

MPH Group Data Overview

	01.01. - 30.06.2011 in EUR m.	01.01. - 30.06.2010 in EUR m.
Sales	70.27	54.86
EBIT	6.11	5.96
Net Income	5.03	5.08

	Effective date 30.06.2011 in EUR m.	Effective date 30.06.2010 in EUR m.
Balance Sheet Total	67.79	60.19
Equity	45.67	43.64
Retained profit	7.01	5.35

Half Year 2011

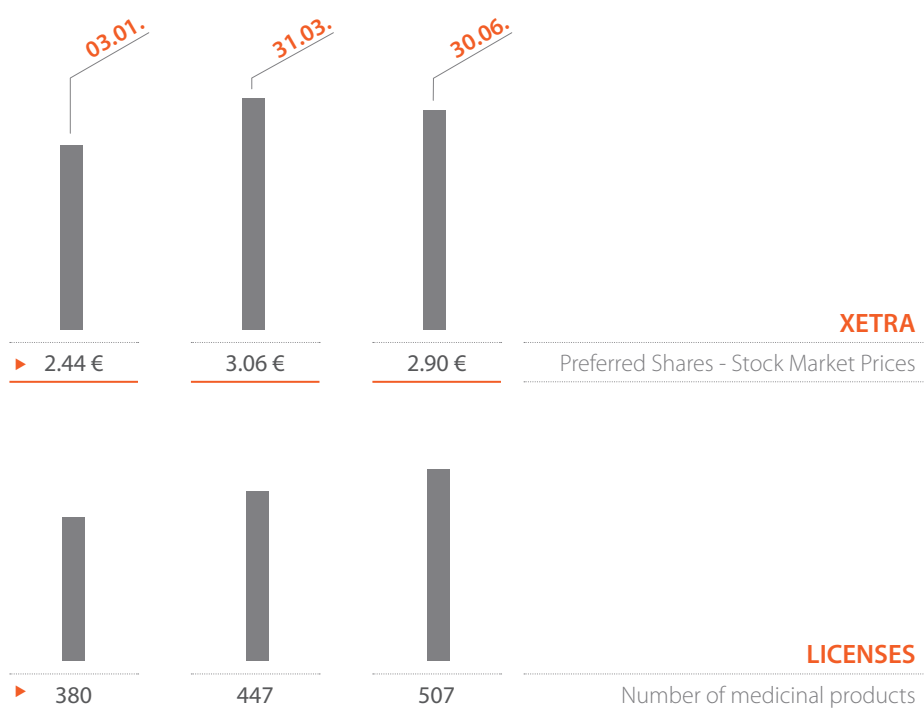


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Dear Shareholders, Dear Ladies and Gentlemen,

The MPH Group generated further growth in the first half of 2011.

With a **turnover** of EUR 70.27 million, growth of +28 % was achieved compared to the same period of the previous year (with EUR 54.86 million).

Earnings before interest and taxes (EBIT) amounted to EUR 6.11 million with a margin of 8.7 %. This result is in line with our expectations.

Cost of materials rose 2.2 % over the previous year from 83.9 % to 86.1 %.

The **changes** in the regulatory environment for pharmaceutical manufacturers (for example the increase in the compulsory discount from 6 % to 16 % with effect from August 2010) are reducing margins substantially. We are developing new and improved market opportunities all the time by constantly optimising our product portfolio and operational processes.

We currently have over **507 licenses**. This is more than double the number we had a year ago (210 licenses).

Oncology, HIV, rheumatism, neurology and cardiovascular diseases are the therapeutic areas on which we focus. Our patent-free and patent protected active ingredients offer helps to keep costs down in the public health system.

We wish to thank our staff for their commitment. It is their hard work that enables the MPH Group to continually develop. We are also deeply indebted to the Supervisory Board with whom we worked very constructively in the first half of 2011.

We are optimistic about the prospects for the second half of the year.

For the **full year 2011** we anticipate a turnover of more than EUR 140 million and a further increase in our profit.

Dr. Christian Pahl
Board of Members

Patrick Brenske
Board of Members

Consolidated interim report

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Consolidated interim report

1. Business environment

Global economy in the first half of 2011

The rate of global production accelerated markedly in the winter months of 2010 / 2011. The global economy continued to grow in the subsequent months of the current year. According to the Institute for the World Economy (ifW), the current annual increase in global gross domestic product of around 4 % was slightly down on the fourth quarter 2010.

Despite a number of negative influences, the national economy appears to be in very good shape in the first half of the year. This is indicated by the robust economic growth and the sharp increase in corporate profits.

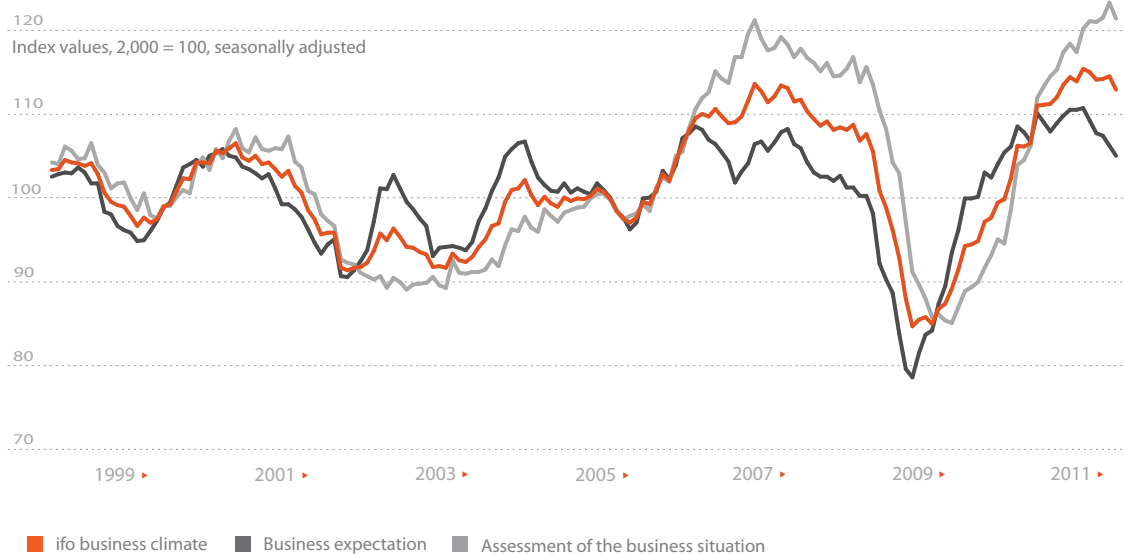
A major driver of the significant increase in **international trade** is the expansion of trade in the developing and newly industrialised countries. Apart from China, where tighter monetary policy is having a noticeable impact, economic activity in the rest of Asia remains strong.

In the **Eurozone** economic performance remains stable after the New Year. However, overall economic performance varies enormously in this region. Whereas countries such as Italy, Spain and Greece as well are experiencing a recession, countries such as France, Austria and Benelux show moderate growth of around 2 %. Germany steams ahead with a growth rate of over 3 %.

However, the **latest indicators** suggest that the global economy is very fragile. Against the backdrop of a high level of national debt in the USA and the financial crisis in Europe the global economy is now only expected to grow at a very modest rate.

ifo (Institute for Economic Research) Germany

 www.cesifo-group.de



The ifo index influences the stock markets inter alia; it shows a significant increase until June. However, the summer months of July and August clearly show the impact of the mood of crisis in the USA and Europe.

National economy Germany

The German economy is heading towards the end of its boom phase. Gross domestic product increased at a steady annual rate of 6.1 % in the first quarter 2011.

The Institute for the World Economy (ifW) forecasts an increase of 3.6 % in gross domestic product adjusted for price changes for the full year 2011. Private consumption has not been so strong for ten years (+1.7 %).

The upward economic trend is largely driven by domestic demand. It is assumed that exports will increase proportionate to the increase in international trade and imports start to rise after the first months of the year. The number of unemployed continues to fall.

In the first half of the year the number of employees who are liable to pay social insurance contributions rose even more sharply than in the previous months. According to the economic forecast by ifo, the unemployment rate is accordingly 7.0 % as at June 2011 and is expected to continue falling due to the current rapid rate of expansion.

Core inflation has accelerated as a result of the upturn. The inflation rate in the current year is likely to remain at around 2.4 % in the current year. The increase in consumer prices the first months of this year – in particular for energy and food – is 2.1 % up on the previous year.

Caution must, nevertheless, be exercised when forecasting a long-term, continual upturn in Germany. The high levels of national debt in the industrial nations present an enormous risk for the economy and for growth. The essential austerity measures adopted by the German Government and other fiscal steps are also expected to slow the recovery down. The ifo business climate index had already fallen in July.

Companies are no longer completely satisfied with the current business situation, expectations are less optimistic. According to the latest data from the Reuters Agency of 16 August 2011, the analysts surveyed by Reuters are predicting an economic slowdown. An initial projection shows the slowest growth this summer since the beginning of 2009 when the financial crisis had reached its peak.

DAX Performance Index

 www.deutsche-boerse.com
www.onvista.de



The DAX clearly indicates the economic trend. The first half of 2011 showed very volatile trends on the stock market overall. In April and May 2011 stock markets recovered from a trough at the beginning of the year. The debt problems in the USA and in some eurozone countries are putting a damper on prices.

Pharmaceutical market Germany

Great importance is attached to the pharmaceutical industry in Germany (11.6% share of GDP). Health plays a very important role for the population, as does medical progress. (Source: statista)

Demographic trends will result in enormous emphasis being placed on a supply of **patent-free and reasonably priced drugs** in the coming years.

According to the data from the Federal Ministry of Health, the costs of drugs at EUR 33.03 billion in 2010 rose by +7.5% compared to EUR 30.7 billion in 2009. This equates to 17.8% of the total expenditure of EUR 175.7 billion by the Statutory Health Insurance (GKV). In the first half of 2011 expenditure on drugs by the Statutory Health Insurance fell by 3.5% over the previous year. Expenditure was around EUR 14.75 billion.

An analysis of the **global pharmaceutical market** soon reveals that Germany occupies a top place with regard to public health expenditure. Germany ranks 3rd in the top 10 pharmaceutical markets worldwide behind the USA and Japan and is hence the market leader in Europe (Source: BPI – Federal Association of the Pharmaceutical Industry).

The **medical market** is a growth market with enormous potential. There is still either no treatment or only inadequate treatment available for many illnesses. People's life expectancy is increasing and the quest to improve the quality of life into old age is increasing the demand for health-related services and products.

Oncology, HIV, rheumatism, neurology and cardiovascular diseases are the indication areas on which the MPH Group focuses and hence on therapy for diseases that will continue to increase in the coming years as well.

The number of chronic diseases is thus forecast to continue rising in Germany. The incidence of cancer – per 100,000 inhabitants – is likely to increase by over 60 % in the coming decades (up to 2050). (Source: IGSF)

Whereas in **2008** there were 106,420 new cases of cancer in women, this number rose to 108,310 in 2010. Whereas 128,670 new cases of cancer in men were recorded in 2008, this figure rose to 138,930 new cases in 2010.

(Source: Robert-Koch-Institut)

In the area of HIV, the number of new cases has continued to rise despite all the preventive measures. In the last ten years increasing numbers of people in Germany have thus contracted this immune deficiency disease. In the year 2000, 1,224 men were newly diagnosed with the disease, compared to 2,377 in 2010. In the year 2000, 432 new diagnoses of the disease in women were recorded, compared to 461 in 2010.

At the end of **2010** there were 70,000 people in Germany living with an HIV diagnosis – including 57,000 men, 13,000 women and 200 children as well.

(Source: Robert-Koch-Institut)

These figures clearly show that the growing numbers of diseases that require long-term treatment are increasing the costs of the Statutory Health Insurance.

The MPH Group is helping to keep these costs down.

2. Business model

At the end of June 2011, MPH Mittelständische Pharma Holding AG had two wholly owned subsidiaries: HAEMATO PHARM AG, and HAEMATO Vet GmbH that was founded in April 2010. The MPH Group is endeavouring, with these companies in the fields of human and veterinary medicine, to promote the health and boost the quality of life of humans and animals and is helping to keep down the costs of the public health system.

The **core business** is developing and licensing of patent-free drugs and supplying patent protected drugs for chronic diseases.

Oncology, HIV, rheumatism, neurology and cardiovascular disease are the indication areas on which **HAEMATO PHARM AG** focuses. High-quality and innovative compounds with patent-free as well as with patent protected drugs that are offered provide reasonably priced drug-based treatment without any loss of quality.

Numerous new licenses were obtained in the **first half of 2011** and we aim to develop other important therapeutic areas and to constantly expand our product portfolio.

HAEMATO Vet GmbH is in the development phase and its objective is to operate in important market segments in the veterinary area with veterinary pharmaceutical and veterinary medical products as well as supplementary feed and fodder in the market for large and small animals. HAEMATO Vet specifically focuses on compounds from the product range for horses. The aim is to prevent disease in animals and to promote a rapid recovery process – the range will accordingly retain the products that are in great demand for treating the musculoskeletal system and the immune system.

This dual competence and strategic positioning enables the Group to respond flexibly to changes in the pharmaceutical market, which could occur as a result of regulatory measures for example.

The MPH Group sees itself as a partner in the cost-conscious provision of drugs and makes an important contribution to ensuring that medical care remains affordable in Germany!

3. Business situation

Financial position, financial performance and cash flows

In the first half of 2011 the MPH Group succeeded in generating sustained growth in turnover and earnings in the therapeutic areas: oncology, HIV, rheumatism, neurology and cardiovascular diseases.

The **turnover** generated by the MPH Group rose by +28 % to EUR 70.27 million, compared to the same period of the previous year. Earnings before interest and taxes (EBIT) of EUR 6.11 million and earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 6.53 million are in line with expectations.

The **net income** for the period is EUR 5.03 million.

The **equity amounted** to EUR 45.67 million as at 30.06.2011. The equity ratio was 67.37 %.

4. Outlook

After the substantial expansion of the global economy in the first months of the year, there are signs that the rate of expansion is likely to slow down in the second half of the year, compared to the winter months 2010/2011.

They are firstly **factors** such as the rise in the price of oil and the sharp drop in production as a result of the earthquake in Japan, which only have a short-term effect. Other factors – most recently the downgrading of the US credit rating – are increasingly slowing down the expansion, however. Restrictive measures in the economic policy adopted by the newly industrialised countries or also the problem of the ballooning national debt are manifesting in a fiscal policy that is becoming far more restrictive.

Global production is expected to **rise** by 4.4 % overall this year. The ifW forecasts an increase of 4.1 % in the global domestic product for 2012.

Global economic growth is expected to slow down slightly. There will only be a moderate increase in the utilisation of global production capacities this year and next. International trade is likely to rise sharply again at a rate of 9 % this year, but is expected to slow down to 7.5 % in 2012.

Assuming that the price of energy and food does not continue to rise in the forecast period, the rise in consumer prices is likely to slow down markedly again in 2012.

In Germany optimism about the economy is dampened by the debt crisis in Europe and the USA. A positive trend in individual economic sectors is noticeable though.

In all **probability** exports in 2011 will increase proportionally to international trade. Imports are likely to rise somewhat more sharply due to the rapid growth of the domestic economy. In the coming year gross domestic product will again increase faster than the production potential. Gross domestic product is expected to increase by 3.6 % overall this year.

The **number of persons employed** in Germany is rising; the situation in the job market has continued to improve overall. The number of unemployed is expected to average just under 3 million this year; this number should fall to below 2.7 million in 2012.

As a **result** of higher inflation – the inflation rate is likely to be 2.4 % – the rise in real earnings will slow down. There will only be a moderate rise in private consumer expenditure.



Consolidated interim financial statements

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GROUP BALANCE SHEET - Assets

as at 30. June 2011*

	◀ 2011	◀ 2010
	EUR	EUR
Cash	939,855.12	1,636,979.79
Trade receivable	9,226,888.26	10,830,452.28
Inventory		
› Finished and unfinished products	15,313,927.13	7,046,692.67
› Prepayment	1,958,320.19	867,817.60
	17,272,247.32	7,914,510.27
Other short-term assets	1,427,153.03	1,425,541.72
Short-term assets	28,866,143.73	21,807,484.06
› Intangible assets	1,255,042.17	730,928.27
› Company value	37,321,621.72	37,321,621.72
› Tangible assets	268,643.30	115,056.59
› Prepayment on intangible and tangible assets	1.00	216,201.77
› Other long-term assets	87,574.68	691.38
› Deferred tax liabilities	279.12	2,041.53
Long-term assets	38,933,161.99	38,386,541.26
▶ TOTAL ASSETS	67,799,305.72	60,194,025.32

* Accounting under IFRS

GROUP BALANCE SHEET - Liabilities

as at 30. June 2011 *

	◀ 2011	◀ 2010
	EUR	EUR
Accruals	1,185,616.04	2,582,692.93
Bank loan	6,604,734.01	5,069,294.01
Trade payables	5,494,383.70	3,150,919.00
Other short-term liabilities	5,332,045.84	5,748,504.80
Short-term liabilities	18,616,779.59	16,551,410.74
Bank loan	3,500,000.00	0
Deferred taxes	4,287.32	0
Long-term liabilities	3,504,287.32	0
Share capital	38,050,000.00	38,050,000.00
Legal reserve	610,974.52	240,657.53
Retained profit	7,017,264.29	5,351,957.05
Equity	45,678,238.81	43,642,614.58
▶ TOTAL LIABILITIES	67,799,305.72	60,194,025.32

* Accounting under IFRS

GROUP PROFIT AND LOSS SUMMARY ACCOUNT

for the period from 1 January to 30 June 2011 *

	◀ 2011		◀ 2010 **	
	EUR	%	EUR	%
Sales	70,271,562.49	100	54,863,344.02	100
Other operating income	449,605.98		48,467.72	
Cost of materials				
› Cost of purchased goods	-60,126,260.96		-45,479,851.36	
› Cost of purchased services	-433,219.01		-565,469.40	
	<u>-60,559,479.97</u>	86.18	<u>-46,045,320.76</u>	83.93
Labour Costs				
› Salaries	-858,218.80		-639,467.30	
› Social insurance contributions	-161,498.75		-135,234.97	
	<u>-1,019,717.55</u>	1.45	<u>-774,702.17</u>	1.41
Depreciation/Amortisation	-418,018.95		-106,803.05	
Other operational expenses	-2,607,745.20	3.71	-2,023,336.98	3.68
EBIT (earnings before interest and tax)	<u>6,116,206.80</u>	8.70	<u>5,961,648.78</u>	10.87
Interest income	1,764.50		536.67	
Interest expense	-314,976.78		-172,454.91	
Financial Result	-313,212.28		-171,918.24	
EBT (earnings before tax)	<u>5,802,994.52</u>	8.26	<u>5,789,730.54</u>	10.55
Income tax	-769,468.82		-703,131.31	
Other tax	-849.00		-399.00	
Jahresüberschuss	<u>5,032,676.70</u>	6.28	<u>5,086,200.23</u>	9.27
▶ Undiluted earnings per share	0.13		0.13	
▶ Diluted earnings per share	0.13		0.13	

* Accounting under IFRS

** 01.01. - 30.06.2010

GROUP CASH FLOW STATEMENT

for the period from 1 January to 30 June 2011 *

	01.01. - 30.06.2011	01.01. - 30.06.2010
	EUR	EUR
Cash flow from operating activities	1,292,104.00	1,410,172.53
Cash flow from investment activities	-444,575.03	-276,430.39
Cash flow from financing activities	-664,295.47	-16,125.17
Cash Flow	183,233.50	1,117,616.97
Liquid Funds		
1. 30 June 2011	939,855.12	
2. 31 December 2010	756,621.62	
	183,233.50	
3. 30 June 2010		1,636,979.79
4. 31 December 2009		519,362.82
		1,117,616.97

GROUP EQUITY CHANGE ACCOUNT

as at 30 June 2011 *

	Share capital EUR	Legal reserve EUR	Retained profit EUR	Total Equity EUR
1. As at 31 December 2009	38,050,000.00	0.00	5,072,414.35	43,122,414.35
2. Dividends	0.00	0.00	-4,566,000.00	-4,566,000.00
3. Net profit for the period (01.01. - 31.12.2010)	0.00	0.00	9,128,397.76	9,128,397.76
4. Reclassifications	0.00	240,657.53	-240,657.53	0.00
5. As at 31 December 2010	38,050,000.00	240,657.53	9,394,154.58	47,684,812.11
6. Dividends	0.00	0.00	-7,039,250.00	-7,039,250.00
7. Net profit for the period (01.01. - 30.06.2011)	0.00	0.00	5,032,676.70	5,032,676.70
8. Reclassifications	0.00	370,316.99	-370,316.99	0.00
9. As at 30 June 2011	38,050,000.00	610,974.52	7,017,264.29	45,678,238.81

* Accounting under IFRS

GROUP ASSETS DEVELOPMENT

as at 30 June 2011 *

	As at 31.12.2010		Addition/Recl.		Disposal/Recl.		As at 30.06.2011		As at 31.12.2010		As at 30.06.2011		As at 31.12.2010	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible Assets														
1. Intangible assets	1,355,674.12	409,751.10	0.00	1,765,425.22	0.00	372,708.12	137,674.93	0.00	510,383.05	1,255,042.17	982,966.00			
2. Company value	37,321,621.72	0.00	0.00	37,321,621.72	0.00	0.00	0.00	0.00	0.00	37,321,621.72	37,321,621.72			
	38,677,295.84	409,751.10	0.00	39,087,046.94	0.00	372,708.12	137,674.93	0.00	510,383.05	38,576,663.89	38,304,587.72			
II. Tangible Fixed Assets														
1. Lessee installed equipment	8,000.00	0.00	0.00	8,000.00	0.00	1,467.00	400.00	0.00	1,867.00	6,133.00	6,533.00			
2. Other fixed assets	375,262.47	34,823.93	0.00	410,086.40	0.00	119,892.47	27,683.63	0.00	147,576.10	262,510.30	255,370.00			
	383,262.47	34,823.93	0.00	418,086.40	0.00	121,359.47	28,083.63	0.00	149,443.10	268,643.30	261,903.00			
III. Prepayments on intangible and tangible assets														
	100,000.00	0.00	0.00	100,000.00	0.00	99,999.00	0.00	0.00	99,999.00	1.00	1.00			
TOTAL	39,160,558.31	444,575.03	0.00	39,605,133.34	0.00	594,066.59	165,758.56	0.00	759,825.15	38,845,308.19	38,566,491.72			

* Accounting under IFRS

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Information about members of the company bodies

Board of Directors

Name	Position / authority to act	Profession
Patrick Brenske (from 23.01.2009)	Board member Authorized to act solely	Master of Banking & Finance
Dr. Christian Pahl (from 17.05.2010)	Board member Together with another board member	Master of Business Administration

Supervisory Board

Name	Position / authority to act	Profession
Andrea Grosse	Chairwoman	Lawyer
Prof. Dr. Dr. Sabine Meck	Deputy Chairwoman	University Professor and Science Journalist
Dr. Marion Braun	Member	Doctor

Number of employees

In the reporting period the MPH Group had 67 employees on average and in the same period of the previous year an average of 49 employees.

The Share

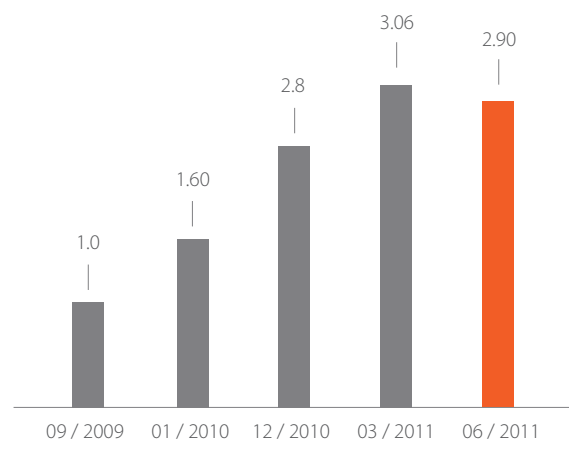
Classes of shares	Ordinary shares and preference shares
Number of ordinary shares	19.025.000
Number of preference shares	19.025.000
Market listed shares	Preference shares
WKN/ISIN	A0NF69/DE000A0NF697
Stock symbol	93MV
Trading floor	Xetra, Frankfurt
Market Segment	First Quotation Board (Open Market)
Designated Sponsor	Close Brothers Seydler Bank AG
Market Capitalisation	Preference shares EUR 55.2 million (as at 30.06.2011)
First Trading Date	01.09.2009
Coverage	Close Brothers Seydler Bank AG

MPH Mittelständische Pharma Holding AG has been quoted on the Frankfurt Stock Exchange with preference shares in the open market since the beginning of September 2009.

In the **course** of the first half of 2011 the share price rose from EUR 2.44 (on 03.01.2011) to EUR 2.90 (on 30.06.2011).

On 29.06.2011 the **Annual General Meeting** decided to pay a dividend of 17 cents per ordinary share and 20 cents per preference share. In the days that followed the Annual General Meeting the share price fell due to the dividend markdown. Stock markets worldwide experienced turmoil in the first half of August 2011. MPH shares were also affected.

The **reasons** for the stock market turmoil were deemed to be the public debt accumulated by individual European nations and the United States of America and deterioration in the economic outlook.



Glossary

Retained profit

The balance of the annual net profit from the financial year, profit or loss carried forward and allocation of surplus

Cash Flow

A measurable economic variable that provides an indication of the liquidity of a company. It depicts the inflow of liquid funds during a specific period.

DAX

The DAX is the most important German share index. It shows the performance of the 30 largest and most profitable companies in Germany.

Dividends

This is part of the distributed profits of a public limited company that is allocated to an individual share.

DIW

German Institute for Economic Research

EBIT

Stands for earnings before interest and taxes. It provides an indication of the operating profit of a company in a specific period.

EBITDA

Stands for earnings before interest, taxes, depreciation and amortisation of valuables and intangible assets.

Earnings per share

The earnings per share are calculated by dividing the profit or loss attributable to the parent entity by the weighted average number of shares. The calculation is based on IAS 33.

ifW

Institute for the World Economy

Generic drugs

A generic drug is a medicine that is an exact copy of a brand name drug that is available on the market; the active ingredients are the same. Generic drugs are therapeutically equivalent to the original compound.

OECD countries

The OECD is an international organisation with 34 member states that are committed to democracy and the market economy.

Oncology

Oncology refers to the science that deals with cancer.

Patent

With reference to medicines: an industrial property right is granted for a newly developed active pharmaceutical ingredient. This exclusive marketing right is limited but may last for up to 20 years in the EU.

License

An official authorisation that is required to offer, market or sell an industrially produced, ready-to-use drug.

Publisher

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Supervisory Board:

Chairman of the Supervisory Board:
Andrea Grosse

Deputy Chairman of the Supervisory Board:
Prof. Dr. Dr. Sabine Meck

Member of the Supervisory Board:
Dr. Marion Braun

Board of Directors:
Patrick Brenske
Dr. Christian Pahl

Commercial Registry Court:
Charlottenburg Court
Registry Number: HRB 116425 B

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Allsatis GmbH, Berlin 2011

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MPH Mittelständische Pharma AG
Julia Zimmermann
istockphoto
Fotolia

Printed on Galaxi Keramik/Sappi with 100% PEFC & FSC certification – for our environment

FSC, Forest Stewardship Council, is an international seal of approval that is recommended by major environmental organisations in order to maintain the ecological balance. It guarantees that the paper does not come from uncontrolled exploitation of natural resources and is manufactured in a responsible and environmentally sensitive manner from a sustainable source.



