Agennix AG

Interim Report

January - June 2010

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Interim management report

Agennix AG was formed by the business combination of Agennix Incorporated and GPC Biotech AG as described in Note 3 of the consolidated financial statements as of December 31, 2009, which became effective on November 5, 2009, and in which GPC Biotech AG was identified as the acquirer for accounting purposes. Accordingly, the comparative historical financial information is that of GPC Biotech AG for the respective comparative periods. Hereinafter, we refer to both GPC Biotech AG (for the periods before November 5, 2009) and to its successor Agennix AG (for the periods after November 5, 2009) as "the Company", unless the context requires otherwise.

Agennix AG's registered seat is in Heidelberg, Germany. The Company has three sites of operation: Planegg/Munich, Germany; Princeton, New Jersey, USA; and Houston, Texas, USA.

Business performance

Year-to-date performance

The Company recognized revenue of € 0.0 and € 0.1 million for the six months ended June 30, 2010 and 2009, respectively. Revenue for the six months ended June 30, 2009, was attributable to the services agreement with Agennix Incorporated prior to the effectiveness of the business combination.

Research and development (R&D) expenses for the six months ended June 30, 2010, increased 364% to € 11.6 million compared to € 2.5 million for the same period in 2009. The increase in R&D expenses is primarily due to the increased clinical trial costs related to both of the Company's Phase 3 FORTIS-M and FORTIS-C trials with talactoferrin as a result of the inclusion of Agennix Incorporated's operations for the first six months of 2010, and a credit to compensation cost of € (1.5) million recognized for the first six months of 2009 as a result of the forfeiture of convertible bonds and stock options, which did not occur in 2010.

Despite the inclusion of Agennix Incorporated's operations for the six months ended June 30, 2010, administrative expenses decreased 31% to € 4.4 million compared to € 6.4 million for the same period in 2009. Included in administrative expenses as of June 30, 2009, were approximately € 3.0 million in one-time merger related costs (banking fees, legal services, audit and other related services) and a credit to compensation cost of € (1.8) million as a result of the forfeiture of convertible bonds and stock options. There were no such charges in the six months ended June 30, 2010.

Net loss before tax for the six months ended June 30, 2010, increased 42% to € (12.1) million compared to € (8.5) million for the same period in 2009. Net loss for the six months ended June 30, 2010, decreased 4%

to € (8.2) million compared to € (8.5) million for the same period in 2009. Basic and diluted loss per share was € (0.42) for the six months ended June 30, 2010, compared to € (1.15) for the same period in 2009. Per share amount for 2009 has been retrospectively adjusted to reflect the effect of the 5 to 1 merger exchange ratio related to the merger of GPC Biotech AG into Agennix AG (see Note 3 of the consolidated financial statements as of December 31, 2009).

Quarterly performance

Revenues for the three months ended June 30, 2010, were € 0.0 compared to € 0.1 million for the same period in 2009. R&D expenses increased 371% for the second quarter of 2010 to € 6.6 million compared to € 1.4 million for the same period in 2009. Administrative expenses for the second quarter of 2010 decreased 4% to € 2.3 million compared to € 2.4 million for the same quarter in 2009. Net loss for the second quarter of 2010 was € (3.9) million compared to € (4.2) million for the second quarter of 2009. Basic and diluted loss per share was € (0.19) and € (0.57) for the second quarter of 2010 and 2009, respectively. Per share amount for 2009 has been retrospectively adjusted to reflect the effect of the 5 to 1 merger exchange ratio related to the merger of GPC Biotech AG into Agennix AG (see Note 3 of the consolidated financial statements as of December 31, 2009).

Financial position

On July 23, 2010, the Company announced that it had entered into an agreement with dievini Hopp BioTech holding GmbH & Co. KG ("dievini") pursuant to which dievini provided a € 15.0 million loan to Agennix AG at an interest rate of 6% per annum. The cash was received in the Company's bank account on July 26, 2010. The loan is unsecured and is payable on demand with thirty days advance notice, but not before October 15, 2010.

On March 21, 2010, the Company announced that it had issued 1,870,523 new ordinary shares at € 5.22 per share in a private placement with existing shareholders. The total proceeds amounted to € 9.8 million and were recorded in shareholders' equity. The pre-emptive rights of the existing shareholders were excluded. After this transaction, the newly issued shares represented 9.1% of Agennix AG's total shares outstanding.

As of June 30, 2010, cash, cash equivalents and restricted cash totaled € 4.0 million (December 31, 2009: €11.5 million). Net cash burn for the six months ended June 30, 2010, was € 17.5 million (June 30, 2009: €11.4 million). The increase in net cash burn is primarily due to the inclusion of Agennix Incorporated's operations for the first six months of 2010 and increased clinical trials costs due to the progression of both of the Company's Phase 3 trials with talactoferrin. Net cash burn is derived by adding net cash used in

operating activities and purchases of property, equipment and intangible assets. The figures used to calculate net cash burn are contained in the Company's interim consolidated cash flow statement for the respective periods.

Research and development

Agennix AG is focused on the development of novel therapies that have the potential to substantially improve the length and quality of life of critically ill patients in areas of major unmet medical need.

The Company's most advanced program is talactoferrin, an oral therapy that is currently in two Phase 3 clinical trials in non-small cell lung cancer (NSCLC). The first trial – called FORTIS-M – is a randomized, double-blind, placebo-controlled Phase 3 trial evaluating talactoferrin in patients with NSCLC whose disease has progressed following two or more prior treatment regimens. The trial initially recruited patients in the U.S. only and has been expanded to clinical sites outside the U.S., with the dosing of the first patient in Europe in January 2010. The second Phase 3 trial – called FORTIS-C – is a randomized, double-blind, placebo-controlled trial evaluating talactoferrin in combination with chemotherapy (carboplatin plus paclitaxel) as a first-line treatment in NSCLC patients with Stage IIIB/IV disease. Enrollment is ongoing at a limited number of U.S. sites. In late 2009 and in February 2010, the Company announced the results from a randomized, double-blind placebo-controlled Phase 2 trial in severe sepsis. The trial achieved its primary endpoint of a reduction in 28-day all-cause mortality. In addition, talactoferrin was shown to reduce all-cause mortality compared to placebo over the longer term, at three and six months. Data from this trial were presented at the American Thoracic Society International Conference in May 2010. The Company has held an End-of-Phase 2 meeting with the U.S. Food and Drug Administration (FDA) to discuss future development plans for talactoferrin for the treatment of severe sepsis and plans to initiate a Phase 3 program for this indication in early 2011.

In addition to oral talactoferrin, the Company has a topical gel formulation of talactoferrin. A Phase 2 trial with this formulation has been completed in diabetic foot ulcers. The Company plans to partner this program, although it may conduct additional clinical work in diabetic foot ulcers to maximize the partnering opportunity and potential for success, should resources permit.

The Company is also developing RGB-286638 a multi-targeted kinase inhibitor. This compound is currently in a Phase 1 trial in solid tumors. Agennix plans to file an Investigational New Drug (IND) application with the FDA to initiate a Phase 1 clinical trial evaluating RGB-286638 in hematological tumors in the U.S. This study is expected to be initiated in late 2010 or early 2011.

Agennix AG Management and Supervisory Boards

The Management Board of Agennix AG consists of three members: Friedrich von Bohlen und Halbach, Ph.D., Chief Executive Officer (interim); Torsten Hombeck, Ph.D., Chief Financial Officer; and Rajesh Malik, M.D., Chief Medical Officer.

The Supervisory Board of Agennix AG has six members: Christof Hettich, L.L.D. (Chairman); Frank Young, M.D., Ph.D. (Vice Chairman); Juergen Drews, M.D., Ph.D.; Bernd Seizinger, M.D., Ph.D.; Robert van Leen, Ph.D. and James Weaver III.

Shareholdings of the members of the Company's Management Board and Supervisory Board as of June 30, 2010, as well as significant transactions with related parties for the period, are presented in Note 5 to the accompanying interim condensed consolidated financial statements.

Litigation

The Company's activities, especially in the area of drug development, expose it to many risks that are inherent to the industry and stage of the Company's programs and operations. The Company's business opportunities and risk management help the Company to identify such risks in advance, analyze them, and plan for the Company's success. Information on the Company's opportunities and risk management system, and the risk position of the Company, can be found in the Annual Report of Agennix AG for the year ended December 31, 2009 (2009 Annual Report). Also refer to Note 5 to the accompanying interim condensed consolidated financial statements.

In December 2009, the Company was served with a lawsuit filed by former shareholders of GPC Biotech AG in the local court in Munich, Germany commencing appraisal proceedings in accordance with Section 15 of the German Transformation Act (*Umwandlungsgesetz*), and seeking judicial review of the fairness of the exchange ratio set forth in the merger agreement pursuant to which shares of GPC Biotech AG were exchanged for shares of Agennix AG. Other former shareholders of GPC Biotech AG commenced similar proceedings in January and February 2010 and the proceedings have been consolidated before the same court in Munich. A reply brief was filed by the Company on May 6, 2010. Oral argument is set for August 5, 2010. The plaintiffs are seeking an additional cash payment to former shareholders of GPC Biotech AG. Management believes that the merger exchange ratio, which was confirmed by a court appointed public audit firm, was fair to former shareholders of GPC Biotech AG and that these claims are without merit. As of June 30, 2010, no provision was recognized in connection with this litigation.

Going concern

During the six month period ended June 30, 2010, the Company incurred a net loss of € 8.2 million (net loss before income tax of € 12.1 million) and used cash in its operations of € 17.3 million. At June 30, 2010, the Company had cash, cash equivalents and restricted cash of € 4.0 million and current liabilities of € 4.9 million. The Company has incurred recurring operating losses and has generated negative cash flows from operations since its inception and it expects such results to continue for the foreseeable future.

On July 23, 2010, the Company announced that it had entered into an agreement with dievini Hopp BioTech holding GmbH & Co. KG ("dievini") pursuant to which dievini provided a € 15.0 million loan to Agennix AG at an interest rate of 6% per annum. The cash was received in the Company's bank account on July 26, 2010. The loan is unsecured and is payable on demand with thirty days advance notice, but not before October 15, 2010.

Based on the cash position of the Company, including the € 15.0 million received through the loan agreement with dievini, management believes that its existing cash will be sufficient to fund operations into the fourth quarter of 2010. On May 25, 2010, the Company's shareholders approved an increase of the Company's share capital by up to € 20.6 million against cash contribution by the issue of up to 20,588,705 new shares granting statutory subscription rights. Based on an analysis of the current situation, discussions with potential and existing investors and potential licensing partners, management believes that it is predominantly probable that the Company will raise additional funds through licensing agreements and/or through strategic and/or public equity or debt investments during 2010, which will provide sufficient cash to finance the entity's operations beyond the fourth quarter of 2010. The advanced stage of talactoferrin development, the positive results from the Phase 2 trial evaluating talactoferrin in severe sepsis, the private placement of the Company's shares in March 2010, and the loan agreement in July 2010 support management's assessment.

Agennix cannot accurately predict when or whether it will successfully complete the development of its product candidates or obtain further financing. If Agennix cannot obtain additional financing, its ability to continue as a going concern will be immediately at risk.

Outlook

This section contains forward-looking statements which express the current beliefs and expectations of the management of Agennix AG. Such statements are subject to risks and uncertainties. Actual results could differ materially depending on a number of factors, including results of clinical trials, as well as the Company's ability to partner its programs and obtain additional funding.

Financials

The Company updated its financial guidance as follows:

Revenues: Management expects no substantial cash generating revenues for the remainder of 2010 or for 2011. This guidance does not consider cash revenue from potential partnering of the Company's product candidates due to the uncertainty of the timing of such events.

R&D Expenses: For the remainder of 2010 and 2011, the Company expects R&D expenses to significantly increase compared to 2009 due to an expected steady increase in clinical trial-related costs as the Company's Phase 3 trials in non-small cell lung cancer with talactoferrin progress. In addition, the Company plans to initiate a Phase 3 program with talactoferrin in severe sepsis in early 2011.

Administrative Expenses: Administrative expenses are expected to decrease in 2010 compared to 2009 as the one-time costs associated with the merger that were incurred in 2009 will not occur in the following years.

Cash Position: Management believes that including the € 15 million received through the loan agreement, the Company will have sufficient cash to fund its operations into the fourth quarter of 2010.

Key activities

On May 25, 2010, the Company's shareholders approved an increase of the Company's share capital by up to approximately € 20.6 million against cash contribution by the issue of up to 20,588,705 new shares granting statutory subscription rights.
The Company is actively seeking partnerships for its programs with the top priority being to sign a major partnership for oral talactoferrin.

The Company plans to initiate a Phase 3 program evaluating talactoferrin in severe sepsis in early 2011.

Agennix plans to file an IND application with the FDA to initiate a Phase 1 clinical trial evaluating RGB-286638 multi-targeted protein kinase inhibitor in hematological tumors in the U.S. This study is expected to be initiated in late 2010 or early 2011.

Agennix AG
Interim consolidated statement of operations

	Note	Three months ended June 30, 2010 (unaudited) €000	2009 (unaudited) €000	Six months ended June 30, 2010 (unaudited) €000	2009 (unaudited) €000
Revenue	**5**	-	103	-	103
Research and development expenses	**5**	(6,635)	(1,400)	(11,612)	(2,530)
Administrative expenses	**5**	(2,306)	(2,436)	(4,395)	(6,360)
Amortization of intangible assets		(11)	(43)	(50)	(88)
Impairment of intangible assets		-	-	-	(407)
Other income	**5**	2,930	377	4,555	1,341
Other expenses	**5**	(81)	(1,135)	(586)	(1,114)
Finance income		4	477	5	752
Finance costs		(2)	(135)	(4)	(164)
Net loss before tax		**(6,101)**	**(4,192)**	**(12,087)**	**(8,467)**
Income tax benefit		2,248	-	3,905	-
Net loss for the period		**(3,853)**	**(4,192)**	**(8,182)**	**(8,467)**
Basic and diluted loss per share, euro (1)		(€ 0.19)	(€ 0.57)	(€ 0.42)	(€ 1.15)
Average number of shares used in computing basic and diluted loss per share (Note 4) (1)		20,589,577	7,367,370	19,658,314	7,367,370

(1) Per share and share amounts for 2009 have been retrospectively adjusted to reflect the effect of the 5 to 1 merger exchange ratio related to the merger of GPC Biotech AG into Agennix AG (see Note 3 of the consolidated financial statements as of December 31, 2009).

See accompanying Notes to unaudited interim condensed consolidated financial statements

Agennix AG
Interim consolidated statement of comprehensive income (loss)

	Three months ended June 30,		Six months ended June 30,	
	2010 (unaudited) €000	2009 (unaudited) €000	2010 (unaudited) €000	2009 (unaudited) €000
Net loss	**(3,853)**	**(4,192)**	**(8,182)**	**(8,467)**
Other comprehensive income (loss):				
Net gain on available-for-sale (AFS) investments	-	528	-	563
Exchange differences on translating foreign operations (Note 5)	6,206	(164)	10,301	206
	6,206	364	10,301	769
Total comprehensive income (loss)	**2,353**	**(3,828)**	**2,119**	**(7,698)**

See accompanying Notes to unaudited interim condensed consolidated financial statements

Agennix AG
Interim consolidated statement of financial position

	Note	June 30, 2010 (unaudited) €000	December 31, 2009 €000
Assets			
Non-current assets			
Property and equipment		3,599	3,416
Intangible assets	**5**	107,982	91,881
Other non-current assets		2,324	2,040
Total non-current assets		**113,905**	**97,337**
Current assets			
Trade receivables		-	35
Prepayments		281	596
Other current assets		418	259
Cash and cash equivalents		3,919	11,413
Total current assets		**4,618**	**12,303**
Total Assets		**118,523**	**109,640**
Equity and Liabilities			
Equity attributable to the Company's equity holders			
Issued capital	**5**	20,667	18,705
Share premium		94,654	86,237
Other reserves		8,438	(1,863)
Retained loss		(24,679)	(16,497)
Total equity		**99,080**	**86,582**
Non-current liabilities			
Convertible bonds		210	210
Other non-current liabilities		29	33
Deferred tax liability	**5**	14,352	15,850
Total non-current liabilities		**14,591**	**16,093**
Current liabilities			
Trade payables		1,070	1,592
Accruals and other current liabilities		3,782	5,330
Deferred revenue, current portion		-	43
Total current liabilities		**4,852**	**6,965**
Total liabilities		**19,443**	**23,058**
Total equity and liabilities		**118,523**	**109,640**

See accompanying Notes to unaudited interim condensed consolidated financial statements

Agennix AG Interim consolidated cash flow statement	Six months ended June 30, 2010 (unaudited) €000	2009 (unaudited) €000
Cash flows from operating activities		
Net loss before tax for the period	(12,087)	(8,467)
Adjustments for:		
Depreciation	390	135
Amortization	50	88
Compensation costs (reversal of compensation costs) for share-based payments	472	(3,245)
Impairment of intangible assets	-	407
Unrealized foreign exchange (gain) loss on intercompany settlements	(3,836)	1,467
Change in fair value of conversion component of note receivable before the acquisition date (1)	-	(269)
Finance income	(5)	(752)
Finance costs	4	164
Net gain from the disposal of property and equipment	-	(1)
	(15,012)	(10,473)
Decrease in other assets, non-current and current	203	238
Decrease (increase) in trade receivables	35	(121)
Decrease in trade payables	(609)	(797)
Decrease in accruals and other liabilities	(1,909)	(251)
Cash used in operating activities	(17,292)	(11,404)
Interest received	2	13
Interest paid	(2)	(1)
Net cash used in operating activities	**(17,292)**	**(11,392)**
Cash flows from investing activities		
Purchase of property, equipment and intangible assets	(179)	(1)
Proceeds from sale of property, equipment and intangible assets	4	141
Purchase of note receivable in connection with the business combination (1)	-	(15,657)
Net cash used in investing activities	**(175)**	**(15,517)**
Cash flows from financing activities		
Proceeds from issuance of share capital in private placement	9,764	-
Proceeds from the exercise of share options	143	-
Repayment of convertible bonds	(202)	(332)
Net cash provided by (used in) financing activities	**9,705**	**(332)**
Effect of exchange rate changes on cash and cash equivalents	266	250
Changes in restricted cash	2	-
Net decrease in cash and cash equivalents	**(7,494)**	**(26,991)**
Cash and cash equivalents at beginning of period	**11,413**	**31,686**
Cash and cash equivalents at end of period	**3,919**	**4,695**

(1) See Note 3 of the consolidated financial statements as of December 31, 2009, for further details on the intercompany promissory note. *See accompanying Notes to unaudited interim condensed consolidated financial statements*

Agennix AG
Interim consolidated statement of changes in equity

in € 000, excluding number of shares	Shares	Issued capital	Share premium	Retained loss	Conv. bonds	AFS reserve	Foreign transl. reserve	Total equity
Balance at January 1, 2009 as previously reported	**36,836,853**	**36,837**	**369,654**	**(378,949)**	**720**	**23**	**(4,661)**	**23,624**
Balance at January 1, 2009 as adjusted (1)	**7,367,371**	**7,367**	**399,124**	**(378,949)**	**720**	**23**	**(4,661)**	**23,624**
Loss for the period	-	-	-	(8,467)	-	-	-	(8,467)
Other comprehensive income	-	-	-	-	-	563	206	769
Total comprehensive income (loss)	**-**	**-**	**-**	**(8,467)**	**-**	**563**	**206**	**(7,698)**
Reversal of compensation costs for share-based payments (Note 5)	-	-	(3,245)	-	-	-	-	(3,245)
Balance at June 30, 2009 (unaudited)	**7,367,371**	**7,367**	**395,879**	**(387,416)**	**720**	**586**	**(4,455)**	**12,681**
Balance at January 1, 2010	**18,705,232**	**18,705**	**86,237**	**(16,497)**	**720**	**-**	**(2,583)**	**86,582**
Loss for the period	-	-	-	(8,182)	-	-	-	(8,182)
Other comprehensive income	-	-	-	-	-	-	10,301	10,301
Total comprehensive income (loss)	**-**	**-**	**-**	**(8,182)**	**-**	**-**	**10,301**	**2,119**
Issue of share capital – private placement (Note 4)	1,870,523	1,871	7,893	-	-	-	-	9,764
Exercise of share options	90,771	91	52	-	-	-	-	143
Compensation cost for share-based payments (Note 5)	-	-	472	-	-	-	-	472
Balance at June 30, 2010 (unaudited)	**20,666,526**	**20,667**	**94,654**	**(24,679)**	**720**	**-**	**7,718**	**99,080**

(1) Number of shares, amounts of issued capital and share premium as of January 1, 2009, have been retrospectively adjusted to reflect the effect of the 5 to 1 merger exchange ratio related to the merger of GPC Biotech AG into Agennix AG (see Note 3 of the consolidated financial statements as of December 31, 2009).

See accompanying Notes to unaudited interim condensed consolidated financial statements

Agennix AG
Notes to the unaudited interim condensed consolidated financial statements

1. Basis of Presentation and Accounting Policies

Agennix AG was formed by the business combination of Agennix Incorporated and GPC Biotech AG as described in Note 3 of the consolidated financial statements as of December 31, 2009, which became effective on November 5, 2009, and in which GPC Biotech AG was identified as the acquirer for accounting purposes. Accordingly, the comparative historical financial information is that of GPC Biotech AG for the respective comparative periods. Hereinafter, we refer to both GPC Biotech AG (for the periods before November 5, 2009) and to its successor Agennix AG (for the periods after November 5, 2009) as "the Company", unless the context requires otherwise.

Basis of presentation

The accompanying interim condensed consolidated financial statements of the Company for the six months ended June 30, 2010, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, (IAS 34) as adopted by the European Union (EU). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and should be read in conjunction with Agennix AG's annual consolidated financial statements for the year ended December 31, 2009, contained in the Annual Report of Agennix AG for the year ended December 31, 2009 ("2009 Annual Report").

Accounting policies

The accounting policies adopted and valuation methods applied in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Agennix AG's annual consolidated financial statements for the year ended December 31, 2009, except for the adoption of new Standards and Interpretations as of January 1, 2010, as noted below:

In April 2009, the IASB issued the second omnibus standard "Improvements to IFRSs" as part of its annual improvement process project. This pronouncement slightly adjusts ten existing standards and two interpretations by fifteen amendments, primarily with a view to removing inconsistencies and clarifying wording. The Company has adopted this standard, effective January 1, 2010. The adoption of this standard did not have any impact on the financial position or performance of the Company.

In June 2009, the IASB issued an amendment to IFRS 2, *Share-based Payment – Group Cash-settled Share-based Payment Transactions*, which clarifies the accounting for group cash-settled share-based

payment transactions in the individual financial statements of the subsidiary. Furthermore, the amendment to IFRS 2 incorporates guidance previously included in IFRIC 8, *Scope of IFRS 2*, and IFRIC 11, *IFRS 2 – Group and Treasury Share Transactions*. The Company has adopted this amendment, effective January 1, 2010. The adoption of this standard did not have any impact on the financial position or performance of the Company.

Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

During the six month period ended June 30, 2010, the Company incurred a net loss of € 8.2 million (net loss before income tax of € 12.1 million) and used cash in its operations of € 17.3 million. At June 30, 2010, the Company had cash, cash equivalents and restricted cash of € 4.0 million and current liabilities of € 4.9 million. The Company has incurred recurring operating losses and has generated negative cash flows from operations since its inception and it expects to continue to do so for the foreseeable future.

On July 23, 2010, the Company announced that it had entered into an agreement with dievini Hopp BioTech holding GmbH & Co. KG ("dievini") pursuant to which dievini provided a € 15.0 million loan to Agennix AG at an interest rate of 6% per annum. The cash was received in the Company's bank account on July 26, 2010. The loan is unsecured and is payable on demand with thirty days advance notice, but not before October 15, 2010.

Based on the cash position of the Company, including the € 15.0 million received through the loan agreement, management believes that its existing cash will be sufficient to fund operations into the fourth quarter of 2010. On May 25, 2010, the Company's shareholders approved an increase of the Company's share capital by up to € 20.6 million against cash contribution by the issue of up to 20,588,705 new shares granting statutory subscription rightsBased on an analysis of the current situation, discussions with potential and existing investors and potential licensing partners, management believes that it is predominantly probable that the Company will raise additional funds through licensing arrangements and/or through strategic and/or public equity or debt investments during 2010, which will provide sufficient cash to finance the entity's operations beyond the fourth quarter of 2010. The advanced stage of talactoferrin development, the positive results from the Phase 2 trial evaluating talactoferrin in severe sepsis, the private placement of the Company's shares in March 2010 and the loan agreement in July 2010 support management's assessment.

Agennix cannot accurately predict when or whether it will successfully complete the development of its product candidates or obtain further financing. If Agennix cannot obtain additional financing, its ability to continue as a going concern will be immediately at risk.

These interim condensed consolidated financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities, the reported revenues and expenses, and the current/non-current classifications in the statement of financial position that would be necessary if the going concern assumption was not appropriate. These potential adjustments, if any, could be material and would be recorded when events and circumstances occurred or when they could be estimated reliably.

2. Restructuring Activities

In May 2010, the Company reduced its workforce by 8 employees, who were located in the Princeton, New Jersey and Houston, Texas offices. As a result, the Company incurred a total restructuring charge of approximately € 0.1 million related to this plan in the first six months of 2010. These charges primarily consisted of employee severance and termination benefits and were included in both research and development and administrative expenses. This restructuring is expected to be completed in the third quarter of 2010.

In March 2009, the Company implemented a corporate restructuring plan which resulted in the reduction of 8 employees, all located in the Princeton, New Jersey office. The Company incurred a total restructuring charge of approximately € 0.4 million related to this plan in the first six months of 2009. These charges primarily consisted of employee severance and termination benefits and were included in both research and development and administrative expenses. This restructuring was completed in the first quarter of 2010.

A summary of the significant components of the restructuring liability at June 30, 2010, is as follows (in thousand €):

	Employee Termination Benefits
January 1, 2010 Balance	213
Restructuring Charges	146
Restructuring Payments	(249)
Exchange Differences	23
June 30, 2010 Balance	133

The restructuring liability of € 0.1 million and € 0.2 million at June 30, 2010 and December 31, 2009, respectively, is included in accruals and other current liabilities in the accompanying condensed consolidated statements of financial position.

3. Contingencies

From time to time, the Company may be party to certain legal proceedings and claims which arise during the ordinary course of business. Legal proceedings are subject to various uncertainties and the outcomes are difficult to predict. The Company may incur significant expense in defending these and future lawsuits. In the opinion of management, the ultimate outcome of these matters will not have material adverse effects on the Company's financial position, results of operations or cash flows. In accordance with International Accounting Standard No. 37, *Provisions, Contingent Liabilities and Contingent Assets*, (IAS 37), the Company makes a provision for a liability when it is the result of a past event for which the outflow of resources is probable and the amount of the loss can be reasonably estimated.

Litigation related to the Merger

In December 2009, the Company was served with a lawsuit filed by former shareholders of GPC Biotech AG in the local court in Munich, Germany commencing appraisal proceedings in accordance with Section 15 of the German Transformation Act (*Umwandlungsgesetz*), and seeking judicial review of the fairness of the exchange ratio set forth in the merger agreement pursuant to which shares of GPC Biotech AG were exchanged for shares of Agennix AG. Other former shareholders of GPC Biotech AG commenced similar proceedings in January and February 2010 and the proceedings have been consolidated before the same court in Munich. A reply brief was filed by the Company on May 6, 2010. Oral argument is set for August 5, 2010. The plaintiffs are seeking an additional cash payment to former shareholders of GPC Biotech AG. Management believes that the merger exchange ratio, which was confirmed by a court appointed public audit firm, was fair to former shareholders of GPC Biotech AG and that these claims are without merit. As of June 30, 2010, no provision was recognized in connection with this litigation.

4. Shareholders' Equity

Per share and share amounts for 2009 have been retrospectively adjusted to reflect the effect of the 5 to 1 merger exchange ratio related to the merger of GPC Biotech AG into Agennix AG (see Note 3 of the 2009 Annual Report). The weighted average number of shares used in computing basic and diluted loss per share for the three and six months ended June 30, 2009, was divided by 5 (the merger ratio). The increase in the weighted average number of shares for the three and six months ended June 30, 2010, compared to the same period in 2009 was due to the additional issuance of 11,336,000 ordinary shares in the fourth quarter of 2009, in connection with the business combination with Agennix Incorporated and the cash contribution (see Note 3 of the 2009 Annual Report).

On March 21, 2010, the Company announced that it had issued 1,870,523 new ordinary shares at € 5.22 per share in a private placement with existing shareholders. The total proceeds amounted to € 9.8 million and were recorded in shareholders' equity. The pre-emptive rights of the existing shareholders were excluded. After this transaction, the newly issued shares represented 9.1% of Agennix AG's total shares outstanding.

5. Additional Disclosures

Research and development expenses

Research and development (R&D) expenses for the six months ended June 30, 2010, increased 364% to € 11.6 million compared to € 2.5 million for the same period in 2009. The increase in R&D expenses is primarily due to the increased clinical trial costs related to both of the Company's Phase 3 FORTIS-M and FORTIS-C trials with talactoferrin as a result of the inclusion of Agennix Incorporated's operations for the first six months of 2010, and a credit to compensation cost of € (1.5) million recognized for the first six months of 2009 as a result of the forfeiture of convertible bonds and stock options which did not occur in 2010.

Administrative expenses

Despite the inclusion of Agennix Incorporated's operations for the six months ended June 30, 2010, administrative expenses decreased 31% to € 4.4 million compared to € 6.4 million for the same period in 2009. Included in administrative expenses as of June 30, 2009, were approximately € 3.0 million in one-time merger related costs (banking fees, legal services, audit and other related services) and a credit to compensation cost of € (1.8) million as a result of the forfeiture of convertible bonds and stock options. There were no such charges in the six months ended June 30, 2010.

Share-based compensation

For the six months ended June 30, 2010, the Company recorded share-based compensation cost of € 0.5 million. For the six months ended June 30, 2009, the Company recorded a credit to share-based compensation expense of € (3.2) million. The 2009 credit was a result of the forfeiture of stock options and convertible bonds by both terminated and active employees. Upon termination of these awards, the previously recognized compensation expense is reversed for those awards for which the expected vesting period has not been completed.

On February 26, 2010, the Company issued 219,500 stock options to employees. These options have a total fair value of € 0.8 million with an expected vesting period of 8.2 years. On May 31, 2010, the Company issued 666,852 stock options to management. These options have a total fair value of € 2.0 million with an

expected vesting period of 8.3 years. Included in total share-based compensation costs is an expense of € 34,000, relating to these newly issued options, which was recognized through June 30, 2010.

These stock options were granted under the 2009 Stock Option Plan ("the Plan"), approved by the shareholders in November 2009, which provides for the grant of non-qualified stock options to employees and members of the Management Board. The respective exercise prices for these stock options equals the five-day average of the closing price of the Company's ordinary shares prior to the respective date of the grants. The contractual vesting period is three years, with graded vesting of the options over that period. According to German law (section 193 Para. 2 No. 4 AktG), the options can be exercised, at the earliest, four years after the grant date. The contractual term of the option is ten years. In addition to the aforementioned four-year waiting period, eligibility to exercise options is also subject to stock performance hurdles (the performance of Agennix AG's stock relative to the TecDax index of the Frankfurt Stock Exchange).

Intangible assets

Intangible assets increased 18% to € 108.0 million at June 30, 2010, from € 91.9 million at December 31, 2009. This increase was mainly due to fluctuations in the exchange rate as virtually all of the intangible assets relate to talactoferrin development projects and are denominated in U.S. dollars. The Company also had intangible asset purchases during the second quarter of 2010 relating to the annual license fee to Baylor for talactoferrin.

Intangible assets not yet available for use are tested for impairment annually (as of December 31) and when circumstances indicate the carrying value may be impaired. The Company determines the recoverable amount of the intangible asset capitalized in connection with talactoferrin based on its estimated fair value less cost to sell. The key assumptions used to determine the recoverable amount were discussed in Note 19 of the 2009 Annual Report. At each statement of financial position date, the Company assesses whether there is an indication that the talactoferrin-related intangible asset may be impaired. In making this judgment, the Company evaluates, among other factors, the progress of the Company's studies with talactoferrin and feedback from the medical community. Based on these criteria, the Company has not identified factors which would indicate that the talactoferrin-related intangible asset may be impaired as of June 30, 2010.

Deferred Taxes

A deferred tax asset is offset in the statement of financial position with the deferred tax liability recognized on intangible assets in the business combination (see Note 3 of the 2009 Annual Report). In the first six months of 2010, the Company recognized a deferred tax benefit of € 3.9 million in connection with the net operating losses incurred by the Company's subsidiary, Agennix Incorporated, during this period. The decrease in the net deferred tax liability as of June 30, 2010, as compared to December 31, 2009, was due to the recognition of the additional deferred tax asset and was partially offset by fluctuations in the exchange rate of approximately € 2.4 million.

Exchange differences on translating foreign operations

The functional currency of the Company's subsidiaries, Agennix Incorporated and Agennix USA Inc., is the U.S. dollar. For consolidation purposes, assets and liabilities of the foreign subsidiaries are translated at the closing rate on the date of the statement of financial position, while income and expenses are translated at exchange rates at the dates of the transactions. The translation adjustments resulting from exchange rate movements are accumulated in other comprehensive income. In the first six months of 2010, the Company recognized € 10.3 million of positive foreign exchange difference on translating foreign operations (€ 0.2 million for the same period of 2009). The increase of gain on foreign exchange differences in the first six months of 2010 was mostly due to the inclusion of the financial position and results of operations of Agennix Incorporated as of June 30, 2010, and for the six months then ended. The comparative interim condensed consolidated financial statements as of June 30, 2009, and for the six months then ended do not include any financial results of Agennix Incorporated, as it is consolidated from the acquisition date (November 5, 2009) onwards.

Number of employees

As of June 30, 2010 and 2009, Agennix AG employees totalled 52 and 45, respectively.

Shareholdings of management

As of June 30, 2010, the members of the Company's Management Board and Supervisory Board held shares, stock options, and convertible bonds in Agennix AG in the amounts set forth in the table below:

	Number of Shares	Number of Options	Number of Convertible Bonds
Management Board			
Friedrich von Bohlen und Halbach, Ph.D.	-	-	-
Torsten Hombeck, Ph.D.	-	165,186	-
Rajesh Malik, M.D.	-	199,490	-
Supervisory Board			
Christof Hettich, LL.D. (Chairman)	-	-	-
Frank Young, M.D., Ph.D. (Vice Chairman)	-	30,664	-
Juergen Drews, M.D., Ph.D.	5,380	-	-
Bernd Seizinger, M.D., Ph.D.	100,000	78,000	17,701
Robert van Leen, Ph.D.	-	-	-
James Weaver III	113,080	-	-

Related Parties

During the six months ended June 30, 2010, the Company has paid approximately € 123,000 to Rittershaus, a related party to the Company, for legal services, and had accrued expenses of approximately € 79,000 at June 30, 2010. Rittershaus is a related party to the Company due to the fact that the Chairman of the Company's Supervisory Board, Dr. Christof Hettich, is a partner at this firm which currently advises the Company in matters of law. Prior to the business combination with Agennix Incorporated, which became effective on November 5, 2009, Rittershaus was not a related party to the Company.

In 2001, the Company entered into a manufacturing and supply agreement with DSM Capua S.p.A. to supply the Company with talactoferrin bulk drug substance. DSM Capua S.p.A is a related party to the Company because one of the Company's Supervisory Board members, Dr. Robert van Leen, is the Chief Innovation Officer at Koninklijke DSM N.V. (DSM), DSM Capua S.p.A's parent. DSM also held 915,538 shares in the Company at June 30, 2010, which represented approximately 4.4% of the voting rights. During the six months ended June 30, 2010, the Company has paid € 1.5 million to DSM and had accrued expenses of € 0 at June 30, 2010 in connection with this manufacturing and supply agreement.

During the six months ended June 30, 2010, the Company has paid approximately € 34,000 to Dr. Frank Young, a related party to the Company, for consulting and other services, and had accrued expenses of approximately € 0 at June 30, 2010. Dr. Young is a related party to the Company because he is the Vice

Chairman of the Company's Supervisory Board and also advises the Company with respect to regulatory matters and drug development, pursuant to a separate consulting agreement between the two parties. Included in the six months of 2010 payments amount above is € 2,000 relating to prorated supervisory board fees. There were no other payments to Dr. Young in 2010. Prior to the business combination with Agennix Incorporated, which became effective on November 5, 2009, Dr. Young was not a related party to the Company.

6. Subsequent Event

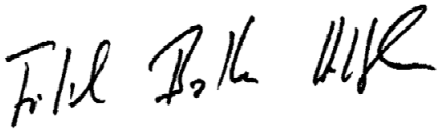
On July 23, 2010, the Company announced that it had entered into an agreement with dievini Hopp BioTech holding GmbH & Co. KG pursuant to which dievini provided a € 15.0 million loan to Agennix AG at an interest rate of 6% per annum. The cash was received by the Company on July 26, 2010. The loan is unsecured and is payable on demand with thirty days advance notice, but not before October 15, 2010.

Responsibility Statement

To the best of Management's knowledge and in accordance with the applicable reporting principles for interim financial reporting, the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial results of the Company, and the interim management report of the Company 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 for the remaining months of the financial year.

August 5, 2010

Dr. Torsten Hombeck



Dr. Friedrich von Bohlen und Halbach

Dr. Rajesh Malik