STATUS REPORT

6-MONTHS REPORT 2012

medigene
developing innovative therapies

Medigene's key figures

In € thousand	Q2 2012	Q2 2011	Change	6M 2012	6M 2011	Change
Income statement						
Continued operations						
Product sales	1,050	529	98%	1,654	909	82%
Other operating income	624	704	-11%	1,642	973	69%
Total revenue	1,674	1,233	36%	3,296	1,882	75%
Cost of sales	-136	-193	-30%	-414	-273	52%
Gross profit	1,538	1,040	48%	2,882	1,609	79%
Selling, general and administrative expenses	-2,095	-1,919	9%	-3,856	-3,564	8%
Research and development expenses	-1,795	-1,546	16%	-3,635	-3,574	2%
EBITDA	-2,137	-2,212	-3%	-4,184	-5,100	-18%
Operating result	-2,352	-2,425	-3%	-4,609	-5,529	-17%
Result from continued operations before tax	-2,690	-2,884	-7%	-4,965	-6,349	-22%
Result from continued operations	-2,690	-2,699	0%	-4,965	-5,803	-14%
Discontinued operations						
Revenue from discontinued operations	5,006	406	>200%	5,023	27,702	-82%
Result from discontinued operations	5,004	81	>200%	5,002	20,170	-75%
Total						
Net result for the period	2,314	-2,618	-	37	14,367	-100%
EBITDA	2,867	-2,211	-	818	17,000	-95%
Earnings per share (basic and diluted) in €	0.06	-0.07	-	0	0.39	-100%
Weighted average number of shares (basic)	37,082,758	37,082,758	0%	37,082,758	37,082,758	0%
Personnel expenses	-1,437	-1,537	-7%	-2,854	-3,266	-13%
Cash flow statement						
Cash flow from operating activities	1,264	-2,950	-	-1,266	11,513	-
Cash flow from investing activities	-42	-11	>200%	-179	-139	29%
Cash flow from financing activities	14,094	0	-	14,094	0	-
Balance sheet data as at June 30						
Cash and cash equivalents	25,376	15,860	60%			
Balance sheet total	64,634	60,407	7%			
Current liabilities	3,084	5,489	-44%			
Non-current liabilities	13,551	247	>200%			
Shareholders' equity	47,999	54,671	-12%			
Equity ratio in %	74	91	-18%			
Employees as at June 30	52	54	-4%			
Medigene share as at June 30						
Total number of shares outstanding	37,082,758	37,082,758	0%			
Share price (XETRA closing price)	1.08	1.58	-32%			

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 %	

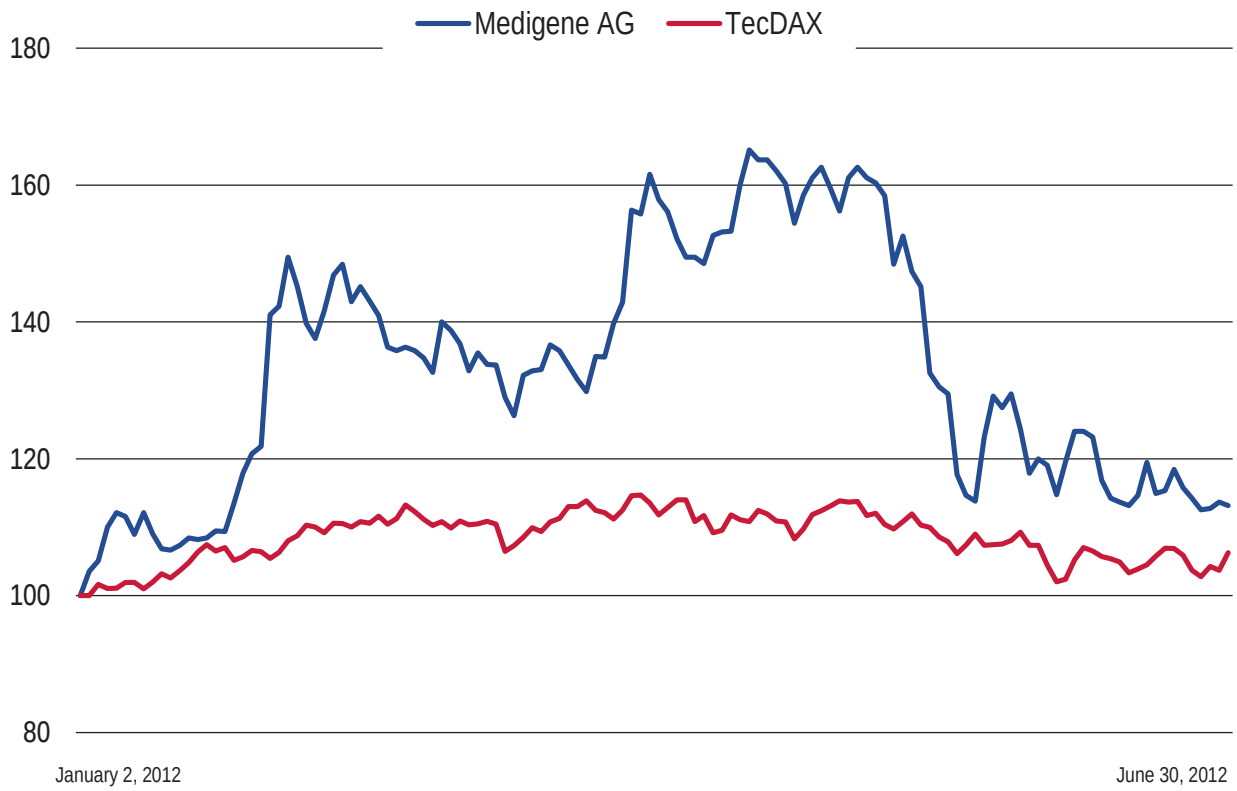
1) Sold to Astellas Pharma Europe Ltd. (in 2010) and transfer to Cowen Healtcare Royalty Partners II L.P. (in 2012)
2) RhuDex® was successfully tested in a phase IIa trial. A clinical formulation study was completed.
3) Industrial average, estimates of Medigene AG

Content

Key figures 1
Pipeline 2
The share 3
Group interim MD&A Q2 2012/6M 2012 4
Interim consolidated financial statements
Q2 2012/6M 2012 12
Notes to the interim consolidated financial statements 16
Financial calendar/Imprint/Trademarks/Disclaimer 24

The Medigene share price performance

(January 2, 2012 €0.95 indexed to 100)



Key figures of the Medigene share

In €	6M 2012	6M 2011
6-months high	1.57	2.71
6-months low	0.95	1.58
Price at the beginning of the year	0.95	1.99
Closing price	1.08	1.58
Average price since beginning of the year	1.27	2.07
Weighted average number of shares (basic)	37,082,758	37,082,758
Weighted average number of shares (diluted)	37,116,915	37,110,319
Average market capitalization (€ million)	47	77
Average daily trading volume (in shares)	89,865	155,967
Total number of shares outstanding	37,082,758	37,082,758
Cash flow from operating activities per share[1)]	0	0.39
Shareholders' equity per share[1)]	1.29	1.47
Operating cash flow per share[1)]	-0.03	0.31
Free Float[2)] (%)	94	93

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

Group interim management's discussion and analysis Q2 2012/6M 2012

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

Financial development in the first six months of 2012

- Total revenue from continued operations: €3.3 million (6M 2011: €1.9 million)
- EBITDA
  - from continued operations: €-4.2 million (6M 2011: €-5.1 million)
  - total: €0.8 million (6M 2011: €17.0 million)
- Net result for the period
  - from continued operations: €-5.0 million (6M 2011: €-5.8 million)
  - total: €0 million (6M 2011: €14.4 million)
- Cash and cash equivalents of €25.4 million (December 31, 2011: €12.8 million)
- Financial guidance for 2012 confirmed

Major events since the beginning of 2012

Eligard®:

- Final milestone payment of €5 million received from Astellas (May)
- Contract signed with Cowen for the transfer of Medigene's 2% royalty share against payment of €14.1 million (June)

Veregen®:

- Increase in revenue from product sales and license payments
- Positive decision on market approval of Veregen® in 17 additional European countries (March)
- Market launch in Spain (June)
- Market approvals granted in Switzerland, France, Serbia, Poland, Norway, Sweden, Denmark, Slovakia and Israel (March – July)
- Agreements signed for the commercialization of Veregen® in Turkey (January) and the Nordic Countries (June)

EndoTAG®-1:

- US patent granted for the use of EndoTAG®-1 in combination with taxanes for the treatment of triple-negative breast cancer (TNBC) (May)
- Co-development and commercialization agreement signed for Asia with SynCore (July)

RhuDex®:

- Clinical formulation study of RhuDex® for oral treatment of autoimmune diseases initiated and completed (January - April)
- Positive formulation study results and plan for further development published (June)

AAVLP:

- Positive preclinical data presented at the World Vaccine Congress, USA (April)

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.

Development state 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 transfer of Medigene's royalty share of European net sales to the US-based investor, Cowen Healthcare Royalty Partners II, L.P. ("Cowen"), with effective date 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 payment of €14.1 million (US$17.68 million). The relating proceeds are realized pro rata over the Eligard® patent term of approximately 10 years and used for 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, and, since June 2012, in Spain. In Switzerland (March 2012), Poland, Sweden, Norway (April 2012), Serbia (May 2012), and in France, Denmark, Slovakia, and Israel (July 2012), Veregen® has obtained marketing authorization. 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 within the next months in Belgium, Bulgaria, Cyprus, Czech Republic, Finland, Greece, Hungary, Luxembourg, the Netherlands, Romania, and Slovenia.

In the USA, Veregen® is promoted and distributed by Fougera Pharmaceuticals, Inc., and in Germany and Austria by local sales companies of the Abbott group which also acquired the distribution rights for Switzerland from Medigene. 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).

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 co-development and commercialization of EndoTAG®-1 in Asia, Australia, and New Zealand to SynCore, and receives in turn an upfront payment and further payments upon certain development and approval milestones, as well as royalties. On top of this, Syncore will also contribute a substantial share in the financing of a global pivotal phase III clinical trial of EndoTAG®-1 in triple-negative breast cancer (TNBC) (see p. 11).

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 January 2012, Medigene initiated a clinical trial in order to develop an optimized formulation of the active substance suitable for the treatment of chronic diseases. In June 2012, Medigene announced that all endpoints of the study had been 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 now be administered in a formulation based on the well-known excipient Gelucire. Medigene also announced that a phase II clinical proof-of-concept study with RhuDex® for the treatment of the autoimmune disease primary biliary cirrhosis (PBC) is planned.

AAVLP-Technologie

Within the AAVLP program, Medigene is developing an innovative technology platform for producing prophylactic and therapeutic vaccines designed to permanently protect against infectious diseases. 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 World Vaccine Congress which took place in Washington, D.C., USA in April 2012, Medigene presented positive preclinical data generated by researchers of the Johns Hopkins University School of Medicine, USA.

Income position

Product sales and other income

In the first six months of 2012, total revenue from continued operations increased to €3,296 thousand (6M 2011: €1,882 thousand), and in the second quarter of 2012 to €1,674 thousand (Q2 2011: €1,233 thousand). This comprises product sales, license fees and milestone payments for Veregen®, which increased to €1,654 thousand in the first half of 2012 (6M 2011: €909 thousand) and to €1,050 thousand in the second quarter of 2012 (Q2 2011: €529 thousand). Total revenue also includes other operating income for the first six months of 2012 of €1,642 thousand (6M 2011: €973 thousand) and of €624 thousand for the second quarter of 2012 (Q2 2011: €704 thousand).

Other operating income consists of the 2% share of the Eligard® net sales. With effect from 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 p. 8 and 10).* Additionally, in the first quarter of 2012, Medigene received compensation of €390 thousand from a service provider for costs incurred.

Revenue from discontinued operations decreased to €5,023 thousand in the first six months of the year (6M 2011: €27,702 thousand), and increased to €5,006 thousand in the second quarter of 2012 (Q2 2011: €406 thousand) as a result of the final milestone payment of €5 million for the sale of the Eligard® rights to Astellas (6M 2011: €20 million). In the same period of the previous year, in addition to 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	Q2 2012 unaudited	Q2 2011 unaudited	Change	6M 2012 unaudited	6M 2011 unaudited	Change
Total revenue	1,674	1,233	36%	3,296	1,882	75%
thereof Veregen®	1,050	529	98%	1,654	909	82%
Cost of sales	-136	-193	-30%	-414	-273	52%
Gross profit	1,538	1,040	48%	2,882	1,609	79%
Selling, general, and administrative expenses	-2,095	-1,919	9%	-3,856	-3,564	8%
Research and development expenses	-1,795	-1,546	16%	-3,635	-3,574	2%
Operating result	-2,352	-2,425	-3%	-4,609	-5,529	-17%
Result from continued operations before tax	-2,690	-2,884	-7%	-4,965	-6,349	-22%
Result from continued operations	-2,690	-2,699	0%	-4,965	-5,803	-14%
Product sales from discontinued operations	5,006	406	>200%	5,023	27,702	-82%
Result from discontinued operations	5,004	81	>200%	5,002	20,170	-75%
Net result for the period	2,314	-2,618	-	37	14,367	-100%

Cost of sales

Cost of sales from continued operations totaled €414 thousand in the first six months of 2012 (6M 2011: €273 thousand) and €136 thousand in the second quarter of 2012 (Q2 2011: €193 thousand). These costs were incurred for the purchase of Veregen® and royalty payments for the sale of Veregen®. In the first half of 2012, no cost of sales was incurred from discontinued operations (6M 2011: €5,362 thousand).

Gross profit

Gross profit from continued operations rose to €2,882 thousand in the first half of 2012 (6M 2011: €1,609 thousand) and to €1,538 thousand in the second quarter of 2012 (Q2 2011: €1,040 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 reporting period, selling, general and administrative expenses from continued operations increased on a six-month basis from €3,564 thousand (6M 2011) to €3,856 thousand (6M 2012) and on a quarterly basis from €1,919 thousand (Q2 2011) to €2,095 thousand (Q2 2012). This amount comprises selling expenses of €1,074 thousand

(6M 2011: €991 thousand) and general and administrative expenses of €2,782 thousand (6M 2011: €2,573 thousand). The higher expenses were incurred for the commercialization of Veregen® as well as consultancy fees.

Research and development expenses

Research and development expenses increased up to €3,635 thousand in the first half of 2012 (6M 2011: €3,574 thousand) and to €1,795 thousand in the second quarter of 2012 (Q2 2011: €1,546 thousand). The rise in these expenses was mainly due to the continuing clinical and non-clinical development and higher regulatory expenses. Conversely, personnel expenses and rent expenses decreased.

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 amounted to €-4,184 thousand in the first half of 2012 (6M 2011: €-5,100 thousand) and to €-2,137 thousand in the second quarter of 2012 (Q2 2011: €-2,212 thousand). The result from continued and discontinued operations on an EBITDA basis totaled €818 thousand in the first six months of the year (6M 2011: €17,000 thousand) and €2,867 thousand in the second quarter of 2012 (Q2 2011: €-2,211 thousand). The result on an EBITDA basis was influenced by a non-recurring item, income of €5 million (6M 2011: €20 million) for the sale of the Eligard® rights.

Depreciation and amortization

Depreciation and amortization totaled €425 thousand in the first six months of 2012 (6M 2011: €429 thousand) and €215 thousand in the second quarter of 2012 (Q2 2011: €213 thousand).

Financial result

The financial result, which consists mainly of foreign exchange gains/losses and interest income or expense, amounted to €-330 thousand in the reporting period (6M 2011: €186 thousand) and to €-331 thousand in the second quarter of 2012 (Q2 2011: €26 thousand). The financial result includes (calculatory) non-cash interest expenses totaling €421 thousand from financial liabilities owed to Cowen. 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	Q2 2012 unaudited	Q2 2011 unaudited	Change	6M 2012 unaudited	6M 2011 unaudited	Change
Interest income	10	39	-74%	27	49	-45%
Interest expense	-421	0	-	-421	0	-
Subtotal	-411	39	-	-394	49	-
Foreign exchange gains/losses	80	-13	-	64	137	-53%
Total	-331	26	-	-330	186	-
Discontinued operations (derivative financial instrument)	0	0	-	0	226	-

Result of from investments in associates

The result from investments in associates totaled €-26 thousand (6M 2011: €-1,006 thousand) in the first six months of 2012 and, on a quarterly basis, €-7 thousand in the second quarter of 2012 (Q2 2011: €-485 thousand). This related to associate Catherex, Inc. As of June 30, 2012, Medigene held a 19.06% stake in associate Immunocore Ltd. Following the issue of new shares in Immunocore Ltd., Medigene's shareholding in this company fell 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.

6-months result 2012

The net result achieved for the period amounted to €37 thousand (6M 2011: €14,367 thousand) and for the second quarter of 2012 to €2,314 thousand (Q2 2011: €-2,618 thousand). Compared with the first six months of the previous year, the loss for the period from continued operations shrank to €-4,965 thousand (6M 2011: -€5,803 thousand) and on a quarterly basis to €-2,690 thousand (Q2 2011: €-2,699 thousand). The result from discontinued operations for the period declined to €5,002 thousand (6M 2011: €20,170 thousand), and rose to €5,004 thousand in the second quarter of 2012

(Q2 2011: €81 thousand). The milestone payments received for the sale of the Eligard® rights mainly contributed to profits in the respective periods.

Earnings per share

In the first six months of 2012, earnings per share were €0 (weighted average number of shares, basic: 37,082,758, diluted: 37,116,915) in comparison with earnings in the same period of the previous year of €0.39 per share (6M 2011: weighted average number of shares, basic: 37,082,758, diluted: 37,110,319).

Financial position

Cash flow from operating activities

In the first six months of 2012, Medigene had a cash outflow from operating activities of €-1,266 thousand (6M 2011: cash inflow of €11,513 thousand). Medigene received a milestone payment of €5 million from Astellas in May 2012 (6M 2011: €15 million).

Average monthly cash flow from operating activities

The average monthly net cash used by operating activities in the first half of 2012 totaled €-0.2 million (6M 2011: cash inflow of €1.9 million). Adjusted for the above-mentioned non-recurring items of milestone payments and changes in working capital, the cash burn rate relating to operating activities was €-1.0 million (6M 2011: €-0.6 million). Net cash used by operating activities is only of limited informative value with regard to 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 changes in working capital.

Cash flow from investing activities

In the first six months of 2012, the cash outflow from investing activities amounted to €-179 thousand (6M 2011: €-139 thousand), and the figure was €-42 thousand for the second quarter of 2012 (Q2 2011: €-11 thousand).

Cash flow from financing activities

The cash inflow from financing activities amounted to €14,094 thousand in the first six months of 2012 (6M 2011: €0). This includes payments received relating to the financial liabilities owed to Cowen.

Change in cash and cash equivalents

In € thousand	Q2 2012 unaudited	Q2 2011 unaudited	Change	6M 2012 unaudited	6M 2011 unaudited	Change
Net cash						
from/used by operating activities	1,264	-2,950	-	-1,266	11,513	-
used by investing activities	-42	-11	>200%	-179	-139	29%
from financing activities	14,094	0	-	14,094	0	-
Increase/decrease in cash and cash equivalents	15,316	-2,961	-	12,649	11,374	11%
Cash and cash equivalents at the beginning of the period	10,122	18,801	-46%	12,811	4,770	169%
Foreign exchange differences	-62	20	-	-84	-284	-70%
Cash and cash equivalents at the end of the period	25,376	15,860	60%	25,376	15,860	60%

As of the reporting date of June 30, 2012, cash and cash equivalents totaled €25,376 thousand.

Assets position

Cash position €25.4 million; equity ratio 74%; liquidity cover ratio 39%

Development of assets and capital structure

In € thousand	June 30, 2012 unaudited	Dec. 31, 2011 audited	Change
Assets			
Property, plant and equipment and intangible assets	28,321	28,554	-1%
Goodwill	2,212	2,212	0%
Financial and other non-current assets	1,674	263	>200%
Investment in associates	2,892	4,183	-31%
Cash and cash equivalents	25,376	12,811	98%
Inventories and receivables	2,770	4,100	-32%
Other current assets	1,389	1,169	19%
Total assets	64,634	53,292	21%
Liabilities and shareholders' equity			
Shareholders' equity	47,999	47,932	0%
Non-current liabilities	13,551	536	>200%
Current liabilities	3,084	4,824	-36%
Total liabilities and shareholders' equity	64,634	53,292	21%
Liquidity cover ratio in %	39	24	
Equity ratio in %	74	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 52 in the first six month of 2012 (6M 2011: 54). Personnel expenses decreased to €2,854 thousand (6M 2011: €3,266 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 June 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

On July 6, 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 *(see p. 5 et sec. and below)*.

Opportunities and outlook

Financial forecast 2012

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

Eligard®

Due to the agreed transfer of Medigene's two percent royalty share to Cowen, all future Eligard® income, the related notional interest expense and amortization components are not cash-relevant.

Veregen®

On the basis of the regulatory decision in March 2012 to grant marketing authorization of Veregen® in numerous European countries, the respective national marketing authorizations for Belgium, Bulgaria, Cyprus, the Czech Republic, Finland, Greece, Hungary, Luxembourg, the Netherlands, Romania, and Slovenia are expected within the next few months. Furthermore, Medigene anticipates positive decisions in 2012 on marketing authorizations in further countries outside the EU, as well as market launch in additional countries. For the global commercialization of Veregen®, Medigene is planning to continue its licensing strategy. Medigene expects increasing Veregen® sales revenue in 2012, which should accelerate as a result of the anticipated market launches in numerous countries in 2013.

EndoTAG®-1

Medigene plans to conduct a pivotal global phase III trial of EndoTAG®-1 in triple-negative breast cancer (TNBC), with the aim 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 fund the Asian part of the clinical trial, representing about 50% of the total number of patients to be included. Subject to clinical trial approval, approximately 400 patients are expected to be enrolled in the global pivotal phase III trial in TNBC. Furthermore, Medigene receives an upfront payment from SynCore, and is eligible to payments upon certain development and approval milestones, as well as royalties. Medigene retains all US, European, and rest-of-the-world (ROW) rights to EndoTAG®-1, with the ability to grant further licenses. Medigene anticipates submission for market approval 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) at the end of 2012, to verify both the mechanism of action and the overall clinical profile of RhuDex® for the treatment of autoimmune diseases. The study results are expected to build a basis for its further development in rheumatoid arthritis.

AAVLP-Technologie

Additional preclinical studies will be conducted in 2012 in connection with Medigene's proprietary AAVLP vaccine technology.

Consolidated income statement

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

In € thousand	Q2 2012 unaudited	Q2 2011 unaudited	6M 2012 unaudited	6M 2011 unaudited
Product sales	1,050	529	1,654	909
Other operating income	624	704	1,642	973
Total revenue	1,674	1,233	3,296	1,882
Cost of sales	-136	-193	-414	-273
Gross profit	1,538	1,040	2,882	1,609
Selling expenses	-533	-539	-1,074	-991
General and administrative expenses	-1,562	-1,380	-2,782	-2,573
Research and development expenses	-1,795	-1,546	-3,635	-3,574
Operating result	-2,352	-2,425	-4,609	-5,529
Interest income	10	39	27	49
Interest expense	-421	0	-421	0
Foreign exchange gains/losses	80	-13	64	137
Share of result of associates	-7	-485	-26	-1,006
Result from continued operations before tax	-2,690	-2,884	-4,965	-6,349
Taxes	0	185	0	546
Result from continued operations	-2,690	-2,699	-4,965	-5,803
Revenue from discontinued operations	5,006	406	5,023	27,702
Cost of sales from discontinued operations	0	-217	0	-5,362
Selling expenses from discontinued operations	-2	-188	-21	-240
Gains from derivative financial instruments from discontinued operations	0	0	0	226
Taxes from discontinued operations	0	80	0	-2,156
Result from discontinued operations	5,004	81	5,002	20,170
Net result for the period	2,314	-2,618	37	14,367
Basic/diluted earnings per share from continued operations in €	-0.07	-0.07	-0.13	-0.16
Basic/diluted earnings per share from discontinued operations in €	0.13	0	0.13	0.55
Basic/diluted gain/loss per share after tax in €	0.06	-0.07	0	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)	37,116,915	37,110,319	37,116,915	37,110,319

Consolidated statement of comprehensive income

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

In € thousand	Q2 2012 unaudited	Q2 2011 unaudited	6M 2012 unaudited	6M 2011 unaudited
Net result for the period	2,314	-2,618	37	14,367
Exchange differences on translation of foreign operations[1)]	69	-50	-1	-557
Other comprehensive income for the period, net of tax	69	-50	-1	-557
Total comprehensive income for the period, net of tax	2,383	-2,668	36	13,810

[1)] No income tax effects were incurred.

Consolidated balance sheet

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

In € thousand		June 30, 2012 unaudited	Dec. 31, 2011 audited
Assets			
A. Non-current assets			
I.	Property, plant and equipment	778	829
II.	Intangible assets	27,543	27,725
III.	Goodwill	2,212	2,212
IV.	Financial assets	1,673	262
V.	Investment in associates	2,892	4,183
VI.	Other assets	1	1
Total non-current assets		35,099	35,212
B. Current assets			
I.	Inventories	2,117	2,203
II.	Trade accounts receivable	653	1,897
III.	Cash and cash equivalents	25,376	12,811
IV.	Other current assets	1,389	1,169
Total current assets		29,535	18,080
Total assets		64,634	53,292
Liabilities and shareholders' equity			
A. Shareholders' equity			
I.	Subscribed capital	37,082	37,082
II.	Additional paid-in capital	343,879	343,848
III.	Accumulated deficit	-326,780	-326,817
IV.	Other reserves	-6,182	-6,181
Total shareholders' equity		47,999	47,932
B. Non-current liabilities			
I.	Financial liabilities	13,015	0
II.	Pension obligations	255	255
III.	Other financial liabilities	281	281
Total non-current liabilities		13,551	536
C. Current liabilities			
I.	Trade accounts payable	335	1,773
II.	Other current assets	2,046	2,344
III.	Deferred income	73	77
IV.	Tax liabilities	630	630
Total current liabilities		3,084	4,824
Total liabilities		16,635	5,360
Total liabilities and shareholders' equity		64,634	53,292

Consolidated statement of cash flows

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

In € thousand	Q2 2012 unaudited	Q2 2011 unaudited	6M 2012 unaudited	6M 2011 unaudited
Cash flow from operating activities				
Net result for the period (before taxes)	2,314	-2,883	37	15,977
Adjustments to reconcile net result before tax to net cash from/used by operating activities:				
Stock-based compensation	15	32	31	63
Other non-cash income	-623	0	-623	0
Depreciation and amortization	215	213	425	429
Gain on disposal of property, plant and equipment	0	0	-12	0
Interest income	-10	-39	-27	-49
Interest expense	421	0	421	0
Changes in:				
Inventories	-35	18	86	-457
Other assets and accounts receivable	152	2,285	961	7.791
Trade accounts payable	-1,425	507	-1,438	-793
Other liabilities and deferred income	221	-3,589	-1,180	-12.485
Share of result of associates	7	485	26	1,006
Subtotal	1,252	-2,971	-1,293	11,482
Interest received	12	21	27	31
Net cash from/used by operationg activities	1,264	-2,950	-1,266	11,513
Cash flow from investing activities				
Purchase of property, plant and equipment	-42	-11	-194	-139
Proceeds from sale of property, plant and equipment	0	0	15	0
Net cash used by investing activities	-42	-11	-179	-139
Cash flow from financing activities				
Proceeds from capital increase	0	0	0	0
Expenses on capital increase	0	0	0	0
Proceeds from financial liabilities	14,094	0	14,094	0
Net cash from financing activities	14,094	0	14,094	0
Increase/Decrease in cash and cash equivalents	15,316	-2,961	12,649	11,374
Cash and cash equivalents at beginning of the period	10,122	18,801	12,811	4,770
Foreign exchange differences	-62	20	-84	-284
Cash and cash equivalents at the end of the period	25,376	15,860	25,376	15,860

Consolidated statement of changes in shareholders' equity

of Medigene AG for the periods from January 1 to June 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			14,367			14,367
Currency translation adjustments				-557		-557
Comprehensive income						13,810
Share-based compensation		63				63
Balance June 30, 2011, unaudited	37,082	343,767	-318,731	-7,448	1	54,671
Balance Jan. 1, 2012, audited	37,082	343,848	-326,817	-6,178	-3	47,932
Net result for the period			37			37
Currency translation adjustments				-1		-1
Comprehensive income						36
Share-based compensation		31				31
Balance June 30, 2012, unaudited	37,082	343,879	-326,780	-6,179	-3	47,999

Notes to the interim consolidated financial statements

of Medigene AG, Planegg/Martinsried, Germany, for the period from January 1 to June 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").

It is the Executive Board's conviction that the quarterly financial statements on hand reflect all business transactions required for the portrayal of the assets, financial, and income situation at the end of the periods that ended on June 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 August 2, 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 of the associate Immunocore Ltd., Abingdon, Oxfordshire, United Kingdom. As of June 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 June 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 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® until 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. At the beginning of May 2012, Medigene received the final milestone payment of €5 million (6M 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 payment of €14.1 million.

Key figures from continued and discontinued operations

In € thousand	6M 2012 continued	6M 2012 discontinued	6M 2012 total	6M 2011 continued	6M 2011 discontinued	6M 2011 total
Product sales	1,654	5,000	6,654	909	27,638	28,547
Other operating income	1,642	23	1,665	973	64	1,037
Total revenue	3,296	5,023	8,319	1,882	27,702	29,584
Cost of sales	-414	0	-414	-273	-5,362	-5,635
Gross profit	2,882	5,023	7,905	1,609	22,340	23,949
Selling expenses	-1,074	-21	-1,095	-991	-240	-1,231
General and administrative expenses	-2,782	0	-2,782	-2,573	0	-2,573
Research and development expenses	-3,635	0	-3,635	-3,574	0	-3,574
Operating result	-4,609	5,002	393	-5,529	22,100	16,571
Interest income	27	0	27	49	0	49
Interest expense	-421	0	-421	0	0	0
Foreign exchange gains	64	0	64	137	0	137
Gains from derivative financial instruments	0	0	0	0	226	226
Share of result of associates	-26	0	-26	-1,006	0	-1,006
Result from continued operations before tax	-4,965	5,002	37	-6,349	22,326	15,977
Taxes	0	0	0	546	-2,156	-1,610
Result from discontinued operations	-4,965			-5,803		
Ergebnis aus nicht fortgeführten Aktivitäten		5,002			20,170	
Net result for the period			37			14,367

Product sales from discontinued operations comprise product revenue (6M 2012: €0; 6M 2011: €5,380 thousand), royalties (6M 2012: €0; 6M 2011: €2,258 thousand), milestone payments (6M 2012: €5,000 thousand; 6M 2011: €20,000 thousand) for Eligard® in Europe and other operating income (6M 2012: €23 thousand; 6M 2011: €64 thousand).

Cash flow from operating activities from discontinued operations totaled €3,868 thousand (6M 2011: €19,705 thousand) in the first six months of 2012.

E. Notes to the income statement

Associates

The income statement reflects the Group's share of the profit of the associate Catherex, Inc. Last year's reporting period also included the Group's share of the profit of the associate Immunocore Ltd. (*see p. 8*). The Group recognizes its share of 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 corresponding to the share in the associate held.

Taxes

In the reporting period, neither tax expenditure nor tax income was posted despite the profit for the period, because Medigene expects a negative result for the full year. In last year's reporting period, a tax liability of €1,610 thousand was generated. It comprised tax income from continued operations of €546 thousand, and tax expenditure from discontinued operations of €2,156 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 June 30, 2012.

The subscribed capital is divided into 37,082,758 registered no-par-value common shares, approximately 94% of which were outstanding as of June 30, 2012.

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 six months of 2012, the investment in associates was allotted to the associate Catherex, Inc. As of June 30, 2012, Medigene held a 19.06% stake in associate Immunocore Ltd. Following the issue of new shares in Immunocore Ltd., Medigene's shareholding in this company fell 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 €1,740 thousand from €4,824 thousand to €3,084 thousand as of June 30, 2012. This decrease mainly resulted from the reduction of trade accounts payable. Other financial liabilities comprise the short-term portion of the liabilities arising from the transfer of a 2% share of the Eligard® net sales to Cowen totaling €873 thousand.

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 €13,015 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 (€4,750 thousand) and of more than five years (€8,265 thousand).

G. Notes to the statement of cash flow

In the first six months of 2012, the adjusted monthly net cash flow rate from operating activities increased from €-0.6 million to €-1.0 million compared to last year's reporting period.

H. Earnings per share

The Group reported diluted and basic earnings per share from continued and discontinued operations in the first six 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
Q2 2012						
Revenue with external customers	6,050	0	6,050	0	-5,000	1,050
Other income	630	0	630	0	-6	624
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	6,680	0	6,680	0	-5,006	1,674
Segment operating result[3]	5,565	-2,913	2,652	0	-5,004	-2,352
Depreciation and amortization	0	-177	-177	-38		-215
Share of result of associates	0	0	0	-7		-7
Assets						
Investment in associates	0	0	0	2,892		2,892
Segment investments[4]	0	4	4	38		42
Segment assets[5]	2,770	29,755	32,525	32,109		64,634
Segment liabilities[6]	73	0	73	16,562		16,635
Q2 2011						
Revenue with external customers	887	0	887	0	-358	529
Other income	683	31	714	38	-48	704
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	1,570	31	1,601	38	-406	1,233
Segment operating result[3]	72	-2,391	-2,319	-105	-1	-2,425
Depreciation and amortization	-1	-183	-184	-29		-213
Share of result of associates	0	0	0	-485		-485
Assets						
Investment in associates	0	0	0	3,780		3,780
Segment investments[4]	0	0	0	11		11
Segment assets[5]	2,705	33,875	36,580	23,827		60,407
Segment liabilities[6]	107	0	107	5,629		5,736

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 (Q2 2012: €10 thousand; Q2 2011: €39 thousand), any interest expense (Q2 2012: €421 thousand; Q2 2011: €0), any foreign exchange gains or losses (Q2 2012: €80 thousand; Q2 2011: €-13 thousand), any share of result of associates (Q2 2012: €-7 thousand; Q2 2011: €-485 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
6M 2012						
Revenue with external customers	6,654	0	6,654	0	-5,000	1,654
Other income	1,259	0	1,259	406	-23	1,642
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	7,913	0	7,913	406	-5,023	3,296
Segment operating result[3]	5,387	-5,343	44	349	-5,002	-4,609
Depreciation and amortization	0	-353	-353	-72		-425
Share of result of associates	0	0	0	-26		-26
Assets						
Investment in associates	0	0	0	2,892		2,892
Segment investments[4]	6	21	27	167		194
Segment assets[5]	2,770	29,755	32,525	32,109		64,634
Segment liabilities[6]	73	0	73	16,562		16,635
6M 2011						
Revenue with external customers	28,547	0	28,547	0	-27,638	909
Other income	930	31	961	76	-64	973
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	29,477	31	29,508	76	-27,702	1,882
Segment operating result[3]	22,074	-5,385	16,689	-118	-22,100	-5,529
Depreciation and amortization	-1	-367	-368	-61		-429
Share of result of associates	0	0	0	-1,006		-1,006
Assets						
Investment in associates	0	0	0	3,780		3,780
Segment investments[4]	0	36	36	103		139
Segment assets[5]	2,705	33,875	36,580	23,827		60,407
Segment liabilities[6]	107	0	107	5,629		5,736

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 (6M 2012: €27 thousand; 6M 2011: €49 thousand), any interest expense (6M 2012: €421 thousand; 6M 2011: €0), any foreign exchange gains (6M 2012: €64 thousand; 6M 2011: €137 thousand), any share of result of associates (6M 2012: €-26 thousand; 6M 2011: €-1,006 thousand).
4) Segment investments relate to additions to property, plant and equipment and intangible assets.
5) Segment assets under »Reconciliation« include non-current assets (6M 2012: €5,344 thousand; 6M 2011: €4,829 thousand), cash and cash equivalents (6M 2012: €25,376 thousand; 6M 2011: €15,860 thousand), and other current assets (6M 2012: €1,389 thousand; 6M 2011: €3,138 thousand).
6) Segment liabilities under »Reconciliation« include non-current liabilities (6M 2012: €13,551 thousand; 6M 2011: €247 thousand), trade accounts payable and other liabilities (6M 2012: €2,381 thousand; 6M 2011: €3,772 thousand), and tax liabilities (6M 2012: €630 thousand; 6M 2011: €1,610 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

No accruals were recognized in liabilities for the contingent liabilities listed below, 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 Group's has a notice period of one month to five years for these lease agreements, depending on the contract.

K. Executive Board and Supervisory Board

„Directors' Holdings" and note on subscription rights

Member	Shares 6M 2012	Shares Y 2011	Options 6M 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	5,000	5,000	44,278	44,278
Total Executive Board	11,000	11,000	171,778	171,778

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

Financial calendar

November 6, 2012

9-Months Report 2012
Analysts teleconference

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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