STATUS REPORT

9-MONTHS REPORT 2012

medigene
developing innovative therapies

Medigene's key figures

In € thousand	Q3 2012	Q3 2011	Change	9M 2012	9M 2011	Change
Income statement						
Continued operations						
Product sales	829	427	94%	2,483	1,336	86%
Other operating income	634	666	-5%	2,276	1,639	39%
Total revenue	1,463	1,093	34%	4,759	2,975	60%
Cost of sales	-361	-125	189%	-775	-399	94%
Gross profit	1,102	968	14%	3,984	2,576	55%
Selling, general and administrative expenses	-1,872	-2,039	-8%	-5,728	-5,603	2%
Research and development expenses	-1,533	-1,643	-7%	-5,169	-5,217	-1%
EBITDA from continued operations	-2,091	-2,505	-17%	-6,276	-7,606	-17%
Operating result	-2,303	-2,714	-15%	-6,913	-8,244	-16%
Result from continued operations before tax	-2,352	-374	>200%	-7,318	-6,724	9%
Result from continued operations	-2,421	100	-	-7,387	-5,704	30%
Discontinued operations						
Revenue from discontinued operations	5	48	-90%	5,028	27,750	-82%
Result from discontinued operations	5	-44	-	5,007	20,127	-75%
Total						
Net result for the period	-2,416	56	-	-2,380	14,423	-
EBITDA total	-2,086	-2,540	-18%	-1,269	14,460	-
Earnings per share (basic and diluted) in €	-0.07	0	-	-0.06	0.39	-
Weighted average number of shares (basic)	37,082,758	37,082,758	0%	37,082,758	37,082,758	0%
Personnel expenses	-1,382	-1,469	-6%	-4,236	-4,735	-11%
Cash flow statement						
Cash flow from operating activities	-3,125	-2,037	53%	-4,391	9,476	-
Cash flow from investing activities	-45	1,616	-	-223	1,477	-
Cash flow from financing activities	0	0	-	14,094	0	-
Balance sheet data as at September 30						
Cash and cash equivalents	22,243	15,378	45%			
Balance sheet total	62,275	60,392	3%			
Current liabilities	3,482	5,205	-33%			
Non-current liabilities	13,264	247	>200%			
Shareholders' equity	45,529	54,940	-23%			
Equity ratio in %	73	91	-20%			
Employees as at September 30	50	52	-4%			
Medigene share as at September 30						
Total number of shares outstanding	37,082,758	37,082,758	0%			
Share price (XETRA closing price)	1.10	1.14	-4%			

Medigene's products and clinical projects

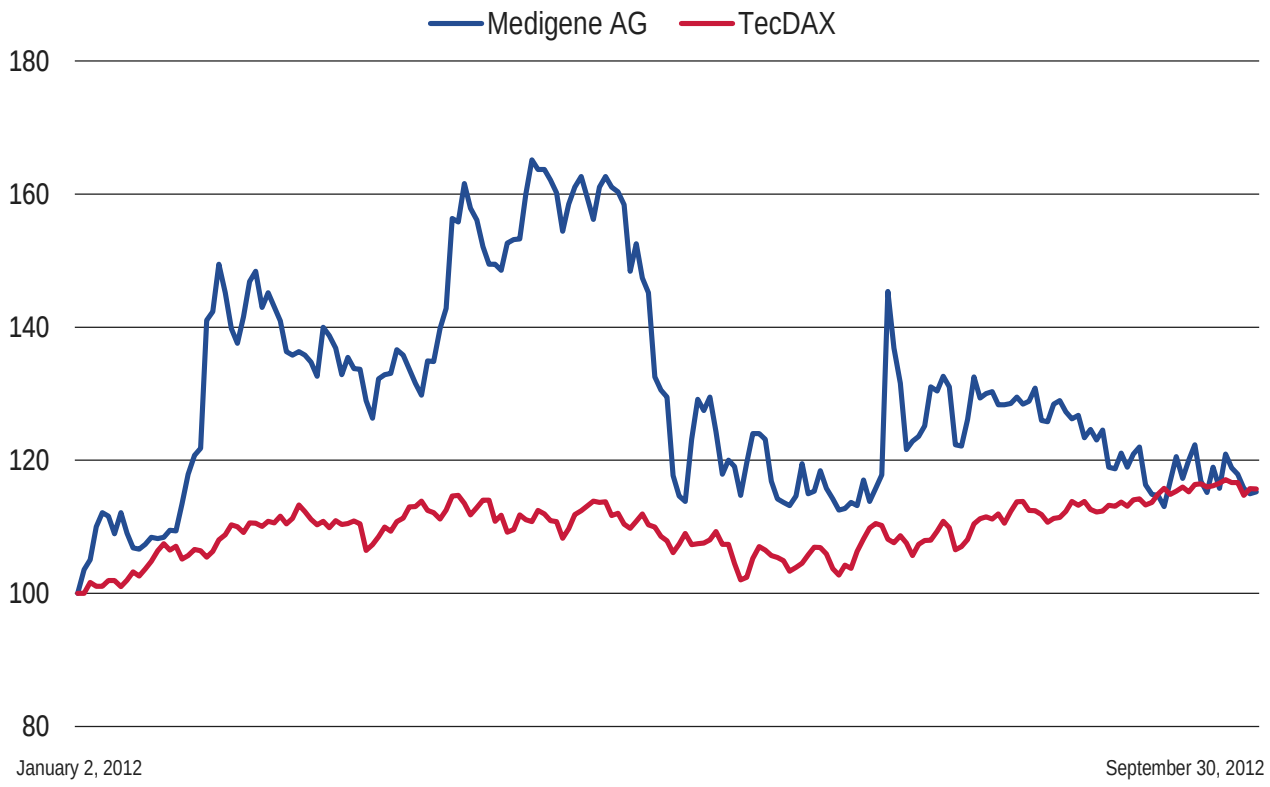
Product	Indication	Preclinic	Clinical phase I	Clinical phase II	Clinical phase III	Approval	Market
Marketed drugs							
Eligard®[1)]	Prostate cancer						
Veregen®	Genital warts						
Drugs in development							
EndoTAG®-1	Pancreatic cancer						
	Hormone-resistant breast cancer						
RhuDex®	Rheumatoid arthritis			[2)]			
AAVLP	Vaccine technology						
Chance of reaching the market[3)]		< 10 %	< 15 %	< 30 %	< 70 %	< 90 %	

1) Sold to Astellas Pharma Europe Ltd. (in 2010) and transfer to Cowen Healtcare Royalty Partners II L.P. (in 2012)
2) RhuDex® was successfully tested in a phase IIa trial. A clinical formulation study was completed.
3) Industrial average, estimates of Medigene AG

Content

The Medigene share price performance

(January 2, 2012 €0.95 indexed to 100)



Key figures of the Medigene share

In €	9M 2012	9M 2011
9-months high	1.57	2.71
9-months low	0.95	0.93
Price at the beginning of the year	0.95	1.99
Closing price	1.10	1.14
Average price since beginning of the year	1.24	1.78
Weighted average number of shares (basic)	37,082,758	37,082,758
Weighted average number of shares (diluted)	37,113,369	37,110,319
Average market capitalization (€ million)	46	66
Average daily trading volume (in shares)	70,730	144,126
Total number of shares outstanding	37,082,758	37,082,758
Earnings per share[1] (basic/diluted)	-0.06	0.39
Shareholders' equity per share[1]	1.23	1.48
Cash flow from operating activities per share[1]	-0.12	0.26
Free Float[2] (%)	94	94

[1] Reference amount: total number of shares outstanding
[2] Source: Medigene AG, German Stock Exchange

Group interim management's discussion and analysis Q3 2012/9M 2012

of Medigene AG, Planegg/Martinsried, Germany, for the period from January 1 to September 30, 2012

Financial development for the first nine months of 2012

- Total revenue from continued operations: €4.8 million (9M 2011: €3.0 million)
- EBITDA
  - from continued operations: €-6.3 million (9M 2011: €-7.6 million)
  - total: €-1.3 million (9M 2011: €14.5 million)
- Net result for the period
  - from continued operations: €-7.4 million (9M 2011: €-5.7 million)
  - total: €-2.4 million (9M 2011: €14.4 million)
- Cash and cash equivalents of €22.2 million (December 31, 2011: €12.8 million)
- Guidance for 2012 confirmed

Major events since the beginning of 2012

Eligard®:
- Final milestone payment of €5 million received from Astellas
- Contract signed with Cowen for the transfer of Medigene's 2% royalty share against payment of €14.1 million

Veregen®:
- Positive decision on market approval of Veregen® in 17 additional European countries
- Market launch in Spain and Switzerland
- Market approvals granted in France, Switzerland, Norway, Sweden, Denmark, Serbia, Poland, Slovakia, Israel, Finland, the Netherlands, Belgium, Hungary, Slovenia, Romania, Bulgaria, and Cyprus
- Agreements signed for the commercialization of Veregen® in Turkey and the Nordic Countries

EndoTAG®-1:
- Co-development and commercialization agreement for Asia signed with SynCore
- Decision to upscale the manufacturing process prior to the start of the planned phase III study
- US patent granted for the use of EndoTAG®-1 in combination with taxanes for the treatment of triple-negative breast cancer (TNBC)

RhuDex®:
- Clinical formulation study of RhuDex® for oral treatment of autoimmune diseases initiated and successfully completed
- Positive formulation study results and plan for further development published (phase II proof-of-concept clinical trial in PBC in preparation)

AAVLP:
- Positive preclinical data presented at the World Vaccine Congress, USA

Change to the executive board
- Peter Llewellyn-Davies has been an executive board member since October 1, 2012

Preliminary notes

Medigene develops drugs to treat cancer and autoimmune diseases

Medigene AG, Planegg/Martinsried, Germany, (hereinafter referred to as "Medigene") is a biopharmaceutical company that specializes in the research and development of innovative drugs to treat cancer and autoimmune diseases.

Status of product portfolio

Medigene generates revenue from two drugs on the market, i.e. Eligard® and Veregen®. Veregen® is distributed by several partners. In June 2012, Eligard® was monetized by the transfer of Medigene's royalty share of European net sales to the US-based investor, Cowen Healthcare Royalty Partners II, L.P. ("Cowen"), with effect from April 1, 2012. In addition, Medigene has two drug candidates, EndoTAG®-1 and RhuDex®, in clinical development and is developing the AAVLP vaccine technology.

Eligard®

Eligard®, a drug for the treatment of hormone-dependent prostate cancer, is marketed by Medigene's partner Astellas Pharma Europe Ltd. (hereinafter referred to as "Astellas"), Staines, UK in most European countries. Effective March 1, 2011, Medigene transferred the EU marketing rights for Eligard® to Astellas. In March 2011, Medigene received the second payment of €15 million, following the agreement signed in July 2010 for a total sum of €25 million. In May 2012, Medigene received the final payment of €5 million. Starting March 1, 2011, Medigene has been entitled to receive a 2% participation in Eligard® net sales. With effect from April 1, 2012, this royalty share was transferred to Cowen against a payment of €14.1 million (US$17.68 million). The related proceeds are realized pro rata over the Eligard® patent term of approximately 10 years and used for the amortization of the financial debt.

Veregen®

The drug Veregen® for the treatment of genital warts was developed by Medigene AG and has been available in the USA, Germany, Austria, Spain (launched in June 2012) and Switzerland (launched in October 2012). Marketing authorizations for Veregen® were also granted in the following countries: Poland, Sweden, Norway (April 2012), Serbia (May 2012), France, Denmark, Slovakia, Israel (July 2012), and in Finland, the Netherlands, Belgium, Hungary, Slovenia, Romania, Bulgaria, and Cyprus (between August and November). In March 2012, the regulatory authorities of several additional European countries positively assessed the marketing authorization applications within the mutual recognition procedure. This binding decision guarantees that national marketing authorizations will be formally granted by the respective regulatory authorities in the Czech Republic, Greece, and Luxembourg within the next few months.

In the USA, Veregen® is promoted and distributed by Fougera Pharmaceuticals, Inc. and in Germany, Austria and Switzerland by local sales companies of the Abbott group. In Spain, the drug is marketed by BIAL Industrial Farmaceutica, S.A. (formerly by Juste S.A.Q.F.), which also acquired the marketing rights for Portugal. Additional marketing partnership agreements were concluded for France (Laboratoires Expanscience), for the Benelux countries (L.F. Will-Pharma & Cie), for Greece, Cyprus, Romania, and Bulgaria (Meditrina Pharmaceuticals, Ltd.), for Serbia, Bosnia & Herzegovina, Montenegro, Macedonia, Croatia, Slovenia, and Albania (Pharmanova d.o.o.), for Israel (Teva Pharmaceutical Industries Ltd.), Canada (Triton Pharma), Mexico, Central America, Venezuela, and Colombia (Pierre Fabre Medicament SAS), for China (GC-RISE Pharmaceutical Ltd.), Taiwan (SynCore Biotechnology Co., Ltd.), and South Korea (Kolon Pharmaceuticals Inc.). In January 2012, Medigene signed a marketing partnership agreement for the commercialization of Veregen® in Turkey (EIP Eczacibasi Ilac Pazarlama A.S.), and in June 2012 for the Nordic countries Denmark, Sweden, Norway, Finland, and Iceland (Denmark-based Azanta A/S). Medigene is entitled to receive successive payments from these partners, depending on the achievement of specific milestones, and also receives a share of Veregen® revenue. Medigene also earns further revenue from the sale of either the active pharmaceutical ingredient or the finished product to the respective partner company.

EndoTAG®-1

The clinical drug candidate EndoTAG®-1 is a novel composition of the established cytostatic drug paclitaxel combined with neutral and positive lipids. Due to the positively charged lipids, EndoTAG®-1 interacts with newly developed, negatively charged endothelial cells, which are specifically required for the growth of tumor blood vessels. The EndoTAG®-1-paclitaxel component attacks the endothelial cells as they divide, thus targeting the blood supply to tumors without affecting the supply to healthy tissue. By doing this, EndoTAG®-1 is expected to prevent the formation of new tumor blood vessels and to inhibit tumor growth.

Medigene has successfully completed two clinical phase II trials of EndoTAG®-1 in the indications pancreatic cancer and triple-negative breast cancer (TNBC). Medigene plans to conduct a pivotal global phase III trial of EndoTAG®-1 in TNBC with the aim of achieving market approvals worldwide.

In May 2012, Medigene obtained a US patent for the use of EndoTAG®-1 in combination with taxanes for the treatment of TNBC. The patent has a regular term until 2029.

In July 2012, Medigene signed a co-development and commercialization agreement for EndoTAG®-1 with SynCore Biotechnology Co., Ltd. ("SynCore"), a subsidiary of the Sinphar Pharmaceutical Group. Medigene granted exclusive rights for the co-development and commercialization of EndoTAG®-1 in Asia, Australia, and New Zealand to SynCore, and, in turn, received an upfront payment and is entitled to further payments upon certain development and approval milestones, as well as royalties. On top of this, Syncore will also fund the Asian part of the planned global pivotal phase III clinical trial of EndoTAG®-1 representing approximately 50 percent of the total number of patients to be included. Subject to clinical trial approval, about 400 patients are expected to be enrolled in this global pivotal phase III clinical trial in triple-negative breast cancer (TNBC)

Medigene is currently preparing the upscaling of the established manufacturing process (spray drying) for EndoTAG®-1, as it is intended to use commercially viable material for the planned phase III clinical trial.

RhuDex®

Medigene is developing RhuDex® as an oral, disease-modifying drug for the treatment of autoimmune diseases such as rheumatoid arthritis. RhuDex® is a CD80 antagonist that blocks undesired T-cell activation and thus has an immuno-modulating and anti-inflammatory effect. Therefore this drug candidate can be classified as a "Disease-Modifying Antirheumatic Drug" (DMARD). In a phase IIa trial in 29 patients, RhuDex® showed initial signs of biological activity.

In the first half of 2012, Medigene conducted a clinical trial in order to develop an optimized formulation of the active substance suitable for the treatment of chronic diseases. All study endpoints were met. The new formulation is characterized by an optimized pharmacokinetic profile, excellent tolerability, and a reduction of dose units. Based on the results of this trial, RhuDex® will from now on be administered in a formulation based on the well-known excipient Gelucire. Medigene is currently preparing a phase II clinical proof-of-concept study with RhuDex® for the treatment of the autoimmune disease primary biliary cirrhosis (PBC) which is planned to start within the next few months.

AAVLP technology

Within the AAVLP program, Medigene is developing an innovative technology platform for producing prophylactic and therapeutic vaccines designed to protect against infectious diseases permanently. To this end, virus-like particles (VLP or AAVLP) based on adeno-associated viruses (AAV) are used as a basis for these innovative vaccines. Medigene is currently conducting research into the use of the AAVLP technology for the prevention and treatment of infectious diseases and cancer, and into the application of AAV libraries for the systematic identification of suitable new vaccine candidates. At the 2012 World Vaccine Congress in Washington, D.C., USA, Medigene presented positive preclinical data generated during a collaboration with researchers of the Johns Hopkins University School of Medicine, USA.

Income position

Product sales and other income

In the first nine months of 2012, total revenue from continued operations increased to €4,759 thousand (9M 2011: €2,975 thousand), and in the third quarter of 2012 to €1,463 thousand (Q3 2011: €1,093 thousand). This comprises product sales, license fees and milestone payments for Veregen®, which increased to €2,483 thousand in the first nine months of 2012 (9M 2011: €1,336 thousand) and to €829 thousand in the third quarter of 2012 (Q3 2011: €427 thousand). Total revenue also includes other operating income for the first nine months of 2012 of €2,276 thousand (9M 2011: €1,639 thousand) and of €634 thousand for the third quarter of 2012 (Q3 2011: €666 thousand).

Other operating income primarily consists of the 2% share of the Eligard® net sales. Effective April 1, 2012, this share of net sales was transferred to Cowen for €14.1 million. The corresponding income will be recognized pro rata as income over the life of the Eligard® patent of approximately ten years, and the resultant financial liabilities will be amortized taking into account interest expense *(see pp. 8 and 10).* Accordingly, other non-cash income totals €623 thousand per quarter over the patent term. Additionally, in the first quarter of 2012, Medigene received €390 thousand compensation from a service provider for costs incurred.

Revenue from discontinued operations decreased to €5,028 thousand in the first nine months of the year (9M 2011: €27,750 thousand), and to €5 thousand in the third quarter of 2012 (Q3 2011: €48 thousand). In last year's reporting period, apart from the milestone payments, net revenue from Eligard® product sales and royalties up to the end of February 2011 was reported under product sales from discontinued operations *(see p. 17 note D. Discontinued operations).*

Consolidated income statement (abbreviated)

In € thousand	Q3 2012 unaudited	Q3 2011 unaudited	Change	9M 2012 unaudited	9M 2011 unaudited	Change
Total revenue	1,463	1,093	34%	4,759	2,975	60%
thereof Veregen® revenue	829	427	94%	2,483	1,336	86%
Cost of sales	-361	-125	189%	-775	-399	94%
Gross profit	1,102	968	14%	3,984	2,576	55%
Selling, general, and administrative expenses	-1,872	-2,039	-8%	-5,728	-5,603	2%
Research and development expenses	-1,533	-1,643	-7%	-5,169	-5,217	-1%
Operating result	-2,303	-2,714	-15%	-6,913	-8,244	-16%
Result from continued operations before tax	-2,352	-374	>200%	-7,318	-6,724	9%
Result from continued operations	-2,421	100	-	-7,387	-5,704	30%
Revenue from discontinued operations	5	48	-90%	5,028	27,750	-82%
Result from discontinued operations	5	-44	-	5,007	20,127	-75%
Net result for the period	-2,416	56	-	-2,380	14,423	-

Cost of sales

Cost of sales from continued operations totaled €775 thousand in the first nine months of 2012 (9M 2011: €399 thousand) and €361 thousand in the third quarter of 2012 (Q3 2011: €125 thousand). These costs were incurred for the purchase of Veregen® and royalties for Veregen®. Since January 2012, no cost of sales from discontinued operations was incurred (9M 2011: €5,362 thousand).

Gross profit

Gross profit from continued operations rose to €3,984 thousand in the first nine months of 2012 (9M 2011: €2,576 thousand) and to €1,102 thousand in the third quarter of 2012 (Q3 2011: €968 thousand). The amount of gross profit is determined by the ratio of revenue from product sales to license and milestone payments.

Selling, general, and administrative expenses

Compared to the previous year's reporting period, selling, general, and administrative expenses from continued operations increased on a nine-month basis from €5,603 thousand (9M 2011) to €5,728 thousand (9M 2012), and, on a quarterly basis, they decreased from €2,039 thousand (Q3 2011) to €1,872 thousand (Q3 2012). This amount comprises selling expenses of €1,592 thousand (9M 2011: €1,545 thousand) and general and administrative expenses of €4,136 thousand (9M 2011:

€4,058 thousand). The increased expenses in the first nine months of 2012 were incurred for consultancy fees, mainly in the course of the Cowen deal.

Research and development expenses

Research and development expenses decreased to €5,169 thousand in the first nine months of 2012 (9M 2011: €5,217 thousand) and to €1,533 thousand in the third quarter of 2012 (Q3 2011: €1,643 thousand). On the one hand, personnel and rental expenses decreased, whereas the expenses for clinical and nonclinical development as well as regulatory expenses and consultancy fees increased.

EBITDA

Medigene's EBITDA is derived from the result for the period excluding taxes, financial result, result from investments in associates, and depreciation and amortization. The result from continued operations on an EBITDA basis improved to €-6,276 thousand in the first nine months of 2012 (9M 2011: €-7,606 thousand), and to €-2,091 thousand in the third quarter of 2012 (Q3 2011: €-2,505 thousand). The result from continued and discontinued operations on an EBITDA basis totaled €-1,269 thousand in the first nine months of the year (9M 2011: €14,460 thousand) and €-2,086 thousand in the third quarter of 2012 (Q3 2011: €-2,540 thousand). The result on an EBITDA basis was influenced by income from discontinued operations of €5 million (9M 2011: €20 million) for the sale of the Eligard® rights.

Depreciation and amortization

Depreciation and amortization totaled €637 thousand in the first nine months of 2012 (9M 2011: €638 thousand) and €212 thousand in the third quarter of 2012 (Q3 2011: €209 thousand).

Financial result

The financial result, which consists mainly of foreign exchange gains/losses and interest income or expense, amounted to €-364 thousand in the reporting period (9M 2011: €331 thousand) and to €-34 thousand in the third quarter of 2012 (Q3 2011: €145 thousand). The financial result includes non-cash interest expenses totaling €836 thousand from financial liabilities owed to Cowen as part of the Eligard® deal. In last year's reporting period, the financial result from discontinued operations included a gain of €226 thousand from a financial derivative.

Financial result

In € thousand	Q3 2012 unaudited	Q3 2011 unaudited	Change	9M 2012 unaudited	9M 2011 unaudited	Change
Interest income	10	44	-77%	37	93	-60%
Interest expense	-415	0	-	-836	0	-
Subtotal	-405	44	-	-799	93	-
Foreign exchange gains/losses	371	101	>200%	435	238	83%
Total	-34	145	-	-364	331	-
Discontinued operations (derivative financial instrument)	0	0	-	0	226	-

Result from investments in associates

The result from investments in associates totaled €-41 thousand (9M 2011: €1,189 thousand) in the first nine months of 2012 and €-15 thousand in the third quarter of 2012 (Q3 2011: €2,195 thousand). This relates to the associated company Catherex, Inc. As of June 30, 2012, Medigene held a 19.06% stake in Immunocore Ltd. Following the issue of new shares in Immunocore Ltd., Medigene's shareholding in this company decreased below 20%. Pursuant to IAS 28.6, this investment is no longer valued at equity but has been reported as a financial asset since the beginning of 2012.

9-months result 2012

The net result achieved for the period amounted to €-2,380 thousand (9M 2011: €14,423 thousand) and for the third quarter of 2012 to €-2,416 thousand (Q3 2011: €56 thousand). Compared with the first nine months of the previous year, the loss for the period from continued operations increased to €-7,387 thousand (9M 2011: -€5,704 thousand) and on a quarterly basis to €-2,421 thousand (Q3 2011: €100 thousand). The result for the period from discontinued operations declined to €5,007 thousand (9M 2011: €20,127 thousand), and to €5 thousand in the third quarter of 2012 (Q3 2011: €-44 thousand).

The milestone payments received for the sale of the Eligard® rights mainly contributed to this result. In last year's reporting period, the result was also influenced positively by the sale of the Immunocore shares.

Earnings per share

In the first nine months of 2012, earnings per share were €-0.06 (weighted average number of shares, basic: 37,082,758, diluted: 37,113,369) in comparison with earnings in the same period of the previous year of €0.39 per share (9M 2011: weighted average number of shares, basic: 37,082,758, diluted: 37,110,319).

Financial position

Cash flow from operating activities

In the first nine months of 2012, Medigene had a cash outflow from operating activities of €-4,391 thousand (9M 2011: cash inflow of €9,476 thousand). In May 2012, Medigene received a €5 million milestone payment from Astellas (9M 2011: €15 million).

Average monthly cash flow from operating activities

The average monthly net cash used by operating activities in the first nine months of 2012 totaled €-0.5 million (9M 2011: cash inflow of €1.1 million). Adjusted for non-recurring items consisting of milestone payments and the sale of Immunocore Ltd. shares in last year's reporting period, the cash usage rate from operating activities was €-1.0 million (9M 2011: €-0.8 million). This increase was due mainly to changes in working capital. Net cash used by operating activities is only of limited informative value regarding future developments, since it is significantly influenced by non-recurring payments received under partnership agreements as well as research and development expenses, the amount of which depends on the status of projects and on changes in working capital.

Cash flow from investing activities

In the first nine months of 2012, the cash outflow from investing activities amounted to €-223 thousand (9M 2011: €1,477 thousand), and to €-45 thousand in the third quarter of 2012 (Q3 2011: €1,616 thousand). In last year's reporting period, Medigene generated proceeds of €1,767 thousand from the sale of shares in Immunocore Ltd.

Cash flow from financing activities

The cash inflow from financing activities amounted to €14,094 thousand in the first nine months of 2012 (9M 2011: €0). This includes payments received relating to the financial liabilities owed to Cowen.

Change in cash and cash equivalents

In € thousand	Q3 2012 unaudited	Q3 2011 unaudited	Change	9M 2012 unaudited	9M 2011 unaudited	Change
Net cash						
from/used by operating activities	-3,125	-2,037	53%	-4,391	9,476	-
from/used by investing activities	-45	1,616	-	-223	1,477	-
from financing activities	0	0	-	14,094	0	-
Increase/decrease in cash and cash equivalents	-3,170	-421	>200%	9,480	10,953	-13%
Cash and cash equivalents at the beginning of the period	25,376	15,860	60%	12,811	4,770	169%
Foreign exchange differences	37	-61	-	-48	-345	-86%
Cash and cash equivalents at the end of the period	22,243	15,378	45%	22,243	15,378	45%

As of the reporting date of September 30, 2012, cash and cash equivalents totaled €22,243 thousand.

Assets position

Cash position €22.2 million; equity ratio 73%; liquidity cover ratio 36%

Development of assets and capital structure

In € thousand	September 30, 2012 unaudited	Dec. 31, 2011 audited	Change
Assets			
Property, plant and equipment and intangible assets	28,151	28,554	-1%
Goodwill	2,212	2,212	0%
Financial and other non-current assets	1,653	263	>200%
Investment in associates	2,801	4,183	-33%
Cash and cash equivalents	22,243	12,811	74%
Inventories and receivables	3,589	4,100	-12%
Other current assets	1,626	1,169	39%
Total assets	62,775	53,292	17%
Liabilities and shareholders' equity			
Shareholders' equity	45,529	47,932	-5%
Non-current liabilities	13,264	536	>200%
Current liabilities	3,482	4,824	-28%
Total liabilities and shareholders' equity	62,275	53,292	17%
Liquidity cover ratio in %	36	24	
Equity ratio in %	73	90	

Transfer of the 2% share in net revenue from Eligard® to Cowen

Pursuant to IAS 32 and 39, the transfer of the share of Eligard® net sales has been reported under current and non-current liabilities at amortized cost in foreign currency (US dollars) since April 1, 2012, and will be amortized over the life of the patent of approximately ten years with no impact on the balance sheet. Since this transaction was concluded in US dollars, it is subject to future exchange rate fluctuations *(see p. 18 note F. Notes to the balance sheet).*

Employees

The number of employees decreased to 50 in the first nine months of 2012 (9M 2011: 52). Personnel expenses decreased to €4,236 thousand (9M 2011: €4,735 thousand).

Segment information

For detailed segment information, please see notes, *page 20 et seq*.

Risk report

The inherent risks the Group is subject to are described in detail in the risk report of the published Group Management's Discussion and Analysis (MD&A) 2011. Up to closing date September 30, 2012, no essential changes to the risks described therein have occurred.

Risk management system

Medigene's management meets any risks occurring in the Group by means of a comprehensive risk management system. For a detailed description of this system, we refer to the Group Management's Discussion and Analysis (MD&A) 2011 published on March 23, 2012.

Major events since the end of the period

The announced liquidation of Medigene Ltd. is expected to result in deconsolidation in the fourth quarter of 2012.

Opportunities and outlook

Financial forecast 2012

Medigene confirms its financial guidance for the fiscal year 2012. The company expects revenue from continued operations in excess of €5 million. In addition Medigene realized €5 million revenue from discontinued operations relating to the sale of the Eligard® rights. Increased expenses for the further development of RhuDex® and EndoTAG®-1 are expected to lead to a planned loss on an EBITDA basis in the mid-single digit million euro range. Based on current business planning and the scenarios developed on the basis of this planning, the management expects the company funding to be secured beyond the end of 2013.

Eligard®

As a result of the transfer of Medigene's two percent royalty share to Cowen, all Eligard® income, the related interest expenses and amortization amounts realized since April 1, 2012 are not cash-relevant.

Veregen®

On the basis of the regulatory decision in March 2012 to grant marketing authorization for Veregen® in numerous European countries, the respective national marketing authorizations for the Czech Republic, Greece, and Luxembourg are expected within the next few months. Furthermore, Medigene anticipates additional marketing authorizations and market launches in additional countries worldwide. For the global commercialization of Veregen®, Medigene is planning to continue its licensing strategy. Medigene expects an increase in Veregen® sales revenue in 2012.

EndoTAG®-1

Medigene plans to conduct a pivotal global phase III trial of EndoTAG®-1 in triple-negative breast cancer (TNBC), with the objective of achieving market approvals worldwide. Based on the agreement signed in July 2012, granting exclusive rights for EndoTAG®-1 in Asia, Australia, and New Zealand, SynCore will finance the Asian part of this clinical trial *(see p. 6)*. Furthermore, Medigene is eligible for payments from SynCore dependent on the achievement of specified development and regulatory milestones, as well as royalties. Medigene retains all US, European, and rest-of-the-world (ROW) rights to EndoTAG®-1, with the opportunity to grant further licenses. Medigene is currently preparing the upscaling of the established manufacturing process (spray drying) for EndoTAG®-1, as it is intended to use marketable material for the planned phase III clinical trial. Provided that the trial results will be positive, Medigene anticipates submission of market approval applications for EndoTAG®-1 in 2018.

RhuDex®

Medigene plans to initiate a phase II clinical proof-of-concept study with RhuDex® for the treatment of primary biliary cirrhosis (PBC) within the next few months, to verify both the mode of action and the overall clinical profile of RhuDex® in autoimmune diseases. Subject to regulatory approvals of this trial, approximately 60 patients are to be enrolled. The clinical trial is designed as a multicenter, randomized, open-label phase IIa pilot trial with the objective of obtaining initial efficacy data as well as safety data of RhuDex® in three different doses, administered over a period of three months. The trial results could also serve as a basis for the drug's further clinical development in rheumatoid arthritis.

AAVLP Technology

Additional preclinical studies with Medigene's proprietary AAVLP vaccine technology will be conducted.

Consolidated income statement

of Medigene AG for the periods from January 1 to September 30, 2012 and 2011

In € thousand	Q3 2012 unaudited	Q3 2011 unaudited	9M 2012 unaudited	9M 2011 unaudited
Product sales	829	427	2,483	1,336
Other operating income	634	666	2,276	1,639
Total revenue	1,463	1,093	4,759	2,975
Cost of sales	-361	-125	-775	-399
Gross profit	1,102	968	3,984	2,576
Selling expenses	-517	-554	-1,592	-1,545
General and administrative expenses	-1,355	-1,485	-4,136	-4,058
Research and development expenses	-1,533	-1,643	-5,169	-5,217
Operating result	-2,303	-2,714	-6,913	-8,244
Interest income	10	44	37	93
Interest expense	-415	0	-836	0
Foreign exchange gains/losses	371	101	435	238
Share of result of associates	-15	2,195	-41	1,189
Result from continued operations before tax	-2,352	-374	-7,318	-6,724
Taxes	-69	474	-69	1,020
Result from continued operations	-2,421	100	-7,387	-5,704
Revenue from discontinued operations	5	48	5,028	27,750
Cost of sales from discontinued operations	0	0	0	-5,362
Selling expenses from discontinued operations	0	-83	-21	-322
Gains from derivative financial instruments from discontinued operations	0	0	0	226
Taxes from discontinued operations	0	-9	0	-2,165
Result from discontinued operations	5	-44	5,007	20,127
Net result for the period	-2,416	56	-2,380	14,423
Basic/diluted earnings per share from continued operations in €	-0.07	0	-0.20	-0.15
Basic/diluted earnings per share from discontinued operations in €	0	0	0.14	0.54
Basic/diluted gain/loss per share after tax in €	-0.07	0	-0.06	0.39
Weighted average number of shares outstanding (basic)	37,082,758	37,082,758	37,082,758	37,082,758
Weighted average number of shares outstanding (diluted)	37,113,369	37,110,319	37,113,369	37,110,319

Consolidated statement of comprehensive income

of Medigene AG for the periods from January 1 to September 30, 2012 and 2011

In € thousand	Q3 2012 unaudited	Q3 2011 unaudited	9M 2012 unaudited	9M 2011 unaudited
Net result for the period	-2,416	56	-2,380	14,423
Exchange differences on translation of foreign operations[1)]	-69	182	-70	-375
Other comprehensive income for the period, net of tax	-69	182	-70	-375
Total comprehensive income for the period, net of tax	-2,485	238	-2,450	14,048

[1)] No income tax effects were incurred.

Consolidated balance sheet

of Medigene AG as of September 30, 2012 and December 31, 2011

In € thousand		September 30, 2012 unaudited	Dec. 31, 2011 audited
Assets			
A. Non-current assets			
I.	Property, plant and equipment	710	829
II.	Intangible assets	27,441	27,725
III.	Goodwill	2,212	2,212
IV.	Financial assets	1,652	262
V.	Investment in associates	2,801	4,183
VI.	Other assets	1	1
Total non-current assets		34,817	35,212
B. Current assets			
I.	Inventories	2,605	2,203
II.	Trade accounts receivable	984	1,897
III.	Cash and cash equivalents	22,243	12,811
IV.	Other current assets	1,626	1,169
Total current assets		27,458	18,080
Total assets		62,275	53,292
Liabilities and shareholders' equity			
A. Shareholders' equity			
I.	Subscribed capital	37,082	37,082
II.	Additional paid-in capital	343,895	343,848
III.	Accumulated deficit	-329,197	-326,817
IV.	Other reserves	-6,251	-6,181
Total shareholders' equity		45,529	47,932
B. Non-current liabilities			
I.	Financial liabilities	12.410	0
II.	Pension obligations	255	255
III.	Other financial liabilities	281	281
IV.	Deferred income	318	0
Total non-current liabilities		13,264	536
C. Current liabilities			
I.	Trade accounts payable	369	1,773
II.	Other current assets	2,413	2,344
III.	Deferred income	70	77
IV.	Tax liabilities	630	630
Total current liabilities		3,482	4,824
Total liabilities		16,746	5,360
Total liabilities and shareholders' equity		62,275	53,292

Consolidated statement of cash flows

of Medigene AG for the periods from January 1 to September 30, 2012 and 2011

In € thousand	Q3 2012 unaudited	Q3 2011 unaudited	9M 2012 unaudited	9M 2011 unaudited
Cash flow from operating activities				
Net result for the period (before taxes)	-2,347	-409	-2,311	15,568
Adjustments to reconcile net result before tax to net cash from/used by operating activities:				
Stock-based compensation	16	31	47	94
Other non-cash income	-416	0	-1,039	0
Depreciation and amortization	212	209	637	638
Gain on disposal of property, plant and equipment	0	0	-12	0
Interest income	-10	-44	-37	-93
Interest expense	415	0	836	0
Changes in:				
Inventories	-489	-2	-402	-459
Other assets and accounts receivable	-575	170	386	7,961
Trade accounts payable	34	23	-1,404	-770
Other liabilities and deferred income	79	159	-1,101	-12.326
Taxes	-69	0	-69	0
Share of result of associates	15	-2,195	41	-1,189
Subtotal	-3,135	-2,058	-4,428	9,424
Interest received	10	21	37	52
Net cash from/used by operationg activities	-3,125	-2,037	-4,391	9,476
Cash flow from investing activities				
Purchase of property, plant and equipment	-45	-151	-238	-290
Disposal of financial assets	0	1,767	0	1,767
Proceeds from sale of property, plant and equipment	0	0	15	0
Net cash used by investing activities	-45	1,616	-223	1,477
Cash flow from financing activities				
Proceeds from financial liabilities	0	0	14,094	0
Net cash from financing activities	0	0	14,094	0
Increase/Decrease in cash and cash equivalents	-3,170	-421	9,480	10,953
Cash and cash equivalents at beginning of the period	25,376	15,860	12,811	4,770
Foreign exchange differences	37	-61	-48	-345
Cash and cash equivalents at the end of the period	22,243	15,378	22,243	15,378

Consolidated statement of changes in shareholders' equity

of Medigene AG for the periods from January 1 to September 30, 2012 and 2011

In € thousand	Subscribed capital	Capital reserve	Accumulated deficit	Currency translantion	Financial assets	Total shareholders' equity
Balance Jan. 1, 2011, audited	37,082	343,704	-333,098	-6,891	1	40,798
Net result for the period			14,423			14,423
Currency translation adjustments				-375		-375
Comprehensive income						14,048
Share-based compensation		94				94
Balance September 30, 2011, unaudited	37,082	343,798	-318,675	-7,266	1	54,940
Balance Jan. 1, 2012, audited	37,082	343,848	-326,817	-6,178	-3	47,932
Net result for the period			-2,380			-2,380
Currency translation adjustments				-70		-70
Comprehensive income						-2,450
Share-based compensation		47				47
Balance September 30, 2012, unaudited	37,082	343,895	-329,197	-6,248	-3	45,529

Notes to the interim consolidated financial statements

of Medigene AG, Planegg/Martinsried, Germany, for the period from January 1 to September 30, 2012

A. Description of business activity, information about the company

Medigene AG, Planegg/Martinsried, Germany (hereinafter referred to as "Medigene"), is a biopharmaceutical company that specializes in the research and development of innovative drugs to treat cancer and autoimmune diseases.

The Group's main activities are described in *note I) "Segment reporting".*

Medigene AG has been a publicly quoted company since June 2000 (German Stock Exchange: Regulated Market; Prime Standard; SIN 502090; code MDG).

B. Accounting and valuation principles

Basic principles for the preparation of interim financial statements

As a capital market-oriented parent company within the meaning of Article 4 of Regulation (EC) No. 1606/2002, Medigene AG applies the International Financial Reporting Standards (IFRS). These unaudited consolidated quarterly financial statements were prepared in compliance with the International Financial Reporting Standards (IAS 34 "Interim Financial Reporting").

The Company's Executive Board is the opinion that these quarterly financial statements reflect all business transactions required to present the assets, financial, and income situation at the end of the periods which ended on September 30, 2012 and 2011.

These interim financial statements do not include the full information required to prepare annual financial statements. Therefore these interim financial statements should be read in connection with the annual financial statements for 2011 and 2010.

These interim consolidated financial statements of Medigene AG were approved for publication by Medigene's Executive Board on November 8, 2012.

Changes in accounting, valuation, and reporting principles

The accounting, valuation, and reporting principles applied for the interim consolidated financial statements on hand correspond to those applied for the consolidated annual financial statements 2011.

Regarding changes relevant to accounting, Medigene refers to the detailed presentation in the Annual Report 2011, page 64 et. seq. ("Changes in accounting, valuation, and reporting principles").

For fiscal years beginning on or after January 1, 2012, the following amended standards must be applied. At present, these are either not relevant to the consolidated financial statements or have no material impact on the assets, financial, and income situation:

- Amendments to IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets
- Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to IAS 12 – Income Taxes: Realization of Underlying Assets

Group companies

In addition to the parent company, Medigene AG in Planegg/Martinsried, Germany, the Medigene Group includes two subsidiaries, i.e. Medigene, Inc., San Diego, California, USA, and Medigene Ltd., Abingdon, Oxfordshire, United Kingdom. These subsidiaries were acquired in 2001 (Medigene, Inc.) and 2006 (Medigene Ltd.), respectively.

In fiscal year 2011, Medigene AG initiated the liquidation of its UK subsidiary Medigene Ltd. In August 2010, all patents were transferred to Medigene AG. The ongoing projects are run by Medigene AG employees. Thus Medigene Ltd. has ceased operations.

Since September 2008, Medigene has also held shares in the associated company Immunocore Ltd., Abingdon, Oxfordshire, United Kingdom. As of September 30, 2012, Medigene held 19.06% of the shares in this company. Since April 2010, Medigene, Inc. has held a 41.89% stake in the company Catherex, Inc., Philadelphia, Pennsylvania, USA.

Apart from that, Medigene held no other shares in affiliated companies, associates, or joint ventures as of September 30, 2012. The financial statements of the companies consolidated have been prepared in accordance with standardized accounting and valuation principles. All intercompany revenue, expenses, and income as well as receivables, payables, and accruals of the companies consolidated were eliminated during consolidation.

C. Seasonal dependency of business operations

Medigene's business operations are not subject to any major seasonal fluctuations.

D. Discontinued operations

In accordance with IFRS 5, "discontinued operations" discloses details of discontinued operations which have been either classified as available for sale, or have already been sold. This segment comprises all revenue and expenses relating to Eligard® prior to the transfer of the Eligard® rights to Astellas which took place in early March, 2011.

From March 2011 onwards, Medigene received a 2% share of net revenue from Eligard® product sales. This income was reported as other operating income. Early May 2012, Medigene received the final milestone payment of €5 million (9M 2011: €20 million) for the transfer of the Eligard® rights to Astellas. With effect from April 1, 2012, Medigene transferred its 2% share of Eligard® net sales to Cowen in return for a €14.1 million payment.

Key figures from continued and discontinued operations

In € thousand	9M 2012 continued	9M 2012 discontinued	9M 2012 total	9M 2011 continued	9M 2011 discontinued	9M 2011 total
Product sales	2,483	5,000	7,483	1,336	27,638	28,974
Other operating income	2,276	28	2,304	1,639	112	1,751
Total revenue	4,759	5,028	9,787	2,975	27,750	30,725
Cost of sales	-775	0	-775	-399	-5,362	-5,761
Gross profit	3,984	5,028	9,012	2,576	22,388	24,964
Selling expenses	-1,592	-21	-1,613	-1,545	-322	-1,867
General and administrative expenses	-4,136	0	-4,136	-4,058	0	-4,058
Research and development expenses	-5,169	0	-5,169	-5,217	0	-5,217
Operating result	-6,913	5,007	-1,906	-8,244	22,066	13,822
Interest income	37	0	37	93	0	93
Interest expense	-836	0	-836	0	0	0
Foreign exchange gains	435	0	435	238	0	238
Gains from derivative financial instruments	0	0	0	0	226	226
Share of result of associates	-41	0	-41	1,189	0	1,189
Result from continued operations before tax	-7,318	5,007	-2,311	-6,724	22,292	15,568
Result from continued operations	-7,387			-5,704		
Result from discontinued operations		5,007			20,127	
Net result for the period			-2,380			14,423

Product sales from discontinued operations comprise product revenue (9M 2012: €0; 9M 2011: €5,380 thousand), royalties (9M 2012: €0; 9M 2011: €2,258 thousand), milestone payments (9M 2012: €5,000 thousand; 9M 2011: €20,000 thousand) for Eligard® in Europe, and other operating income (9M 2012: €28 thousand; 9M 2011: €112 thousand).

Cash flow from operating activities from discontinued operations totaled €3,873 thousand (9M 2011: €19,719 thousand) in the first nine months of 2012.

E. Notes to the income statement

Associates

The income statement reflects the Group's share in the profit of the associated company Catherex, Inc. Last year's reporting period also included the Group's share in the profit of the associated company Immunocore Ltd. (*see p. 8*). The Group recognizes its share in any changes shown directly in the shareholders' equity of the associates, and discloses this, if applicable, in the statement of changes in shareholders' equity. Unrealized gains and losses from transactions between the Group and the associate are eliminated proportionately to the share in the associate held.

Taxes

In the reporting period, tax expenditure from continued operations of €69 thousand was posted. In last year's reporting period, a tax liability of €1,145 thousand was generated. It comprised tax income from continued operations of €1,020 thousand, and tax expenditure from discontinued operations of €2,165 thousand. Both amounts were posted affecting net income in the consolidated income statement. The calculation was based on a composite tax rate of 26.33% which includes the corporate tax rate (15%), solidarity surcharge (5.5%) on the corporate tax, and the trade tax rate (10.5%).

F. Notes on the balance sheet

Subscribed capital

Compared to December 31, 2011, subscribed capital of € 37,082 thousand remained unchanged as of September 30, 2012.

The subscribed capital is divided into 37,082,758 registered no-par-value common shares, approximately 94% of which were free float (according to German Stock Exchange definition) as of closing date.

Intangible assets

The decrease of reported intangible assets compared to December 31, 2011 is due solely to planned depreciation and amortization of patents and product licenses.

Investment in associates

In the first nine months of 2012, the investment in associates was allotted to the associated company Catherex, Inc. As of September 30, 2012, Medigene held a 19.06% stake in Immunocore Ltd. Following the issue of new shares in Immunocore Ltd., Medigene's shareholding in this company dropped below 20%. Pursuant to IAS 28.6, this investment is no longer valued at equity but has been reported as a financial asset since the beginning of 2012.

Current liabilities

Compared with December 31, 2011, current liabilities decreased by €1,342 thousand from €4,824 thousand to €3,482 thousand as of September 30, 2012. This decrease mainly resulted from the reduction of trade accounts payable. Other financial liabilities comprise the €900 thousand short-term portion of the liabilities arising from the transfer of a 2% share of the Eligard® net sales to Cowen.

Non-current liabilities

Non-current liabilities comprise the long-term portion of the liabilities arising from the transfer of 2% of the Eligard® net sales to Cowen, pursuant to IAS 32 and 39. This item amounted to €12,410 thousand as of the reporting date and will be amortized over the life of the Eligard® patent of approximately ten years. The amount includes liabilities with a term of one to five years (€4,894 thousand) and more than five years (€7,516 thousand).

G. Notes to the statement of cash flows

In the first nine months of 2012, the adjusted monthly net cash outflow from operating activities increased from €-0.8 million to €-1.0 million, compared to last year's reporting period *(see p. 9).*

H. Earnings per share

The Group reported diluted and basic earnings per share from continued and discontinued operations in the first nine months of 2012. Due to the small number of potentially exercisable options, there is no significant difference between diluted and basic earnings per share.

I. Segment reporting

Business units

The Group is organized into two main business units: Marketed Products and Drug Candidates. The segments are made up as follows:

Segment reporting by business units

In € thousand	Marketed Products	Drug Candidates	Total segments	Reconciliation[1]	Adjustments discontinued operations	Total
Q3 2012						
Revenue with external customers	829	0	829	0	0	829
Other income	632	5	637	2	-5	634
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	1,461	5	1,466	2	-5	1,463
Segment operating result[3]	138	-2,438	-2,300	2	-5	-2,303
Depreciation and amortization	-1	-173	-174	-38		-212
Share of result of associates	0	0	0	-15		-15
Assets						
Investment in associates	0	0	0	2,801		2,801
Segment investments[4]	0	34	34	10		44
Segment assets[5]	3,589	29,653	33,242	29,033		62,275
Segment liabilities[6]	70	0	70	16,676		16,746
Q3 2011						
Revenue with external customers	427	0	427	0	0	427
Other income	685	5	690	24	-48	666
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	1,112	5	1,117	24	-48	1,093
Segment operating result[3]	-184	-2,487	-2,671	-78	35	-2,714
Depreciation and amortization	0	-181	-181	-28		-209
Share of result of associates	0	0	0	2,195		2,195
Assets						
Investment in associates	0	0	0	4,451		4,451
Segment investments[4]	0	0	0	151		151
Segment assets[5]	3,448	33,763	37,211	23,181		60,392
Segment liabilities[6]	80	0	80	5,372		5,452

1) »Reconciliation« includes information that can be allocated to neither the »Marketed Products« segment nor the »Drug Candidates« segment, as it does not depict any activities of its own.
2) Inter-segment sales are eliminated for consolidation purposes.
3) Segment operating result does not include any interest income (Q3 2012: €10 thousand; Q3 2011: €44 thousand), any interest expense (Q3 2012: €415 thousand; Q3 2011: €0), any foreign exchange gains (Q3 2012: €371 thousand; Q3 2011: €101 thousand), any share of result of associates (Q3 2012: €-15 thousand; Q3 2011: €2,195 thousand).
4) Segment investments relate to additions to property, plant and equipment and intangible assets.

Segment reporting by business units

In € thousand	Marketed Products	Drug Candidates	Total segments	Reconciliation[1]	Adjustments discontinued operations	Total
9M 2012						
Revenue with external customers	7,483	0	7,483	0	-5,000	2,483
Other income	1,891	5	1,896	408	-28	2,276
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	9,374	5	9,379	408	-5,028	4,759
Segment operating result[3]	5,525	-7,782	-2,257	351	-5,007	-6,913
Depreciation and amortization	-1	-526	-527	-110		-637
Share of result of associates	0	0	0	-41		-41
Assets						
Investment in associates	0	0	0	2,801		2,801
Segment investments[4]	6	55	61	177		238
Segment assets[5]	3,589	29,653	33,242	29,033		62,275
Segment liabilities[6]	70	0	70	16,676		16,746
9M 2011						
Revenue with external customers	28,974	0	28,974	0	-27,638	1,336
Other income	1,615	36	1,651	100	-112	1,639
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	30,589	36	30,625	100	-27,750	2,975
Segment operating result[3]	21,889	-7,871	14,018	-196	-22,066	-8,244
Depreciation and amortization	-1	-548	-549	-89		-638
Share of result of associates	0	0	0	1,189		1,189
Assets						
Investment in associates	0	0	0	4,451		4,451
Segment investments[4]	0	36	36	254		290
Segment assets[5]	3,448	33,763	37,211	23,181		60,392
Segment liabilities[6]	80	0	80	5,372		5,452

1) »Reconciliation« includes information that can be allocated to neither the »Marketed Products« segment nor the »Drug Candidates« segment, as it does not depict any activities of its own.
2) Inter-segment sales are eliminated for consolidation purposes.
3) Segment operating result does not include any interest income (9M 2012: €37 thousand; 9M 2011: €93 thousand), any interest expense (9M 2012: €836 thousand; 9M 2011: €0), any foreign exchange gains (9M 2012: €435 thousand; 9M 2011: €238 thousand), any share of result of associates (9M 2012: €-41 thousand; 9M 2011: €1,189 thousand).
4) Segment investments relate to additions to property, plant and equipment and intangible assets.
5) Segment assets under »Reconciliation« include non-current assets (9M 2012: €5,164 thousand; 9M 2011: €5,553 thousand), cash and cash equivalents (9M 2012: €22,243 thousand; 9M 2011: €15,378 thousand), and other current assets (9M 2012: €1,626 thousand; 9M 2011: €2,250 thousand).
6) Segment liabilities under »Reconciliation« include non-current liabilities (9M 2012: €13,264 thousand; 9M 2011: €247 thousand), trade accounts payable and other liabilities (9M 2012: €2,782 thousand; 9M 2011: €3,980 thousand), and tax liabilities (9M 2012: €630 thousand; 9M 2011: €1,145 thousand).

Revenue earned by the individual segments is generated by external business relationships.

Transfer prices between the business units and regions are determined on the basis of the usual market terms among third parties.

The business units are composed as follows:

Marketed products

- Eligard® for the treatment of prostate cancer
- Veregen® for the treatment of genital warts

Drug candidates & technologies

- EndoTAG®-1 for the treatment of solid tumors
- RhuDex® for the treatment of autoimmune diseases, e.g. rheumatoid arthritis
- AAVLP technology

J. Other notes

Contingent liabilities

For the contingent liabilities listed below, no accruals were recognized in liabilities, as the risk of their being utilized is deemed unlikely.

In 2004, Medigene concluded an agreement with the insolvency administrator of MBT under which payments by Medigene to the insolvency administrator were agreed in the event of certain milestones being achieved. These included a milestone payment if a clinical phase III trial would be initiated. In connection with signing an agreement with Syncore in July 2012, the Company has achieved a settlement with the insolvency administrator which stipulates that Medigene will no longer make milestone payments but instead must only transfer a minor percentage of the income generated with EndoTAG®-1. The total amount is therefore limited to up to €11 million. From the Company management's point of view, no accruals need to be recognized for this purpose at present, because the relevant payments will only be due following the achievement of specific events.

The company leases office and laboratory facilities, office furnishings, laboratory equipment, and vehicles. These constitute operating leases, as the contractual agreement does not transfer any risks and rewards to the Group. The conditions, rental increase clauses and extension options of lease agreements vary.

The cancelation periods for these lease agreements vary between one month and five years.

K. Executive Board and Supervisory Board

„Directors' Holdings" and note on subscription rights

Member	Shares 9M 2012	Shares Y 2011	Options 9M 2012	Options Y 2011
Prof. Dr. Ernst-Ludwig Winnacker Chairmann of Supervisory Board, Co-founder	274,476	274,476	0	0
Prof. Dr. Norbert Riedel Vice Chairmann of Supervisory Board	3,300	3,300	0	0
Dr. Pol Bamelis Supervisory Board member	400	400	0	0
Dr. Mathias Albert Boehringer Supervisory Board member	0	0	0	0
Klaus Kühn Supervisory Board member	0	0	0	0
Dr. Thomas Werner Supervisory Board member	0	0	0	0
Total Supervisory Board	278,176	278,176	0	0
Dr. Frank Mathias Chief Executive Officer	6,000	6,000	127,500	127,500
Arnd Christ Chief Financial Officer (until September 19, 2012)	5,000	5,000	44,278	44,278
Total Executive Board	11,000	11,000	171,778	171,778

(Status as at September 30, 2012 and December 31, 2011)

Financial calendar

March 22, 2013

Annual Report 2012
Financial press conference/
Analysts conference

Trademarks

Eligard®
is a trademark of Tolmar Therapeutics, Inc.

EndoTAG®
is a trademark of Medigene AG

Medigene®
is a trademark of Medigene AG

Polyphenon E®
is a trademark of Mitsui Norin Co. Ltd.

RhuDex®
is a trademark of Medigene AG

Veregen®
is a trademark of Medigene AG

These trademarks may be held or licensed for specific countries.

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