MediGene

# 9-MONTHS REPORT 2009

## MediGene's innovative drug pipeline

| Product | Indication | Clinical phase | Approval | Marketed |
|---|---|---|---|---|
| | | I II III | | |
| Eligard® [1,2] | Prostate cancer | | | |
| Veregen®/ (Polyphenon E® Ointment)[3] | Genital warts | | EU | USA |
| | Actinic keratosis[4] | | | |
| EndoTAG™-1 | Pancreatic cancer | | | |
| | Breast cancer | | | |
| | Other solid tumors | | | |
| RhuDex™ | Rheumatoid arthritis | | | |
| oHSV | Liver metastases | | | |
| Chance of reaching the market[5]: | | 10 - 30 % | 30 - 60 % | 60 - 80 % | 80 - 90 % |

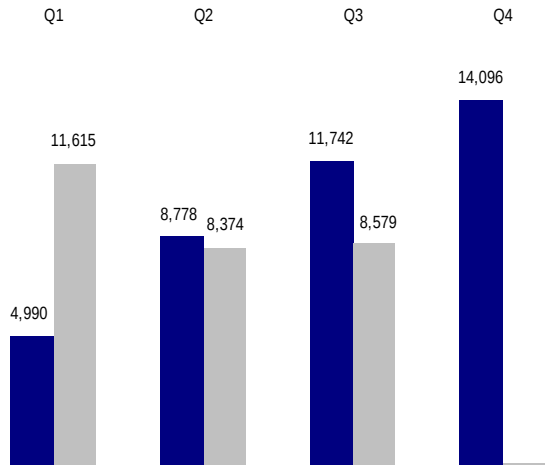
[1] Licensed from Tolmar Holding, Inc. (formerly QLT USA, Inc.)
[2] Marketing partnership with Astellas Pharma Europe Ltd.
[3] Marketing partnership with Nycomed US, Inc.
[4] Precursor of a specific type of skin cancer.
[5] Industrial average, source: Ernst & Young, 2009.

## MediGene's key figures 9-months report 2009

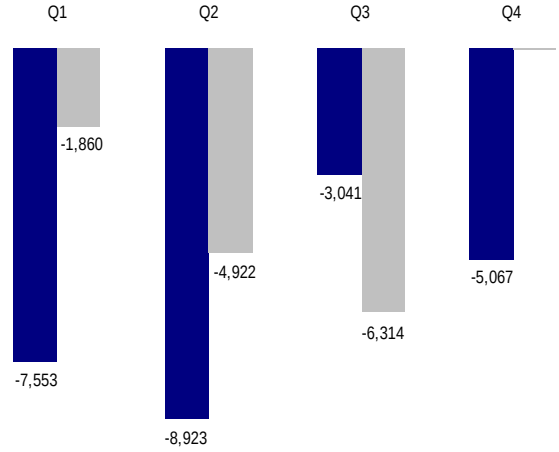
| In T€ | Q3 2009 | Q3 2008 | Change | 9M 2009 | 9M 2008 | Change |
|---|---|---|---|---|---|---|
| **Income statements** | | | | | | |
| Product sales | 8,403 | 6,837 | 23% | 26,988 | 19,706 | 37% |
| Other operating income | 176 | 4,905 | -96% | 1,580 | 5,804 | -73% |
| Total revenue | 8,579 | 11,742 | -27% | 28,568 | 25,510 | 12% |
| Cost of sales | -7,321 | -6,039 | 21% | -21,850 | -16,012 | 36% |
| Gross profit | 1,258 | 5,703 | -78% | 6,718 | 9,498 | -29% |
| Selling, general, and administrative expenses | -2,971 | -2,378 | 25% | -6,876 | -8,180 | -16% |
| Research and development expenses | -4,809 | -6,559 | -27% | -13,560 | -21,684 | -37% |
| EBITDA | -6,314 | -3,041 | 108% | -13,096 | -19,518 | -33% |
| Loss resulting from spin-off | 0 | -6,384 | -% | 0 | -6,384 | -% |
| Operating result | -6,522 | -9,618 | -32% | -13,718 | -26,750 | -49% |
| Result before income tax | -7,522 | -9,058 | -17% | -15,838 | -26,650 | -41% |
| Net loss | -7,550 | -8,402 | -10% | -15,866 | -24,994 | -37% |
| Net loss per share (undiluted) in € | -0.22 | -0.25 | -10% | -0.47 | -0.74 | -37% |
| Weighted average number of shares outstanding | 34,052,145 | 34,028,561 | 0% | 34,039,619 | 34,001,531 | 0% |
| Personnel expenses | -3,764 | -3,759 | 0% | -9,786 | -12,729 | -23% |
| **Cash flow** | | | | | | |
| Cash flow from operating activities | -4,271 | -7,774 | -45% | -15,720 | -22,959 | -32% |
| Cash flow from investing activities | 522 | 4,627 | -89% | 243 | 4,400 | -94% |
| Cash flow from financing activities | 14 | 525 | -97% | 25 | 1,718 | -99% |
| **Balance sheet data as at September 30, 2009** | | | | | | |
| Cash and cash equivalents | 9,682 | 29,845 | -68% | | | |
| Balance sheet total | 64,716 | 89,563 | -28% | | | |
| Current liabilities | 13,014 | 13,121 | -1% | | | |
| Non-current liabilities | 236 | 405 | -42% | | | |
| Shareholders' equity | 51,466 | 76,037 | -32% | | | |
| Equity ratio in % | 80 | 85 | -6% | | | |
| **Employees as at September 30, 2009** | 118 | 172 | -31 % | | | |
| **MediGene share as at September 30, 2009** | | | | | | |
| Total number of shares outstanding | 34,052,145 | 34,028,561 | 0% | | | |
| Share price (Closing price, XETRA) | 5.20 | 5.46 | -5% | | | |
| Dividend in € | - | - | -% | | | |

## MediGene's performance 2008 / 2009

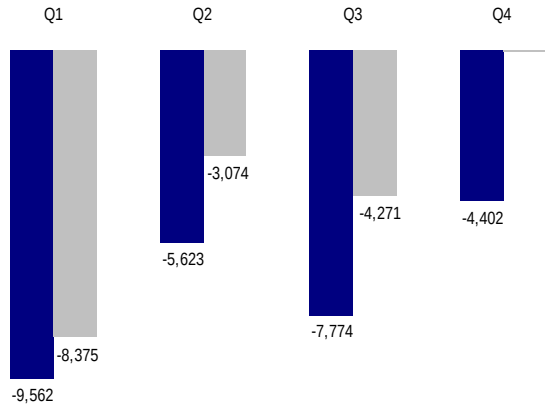
### Total revenue
in T€



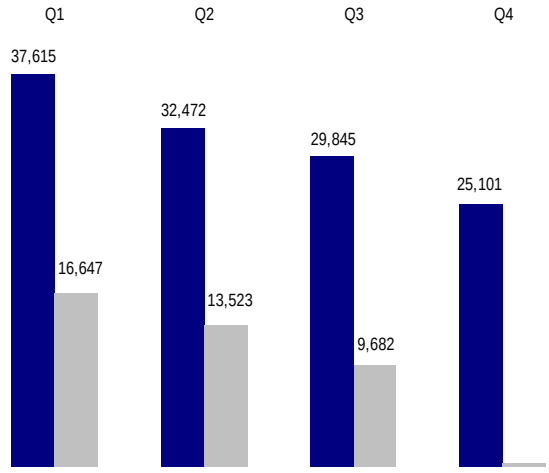

### EBITDA
in T€




### Cash flow from operating activities
in T€




### Cash and cash equivalents
in T€



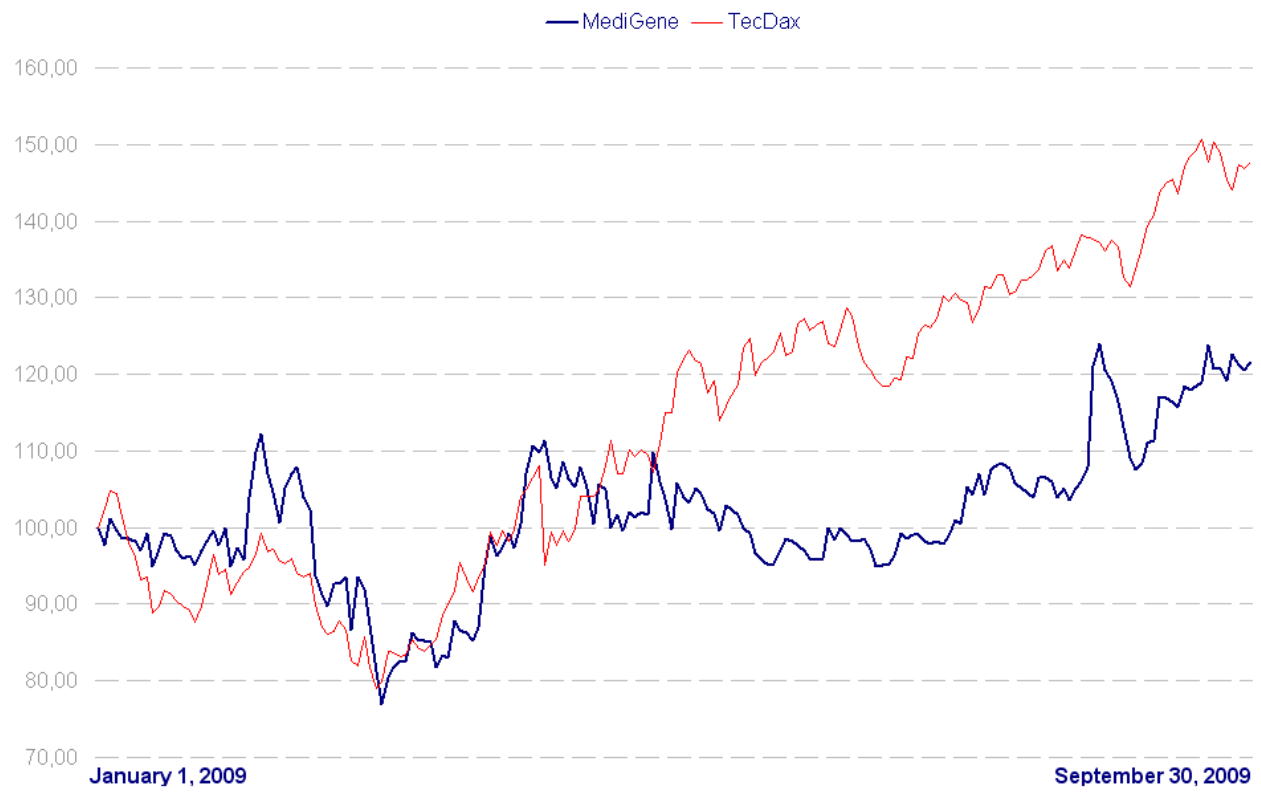

2008 2009

## Contents

# Our share

## The MediGene share price

(January 2, 2009 4.28 € indexed to 100)




## Key figures for the MediGene share

| In € | 9M 2009 | 9M 2008 |
|---|---|---|
| 9-months high | 5.31 | 6.62 |
| 9-months low | 3.29 | 4.07 |
| Price at beginning of the year | 4.28 | 5.43 |
| Closing price | 5.20 | 5.46 |
| Average price since beginning of the year | 4.34 | 5.32 |
| Weighted average number of shares outstanding | 34,039,619 | 34,001,531 |
| Average market capitalization (million €) | 148 | 181 |
| Average daily trading volume in shares | 118,210 | 129,074 |
| Total number of shares outstanding (September 30, 2009) | 34,052,145 | 34,028,561 |
| Cash flow from operating activities/share* | -0.46 | -0.67 |
| Shareholders' equity/share* | 1.51 | 2.23 |
| Free float** (%) | 81 | 75 |

* Reference: Total number of shares outstanding ** Source: MediGene and Deutsche Börse, September 30, 2009

# Group management's discussion and analysis Q3 2009 / 9M 2009

## FINANCIAL DEVELOPMENT IN THE FIRST NINE MONTHS

- Total revenue increased by 12% to 28.6 million € (9M 2008: 25.5 million €)
- EBITDA improved by 33% to -13.1 million € (9M 2008: -19.5 million €)
- Reduction of R&D expenses by 37%, and of selling, general, and administrative expenses by 16%
- Net loss reduced by 37% to 15.9 million € (9M 2008: 25.0 million €)
- Cash and cash equivalents at closing date September 30, 2009: 9.7 million € (December 31, 2008: 25.1 million €); additional 25 million € from committed standby equity line (SEDA) agreement with Yorkville

## MAJOR EVENTS SINCE THE BEGINNING OF THE YEAR

- MediGene share admitted to the TecDAX stock index
- Dr. Frank Mathias appointed new Chief Executive Officer of MediGene AG
- Reorganization initiated: shift of employees and financial resources to clinical development
- Start of sales promotion and active marketing of Veregen® in the USA through MediGene's partner Nycomed
- Positive assessment on market authorization for Veregen® in the first European countries, marketing authorization for Germany granted
- Marketing partnership agreements concluded for commercialization of Veregen® in Spain and Portugal, and in Germany, Austria, and Switzerland
- US regulatory authority grants orphan drug designation for EndoTAG™-1
- Completion of patient recruitment for clinical phase II trial of EndoTAG™-1 in the indication breast cancer
- Authorities agree to continuation of clinical development of RhuDex™

# PRELIMINARY NOTES

## MediGene develops drugs to combat cancer and autoimmune diseases

MediGene AG, Planegg/Martinsried, Germany (hereinafter referred to as "MediGene") is a biopharmaceutical company which focuses on the research, development, and commercialization of innovative drugs, concentrating on indications of great medical necessity and, therefore, substantial commercial interest. The company's research and development activities center upon cancer and autoimmune diseases.

## Development state of product portfolio

MediGene already has two products on the market. These two drugs are distributed by partners. In addition, MediGene possesses a research and development portfolio in the fields of oncology and immunology.

## Eligard®

Meanwhile the one-month, three-month, and six-month dosages of MediGene's drug Eligard® for the treatment of hormone-dependent prostate cancer are successfully marketed in most European countries by MediGene's partner Astellas Pharma Europe Ltd. (hereinafter referred to as "Astellas Pharma"), Staines, United Kingdom. Just as in every quarter since market launch, the revenue generated with Eligard® significantly increased in the third quarter of 2009 compared to last year's reporting period.

## Veregen®

The ointment developed under the name Polyphenon E® was approved in the USA under the name Veregen® for the treatment of genital warts, and has been promoted and distributed on the US market since mid-February 2009 by MediGene's partner Nycomed US, Inc. (hereinafter referred to as "Nycomed"), Melville, New York, USA. Marketing partnership agreements have been concluded with Juste S.A.Q.F, Madrid, Spain, for commercialization in Spain and Portugal, and with Solvay Arzneimittel GmbH, Hannover, for commercialization in Germany, Austria, and Switzerland. The assessment process for the market approval application submitted to the regulatory authorities in Germany, Austria, and Spain in 2007 was concluded with positive outcome in July 2009. The marketing authorization for Germany has been granted already and shall serve as a reference for approval procedures in other European countries ("mutual recognition procedure").

## Drugs on the basis of EndoTAG™

The drug candidate EndoTAG™-1 selectively attacks tumor-supplying blood vessels. EndoTAG™-1 is a positively charged lipid complex which selectively accumulates around the negatively charged cells lining the newly formed tumor blood vessels. There the active ingredient in EndoTAG™-1, the cytostatic drug paclitaxel, is discharged in order to destroy these blood vessels, thus cutting off the nutrient supply of the tumor tissue.

In 2008 MediGene published positive results obtained in a controlled clinical phase II trial of the drug candidate EndoTAG™-1 in the indication pancreatic carcinoma. Apart from safety and tolerability, the trial also investigated the clinical efficacy of different dosages of EndoTAG™-1 in combination with gemcitabine, a cytostatic drug already approved for the treatment of pancreatic carcinoma. The trial with 200 patients participating showed substantially extended survival time of those patients treated with EndoTAG™-1 in combination with gemcitabine, compared to those patients receiving standard medication gemcitabine only. The survival time of the patients treated improved significantly coinciding with increased dosage, and particularly with repeated administration of EndoTAG™-1. Moreover, positive results regarding other clinical parameters such as progression-free survival and safety were also reported.

In 2007 MediGene initiated a phase II trial of the drug candidate EndoTAG™-1 for the treatment of triple receptor-negative breast cancer. The objective of the trial is to investigate the efficacy of EndoTAG™-1 in the treatment of this highly aggressive type of cancer for which currently no established therapy exists, and to collect additional safety data. This trial is conducted by more than 20 cancer centers in several European countries and in India. With the inclusion of 135 participants, patient recruitment was concluded in October 2009, and the final evaluation of this trial is expected during the first half of 2010.

## RhuDex™

RhuDex™, an active ingredient for the treatment of several autoimmune diseases such as rheumatoid arthritis, is an orally administered CD80 inhibitor which blocks the activation of $CD4^+$ T cells. RhuDex™ works as an immunosuppressant, and has an anti-inflammatory effect. An ongoing phase I clinical trial with a new formulation of the drug candidate RhuDex™ was put on hold in July 2008. A volunteer participating in the trial suffered a heart attack a few days after receiving the drug. A few

days after hospital treatment, the volunteer collapsed and died at home. The autopsy revealed that he had died of acute myocardial re-infarction as a consequence of coronary thrombosis. These findings clearly prove the existence of a severe cardiac damage in this patient which had developed over many years. From MediGene's point of view, this supports the assessment that a causal correlation between the volunteer's death and the intake of the trial medication RhuDex™ is unlikely. In cooperation with the British drug regulatory authority MHRA (Medicines and Healthcare Products Regulatory Agency), MediGene has conducted a series of in-vitro studies to rule out any potential detrimental interaction between RhuDex™ and arteriosclerotic blood vessels. Since the results obtained in these in-vitro studies did not suggest any negative impact of RhuDex™, the MHRA agreed in October 2009 to the continuation of the clinical development of the drug candidatein coordination with the authorities. .

### Drug candidates based on oncolytic herpes simplex virus technology (oHSV)

MediGene has recently investigated the cancer-killing virus NV1020 in a phase I/II trial in the indication liver metastases in patients suffering from colorectal cancer. For further development of oncolytic viruses MediGene intends to spin off or license this technology.

### Technology platforms

Additionally, MediGene pursues the development of its proprietary platform technologies for drug development, such as the EndoTAG™ technology which forms the basis for the development of other drug candidates besides EndoTAG™-1. Another platform technology is based on AAV-like particles which MediGene expects to utilize for the development of prophylactic and therapeutic vaccines. The AAV technology is to be spun off into an independent enterprise.

Via its stake in the subsidiary Immunocore Ltd., MediGene has access to drug candidates developed on the basis of the mTCR technology (soluble T-cell receptors).

# ASSETS POSITION

## Cash position 9.7 million €; equity ratio 80%; liquidity cover ratio 15%

Development of the assets and capital structure

| In T€ | Sep. 30, 2009 unaudited | Dec. 31, 2008 audited | Change |
|---|---|---|---|
| **Assets** | | | |
| Property, plant & equipment and intangible assets | 31,194 | 29,662 | 5% |
| Goodwill | 11,226 | 11,090 | 1% |
| Other non-current assets | 145 | 545 | -73% |
| Investment in an associate | 2,390 | 3,269 | -27% |
| Cash and cash equivalents | 9,682 | 25,101 | -61% |
| Inventories and trade accounts receivable | 4,166 | 5,302 | -21% |
| Other current assets | 5,913 | 5,777 | 2% |
| **Total** | 64,716 | 80,746 | -20% |
| **Liabilities and shareholders' equity** | | | |
| Shareholders' equity | 51,466 | 64,906 | -21% |
| Non-current liabilities | 236 | 384 | -39% |
| Current liabilities | 13,014 | 15,456 | -16% |
| **Total** | 64,716 | 80,746 | -20% |
| **Liquidity cover ratio in %** | 15 | 31 | |
| **Equity ratio in %** | 80 | 80 | |

# FINANCIAL POSITION

## Cash used by operating activities

Cash used by operating activities decreased by 32% to -15,720 T€ in the first nine months of 2009 (9M 2008: -22,959 T€), and by 45% to -4,271 T€ in the third quarter of 2009 (Q3 2008: -7,774 T€). The difference between the net loss for the period and the cash used in the third quarter of 2009 is mainly a consequence of the changes in the net working capital.

## Average monthly net cash burn rate from operating activities

The average monthly net cash burn rate from operating activities in the first nine months of 2009 was 1.7 million € (9M 2008: 2.6 million €), and 1.4 million € in the third quarter 2009 (Q3 2008: 2.6 million €).

## Cash from investing activities

During the first nine months of 2009, cash from investing activities amounted to 243 T€ (9M 2008: 4,400 T€), and 522 T€ in the third quarter 2009 (Q3 2008: 4,627 T€).

Development of cash and cash equivalents

| In T€ | Q3 2009 unaudited | Q3 2008 unaudited | Change | 9M 2009 unaudited | 9M 2008 unaudited | Change |
|---|---|---|---|---|---|---|
| Net cash | | | | | | |
| used by operating activities | -4,271 | -7,774 | -45% | -15,720 | -22,959 | -32% |
| from investing activities | 522 | 4,627 | -89% | 243 | 4,400 | -94% |
| from financing activities | 14 | 525 | -97% | 25 | 1,718 | -99% |
| **Decrease in cash and cash equivalents** | -3,735 | -2,622 | 42% | -15,452 | -16,841 | -8% |
| Cash and cash equivalents at beginning of period | 13,523 | 32,472 | -58% | 25,101 | 46,511 | -46% |
| Foreign currency translation | -106 | -5 | >200% | 33 | 175 | -81% |
| **Cash and cash equivalents at end of period** | 9,682 | 29,845 | -68% | 9,682 | 29,845 | -68% |

As at closing date September 30, 2009, cash and cash equivalents totalled 9,682 T€.

# EARNINGS POSITION

## Total revenue

Total revenue amounted to 28,568 T€ in the first nine months of 2009 (9M 2008: 25,510 T€), and to 8,579 T€ in the third quarter 2009 (Q3 2008: 11,742 T€). It was generated mainly from the commercialization of the drug Eligard® in Europe. Revenue in the reporting period also includes income from royalties on sales of Veregen® in the USA, as well as research grants. The decrease in revenue comparing the third quarters is due to a one-time revenue of 4,402 T€ posted for the sale of the rights to Oracea® to Galderma. Corrected revenue for the third quarter has increased by 17 % compared to last year's reporting period.

Consolidated income statement (abbreviated)

| In T€ | Q3 2009 unaudited | Q3 2008 unaudited | Change | 9M 2009 unaudited | 9M 2008 unaudited | Change |
|---|---|---|---|---|---|---|
| Total revenue | 8,579 | 11,742 | -27% | 28,568 | 25,510 | 12% |
| Cost of sales | -7,321 | -6,039 | 21% | -21,850 | -16,012 | 36% |
| Gross profit | 1,258 | 5,703 | -78% | 6,718 | 9,498 | -29% |
| Selling, general, and administrative expenses | -2,971 | -2,378 | 25% | -6,876 | -8,180 | -16% |
| Research and development expenses | -4,809 | -6,559 | -27% | -13,560 | -21,684 | -37% |
| Loss resulting from spin-off | 0 | -6,384 | -% | 0 | -6,384 | -% |
| Operating result | -6,522 | -9,618 | -32% | -13,718 | -26,750 | -49% |
| Result before income tax | -7,522 | -9,058 | -17% | -15,838 | -26,650 | -41% |
| Net loss for the period | -7,550 | -8,402 | -10% | -15,866 | -24,994 | -37% |

## Cost of sales

Cost of sales arose primarily within the scope of the commercialization of the drug Eligard®, and to a small extent in connection with Veregen®. The cost amounted to 21,850 T€ in the first nine months of 2009 (9M 2008: 16,012 T€), and to 7,321 T€ in the third quarter 2009 (Q3 2008: 6,039 T€). It is allocated mainly to the purchase of the products and to royalties paid on the sales revenue.

## Gross profit

In the first nine months of 2009, gross profit decreased to 6,718 T€ (9M 2008: 9,498 T€), and amounted to 1,258 T€ in the third quarter 2009 (Q3 2008: 5,703 T€). The extraordinarily high gross profit in last year's reporting period was due to the receipt of 4,402 T€ for the sale of the rights to Oracea® which, contrary to proceeds from product sales, did not involve any cost of sales.

## Selling, general, and administrative expenses

Compared to last year's reporting period, selling, general, and administrative expenses decreased by 16% to 6,876 T€ in the first nine months of 2009 (9M 2008: 8,180 T€), and increased by 25% to 2,971 T€ in the third quarter 2009 (Q3 2008: 2,378 T€). Compared to last year's reporting period, the spin-off of the mTCR technology resulted in a significant cost reduction. The increase in the third quarter is due to a one-time severance payment of 1,060 T€ made to the company's former CEO Dr. Peter Heinrich which was agreed between MediGene's supervisory board and Dr. Heinrich in the third quarter of 2009.

## Research and development expenses

R&D expenses decreased by 37% to 13,560 T€ in the first nine months of 2009 (9M 2008: 21,684 T€), and by 27% to 4,809 T€ in the third quarter of 2009 (Q3 2008: 6,559 T€). The major part of this decrease results from reduced expenses for the mTCR technology as well as for the RhuDex™ and L1 projects. The clinical development of RhuDex™ was put on hold during the reporting period, and the other two projects were spun off and discontinued, respectively, in the course of the company's focusing.

### EBITDA

MediGene uses the term EBITDA as earnings before interest, tax, foreign currency gains/losses, and depreciation of fixed and intangible assets. The loss on an EBITDA basis decreased by 33% to 13,096 T€ in the first nine months of 2009 (9M 2008: 19,518 T€), and increased by 108% to 6,314 T€ in the third quarter 2009 (Q3 2008: 3,041 T€).

### Depreciation

All in all, depreciation decreased by 91% to 622 T€ in the first nine months of 2009 (9M 2008: 7,232 T€), and by 97% to 208 T€ in the third quarter 2009 (Q3 2008: 6,577 T€). The high depreciation amount in last year's reporting period is due to the one-time impairment of the mTCR platform which was spun out into Immunocore Ltd.

### Financial result

As a result of losses from a derivative financial instrument and of the market development of credit interest during the first nine months 2009, the financial result declined to -972 T€ in the first nine months of 2009 (9M 2008: 100 T€), and to -550 T€ in the third quarter 2009 (Q3 2008: 560 T€). The contract for the commercialization of Eligard® concluded with Astellas Pharma includes an embedded derivative not affecting cash, since it is processed in US dollars and not in the functional currency of one of the two contracting parties. Foreign currency losses result from the translation of US dollars and British pounds into euros. This contrasts with proceeds of 291 T€ from the sale of QLT shares held by MediGene

Financial result

| In T€ | Q3 2009 unaudited | Q3 2008 unaudited | Change | 9M 2009 unaudited | 9M 2008 unaudited | Change |
|---|---|---|---|---|---|---|
| Interest income | 11 | 349 | -97% | 122 | 1,169 | -90% |
| Interest expense | 0 | 0 | 0% | -5 | -2 | 150% |
| Sub-total | 11 | 349 | -97% | 117 | 1,167 | -90% |
| Foreign currency losses | -27 | -145 | -81% | -794 | -549 | 45% |
| Gains/Losses from embedded derivatives | -825 | 356 | >-200% | -586 | -518 | 13% |
| Income from financial assets | 291 | 0 | -% | 291 | 0 | -% |
| Total | -550 | 560 | -198% | -972 | 100 | >-200% |

### 9-months result

In the first nine months of 2009, the loss for the period decreased by 37% to 15,866 T€ (9M 2008: 24,994 T€), and to 7,550 T€ in the third quarter 2009 (Q3 2008: 8,402 T€). This decrease is primarily due to increased revenue, reduced R&D expenses, of which particularly the mTCR technology spin-off contributed significantly, and to reduced selling, general, and administrative expenses.

### Result per share

In the first nine months of 2009, the loss per share decreased to 0.47 € (weighted average number of shares: 34,039,619), compared to 0.74 € loss per share in last year's reporting period (9M 2008: weighted average number of shares: 34,001,531).

## HUMAN RESOURCES

Corporate headcount decreased by 31% to 118 during the first nine months of 2009, compared with last year's reporting period. This is a consequence of the mTCR technology spin-off effective from October 1, 2008, followed by the transfer of the MediGene Ltd. employees into the newly founded company Immunocore Ltd. In addition, headcount at the Martinsried headquarters also decreased slightly as a consequence of reorganization measures taken.

| Headcount as at Sept. 30, and Dec. 31 | | | | Full-time-equivalent (FTE) | | |
|---|---|---|---|---|---|---|
| | 9M 2009 | 9M 2008 | Y 2008 | 9M 2009 | 9M 2008 | Y 2008 |
| MediGene AG | 114 | 131 | 128 | 110 | 116 | 117 |
| MediGene, Inc. | 4 | 5 | 4 | 4 | 5 | 5 |
| MediGene Ltd. | 0 | 36 | 1 | 0 | 37 | 28 |
| Total | 118 | 172 | 133 | 114 | 158 | 150 |

| Personnel expenses | | | |
|---|---|---|---|
| In T€ | 9M 2009 | 9M 2008 | Change |
| Total | 9,786 | 12,729 | -23% |

## SEGMENT INFORMATION

Segment information is provided on page 19 et seq. of the notes.

## RISK REPORT

The inherent risks the MediGene Group is subject to are described in the risk report of the published Group Management's Discussion and Analysis (MD&A) 2008. Up to the closing date September 30, 2009, no changes to the state described therein have occurred.

### Legal disputes

The risk resulting from a legal dispute regarding the commercialization of Eligard® described in the Group Management's Discussion and Analysis (MD&A) 2008 no longer exists, since the dispute was settled in July 2009 by the parties involved.

In July 2008, following the death of a volunteer who had participated in a clinical trial with the drug candidate RhuDex™, the Procurator Fiscal in Edinburgh, United Kingdom, routinely started investigations which are not yet completed. Additionally, it is possible that the dead volunteer's family will file civil action. Considering the results of the investigation so far, however, the executive board considers the likelihood of such a claim to be extremely low.

## 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 2008 published on March 31, 2009.

## MAJOR EVENTS SINCE END OF PERIOD UNDER REVIEW

### Regulatory authorities agree to continuation of the clinical development of RhuDex™

Since the results obtained in the in-vitro studies conducted to investigate any potential effects of RhuDex™ on the vascular system did not suggest any negative impact of RhuDex™, the MHRA agreed to the continuation of the clinical development of the drug candidate in coordination with the authorities.

### Patient recruitment completed for phase II trial of EndoTAG™-1 for the treatment of breast cancer

With the inclusion of the 135th participant, patient recruitment for the clinical phase II trial of EndoTAG™-1 for the treatment of triple receptor-negative breast cancer was completed.

### Equity capital base strengthened by exercise of the SEDA option

In October 2009 MediGene called two tranches from the SEDA program. Proceeds collected against issue of 429,553 shares totaled 2 million €.

# FORECAST

## Financial forecast 2009

MediGene clarifies its forecast for the full year 2009 as originally published in March 2009. MediGene expects to increase sales by approximately 13% to approximately 38 million € and to generate total revenue of approximately 40 million € (2008: total revenue 39.6 million €, sales revenue 33.5 million €). MediGene's previous forecast for 2009 was for increased total revenue compared to 2008, and this increase in total revenue will not be achieved because certain milestone payments from existing Veregen® partnerships which were planned for 2009 will now be posted in 2010. However, MediGene confirms the forecast published in March 2009 which was to reduce the loss on EBITDA basis compared to last year. Depending on the date of allocation of a certain cost pool related to EndoTAG™-1, MediGene expects the result on an EBITDA basis to be in the range of -20 to -23 million € (2008: EBITDA -24.6 million €). This financial forecast does not take into account any proceeds from the intended partnership on EndoTAG™-1.

## Continuing increase in Eligard® sales expected

MediGene anticipates a continuous rise in the Eligard® market share, as well as a further increase in European sales revenues achieved with Eligard®, driven particularly by the six-month depot formulation of Eligard® (Eligard® 45 mg).

## Veregen® (Polyphenon E® Ointment) – increasing sales revenues in the USA

In February 2009, MediGene's marketing partner Nycomed started active marketing of the drug Veregen® in the USA. Therefore MediGene expects increasing sales revenues for the financial year 2009 from the commercialization of the ointment on the US market.

The launch of the drug on the first European markets is expected in 2010.

## EndoTAG™-1 partnering negotiations

The final evaluation of the ongoing clinical phase II trial of EndoTAG™-1 for the treatment of triple receptor-negative breast cancer is expected during the first half of 2010. In 2009 MediGene expects either the conclusion of a partnership or further progress in the partnering process.

## RhuDex™ – preparation of further development plan

Since the UK regulatory authority MHRA consented in October 2009 to the continuation of the clinical development of the drug candidate in coordination with the authorities, MediGene is now preparing the further development plan.

## oHSV and AAV – spin-off planned

MediGene is not planning to continue development of oncolytic viruses, and intends to spin off or to sell a license for this technology, similar that achieved in the successful mTCR spin-off. In addition MediGene is also planning to spin off the AAV research program into an independent company.

## Consolidated income statement
of MediGene AG for the periods from January 1 to September 30, 2009, and 2008

| In T€ | Q3 2009 unaudited | Q3 2008 unaudited | 9M 2009 unaudited | 9M 2008 unaudited |
|---|---|---|---|---|
| 1. Product sales | 8,403 | 6,837 | 26,988 | 19,706 |
| 2. Other operating income | 176 | 4,905 | 1,580 | 5,804 |
| 3. Total revenue | 8,579 | 11,742 | 28,568 | 25,510 |
| 4. Cost of sales | -7,321 | -6,039 | -21,850 | -16,012 |
| 5. Gross profit | 1,258 | 5,703 | 6,718 | 9,498 |
| 6. Selling expenses | -596 | -728 | -1,543 | -2,285 |
| 7. General and administrative expenses | -2,375 | -1,650 | -5,333 | -5,895 |
| 8. Research and development expenses | -4,809 | -6,559 | -13,560 | -21,684 |
| 9. Loss resulting from spin-off | 0 | -6,384 | 0 | -6,384 |
| 10. Operating result | -6,522 | -9,618 | -13,718 | -26,750 |
| 11. Interest income | 11 | 349 | 122 | 1,169 |
| 12. Interest expense | 0 | 0 | -5 | -2 |
| 13. Foreign exchange losses | -27 | -145 | -794 | -549 |
| 14. Gains/Losses from embedded derivatives | -825 | 356 | -586 | -518 |
| 15. Income from financial assets | 291 | 0 | 291 | 0 |
| 16. Share of loss of an associate | -450 | 0 | -1,148 | 0 |
| 17. Result before income tax | -7,522 | -9,058 | -15,838 | -26,650 |
| 18. Taxes | -28 | 656 | -28 | 1,656 |
| 19. Net loss for the period | -7,550 | -8,402 | -15,866 | -24,994 |
| Result per share: | | | | |
| Basic/diluted in € | -0.22 | -0.25 | -0.47 | -0.74 |
| Weighted average number of shares outstanding | 34,052,145 | 34,028,561 | 34,039,619 | 34,001,531 |

## Consolidated statement of comprehensive income
of MediGene AG for the periods from January 1 to September 30, 2009, and 2008

| In T€ | Q3 2009 unaudited | Q3 2008 unaudited | 9M 2009 unaudited | 9M 2008 unaudited |
|---|---|---|---|---|
| 1. Net loss for the period | -7,550 | -8,402 | -15,866 | -24,994 |
| 2. Exchange differences on translation of foreign operations | -1,492 | -168 | 1,541 | -2,997 |
| 3. Net gains/losses on available-for-sale financial assets | -608 | 0 | 602 | 0 |
| 4. Unrealized gains/losses from QLT shares | 47 | 24 | 0 | -171 |
| 5. Other comprehensive income for the year, net of tax | -2,053 | -144 | 2,143 | -3,168 |
| 6. Total comprehensive income for the period, net of tax | -9,603 | -8,546 | -13,723 | -28,162 |

# Consolidated balance sheet

of MediGene AG as of September 30, 2009, and December 31, 2008

| In T€ | September 30, 2009 unaudited | December 31, 2008 audited |
|---|---|---|
| **Assets** | | |
| **A. Non-current assets** | | |
| I. Property, plant & equipment | 1,153 | 1,151 |
| II. Intangible assets | 30,041 | 28,511 |
| III. Goodwill | 11,226 | 11,090 |
| IV. Financial assets | 142 | 540 |
| V. Investment in an associate | 2,390 | 3,269 |
| VI. Other assets | 3 | 5 |
| **Total non-current assets** | 44,955 | 44,566 |
| **B. Current assets** | | |
| I. Inventories | 1,430 | 2,185 |
| II. Trade accounts receivable | 2,736 | 3,117 |
| III. Cash and cash equivalents | 9,682 | 25,101 |
| IV. Other current assets | 5,913 | 5,777 |
| **Total current assets** | 19,761 | 36,180 |
| **Total assets** | 64,716 | 80,746 |
| **Liabilities and shareholders' equity** | | |
| **A. Shareholders' equity** | | |
| I. Subscribed capital<br>Number of shares issued and outstanding:<br>December 31, 2008: 34,028,561<br>September 30, 2009: 34,052,145 | 34,052 | 34,029 |
| II. Additional paid-in capital | 336,232 | 335,973 |
| III. Accumulated deficit | -309,133 | -293,267 |
| IV. Other reserves | -9,685 | -11,829 |
| **Total shareholders' equity** | 51,466 | 64,906 |
| **B. Non-current liabilities** | | |
| I. Financial liabilities | 21 | 169 |
| II. Pension obligations | 215 | 215 |
| **Total non-current liabilities** | 236 | 384 |
| **C. Current liabilities** | | |
| I. Trade accounts payable | 2,870 | 10,496 |
| II. Embedded financial instruments | 1,752 | 1,166 |
| III. Other current liabilities | 7,837 | 3,339 |
| IV. Accruals | 455 | 455 |
| V. Deferred income | 100 | 0 |
| **Total current liabilities** | 13,014 | 15,456 |
| **Total liabilities** | 13,250 | 15,840 |
| **Total liabilities and shareholders' equity** | 64,716 | 80,746 |

# Consolidated cash flow statement
for the periods from January 1 to September 30, 2009, and 2008

| In T€ | Q3 2009 unaudited | Q3 2008 unaudited | 9M 2009 unaudited | 9M 2008 unaudited |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Net loss for the period (before taxes) | -7,522 | -9,058 | -15,838 | -26.649 |
| Adjustments to reconcile net loss with cash used in operating activities: | | | | |
| Stock-based compensation | 38 | 67 | 228 | 855 |
| Depreciation and impairment | 208 | 6,577 | 622 | 7,232 |
| Gains on sales of property, plant & equipment | -5 | -4,599 | -5 | -4,599 |
| Gains on financial assets | -291 | 0 | -291 | 0 |
| Interest income | -12 | -349 | -122 | -1,169 |
| Interest expense | 0 | 0 | 5 | 2 |
| Changes in: | | | | |
| Inventories | -81 | -1,035 | 755 | -1,042 |
| Other assets and prepaid expenses | -697 | -354 | 248 | -957 |
| Trade accounts payable | -3,064 | 4,230 | -7,627 | 5,248 |
| Accruals | -237 | 0 | 0 | -10 |
| Other liabilities and deferred income | 6,970 | -3,253 | 5,185 | -1,870 |
| Taxes | -28 | 0 | -28 | 0 |
| Share of loss of an associate | 450 | 0 | 1,148 | 0 |
| **Net cash used by operating activities** | -4,271 | -7,774 | -15,720 | -22,959 |
| **Cash flow from investing activities** | | | | |
| Purchase of property, plant & equipment | -172 | -113 | -451 | -340 |
| Return of intangible assets | 5 | 8,000 | 5 | 8,000 |
| Disposal of QLT shares | 689 | 0 | 689 | 0 |
| Investment in an associate | 0 | -3,260 | 0 | -3,260 |
| **Net cash from investing activities** | 522 | 4,627 | 243 | 4,400 |
| **Cash flow from financing activities** | | | | |
| Proceeds from capital increase | 0 | 0 | 100 | 0 |
| Expenses on capital increase | 0 | 0 | -45 | 0 |
| Proceeds from stock options and convertible bonds | 0 | 0 | 0 | 251 |
| Repayments of convertible bonds | 0 | -3 | -148 | -21 |
| Interest received | 13 | 529 | 122 | 1,490 |
| Interest paid | 1 | -1 | -4 | -2 |
| **Net cash from financing activities** | 14 | 525 | 25 | 1,718 |
| **Decrease in cash and cash equivalents** | -3,735 | -2,622 | -15,452 | -16,841 |
| Cash and cash equivalents at beginning of the period | 13,523 | 32,472 | 25,101 | 46,511 |
| Foreign currency translation | -106 | -5 | 33 | 175 |
| **Cash and cash equivalents at end of the period** | 9,682 | 29,845 | 9,682 | 29,845 |

# Consolidated statement of changes in shareholders' equity

for the periods from January 1 to September 30, 2009, and 2008

| | Shares | Share capital | Capital reserves | Accumulated losses | Other reserves | Total share-holders' equity |
|---|---|---|---|---|---|---|
| | No. | T€ | T€ | T€ | T€ | T€ |
| Balance January 1, 2009, audited | 34,028,561 | 34,029 | 335,973 | -293,267 | -11,829 | 64,906 |
| Net loss for the period | | | | -15,866 | | -15,866 |
| Net loss on hedge of an investment | | | | | 602 | 602 |
| Currency translation adjustments | | | | | 1.541 | 1.541 |
| Comprehensive income | | | | | | -13,723 |
| Capital increase | 23,584 | 23 | 77 | | | 100 |
| Expenses capital increase | | | -45 | | | -45 |
| Exercised options/bonds | | | | | | 0 |
| Stock-based compensation | | | 228 | | | 228 |
| Balance September 30, 2009, unaudited | 34,052,145 | 34,052 | 336,233 | -309,133 | -9,686 | 51,466 |
| | | | | | | |
| Balance January 1, 2008, audited | 33,946,481 | 33,946 | 334,667 | -262,477 | -3,043 | 103,093 |
| Net loss for the period | | | | -24,994 | | -24,994 |
| Unrealized loss from QLT shares | | | | | -171 | -171 |
| Currency translation adjustments | | | | | -2,997 | -2,997 |
| Comprehensive income | | | | | | -28,162 |
| Capital increase | | | | | | 0 |
| Expenses capital increase | | | | | | 0 |
| Exercised options/bonds | 82,080 | 83 | 168 | | | 251 |
| Stock-based compensation | | | 855 | | | 855 |
| Balance September 30, 2008, unaudited | 34,028,561 | 34,029 | 335,690 | -287,471 | -6,211 | 76,037 |

# Notes to the interim consolidated financial statements

## A) Description of business operations and corporate information

MediGene AG, Planegg/Martinsried (hereinafter referred to as "MediGene") is a biopharmaceuticals company which focuses on the research, development, and commercialization of innovative drugs for indications of great medical necessity and, therefore, substantial commercial interest. The company's research and development activities center upon cancer and autoimmune diseases. The drugs approved so far are distributed through sales partners.

The Group's main activities are described in the notes under H) "Segment Reporting."

MediGene has been a publicly quoted company since June 2000 (German Stock Exchange: Regulated Market; Prime Standard; SIN 502090; code MDG). As of February 9, 2009, MediGene has been listed on the TecDAX, a German Stock Exchange Index.

## B) Accounting principles

### Basic principles for the preparation of interim financial statements

These unaudited interim consolidated 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 expired on September 30, 2008, and 2009.

These quarterly financial statements do not include the full information required to prepare annual financial statements. Therefore these interim reports should be read in connection with the annual financial statements for 2007 and 2008. As a capital market oriented parent company as defined by article 4 of Regulation (EC) no. 1606/2002, MediGene AG applies the International Financial Reporting Standards in their entirety.

These interim consolidated financial statements were approved for publication by MediGene's Executive Board on November 12, 2009.

### Changes in accounting and reporting principles

The accounting and reporting principles applied for the interim consolidated financial statements on hand correspond to those applied for the consolidated annual financial statements 2008, with the exception of the application of new or revised accounting standards described in the following.

*IFRS 8 ("Operating Segments")*

This standard is to be applied for the first time for financial years starting on or after January 1, 2009, and requires that a group disclose information on its operating segments. It replaces the requirement to set primary (business) and secondary (geographical) segment reporting formats for the group. As a result of the revision of IFRS 8 requirements with regard to 2009, it emerged that the previous primary business segments "Specialty Pharma" and "Biopharma" can be renamed as "Marketed Products" and "Drug Candidates." Both segments must be reported in line with IFRS 8.

The Group has determined that the operating segments as identified in accordance with IFRS 8 correspond with those previously identified in accordance with IAS 14 "*Segment Reporting"*.

*IAS 1R ("Presentation of Financial Statements (Revised)")*

The revised standard was issued in September 2007, and is to be applied for the first time for financial years beginning on or after January 1, 2009. The standard requires separate disclosure for changes in shareholders' equity resulting from transactions with shareholders in their role as equity providers, as well as for other changes in shareholders' equity. The statement of changes in equity includes all details on business transactions with shareholders, whereas all other changes in equity are presented in one single line. In addition, the standard introduces the disclosure of comprehensive income in the entire period, in which all components of comprehensive income are shown either in one single itemization, or in two itemizations affiliated with one another. MediGene chooses the option to continue presenting a "traditional" income statement together with a second statement of comprehensive income (SOCI).

*IAS 23 R ("Borrowing Costs")*
The revised standard IAS 23 "*Borrowing Costs"* was issued in March 2007, and is to be applied for the first time for financial years beginning after January 1, 2009. The standard requires capitalization of those borrowing costs that can be attributed to a qualifying asset. A qualifying asset is an asset that takes a substantial period of time to prepare for its intended use or sale. It currently appears that the application of the standard will have no effects on the assets, financial, or income position of the Group whatsoever given the absence of any qualifying assets.

*Improvements to IFRS 2008 ("Omnibus edition")*
In May 2008, the IASB issued its first omnibus of amendments to various IFRS standards. These amendments mainly deal with the elimination of inconsistencies and the clarification of potentially ambiguous wordings. The standard includes various amendments divided into two parts. Part 1 includes all amendments that have an impact on accounting; part 2 includes terminology or editorial changes that, in the Board's opinion, the user will regard as minor.

Regarding changes relevant to accounting, MediGene refers to the detailed presentation in the Annual Report 2008, page 31 et seq. ("Future changes in accounting and reporting principles").

### Group companies

In addition to the parent company, MediGene AG in Planegg/Martinsried, the Group (MediGene Group) includes two subsidiaries, MediGene, Inc., San Diego, USA, and MediGene Ltd., Abingdon, Oxfordshire, United Kingdom. The subsidiaries were acquired in 2001 (MediGene, Inc., USA) and 2006 (MediGene Ltd., United Kingdom), respectively. As from September 30, 2008, MediGene also holds 39.09% of the shares in the associate Immunocore Ltd., Abingdon, Oxfordshire, United Kingdom.

Apart from that, MediGene held no other shares in affiliated companies, associates, or joint ventures as at September 30, 2009. The financial statements of the companies consolidated have been prepared in accordance with standardized accounting and valuation principles. All intercompany revenues, expenses, and income as well as receivables, payables, and accruals of the companies consolidated were eliminated during consolidation.

## C) Seasonal dependancy of business operations

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

## D) Notes on the consolidated income statement

### Embedded derivative

The contract concluded with Astellas Pharma for the commercialization of Eligard® includes an embedded derivative, since it is processed in US dollars and not in the functional currency of one of the two contracting parties. Foreign currency losses (gains) from this derivative result from the translation of US dollar into euro, and are posted affecting net income at the end of the respective reporting period. The valuation of the embedded derivative takes place on the basis of the existing/expected purchase orders from Astellas Pharma.

### Associate

The income statement reflects the Group's share (39.09%) of the associate's profits, i.e. of Immunocore Ltd. The Group recognizes its share of any changes shown directly in the shareholders' equity of the associate 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 first nine months of 2009, the MediGene Group entered a tax expenditure. This tax expenditure resulted from the revision of a so-called R&D tax credit from 2008. In last year's reporting period, the MediGene Group recognized a tax revenue resulting from the release of deferred taxes on the liabilities side affecting net income. The release of tax revenue affecting net income was effected at the same rate at which the accumulated losses of the subsidiary MediGene Ltd. increased. A tax rate of 30% is applied to this company. In the UK, there is no limitation on the utilization of accumulated losses.

## E) Notes on the balance sheet

### Subscribed capital

Compared to December 31, 2008, subscribed capital increased by 23 T€ from 34,029 T€ to 34,052 T€ as at September 30, 2009.

The subscribed capital is divided into 34,052,145 registered no-par-value common shares, approx. 81% of which were outstanding as at September 30, 2009.

### Goodwill and intangible assets

The increase of the reported goodwill and intangible assets compared to December 31, 2008 is due solely to foreign currency translation effects as at closing date. These effects pertain to the carrying amount of goodwill and intangible assets from the acquisition of MediGene Ltd. which is reported in British pounds. This change is posted as "other reserves" in shareholders' equity.

### Current liabilities

Compared to December 31, 2008, current liabilities as at September 30, 2009 decreased by 2,442 T€ from 15,456 T€ to 13,014 T€. This decrease is mainly a consequence of a reduction of trade accounts payable in the first nine months of 2009.

## F) Notes on the cash flow statement

In the first nine months of 2009, cash used by operating activities decreased from 2.6 to 1.7 million € compared to last year's reporting period.

The funds shown in the cash flow statements correspond to the item "cash and cash equivalents" in the balance sheet.

## G) Earnings per share

The fully diluted net loss as at reporting date corresponds to the actual loss, as the conversion of common stock equivalents would have an anti-dilutive effect.

## H) Segment reporting

Primary reporting – business units
The group is organized into two primary business units: "Marketed Products" and "Drug Candidates". The segments are comprised as follows:

Primary Reporting – Business Units

| In T€ | Marketed Products | Drug Candidates | Reconciliation[1)] | Total |
|---|---|---|---|---|
| **Q3 2009** | | | | |
| Sales to external customers | 8,370 | 33 | 0 | 8,403 |
| Other income | 27 | 148 | 1 | 176 |
| Intersegment sales[2)] | 0 | 0 | 0 | 0 |
| **Total revenue** | 8,397 | 181 | 1 | 8,579 |
| | | | | |
| **Segment result[3)]** | -8 | -6,515 | 1 | -6,522 |
| Depreciation | -1 | -175 | -32 | -208 |
| Share of loss of an associate | 0 | 0 | -450 | -450 |
| | | | | |
| **Assets** | | | | |
| Investment in an associate | 0 | 0 | -623 | -623 |
| Segment investments[4)] | 0 | 168 | 2 | 170 |
| **Segment assets** | 4,166 | 41,267 | 19,283 | 64,716 |
| **Segment liabilities** | 1,852 | 0 | 11,398 | 13,250 |
| **Q3 2008** | | | | |
| Sales to external customers | 6,823 | 14 | 0 | 6,837 |
| Other income | 4,402 | 485 | 18 | 4,905 |
| Intersegment sales[2)] | 0 | 0 | 0 | 0 |
| **Total revenue** | 11,225 | 499 | 18 | 11,742 |
| | | | | |
| **Segment result[3)]** | 3,789 | -13,425 | 18 | -9,618 |
| Depreciation | -41 | -6,454 | -82 | -6,577 |
| Share of loss of an associate | 0 | 0 | 0 | 0 |
| | | | | |
| **Assets** | | | | |
| Investment in an associate | 0 | 0 | 0 | 0 |
| Segment investments[4)] | 0 | 76 | 38 | 114 |
| **Segment assets** | 3,647 | 45,341 | 40,575 | 89,563 |
| **Segment liabilities** | 1,430 | 31 | 12,065 | 13,526 |

1) Reconciliation includes data that cannot be allocated to the segments "Marketed Products" or "Drug Candidates", since they do not represent activities.
2) Intersegment sales are eliminated for consolidation purposes.
3) The segment result does not include any interest income (Q3 2009: 11 T€; Q3 2008: 349 T€), any interest expenses (Q3 2009: 0 T€; Q3 2008: 0 T€), any foreign exchange losses (Q3 2009: 27 T€; Q3 2008: 145 T€), any gains or losses from embedded derivatives (Q3 2009: -825 T€; Q3 2008: 356 T€), any income from financial assets (Q3 2009: 291 T€; Q3 2008: 0 T€), or any share of loss of an associate (Q3 2009: 450 T€; Q3 2008: 0 T€).
4) Segment investments relate to additions to fixed and intangible assets.

Primary Reporting – Business Units

| In T€ | Marketed Products | Drug Candidates | Reconciliation[1] | Total |
|---|---|---|---|---|
| **9M 2009** | | | | |
| Sales to external customers | 26,930 | 58 | 0 | 26,988 |
| Other income | 39 | 1,514 | 27 | 1,580 |
| Intersegment sales[2] | 0 | 0 | 0 | 0 |
| **Total revenue** | **26,969** | **1,572** | **27** | **28,568** |
| **Segment result[3]** | **2,181** | **-15,926** | **27** | **-13,718** |
| Depreciation | -3 | -517 | -102 | -622 |
| Share of loss of an associate | 0 | 0 | -1,148 | -1,148 |
| **Assets** | | | | |
| Investment in an associate | 0 | 0 | 2,390 | 2,390 |
| Segment investments[4] | 1 | 245 | 204 | 450 |
| **Segment assets** | **4,166** | **41,267** | **19,283** | **64,716** |
| **Segment liabilities** | **1,852** | **0** | **11,398** | **13,250** |
| **9M 2008** | | | | |
| Sales to external customers | 19,692 | 14 | 0 | 19,706 |
| Other income | 4,402 | 1,370 | 32 | 5,804 |
| Intersegment sales[2] | 0 | 0 | 0 | 0 |
| **Total revenue** | **24,094** | **1,384** | **32** | **25,510** |
| **Segment result[3]** | **4,145** | **-30,927** | **32** | **-26,750** |
| Depreciation | -161 | -6,810 | -261 | -7,232 |
| Share of loss of an associate | 0 | 0 | 0 | 0 |
| **Assets** | | | | |
| Investment in an associate | 0 | 0 | 0 | 0 |
| Segment investments[4] | 0 | 154 | 186 | 340 |
| **Segment assets** | **3,647** | **45,341** | **40,575** | **89,563** |
| **Segment liabilities** | **1,430** | **31** | **12,065** | **13,526** |

[1] Reconciliation includes data that cannot be allocated to the segments "Marketed Products" or "Drug Candidates", since they do not represent activities.

[2] Intersegment sales are eliminated for consolidation purposes.

[3] The segment result does not include any interest income (9M 2009: 122 T€; 9M 2008: 1,169 T€), any interest expenses (9M 2009: 5 T€; 9M 2008: 2 T€), any foreign exchange losses (9M 2009: 794 T€; 9M 2008: 549 T€), any losses from embedded derivatives (9M 2009: 586 T€; 9M 2008: 518 T€), any income from financial assets (9M 2009: 291 T€; 9M 2008: 0 T€), or any share of loss of an associate (9M 2009: 1,148 T€; 9M 2008: 0 T€).

[4] Segment investments relate to additions to fixed and intangible assets.

There are no internal service charges of a regular or planned nature between individual market segments or regions. For this reason, there are no details regarding such charges.

The income in the individual segments is generated by external business relationships.

The business units are composed as follows:

Marketed products:

- Eligard® for the treatment of hormone-dependent, advanced prostate cancer
- Polyphenon E® Ointment/Veregen® for the treatment of genital warts

Drug candidates & technologies:

- EndoTAG™-1 for the treatment of solid tumors
- RhuDex™ for the treatment of rheumatoid arthritis
- oHSV for the treatment of various types of cancer
- Preclinical product candidates: YourDex™

- EndoTAG™ technology
- oHSV technology
- AAV technology

## J) Other notes

### Contingent liabilities

There were no accruals for the contingent liabilities listed below, as the risk of their utilization is regarded as improbable.

Within the framework of existing license agreements, MediGene has committed to making milestone payments of approximately 9.5 million € to the respective licensor. The management does not believe that any accrual needs to be formed for this, as the corresponding payments will not become due until certain milestones are reached.

The company leases office and laboratory facilities, office furnishings, laboratory equipment, and vehicles. They constitute operating leases given the fact that the contractual agreement does not transfer the risks and rewards to the Group. The lease agreements have varying conditions, rental increase clauses, and extension options.

The Group's periods of notice range between one month and ten years for these lease agreements.

## K) Board of Directors and Supervisory Board

„Directors' Holdings" and notes on treasury shares and subscription rights

| Members | Shares 9M 2009 | Shares Y 2008 | Options 9M 2009 | Options Y 2008 |
|---|---|---|---|---|
| Prof. Dr. Ernst-Ludwig Winnacker<br>Supervisory Board Chairman, Co-founder | 274,476 | 274,476 | 0 | 8,600 |
| Prof. Dr. Norbert Riedel<br>Supervisory Board Vice Chairman | 3,300 | 3,300 | 0 | 5,590 |
| Dr. Pol Bamelis<br>Supervisory Board Member | 400 | 400 | 0 | 0 |
| Sebastian Freitag<br>Supervisory Board Member | 2,500 | 2,500 | 0 | 0 |
| Dr. Mathias Albert Boehringer<br>Supervisory Board Member | 0 | 0 | 0 | 0 |
| Total Supervisory Board | 280,676 | 280,676 | 0 | 14,190 |
| Dr. Frank Mathias<br>Chief Executive Officer (since April 29, 2009)<br>Chief Operating Officer (until April 29, 2009) | 0 | 0 | 22,500 | 22,500 |
| Dr. Thomas Klaue<br>Chief Financial Officer | 4,500 | 4,500 | 38,333 | 38,333 |
| Dr. Axel Mescheder<br>Chief Scientific Officer & Chief Development Officer | 6,000 | 6,000 | 62,836 | 62,836 |
| Total Executive Board*) | 10,500 | 10,500 | 123,669 | 123,669 |
| Treasury Stock | 0 | 0 | 0 | 0 |

*) Dr. Peter Heinrich has not been a member of the Executive Board since April 29th 2009

(Status as at September 30, 2009, and December 31, 2008)

# Financial calendar / imprint

## 2009

**November 13**
9-Months Report 2009
Analysts conference call

**December 15**
Analysts conference

## 2010

**March 26**
Annual Report 2009
Financial press conference/
Analysts conference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