MediGene

RESHAPED

9-Months Report 2011

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 %	

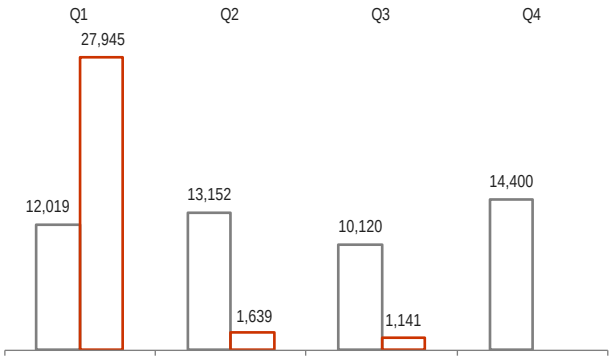
1) Sold to Astellas Pharma Europe Ltd. for €25 million and future participation in revenue
2) Additionally, RhuDex® was successfully tested in a phase IIa trial. A clinical formulation study is being prepared (see p. 5).
3) Industrial average, estimates of MediGene AG

MediGene's key figures

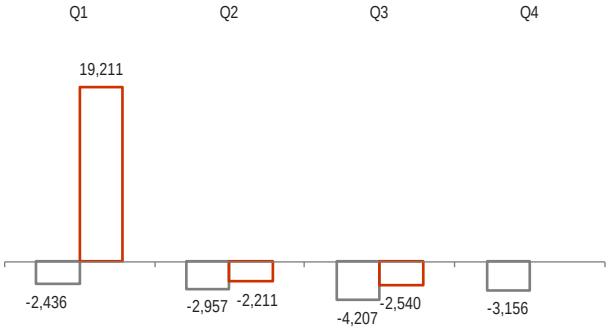
In € thousand	Q3 2011	Q3 2010	Change	9M 2011	9M 2010	Change
Income statement						
Total revenue	1,093	370	195%	2,975	1,634	82%
Cost of sales	-125	-92	36%	-399	-321	24%
Gross profit	968	278	>200%	2,576	1,313	96%
Selling, general and administrative expenses	-2,039	-2,266	-10%	-5,603	-6,726	-17%
Research and development expenses	-1,643	-3,666	-55%	-5,217	-11,169	-53%
EBITDA	-2,540	-4,207	-40%	14,460	-9,600	>-200%
Operating result from continued operations	-2,714	-5,654	-52%	-8,244	-16,582	-50%
Result from continued operations before tax	-374	-4,666	-92%	-6,724	-15,459	-57%
Result from continued operations	100	-4,666	-102%	-5,704	-15,459	-63%
Product sales from discontinued operations	48	9,750	-100%	27,750	33,656	-18%
Result from discontinued operations	-44	-242	-82%	20,127	7,257	177%
Net result for the period	56	-4,908	-101%	14,423	-8,202	>-200%
Earnings per share (basic and diluted) in €	0,00	-0,13	-101%	0,39	-0,23	>-200%
Weighted average number of shares (basic)	37,082,758	37,082,758	0%	37,082,758	36,389,134	2%
Weighted average number of shares (diluted)	37,110,319	37,082,758	0%	37,110,319	36,389,134	2%
Personnel expenses	-1,469	-3,112	-53%	-4,735	-7,919	-40%
Cash flow statement						
Cash flow from operating activities	-2,037	2,488	-182%	9,476	-5,683	>-200%
Cash flow from investing activities	1,616	-29	>-200%	1,477	-266	>-200%
Cash flow from financing activities	0	-8	-	0	4,469	-
Balance sheet data as at September 30						
Cash and cash equivalents	15,378	10,782	43%			
Balance sheet total	60,392	66,902	-10%			
Current liabilities	5,205	16,845	-69%			
Non-current liabilities	247	235	5%			
Shareholders' equity	54,940	49,792	10%			
Equity ratio in %	91	74	23%			
Employees as at September 30	52	105	-50%			
MediGene share as at September 30						
Total number of shares outstanding	37,082,758	37,082,758	0%			
Share price (XETRA closing price)	1.14	2.52	-55%			
Dividend in €	0	0	-			

MediGene's performance 2010/2011

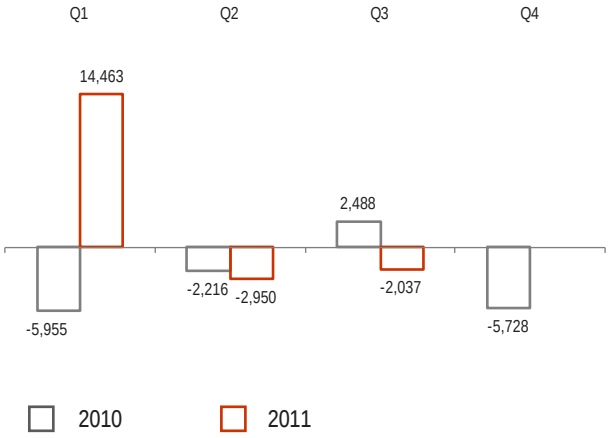
Total revenue from continued and product sales from discontinued operations
in € thousand



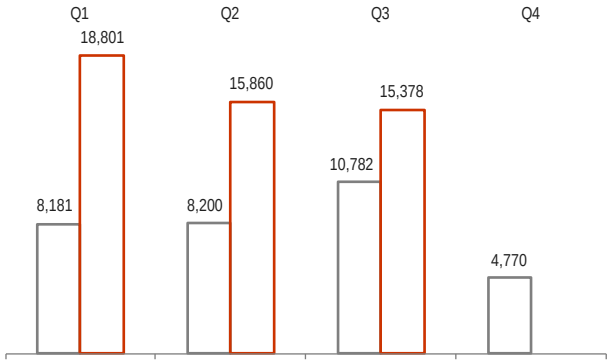
EBITDA
in € thousand



Cash flow from operating activities
in € thousand



Cash and cash equivalents
in € thousand



Contents

The MediGene share price performance

(January 3, 2011 € 1.99 indexed to 100)

Key figures for the MediGene share

In €	9M 2011	9M 2010
9-months high	2.71	3.92
9-months low	0.93	2.47
Price at the beginning of the year	1.99	3.64
Closing price	1.14	2.52
Average price since beginning of the year	1.78	3.08
Weighted average number of shares (basic)	37,082,758	36,389,134
Weighted average number of shares (diluted)	37,110,319	36,389,134
Average market capitalization (€ million)	66	112
Average daily trading volume (in shares)	144,126	242,785
Total number of shares outstanding	37,082,758	37,082,758
Cash flow from operating activities per share[1)]	0.26	-0.15
Shareholders' equity per share[1)]	1.48	1.34
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 Q3 2011/9M 2011

of MediGene AG, Planegg/Martinsried, Germany, for the period from January 1 to September 30, 2011

Financial development in the first nine months of 2011

- Increase in total revenue from continued operations to €3.0 million (9M 2010: €1.6 million)
- Product sales from discontinued operations totaling €27.8 million (9M 2010: €33.7 million)
- Positive EBITDA result of €14.5 million (9M 2010: €-9.6 million)
- Net profit of €14.4 million (9M 2010: €-8.2 million)
- Cash and cash equivalents of €15.4 million as of closing date September 30, 2011 (Dec. 31, 2010: €4.8 million)
- Guidance confirmed and updated

Major events since the beginning of the year

- Transfer of Eligard® rights for EU countries to Astellas completed
- Conclusion of further partnerships for the commercialization of Veregen®:
  - Laboratoires Expanscience for France
  - Meditrina for Romania and Bulgaria
  - Pierre Fabre for Mexico, Central America, Venezuela and Colombia
  - Will-Pharma for Belgium, the Netherlands and Luxembourg
  - Triton Pharma for Canada
  - SynCore Bio for Taiwan
  - Pharmanova for several south-eastern European countries
- Veregen® market approval granted in Spain
- AAVLP development partnership with The Johns Hopkins University launched
- Preclinical data on AAVLP technology from the cooperation with the German Cancer Research Center (DKFZ) presented at the International Papillomavirus Conference in Berlin
- Authorities approve clinical RhuDex® formulation study (October 2011)

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 status of the product portfolio

MediGene generates revenue from two drugs on the market. Both of them are distributed by partners. In addition, MediGene has 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 by Astellas Pharma Europe Ltd. (hereinafter referred to as "Astellas"), Staines, UK, in most European countries. Effective March 1, 2011, MediGene

transferred the EU marketing rights for Eligard® to Astellas, and on March 3, 2011, MediGene received the second payment of €15 million from the €25 million agreement signed in July 2010. The remaining third payment of €5 million is linked to the official transfer of the Eligard® rights for countries outside the EU and is expected to take place in 2012 based on the current assessment. Since March 1, 2011, MediGene has been entitled to a 2% share of net sales revenue from Eligard®.

Veregen®

Veregen® was developed by MediGene AG for the treatment of genital warts, and is currently on the market in the USA, Germany and Austria. Veregen® has also been eligible for insurance reimbursement in Austria since June 2011. Market approval for Spain was granted in March 2011. In the USA, Veregen® is promoted and distributed by MediGene's partner Fougera Pharmaceuticals, Inc. (formerly Nycomed US, Inc.), Melville, New York, USA. Veregen® was launched in Germany and Austria in 2010 by local sales companies of the Abbott Group. MediGene is entitled to successive non-recurring payments based upon the achievement of specific milestones, and will also receive a share of revenues from sales of Veregen®. Additional revenue is generated from the sale of the active ingredient or finished product to the marketing partners. A partnership was concluded with the Spanish company Juste S.A.Q.F. in 2009 for the commercialization of the drug in Spain and Portugal. In 2010, further marketing partnership agreements were signed with Teva Pharmaceutical Industries Ltd. for the marketing of Veregen® in Israel, with Meditrina Pharmaceuticals Ltd. for Greece and Cyprus, with GC-RISE Pharmaceutical Co., Ltd. for China, and with JS Bio Pharm Co., Ltd. for the marketing of Veregen® in South Korea. In the nine months of 2011, additional marketing partnerships were established for France (Laboratoires Expanscience), Romania and Bulgaria (Meditrina), Mexico, Central America, Venezuela and Colombia (Pierre Fabre Medicament), for the Benelux countries (Will-Pharma), Canada (Triton Pharma), Taiwan (SynCore Bio) and several south-eastern European countries (Pharmanova).

EndoTAG®-1

The clinical drug candidate EndoTAG®-1 is a novel composition of paclitaxel combined with neutral and cationic lipids. EndoTAG®-1 thus interacts with activated anionic endothelial cells which are required particularly for the formation of new tumor-associated blood vessels. The EndoTAG®-1-paclitaxel component attacks the mitotically active endothelial cells, thus specifically targeting the tumor's blood supply without affecting blood supply to healthy tissue. In this way, EndoTAG®-1 prevents the tumor-induced development of new blood vessels and thus stems tumor growth. MediGene has successfully completed two phase II clinical trials of EndoTAG®-1 in pancreatic cancer and triple-negative breast cancer, and has recently developed a more cost-effective production process. EndoTAG®-1 has orphan drug status in Europe and the USA, which provides benefits in terms of development, the approval process and, under certain circumstances, the commercialization of drugs.

RhuDex®

RhuDex® is an oral therapy. It is being developed as a disease modifying active agent to treat autoimmune diseases such as rheumatoid arthritis. In the field of rheumatoid arthritis, RhuDex® is expected to compete in the group of successful drugs known as disease modifying antirheumatic drugs (DMARDs). It is an orally available CD80 antagonist that blocks T-cell activation and thus has both an immunomodulatory and anti-inflammatory effect. In a phase IIa trial with 29 patients, first signs of biological activity were observed with RhuDex®. In the current reporting period, MediGene developed a new formulation strategy for RhuDex® This formulation concept, based on extensive preclinical investigations, is customized for chronic treatment and will be further tested and optimized in an upcoming clinical trial. In October 2011, MediGene was granted approval to conduct this trial.

AAVLP technology

The AAVLP platform developed by MediGene is an innovative technology platform for the development of prophylactic vaccines that permanently protect the body against infectious diseases. It is based on adeno-associated viruses (AAV) and uses virus-like particles (VLP or AAVLP) as a basic structure for the development of new vaccines. MediGene is currently conducting research into the use of AAVLP technology to treat infections and various types of cancer, as well as the use of AAV libraries for the systematic identification of suitable vaccine candidates. In June 2011, MediGene signed a development collaboration agreement with The Johns Hopkins University in Baltimore, USA. The objective of the collaboration is to test preclinically the first vaccine candidates of the AAVLP platform for the prevention of HPV-associated cancers and to further the development of the AAVLP platform. The vaccine candidates being studied target a number of carcinogenic human papillomaviruses (HPV), which cause cervical cancer and other cancers. The studies are being directed by Dr. Richard B. S. Roden, Professor of Gynecology/Obstetrics and Oncology at The Johns Hopkins University School of Medicine. In September 2011, preclinical data on the AAVLP vaccine technology was presented at the International Papillomavirus Conference in Berlin. The data presented was generated in cooperation with the German Cancer Research Center (DKFZ).

The data show that AAVLP-HPV vaccines containing human papilloma virus (HPV) serotype 16 and 31 peptides produced with MediGene's AAVLP technology, triggered the formation of neutralizing antibodies against a wide range of HPV serotypes in vaccinated mice. These data provide evidence for the potential of the AAVLP technology to develop prophylactic vaccines against viral infections, for example with carcinogenic HPV serotypes.

Income position

Product sales and other operating income

In the first nine months of 2011, total revenue from continued operations rose to €2,975 thousand (9M 2010: €1,634 thousand) and to €1,093 thousand for the third quarter of 2011 (Q3 2010: €370 thousand). Revenue from discontinued operations decreased to €27,750 thousand in the first nine months of the year (9M 2010: €33,656 thousand) and to €48 thousand in the third quarter of 2011 (Q3 2010: €9,750 thousand).

Revenue from continued operations was generated from Veregen® product sales and royalties in the USA, Germany and Austria, which amounted to €1,189 thousand in the first nine months of 2011 (9M 2010: €860 thousand), and from milestone payments for Veregen® totaling €147 thousand (9M 2010: €683 thousand). It also includes other income of €1,639 thousand (9M 2010: €91 thousand). This essentially comprises Eligard® product sales, which represent 2% of Eligard® net sales achieved by Astellas since March 2011 and which have since been reported under other operating income (9M 2011: €1,501 thousand).

Product sales from discontinued operations comprised Eligard® product sales, royalties and milestone payments in Europe. MediGene generated revenue of €20 million in March 2011 from milestone payments for the sale and subsequent transfer of the European Eligard® rights to Astellas. Eligard® product sales achieved up to the end of February 2011 are also reported as product sales from discontinued operations *(see p. 17 D) Discontinued operations).*

Consolidated income statement (abbreviated)

In € thousand	Q3 2011 unaudited	Q3 2010 unaudited	Change	9M 2011 unaudited	9M 2010 unaudited	Change
Total revenue	1,093	370	195%	2,975	1,634	82%
Cost of sales	-125	-92	36%	-399	-321	24%
Gross profit	968	278	>200%	2,576	1,313	96%
Selling, general and administrative expenses	-2,039	-2,266	-10%	-5,603	-6,726	-17%
Research and development expenses	-1,643	-3,666	-55%	-5,217	-11,169	-53%
Operating result from continued operations	-2,714	-5,654	-52%	-8,244	-16,582	-50%
Result from continued operations before tax	-374	-4,666	-92%	-6,724	-15,459	-57%
Result from continued operations	100	-4,666	-102%	-5,704	-15,459	-63%
Product sales from discontinued operations	48	9,750	-100%	27,750	33,656	-18%
Result from discontinued operations	-44	-242	-82%	20,127	7,257	177%
Net result for the period	56	-4,908	-101%	14,423	-8,202	>-200%
EBITDA	-2,540	-4,207	-40%	14,460	-9,600	>-200%

Cost of sales

Cost of sales from continued operations stood at €399 thousand in the first nine months of 2011 (9M 2010: €321 thousand) and €125 thousand in the third quarter of 2011 (Q3 2010: €92 thousand). Cost of sales from discontinued operations connected with the commercialization of Eligard® fell to €5,362 thousand in the first nine months of 2011 (9M 2010: €26,984 thousand). In the third quarter of 2011, no costs of sales were incurred for Eligard® (Q3 2010: €8,415 thousand).

Gross profit

Gross profit from continued operations improved by 96% to €2,576 thousand in the first nine months of 2011 (9M 2010: €1,313 thousand) and by more than 200% to €968 thousand in the third quarter of 2011 (Q3 2010: €278 thousand). Gross profit from discontinued operations rose by more than 200% to €22,388 thousand in the first nine months of 2011 as a result of the transfer of the rights to Eligard® (9M 2010: €6,673 thousand) and fell by 96% to €48 thousand in the third quarter of 2011 (Q3 2010: €1,335 thousand).

Selling, general and administrative expenses

Compared to the previous reporting period, selling, general and administrative expenses from continued operations decreased on a nine-month basis by 17% from €6,726 thousand (9M 2010) to €5,603 thousand (9M 2011) and on a quarterly basis by 10% from €2,266 thousand (Q3 2010) to €2,039 thousand (Q3 2011). Selling expenses from discontinued operations amounted to €322 thousand in the first nine months of 2011 (9M 2010: €315 thousand) and €83 thousand in the third quarter of 2011 (Q3 2010: €97 thousand).

Research and development expenses

Research and development expenses were down by 53% on a nine-month basis for 2011 to €5,217 thousand (9M 2010: €11,169 thousand) and by 55% on a quarterly basis to €1,643 thousand (Q3 2010: €3,666 thousand). This decrease is due mainly to a reduction in personnel expenses as well as project development expenses, in particular following the conclusion of the clinical phase II trial and the key activities relating to the switch in the production process of EndoTAG®-1.

EBITDA

MediGene's EBITDA describes the result for the period excluding taxes, financial result, result of associates and depreciation and amortization. EBITDA increased significantly to €14,460 thousand in the first nine months of 2011 (9M 2010: €-9,600 thousand) and to €-2,540 thousand in the third quarter of 2011 (Q3 2010: €-4,207 thousand). The portrayal of EBITDA does not require differentiation between continued and discontinued operations.

Depreciation and amortization

Depreciation and amortization amounted to €638 thousand in the first nine months of 2011 (9M 2010: €624 thousand) and €209 thousand in the third quarter of the year (Q3 2010: €209 thousand).

Financial result

The financial result, which consists mainly of foreign exchange gains/losses and interest income, climbed to €331 thousand in the reporting period (9M 2010: €727 thousand) and to €145 thousand on a quarterly basis (Q3 2010: €706 thousand). In the first nine months of the year, the financial result from discontinued operations, which relates to Eligard®, included the gain from a derivative financial instrument pursuant to IAS 39 of €226 thousand (9M 2010: €2,899 thousand).

Financial result

In € thousand	Q3 2011 unaudited	Q3 2010 unaudited	Change	9M 2011 unaudited	9M 2010 unaudited	Change
Interest income	44	9	>200%	93	17	>200%
Interest expense	0	0	-	0	-1	-
Subtotal	44	9	>200%	93	16	>200%
Foreign exchange gains/losses	101	697	-86%	238	711	-67%
Total	145	706	-79%	331	727	-54%
Discontinued operations (derivative financial instrument)	0	-1,480	-	226	899	-75%

Result from investments in associates

Results from investments in associates stood at €1,189 thousand in the first nine months 2011 (9M 2010: €396 thousand) and €2,195 thousand in the third quarter of 2011 (Q3 2010: €282 thousand). This resulted on one hand from the profit from the sale of shares in Immunocore Ltd. *(see p. 16 et seq.)* amounting to €1,534 thousand, and on the other hand from the profit realized from the increase in pro rata shareholders' equity of €998 thousand following the issue of new shares in Immunocore Ltd. At the same time, the share in losses made by associates totaled €1,343 thousand.

9-month result 2011

MediGene generated net profit of €14,423 thousand in the first nine months of 2011 (9M 2010: €-8,202 thousand) and €56 thousand in the third quarter of 2011 (Q3 2010: €-4,908 thousand). The result from continued operations for the period improved to €-5.704 thousand compared with same reporting period in the previous year (9M 2010: €-15,459 thousand) and

to €100 thousand on a quarterly basis (Q3 2010: €-4,666 thousand). The result from discontinued operations for the period was €20,127 thousand (9M 2010: €7,257 thousand) and €-44 thousand in the third quarter of the year (Q3 2010: €-242 thousand). This result is mainly a consequence of the milestone payments received for the sale of the Eligard® rights, which were recognized as income.

Earnings per share

In the first nine months of 2011, earnings per share were €0.39 (weighted average number of shares, basic: €37,082,758; diluted: 37,110,319) in comparison with the loss in the same period of the previous year of €0.23 per share (9M 2010: weighted average number of shares, basic and diluted: 36,389,134).

Financial position

Cash flow from operating activities

In the first nine months of 2011, MediGene had a cash flow from operating activities of €9,476 thousand (9M 2010: cash outflow of €5,683 thousand). Adjusted for the non-recurring items of the milestone payments received from Astellas and from the sale of shares in Immunocore Ltd., the cash used by operating activities amounted to €7,291 thousand (9M 2010: cash outflow of €10,683 thousand). On a quarterly basis, cash was reduced by €2,037 thousand (Q3 2010: cash inflow of €2,488 thousand). In the third quarter of 2010, the cash flow essentially resulted from the first partial payment by Astellas of €5 million. Adjusted for the aforementioned items, cash used by operating activities amounted to €3,804 thousand in the third quarter of 2011 (Q3 2010: cash outflow of €2,512 thousand).

Average monthly cash flow from operating activities

The average monthly cash inflow rate from operating activities amounted to €1.1 million in the first nine months of 2011 (9M 2010: cash outflow of €0.6 million), and the monthly cash burn rate stood at €0.7 million in the third quarter of 2011 (Q3 2010: cash inflow of €0.8 million). Adjusted for the above-mentioned non-recurring items, the average monthly operating cash burn rate was €0.8 million in the first nine months of 2011 (9M 2010: cash outflow of €1.2 million).

Cash flow from investing

In the first nine months of 2011, the cash inflow from investment activities amounted to €1,477 thousand (9M 2010: cash outflow €-266 thousand), and the figure was €1,616 thousand for the third quarter of the year (Q3 2010: cash outflow €-29 thousand). During the reporting period, MediGene received income of €1,767 thousand from the sale of shares in Immunocore Ltd. *(see p. 16 et seq.)*

Change in cash and cash equivalents

In € thousand	Q3 2011 unaudited	Q3 2010 unaudited	Change	9M 2011 unaudited	9M 2010 unaudited	Change
Net cash						
from/used by operating activities	-2,037	2,488	-182%	9.476	-5.683	>-200%
used by investing activities	1,616	-29	>-200%	1.477	-266	>-200%
from financing activities	0	-8	-	0	4.469	-
Increase/decrease in cash and cash equivalents	-421	2,451	-117%	10.953	-1.480	>-200%
Cash and cash equivalents at the beginning of the period	15,860	8,200	93%	4.770	12.251	-61%
Foreign exchange differences	-61	131	-147%	-345	11	>-200%
Cash and cash equivalents at the end of the period	15,378	10,782	43%	15.378	10,782	43%

As of the closing date of September 30, 2011, cash and cash equivalents totaled €15,378 thousand, of which €1,767 thousand were held in an escrow account.

SEDA program

In the first nine months of 2011, MediGene did not carry out any capital increases under the terms of the SEDA program (SEDA: Standby Equity Distribution Agreement).

The SEDA program is an agreement concluded between MediGene and the investment company YA Global Investments that secures additional equity totaling up to €25 million at call. For a period of 36 months following the conclusion of the agreement in December 2008, MediGene has the option to call a total of up to €25 million cash in tranches against the issue of new MediGene shares from authorized capital to YA Global Investments. MediGene has sole discretion in deciding whether and when to exercise this option during the term of the agreement. Since the program began in 2008, a total of €10.6 million has been called. MediGene currently has no plans to make any further use of the SEDA program.

Assets position

Cash position €15.4 million; equity ratio 91%; liquidity cover ratio 25%

Development of assets and capital structure

In € thousand	September 30, 2011 unaudited	Dec. 31, 2010 audited	Change
Assets			
Property, plant, and equipment and intangible assets	32,497	32,846	-1%
Goodwill	2,212	2,212	0%
Other non-current assets	156	157	-1%
Investment in associates	4,451	5,059	-12%
Cash and cash equivalents	15,378	4,770	>200%
Inventories and receivables	3,448	6,209	-44%
Other current assets	2,250	6,948	-68%
Total assets	60,392	58,201	4%
Liabilities and shareholders' equity			
Shareholders' equity	54,940	40,798	35%
Non-current liabilities	247	247	0%
Current liabilities	5,205	17,156	-70%
Total liabilities and shareholders' equity	60,392	58,201	4%
Liquidity cover ratio in %	25	8	
Equity ratio in %	91	70	

Employees

As a consequence of the reorganization measures decided in September 2010, the number of Group employees decreased to 52 in the first nine months of 2011 compared with the same period in the previous year (9M 2010: 105). Personnel expenses reduced to €4,735 thousand in the reporting period (9M 2010: €7,919 thousand).

Segment information

Segment information is provided on pages 20 et seq. of the notes.

Risk report

The inherent risks the MediGene Group is subject to are described in the risk report of the published Group management's discussion and analysis (MD&A) 2010. Up to the closing date of September 30, 2011, no changes to the state described therein have occurred.

Legal risks

In July 2008, following the death of a volunteer who had participated in a clinical trial of the drug candidate RhuDex®, the Procurator Fiscal in Edinburgh, United Kingdom, started routine investigations, which were completed in November 2009. Additionally, it is possible that the deceased volunteer's family will file a civil action. However, in view of the results of the investigation concluded so far the Executive Board considers the probability of such civil action to be extremely low.

Patent risks

In June 2010, a third party opposed the granting of European patent no. EP 1530465 to MediGene AG. The patent pertains to the manufacturing process of EndoTAG®-1 and to compounds manufacturable by this process. A first-instance decision by the European Patent Office is expected by the end of 2011 or beginning of 2012. MediGene anticipates that the patent will be sustained with a scope of protection that will protect EndoTAG®-1 in the future as well.

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 2010 published on March 25, 2011.

Major events since the end of the period

RhuDex®

In October 2011, MediGene was granted the required approval by the United Kingdom Medicines and Healthcare Products Regulatory Agency (MHRA) to conduct a clinical formulation study of MediGene's drug candidate RhuDex®.

EndoTAG®-1

In November 2011, MediGene announced that an investigator initiated trial (IIT) of EndoTAG®-1 in combination with paclitaxel was initiated by Prof. Dr. Ahmed Awada in an additional breast cancer indication (hormone-receptor-positive, HER2-negative breast cancer). Prof. Awada, Head of the Medical Oncology Clinic at Jules Bordet Institute in Brussels, Belgium, was the principal investigator of the phase II clinical trial of EndoTAG®-1 in triple-negative breast cancer (TNBC). The overall survival data from this trial were accepted for presentation at the San Antonio Breast Cancer Symposium which will take place in December 2011.

Veregen®

In November 2011, the pricing approval for Spain was granted.

Opportunities and outlook

Financial guidance 2011

MediGene confirms and updates its financial forecast for 2011. The financial guidance for 2011 drawn up at the beginning of this year projected revenue (from continued and discontinued operations) in the range of €32 million to €38 million and a positive EBITDA of €10 million to €16 million. This guidance included a milestone payment from Astellas totaling €5 million for the regulatory transfer of the Eligard® rights to non-EU countries which was expected and communicated to be completed by the end of 2011 or the beginning of 2012. According to MediGene's current assessment, this transfer will take place in 2012. Therefore, the €5 million milestone payment has been excluded from MediGene's financial forecast for fiscal year 2011, and guidance has been updated accordingly.

Consequently, MediGene expects revenue (from continued and discontinued operations) to range between €32 - €33 million, and a positive EBITDA result of between €10 - €12 million for the fiscal year 2011.

Eligard®

Since March 1, 2011, MediGene has received a 2% share of net sales revenue from Eligard® generated by Astellas in Europe. The transfer of the rights for non-EU countries is expected to be completed in 2012 and will lead to a €5 million milestone payment.

Veregen®

MediGene still expects the marketing authorization process for Veregen® to be started in additional European countries by the end of 2011. The German market approval, already granted within the scope of the mutual recognition procedure, will serve as a reference. MediGene also plans to conclude further marketing partnership agreements within and outside of Europe, and has already signed several agreements in the first nine months of 2011. MediGene expects continued growth in both Veregen® in-market sales and revenue for 2011 as a whole. The market launch for Veregen® in Spain by MediGene's partner, Juste, is expected for the first quarter of 2012.

EndoTAG®-1

For the first time, the overall survival data from the phase II trial with EndoTAG®-1 in triple-negative breast cancer (TNBC) will be presented in December 2011 at the Breast Cancer Symposium in San Antonio, USA. MediGene intends to enter into one or more partnerships for EndoTAG®-1 with pharmaceutical or biotech companies and envisages the partner or partners taking over the further development and future commercialization of the drug candidate.

RhuDex®

MediGene is preparing a formulation study to resume clinical development of RhuDex®. The objective is to determine an optimized formulation for chronic treatment. In October 2011, MediGene was granted approval by the authorities to conduct the clinical trial.

AAVLP technology

As part of its collaboration with The Johns Hopkins University additional preclinical trials will be carried out in order to test the first vaccine candidates of the AAVLP platform for the prevention of HPV-associated cancers.

Consolidated income statement

of MediGene AG for the periods from January 1 to September 30, 2011 and 2010

In € thousand	Q3 2011 unaudited	Q3 2010 unaudited	9M 2011 unaudited	9M 2010 unaudited
Product sales	427	321	1,336	1,543
Other operating income	666	49	1,639	91
Total revenue	1,093	370	2,975	1,634
Cost of sales	-125	-92	-399	-321
Gross profit	968	278	2,576	1,313
Selling expenses	-554	-479	-1,545	-1,483
General and administrative expenses	-1,485	-1,787	-4,058	-5,243
Research and development expenses	-1,643	-3,666	-5,217	-11,169
Operating result	-2,714	-5,654	-8,244	-16,582
Interest income	44	9	93	17
Interest expense	0	0	0	-1
Foreign exchange gains/losses	101	697	238	711
Share of result of associates	2,195	282	1,189	396
Result from continued operations before tax	-374	-4,666	-6,724	-15,459
Taxes	474	0	1,020	0
Result from continued operations	100	-4,666	-5,704	-15,459
Product sales from discontinued operations	48	9,750	27,750	33,656
Cost of sales from discontinued operations	0	-8,415	-5,362	-26,983
Selling expenses from discontinued operations	-83	-97	-322	-315
Gains from derivative financial instruments from discontinued operations	0	-1,480	226	899
Taxes from discontinued operations	-9	0	-2,165	0
Result from discontinued operations	-44	-242	20,127	7,257
Net result for the period	56	-4,908	14,423	-8,202
Earnings per share:				
Basic and diluted result from continued operations in €[1)]	0	-0.13	-0.15	-0.43
Basic and diluted result from discontinued operations in €[1)]	0	0	0.54	0.20
Weighted average number of shares outstanding (basic)	37,082,758	37,082,758	37,082,758	36,389,134
Weighted average number of shares outstanding (diluted)	37,110,319	37,082,758	37,110,319	36,389,134

[1)] Result for the period attributable to ordinary equity holders of the parent company

Consolidated statement of comprehensive income

of MediGene AG for the periods from January 1 to September 30, 2011 and 2010

In € thousand	Q3 2011 unaudited	Q3 2010 unaudited	9M 2011 unaudited	9M 2010 unaudited
Net result for the period	56	-4,908	14,423	-8,202
Exchange differences on translation of foreign operations[2)]	182	-540	-375	1,141
Unrealized gains on hedge of a net investment[2)]	0	-470	0	344
Other comprehensive income for the period, net of tax	182	-1,010	-375	1,485
Total comprehensive income for the period, net of tax	238	-5,918	14,018	-6,717

[2)] No income tax effects were incurred

Consolidated balance sheet

of MediGene AG as of September 30, 2011 and December 31, 2010

In € thousand		September 30, 2011 unaudited	Dec. 31, 2010 audited
Assets			
A. Non-current assets			
I.	Property, plant, and equipment	946	960
II.	Intangible assets	31,551	31,886
III.	Goodwill	2,212	2,212
IV.	Financial assets	153	153
V.	Investment in associates	4,451	5,059
VI.	Other assets	3	4
Total non-current assets		39,316	40,274
B. Current assets			
I.	Inventories	2,153	1,693
II.	Trade accounts receivable	1,295	4,516
III.	Cash and cash equivalents	15,378	4,770
IV.	Other current assets	2,250	6,948
Total current assets		21,076	17,927
Total assets		60,392	58,201
Liabilities and shareholders' equity			
A. Shareholders' equity			
I.	Subscribed capital Number of shares issued and outstanding: December 31, 2010: 37,082,758 September 30, 2011: 37,082,758	37,082	37,082
II.	Additional paid-in capital	343,798	343,704
III.	Accumulated deficit	-318,675	-333,098
IV.	Other reserves	-7,265	-6,890
Total shareholders' equity		54,940	40,798
B. Non-current liabilities			
I.	Financial liabilities	2	2
II.	Pension obligations	245	245
Total non-current liabilities		247	247
C. Current liabilities			
I.	Trade accounts payable	1,584	2,354
II.	Derivative financial instruments	0	226
III.	Other current assets	2,396	9,488
IV.	Deferred income	80	5,088
V.	Tax liabilities	1,145	0
Total current liabilities		5,205	17,156
Total liabilities		5,452	17,403
Total liabilities and shareholders' equity		60,392	58,201

Consolidated statement of cash flows

of MediGene AG for the periods from January 1 to September 30, 2011 and 2010

In € thousand	Q3 2011 unaudited	Q3 2010 unaudited	9M 2011 unaudited	9M 2010 unaudited
Cash flow from operating activities				
Net result for the period (before taxes)	-409	-4,908	15,568	-8,202
Adjustments to reconcile net result before tax to net cash from/used by operating activities:				
Stock-based compensation	31	53	94	158
Unrealized exchange gain on foreign currency translation	0	-832	0	-832
Depreciation and amortization	209	209	638	624
Loss on disposal of property, plant, and equipment	0	0	0	273
Interest income	-44	-10	-93	-17
Interest expense	0	0	0	1
Changes in:				
Inventories	-2	-178	-459	-994
Other assets and prepaid expenses	170	1,818	7,961	417
Trade accounts payable	23	-329	-770	462
Accruals	0	-83	0	-386
Other liabilities and deferred income	159	7,020	-12,326	3,193
Share of net result of associates	-2,195	-282	-1,189	-396
Subtotal	-2,058	2,478	9,424	-5,699
Interest received	21	10	52	17
Interest expense	0	0	0	-1
Net cash from/used by operationg activities	-2,037	2,488	9,476	-5,683
Cash flow from investing activities				
Purchase of property, plant, and equipment	-151	-29	-290	-266
Disposal of financial assets	1,767	0	1,767	0
Net cash from/used by investing activities	1,616	-29	1,477	-266
Cash flow from financing activities				
Proceeds from capital increase	0	0	0	4,500
Expenses on capital increase	0	-8	0	-22
Repayment of convertible bonds	0	0	0	-9
Net cash from/used by financing activities	0	-8	0	4,469
Increase/Decrease in cash and cash equivalents	-421	2,451	10,953	-1,480
Cash and cash equivalents at beginning of the period	15,860	8,200	4,770	12,251
Foreign exchange differences	-61	131	-345	11
Cash and cash equivalents at the end of the period	15,378	10,782	15,378	10,782

Consolidated statement of changes in shareholders' equity

of MediGene AG for the periods from January 1 to September 30, 2011 and 2010

In € thousand	Subscribed capital	Capital reserve	Accumulated deficit	Currency translantion	Hedge of a net investment	Financial assets	Total shareholders' equity
Balance Jan. 1, 2010, audited	35,557	340,487	-315,229	-7,913	-1,029	0	51,873
Net loss for the period			-8,202				-8,202
Unrealized gains on hedge of a net investment					344		344
Currency translation adjustments				1,141			1,141
Comprehensive income							-6,717
Shares issued	1,525	2,975					4,500
Expenses on shares issued		-22					-22
Share-based compensation		158					158
Balance September 30, 2010, unaudited	37,082	343,598	-323,431	-6,772	-685	0	49,792
Balance Jan. 1, 2011, audited	37,082	343,704	-333,098	-6,891	0	1	40,798
Net result for the period			14,423				14,423
Currency translation adjustments				-375			-375
Comprehensive income							14,048
Share-based compensation		94					94
Balance September 30, 2011, unaudited	37,082	343,798	-318,675	-7,266	0	1	54,940

Notes to the Group interim consolidated financial statements

of MediGene AG, Planegg/Martinsried, Germany, for the period from January 1 to September 30, 2011

A. Description of business activity, information about the company

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

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

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

B. Accounting and valuation principles

Basis 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 interim consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IAS 34 "Interim Financial Reporting").

It is the Executive Board's conviction that the quarterly financial statements on hand reflect all business transactions required for the portrayal of the assets, financial and income situation at the end of the periods that ended on September 30, 2011 and 2010.

These quarterly 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 2010 and 2009.

These interim consolidated financial statements were approved for publication by MediGene AG's Executive Board on November 10, 2011.

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 by MediGene for the consolidated annual financial statements for 2010.

With regard to changes relevant to accounting, MediGene refers to the detailed presentation in the Annual Report 2010, pages 48 et seq. (Changes in accounting, valuation and reporting principles).

For fiscal years beginning on or after January 1, 2011, the following amended standards and interpretations must be applied. At present, these are either not relevant to the consolidated financial statements or have no material impact on the assets, financial and income situation:

- *IAS 24 – Related Party Disclosures (revised in 2009)*
- *Amendment to IAS 32 – Financial Instruments: Presentation - Classification of Rights Issues*
- *Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirements*

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. The subsidiaries were acquired in 2001 (MediGene, Inc.) and 2006 (MediGene Ltd.) respectively.

In the reporting period, MediGene AG started the process to wind up its British subsidiary, MediGene Ltd. All of the patents were transferred to MediGene AG in August 2010. Ongoing projects have been continued by employees of MediGene AG. MediGene Ltd. thus no longer has an operating function.

As from September 30, 2008, MediGene Ltd. has also held shares of the associate Immunocore Ltd., Abingdon, Oxfordshire, United Kingdom. As a result of new shares in Immunocore Ltd. being issued and the sale of shares in Immunocore Ltd. (*see pp. 7 and 18*) to other shareholders of the company, MediGene's shareholding has decreased and was 21.69% as of

September 30, 2011. Since mid-April 2010, MediGene, Inc. has held a 40% stake in the company Catherex, Inc., Philadelphia, Pennsylvania, USA.

Apart from that, MediGene AG held no other shares in affiliated companies, associates or joint ventures as of September 30, 2011. 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 dependancy 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 either have been 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 European Eligard® rights to Astellas, which took place on March 1, 2011. The previous year's figures were adjusted in accordance with IFRS 5.33.

In the first quarter of 2011, MediGene recognized as income milestone payments totaling €20 million for the sale of the Eligard® rights. The final payment of €5 million is expected upon transfer of the rights for countries outside the EU in 2012. Since March 2011, MediGene has been entitled to a 2% share in net sales generated with Eligard®. Since that date, this revenue has been reported as other operating income.

Key figures from continued and discontinued operations

In € thousand	9M 2011 continued	9M 2011 discontinued	9M 2011 total	9M 2010 continued	9M 2010 discontinued	9M 2010 total
Total revenue	2,975	27,750	30,725	1,634	33,656	35,290
Cost of sales	-399	-5,362	-5,761	-321	-26,983	-27,304
Gross profit	2,576	22,388	24,964	1,313	6,673	7,986
Selling expenses	-1,545	-322	-1,867	-1,483	-315	-1,798
General and administrative expenses	-4,058	0	-4,058	-5,243	0	-5,243
Research and development expenses	-5,217	0	-5,217	-11,169	0	-11,169
Operating result	-8,244	22,066	13,822	-16,582	6,358	-10,224
Interest income	93	0	93	17	0	17
Interest expense	0	0	0	-1	0	-1
Foreign exchange gains	238	0	238	711	0	711
Gains from derivative financial instruments	0	226	226	0	899	899
Share of result of associates	1,189	0	1,189	396	0	396
Result from continued operations before tax	-6,724	22,292	15,568	-15,459	7,257	-8,202
Result from continued operations	-5,704			-15,459		
Result from discontinued operations		20,127			7,257	
Net result for the period			14,423			-8,202

Total revenue from discontinued operations comprises product sales (9M 2011: €5,380 thousand; 9M 2010: €19,563 thousand), license payments (9M 2011: €2,258 thousand; 9M 2010: €14,093 thousand), milestone payments (9M 2011: €20,000 thousand; 9M 2010: €0) for Eligard® in Europe and other operating income (9M 2011: €112 thousand; 9M 2010: €0).

Cash from operating activities from discontinued operations totaled €19,719 thousand in the first nine months of 2011 (9M 2010: €11,754 thousand).

E. Notes on the consolidated income statement

Embedded derivative

The contract for the commercialization of Eligard® concluded with Astellas included an embedded derivative, since the contract was processed in US dollars and not in the functional currency of one of the two contracting parties. Foreign currency gains (losses) from this derivative resulted from the translation of US dollar into euro and were recognized as income. The valuation of the embedded derivative took place on the basis of existing/expected purchase orders from Astellas. Since the transfer of the Eligard® rights to Astellas on March 1, 2011, this derivative no longer exists.

Associates

The income statement reflects the Group's share of the associates' results (Immunocore Ltd, and Catherex, Inc.). 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 associates are eliminated corresponding to the share in the associate held.

Sale of shares in Immunocore Ltd.
As part of the winding-up of MediGene Ltd. *(see p. 16)*, the shareholding of MediGene Ltd. in British Immunocore Ltd. is partially transferred to MediGene AG. In September 2011, MediGene Ltd. sold a further block of its shares in Immunocore Ltd. *(see p. 7)* to other Immunocore Ltd. shareholders. The price of the block of shares the company sold was determined by an external expert. The remaining shares of MediGene in Immunocore Ltd. represent a particular class of shares, having a certain liquidation preference. In the event of a future sale, the value of these shares may amount to up to GBP 2.7 million in accordance with the Articles of Incorporation.

Taxes

In the reporting period, a tax liability of €1,145 thousand was generated. It includes tax income from continued operations of €1,020 thousand and tax expenditure from discontinued operations of €2,165 thousand. Both amounts were recognized as income in the consolidated income statement. The calculation is 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 previous year's reporting period, neither tax expenditure nor tax income was posted. The accumulated losses were partially utilized, and the actual tax rate was thus reduced to approx. 10% for discontinued operations while the international tax rate applicable to continued operations was reduced to approx. 15%.

F. Notes on the balance sheet

Subscribed capital

Compared to December 31, 2010, subscribed capital of €37,082 thousand remained unchanged as of September 30, 2011.

The subscribed capital was divided into 37,082,758 registered no-par value common shares as of September 30, 2011, of which approx. 94% were outstanding as of the closing date.

Intangible assets

The decrease of reported intangible assets compared to December 31, 2010 is due solely to planned amortization of patents and product licenses.

Current liabilities

Compared to December 31, 2010, current liabilities decreased from €17,156 thousand by €11,951 thousand to €5,205 thousand as of September 30, 2011. This decrease is mainly due to the realization of the first Astellas milestone payment as revenue and the reduction of trade accounts payable and other liabilities.

G. Notes on the cash flows

The average monthly cash flow rate from operating activities changed from a cash outflow of €0.6 million (9M 2010) to a cash inflow of €1.1 million (9M 2011).

H. Earnings per share

The Group reports diluted and basic earnings per share from continued and discontinued operations. Due to the small number of potentially 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
Q3 2011						
Revenue with external customers	427	0	427	0	0	427
Other income	685	5	690	24	-48	666
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	1,112	5	1,117	24	-48	1,093
Segment operating result[3]	-184	-2,487	-2,671	-78	35	-2,714
Depreciation and amortization	0	-181	-181	-28		-209
Share of result of associates	0	0	0	2,195		2,195
Assets						
Investment in associates	0	0	0	4,451		4,451
Segment investments[4]	0	0	0	151		151
Segment assets	3,448	33,763	37,211	23,181		60,392
Segment liabilities	80	0	80	5,372		5,452
Q3 2010						
Revenue with external customers	10,071	0	10,071	0	-9,749	322
Other income	1	47	48	0	0	48
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	10,072	47	10,119	0	-9,749	370
Segment operating result[3]	555	-4,972	-4,417	0	-1,237	-5,654
Depreciation and amortization	0	-183	-183	-26		-209
Share of result of associates	0	0	0	282		282
Assets						
Investment in associates	0	0	0	2,430		2,430
Segment investments[4]	0	11	11	18		29
Segment assets	2,515	43,435	45,950	20,952		66,902
Segment liabilities	5,934	0	5,934	11,176		17,110

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 their own.
2) Inter-segment sales are eliminated for consolidation purposes.
3) Segment operating result does not include any interest income (Q3 2011: €44 thousand; Q3 2010: €9 thousand), any interest expense (Q3 2011: €0; Q3 2010: €0), any foreign exchange gains (Q3 2011: €101 thousand; Q3 2010: €697 thousand), any share of result of associates (Q3 2011: €2,195 thousand; Q3 2010: €282 thousand).
4) Segment investments relate to additions to property, plant, and equipment and intangible assets.

Segment reporting by business units

In € thousand	Marketed Products	Drug Candidates	Total segments	Reconciliation[1]	Adjustments discontinued operations	Total
9M 2011						
Revenue with external customers	28,974	0	28,974	0	-27,638	1,336
Other income	1,615	36	1,651	100	-112	1,639
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	30,589	36	30,625	100	-27,750	2,975
Segment operating result[3]	21,889	-7,871	14,018	-196	-22,066	-8,244
Depreciation and amortization	-1	-548	-549	-89		-638
Share of result of associates	0	0	0	1,189		1,189
Assets						
Investment in associates	0	0	0	4,451		4,451
Segment investments[4]	0	36	36	254		290
Segment assets[5]	3,448	33,763	37,211	23,181		60,392
Segment liabilities[6]	80	0	80	5,372		5,452
9M 2010						
Revenue with external customers	35,199	0	35,199	0	-33,656	1,543
Other income	1	89	90	1	0	91
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	35,200	89	35,289	1	-33,656	1,634
Segment operating result[3]	5,121	-15,346	-10,225	1	-6,358	-16,582
Depreciation and amortization	-2	-542	-544	-80		-624
Share of result of associates	0	0	0	396		396
Assets						
Investment in associates	0	0	0	2,430		2,430
Segment investments[4]	0	242	242	24		266
Segment assets[5]	2,515	43,435	45,950	20,952		66,902
Segment liabilities[6]	5,934	0	5,934	11,176		17,110

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 their own.
2) Inter-segment sales are eliminated for consolidation purposes.
3) Segment operating result does not include any interest income (9M 2011: €93 thousand; 9M 2010: €17 thousand), any interest expense (9M 2011: €0; 9M 2010: €1 thousand), any foreign exchange gains (9M 2011: €238 thousand; 9M 2010: €711 thousand), any share of result of associates (9M 2011: €1,189 thousand; 9M 2010: €396 thousand).
4) Segment investments relate to additions to property, plant, and equipment and intangible assets.
5) Segment assets under »Reconciliation« include non-current assets (9M 2011: €5,553 thousand; 9M 2010: €3,590 thousand), cash and cash equivalents (9M 2011: €15,378 thousand; 9M 2010: €10,782 thousand), and other current assets (9M 2011: €2,250 thousand; 9M 2010: €6,580 thousand).
6) Segment liabilities under »Reconciliation« include non-current liabilities (9M 2011: €247 thousand; 9M 2010: €235 thousand), trade accounts payable and other liabilities (9M 2011: €3,980 thousand; 9M 2010: €10,857 thousand), accruals (9M 2011: €0; 9M 2010: €84 thousand), and tax liabilities (9M 2011: €1,145 thousand, 9M 2010: €0).

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

The 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 (discontinued operations)
- 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

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

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

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

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

K. Executive Board and Supervisory Board

„Directors' Holdings" and note on subscription rights

Member	Shares 9M 2011	Shares Y 2010	Options 9M 2011	Options Y 2010
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
Dr. Thomas Werner Supervisory Board member	0	0	0	0
Klaus Kühn (since August 4, 2011) Supervisory Board member	0	-	0	-
Total Supervisory Board	278,176	278,176	0	0
Dr. Frank Mathias Chief Executive Officer	6,000	2,000	92,500	92,500
Arnd Christ Chief Financial Officer	5,000	0	14,278	14,278
Total Executive Board	11,000	2,000	106,778	106,778

(Status as at September 30, 2011 and December 31, 2010)

Financial calendar

March 23, 2012

Annual Report 2011
Financial press conference/
Analysts conference

Trademarks

Eligard®
is a trademark of Tolmar Therapeutics, Inc.

EndoTAG®
is a trademark of MediGene AG

MediGene®
is a trademark of MediGene AG

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

RhuDex®
is a trademark of MediGene AG

Veregen®
is a trademark of MediGene AG

These trademarks may be held or licensed for specific countries.

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