only to a very limited extent at present. The exchange rate risk can therefore be classified as very low.

Other price risks

There are no other price risks.

3. CATEGORIES OF FINANCIAL INSTRUMENTS

EUR'000	Dec. 31, 2011	Dec. 31, 2010
Financial assets		
Loans and receivables valued at amortized costs		
Investments	0	0
Trade receivables	6	0
Cash and cash equivalents	7,476	4,722
Other financial assets	572	685
Financial liabilities		
Valued at amortized costs		
Liabilities to banks	3	6
Trade payables	737	416
Other financial liabilities	369	290

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

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

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

In the financial year, expenditures in the amount of € 1 thousand (prior year: € 0) from exchange rate losses were reported.

Development of the impairment of financial instruments:

		Impairments of		
EUR'000	Investments	Trade receivables	Other financial assets	Total
As of Jan. 1, 2010	**370**	**60**	**559**	**989**
Increase/decrease in impairment recognized in income	0	0	-4	-4
Derecognition of the impairment recorded	0	0	0	0
As of Dec. 31, 2010	**370**	**60**	**555**	**985**
Increase/decrease in impairment recognized in income	0	0	0	0
Derecognition of the impairment recorded	370	0	555	925
As of Dec. 31, 2011	**0**	**60**	**0**	**60**

I. Information on affiliated persons and the company

INFORMATION ON THE MANAGEMENT BOARD

1. The following persons were on the MOLOGEN Management Board in the financial year 2011:

Dr. Matthias Schroff, Chief Executive Officer, Berlin, (Chairman of the Board from 01/01/2008 to 01/31/2014),

Mr. Jörg Petraß, Chief Financial Officer, Berlin, (from 02/01/2007 to 01/31/2013).

2. Information on the compensation structure of the Management Board:

a) Fixed and performance-based remuneration components

The members of the Management Board receive both a fixed compensation component which is paid in monthly installments and a performance-based component which is only paid when performance objectives have been met.

No stock options were exercised in financial year 2011 and the prior year period.

The members of the Management Board received the following fixed and performance-based compensation:

EUR'000		Dr. M. Schroff	J. Petraß	Total
Fixed compensation	**2011**	**184**	**180**	**364**
	2010	175	173	348
Performance-based compensation	**2011**	**101**	**101**	**202**
	2010	39	39	78
Other compensation	**2011**	**6**	**0**	**6**
	2010	9	0	9
Total of directly paid compensation	**2011**	**291**	**281**	**572**
	2010	223	212	435

In contrast to the prior year period, inventor royalties were reported under other compensation. The previous year's figures have been amended accordingly.

b) Compensation components with long-term incentive effect

In the financial year, share options were granted to the members of the Management Board as non-current variable compensation. The options issued were valued on the issue date at their fair value.

The pro rata amount of the fair value of the compensation component with long-term incentive effect is listed in the following table.

		Dr. M. Schroff	J. Petraß	Total
Issued pre-emptive subscription rights (in units)	**2011**	**35,759**	**35,759**	**71,518**
	2010	91,522	91,522	183,044
Current fair value of issued pre-emptive subscription rights (in €'000)	**2011**	**45**	**45**	**90**
	2010	346	346	692
Total personnel expenditures from stock options in the respective financial year in €'000	**2011**	**118**	**118**	**236**
	2010	72	72	144

c) Payments in the event of early termination of employment

In the event of early termination of the employment contract due to a takeover of at least 30% of voting rights by a third party ("change of control"), the Management Board contracts for Dr. Matthias Schroff and Mr. Jörg Petraß stipulate a severance payment in the amount of two times the fixed annual compensation (annual salary: € 180 thousand per board member) in addition to all variable compensation components that have been attained up to this point in time (maximum € 360 thousand per annum per board member), plus the sum of the variable compensation components that would have been maximally attained annually during the remainder of the contract discounted by 5%. It is, however, in this case of no importance whether the contract has been terminated by the company or whether the termination was mutual. However, the contract termination must be concluded within six months after the notification about a change of control; if not, the following regulations apply.

In the case of a premature termination of the employment contract by the Supervisory Board or a premature mutually agreed termination of the contract (with the exception of a change of control event, in which case the aforementioned regulation applies) each board member receives a severance payment of 1.5 times their fixed annual compensation plus all variable compensation components that have been attained up to that point. A prerequisite is that the contract, in the event that it was prematurely terminated by the Supervisory Board, was not terminated due to a premeditated breach of duty or gross negligence or due to a dismissal as a member of the Management Board for good reason.

d) Miscellaneous

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

INFORMATION ON THE SUPERVISORY BOARD

1. The following persons were on the Supervisory Board of MOLOGEN in the financial year 2011:

Dr. Mathias P. Schlichting, Attorney at law, Hamburg (Chairman)
Membership in other supervisory bodies: member of the Supervisory Board of Deutsches Verwaltungs- & Aufsichtsratsinstitut e.V., Munich (since 12/09/2011)

Mr. Gregor Kunz, Auditor, Tax consultant, Berlin
Membership in other supervisory bodies: Chairman of the Supervisory Boards at the following companies: Odeon Film AG, Munich; PS Vermögensverwaltungs KGaA, Dresden (since 11/11/2011); Konsumgenossenschaft Berlin and Umgegend eG, Berlin; CAT Model Management AG, Berlin (until 11/01/2011); TOMANO Consult Aktiengesellschaft, Berlin (since 06/29/2011); Member of the Advisory Boards in the following companies: Berliner Volksbank eG, Berlin; GESTRIM Deutsche Fondsmanagement GmbH, Berlin; FBLK Immobilien Invest GmbH & Co. KG, Berlin

Mrs. Susanne Klimek, Certified bank operations specialist (Bankkauffrau), Munich
Member of the Supervisory Board since January 24, 2011
Membership in other supervisory bodies: none

Mr. Ferdinand Graf von Thun und Hohenstein,
Entrepreneur, Munich
Member of the Supervisory Board until January 14, 2011

2. Information regarding Supervisory Board Compensation:
The compensation of the Supervisory Board amounted to € 80 thousand in financial year 2011 (previous year: € 80 thousand). There was also compensation for attending meetings totaling € 19 thousand (previous year: € 16 thousand).

INFORMATION ON THE SCIENTIFIC ADVISORY BOARD

1. The following persons were on the Scientific Advisory Board of MOLOGEN in the financial year 2011:

Prof. Dr. Burghardt Wittig, Germany
Co-founder and former CEO of Mologen AG, and Professor of Molecular Biology and Bioinformatics at the Freie Universität Berlin (Free University of Berlin)

Prof. em. Dr. Hans Lutz, FVH, FAMH, Switzerland
Professor for clinical laboratory diagnostics and head of the veterinary medicinal laboratory, Vetsuisse Faculty, University of Zurich

Dr. Ulrich Granzer, Germany
Founder and Managing Director 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 of Cologne

Dr. med. Stefan M. Manth, Switzerland
Independent expert for pharma and biotechnology
Member of the Scientific Advisory Board since September 30, 2011

2. Information on the compensation of the Scientific Advisory Board:
In the financial year 2011, the members of the Scientific Advisory Board received compensation totaling € 105 thousand in financial year 2011 (prior year: € 120 thousand). There was also compensation for attending meetings totaling € 9 thousand (previous year: € 5 thousand). As of December 31, 2011, there were no advances for travel expenses (previous year: € 0) and no other advance payments (previous year: € 0).

J. Statement of the Management Board on the German Corporate Governance Code

In accordance with Section 161 of the German Stock Corporation Act, the Management Board and the Supervisory Board of MOLOGEN jointly published their statement regarding conformity with the German Corporate Governance Code for 2011 on the company's website (www.mologen.com) in March 2011, thus making it available to all shareholders, and in the annual report for 2010.

The statement for 2012 (see information in the Management Report) was also made continuously accessible on the company's website in February 2012 for the shareholders, as well as published in the 2011 annual report.

K. Approval of the annual financial statements

The annual financial statements were approved by the Management Board and released for publication on March 2, 2012.

Berlin, March 2, 2012

Management Board of MOLOGEN AG

Dr. Matthias Schroff
Chief Executive Officer

Jörg Petraß
Chief Financial Officer

AUDITOR'S REPORT

We have audited the individual annual financial statements prepared in accordance with article 325 (2a) HGB (Handelsgesetzbuch = German Commercial Code) – comprising the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and the notes to the financial statements – together with the bookkeeping system, and the management report of Mologen AG for the business year from January 1 to December 31, 2011. The maintenance of the books and records, the preparation of the individual annual financial statements in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to article 325 (2a) HGB as well as the preparation of the management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the individual annual financial statements prepared in accordance with Article 325 (2a) HGB, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with article 324a HGB in conjunction with article 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW).

Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the individual annual financial statements prepared in accordance with article 325 (2a) HGB taking into account applicable accounting regulations and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the individual annual financial statements prepared in accordance with article 325 (2a) HGB and the management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the individual annual financial statements prepared in accordance with article 325 (2a) HGB and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the individual annual financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to article 325 (2a) HGB and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these regulations.

The management report is consistent with the individual annual financial statements prepared in accordance with article 325 (2a) HGB and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Leipzig, March 2, 2012
Rölfs RP AG
Wirtschaftsprüfungsgesellschaft

Mario Hesse
German Public Auditor

Stefan Schmidt
German Public Auditor

MOLOGEN AG, Berlin
Individual Annual Financial Statements prepared in accordance with article 325 (2a) HGB for the year ended December 31, 2011 – in accordance with IFRS as adopted by the EU – and Management Report for the financial year 2011

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the individual financial statements pursuant to article 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, March 2, 2012
Mologen AG – Management Board

Dr. Matthias Schroff
Chief Executive Officer

Jörg Petraß
Chief Financial Officer

CORPORATE CALENDAR 2012

March 30, 2012
Annual Financial Statements 2011

May 15, 2012
Quarterly Report as of March 31, 2012

June 26, 2012
Annual General Meeting 2012

August 14, 2012
Half-Year Report as of June 30, 2012

November 12, 2012
Quarterly Report as of September 30, 2012

November 12–14, 2012
German Equity Forum Fall 2012

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 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.

IMPRINT

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