MediGene

RESHAPED

6-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						
AAVLP	Vaccine technology						
Chance of reaching the market[2)]		< 10 %	< 15 %	< 30 %	< 70 %	< 90 %	

1) Sold to Astellas Pharma Europe Ltd. for €25 million and future participation in revenue

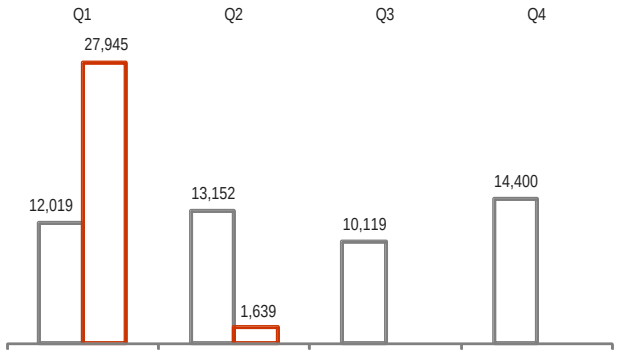
2) Industrial average, estimates of MediGene AG

MediGene's key figures

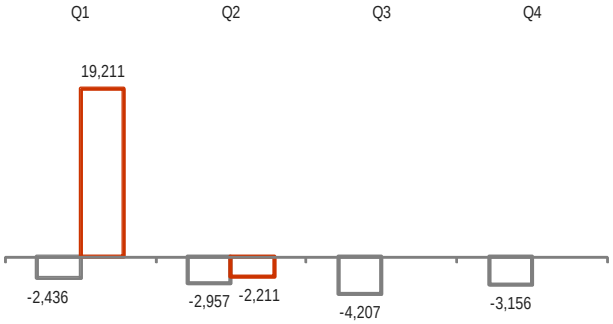
In € thousand	Q2 2011	Q2 2010	Change	6M 2011	6M 2010	Change
Income statement						
Total revenue	1,233	523	136%	1,882	1,265	49%
Cost of sales	-193	-166	16%	-273	-229	19%
Gross profit	1,040	357	191%	1,609	1,036	55%
Selling, general, and administrative expenses	-1,919	-2,496	-23%	-3,564	-4,460	-20%
Research and development expenses	-1,546	-3,424	-55%	-3,574	-7,504	-52%
EBITDA	-2,211	-2,957	-25%	17,000	-5,393	>-200%
Operating result from continued operations	-2,425	-5,563	-56%	-5,529	-10,928	-49%
Result from continued operations before tax	-2,884	-4,760	-39%	-6,349	-10,794	-41%
Result from continued operations	-2,699	-4,760	-43%	-5,803	-10,794	-46%
Product sales from discontinued operations	406	12,629	-97%	27,702	23,906	16%
Result from discontinued operations	81	3,801	-98%	20,170	7,500	169%
Net result for the period	-2,618	-959	173%	14,367	-3,294	>-200%
Earnings per share (basic and diluted) in €	-0.07	-0.03	168%	0.39	-0.09	>-200%
Weighted average number of shares (basic)	37,082,758	36,428,289	2%	37,082,758	36,036,574	3%
Weighted average number of shares (diluted)	37,110,319	36,462,875	2%	37,110,319	36,071,160	3%
Personnel expenses	-1,537	-2,489	-38%	-3,266	-4,807	-32%
Cash flow statement						
Cash flow from operating activities	-2,950	-2,216	33%	11,513	-8,171	>-200%
Cash flow from investing activities	-11	-172	-94%	-139	-237	-41%
Cash flow from financing activities	0	2,485	-	0	4,477	-
Balance sheet data as at June 30						
Cash and cash equivalents	15,860	8,200	93%			
Balance sheet total	60,407	66,166	-9%			
Current liabilities	5,489	10,266	-47%			
Non-current liabilities	247	235	5%			
Shareholders' equity	54,671	55,665	-2%			
Equity ratio in %	91	84	8%			
Employees as at June 30	54	105	-49%			
MediGene share as at June 30						
Total number of shares outstanding	37,082,758	37,082,758	0 %			
Share price (XETRA closing price)	1.58	2.75	-43 %			
Dividend in €	0	0	-			

MediGene's performance 2010/2011

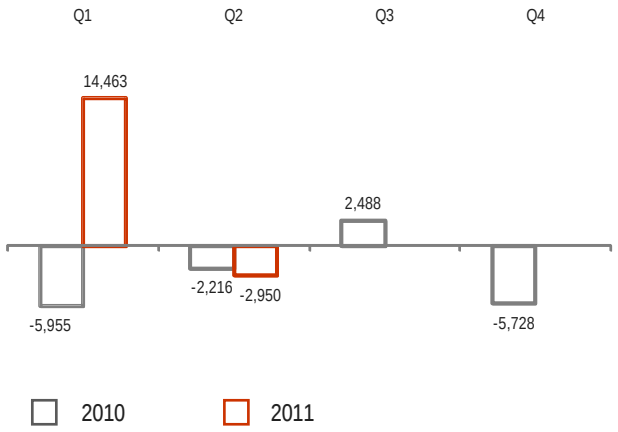
Total revenue from continued and product sales from discontinued operations
in € thousand



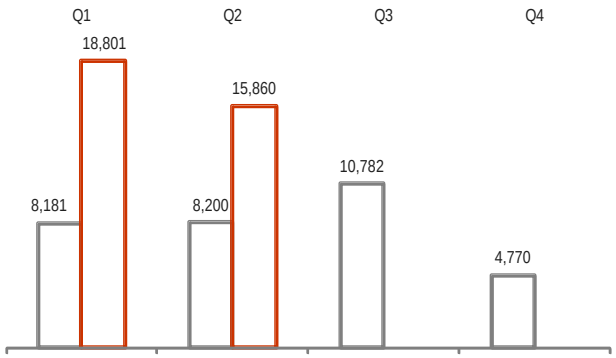
EBITDA
in € thousand



Cash flow from operating activities
in € thousand



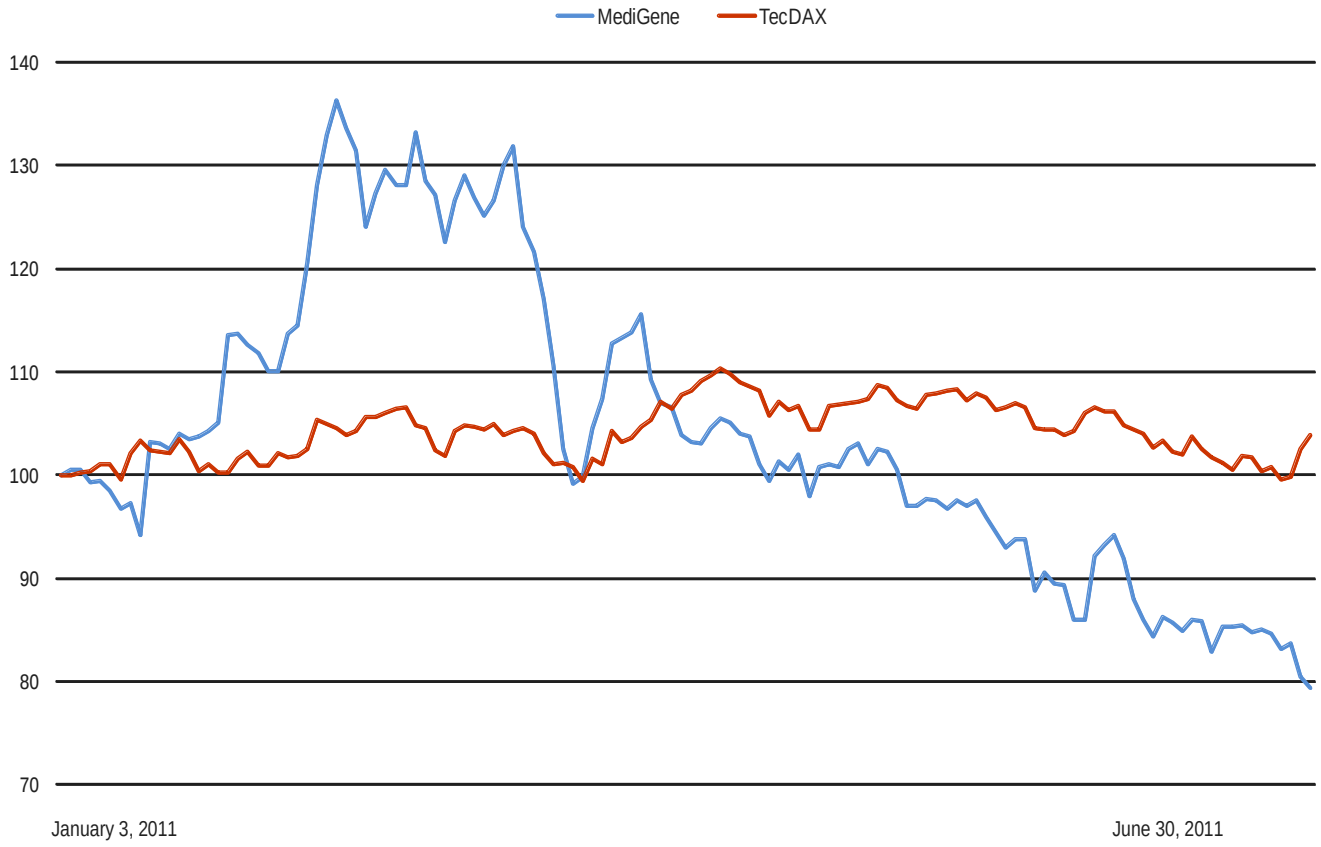
Cash and cash equivalents
in € thousand



Contents

The MediGene share price performance

(January 3, 2011 € 1.99 indexed to 100)



Key figures for the MediGene share

In €	6M 2011	6M 2010
6-months high	2.71	3.92
6-months low	1.58	2.47
Price at the beginning of the year	1.99	3.64
Closing price	1.58	2.75
Average price since beginning of the year	2.07	3.25
Weighted average number of shares (basic)	37,082,758	36,036,574
Weighted average number of shares (diluted)	37,110,319	36,071,160
Average market capitalization (€ million)	77	117
Average daily trading volume (in shares)	155,967	284,014
Total number of shares outstanding	37,082,758	37,082,758
Cash flow from operating activities per share[1)]	0.31	-0.22
Shareholders' equity per share[1)]	1.47	1.50
Free Float[2)] (%)	93	93

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

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

Group interim management's discussion and analysis Q2 2011/6M 2011

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

Financial development in the first six months of 2011

- Increase in total revenue from continued operations and in product sales from discontinued operations to €29.6 million (6M 2010: €25.2 million)
- Positive EBITDA result of €17.0 million (6M 2010: €-5.4 million)
- Net profit of €14.4 million (6M 2010: €-3.3 million)
- Cash and cash equivalents of €15.9 million as of closing date June 30, 2011 (Dec. 31, 2010: €4.8 million).
- Confirmation of 2011 forecast

Major events in the first half of 2011

- 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
- Veregen® market approval granted in Spain
- AAVLP development partnership agreed with The Johns Hopkins University

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 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 MediGene's partner 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. Accordingly and since March 1, 2011, MediGene has been entitled to a 2% share of net sales revenue from Eligard® and MediGene is no longer responsible for any costs or performance obligations related to the supply of Eligard® to Astellas with. Importantly, MediGene will continue to benefit from future sales of the drug.

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 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 first half 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 Benelux countries (Will-Pharma), Canada (Triton Pharma), and Taiwan (SynCore Bio).

EndoTAG®-1

The clinical drug candidate EndoTAG®-1 is a formulation of the therapeutic paclitaxel embedded in positively charged liposomes. EndoTAG®-1 is designed to suppress tumor growth by targeting activated endothelial cells, which are required for the formation of new blood vessels in tumors. 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 being developed by MediGene as an agent to treat autoimmune diseases such as rheumatoid arthritis. It is an orally available CD80 antagonist that blocks T-cell activation and thus has both an immunosuppressive and anti-inflammatory effect. On the basis of pre-clinical investigations, MediGene developed a new formulation strategy for RhuDex® in the first half of 2011 that has been customized for chronic treatment and will be further tested and optimized in an upcoming clinical trial.

AAVLP technology

The AAVLP platform developed by MediGene is an innovative technology platform for the development of prophylactic vaccines that can protect the body against new infections. It is based on adeno-associated virus-like particles (AAVLP), which serve 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 are directed at 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.

Income position

Product sales and other income

In the first half of 2011, MediGene reported milestone payments recognized as income totaling €20 million from the sale of the Eligard® rights. As a consequence of the sale of the Eligard® rights to Astellas and the subsequent transfer of these rights, this revenue, along with the sales generated from Eligard® through the end of February 2011, must be reported as "revenue from discontinued operations" pursuant to IFRS 5 (see note D. discontinued operations). Since March 1, 2011, MediGene has been entitled to a 2% share of net sales revenue from Eligard®. This revenue, totaling €865 thousand, has been reported as other operating income since that date.

Accordingly, total revenue from continued operations rose to €1,882 thousand (6M 2010: €1,265 thousand) for the first half of 2011, an increase of 49%, and to €1,233 thousand for the second quarter (Q2 2010: €523 thousand). Revenue from discontinued operations rose to €27,702 thousand (6M 2010: €23,906 thousand) for the first half of 2011, an increase of 16%, and fell to €406 thousand in the second quarter (Q2 2010: €12,629 thousand). Revenue from continued operations was generated from Veregen® product sales and royalties in the USA, Germany, and Austria, which increased to €774 thousand (6M 2010: €542 thousand) in the first half of 2011, and from milestone payments for Veregen® of €135 thousand (6M 2010: €680 thousand). It also includes other operating income, generated mainly from Eligard® product sales since March 2011. Product sales from discontinued operations were generated from Eligard® product sales, royalties and milestone payments in Europe.

Consolidated income statement (abbreviated)

In € thousand	Q2 2011 unaudited	Q2 2010 unaudited	Change	6M 2011 unaudited	6M 2010 unaudited	Change
Total revenue	1,233	523	136%	1,882	1,265	49%
Cost of sales	-193	-166	16%	-273	-229	19%
Gross profit	1,040	357	191%	1,609	1,036	55%
Selling, general, and administrative expenses	-1,919	-2,496	-23%	-3,564	-4,460	-20%
Research and development expenses	-1,546	-3,424	-55%	-3,574	-7,504	-52%
Operating result from continued operations	-2,425	-5,563	-56%	-5,529	-10,928	-49%
Result from continued operations before tax	-2,884	-4,760	-39%	-6,349	-10,794	-41%
Result from continued operations	-2,699	-4,760	-43%	-5,803	-10,794	-46%
Product sales from discontinued operations	406	12,629	-97%	27,702	23,906	16%
Result from discontinued operations	81	3,801	-98%	20,170	7,500	169%
Net result for the period	-2,618	-959	173%	14,367	-3,294	>-200%

Cost of sales

Cost of sales from continued operations stood at €273 thousand in the first half of 2011 (6M 2010: €229 thousand) and €193 thousand in the second quarter of 2011 (Q2 2010: €166 thousand). Cost of sales from discontinued operations connected with the commercialization of Eligard® fell to €5,362 thousand in the first half of 2011 (6M 2010: €18,568 thousand) and €217 thousand in the second quarter of 2011 (Q2 2010: €10,118 thousand). The cost of sales incurred in the second quarter relate to a correction to an accrual from the first quarter of 2011. These costs were incurred for product procurement and royalties paid for sales revenue.

Gross profit

Gross profit from continued operations improved to €1,609 thousand in the first half of 2011 (6M 2010: €1,036 thousand), a 55% increase, and to €1,040 thousand in the second quarter of 2011 (Q2 2010: €357 thousand). Gross profit from discontinued operations rose to €22,340 thousand in the first half of the year because of a non-recurring item (6M 2010: €5,338 thousand) and fell to €189 thousand in the second quarter of 2011 (Q2 2010: €2,511 thousand).

Selling, general, and administrative expenses

Compared to the previous reporting period, selling, general, and administrative costs from continued operations decreased on a semi-annual basis by 20% from €4,460 thousand (6M 2010) to €3,564 thousand (6M 2011) and on a quarterly basis by 23% from €2,496 thousand (Q2 2010) to €1,919 thousand (Q2 2011). Selling expenses from discontinued operations amounted to €240 thousand in the first half of 2011 (6M 2010: €218 thousand), and to €188 thousand in the second quarter of 2011 (Q2 2010: €116 thousand).

Research and development expenses

Research and development expenses decreased by 52% on a semi-annual basis to €3,574 thousand (6M 2010: €7,504 thousand), and by 55% on a quarterly basis to €1,546 thousand (Q2 2010: €3,424 thousand). This decrease is due mainly to a reduction of personnel expenses as well as project development expenses.

EBITDA

MediGene's EBITDA describes the result for the period excluding taxes, financial result, and depreciation and amortization. EBITDA amounted to €17,000 thousand in the first half of 2011 (6M 2010: €-5,393 thousand), and to €-2,211 thousand in the second quarter of 2011 (Q2 2010: €-2,957 thousand). The portrayal of EBITDA does not require a differentiation between continued and discontinued operations.

Depreciation and amortization

Depreciation and amortization stood at €429 thousand in the first half of 2011 (6M 2010: €415 thousand) and €213 thousand in the second quarter of the year (Q2 2010: €211 thousand).

Financial result

The financial result, which consists mainly of foreign currency exchange gains/losses and interest income, increased to €186 thousand in the reporting period (6M 2010: €20 thousand), and fell to €26 thousand on a quarterly basis (Q2 2010: €90 thousand). In the first half of the year, the financial result from discontinued operations, which relates to Eligard®, includes a gain from a derivative financial instrument pursuant to IAS 39 of €226 thousand (6M 2010: €2,380 thousand).

Financial result

In € thousand	Q2 2011 unaudited	Q2 2010 unaudited	Change	6M 2011 unaudited	6M 2010 unaudited	Change
Interest income	39	3	>200%	49	7	>200%
Interest expense	0	-1	-	0	-1	-
Subtotal	39	2	>200%	49	6	>200%
Foreign exchange gains/losses	-13	88	-115%	137	14	>200%
Total	26	90	-71%	186	20	>200%
Discontinued operations (derivative financial instrument)	0	1,406	-	226	2,380	-91%

Share of result of associates

Results of associates stood at €-1,006 thousand in the first half of 2011 (6M 2010: €114 thousand) and €-485 thousand in the second quarter of 2011 (Q2 2010: €713 thousand). The gains in the previous year resulted from an increase in share capital following the issue of new shares of Immunocore Ltd.

6-months result 2011

MediGene generated a net profit of €14,367 thousand in the first half of 2011 (6M 2010: €-3,294 thousand) and a scheduled net loss of €-2,618 thousand in the second quarter of 2011 (Q2 2010: €-959 thousand). The result from continued operations improved over last year's reporting period to €-5,803 thousand (6M 2010: €-10,794 thousand) and to €-2,699 thousand on a quarterly basis (Q2 2010: €-4,760 thousand). The result from discontinued operations was €20,170 thousand (6M 2010: €7,500 thousand) for the first six months and €81 thousand for the second quarter (Q2 2010: €3,801 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 half 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 from the same period last year of €0.09 per share (6M 2010: weighted average number of shares, basic: 36,036,574; diluted: 36,071,160).

Financial position

Cash flow from operating activities

In the first half of 2011, MediGene had cash flows of €11,513 thousand from operating activities (6M 2010: €-8,171 thousand). On a quarterly basis, the figure was reduced by €-2,950 thousand (Q2 2010: €-2,216 thousand). This cash flow comes mainly from the result for the period and the change in net working capital.

Average monthly net cash flow from operating activities

The average monthly net cash inflow rate from operating activities amounted to €1.9 million (6M 2010: €-1.4 million) in the first six months of 2011, and the cash burn rate stood at €-1.0 million in the second quarter of 2011 (Q2 2010: €-0.7 million). Adjusted for the non-recurring items of the milestone payments received from Astellas, the average monthly operating cash burn rate was €-0.6 million in the first half of 2011.

Cash used for investments

In the first half of 2011, cash used for investments amounted to €-139 thousand (6M 2010: €-237 thousand), and €-11 thousand for the quarter (Q2 2010: €-172 thousand).

Change in cash and cash equivalents

In € thousand	Q2 2011 unaudited	Q2 2010 unaudited	Change	6M 2011 unaudited	6M 2010 unaudited	Change
Net cash						
from/used by operating activities	-2,950	-2,216	33%	11,513	-8,171	>-200%
used by investing activities	-11	-172	-94%	-139	-237	-41%
from financing activities	0	2,485	-	0	4,477	-
Increase/decrease in cash and cash equivalents	-2,961	97	>-200%	11,374	-3,931	>-200%
Cash and cash equivalents at the beginning of the period	18,801	8,181	130%	4,770	12,251	-61%
Foreign exchange differences	20	-78	-126%	-284	-120	137%
Cash and cash equivalents at the end of the period	15,860	8,200	93%	15,860	8,200	93%

As of the closing date of June 30, 2011, cash and cash equivalents totaled €15.860 thousand.

SEDA program

In the first half 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 approx. €10.6 million has been called. MediGene currently has no plans to make any further use of the SEDA program.

Assets position

Cash position € 15.9 million; equity ratio 91%; liquidity cover ratio 26%

Development of assets and capital structure

In € thousand	June 30, 2011 unaudited	Dec. 31, 2010 audited	Change
Assets			
Property, plant, and equipment and intangible assets	32,556	32,846	-1%
Goodwill	2,212	2,212	0%
Other non-current assets	156	157	-1%
Investment in associates	3,780	5,059	-25%
Cash and cash equivalents	15,860	4,770	>200%
Inventories and receivables	2,705	6,209	-56%
Other current assets	3,138	6,948	-55%
Total assets	60,407	58,201	4%
Liabilities and shareholders' equity			
Shareholders' equity	54,671	40,798	34%
Non-current liabilities	247	247	0%
Current liabilities	5,489	17,156	-68%
Total liabilities and shareholders' equity	60,407	58,201	4%
Liquidity cover ratio in %	26	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 54 in the first six months of 2011 (6M 2010: 105). Personnel expenses decreased to € 3,266 thousand in the reporting period (6M 2010: € 4,807 thousand).

Segment information

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

Risk report

The inherent risks the MediGene Group is subject to are described in the risk report of the published Group Management's Discussion and Analysis (MD&A) 2010. Up to closing date June 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 dead volunteer's family will file civil action. In view of the results of the investigation concluded so far, however, the Executive Board considers the probability of such civil action to be extremely low.

Patent risks

In June 2010, a third party opposed the grant 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 in 2012 or 2013. MediGene expects 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.

Opportunities and outlook

Financial forecast 2011

Based on its present product portfolio, MediGene expects a positive EBITDA result of €10 to 16 million for fiscal year 2011. This result includes non-recurring effects in the form of milestone payments totaling €20 to 25 million for Eligard®, which will also contribute to the revenue guidance for 2011 (from continued and discontinued operations) of €32 to 38 million.

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 by the end of 2011 or early in 2012, and will lead to a €5 million milestone payment.

Veregen®

MediGene is planning to submit further applications for market approval of Veregen® in additional European countries in 2011. The German market approval will serve as the reference within the scope of the mutual recognition procedure. MediGene also plans to conclude further marketing partnership agreements within and outside of Europe, and has already signed several agreements in the first half of 2011. MediGene expects continued growth in both Veregen® in-market sales and revenue in 2011.

EndoTAG®-1

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 further development and future commercialization of the drug candidate.

RhuDex®

MediGene is preparing to resume clinical development of RhuDex®. The objective is to initiate a phase I clinical trial in 2011, in which a new formulation customized for treatment of chronic conditions will be tested and optimized.

AAVLP technology

As part of its collaboration with The Johns Hopkins University, additional pre-clinical trials will be carried out in 2011 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 June 30, 2011 and 2010

In € thousand	Q2 2011 unaudited	Q2 2010 unaudited	6M 2011 unaudited	6M 2010 unaudited
Product sales	529	493	909	1,222
Other operating income	704	30	973	43
Total revenue	1,233	523	1,882	1,265
Cost of sales	-193	-166	-273	-229
Gross profit	1,040	357	1,609	1,036
Selling expenses	-539	-510	-991	-1,004
General and administrative expenses	-1,380	-1,986	-2,573	-3,456
Research and development expenses	-1,546	-3,424	-3,574	-7,504
Operating result	-2,425	-5,563	-5,529	-10,928
Interest income	39	3	49	7
Interest expense	0	-1	0	-1
Foreign exchange gains/losses	-13	88	137	14
Share of result of associates	-485	713	-1,006	114
Result from continued operations before tax	-2,884	-4,760	-6,349	-10,794
Taxes	185	0	546	0
Result from continued operations	-2,699	-4,760	-5,803	-10,794
Product sales from discontinued operations	406	12,629	27,702	23,906
Cost of sales from discontinued operations	-217	-10,118	-5,362	-18,568
Selling expenses from discontinued operations	-188	-116	-240	-218
Gains from derivative financial instruments from discontinued operations	0	1,406	226	2,380
Taxes from discontinued operations	80	0	-2,156	0
Result from discontinued operations	81	3,801	20,170	7,500
Net result for the period	-2,618	-959	14,367	-3,294
Earnings per share:				
Basic and diluted result from continued operations in €	-0.07	-0.13	-0.16	-0.30
Basic and diluted result from discontinued operations in €	0.00	0.10	0.39	0.21
Weighted average number of shares outstanding (basic)	37,082,758	36,428,289	37,082,758	36,036,574
Weighted average number of shares outstanding (diluted)	37,110,319	36,462,875	37,110,319	36,071,160

Consolidated statement of comprehensive income

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

In € thousand	Q2 2011 unaudited	Q2 2011 unaudited	6M 2011 unaudited	6M 2010 unaudited
Net result for the period	-2,618	-959	14,367	-3,294
Exchange differences on translation of foreign operations[1)]	-50	1,715	-557	1,.682
Unrealized gains on hedge of a net investment[1)]	0	810	0	813
Other comprehensive income for the period, net of tax	-50	2,525	-557	2,495
Total comprehensive income for the period, net of tax	-2,668	1,566	13,810	-799

[1)] No income tax effects were incurred.

Consolidated balance sheet

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

In € thousand		June 30, 2011 unaudited	Dec. 31, 2010 audited
Assets			
A. Non-current assets			
I.	Property, plant, and equipment	893	960
II.	Intangible assets	31,663	31,886
III.	Goodwill	2,212	2,212
IV.	Financial assets	153	153
V.	Investment in associates	3,780	5,059
VI.	Other assets	3	4
Total non-current assets		38,704	40,274
B. Current assets			
I.	Inventories	2,151	1,693
II.	Trade accounts receivable	554	4,516
III.	Cash and cash equivalents	15,860	4,770
IV.	Other current assets	3,138	6,948
Total current assets		21,703	17,927
Total assets		60,407	58,201
Liabilities and shareholders' equity			
A. Shareholders' equity			
I.	Subscribed capital Number of shares issued and outstanding: December 31, 2010: 37,082,758 June 30, 2011: 37,082,758	37,082	37,082
II.	Additional paid-in capital	343,767	343,704
III.	Accumulated deficit	-318,731	-333,098
IV.	Other reserves	-7,447	-6,890
Total shareholders' equity		54,671	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	1,561	2,354
II.	Derivative financial instruments	0	226
III.	Other current assets	2,211	9,488
IV.	Deferred income	107	5,088
V.	Tax liabilities	1,610	0
Total current liabilities		5,489	17,156
Total liabilities		5,736	17,403
Total liabilities and shareholders' equity		60,407	58,201

Consolidated statement of cash flows

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

In € thousand	Q2 2011 unaudited	Q2 2010 unaudited	6M 2011 unaudited	6M 2010 unaudited
Cash flow from operating activities				
Net result for the period (before taxes)	-2,883	-959	15,977	-3,294
Adjustments to reconcile net result before tax to net cash from/used by operating activities:				
Stock-based compensation	32	52	63	105
Depreciation and amortization	213	211	429	415
Loss on disposal of property, plant, and equipment	0	238	0	273
Interest income	-39	-2	-49	-7
Interest expense	0	1	0	1
Changes in:				
Inventories	18	-11	-457	-816
Other assets and prepaid expenses	2,285	-176	7,791	-1,401
Trade accounts payable	507	-165	-793	791
Accruals	0	-102	0	-303
Other liabilities and deferred income	-3,589	-591	-12,485	-3,827
Share of net result of associates	485	-713	1,006	-114
Subtotal	-2,971	-2,217	11,482	-8,177
Interest received	21	2	31	7
Interest expense	0	-1	0	-1
Net cash from/used by operationg activities	-2,950	-2,216	11,513	-8,171
Cash flow from investing activities				
Purchase of property, plant, and equipment	-11	-172	-139	-237
Net cash used by investing activities	-11	-172	-139	-237
Cash flow from financing activities				
Proceeds from capital increase	0	2,500	0	4,500
Expenses on capital increase	0	-6	0	-14
Repayment of convertible bonds	0	-9	0	-9
Net cash from/used by financing activities	0	2,485	0	4,477
Increase/Decrease in cash and cash equivalents	-2,961	97	11,374	-3,931
Cash and cash equivalents at beginning of the period	18,801	8,181	4,770	12,251
Foreign exchange differences	20	-78	-284	-120
Cash and cash equivalents at the end of the period	15,860	8,200	15,860	8,200

Consolidated statement of changes in shareholders' equity

of MediGene AG for the periods from January 1 to June 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			-3,294				-3,294
Unrealized gains on hedge of a net investment					813		813
Currency translation adjustments				1,682			1,682
Comprehensive income							-799
Shares issued	1,525	2,975					4,500
Expenses on shares issued		-14					-14
Share-based compensation		105					105
Balance June 30, 2010, unaudited	37,082	343,553	-318,523	-6,231	-216	0	55,665
Balance Jan. 1, 2011, audited	37,082	343,704	-333,098	-6,891	0	1	40,798
Net result for the period			14,367				14,367
Currency translation adjustments				-557			-557
Comprehensive income							13,810
Share-based compensation		63					63
Balance June 30, 2011, unaudited	37,082	343,767	-318,731	-7,448	0	1	54,671

Notes to the Group interim consolidated financial statements

of MediGene AG, Planegg/Martinsried, Germany, for the period from January 1 to June 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 June 30, 2011, and 2010.

These quarterly financial statements do not include the full information required to prepare annual financial statements. Therefore these interim reports should be read in connection with the annual financial statements for 2010 and 2009.

These interim consolidated financial statements were approved for publication by MediGene's Executive Board on August 1, 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 for the consolidated annual financial statements 2010.

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

Group companies

In addition to the parent company, MediGene AG in Planegg/Martinsried, 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.

As from September 30, 2008, MediGene also holds 39.09% of the shares of the associate Immunocore Ltd., Abingdon, Oxfordshire, United Kingdom. As a consequence of the issue of new shares within the stock options program of Immunocore Ltd., MediGene's stake decreased to 28.7% as at June 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 held no other shares in affiliated companies, associates, or joint ventures as at June 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, probably end of 2011 or early in 2012. Since March 2011, MediGene has been entitled to a 2% share in net sales generated with Eligard®. Since that date, this revenue is reported as other operating income.

Key figures from continued and discontinued operations

In € thousand	6M 2011 continued	6M 2011 discontinued	6M 2011 total	6M 2010 continued	6M 2010 discontinued	6M 2010 total
Total revenue	1,882	27,702	29,584	1,265	23,906	25,171
Cost of sales	-273	-5,362	-5,635	-229	-18,568	-18,797
Gross profit	1,609	22,340	23,949	1,036	5,338	6,374
Selling expenses	-991	-240	-1,231	-1,004	-218	-1,222
General and administrative expenses	-2,573	0	-2,573	-3,456	0	-3,456
Research and development expenses	-3,574	0	-3,574	-7,504	0	-7,504
Operating result	-5,529	22,100	16,571	-10,928	5,120	-5,808
Interest income	49	0	49	7	0	7
Interest expense	0	0	0	-1	0	-1
Foreign exchange gains	137	0	137	14	0	14
Gains from derivative financial instruments	0	226	226	0	2,380	2,380
Share of result of associates	-1,006	0	-1,006	114	0	114
Result from continued operations before tax	-6,349	22,326	15,977	-10,794	7,500	-3,294
Taxes	546	-2,156	-1,610	0	0	0
Result from continued operations	-5,803			-10,794		
Result from discontinued operations		20,170			7,500	
Net result for the period			14,367			-3,294

Total revenue from discontinued operations comprise product sales (6M 2011: €5,380 thousand; 6M 2010: €14,670 thousand), license payments (6M 2011: €2,258 thousand; 6M 2010: €9,236 thousand), milestone payments (6M 2011: €20,000 thousand; 6M 2010: €0) for Eligard® in Europe, and other operating income (6M 2011: €64 thousand; 6M 2010: €0).

Cash from operating activities from discontinued operations totaled €19,705 thousand in the first six months of 2011 (6M 2010: €3,927 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 it 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.

Taxes

In the reporting period, a tax liability of €1,610 thousand was generated. It includes tax income from continued operations of €546 thousand, and tax expenditure from discontinued operations of €2,156 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 last year's reporting period, neither tax expenditure nor tax income was posted. 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, 2010, subscribed capital of €37,082 thousand remained unchanged as at June 30, 2011.

The subscribed capital is divided into 37,082,758 registered no-par-value common shares, approx. 93% of which were outstanding as at June 30, 2011.

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 €11,667 thousand to €5,489 thousand as at June 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

In the first six months of 2011, the average monthly cash flow rate from operating activities increased from €-1.4 million to €1.9 million compared to last year's reporting period.

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
Q2 2011						
Revenue with external customers	887	0	887	0	-358	529
Other income	683	31	714	38	-48	704
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	1,570	31	1,601	38	-406	1,233
Segment operating result[3]	72	-2,391	-2,319	-105	-1	-2,425
Depreciation and amortization	-1	-183	-184	-29		-213
Share of result of associates	0	0	0	-485		-485
Assets						
Investment in associates	0	0	0	3,780		3,780
Segment investments[4]	0	0	0	11		11
Segment assets	2,705	33,875	36,580	23,827		60,407
Segment liabilities	107	0	107	5,629		5,736
Q2 2010						
Revenue with external customers	13,122	0	13,122	0	-12,629	493
Other income	0	29	29	1	0	30
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	13,122	29	13,151	1	-12,629	523
Segment operating result[3]	1,839	-5,007	-3,168	1	-2,396	-5,563
Depreciation and amortization	-2	-184	-186	-25		-211
Share of result of associates	0	0	0	713		713
Assets						
Investment in associates	0	0	0	2,256		2,256
Segment investments[4]	0	172	172	0		172
Segment assets	4,809	43,748	48,557	17,609		66,166
Segment liabilities	93	0	93	10,408		10,501

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 (Q2 2011: €39 thousand; Q2 2010: €3 thousand), any interest expense (Q2 2011: €0; Q2 2010: €1 thousand), any foreign exchange gains or losses (Q2 2011: €-13 thousand; Q2 2010: €88 thousand), any share of result of associates (Q2 2011: €-485 thousand; Q2 2010: €713 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
6M 2011						
Revenue with external customers	28,547	0	28,547	0	-27,638	909
Other income	930	31	961	76	-64	973
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	29,477	31	29,508	76	-27,702	1,882
Segment operating result[3]	22,074	-5,385	16,689	-118	-22,100	-5,529
Depreciation and amortization	-1	-367	-368	-61		-429
Share of result of associates	0	0	0	-1,006		-1,006
Assets						
Investment in associates	0	0	0	3,780		3,780
Segment investments[4]	0	36	36	103		139
Segment assets[5]	2,705	33,875	36,580	23,827		60,407
Segment liabilities[6]	107	0	107	5,629		5,736
6M 2010						
Revenue with external customers	25,128	0	25,128	0	-23,906	1,222
Other income	0	42	42	1	0	43
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	25,128	42	25,170	1	-23,906	1,265
Segment operating result[3]	4,566	-10,374	-5,808	1	-5,121	-10,928
Depreciation and amortization	-2	-359	-361	-54		-415
Share of result of associates	0	0	0	114		114
Assets						
Investment in associates	0	0	0	2,256		2,256
Segment investments[4]	0	231	231	6		237
Segment assets[5]	4,809	43,748	48,557	17,609		66,166
Segment liabilities[6]	93	0	93	10,408		10,501

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 (6M 2011: €49 thousand; 6M 2010: €7 thousand), any interest expense (6M 2011: €0; 6M 2010: €1 thousand), any foreign exchange gains (6M 2011: €137 thousand; 6M 2010: €14 thousand), any share of result of associates (6M 2011: €-1,006 thousand; 6M 2010: €114 thousand).
4) Segment investments relate to additions to property, plant, and equipment and intangible assets.
5) Segment assets under »Reconciliation« include non-current assets (6M 2011: €4,829 thousand; 6M 2010: €3,485 thousand), cash and cash equivalents (6M 2011: €15,860 thousand; 6M 2010: €8,200 thousand), and other current assets (6M 2011: €3,138 thousand; 6M 2010: €5,924 thousand).
6) Segment liabilities under »Reconciliation« include non-current liabilities (6M 2011: €247 thousand; 6M 2010: €235 thousand), trade accounts payable and other liabilities (6M 2011: €3,772 thousand; 6M 2010: €10,007 thousand), accruals (6M 2011: €0; 6M 2010: €166 thousand), and tax liabilities (6M 2011: €1,610 thousand, 6M 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 hormone-dependent, advanced 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 6M 2011	Shares Y 2010	Options 6M 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
Total Supervisory Board	278,176	278,176	0	0
Dr. Frank Mathias Chief Executive Officer	2,000	2,000	92,500	92,500
Arnd Christ Chief Financial Officer	0	0	14,278	14,278
Total Executive Board	2,000	2,000	106,778	106,778

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

Financial calendar

August 4, 2011

Annual General Meeting 2011
Munich, Germany

November 11, 2011

9-Months Report 2011
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

These trademarks may be held or licensed for specific countries.

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Disclaimer

This 6-Months 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 report.

The English version of the 6-Months Report is a translation of the original German version. In the event of variances, the German version shall take precedence over the English translation.