STATUS REPORT

3-MONTHS REPORT 2012

medigene
developing innovative therapies

Medigene's key figures

In € thousand	Q1 2012	Q1 2011	Change
Income statement			
Continued operations			
Product sales	**604**	380	59%
Other operating income	**1,018**	268	>200%
Total revenue	**1,622**	648	150%
Cost of sales	**-278**	-80	> 200%
Gross profit	**1,344**	568	137%
Selling, general and administrative expenses	**-1,761**	-1,644	7%
Research and development expenses	**-1,840**	-2,029	-9%
EBITDA	**-2,047**	-2,889	-29%
Operating result	**-2,257**	-3,105	-27%
Result from continued operations before tax	**-2,275**	-3,466	-34%
Result from continued operations	**-2,275**	-3,105	-27%
Discontinued operations			
Product sales from discontinued operations	**16**	27,296	-
Result from discontinued operations	**-3**	20,090	-
Total			
Net result for the period	**-2,278**	16,985	-
EBITDA	**-2,050**	19,211	-
Earnings per share (basic and diluted) in €	**-0.06**	0.46	-
Weighted average number of shares (basic)	**37,082,758**	37,082,758	0%
Personnel expenses	**-1,417**	-1,729	-18%
Cash flow statement			
Cash flow from operating activities	**-2,531**	14,463	-
Cash flow from investing activities	**-137**	-128	7%
Cash flow from financing activities	**0**	0	-
Balance sheet data as at March 31			
Cash and cash equivalents	**10,122**	18,801	-46%
Balance sheet total	**49,545**	66,389	-25%
Current liabilities	**3,410**	8,835	-61%
Non-current liabilities	**535**	247	117%
Shareholders' equity	**45,600**	57,307	-20%
Equity ratio in %	**92**	86	7%
Employees as at March 31	**54**	60	-10%
Medigene share as at March 31			
Total number of shares outstanding	**37,082,758**	37,082,758	0%
Share price (XETRA closing price)	**1.48**	2.05	-28%

Medigene's products and clinical projects

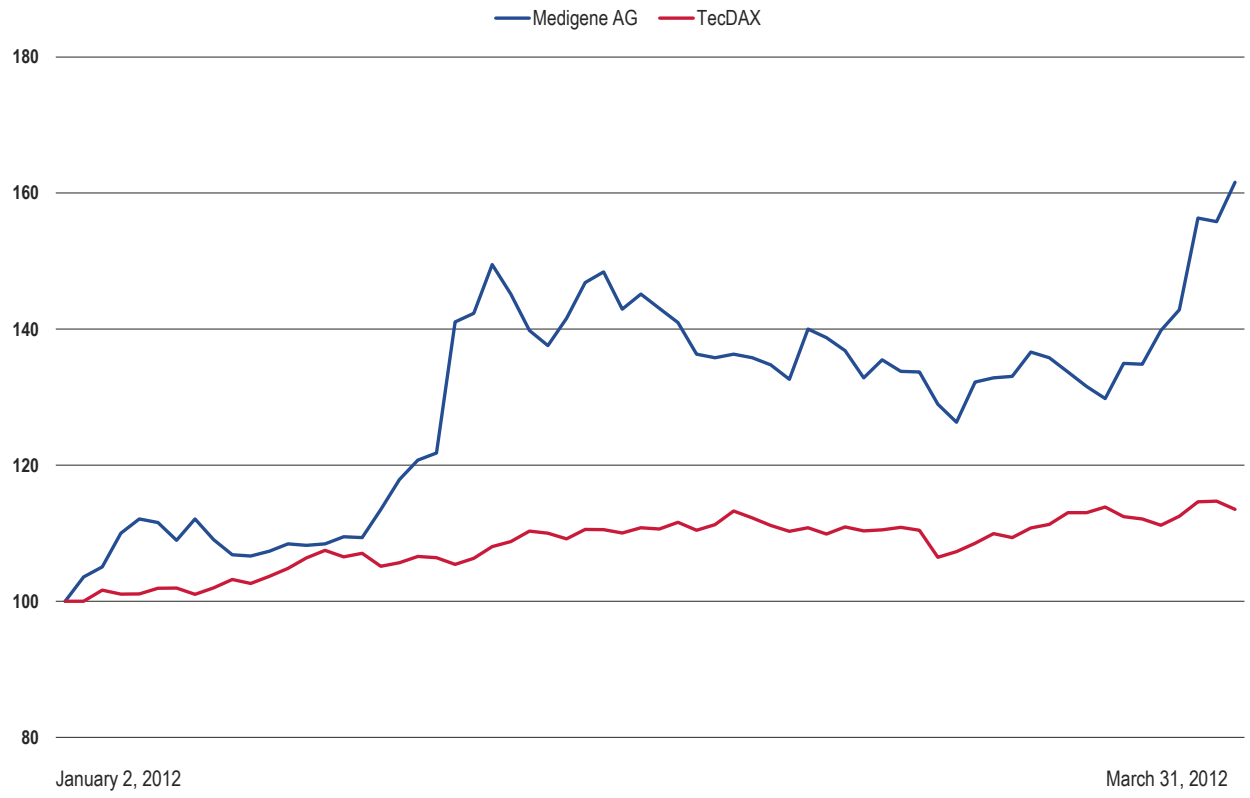
Product	Indication	Pre-clinic	Clinical phase I	Clinical phase II	Clinical phase III	Approval	Market
Marketed drugs							
Eligard®[1)]	Prostate cancer						
Veregen®	Genital warts						
Drugs in development							
EndoTAG®-1	Pancreatic cancer						
	Hormone-resistant breast cancer						
RhuDex®	Rheumatoid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

1) Sold to Astellas Pharma Europe Ltd. for €25 million and future participation in revenue
2) RhuDex® was successfully tested in a phase IIa trial. A clinical formulation study was completed.
3) Industrial average, estimates of Medigene AG

Content

The Medigene share price performance

(January 2, 2012 € 0.95 € indexed to 100)



Key figures of the Medigene share

In €	3M 2012	3M 2011
3-months high	**1.54**	2.71
3-months low	**0.98**	1.87
Price at the beginning of the year	**0.95**	1.99
Closing price	**1.48**	2.05
Average price since beginning of the year	**1.24**	2.28
Weighted average number of shares (basic)	**37,082,758**	37,082,758
Weighted average number of shares (diluted)	**37,082,758**	37,110,319
Average market capitalization (€ million)	**46**	85
Average daily trading volume (in shares)	**126,559**	214,012
Total number of shares outstanding	**37,082,758**	37,082,758
Cash flow from operating activities per share[1)]	**-0.06**	0.46
Shareholders' equity per share[1)]	**1.23**	1.55
Operating cash flow per share[1)]	**-0.07**	0.39
Free Float[2)] (%)	**94**	93

[1)] Reference amount: total number of shares outstanding

[2)] Source: Medigene AG, German Stock Exchange

Group interim management's discussion and analysis Q1 2012

of Medigene AG, Planegg/Martinsried, Germany, for the period from January 1 to March 31, 2012

Financial development in the first quarter of 2012

- **Total revenue from continued operations: €1.6 million (Q1 2011: €0.6 million)**
- **EBITDA**
  - **from continued operations: €-2.0 million (Q1 2011: €-2.9 million)**
  - **total: €-2.0 million (Q1 2011: €19.2 million)**
- **Net result for the period**
  - **from continued operations: €-2.3 million (Q1 2011: €-3.1 million)**
  - **total: €-2.3 million (Q1 2011: €17.0 million)**
- **Cash and cash equivalents of €10.1 million as of closing date March 31, 2012 (December 31, 2011: €12.8million)**
- **Financial guidance for 2012 confirmed**

Major events since the beginning of 2012

- **Veregen®:**
  - **Increase in revenue from product sales and license payments**
  - **Positive decision on market approval of Veregen® in 17 additional European countries (March)**
  - **Market approval in Switzerland (March)**
  - **Agreement with EIP Eczacibasi for the commercialization of Veregen® in Turkey (January)**
- **RhuDex®:**

  Clinical formulation study of RhuDex® for oral treatment of autoimmune diseases initiated and completed (January - April)
- **EndoTAG®-1:**

  US patent granted for the application of EndoTAG®-1 in combination with taxanes for the treatment of triple-negative breast cancer (May)
- **AAVLP:**

  Presentation of preclinical data at the World Vaccine Congress, USA (April)

Preliminary notes

Medigene develops drugs to treat cancer and autoimmune diseases

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

Development state of product portfolio

Medigene generates revenue from two drugs on the market. Both of them are distributed by partners. In addition, Medigene possesses a research and development portfolio in the fields of oncology and immunology.

Eligard®

Eligard®, a drug for the treatment of hormone-dependent prostate cancer, is marketed in most European countries by Medigene's partner Astellas Pharma Europe Ltd. (hereinafter referred to as "Astellas"), Staines, UK. Effective March 1, 2011, Medigene transferred the EU marketing rights for Eligard® to Astellas. In March 2011, Medigene received the second payment of €15 million, following the agreement signed in July 2010 about a total sum of €25 million. In May 2012, Medigene received the final payment of €5 million which will be posted in the second quarter of 2012. Starting March 1, 2011, Medigene has been entitled to receive a 2% participation in Eligard® net sales.

Veregen®

The drug Veregen® for the treatment of genital warts was developed by Medigene AG, and has been available in the USA, Germany, and Austria. In Spain (2011), Switzerland (March 2012), as well as in Poland, Sweden and Norway (April 2012) Veregen® has obtained marketing authorization. In March 2012, the regulatory authorities of seventeen additional European countries positively assessed the marketing authorization applications within the mutual recognition procedure. This binding decision guarantees that national marketing authorizations will be formally granted by the respective regulatory authorities within the next months in Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Finland, France, Greece, Hungary, Luxembourg, the Netherlands, Norway, Poland, Romania, Slovakia, Slovenia, and Sweden.

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

EndoTAG®-1

The clinical drug candidate EndoTAG®-1 is a novel composition of the established cytostatic drug paclitaxel combined with neutral and positive lipids. Due to the positively charged lipids, EndoTAG®-1 interacts with newly developed, negatively charged endothelial cells, which are primarily required for the growth of tumor blood vessels. The EndoTAG®-1 paclitaxel component attacks the endothelial cells as they divide, thus targeting the blood supply to tumors without affecting the supply to healthy tissue. By doing this, EndoTAG®-1 is expected to prevent the formation of new tumor blood vessels and to inhibit tumor growth. Medigene has successfully completed two clinical phase II trials of EndoTAG®-1 in the indications pancreatic cancer and triple-negative breast cancer (TNBC). EndoTAG®-1 for the treatment of pancreatic cancer has been designated orphan drug status in Europe and the USA. This designation has advantages for the development, approval and, under certain circumstances, the commercialization of drugs. In May 2012, Medigene obtained a US patent for the use of EndoTAG®-1 in combination with taxanes for the treatment of TNBC. The patent has a regular term until 2029.

RhuDex®

Medigene is developing RhuDex® as an oral, disease-modifying drug for the treatment of autoimmune diseases such as rheumatoid arthritis. RhuDex® is a CD80 antagonist that blocks undesired T-cell activation and thus has an immunomodulating and anti-inflammatory effect. Therefore this drug candidate can be classified with the group of "Disease-Modifying Antirheumatic Drugs" (DMARDs). In a phase IIa trial in 29 patients, RhuDex® showed initial signs of biological activity. Based on preclinical trials, Medigene developed a new formulation concept for RhuDex® customized for the treatment of chronic diseases which has been tested in a clinical formulation study since January 2012. This formulation study was successfully conducted and completed. The results are expected in midyear 2012, after completion of data analysis.

AAVLP technology

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

Income position

Product sales and other income

During the first three months of 2012, total revenue from continued operations increased to €1,622 thousand (Q1 2011: €648 thousand). It was generated on the one hand from Veregen® product sales and license payments in the USA, Germany, Austria, and Spain which rose to €602 thousand (Q1 2011: €277 thousand), and from milestone payments for Veregen® which amounted to €2 thousand (Q1 2011: €103 thousand). On the other hand total revenue includes other income totaling €1,018 thousand (Q1 2011: €268 thousand), which consists mainly of Eligard® product sales. Since March 2011, this corresponds to 2% of the net sales generated by Astellas and is posted as other operating income (Q1 2012: €613 thousand). In addition, Medigene received a payment of compensation for incurred expenses of €390 thousand.

Revenue from discontinued operations decreased to €16 thousand (Q1 2011: €27,296 thousand). Last year's reporting period included a non-recurring item, specifically €20 million received for the sale of the Eligard® rights to Astellas. In addition, product revenue and royalties of Eligard® achieved through the end of February 2011 are posted as revenue from discontinued operations *(see p. 16, D) discontinued operations)*.

Consolidated income statement (abbreviated)

In € thousand	Q1 2012 unaudited	Q1 2011 unaudited	Change
Total revenue	**1,622**	**648**	**150%**
thereof Veregen® product revenue and royalties	**602**	277	117%
Cost of sales	**-278**	-80	>200%
Gross profit	**1,344**	**568**	**137%**
Selling, general and administrative expenses	**-1,761**	-1,644	7%
Research and development expenses	**-1,840**	-2,029	-9%
Operating result	**-2,257**	**-3,105**	**-27%**
Result from continued operations before tax	**-2,275**	**-3,466**	**-34%**
Result from continued operations	**-2,275**	**-3,105**	**-27%**
Product sales from discontinued operations	**16**	27,296	-
Result from discontinued operations	**-3**	**20,090**	**-**
Net result for the period	**-2,278**	**16,985**	**-**

Cost of sales

Cost of sales from continued operations totaled €278 thousand in the first quarter of 2012 (Q1-2011: €80 thousand), and were incurred for the purchase of Veregen® and royalty payments for the sale of Veregen®. In the first quarter of 2012, no cost of sales from discontinued operations was incurred (Q1 2011: €5,144 thousand).

Gross profit

Gross profit from continued operations increased to €1,344 thousand in the first quarter of 2012 (Q1 2011: €568 thousand). Gross profit is determined by the ratio of revenue from product sales to license and milestone payments.

Selling, general and administrative expenses

Compared to last year's reporting period, selling, general and administrative expenses from continued operations increased from €1,644 thousand (Q1 2011) to €1,761 thousand (Q1 2012). This amount is made up of €541 thousand selling expenses (Q1 2011: €451 thousand), and €1,220 thousand general and administrative expenses (Q1 2011: €1,193 thousand). The increase was incurred by the commercialization of Veregen® and business development activities.

Research and development expenses

Research and development expenses were reduced to €1,840 thousand in the first quarter of 2012 (Q1 2011: €2,029 thousand). This decrease was due mainly to the reduced personnel and lease rental charges, whereas the clinical research expenses increased.

EBITDA

Medigene's EBITDA is derived from the result for the period excluding taxes, financial result, result from investments in associates, and depreciation and amortization. The result from continued operations on an EBITDA basis totaled €-2,047 thousand in the first quarter of 2012 (Q1 2011: €-2,889 thousand). The result from continued and discontinued operations on an EBITDA basis totaled €-2,050 thousand (Q1 2011: €19,211 thousand). The result on an EBITDA basis in last year's reporting period was influenced by a non-recurring item comprised of €20 million income for the sale of the Eligard® rights.

Depreciation and amortization

In the first quarter of 2012, depreciation and amortization totaled €210 thousand (Q1 2011: €216 thousand).

Financial result

The financial result, consisting mainly of foreign currency exchange gains/losses and net interest income, amounted to € 1 thousand in the reporting period (Q1 2011: €160 thousand). In last year's reporting period, the financial result from discontinued operations included a gain from the financial derivative as per IAS 39 of €226 thousand which related to the drug Eligard®.

Financial result

In € thousand	Q1 2012 unaudited	Q1 2011 unaudited	Change
Interest income	**17**	10	70%
Foreign exchange gains/losses	**-16**	150	-
Total	**1**	**160**	**-99%**
Discontinued operations (derivative financial instrument)	**0**	226	-

Result from investment in associates

The result from investments in associates totaled €-19 thousand in the first quarter of 2012 (Q1 2011: €-521 thousand). It was allocated to the associate Catherex, Inc. Following the issue of new shares of Immunocore Ltd., Medigene's ownership share in the company decreased to 19.06% as of March 31, 2012. Since Medigene holds less than 20% of the voting rights, this investment is no longer rated according to the equity method, pursuant to IAS 28.6. Starting in the first quarter of 2012, the investment in Immunocore Ltd. is reported as a financial asset in the balance sheet.

3-months result 2012

In the first three months of 2012, a net result for the period of €-2,278 thousand (Q1 2011: €16,985 thousand) was generated. Compared to last year's reporting period, the loss for the period from continued operations amounted to €-2,275 thousand (Q1 2011: €-3,105 thousand), and the result for the period from discontinued operations was €-3 thousand (Q1 2011: €20,090 thousand). The profit in last year's reporting period was generated mainly be the milestone payments received for the sale of the Eligard® rights.

Earnings per share

In the first quarter of 2012, the loss per share amounted to €-0.06 (basic and diluted weighted average number of shares: 37,082,758) compared to a profit per share of €0.46 in last year's reporting period (Q1 2011: basic weighted average number of shares: 37,082,758, diluted: 37,110,319).

Financial position

Cash from/used by operating activities

Cash used by operating activities totaled €-2,531 thousand in the first quarter of 2012 (Q1 2011: cash from operating activities €14,463 thousand). In last year's reporting period, the cash inflow mainly resulted from a €15 million milestone payment by Astellas.

Average monthly cash flow from operating activities

Average monthly net cash used by operating activities in the first quarter of 2012 totaled €-0.8 million (Q1 2011: cash inflow €4.8 million). Cash used by operating activities is of limited informative value as regards future development, since it is significantly influenced by non-recurring payments received within partnership agreements, as well as research and development expenses, the amount of which depends on the project status.

Cash used by investing activities

Cash used by investing activities amounted to €-137 thousand in the first quarter of 2012 (Q1 2011: €-128 thousand).

Change in cash and cash equivalents

In € thousand	Q1 2012 unaudited	Q1 2011 unaudited	Change
Net cash			
from/used by operating activities	**-2,531**	14,463	-
used by investing activities	**-137**	-128	7%
from/used by financing activities	**0**	0	-
In-/Decrease in cash and cash equivalents	**-2,668**	**14,335**	**-**
Cash and cash equivalents at the beginning of the period	**12,811**	4,770	169%
Foreign exchange differences	**-21**	-304	-93%
Cash and cash equivalents at the end of the period	**10,122**	**18,801**	**-46%**

As of closing date March 31, 2012, cash and cash equivalents totaled €10,122 thousand.

Asset position

Cash position €10.1 million; equity ratio 92%; liquidity cover ratio 20%

Development of assets and capital structure

In € thousand	March 31, 2012 unaudited	Dec. 31, 2011 audited	Change
Assets			
Property, plant and equipment and intangible assets	**28,494**	28,554	0%
Goodwill	**2,212**	2,212	0%
Financial and other non-current assets	**1,638**	263	>200%
Investment in associates	**2,735**	4,183	-35%
Cash and cash equivalents	**10,122**	12,811	-21%
Inventories and receivables	**3,239**	4,100	-21%
Other current assets	**1,105**	1,169	-5%
Total assets	**49,545**	**53,292**	**-7%**
Liabilities and shareholders' equity			
Shareholders' equity	**45,600**	47,932	-5%
Non-current liabilities	**535**	536	0%
Current liabilities	**3,410**	4,824	-29%
Total liabilities and shareholders' equity	**49,545**	**53,292**	**-7%**
Liquidity cover ratio in %	**20**	**24**	
Equity ratio in %	**92**	**90**	

Employees

The number of Group employees decreased to 54 (Q1 2011: 60), compared to last year's reporting period. Personnel expenses decreased to €1,417 thousand (Q1 2011: €1,729 thousand).

Segment information

For detailed segment information, please see notes, page 18 et seq.

Risk report

The inherent risks the Group is subject to are described in detail in the risk report of the published Group Management's Discussion and Analysis (MD&A) 2011. Up to closing date March 31, 2012, no changes to the state described therein have occurred.

Risk management system

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

Major events since the end of the period

In early May 2012, Medigene received the final milestone payment of €5 million for the sale of the Eligard® rights.

Opportunities and outlook

Financial forecast 2012

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

Eligard®

Medigene continues to benefit from a 2% royalty rate on Eligard® net sales achieved by Astellas.

Veregen®

Market launch of Veregen® in Spain is scheduled for the second quarter of 2012. On the basis of the regulatory decision to grant marketing authorization of Veregen® in 17 additional European countries (Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Finland, France, Greece, Hungary, Luxembourg, the Netherlands, Norway, Poland, Romania, Slovakia, Slovenia, and Sweden), the respective national marketing authorizations will be issued separately by the authorities in each country. Furthermore, Medigene anticipates positive decisions in 2012 regarding marketing authorization in selected countries outside the EU, as well as market launch in additional selected countries. For the global commercialization of Veregen®, Medigene is planning to continue its licensing strategy. Medigene assumes a further increase in Veregen® sales revenue in 2012.

EndoTAG®-1

Medigene aims to establish one or more partnerships with pharmaceutical or biotechnology companies for EndoTAG®-1. The company envisions the partner or partners taking over the drug candidate's further development and subsequent marketing.

RhuDex®

Medigene expects the results of the current formulation study to be available by mid-2012. Based on this, the company plans to continue the clinical development of RhuDex®. The production of additional trial medication is in preparation.

AAVLP vaccine technology

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

Consolidated income statement

of Medigene AG for the periods from January 1 to March 31, 2012 and 2011

In € thousand	Q1 2012 unaudited	Q1 2011 unaudited
Product sales	**604**	380
Other operating income	**1,018**	268
Total revenue	**1,622**	**648**
Cost of sales	**-278**	-80
Gross profit	**1,344**	**568**
Selling expenses	**-541**	-451
General and administrative expenses	**-1,220**	-1,193
Research and development expenses	**-1,840**	-2,029
Operating result	**-2,257**	**-3,105**
Interest income	**17**	10
Foreign exchange gains/losses	**-16**	150
Share of result of associates	**-19**	-521
Result from continued operations before tax	**-2,275**	**-3,466**
Taxes	**0**	361
Result from continued operations	**-2,275**	**-3,105**
Product sales from discontinued operations	**16**	27,296
Cost of sales from discontinued operations	**0**	-5,144
Selling expenses from discontinued operations	**-19**	-52
Gains from derivative financial instruments from discontinued operations	**0**	226
Taxes from discontinued operations	**0**	-2,236
Result from discontinued operations	**-3**	**20,090**
Net result for the period	**-2,278**	**16,985**
Basic and diluted earnings per share from continued operations in €	**-0.06**	-0.08
Basic and diluted earnings per share from discontinued operations in €	**0**	0.54
Basic and diluted gain/loss per share after tax in €	**-0.06**	0.46
Weighted average number of shares outstanding (basic)	**37,082,758**	37,082,758
Weighted average number of shares outstanding (diluted)	**37,082,758**	37,110,319

Consolidated statement of comprehensive income

of Medigene AG for the periods from January 1 to March 31, 2012 and 2011

In € thousand	Q1 2012 unaudited	Q1 2011 unaudited
Net result for the period	**-2,278**	**16,985**
Exchange differences on translation of foreign operations[1)]	**-70**	-507
Other comprehensive income for the period, net of tax	**-70**	**-507**
Total comprehensive income for the period, net of tax	**-2,348**	**16,478**

[1)] No income tax effects were incurred.

Consolidated balance sheet

of Medigene AG as of March 31, 2012 and December 31, 2011

In € thousand		March 31, 2012 unaudited	Dec. 31, 2011 audited
Assets			
A. Non-current assets			
I.	Property, plant and equipment	**848**	829
II.	Intangible assets	**27,646**	27,725
III.	Goodwill	**2,212**	2,212
IV.	Financial assets	**1,637**	262
V.	Investment in associates	**2,735**	4,183
VI.	Other assets	**1**	1
Total non-current assets		**35,079**	**35,212**
B. Current assets			
I.	Inventories	**2,082**	2,203
II.	Trade accounts receivable	**1,157**	1,897
III.	Cash and cash equivalents	**10,122**	12,811
IV.	Other current assets	**1,105**	1,169
Total current assets		**14,466**	**18,080**
Total assets		**49,545**	**53,292**
Liabilities and shareholders' equity			
A. Shareholders' equity			
I.	Subscribed capital	**37,082**	37,082
II.	Additional paid-in capital	**343,864**	343,848
III.	Accumulated deficit	**-329,095**	-326,817
IV.	Other reserves	**-6,251**	-6,181
Total shareholders' equity		**45,600**	**47,932**
B. Non-current liabilities			
I.	Pension obligations	**255**	255
II.	Other financial liabilities	**280**	281
Total non-current liabilities		**535**	**536**
C. Current liabilities			
I.	Trade accounts payable	**1,759**	1,773
II.	Other current liabilities	**946**	2,344
III.	Deferred income	**75**	77
IV.	Tax liabilities	**630**	630
Total current liabilities		**3,410**	**4,824**
Total liabilities		**3,945**	**5,360**
Total liabilities and shareholders' equity		**49,545**	**53,292**

Consolidated statement of cash flows

of Medigene AG for the periods from January 1 to March 31, 2012 and 2011

In € thousand	Q1 2012 unaudited	Q1 2011 unaudited
Cash flow from operating activities		
Net result for the period (before taxes)	**-2,278**	18,860
Non-cash adjustments to reconcile net result before tax to net cash flows:		
Stock-based compensation	**16**	31
Depreciation and amortization	**210**	216
Gain on disposal of property, plant and equipment	**-12**	0
Interest income	**-17**	-10
Changes in:		
Inventories	**121**	-475
Other assets and accounts receivable	**809**	5,506
Trade accounts payable	**-13**	-1,300
Other liabilities and deferred income	**-1,401**	-8,896
Share of result of associates	**19**	521
Subtotal	**-2,546**	**14,453**
Interest received	**15**	10
Net cash from/used by operating activities	**-2,531**	**14,463**
Cash flow from investing activities		
Purchase of property, plant and equipment	**-152**	-128
Proceeds from sale of property, plant and equipment	**15**	0
Net cash used by investing activities	**-137**	**-128**
Cash flow from financing activities		
Proceeds from capital increase	**0**	0
Expenses on capital increase	**0**	0
Net cash from/used by financing activities	**0**	0
In-/Decrease in cash and cash equivalents	**-2,668**	**14,335**
Cash and cash equivalents at beginning of the period	**12,811**	4,770
Foreign exchange differences	**-21**	-304
Cash and cash equivalents at the end of the period	**10,122**	**18,801**

Consolidated statement of changes in shareholders' equity

of Medigene AG for the periods from January 1 to March 31, 2012 and 2011

In € thousand	Subscribed capital	Capital reserve	Accumulated deficit	Currency translation	Financial assets	Total shareholders' equity
Balance Jan. 1, 2011, audited	**37,082**	**343,704**	**-333,098**	**-6,891**	**1**	**40,798**
Net gain for the period			16,985			16,985
Currency translation adjustments				-507		-507
Comprehensive income						**16,478**
Share-based compensation		31				31
Balance March 31, 2011, unaudited	**37,082**	**343,735**	**-316,113**	**-7,398**	**1**	**57,307**
Balance Jan. 1, 2012, audited	**37,082**	**343,848**	**-326,817**	**-6,178**	**-3**	**47,932**
Net loss for the period			**-2,278**			**-2,278**
Currency translation adjustments				**-70**		**-70**
Comprehensive income						**-2,348**
Share-based compensation		**16**				**16**
Balance March 31, 2012, unaudited	**37,082**	**343,864**	**-329,095**	**-6,248**	**-3**	**45,600**

Notes to the interim consolidated financial statements

of Medigene AG, Planegg/Martinsried, for the period from January 1 to March 31, 2012

A. Description of business activity, information about the company

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

The Group's main activities are described in Note I) "Segment Reporting".

Medigene AG has been listed since June 2000 (German Stock Exchange: Regulated Market, Prime Standard; SIN 502090; code MDG).

B. Accounting and valuation principles

Basic principles for the preparation of interim financial statements

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

It is the Executive Board's conviction that the quarterly financial statements on hand reflect all business transactions required for the portrayal of the assets, financial, and income situation at the end of the periods that ended on March 31, 2012 and 2011.

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

These interim consolidated financial statements of Medigene AG were approved for publication by Medigene's Executive Board on May 10, 2012.

Changes in accounting, valuation, and reporting principles

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

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

Group companies

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

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

Since September 30, 2008, Medigene has also held shares of the associate Immunocore Ltd., Abingdon, Oxfordshire, United Kingdom. As a consequence of the issue of new shares of Immunocore Ltd., Medigene's stake decreased to 19.06% as of March 31, 2012. Since April 2010, Medigene, Inc. has held a 41.89% stake in the company Catherex, Inc., Philadelphia, Pennsylvania, USA.

Apart from that, Medigene held no other shares in affiliated companies, associates, or joint ventures as of March 31, 2012. The financial statements of the companies consolidated have been prepared in accordance with standardized accounting and valuation principles. All intercompany revenue, expenses, and income as well as receivables, payables, and accruals of the companies consolidated were eliminated during consolidation.

C. Seasonal dependency of business operations

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

D. Discontinued operations

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

In the first quarter of 2011, Medigene posted milestone payments totaling €20 million for the sale of the Eligard® rights. In early May 2012, Medigene received the final milestone payment of €5 million from Astellas. Since March 2011, Medigene has been entitled to a 2% participation in European net sales generated with Eligard®. This revenue is reported as other operating income, totaling €613 thousand in the first quarter of 2012.

Key figures from continued and discontinued operations

In € thousand	Q1 2012 continued	Q1 2012 discontinued	Q1 2012 total	Q1 2011 continued	Q1 2011 discontinued	Q1 2011 total
Product sales	**604**	**0**	**604**	380	27,280	27,660
Other operating income	**1,018**	**16**	**1,034**	268	16	284
Total revenue	**1,622**	**16**	**1,638**	**648**	**27,296**	**27,944**
Cost of sales	**-278**	**0**	**-278**	-80	-5,144	-5,224
Gross profit	**1,344**	**16**	**1,360**	**568**	**22,152**	**22,720**
Selling expenses	**-541**	**-19**	**-560**	-451	-52	-503
General and administrative expenses	**-1,220**	**0**	**-1,220**	-1,193	0	-1,193
Research and development expenses	**-1,840**	**0**	**-1,840**	-2,029	0	-2,029
Operating result	**-2,257**	**-3**	**-2,260**	**-3,105**	**22,100**	**18,995**
Interest income	**17**	**0**	**17**	10	0	10
Foreign exchange gains/losses	**-16**	**0**	**-16**	150	0	150
Gains from derivative financial instruments	**0**	**0**	**0**	0	226	226
Share of result of associates	**-19**	**0**	**-19**	-521	0	-521
Result from continued operations before tax	**-2,275**	**-3**	**-2,278**	**-3,466**	**22,326**	**18,860**
Taxes	**0**	**0**	**0**	361	-2,236	-1,875
Result from continued operations	**-2,275**			**-3,105**		
Result from discontinued operations		**-3**			**20,090**	
Net result for the period			**-2,278**			**16,985**

Product sales from discontinued operations comprise product revenue (Q1 2012: €0; Q1 2011: €5,380 thousand), royalties (Q1 2012: €0; Q1 2011: €1,900 thousand), and milestone payments (Q1 2012: €0; Q1 2011: €20,000 thousand) for Eligard® in Europe.

E. Notes to the income statement

Associates

The income statement reflects the Group's share of the profit of the associate Catherex, Inc. Last year's reporting period also included the Group's share of the profit of the associate Immunocore Ltd. (*see p. 7*). The Group recognizes its share of any changes shown directly in the shareholders' equity of the associates, and discloses this, if applicable, in the statement of changes in shareholders' equity. Unrealized gains and losses from transactions between the Group and the associate are eliminated corresponding to the share in the associate held.

Taxes

In the reporting period, neither tax expenditure nor tax income was posted. In last year's reporting period, a tax liability of €1,875 thousand was generated. It comprised tax income from continued operations of € 361 thousand, and tax expenditure from discontinued operations of €2,236 thousand. Both amounts were posted affecting net income in the consolidated income statement. The calculation was based on a composite tax rate of 26.33% which includes the corporate tax rate (15%), solidarity surcharge (5.5%) on the corporate tax, and the trade tax rate (10.5%). In the first quarter of 2011 the accumulated losses could be partially utilized, and the actual tax rate was thus reduced to approx. 10%.

F. Notes on the balance sheet

Subscribed capital

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

The subscribed capital is divided into 37,082,758 registered no-par-value common shares, approx. 94% of which were outstanding as of March 31, 2012.

Intangible assets

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

Investment in associates

In the first three months of 2012, the investment in associates was allotted to the associate Catherex, Inc. Following the issue of new shares of Immunocore Ltd., Medigene's share in the company decreased to 19.06% as of March 31, 2012. Since Medigene holds less than 20% of the voting rights, this investment is no longer rated according to the equity method, pursuant to IAS 28.6. Starting in the first quarter of 2012, the investment in Immunocore Ltd. is reported as a financial asset in the balance sheet.

Current liabilities

Compared to December 31, 2011, current liabilities decreased from €4,824 thousand by €1,414 thousand to €3,410 thousand as of March 31, 2012. This decrease is mainly due to the reduction of other liabilities.

G. Notes to the statement of cash flows

In the first three months of 2012, the adjusted monthly net cash flow rate from operating activities increased from €-0.2 million to €-0.8 million compared to last year's reporting period.

H. Earnings per share

In the first quarter of 2012, the fully diluted net loss corresponded to the actual loss, as the conversion of common stock equivalents would have an anti-dilutive effect.

The Group reported in the first quarter of 2011 diluted and basic earnings per share from continued and discontinued operations. Due to the small number of exercisable options, there is no difference between the diluted and basic earnings per share.

I. Segment reporting

Business units

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

Segment reporting by business units

In € thousand	Marketed Products	Drug Candidates	Total segments	Recon-ciliation[1]	Adjustments discontinued operations	Total
Q1 2012						
Revenue with external customers	**604**	**0**	**604**	**0**	**0**	**604**
Other income	**629**	**0**	**629**	**405**	**-16**	**1,018**
Inter-segment sales[2]	**0**	**0**	**0**	**0**	**0**	**0**
Total revenue	**1,233**	**0**	**1,233**	**405**	**-16**	**1,622**
Segment operating result[3]	**-178**	**-2,430**	**-2,608**	**348**	**3**	**-2,257**
Depreciation and amortization	**0**	**-176**	**-176**	**-34**		**-210**
Share of result of associates	**0**	**0**	**0**	**-19**		**-19**
Assets						
Investment in associates	**0**	**0**	**0**	**2,735**		**2,735**
Segment investments[4]	**6**	**17**	**23**	**129**		**152**
Segment assets[5]	**3,239**	**29,858**	**33,097**	**16,448**		**49,545**
Segment liabilities[6]	**75**	**0**	**75**	**3,870**		**3,945**
Q1 2011						
Revenue with external customers	27,660	0	27,660	0	-27,280	380
Other income	246	0	246	38	-16	268
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	**27,906**	**0**	**27,906**	**38**	**-27,296**	**648**
Segment operating result[3]	**22,002**	**-2,994**	**19,008**	**-13**	**-22,100**	**-3,105**
Depreciation and amortization	0	-184	-184	-32		-216
Share of result of associates	0	0	0	-521		-521
Assets						
Investment in associates	0	0	0	4,335		4,335
Segment investments[4]	0	36	36	92		128
Segment assets[5]	**2,346**	**33,986**	**36,332**	**30,057**		**66,389**
Segment liabilities[6]	**147**	**0**	**147**	**8,935**		**9,082**

1) »Reconciliation« includes information that can be allocated to neither the »Marketed Products« segment nor the »Drug Candidates« segment, as it does not depict any activities of its own.
2) Inter-segment sales are eliminated for consolidation purposes.
3) Segment operating result does not include any interest income (Q1 2012: €17 thousand; Q1 2011: €10 thousand), any interest expense (Q1 2012: €0; Q1 2011: €0), any foreign exchange gains or losses (Q1 2012: €-16 thousand; Q1 2011: €150 thousand), any share of loss of associates (Q1 2012: €-19 thousand; Q1 2011: €-521 thousand).
4) Segment investments relate to additions to property, plant and equipment, and intangible assets.
5) Segment assets under »Reconciliation« include non-current assets (Q1 2012: €5,221 thousand; Q1 2011: €5,475 thousand), cash and cash equivalents (Q1 2012: €10,122 thousand; Q1 2011: €18,801 thousand), and other current assets (Q1 2012: €1,105 thousand; Q1 2011: €5,781 thousand).
6) Segment liabilities under »Reconciliation« include non-current liabilities (Q1 2012: €535 thousand; Q1 2011: €247 thousand), trade accounts payable and other liabilities (Q1 2012: €2,705 thousand; Q1 2011: €6,813 thousand), and tax liabilities (Q1 2012: €630 thousand; Q1 2011: €1,875 thousand).

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

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

The business units are composed as follows:

Marketed products

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

Drug candidates & technologies

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

J. Other notes

Contingent liabilities

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

Within the framework of existing license agreements, Medigene has committed to making milestone payments of approximately € 9.5 million to the respective licensors. The management does not believe that accruals need to be formed for this since the corresponding obligations will not become due until certain milestones are reached.

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

The Group's has a notice period of one month to five years for these lease agreements, depending on the contract.

K. Executive Board and Supervisory Board

„Directors' Holdings" and note on subscription rights

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

(Status as at March 31, 2012 and December 31, 2011)

Financial calendar

July 10, 2012

Annual General Meeting 2012
Munich, Germany

August 3, 2012

6-Months Report 2012
Analysts teleconference

November 6, 2012

9-Months Report 2012
Analysts teleconference

Trademarks

Eligard®
is a trademark of Tolmar Therapeutics, Inc.

EndoTAG®
is a trademark of Medigene AG

Medigene®
is a trademark of Medigene AG

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

RhuDex®
is a trademark of Medigene AG

Veregen®
is a trademark of Medigene AG

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Disclaimer

This quarterly report contains forward-looking statements that are based on certain assumptions and expectations made by the management of Medigene AG at the time of its publication. These forward-looking statements are therefore subject to unpredictable risks and uncertainties, so there is no guarantee that these assumptions and expectations will turn out to be accurate. Many of those risks and uncertainties are determined by factors that are beyond the control of Medigene AG and cannot be gauged with any certainty at this point in time. This includes future market conditions and economic developments, the behavior of other market participants, the achievement of targeted synergy effects as well as legal and political decisions. Medigene AG cannot preclude that actual results may differ substantially from those expectations expressed in or implied by the forward-looking statements. Medigene AG does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this annual report.

The English version of the quarterly report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

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