MediGene

6-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					USA
					EU	
	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 %	

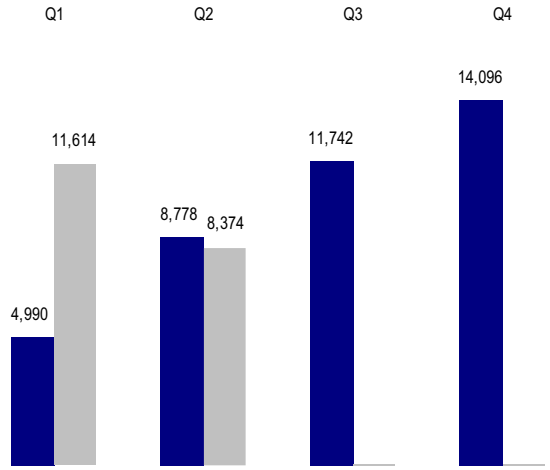
[1] Licensed from QLT USA, Inc.
[2] Marketing partnership with Astellas Pharma Europe Ltd.
[3] Marketing partnership with Nycomed US, Inc.
[4] Precursor of a specific type of skin cancer.
[5] Industrial average, source: Ernst & Young, 2009.

MediGene's key figures 6-months report 2009

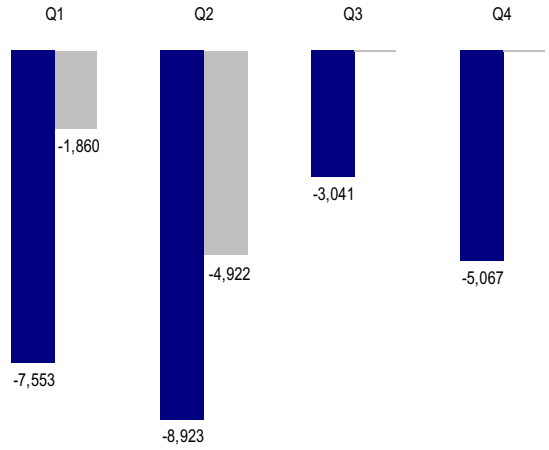
In T€	Q2 2009	Q2 2008	Change	6M 2009	6M 2008	Change
Income statements						
Product sales	8,219	8,422	-2%	18,585	12,869	44%
Other operating income	155	356	-56%	1,403	898	56%
Total revenue	8,374	8,778	-5%	19,988	13,767	45%
Cost of sales	-6,910	-6,576	5%	-14,528	-9,972	46%
Gross profit	1,464	2,202	-34%	5,460	3,795	44%
Selling, general and administrative expenses	-1,869	-3,194	-41%	-3,905	-5,802	-33%
Research and development expenses	-4,723	-8,258	-43%	-8,751	-15,125	-42%
EBITDA	-4,922	-8,923	-45%	-6,782	-16,477	-59%
Operating result	-5,128	-9,250	-45%	-7,196	-17,132	-58%
Result before income tax	-6,383	-8,130	-21%	-8,316	-17,591	-53%
Net loss	-6,383	-7,795	-18%	-8,316	-16,591	-50%
Net loss per share in €	-0.19	-0.23	-17%	-0.24	-0.49	-51%
Weighted average number of shares outstanding	34,030,116	34,008,536	0%	34,030,881	33,998,029	0%
Personnel expenses	-2,941	-5,138	-4 %	-6,022	-8,970	-33%
Cash flow						
Cash flow from operating activities	-3,074	-5,623	-45%	-11,449	-15,185	-25%
Cash flow from investing activities	-159	-90	77%	-279	-227	23%
Cash flow from financing activities	-23	591	-104%	11	1,193	-99%
Balance sheet data as at June 30, 2009						
Cash and cash equivalents	13,523	32,472	-58%			
Balance sheet total	70,614	97,725	-28%			
Current liabilities	9,346	12,144	-23%			
Non-current liabilities	236	1,064	-78%			
Shareholders' equity	61,032	84,517	-28%			
Equity ratio in %	86	86	0%			
Employees as at June 30, 2009	120	171	-30%			
MediGene share as at June 30, 2009						
Total number of shares outstanding	34,052,145	34,028,561	0%			
Share price (Closing price, XETRA)	4.20	6.29	-33%			
Dividend in €	0	0	0%			

MediGene's performance 2008 / 2009

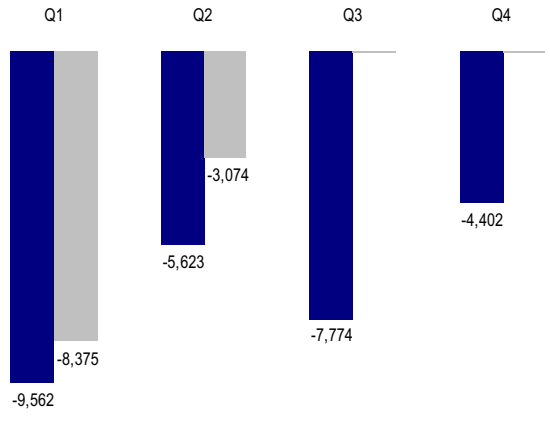
Total revenue
in T€



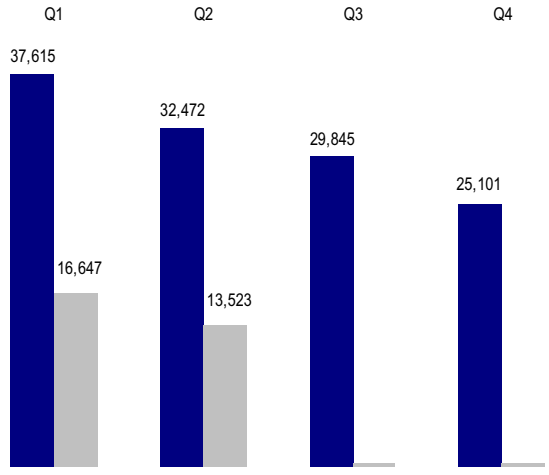
EBITDA
in T€



Cash flow from operating activities
in T€



Cash and cash equivalents
in T€



2008 2009

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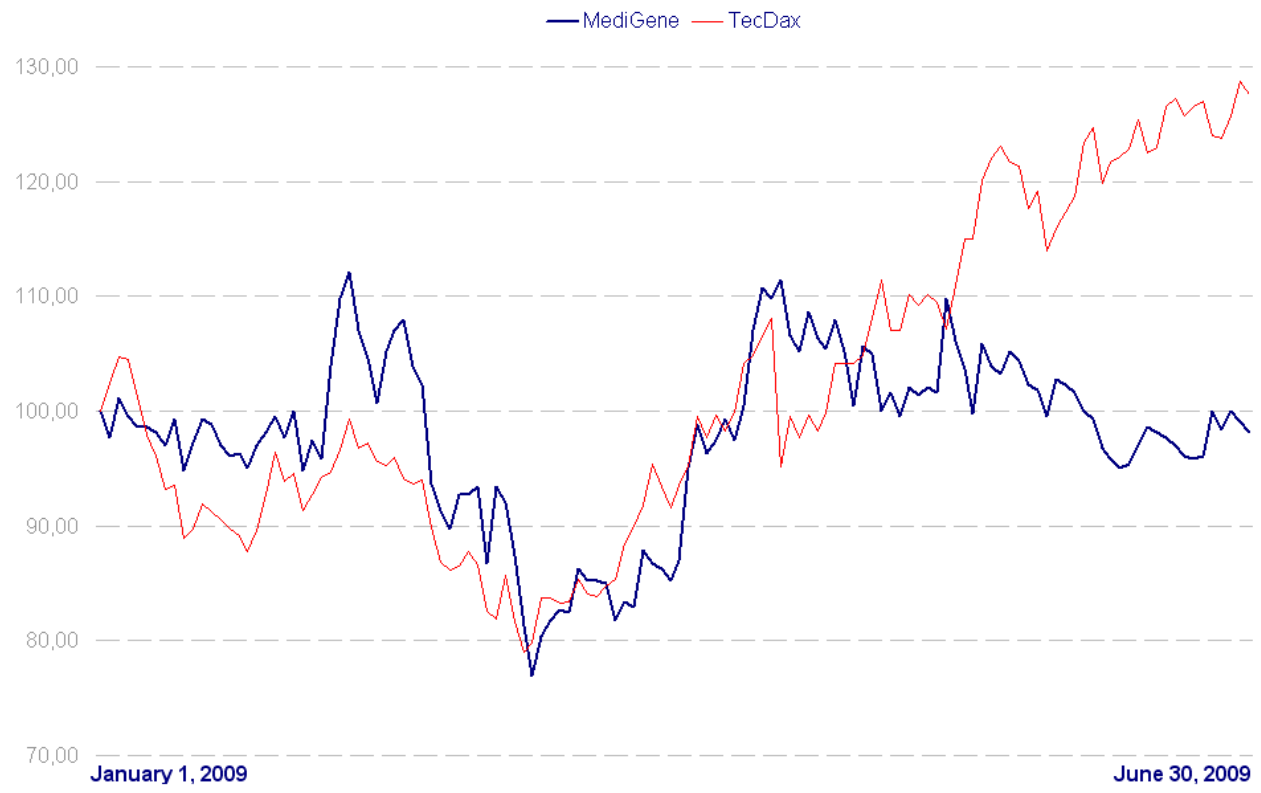
Our share

The MediGene share price

(January 2, 2009 4.28 € indexed to 100)



Key figures for the MediGene share

In €	6M 2009	6M 2008
6-months high	4.80	6.62
6-months low	3.29	4.07
Price at beginning of the year	4.28	5.43
Closing price	4.20	6.29
Average price since beginning of the year	4.19	5.24
Weighted average number of shares outstanding	34,030,881	33,998,029
Average market capitalization (million €)	143	178
Average daily trading volume in shares	98.301	105,059
Total number of shares outstanding (June 30, 2008)	34,052,145	34,028,561
Cash flow from operating activities/share*	-0.34	-0.45
Shareholders' equity/share*	1.79	2.48
Free float** (%)	81	75

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

Group management's discussion and analysis Q2 2009 / 6M 2009

FINANCIAL DEVELOPMENT IN THE FIRST SIX MONTHS

- Total revenue increased by 45% to 20.0 million € (6M 2008: 13.8 million €)
- Improvement of EBITDA by 59% to -6.8 million € (6M 2008: -16.5 million €)
- Reduction of R&D expenses by 42%, and of selling, general and administrative expenses by 33%
- Net loss reduced by 50% to 8.3 million € (6M 2008: 16.6 million €)
- Cash and cash equivalents at closing date June 30, 2009: 13.5 million € (December 31, 2008: 25.1 million €)

MAJOR EVENTS SINCE THE BEGINNING OF THE YEAR

- Start of sales promotion and active marketing of Veregen® in the USA through MediGene's partner Nycomed
- Dr. Frank Mathias appointed new Chief Executive Officer of MediGene AG
- US regulatory authority grants orphan drug designation for EndoTAG™-1
- Results obtained with EndoTAG™-1 and oHSV presented at the ASCO Annual Meeting
- Marketing partnership agreement concluded for commercialization of Veregen® in Spain and Portugal
- Positive assessment on market authorization for Veregen® in the first European countries

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. Its 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 broad research and development portfolio in the fields of oncology and immunology, with several projects at the preclinical, clinical, and research stages.

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 by MediGene's partner Astellas Pharma Europe Ltd. (hereinafter referred to as "Astellas Pharma"), Staines, United Kingdom, in most European countries. Just as in every quarter since market launch, the revenue generated with Eligard® significantly increased in the second 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 by MediGene's partner Nycomed US, Inc. (hereinafter referred to as "Nycomed"), Melville, New York, USA, since mid-February 2009. For commercialization in Spain and Portugal, MediGene entered into a marketing partnership agreement with Juste S.A.Q.F. The assessment process for the market approval application submitted to the regulatory authorities in Germany, Austria, and Spain in 2007 was concluded in July 2009 with positive outcome. This decision guarantees that national marketing authorizations in these countries will be formally granted by the regulatory authorities within the next few months. Approval in Germany 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. 135 patients are to be enrolled in this trial which will be conducted by more than 20 centers in several European countries and in India. Patient recruitment is to be concluded in 2009, and the final evaluation of this trial is expected for 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 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. The results obtained in these in-vitro studies are currently submitted to the regulatory authority for appraisal.

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 is pushing 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. Both projects were funded by public research grants in the first six months.

ASSETS POSITION

Cash position 13.5 million €; equity ratio 86%; liquidity cover ratio 19%

Development of the assets and capital structure

In T€	June 30, 2009 unaudited	Dec. 31, 2008 audited	Change
Assets			
Property, plant & equipment and intangible assets	32,916	29,662	11%
Goodwill	11,362	11,090	2%
Other non-current assets	496	545	-9%
Investment in an associate	3,013	3,269	-8%
Cash and cash equivalents	13,523	25,101	-46%
Inventories and trade accounts receivable	3,457	5,302	-35%
Other current assets	5,847	5,777	1%
Total	70,614	80,746	-13%
Liabilities and shareholders' equity			
Shareholders' equity	61,032	64,906	-6%
Non-current liabilities	236	384	-39%
Current liabilities	9,346	15,456	-40%
Total	70,614	80,746	-13%
Liquidity cover ratio in %	19	31	
Equity ratio in %	86	80	

FINANCIAL POSITION

Cash flow from operating activities

Cash used by operating activities decreased by 25% to -11,449 T€ in the first six months of 2009 (6M 2008: -15,185 T€), and by 45% to -3,074 T€ in the second quarter of 2009 (Q2 2008: -5,623 T€). The difference between the net loss for the period and the cash used in the first 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 six months of 2009 was 1.9 million € (6M 2008: 2.5 million €), and 1.0 million € in the second quarter 2009 (Q2 2008: 1.9 million €).

Cash flow from investing activities

During the first six months of 2009, cash used by investing activities amounted to -279 T€ (6M 2008: -227 T€), and -159 T€ in the second quarter 2009 (Q2 2008: -90 T€).

Development of cash and cash equivalents

In T€	Q2 2009 unaudited	Q2 2008 unaudited	Change	6M 2009 unaudited	6M 2008 unaudited	Change
Net cash						
used by operating activities	-3,074	-5,623	-45%	-11,449	-15,185	-25%
used by investing activities	-159	-90	77%	-279	-227	23%
used by/from financing activities	-23	591	-104%	11	1,193	-99%
Decrease in cash and cash equivalents	-3,256	-5,122	-36%	-11,717	-14,219	-18%
Cash and cash equivalents at beginning of period	16,647	37,615	-56%	25,101	46,511	-46%
Foreign currency translation	132	-21	>-200%	139	180	-23%
Cash and cash equivalents at end of period	13,523	32,472	-58%	13,523	32,472	-58%

As at closing date June 30, 2009, cash and cash equivalents totaled 13,523 T€.

EARNINGS POSITION

Total revenue

Total revenue amounted to 19,988 T€ in the first six months of 2009 (6M 2008: 13,767 T€), and to 8,374 T€ in the second quarter 2009 (Q2 2008: 8,778 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 slight decrease in revenue comparing the second quarters is due to stockpiling effects at Astellas. Eligard® product sales through MediGene's partner Astellas and, consequently, the royalties posted by MediGene have increased, like in every quarter since market launch.

Consolidated income statement (abbreviated)

In T€	Q2 2009 unaudited	Q2 2008 unaudited	Change	6M 2009 unaudited	6M 2008 unaudited	Change
Total revenue	8,374	8,778	-5%	19,988	13,767	45%
Cost of sales	-6,910	-6,576	5%	-14,528	-9,972	46%
Gross profit	1,464	2,202	-34%	5,460	3,795	44%
Selling, general, and administrative expenses	-1,869	-3,194	-41%	-3,905	-5,802	-33%
Research and development expenses	-4,723	-8,258	-43%	-8,751	-15,125	-42%
Operating result	-5,128	-9,250	-45%	-7,196	-17,132	-58%
Result before income tax	-6,383	-8,130	-21%	-8,316	-17,591	-53%
Net loss for the period	-6,383	-7,795	-18%	-8,316	-16,591	-50%

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 14,528 T€ in the first six months of 2009 (6M 2008: 9,972 T€), and to 6,910 T€ in the second quarter 2009 (Q2 2008: 6,576 T€). It is allocated mainly to the purchase of the products and to royalties paid on the sales revenue.

Gross profit

In the first six months of 2009, gross profit increased by 44% to 5,460 T€ (6M 2008: 3,795 T€), and amounted to 1,464 T€ in the second quarter 2009 (Q2 2008: 2,202 T€). The gross profit amount is determined by milestone payments and the ratio of revenues from product sales to license payments.

Selling, general, and administrative expenses

Compared to last year's reporting period, selling, general, and administrative expenses decreased by 33% to 3,905 T€ in the first six months of 2009 (6M 2008: 5,802 T€), and by 41% to 1,869 T€ in the second quarter 2009 (Q2 2008: 3,194 T€). This decrease is largely a consequence of the mTCR technology spin-off.

Research and development expenses

R&D expenses decreased by 42% to 8,751 T€ in the first six months of 2009 (6M 2008: 15,125 T€), and by 43% to 4,723 T€ in the second quarter 2009 (Q2 2008: 8,258 T€). The major part of this decrease results from reduced expenses for the mTCR technology as well as the RhuDex™ and L1 projects. The clinical development of RhuDex™ has been put on hold, and the other two projects were spun off and discontinued respectively.

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 EBITDA basis decreased by 59% to 6,782 T€ in the first six months of 2009 (6M 2008: 16,477 T€), and by 45% to 4,922 T€ in the second quarter 2009 (Q2 2008: 8,923 T€).

Depreciation

All in all, depreciation decreased by 37% to 414 T€ in the first six months of 2009 (6M 2008: 655 T€), and to 206 T€ in the second quarter 2009 (Q2 2008: 327 T€).

Financial result

The financial result improved to -422 T€ in the first six months of 2009 (6M 2008: -459 T€). As a result of losses from a derivative financial instrument and of the market development of credit interest, however, the second quarter 2009 financial result decreased to -864 T€ (Q2 2008: 1,120 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.

Financial result

In T€	Q2 2009 unaudited	Q2 2008 unaudited	Change	6M 2009 unaudited	6M 2008 unaudited	Change
Interest income	29	389	-93%	111	819	-86%
Interest expenses	0	0	0%	-5	-1	>200%
Sub-total	29	389	-93%	106	818	-87%
Gains/Losses from embedded derivatives	-618	754	-182%	239	-873	-127%
Foreign currency losses	-275	-23	>200%	-767	-404	90%
Total	-864	1,120	-177%	-422	-459	-8%

6-months result

In the first six months of 2009, the loss for the period decreased by 50% to 8,316 T€ (6M 2008: 16,591 T€), and to 6,383 T€ in the second quarter 2009 (Q2 2008: 7,795 T€). This decrease is primarily due to increased revenue, reduced R&D expenses which mainly resulted from the mTCR technology spin-off, and to reduced selling, general, and administrative expenses.

Result per share

In the first six months of 2009, the loss per share decreased to 0.24 € (weighted average number of shares: 34,030,881), compared to 0.49 € loss per share in last year's reporting period (6M 2008: weighted average number of shares: 33,998,029).

HUMAN RESOURCES

Corporate headcount decreased by 30% to 120 during the first six 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. Headcount at the Martinsried headquarters also decreased slightly.

Headcount as at June 30, and Dec. 31				Full-time-equivalent (FTE)		
	6M 2009	6M 2008	Y 2008	6M 2009	6M 2008	Y 2008
MediGene AG	116	128	128	111	116	117
MediGene, Inc.	4	4	4	4	5	5
MediGene Ltd.	0	39	1	0	39	28
Total	120	171	133	115	160	150

Personnel expenses

In T€	6M 2009	6M 2008	Change
Total	6,022	8,970	-33%

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 June 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 by the parties involved in July 2009.

In July 2008, following the death of a volunteer who participated in a study with the drug candidate RhuDex™, the Procurator Fiscal in Edinburgh, United Kingdom, routinely started investigations which are not yet completed. MediGene expects the investigation to be concluded within the second half of 2009. 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

Positive assessment on market authorization for Veregen® in the first European countries

The assessment process for the market approval application submitted to the regulatory authorities in Germany, Austria, and Spain was concluded with positive outcome. This binding decision guarantees that national marketing authorizations in these countries will be formally granted by the respective regulatory authorities within the next few months.

FORECAST

Financial forecast 2009

MediGene confirms the 2009 forecast to increase revenues and reduce the loss on EBITDA basis compared to 2008 (2008: total revenue 40 million €, EBITDA -25 million €). This financial forecast does not take into account the planned partnership for the cancer drug EndoTAG™-1.

Continuing increase in Eligard® sales expected

Due to the six-month depot formulation of Eligard® (Eligard® 45 mg) in particular, MediGene anticipates a continuous rise in the Eligard® market share, as well as a further increase in European sales revenues from Eligard®.

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 from the commercialization of the ointment on the US market.

Following the conclusion of a marketing partnership for Veregen® for Spain and Portugal in June 2009, MediGene expects at least one further marketing partnership to be concluded before the end of this year.

EndoTAG™-1 partnering process ongoing

In 2008, MediGene presented the results obtained in a clinical phase II trial of the drug candidate EndoTAG™-1 for the treatment of pancreatic carcinoma. Since April 2007, MediGene has been conducting a phase II trial of the drug candidate

EndoTAG™-1 for the treatment of triple receptor-negative breast cancer. Patient recruitment is to be completed in 2009, and final evaluation of the trial is expected for the first six months of 2010. The negotiations for the conclusion of a global partnership for EndoTAG™-1 have reached an advanced stage.

RhuDex™ – assessment of the study results by regulatory authority

MediGene has conducted in-vitro tests with RhuDex™, with the goal of ruling out any potential connection between the active ingredient and an increased cardiovascular risk. The results obtained in these studies are now submitted to the regulatory authorities for assessment. Upon approval of the authorities, clinical development of the drug candidate may be resumed before the end of this year.

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 to the 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 June 30, 2009, and 2008

In T€	Q2 2009 unaudited	Q2 2008 unaudited	6M 2009 unaudited	6M 2008 unaudited
1. Product sales	8,219	8,422	18,585	12,869
2. Other operating income	155	356	1,403	898
3. Total revenue	8,374	8,778	19,988	13,767
4. Cost of sales	-6,910	-6,576	-14,528	-9,972
5. Gross profit	1,464	2,202	5,460	3,795
6. Selling expenses	-470	-830	-947	-1,557
7. General and administrative expenses	-1,399	-2,364	-2,958	-4,245
8. Research and development expenses	-4,723	-8,258	-8,751	-15,125
9. Operating result	-5,128	-9,250	-7,196	-17,132
10. Interest income	29	389	111	819
11. Interest expense	0	0	-5	-1
12. Foreign exchange losses	-275	-23	-767	-404
13. Gains/Losses from embedded derivatives	-618	754	239	-873
14. Share of loss of an associate	-391	0	-698	0
14. Result before income tax	-6,383	-8,130	-8,316	-17,591
15. Taxes	0	335	0	1,000
16. Net loss for the period	-6,383	-7,795	-8,316	-16,591
Result per share:				
Basic/diluted in €	-0.19	-0.23	-0.24	-0.49
Weighted average number of shares outstanding	34,030,116	34,008,536	34,030,881	33,998,029

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

In T€	Q2 2009 unaudited	Q2 2008 unaudited	6M 2009 unaudited	6M 2008 unaudited
1. Net loss for the period	-6,383	-7,795	-8,316	-16,591
2. Exchange differences on translation of foreign operations	1,980	86	3,032	-2,829
3. Net gains/losses on available-for-sale financial assets	796	0	1,211	0
4. Unrealized loss from QLT shares	41	-17	-46	-195
5. Other comprehensive income for the year, net of tax	2,817	69	4,197	-3,024
6. Total comprehensive income for the period, net of tax	-3,566	-7,726	-4,119	-19,615

Consolidated balance sheet

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

In T€	June 30, 2009 unaudited	December 31, 2008 audited
Assets		
A. Non-current assets		
I. Property, plant & equipment	1,079	1,151
II. Intangible assets	31,837	28,511
III. Goodwill	11,362	11,090
IV. Financial assets	493	540
V. Investment in an associate	3,013	3,269
VI. Other assets	3	5
Total non-current assets	47,787	44,566
B. Current assets		
I. Inventories	1,349	2,185
II. Trade accounts receivable	2,108	3,117
III. Cash and cash equivalents	13,523	25,101
IV. Other current assets	5,847	5,777
Total current assets	22,827	36,180
Total assets	70,614	80,746
Liabilities and shareholders' equity		
A. Shareholders' equity		
I. Subscribed capital Number of shares issued and outstanding: December 31, 2008: 34,028,561 June 30, 2009: 34,052,145	34,052	34,029
II. Additional paid-in capital	336,195	335,973
III. Accumulated deficit	-301,583	-293,267
IV. Other reserves	-7,632	-11,829
Total shareholders' equity	61,032	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	5,933	10,496
II. Embedded financial instruments	927	1,166
III. Other current liabilities	1,794	3,339
IV. Accruals	692	455
Total current liabilities	9,346	15,456
Total liabilities	9,582	15,840
Total liabilities and shareholders' equity	70,614	80,746

Consolidated cash flow statement

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

In T€	Q2 2009 unaudited	Q2 2008 unaudited	Q2 2009 unaudited	Q2 2008 unaudited
Cash flow from operating activities				
Net loss for the period (before taxes)	-6,383	-8,130	-8,316	-17,591
Adjustments to reconcile net loss with cash used in operating activities:				
Stock-based compensation	92	662	190	788
Depreciation	206	327	414	655
Interest income	-29	-389	-111	-819
Interest expense	0	0	5	1
Changes in:				
Inventories	-164	1,016	835	-7
Other assets and prepaid expenses	1,480	289	945	-603
Trade accounts payable	456	189	-4,563	1.018
Accruals	237	0	237	-10
Other liabilities and deferred income	640	413	-1,783	1.383
Share of net loss of an associate	391	0	698	0
Net cash used by operating activities	-3,074	-5,623	-11,449	-15,185
Cash flow from investing activities				
Purchase of property, plant & equipment	-159	-90	-279	-227
Net cash used by investing activities	-159	-90	-279	-227
Cash flow from financing activities				
Proceeds from capital increase	100	0	100	0
Expenses from capital increase	-45	0	-45	0
Proceeds from stock options and convertible bonds	0	122	0	251
Repayments of convertible bonds	-111	-3	-148	-18
Interest received	33	472	109	961
Interest paid	0	0	-5	-1
Net cash from financing activities	-23	591	11	1,193
Decrease in cash and cash equivalents	-3,256	-5,122	-11,717	-14,219
Cash and cash equivalents at beginning of the period	16,647	37,615	25,101	46,511
Foreign currency translation	132	-21	139	180
Cash and cash equivalents at end of the period	13,523	32,472	13,523	32,472

Consolidated statement of changes in shareholders' equity

for the periods from January 1 to June 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				-8,316		-8,316
Net loss on hedge of an investment					1,211	1,211
Unrealized loss from QLT shares					-46	-46
Currency translation adjustments					3,032	3,032
Comprehensive income						-4,119
Capital increase	23,584	23	77			100
Expenses capital increase			-45			-45
Exercised options/bonds						0
Stock-based compensation			190			190
Balance June 30, 2009, unaudited	34,052,145	34,052	336,195	-301,583	-7,632	61,032
Balance January 1, 2008, audited	33,946,481	33,946	334,667	-262,477	-3,043	103,093
Net loss for the period				-16,591		-16,591
Unrealized loss from QLT shares					-195	-195
Currency translation adjustments					-2,829	-2,829
Comprehensive income						-19,615
Capital increase						0
Expenses capital increase						0
Exercised options/bonds	82,080	83	168			251
Stock-based compensation			788			788
Balance June 30, 2008, unaudited	34,028,561	34,029	335,623	-279,068	-6,067	84,517

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 June 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 August 6, 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 June 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 six months of 2009, the MediGene Group did not recognize any tax gain or loss. In last year's reporting period, the MediGene Group recognized a tax gain resulting from the release of deferred taxes on the liabilities side affecting net income. The release of deferred taxes 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 of 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 June 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 June 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 June 30, 2009 decreased by 6,110 T€ from 15,456 T€ to 9,346 T€. This decrease is mainly a consequence of a reduction of trade accounts payable and other current liabilities in the first six months of 2009.

F) Notes on the cash flow statement

In the first six months of 2009, cash used by operating activities decreased from 2.5 to 1.9 million € compared to last year's reporting period.

The funds showed 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
Q2 2009				
Sales to external customers	8,226	145	3	8,374
Intersegment sales[2]	0	0	0	0
Total revenue	8,226	145	3	8,374
Segment result[3]	383	-5,514	3	-5,128
Depreciation	-1	-171	-34	-206
Share of loss of an associate	0	0	-391	-391
Assets				
Investment in an associate	0	0	-128	-128
Segment investments[4]	0	16	143	159
Segment assets	3,809	43,199	23,606	70,614
Segment liabilities	927	0	8,655	9,582
Q2 2008				
Sales to external customers	8,422	351	5	8,778
Intersegment sales[2]	0	0	0	0
Total revenue	8,422	351	5	8,778
Segment result[3]	368	-9,623	5	-9,250
Depreciation	-60	-179	-88	-327
Share of loss of an associate	0	0	0	0
Assets				
Investment in an associate	0	0	0	0
Segment investments[4]	0	17	73	90
Segment assets	2,883	55,999	38,843	97,725
Segment liabilities	1,786	63	11,359	13,208

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 (Q2 2009: 29 T€; Q2 2008: 389 T€), interest expenses (Q2 2009: 0 T€; Q2 2008: 0 T€), any foreign exchange losses (Q2 2009: 275 T€; Q2 2008: 23 T€), any gains or losses from embedded derivatives (Q2 2009: -618 T€; Q2 2008: 754 T€), or any share of loss of an associate (Q2 2009: 391 T€; Q2 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
6M 2009				
Sales to external customers	18,572	1,391	25	19,988
Intersegment sales[2)]	0	0	0	0
Total revenue	18,572	1,391	25	19,988
Segment result[3)]	2,190	-9,411	25	-7,196
Depreciation	-2	-342	-70	-414
Share of loss of an associate	0	0	-698	-698
Assets				
Investment in an associate	0	0	3,013	3,013
Segment investments[4)]	1	77	201	279
Segment assets	3,809	43,199	23,606	70,614
Segment liabilities	927	0	8,655	9,582
6M 2008				
Sales to external customers	12,869	885	13	13,767
Intersegment sales[2)]	0	0	0	0
Total revenue	12,869	885	13	13,767
Segment result[3)]	357	-17,502	13	-17,132
Depreciation	-120	-356	-179	-655
Share of loss of an associate	0	0	0	0
Assets				
Investment in an associate	0	0	0	0
Segment investments[4)]	0	78	149	227
Segment assets	2,883	55,999	38,843	97,725
Segment liabilities	1,786	63	11,359	13,208

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 (6M 2009: 111 T€; 6M 2008: 819 T€), interest expenses (6M 2009: 5 T€; 6M 2008: 1 T€), any foreign exchange losses (6M 2009: 767 T€; 6M 2008: 404 T€), any gains or losses from embedded derivatives (6M 2009: 239 T€; 6M 2008: -873 T€), or any share of loss of an associate (6M 2009: 698 T€; 6M 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

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 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 6M 2009	Shares Y 2008	Options 6M 2009	Options Y 2008
Prof. Dr. Ernst-Ludwig Winnacker Supervisory Board Chairman, Co-founder	274,476	274,476	8,600	8,600
Prof. Dr. Norbert Riedel Supervisory Board Vice Chairman	3,300	3,300	5,590	5,590
Dr. Pol Bamelis Supervisory Board Member	400	400	0	0
Sebastian Freitag Supervisory Board Member	2,500	2,500	0	0
Dr. Mathias Albert Boehringer Supervisory Board Member	0	0	0	0
Total Supervisory Board	280,676	280,676	14,190	14,190
Dr. Frank Mathias Chief Executive Officer (since April 29, 2009) Chief Operating Officer (until April 29, 2009)	0	0	22,500	22,500
Dr. Thomas Klaue Chief Financial Officer	4,500	4,500	38,333	38,333
Dr. Axel Mescheder 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

*) Convertible Bonds

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

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

Financial calendar / imprint

2009

August 31
Annual shareholders' meeting 2009
Munich

November 13
9-Months Report 2009
Analysts conference call

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