MediGene

THINK TO THE FUTURE, UTILIZE STRENGTHS

9-Months Report 2008

MediGene's Innovative Drug Pipeline

Product	Indication	Preclinic/ Research	Clinical phase I	Clinical phase II	Clinical phase III	Approval	Marketed	Peak sales potential[1] (million €)
Eligard® [2]	**Prostate cancer**							**> 100[3]**
Veregen™ (Polyphenon E® Ointment)	**Genital warts**					EU	USA	**> 200[4]**
	Actinic keratosis[5]							**> 200**
EndoTAG™-1	**Pancreatic cancer**							**> 200**
	Breast cancer							**> 1.000**
	Other solid tumors							**> 400**
RhuDex™	**Rheumatoid arthritis**							**> 1.000**
HSV (NV1020)	**Colon liver metastases**							**> 150**
HSV (G207)	**Brain tumors (Glioblastoma)**							**> 70**

Chance of reaching the market: 10 - 30 % 30 - 60 % 60 - 80 % 80 - 90 %

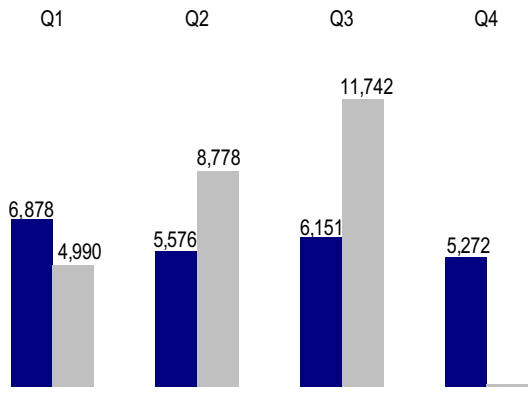
[1] Annually; maximum annual sales potential. MediGene will receive royalties on sales of products jointly developed or marketed with other biotech or pharmaceuticals companies.
[2] European marketing rights acquired from QLT USA, Inc. (formerly Atrix).
[3] Marketing partnership with Astellas Pharma Europe Ltd.
[4] Marketing partnership with Bradley Pharmaceuticals, Inc. (today Nycomed US, Inc.)
[5] Precursor of a specific type of skin cancer.

MediGene's Key Figures 9-Months Report 2008

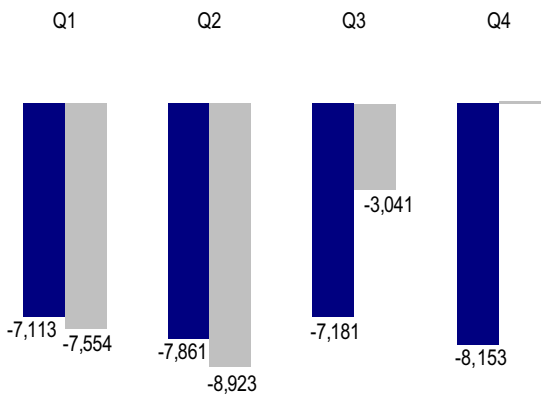
in T€	Q3-2008	Q3-2007	Change	9M-2008	9M-2007	Change
Income statements						
Product sales	6,837	5,789	18 %	19,706	17,212	14 %
Other operating income	4,905	362	>200 %	5,804	1,393	>200 %
Total revenues	11,742	6,151	91 %	25,510	18,605	37 %
Cost of sales	-6,039	-4,541	33 %	-16,012	-14,181	13 %
Gross profit	5,703	1,610	>200 %	9,498	4,424	115 %
Selling, general, and administrative expenses	-2,378	-2,052	16 %	-8,180	-6,836	20 %
Research and development expenses	-6,559	-7,068	-7 %	-21,684	-20,788	4 %
EBITDA	-3,041	-7,181	-58 %	-19,518	-22,155	-12 %
Impairment mTCR	-6,384	-	-	-6,384	-	-
Operating result	-9,618	-7,510	28 %	-26,750	-23,200	15 %
Result before income tax	-9,058	-7,371	23 %	-26,650	-22,280	20 %
Net loss	-8,402	-7,249	16 %	-24,994	-20,041	25 %
Result per share	-0.25	-0.23	8 %	-0.74	-0.65	14 %
Weighted average number of shares outstanding	34,028,561	31,535,379	8 %	34,001,531	30,735,984	11 %
Personnel expenses	-3,759	-3,573	5 %	-12,729	-11,287	13 %
Cash flow						
Cash used by operating activities	-7,774	-7,916	-2 %	-22,959	-26,238	-12 %
Cash from/used by investing activities	4,627	-167	>-200 %	4,400	-466	>-200 %
Cash from financing activities	525	15,958	-97 %	1,718	28,722	-94 %
Balance sheet data as at September 30, 2008						
Cash and cash equivalents	29,845	54,555	-45 %			
Balance sheet total	89,563	124,502	-28 %			
Current liabilities	13,121	9,483	38 %			
Non-current liabilities	405	281	44 %			
Shareholders' equity	76,037	114,738	-34 %			
Equity ratio in %	85	92	-8 %			
Employees as at September 30, 2008	172	170	1 %			
MediGene share as at September 30, 2008						
Number of shares outstanding	34,028,561	33,941,065	-			
Share price (Closing price, XETRA)	5.46	5.06	8 %			
Dividend in €	-	-	-			

MediGene´s Performance 2007 / 2008

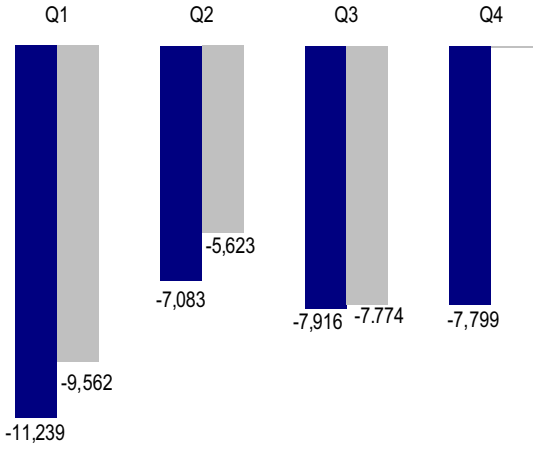
Total revenues
in T€



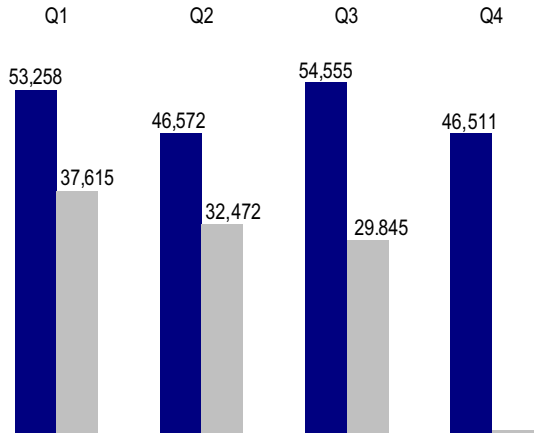
EBITDA
in T€



Cash flow from operating activities
in T€



Cash and cash equivalents
in T€



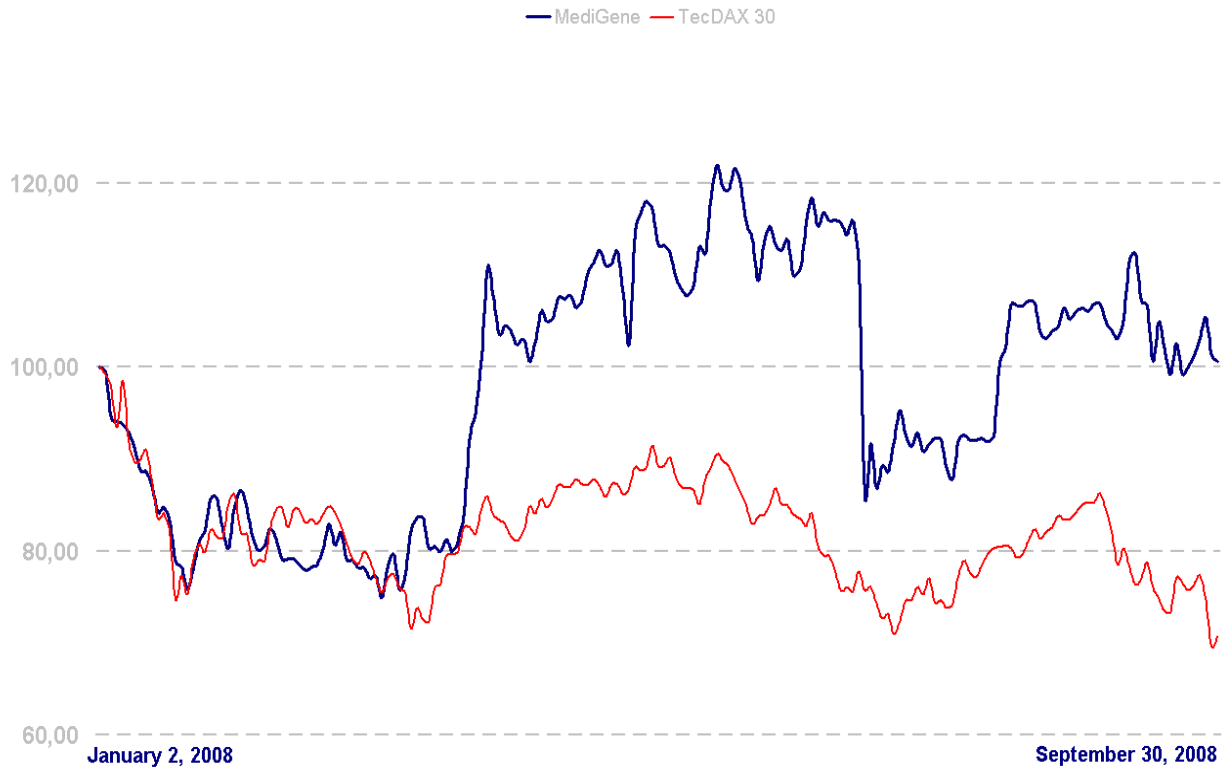
2007 2008

Contents

Our Share

The MediGene Share Price

(January 2, 2008 5.43 € indexed to 100)



Key Figures for the MediGene Share

€	9M-2008	9M-2007
9-Months high	6.62	7.36
9-Months low	4.07	3.94
Price at beginning of the year	5.43	7.36
Closing price	5.46	5.06
Average price since beginning of the year	5.32	5.65
Weighted average number of shares outstanding	34,001,531	30,735,984
Average market capitalization (million €)	181	174
Average daily trading volume in shares (No.)	129,074	153,898
Total number of shares outstanding (September 30, 2008)	34,028,561	33,941,065
Cash flow from operating activities/share*	-0.67	-0.59
Shareholders' equity/share*	2.23	3.51
Free float** (%)	75	78

* Reference: Total number of shares outstanding ** Reference: Deutsche Börse, September 30, 2008

Group Management's Discussion and Analysis Q3-2008 / 9M-2008

FINANCIAL DEVELOPMENT IN THE FIRST NINE MONTHS

- Increase in total revenues by 37 % to 25.5 million € through higher Eligard® sales (9M-2007: 18.6 million €)
- Average monthly net cash burn rate from operating activities reduced to 2.6 million € (9M-2007: 2.9 million €)
- Improvement of EBITDA to -19.5 million € (9M-2007: -22.2 million €)
- One-time impairment of 6.4 million € in the course of the mTCR program spin-off
- Cash and cash equivalents at closing date September 30, 2008: 29.8 million € (December 31, 2007: 46.5 million €)

MAJOR EVENTS SINCE THE BEGINNING OF THE YEAR

- MediGene announces strategic focus on the business areas oncology and immunology
- European marketing authorization granted for Oracea®
- MediGene sells European rights to Oracea®
- MediGene spins off the mTCR program, thereby reducing future R&D expenses

KEY PRODUCT PORTFOLIO ADVANCES

- MediGene obtains very good efficacy and safety data of EndoTAG™-1 in clinical phase II study in pancreatic cancer
- European market launch of the six-months product of Eligard® largely completed
- MediGene obtains positive data of RhuDex™ in clinical phase IIa study, phase I study with new formulation of RhuDex™ put on hold for the time being
- MediGene exercises option on anti-L1 antibody for cancer therapy, and continues collaboration with the DKFZ (German Cancer Research Center)

PRELIMINARY NOTES

MediGene develops drugs in the field of oncology and immunology

The core competence of MediGene AG, Martinsried (hereinafter referred to as "MediGene") is the research into as well as the development of innovative drugs for the treatment of various types of cancer and autoimmune diseases. Thus MediGene concentrates on indications of great medical need and substantial commercial potential. In addition to the two products already on the market, i.e. Eligard® and Veregen™, further sources of income comprise payments received under the terms of partnerships for joint product development and commercialization as well as research, development, and technology agreements.

Development state of product portfolio

Eligard®

Meanwhile the one-month and three-month dosages of MediGene's drug Eligard® are marketed by the company's partner Astellas Pharma in most European countries. Since early in 2007, the six-month dosage of Eligard® has also been available and was launched in Germany first of all. Meanwhile market launch of this product in the other European countries has been largely completed, with a significant rise in Eligard® sales at the same time.

Polyphenon E® Ointment /Veregen™

The Polyphenon E® Ointment for the treatment of genital warts was launched on the US market by MediGene's marketing partner Nycomed US, Inc. (hereinafter referred to as "Nycomed", formerly Bradley Pharmaceuticals, Inc.) in December 2007, and is sold under the name of Veregen™. In the first quarter of 2007, MediGene also submitted the marketing authorization application for Polyphenon E® Ointment to the regulatory authorities in Germany, Austria, and Spain. A decision about this application is expected at the end of 2008 or early in 2009. Approval of this drug in these countries will serve as a reference for the approval procedures in other European countries.

Oracea®

At the end of 2006, MediGene had acquired the European marketing rights to Oracea® for the treatment of rosacea from the US company CollaGenex Pharmaceuticals, Inc. (today Galderma Laboratories, Inc.; hereinafter referred to as "Galderma"). In summer of 2008 European marketing authorization was granted.

In the course of the projected strategic focusing, MediGene sold the European rights to Oracea® to Galderma in July 2008. Galderma committed itself to making an immediate payment of 8 million € to MediGene. Depending on the Oracea® sales revenues achieved by Galderma, MediGene will receive successive milestone payments totaling up to 24 million €.

Drugs on the basis of EndoTAG™

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

The European Commission granted orphan drug designation for EndoTAG™-1 in the indication pancreatic cancer. This designation guarantees EU market exclusivity for the drug for a period of ten years following marketing authorization.

In mid-April 2007, MediGene initiated a phase II study of the drug candidate EndoTAG™-1 for the treatment of triple receptor-negative breast cancer. The objective of the study is to investigate the efficacy of EndoTAG™-1 in the treatment of this highly aggressive type of cancer for which there is no established therapy available at present, and to collect additional drug safety data. 135 patients are to be enrolled in this study 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 preliminary results of this study are expected for 2009. Final study evaluation is scheduled for 2010.

The drug candidate EndoTAG™-1 is aimed at the targeted destruction of endothelial cells of the blood vessels supplying the tumor with nutrients. EndoTAG™-1 is a positively charged lipid complex which attaches itself selectively to the negatively charged cells lining newly formed tumor blood vessels. Thereafter, the lipid complex releases the cytostatic drug paclitaxel, in order to destroy the blood vessels, thereby cutting off nutrient supply of the tumor tissue.

RhuDex™

RhuDex™, an active ingredient for the treatment of 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. In June 2008, MediGene reported that all objectives of a clinical phase IIa study of a test formulation had been achieved. Apart from positive safety and resorption data as well as good adsorption after oral administration, first indication of biological activity of RhuDex™ was observed. Simultaneously an improved tablet formulation of the active ingredient was developed for the purpose of higher user friendliness.

In July 2008, an ongoing clinical phase I study of the new formulation of RhuDex™ was put on hold. A volunteer participating in the study suffered myocardial infarction a couple of days after administration of RhuDex™. Following treatment in hospital, he collapsed and died at home. The autopsy showed that the volunteer died of an acute myocardial re-infarction as a consequence of coronary thrombosis. These findings clearly prove impairment of cardiac function in this patient that had developed for many years. From MediGene's point of view, this is backing the assessment that a causal correlation between the death of the patient and the administration of the study medication RhuDex™ is unlikely.

Drug candidates based on oncolytic herpes simplex virus technology (HSV)

MediGene is currently investigating the cancer-killing virus NV1020 in a phase I/II study in the indication liver metastases in patients suffering from advanced colorectal cancer. After conclusion of the clinical phase I part of the study, it was continued at the most efficacious dosage level in a clinical phase II part. MediGene presented interim analysis results obtained in this study at the two most important cancer conferences in Europe (ESMO) and the USA (ASCO), which showed a clear indication of efficacy of the maximum dose administered. The final data from this study are to be presented at the ASCO conference early in 2009.

Preclinical development projects

At the preclinical and the research stages, MediGene is developing a therapeutic monoclonal antibody against ovarian cancer protein L1.

Technology platforms

Additionally, MediGene is pushing the development of its proprietary platform technologies for drug development, such as the EndoTAG™ technology. The research on the EndoTAG™ technology for the treatment of other, non-tumor diseases will be funded by public research grants until 2009. The mTCR technology which is based on soluble, monoclonal T-cell receptors (mTCR) has been developed by MediGene's UK subsidiary MediGene Ltd. so far was transferred to the newly founded company Immunocore Ltd. in which MediGene Ltd. holds a 38.5 % stake. That way MediGene will participate in this technology in the future as well, but without bearing any future development costs. In the course of the spin-off of the mTCR program, impairment according to IAS 36 took place. The one-time impairment resulting from this totals 6.4 million €.

Another technology platform is based on AAV-like particles which shall be used for the development of prophylactic and therapeutic vaccines. This very promising project which is protected extensively by patents is also funded by public research grants.

ASSETS POSITION

Cash Position 29.8 million €; Equity Ratio 85 %; Liquidity Cover Ratio 33 %

Development of the assets and capital structure

in T€	Sep. 30, 2008 unaudited	Dec. 31, 2007 audited	Change
Assets			
Fixed and intangibles assets	35,136	48,409	-27 %
Goodwill	11,513	12,710	-9 %
Financial assets	726	987	-26 %
Investments in an associated company	4,264	-	-
Cash and cash equivalents	29,845	46,511	-36 %
Inventories and accounts receivable	2,927	925	>200 %
Other current assets	5,152	5,387	-4 %
Total	**89,563**	**114,929**	**-22 %**
Liabilities and shareholders' equity			
Shareholders' equity	76,037	103,093	-26 %
Non-current liabilities	405	2,100	-81 %
Current liabilities	13,121	9,736	35 %
Total	**89,563**	**114,929**	**-22 %**
Liquidity cover ratio in %	**33**	**40**	
Equity ratio in %	**85**	**90**	

FINANCIAL POSITION

Cash flow from operating activities

Cash used by operating activities decreased to 22,959 T€ in the first nine months of 2008 (9M-2007: 26,238 T€), and to 7,774 T€ in the third quarter of 2008 (Q3-2007: 7,916 T€). The difference between the net loss for the period and the cash flow in the first nine months of 2008 is mainly a consequence of the impairment referring to the mTCR platform that does not affect cash, which became effective as a result of the sale of assets to Immunocore Ltd.

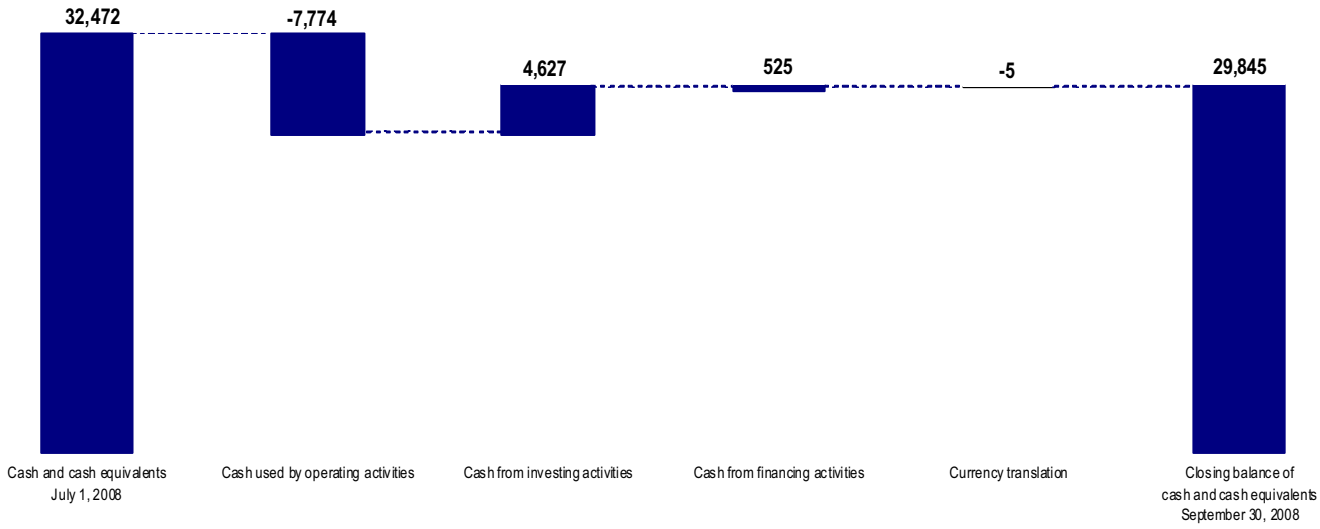
Average monthly cash burn rate from operating activities

The average monthly net cash burn rate from operating activities was 2.6 million € in the first nine months of 2008 (9M-2007: 2.9 million €), and 2.6 million € in the third quarter of 2008 (Q3-2007: 2.6 million €).

Cash flow from investing activities

During the first nine months of 2008 cash from investing activities amounted to 4,400 T€ (9M-2007: -466 T€), and to 4,627 T€ in the third quarter of 2008 (Q3-2007: -167 T€). The reason for the cash flow from investing activities is a one-time payment made by Galderma for the sale of the European marketing rights to Oracea® amounting to 8 million € as well as an investment of 3.3 million € in the Immunocore Ltd. stake.

Development of cash and cash equivalents in Q3-2008 (in T€)



As at September 30, 2008, cash and cash equivalents totaled 29,845 T€.

EARNINGS POSITION

EBITDA

MediGene AG has introduced EBITDA as a new figure into its reporting. MediGene uses the term EBITDA as earnings before interest, tax, foreign currency gains/losses, and depreciation of fixed and intangible assets. As a cash-flow-related parameter, EBITDA possesses a higher operational significance than EBIT. The operating result (EBIT) which, for example, is burdened once in the reporting period due to an impairment in the course of the mTCR spin-off, and therefore does not allow a reasonable comparison with the previous reporting periods. The change is expected to improve the comparability of actual operating results before depreciation and special items in the individual reporting periods.

Total Revenues

Total revenues increased to 25,510 T€ in the first nine months of 2008, (9M-2007: 18,605 T€), and to 11,742 T€ in the third quarter of 2008 (Q3-2007: 6,151 T€). Revenues have been generated almost exclusively from the commercialization of the drug Eligard® in Europe. Other operating income mainly consists of the proceeds from the sale of the rights to Oracea®, 4.4 million € of which were posted as revenues. Apart from that MediGene received research grants and payments from cooperation partners.

Consolidated income statement (abbreviated)

in T€	Q3-2008 unaudited	Q3-2007 unaudited	Change	9M-2008 unaudited	9M-2007 unaudited	Change
Total revenues	11,742	6,151	91 %	25,510	18,605	37 %
Cost of sales	-6,039	-4,541	33 %	-16,012	-14,181	13 %
Gross profit	**5,703**	**1,610**	**>200 %**	**9,498**	**4,424**	**115 %**
Selling, general, and administrative expenses	-2,378	-2,052	16 %	-8,180	-6,836	20 %
Research and development expenses	-6,559	-7,068	-7 %	-21,684	-20,788	4 %
Impairment	-6,384	-	-	-6,384	-	-
Operating result	**-9,618**	**-7,510**	**28 %**	**-26,750**	**-23,200**	**15 %**
Result before income tax	**-9,058**	**-7,371**	**23 %**	**-26,650**	**-22,280**	**20 %**
Net loss for the period	**-8,402**	**-7,249**	**16 %**	**-24,994**	**-20,041**	**25 %**

Cost of Sales

Cost of sales arose almost exclusively within the scope of the commercialization of the drug Eligard®. The cost of sales amounted to 16,012 T€ in the first nine months of 2008 (9M-2007: 14,181 T€), and to 6,039 T€ in the third quarter of 2008 (Q3-2007: 4,541 T€). The cost is allocated mainly to the purchase of the products and to royalties on the sales revenue.

Gross Profit

In the first nine months of 2008, gross profit increased by 115 % to 9,498 T€ (9M-2007: 4,424 T€), and by 254 % to 5,703 T€ in the third quarter of 2008 (Q3-2007: 1,610 T€). The gross profit amount is determined by milestone payments and the ratio of revenues from product sales to license payments.

General, Administrative, and Selling Expenses

Compared to last year's reporting period, general, administrative, and selling expenses increased in the first nine months of 2008 by 20 % to 8,180 T€ (9M-2007: 6,836 T€), and by 16 % to 2,378 T€ in the third quarter of 2008 (Q3-2007: 2,052 T€). This increase is mainly due to increased marketing expenses, to the cost for the admission to trading of shares already issued, and to the increased expenses for employees' stock options in 2008.

R&D Expenses

In the first nine months of 2008, R&D expenses increased by 4 % to 21,684 T€ (9M-2007: 20,788 T€), and decreased by 7 % to 6,559 T€ in the third quarter of 2008 (Q3-2007: 7,068 T€). Most of this increase is allocated to an increase in third-party costs for preclinical and clinical development, and to one-time effects.

EBITDA

The loss on EBITDA basis decreased by 12 % to 19,518 T€ in the first nine months (9M-2007: 22,155 T€), and by 58 % to 3,041 T€ in the third quarter (Q3-2007: 7,181 T€). The reason for this is a one-time payment made by Galderma for the sale of the European marketing rights to Oracea®.

Depreciation

All in all, depreciation increased to 7,232 T€ in the first nine months of 2008 (9M-2007: 1,045 T€), and to 6,577 T€ in the third quarter of 2008 (Q3-2007: 329 T€). This severe increase is due to the one-time impairment according to IAS 36 of the mTCR platform which was spun out into Immunocore Ltd.

Financial Result

The financial result decreased to 100 T€ in the first nine months of 2008 (9M-2007: 920 T€), as a result of increased foreign currency losses, and the losses from a derivative financial instrument pursuant to IAS 39. In contrast, the financial result in the third quarter of 2008 increased to 560 T€ (Q3-2007: 139 T€), as a result of gains from a derivative financial instrument. The financial instrument relates to the contract for the commercialization of Eligard® concluded with Astellas Pharma which includes an embedded derivative, since it is processed in US dollars and not in the functional currency of one of the two contracting parties. This derivative is not cash-effective. Foreign currency gains and losses result from the translation of US dollar and British Pound into Euro.

Financial result

in T€	Q3-2008 unaudited	Q3-2007 unaudited	Change	9M-2008 unaudited	9M-2007 unaudited	Change
Interest income	349	504	-31 %	1,169	1,398	-16 %
Interest expenses	0	-3	-	-2	-12	-83 %
Subtotal	**349**	**501**	**-30 %**	**1,167**	**1,386**	**-16 %**
Gains/losses from derivative Financial instruments	356	-69	>-200 %	-518	-67	80 %
Foreign currency losses	-145	-293	24 %	-549	-399	>200 %
Total	**560**	**139**	**>200 %**	**100**	**920**	**-89 %**

9-Months Result 2008

In the first nine months of 2008, the loss for the period increased to 24,994 T€ (9M-2007: 20,041 T€), and to 8,402 T€ in the third quarter of 2008 (Q3-2007: 7,249 T€). The increase in loss is primarily due to the one-time impairment of value of the mTCR platform, and to increased general, administrative, and selling expenses.

Result per Share

In the first nine months of 2008, the loss per share increased to 0.74 € (9M-2007: weighted average number of shares: 34,001,531), compared to 0.65 € loss per share in last year's reporting period (9M-2007: weighted average number of shares: 30,735,984). On a quarterly basis, the loss per share increased from 0.23 € (Q3-2007) to 0.25 € (Q3-2008).

HUMAN RESOURCES

Corporate headcount remained unchanged during the first nine months of 2008, compared with last year's reporting period.

	Headcount as at Sep. 30, and Dec. 31			Average number of employees (FTE)		
	9M-2008	9M-2007	Y-2007	9M-2008	9M-2007	Y-2007
MediGene AG	131	123	126	116	114	114
MediGene, Inc.	5	5	5	5	5	5
MediGene Ltd.	36	42	41	37	40	40
Total	**172**	**170**	**172**	**158**	**159**	**159**

*) FTE = full-time equivalent

Personnel expenses

in T€	9M-2008	9M-2007	Change
Total	**12,729**	**7,587**	**13 %**

SEGMENT INFORMATION

Segment information is provided on page 20 of the appendix.

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) 2007. Up to the closing date September 30, 2008, no changes to the state described therein have occurred.

Legal Disputes

Prior to the market launch of Eligard® in 2004, MediGene had already filed a suit before the German Federal Patents Court for the invalidity of the German part of a European patent on specifically designed high-molecular, biodegradable polymers of its competitors Takeda Chemical Industries Ltd. and Wako Pure Chemical Industries Ltd. In the summer of 2004, after the market launch of Eligard®, Takeda Chemical Industries, Takeda Pharma GmbH and Wako Pure Chemical Industries (Takeda and Wako) sued the partners MediGene and Astellas Pharma GmbH for alleged patent infringement before the Düsseldorf District Court. In their lawsuit they argue that the commercialization of MediGene's and Astellas Pharma's drug Eligard® infringes the aforementioned patent of the plaintiffs.

On April 20, 2005, the Third Nullity Board at the German Federal Patents Court decided in a hearing that all of the claims from the aforementioned patent that Takeda and Wako were asserting against MediGene and Astellas Pharma before the Düsseldorf District Court were invalid within the Federal Republic of Germany. Takeda and Wako have appealed against this judgment before the Federal Court of Justice (BGH), whose verdict is expected in 2009. At the same time, the Düsseldorf District Court suspended the suit for patent infringement until the final ruling in the suit for invalidity. The patent in question expired in early May 2006.

In the further course of the matter, MediGene lodged an appeal against the granting of European patents EP 1 310 517 B1 and EP 1 330 293 B1 to Wako Pure Chemical Industries Ltd. and Takeda Pharmaceutical Company Ltd., and to Takeda Pharmaceutical Company Ltd. in April and May 2006, respectively. In addition, there was a parallel court case concerning patent infringement in the United States, in which MediGene's supplier and licensor QLT USA, Inc. (formerly Atrix Laboratories, Inc.), and the US marketing partner of QLT USA, Inc., Sanofi-Synthelabo, Inc., were sued on grounds of patent infringement by Takeda Abbott Pharmaceutical Product, Inc., Takeda Chemical Industries Ltd., and Wako Pure Chemical Industries Ltd. According to a press release published by QLT USA, Inc. on February 9, 2007, this legal dispute was settled out of court. Since the opposite party has not put in any specified claim for damages up to now, and since the management estimates the probability of such a claim at less than 50 %, no accrual has been formed. Moreover the license agreement concluded with QLT USA, Inc. stipulates that the licensor will pay any damages.

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 2007 published on March 13, 2008.

MAJOR EVENTS SINCE END OF PERIOD UNDER REVIEW

MediGene Reports Positive Final Results from a Phase II Study with EndoTAG™-1

The final data obtained in a controlled phase II study with EndoTAG™-1 for the treatment of pancreatic cancer confirm previously published results regarding median overall survival, as well as 6-month and 12-month survival. Median progression-free survival of the patients treated improved to 9.4 months compared to 7.2 months in the control arm. Those patients who had the option to receive repeated treatment cycles with EndoTAG™-1 even showed a median progression-free survival of up to 13.6 months compared to 6.8 months. Moreover, the study showed positive results for other study endpoints as well.

MediGene Puts Phase I Study of RhuDex™ on Hold for the Time Being

After the incident in June 2008 that was the cause why the phase I study was put on hold, the drug candidate RhuDex™ for the treatment of rheumatoid arthritis is to be examined in a further series of laboratory tests, under the auspices of the UK MHRA (Medicines and Healthcare products Regulatory Agency). These in-vitro studies will examine potential detrimental interactions between RhuDex™ and arteriosclerotic blood vessels. MediGene will prepare a development plan for these tests and coordinate it with the MHRA. These studies are to be initiated in the first half of 2009.

MediGene Announces Change to Supervisory Board

On October 31, 2008 MediGene announced that Dr Thomas Strüngmann, Managing Director of Santo Holding (Germany) GmbH, will resign from office as a Supervisory Board Member of MediGene AG for personal reasons, effective by year-end 2008.

Apart from that, no major changes to the business conditions have occurred up to November 6, 2008.

FORECAST

Financial Forecast 2008

For 2008, MediGene expects an increase in total revenues to approx. 38 million €, compared to last vear's 23.9 million €. These revenues expected will probably be generated by product sales of Eligard®, and by proceeds from the sale of the European marketing rights to Oracea®. Operational costs will increase compared to the financial year 2007 due to increased R&D expenses resulting from the extended activities regarding the main product candidates EndoTAG™-1 and RhuDex™. Except for impairment due to the spin-off of the mTCR program, MediGene expects a decrease in loss on EBIT basis compared to last year.

Using EBITDA as the comparator, MediGene expects an improved result of -26 million € compared to last year (-30 million €).

Positive Impetus from Market Launch of the Six-Month Depot Formulation of Eligard® in other European countries

European market launch of the six-month depot formulation of Eligard® (Eligard® 45 mg) by MediGene's partner Astellas Pharma is now largely completed. Thus MediGene anticipates gains in the Eligard® market share in Europe, and consequently a further increase in overall sales revenues from Eligard®.

Veregen™ (Polyphenon E® Ointment) – Nycomed as a Sales Partner

In December 2007, MediGene's marketing partner Bradley Pharmaceuticals, Inc. started the US market launch of the Polyphenon E® Ointment under the trade name Veregen™. Following the acquisition of Bradley Pharmaceuticals, Inc. by Nycomed, the new sales partner pursues a different strategy. After promotion of the product only with major opinion leaders in 2008, actual commercialization shall start at the beginning of 2009. Therefore MediGene expects significant revenues from the commercialization of the ointment in the USA not before the financial year 2009. Inventory buildup is proceeding according to schedule. In addition to the revenues from the sales of the active ingredient to the marketing partner, MediGene also receives royalties on the net sales achieved on the market. In spring of 2007, MediGene submitted a marketing authorization application in Germany, Austria, and Spain. A decision about this application is expected at the end of 2008, or early in 2009.

Oracea® – European Rights Sold

Over the next few years MediGene expects further milestone payments from Galderma from the sale of the European rights to Oracea®.

EndoTAG™-1 Phase II Completed with Positive Efficacy Data

In March 2008, MediGene published positive results regarding efficacy obtained in a clinical phase II study of the drug candidate EndoTAG™-1 for the treatment of pancreatic carcinoma. These data were confirmed in the final evaluation in October.
Since April 2007, MediGene has been conducting a phase II study of the drug candidate EndoTAG™-1 for the treatment of triple receptor-negative breast cancer. The objective of the study is to investigate the efficacy of EndoTAG™-1 in the treatment of this highly aggressive type of cancer, and to collect additional safety data. 135 patients are to be enrolled in this study which will be conducted by more than 20 centers in several countries in Europe and Asia. Patient recruitment shall be completed in 2009, and the first results are expected in the same year. Final evaluation is expected in 2010. MediGene intends to conclude a partnership for EndoTAG™-1 in 2009, and has entered into negotiations with potential partners.

RhuDex™ – After an Incident in Clinical Phase I Study, Development Put on Hold for the Time

MediGene conducted a clinical phase IIa pilot study of a test formulation of RhuDex™ with nearly 30 patients, with the purpose of obtaining preliminary data regarding pharmacokinetics and tolerability of the active ingredient. All study objectives were achieved. At the same time the present formulation of the drug was significantly improved, so that considerable higher levels of the drug in the serum can be achieved with much less base material. This new formulation was tested in a clinical phase I study in order to prepare the next clinical phase II study. However, this study was put on hold after an incident. According to the current state of investigations, it is MediGene's assessment that a causal correlation between the unforeseen incident and the administration of RhuDex™ is very unlikely. As a consequence of the incident, RhuDex™ is going to be examined in a series of further laboratory tests, under the auspices of the authority responsible. MediGene is currently preparing the development plan for these examinations. The tests are scheduled to start early in 2009.

NV1020 – Publication of Results Obtained in Clinical Phase I/II Study

In September 2007, MediGene completed patient recruitment for a clinical phase II study of NV1020 in the indication liver metastases in patients suffering from colorectal carcinoma. Presentation of the data from this study is scheduled for the first quarter of 2009, during the ASCO congress. MediGene is planning to discontinue its own development activities in the field of oncolytic viruses, and to grant a license for this project or to transfer it to a new enterprise.

Further Focusing of Portfolio and Research Activities

In consequence of MediGene's decision not to start any sales activities for its dermatological products, commercialization of these products shall take place through licensing agreements or the sale of the marketing rights to the drugs. Oracea® was sold to Galderma, and for the European rights to Veregen® MediGene has entered into negotiations with potential buyers or licensees.

The spin-off of the cost-intensive mTCR development to Immunocore Ltd. which took place on September 30, 2008, will significantly reduce MediGene's R&D expenses next year.

Consolidated Income Statements
for the periods from January 1 to September 30, 2008, and 2007

in T€	Q3-2008 unaudited	Q3-2007 unaudited	9M-2008 unaudited	9M-2007 unaudited
1. Product sales	6,837	5,789	19,706	17,212
2. Other operating income	4,905	362	5,804	1,393
3. Total revenues	**11,742**	**6,151**	**25,510**	**18,605**
4. Cost of sales	-6,039	-4,541	-16,012	-14,181
5. Gross profit	**5,703**	**1,610**	**9,498**	**4,424**
6. Selling expenses	-728	-552	-2,285	-1,958
7. General and administrative expenses	-1,650	-1,500	-5,895	-4,878
8. Research and development expenses	-6,559	-7,068	-21,684	-20,788
9. Impairment	-6,384	-	-6,384	-
10. Operating result	**-9,618**	**-7,510**	**-26,750**	**-23,200**
11. Interest income	349	504	1,169	1,398
12. Interest expenses	0	-3	-2	-12
13. Foreign exchange losses	-145	-117	-549	-178
14. Gains/Losses from embedded derivatives	356	-245	-518	-288
15. Result before income tax	**-9,058**	**-7,371**	**-26,650**	**-22,280**
16. Taxes	656	122	1,656	2,239
17. Net loss for the period	**-8,402**	**-7,249**	**-24,994**	**-20,041**
Per share data in €:				
Net loss per share („actual“ and „fully diluted“)	**-0.25**	**-0.23**	**-0.74**	**-0.65**
Weighted average number of shares outstanding	34,028,561	31,535,379	34,001,531	30,735,984

Consolidated Balance Sheet
as of September 30, 2008, and December 31, 2007

in T€	September 30, 2008 unaudited	December 31, 2007 audited
Assets		
A. Non-current assets		
I. Property, plant & equipment	1,308	1,802
II. Intangible assets	33,828	46,607
III. Goodwill	11,513	12,710
IV. Financial assets	726	891
V. Investment in an associated company	4,264	-
VI. Other non-current assets	6	96
Total non-current assets	**51,639**	**62,106**
B. Current assets		
I. Inventories	1,610	568
II. Accounts receivable	1,317	357
III. Cash and cash equivalents	29,845	46,511
IV. Other current assets	5,152	5,387
Total current assets	**37,924**	**52,823**
Total assets	**89,563**	**114,929**
Liabilities and shareholders' equity		
A. Shareholders' equity		
I. Share capital		
Number of shares issued and outstanding:		
December 31, 2007: 33,946,481		
September 30, 2008: 34,028,561	34,029	33,946
II. Additional paid-in capital	335,690	334,667
III. Accumulated deficit	-287,471	-262,477
IV. Other reserves	-6,211	-3,043
Total shareholders' equity	**76,037**	**103,093**
B. Non-current liabilities		
I. Financial liabilities	172	194
II. Pension obligations	233	250
III. Deferred taxes	0	1,656
Total non-current liabilities	**405**	**2,100**
C. Current liabilities		
I. Trade accounts payable	7,490	2,242
II. Embedded financial instruments	1,430	913
III. Other current liabilities	3,743	6,008
IV. Accruals	427	437
V. Deferred income	31	136
Total current liabilities	**13,121**	**9,736**
Total liabilities and shareholders' equity	**89,563**	**114,929**

Consolidated Cash Flow Statements
for the periods from January 1 to September 30, 2008, and 2007

in T€	Q3-2008 unaudited	Q3-2007 unaudited	9M-2008 unaudited	9M-2007 unaudited
Cash flow from operating activities				
Net loss (before taxes)	-9,058	-7,371	-26.649	-22,280
Adjustments to reconcile net loss with cash used in operating activities:				
Expenses for new options/bonds	67	119	855	361
Depreciation	6,577	329	7,232	1,045
Gains/Losses from sales of property, plant & equipment	-4,599	0	-4,599	
Interest income	-349	-504	-1,169	-1,398
Interest expenses	0	3	2	12
Changes in:				
Inventories	-1,035	27	-1,042	21
Other assets and prepaid expenses	-354	-1,746	-957	-1,201
Trade accounts payable	4,230	757	5,248	-143
Accruals	0	-	-10	-
Other liabilities and deferred income	-3,253	470	-1,870	-3,972
Taxes	0	0	0	1,317
Net cash used by operating activities	**-7,774**	**-7,916**	**-22,959**	**-26,238**
Cash flow from investing activities				
Purchases of property, plant & equipment	-113	-167	-340	-466
Sales of property, plant & equipment	8,000	-	8,000	-
Purchase of investment in an associated company	-3,260	-	-3,260	-
Net cash from/used by investing activities	**4,627**	**-167**	**4,400**	**-466**
Cash flow from financing activities				
Proceeds from capital increase	0	15,576	0	28,154
Expenses capital increase	0	-1	0	-654
Proceeds from stock options	0	44	251	45
Proceeds from/repayments of convertible bonds	-3	-104	-21	-99
Interest received	529	446	1,490	1,282
Interest paid	-1	-3	-2	-6
Net cash from financing activities	**525**	**15,958**	**1,718**	**28,722**
Increase/decrease in cash and cash equivalents	**-2,622**	**7,875**	**-16,841**	**2,018**
Cash and cash equivalents at beginning of period	32,472	46,572	46,511	52,498
Currency translation	-5	108	175	39
Cash and cash equivalents at end of period	**29,845**	**54,555**	**29,845**	**54,555**

Supplementary schedule of non-cash financing activities:

No new leasing obligations for new laboratory and office equipment were incurred during the first nine months of 2008, just as in last year's reporting period.

Consolidated Changes in Shareholders' Equity
for the periods from January 1 to September 30, 2008, and 2007

	Shares	Share capital	Capital reserves	Accumulated losses	Other reserves	Total share-holders' equity
	No.	T€	T€	T€	T€	T€
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 Inc. shares					-171	-171
Currency translation adjusments					-2,997	-2,997
Comprehensive income						**-28,162**
Capital increase	0	0	0			0
Capital increase expenses			0			0
Exercised options/bonds	82,080	83	168			251
Expenses on new options/bonds			855			855
Balance September 30, 2008, unaudited	**34,028,561**	**34,029**	**335,690**	**-287,471**	**-6,211**	**76,037**
Balance January 1, 2007, audited	**28,653,630**	**28,654**	**311,627**	**-232,601**	**832**	**108,512**
Net loss for the period				-20,041		-20,041
Unrealized loss from QLT Inc. shares					-563	-563
Currency translation adjusments					-1,686	-1,686
Comprehensive income						**-22,290**
Capital increase	5,273,491	5,273	23,491			28,764
Capital increase expenses			-654			-654
Exercised options/bonds	13,944	14	31			45
Expenses on new options/bonds			361			361
Balance September 30, 2007, unaudited	**33,941,065**	**33,941**	**334,856**	**-252,642**	**-1,417**	**114,738**

Notes to the Interim Consolidated Financial Statements

A) Description of Business Operations and Corporate Information

MediGene AG, Martinsried (hereinafter referred to as MediGene) is a biopharmaceuticals company which focuses on the research, development, and commercialization of innovative drugs, concentrating on indications of great medical necessity and substantial commercial interest. R&D activities center upon cancer and autoimmune diseases. Distribution of the drugs approved so far is effected through sales partners.

The group's main activities are described in the Notes under I) "Segment Reporting."

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

B) Accounting Principles

Basic principles for the preparation of interim financial statements

These unaudited 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, 2007, and 2008.

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 2006. As a capital market oriented parent company, as defined by article 4 of EC Regulation 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 6, 2008.

Changes in accounting and reporting principles

The accounting and reporting principles applied for the interim consolidated financial statements correspond to those applied for the consolidated annual financial statements 2007, with the exception of the application of new or revised accounting standards described in the following.

IFRIC 11 ("IFRS 2 – Group and Tresury Share Transactions")

According to this interpretation, agreements under which employees are granted rights to equity instruments of a company must be accounted for as share-based payment transactions settled with equity instruments even when the company acquires the instruments from a third party or when the shareholders make the required equity instruments available.

The application of this interpretation would have no impact on the presentation of the assets, income, and financial situation in the interim consolidated financial statements.

IFRIC 14 ("IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction")

This interpretation provides guidelines for determining the maximum surplus from a defined benefit plan that may be capitalized as an asset in accordance with IAS 19 Employee Benefits. The surpluses which currently partly result from defined benefit plans are of no particular significance.

The application of this interpretation will therefore have no impact on the group's assets, financial, or earnings position.

The MediGene group is waiving the early application of the following standards and interpretations. From a current standpoint, the application of these standards would have no impact on the group's assets, financial, or earnings position.

IFRS 2 ("Share-based Payment – Vesting Conditions and Cancellations")

According to IFRS 2, factors of share-based payment which are not exercise terms are to be included in the calculation of the fair value of the share-based payment on the day of granting (thus the fair value also reflects market-related exercise terms).

Moreover, according to IFRS 2, non-compliance with a condition, except for an exercise term, constitutes a cancellation. IFRS 2 stipulates the accounting method for cancellations by the company, but does not make any statements as to the handling of cancellations by other parties. The changes provide for cancellations by other parties to be portrayed in the same way as cancellations on the part of the company.

IFRS 8 ("Operating Segments")

This standard requires the disclosure of information about the group's operating segments, and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments for the group. MediGene is waiving the early application of this standard. The group has come to the conclusion that the operating segments identified in the group in accordance with IFRS 8 correspond to the operating segments previously identified in accordance with IAS 14 "Segment Reporting."

IAS 23 ("Borrowing Costs")

The standard requires the capitalization of borrowing costs that can be attributed to a qualifying asset. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use.

IAS 32 ("Financial Instruments - Presentation")

The changes mainly refer to questions regarding the differentiation between shareholders' equity and outside capital. In particular it is now possible on certain conditions to post redeemable instruments under shareholders' equity. The changes are of particular interest for partnerships and cooperative associations.

Group companies

In addition to the parent company, MediGene AG in Martinsried, the group (MediGene Group) includes two subsidiaries, MediGene, Inc., San Diego, USA, and MediGene Limited, Abingdon, Oxfordshire, United Kingdom. The subsidiaries were acquired in 2001 (MediGene, Inc., USA) and 2006 (MediGene Ltd., UK), respectively. Apart from that, the subsidiary MediGene Ltd. holds a 38.5 % stake in the company Immunocore Ltd., as of September 30, 2008.

Apart from that, MediGene held no other shares in affiliated companies, associated companies, or joint ventures as at September 30, 2008. 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) Shareholding/Spin-off of mTCR Program

Effective from September 30, 2008, MediGene and a group of private investors jointly founded the company Immunocore Ltd. As focus of this new company, MediGene has contributed the technology platform of monoclonal T-cell receptors (mTCR) of MediGene's UK subsidiary MediGene Ltd. to Immunocore. Moreover MediGene made a cash contribution of 3 million €. Therefore MediGene has a stake of 1 million € for the mTCR assets (IP and other assets), and of 3 million € cash. In return MediGene receives 38.5 % of the shares in Immunocore Ltd. and will be the largest shareholder in the company. In the course of the spin-off of the mTCR platform, an impairment according to IAS 36 was carried out. The resulting one-time impairment is allocated to goodwill and to fixed and intangible assets, totaling 6,384 T€.

The future development of the mTCR technology will be financed entirely by Immunocore Ltd. As from October 1, 2008, MediGene is free from any financial obligation arising from the mTCR program. In addition, MediGene has retained the right of first refusal for the application of the mTCR technology in defined cancer indications for further development. This spin-off is part of the continued focusing of MediGene's business, and will significantly reduce the company's cash burn rate.

On October 1, 2008, Immunocore Ltd will take over the employees of MediGene Ltd. as well as the company's offices and lab space in Oxfordshire, UK. James Noble, previously the Managing Director of Avidex Ltd. and a former member of MediGene's Supervisory Board, will be the Director of the new company. Dr. Peter Heinrich, Chief Executive Officer of MediGene AG, will become a member of Immunocore's Board of Directors.

D) Seasonal Dependency of Business Operations

MediGene's business operations do not underlie any seasonal fluctuations.

E) Notes on the Consolidated Income Statements

Taxes

In the first nine months of 2008, 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 results from an increase in the accumulated losses of the subsidiary MediGene Ltd., and from the impairment of the intangible assets of the mTCR program. A tax rate of 30% is applied to this company. In the UK, there is no limitation on the utilization of accumulated losses.

Embedded derivative

The contract for the commercialization of Eligard® concluded with Astellas Pharma 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.

F) Notes on the Balance Sheet

Share capital

Compared to December 31, 2007, share capital increased by 83 T€ from 33,946 T€ to 34,029 T€ as at September 30, 2008.

The share capital as at September 30, 2008 is divided into 34,028,561registered no-par-value common shares, approx. 75 % of which were outstanding as at closing date (Reference: Deutsche Börse).

Goodwill

The decrease of the reported goodwill is due to foreign currency translation effects as at closing date. These effects pertain to the book value of goodwill from the acquisition of MediGene Ltd. which is reported in British Pounds. This change is posted as "other reserves" in shareholders' equity. In the course of the impairment for the mTCR program, goodwill decreased by 929 T€.

Current liabilities

Compared to December 31, 2007, current liabilities as of September 30, 2008 increased from 9,736 T€ by 3,385 T€ to 13,121 T€. This increase is mainly a consequence of an increase in trade accounts payable, and the losses from the derivative financial instrument (see Notes E), page 19).

G) Notes on the Cash Flow Statements

In the first nine months of 2008, cash used by operating activities decreased from 2.9 to 2.6 million € compared to last year's reporting period. In the first quarter of 2007, MediGene made a one-time license payment of 3,793 T€ for the drug candidate Oracea® to the licensor CollaGenex Pharmaceuticals, Inc.

Cash inflow from investing activities increased to 4.6 million € in the third quarter 2008. This amount results from the sale of the European marketing rights to Oracea® to Galderma, the proceeds of which totaled 8 million €, whereas there was an investment of 3.3 million € in the Immunocore Ltd. stake (see page 15).

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

H) 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.

I) Segment Reporting

Primary reporting – business units
The group is organized into two primary business units: **"Specialty Pharma"** and **"Biopharma"**.

Primary Reporting - Business Units

in T€	Specialty pharma	Biopharma	Not allocated	Total
Q3-2008				
Total revenues	11,225	499	18	**11,742**
Cost of sales	-6,039	0	0	**-6,039**
Gross profit	**5,186**	**499**	**18**	**5,703**
Selling expenses	-124	0	-604	**-728**
General and administrative expenses	0	0	-1,650	**-1,650**
R&D expenses	-707	-5,852	0	**-6,559**
Impairment	0	-6,384	0	**-6,384**
Operating result	**4,355**	**-11,737**	**-2,236**	**-9,618**
Financial result				**560**
Net result before taxes				**-9,058**
Taxes				**656**
Net loss				**-8,402**
Segment assets	3,647	45,341	40,575	**89,563**
Segment liabilities	0	31	13,495	**13,526**
Depreciation	-41	-6,454	-82	**-6,577**
Average number of employees	12	106	40	**158**
Investments[1)]	0	76	19	**95**
Provisions and employee benefit liabilities	0	0	233	**233**
Q3-2007				
Total revenues	5,779	370	2	**6,151**
Cost of sales	-4,541	0	0	**-4,541**
Gross profit	**1,238**	**370**	**2**	**1,610**
Selling expenses	-158	0	-394	**-552**
General and administrative expenses	0	0	-1,500	**-1,500**
R&D expenses	-581	-6,487	0	**-7,068**
Impairment	-	-	-	-
Operating result	**499**	**-6,117**	**-1,892**	**-7,510**
Financial result				**139**
Net result before taxes				**-7,371**
Taxes				**122**
Net loss				**-7,249**
Segment assets	3,124	61,654	59,724	**124,502**
Segment liabilities	0	179	9,585	**9,764**
Depreciation	-60	-181	-88	**-329**
Average number of employees	14	109	36	**159**
Investments	1	155	11	**167**
Provisions and employee benefit liabilities	0	0	82	**82**

[1)] Investments also include finance lease investments.

Primary Reporting - Business Units

in T€	Specialty pharma	Biopharma	Not allocated	Total
9M-2008				
Total revenues	24,094	1,384	32	**25,510**
Cost of sales	-16,012	0	0	**-16,012**
Gross profit	**8,082**	**1,384**	**32**	**9,498**
Selling expenses	-430	0	-1,855	**-2,285**
General and administrative expenses	0	0	-5,895	**-5,895**
R&D expenses	-1,912	-19,772	0	**-21,684**
Impairment	0	-6,384	0	**-6,384**
Operating result	**5,740**	**-24,772**	**-7,718**	**-26,750**
Financial result				**100**
Net result before taxes				**-26,650**
Taxes				**1,656**
Net loss				**-24,994**
Segment assets	3,647	45,341	40,575	**89,563**
Segment liabilities	0	31	13,495	**13,526**
Depreciation	-161	-6,810	-261	**-7,232**
Average number of employees	12	106	40	**158**
Investments[1)]	0	154	168	**322**
Provisions and employee benefit liabilities	0	0	233	**233**
9M-2007				
Total revenues	17,202	1,391	12	**18,605**
Cost of sales	-14,181	0	0	**-14,181**
Gross profit	**3,021**	**1,391**	**12**	**4,424**
Selling expenses	-529	0	-1,429	**-1,958**
General and administrative expenses	0	0	-4,878	**-4,878**
R&D expenses	-1,794	-18,994	0	**-20,788**
Impairment	-	-	-	-
Operating result	**698**	**-17,603**	**-6,295**	**-7,510**
Financial result				**920**
Net result before taxes				**-22,280**
Taxes				**2,239**
Net loss				**-20,041**
Segment assets	3,124	61,654	59,724	**124,502**
Segment liabilities	0	179	9,585	**9,764**
Depreciation	-181	-569	-295	**-1,045**
Average number of employees	14	109	36	**159**
Investments	2	219	245	**466**
Provisions and employee benefit liabilities	0	0	82	**82**

[1)] Investments also include finance lease investments.

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:

Specialty Pharma products & product candidates:

- Eligard® for the treatment of hormone-dependent, advanced prostate cancer
- Polyphenon E® Ointment for the treatment of genital warts and actinic keratosis

Biopharma product candidates & technologies:

- EndoTAG™-1 for the treatment of solid tumors
- RhuDex™ for the treatment of rheumatoid arthritis
- NV1020 for the treatment of liver metastases
- G207 for the treatment of brain tumors
- Preclinical product candidates: EsoDex®, YourDex™, and HiDex™ (the two latter until September 30, 2008)

- EndoTAG™ technology
- mTCR technology platform
- HSV technology

I) Other Notes

Contingent Liabilities

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

In the context of existing licensing agreements MediGene committed itself to milestone payments to the respective licensors amounting to a total of 16.5 million €. From the view of the company´s management, no provision needs to be formed for this because the payments fall due only upon achievement of certain milestones.

The company leases office and laboratory space, office furniture, laboratory equipment, and motor vehicles. These objects constitute operative leases since the group by contract does not bear the risks and potential rewards. The lease agreements have different terms, rental increase provisions, and prolongation options. The group's periods of notice range between one month and ten years for these lease agreements.

Annual Shareholders´ Meeting held on July 16, 2008:

The Annual Shareholders´ Meeting agreed to all proposals made by the management.

K) Board of Directors and Supervisory Board

„Directors' Holdings" and notes on treasury stock and warrants

Members	Shares 9M-2008	Shares Y-2007	Options 9M-2008	Options Y-2007	CB*) 9M-2008	CB*) Y-2007
Prof Dr Ernst-Ludwig Winnacker Supervisory Board Chairman, Co-founder	273,676	273,676	8,600	8,600	0	800
Prof Dr Norbert Riedel Deputy Chairman of the Supervisory Board	3,300	3,300	5,590	5,590	0	0
Dr Pol Bamelis Supervisory Board Member	400	0	0	0	0	400
Sebastian Freitag Supervisory Board Member	0	0	0	0	0	0
James Noble (until February 29, 2008) Supervisory Board Member	117,352	117,352	0	0	0	0
Dr Thomas Strüngmann (since February 4, 2008) Supervisory Board Member	0	0	0	0	0	0
Dr Mathias Albert Boehringer (since July 16, 2008) Supervisory Board Member	0	-	0	-		-
Total Supervisory Board	**394,728**	**394,328**	**14,190**	**14,190**	**0**	**1,200**
Dr Peter Heinrich Chief Executive Officer, Co-founder	503,505	503,505	196,636	156,636	0	0
Dr Ulrich Delvos (until May 16, 2008) Chief Operating Officer	4,000	4,000	75,000	50,000	0	0
Dr Thomas Klaue Chief Financial Officer	3,000	3,000	10,833	0	0	0
Dr Frank Mathias (since April 1, 2008) Chief Operating Officer	0	-	11,250	-	0	-
Dr Axel Mescheder (since May 19, 2008) Executive Board Member for Research & Development)	4,500	-	46,580	-	0	-
Total Executive Board	**515,005**	**510,505**	**340,299**	**206,636**	**0**	**0**
Treasury Stock	**0**	**0**	**0**	**0**	**0**	**0**

*) Convertible Bonds

(Status as at September 30, 2008, and December 31, 2007)

Financial Calendar / Imprint

2008

November 7
9-Months Report 2008

2009

March 31
Annual Report 2008

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...we look forward to speaking with you!

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