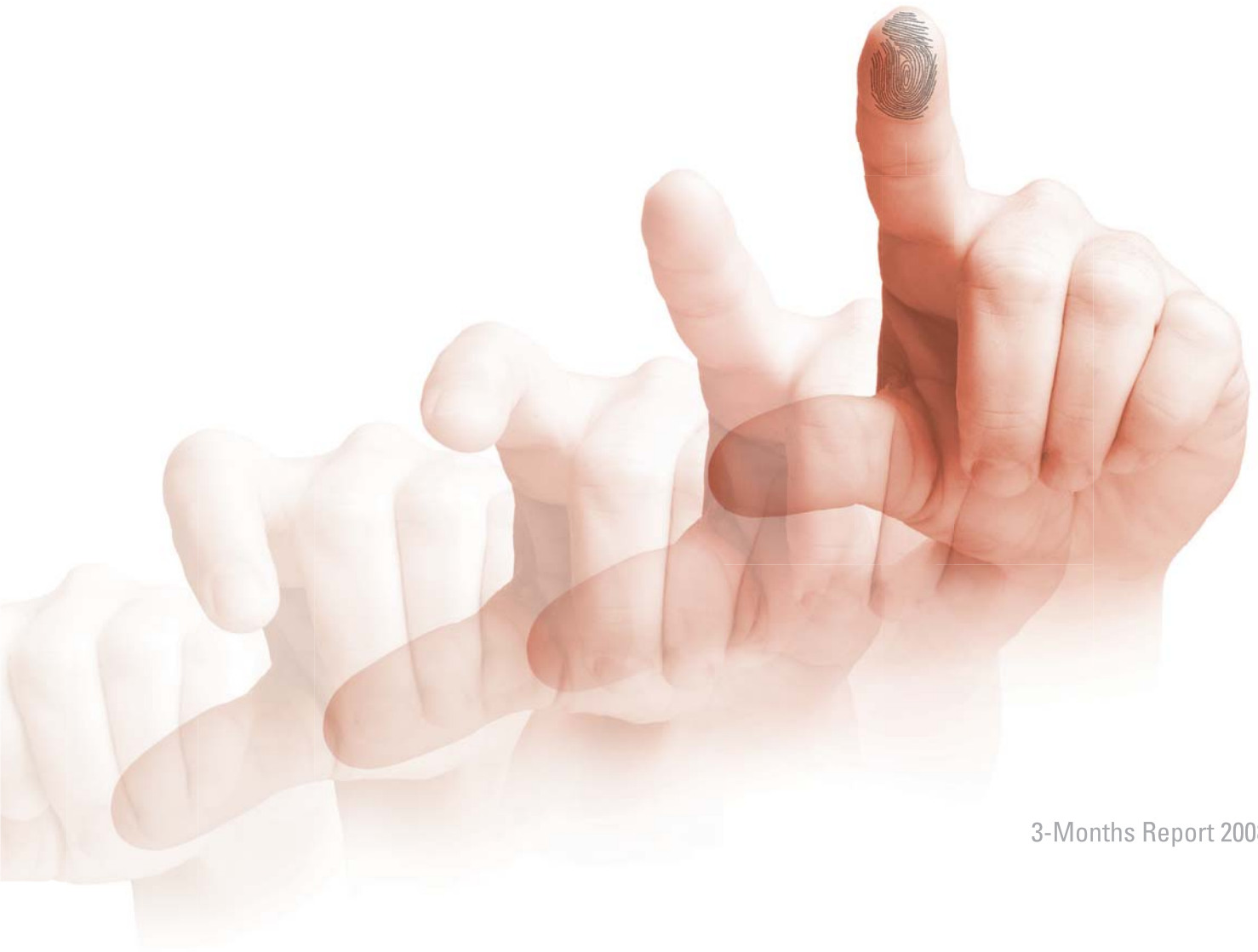
MediGene

THINK TO THE FUTURE, UTILIZE STRENGTHS



3-Months Report 2008

MediGene's Innovative Drug Pipeline

Product	Indication	Preclinic/ Research	Clinical phase I	Clinical phase II	Clinical phase III	Approval	Marketed	Peak sales potencial[1] (million €)
Eligard® [2]	Prostata cancer							> 100[3]
Veregen™/ (Polyphenon® E-Ointment)	Genital warts						USA	> 200[4]
						EU		
	Actinic keratosis[5]							> 200
Oracea® [6]	Rosacea							> 15
EndoTAG™-1	Pancreatic cancer							> 200
	Breast cancer							> 1.000
	Other solid tumors							> 400
RhuDex®	Rheumatoid arthritis							> 1.000
HSV (NV1020)	Colon liver metastases							> 150
HSV (G207)	Brain tumors (Glioblastoma)							> 70

Wahrscheinlichkeit, den Markt zu erreichen: 10 - 30 % 30 - 60 % 60 - 80 % 80 - 90 %

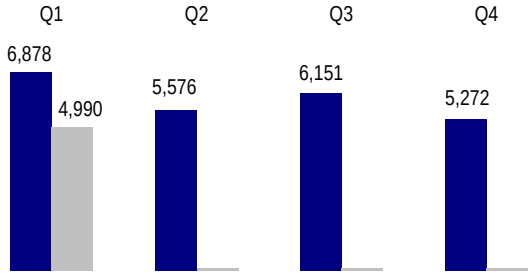
[1] Annually; maximum annual sales potential. MediGene will receive royalties on sales of products jointly developed or marketed with other biotech or pharmaceuticals companies.
[2] European marketing rights acquired from QLT USA, Inc. (formerly Atrix).
[3] Marketing partnership with Astellas Pharma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

MediGene's Key Figures 3-Months Report 2008

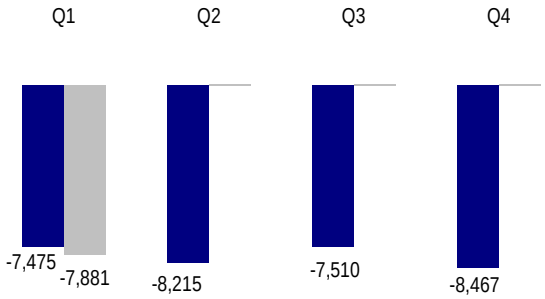
In T€	Q1-2008	Q1-2007	Change
Income statements			
Product sales	4,447	6,305	-29 %
Other operating income	543	573	-5 %
Cost of goods sold	-3,397	-5,590	-39 %
Gross profit	1,593	1,288	24 %
Selling, general, and administrative expenses	-2,608	-2,301	13 %
Research and development expenses	-6,866	-6,462	6 %
Operating result	-7,881	-7,475	5 %
Result before income tax	-9,461	-7,184	32 %
Net loss	-8,796	-6,634	33 %
Result per share	-0.26	-0.23	13 %
Weighted average number of shares outstanding	33,967,496	28,918,440	17 %
Personnel expenses	3,832	3,963	-3 %
Cash flow			
Cash used by operating activities	-9,562	-11.239	-15 %
Cash used by investing activities	-137	-191	-28 %
Cash from financing activities	602	12,282	-95 %
Balance sheet data as at March 31, 2008			
Cash and cash equivalents	37,615	53,258	-29 %
Balance sheet total	104,404	124,656	-16 %
Current liabilities	11,542	10,099	14 %
Non-current liabilities	1,403	688	104 %
Shareholders' equity	91,459	113,869	-20 %
Equity ratio in %	88	91	-4 %
Employees as at March 31, 2008	172	168	2 %
MediGene share as at March 31, 2008			
Number of shares issued	30,988,511	30,843,183	10 %
Share price (Closing price, XETRA)	4.41	5.93	-26 %
Dividend in €	0	0	-

MediGene´s Performance 2007 / 2008

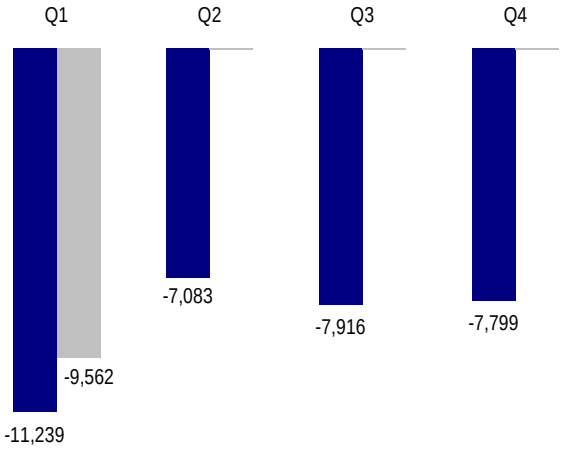
Total revenues
in T€



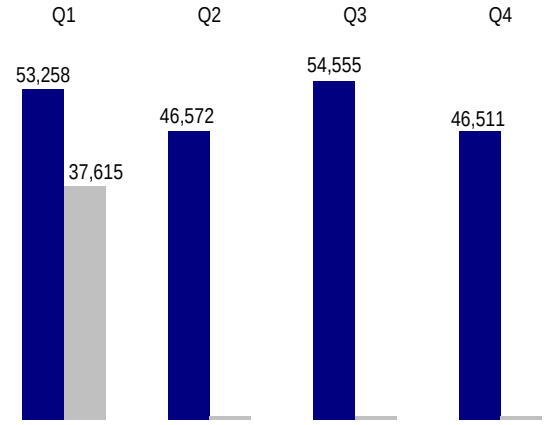
Operating result (EBIT)
in T€



Cash flow from operating activities
in T€



Cash and cash equivalents
in T€



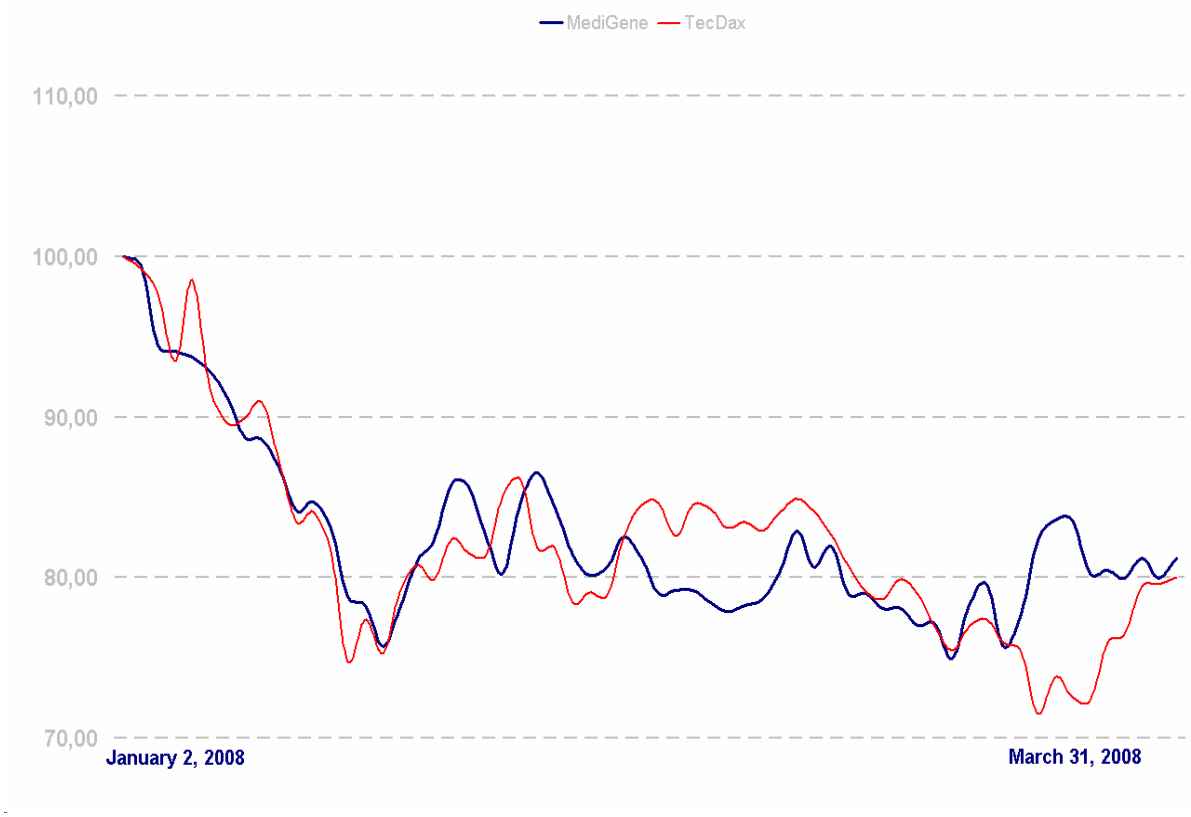
2007 2008

Contents

Our Share

The MediGene Share Price

(January 2, 2008 5.43 € indexed to 100)



Key Figures for the MediGene Share

€	3M-2008	3M-2007
3-Months high	5.43	7.36
3-Months low	4.07	5.93
Price at beginning of the year	5.43	7.36
Closing price	4.41	5.93
Average price since beginning of the year	4.48	6.47
Weighted average number of shares outstanding (No.)	33,967,496	28,918,440
Average market capitalization (million €)	152	187
Average daily trading volume in shares (No.)	67,350	156,972
Total number of shares outstanding (March 31, 2008)	33,988,511	30,843,183
Cash flow from operating activities/share*	-0.28	-0.36
Shareholders' equity/share*	2.69	3.68
Free float** (%)	92	91

* Reference: Total number of shares outstanding ** Source: MediGene and Deutsche Börse, March 31, 2008

Group Management's Discussion and Analysis Q1-2008

FINANCIAL DEVELOPMENT IN THE FIRST THREE MONTHS

- Total revenues amounting to 5.0 million € (Q1-2007: 6.9 million €)
- Operating result (EBIT) of -7.9 million € (Q1-2007: -7.5 million €)
- Average monthly net cash burn rate from operating activities of 3.2 million € (Q1-2007: 3.7 million €)
- Cash and cash equivalents at closing date 37.6 million € (December 31, 2007: 46.5 million €)

MAJOR EVENTS SINCE THE BEGINNING OF THE YEAR

- MediGene plans spin-off of its mTCR program
- Within the scope of the "BioChancePlus" competition, MediGene receives a research grant from the Federal Ministry of Education and Research

KEY PRODUCT PORTFOLIO ADVANCES

- MediGene obtains very good efficacy data of EndoTAG™-1 in clinical phase II trial in pancreatic cancer
- MediGene extends protection for its innovative EndoTAG™ technology through another European patent
- Market launch of the six-months product of Eligard® in other European countries
- European regulatory authority EMEA (European Medicines Agency) recommends granting of marketing authorization for Oracea® for the treatment of rosacea

PRELIMINARY NOTES

MediGene develops drugs to combat cancer and autoimmune diseases

MediGene AG, Martinsried (hereinafter referred to as MediGene AG) is a biopharmaceuticals company which focuses on the research, development, and commercialization of innovative drugs, concentrating on indications of great medical necessity and substantial commercial interest. R&D activities center upon cancer and autoimmune diseases, whereas the group's own sales and marketing activities focus on dermatology.

Development state of product portfolio

Eligard®

Meanwhile the one-month and three-month dosages of MediGene's drug Eligard® is marketed by the company's partner Astellas Pharma in most European countries.. Since early in 2007, the six-month dosage of Eligard® has also been available in Germany. Market launch of this product took place in 7 European countries up to now, and the launch of this dosage in additional European countries is to take place this year market launch of this dosage in other European countries is planned for 2008.

Polyphenon® E-Salbe/Veregen™

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

Oracea®

MediGene acquired the European marketing rights to Oracea® from the US company CollaGenex Pharmaceuticals, Inc. (today Galderma Laboratories, Inc.; hereinafter referred to as "Galderma"). The application for marketing authorization for this drug has been submitted in nine European countries to date. In April 2008, the Committee for Medicinal Products for Human Use (CHMP) recommended the European Regulatory Authority EMEA to grant marketing authorization for Oracea® in Europe. MediGene is currently working out a marketing plan for Oracea®.

Drugs on the basis of EndoTAG™

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

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

In mid-April 2007, MediGene initiated a phase II trial of the drug candidate EndoTAG™-1 for the treatment of triple receptor-negative breast cancer. The objective of the trial is to investigate the efficacy of EndoTAG™-1 in the treatment of this highly aggressive type of cancer, and to collect additional safety data. 135 patients are to be enrolled in this trial which will be conducted by more than 20 centers in several European countries. The evaluation of this trial is expected for 2009.

EndoTAG™-1 combines the established drug Paclitaxel with a carrier system which transports the substance specifically to newly formed blood vessels inside the tumor. By destruction of the tumor blood vessels, the supply of nutrients is to be reduced, thus "starving out" the tumor. Moreover, the active substance's targeted accumulation inside the tumor should induce additional positive therapeutic effects, provided that the respective type of cancer is susceptible to the active ingredient.

RhuDex®

RhuDex®, an active ingredient for the treatment of rheumatoid arthritis, is an orally administered CD80 inhibitor which blocks the activation of $CD4^+$ T cells. RhuDex® works as an immunosuppressant and has an anti-inflammatory effect. RhuDex® has passed all preclinical development stages. A test formulation of RhuDex® was examined regarding tolerability and safety in an initial clinical trial with healthy test persons. In 2007, MediGene conducted a clinical phase IIa pilot trial of this formulation with patients suffering from rheumatoid arthritis. Simultaneously the dosage form of the active ingredient was significantly improved, so that considerable higher levels of the drug in the serum can be achieved with much less base material. Based on the clinical trials conducted so far, MediGene is currently preparing the next clinical phase II trial of the new formulation.

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

MediGene is currently investigating the cancer-killing virus NV1020 in a phase I/II trial in the indication liver metastases in patients suffering from colorectal cancer. After conclusion of the clinical phase I part of the trial, it was continued at the maximum dosage level in a clinical phase II part. The results are to be presented in 2008. In September 2006, MediGene already presented interim analysis results obtained in this trial, which showed a clear indication of efficacy of the maximum dose administered.

Preclinical development projects

At the preclinical and the research stages, MediGene is developing several drug candidates based on its mTCR technology, as well as a therapeutic monoclonal antibody against ovarian cancer protein L1.

Technology platforms

Additionally, MediGene is pushing the development of its proprietary platform technologies for drug development, such as the EndoTAG™ technology. The research on the EndoTAG™ technology for the treatment of other, non-tumor diseases will be funded by public research grants until 2009. The UK subsidiary MediGene Ltd. develops soluble, monoclonal T-cell receptors (mTCR). MediGene intends to spin out this technology into an independent company. Collaboration agreements for this technology have been concluded with Sanofi Pasteur and the Juvenile Diabetes Research Foundation in the USA.

ASSETS POSITION

Cash Position 37.6 million €; Equity Ratio 88 %; Liquidity Cover Ratio 36 %

Development of the assets and capital structure

in T€	March 31, 2008 unaudited	Dec. 31, 2007 audited	Change
Assets			
Fixed and intangibles assets	45,365	48,409	-6 %
Goodwill	12,447	12,710	-2 %
Other non-current assets	785	987	-20 %
Cash and cash equivalents	37,615	46,511	-19 %
Inventories and accounts receivable	1,939	925	110 %
Other current assets	6,253	5,387	16 %
Total	104,404	114,929	-9 %
Liabilities and shareholders' equity			
Shareholders' equity	91,459	103,093	-11 %
Non-current liabilities	1,403	2,100	-33 %
Current liabilities	11,542	9,736	19 %
Total	104,404	114,929	-9 %
Liquidity cover ratio in %	36	40	
Equity ratio in %	88	90	

FINANCIAL POSITION

Cash flow from operating activities

Cash used by operating activities decreased by 15 % to -9,562 T€ in the first quarter of 2008 (Q1-2007: -11,239 T€). The difference between the net loss for the period and the cash flow in the first quarter of 2008 is mainly a consequence of the changes in the net working capital.

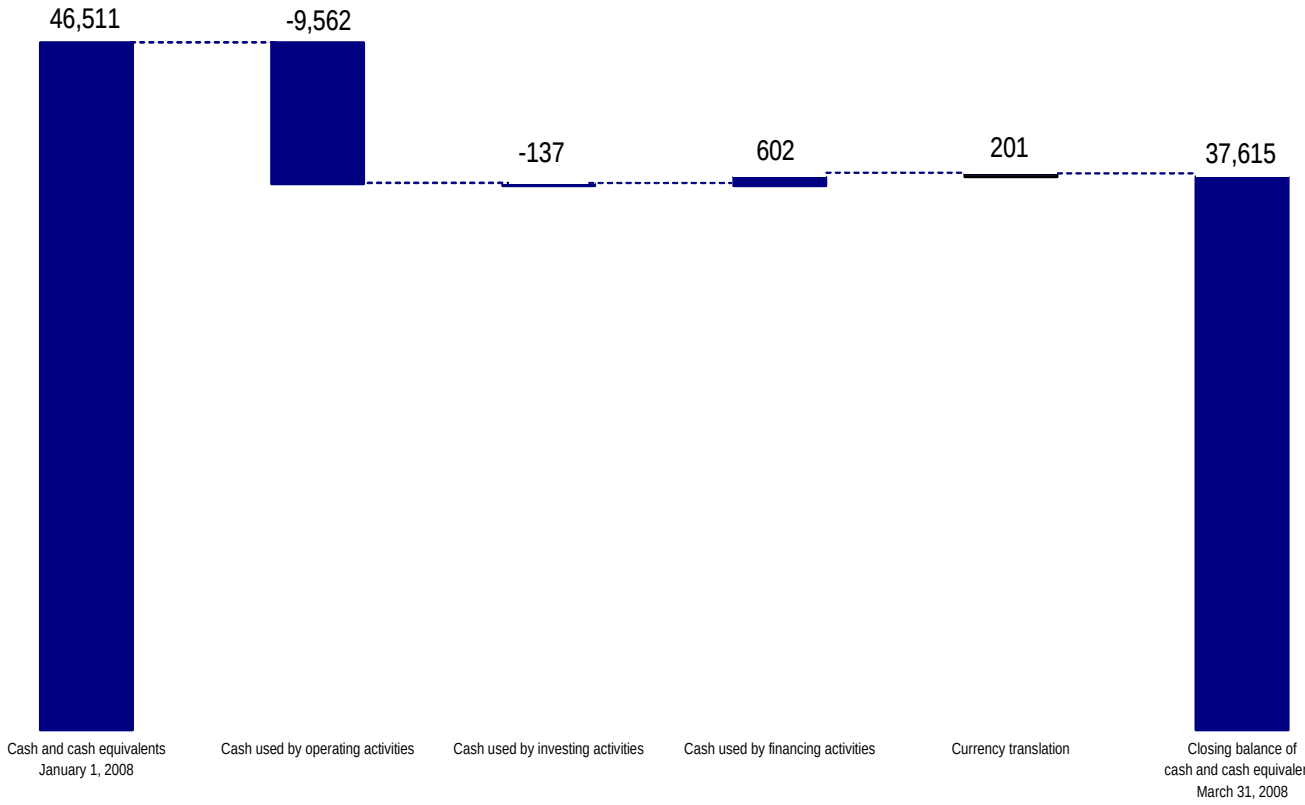
Average monthly cash burn rate from operating activities

The average monthly net cash burn rate from operating activities in the first quarter of 2008 was 3.2 million € (Q1-2007: 3.7 million €).

Cash flow from investing activities

During the first quarter of 2008 the cash used by investing activities amounted to -137 T€ (Q1-2007: -191 T€).

Development of cash and cash equivalents
(in T€)



As at March 31, 2008, cash and cash equivalents totaled 37,615 T€.

EARNINGS POSITION

Total Revenues

Total revenues decreased to 4,990 T€ in the first quarter of 2008, (Q1-2007: 6,878 T€). First quarter 2008 revenues have been generated mainly from the commercialization of Eligard® in Europe. Sales revenues of Eligard® of approx. 1.5 million € were not realized in the first quarter of 2008, since the existing inventories were not delivered until the beginning of the second quarter of 2008. Taking this effect into consideration, and adjusting the revenues in last year's reporting period by a milestone payment at the same time, we find that MediGene's Eligard® revenues have increased compared to last year's reporting period. This also corresponded to the positive development of Eligard® prescriptions in the first quarter of 2008. Moreover revenues in the reporting period also include revenues from sales of Veregen™ in the USA to a small extent. Apart from that MediGene received research grants and payments from cooperation partners.

Consolidated income statement (abbreviated)

in T€	Q1-2008 unaudited	Q1-2007 unaudited	Change
Total revenues	4,990	6,878	-27 %
Cost of sales	-3,397	-5,590	-39 %
Gross profit	1,593	1,288	24 %
Selling, general, and administrative expenses	-2,608	-2,301	13 %
Research and development expenses	-6,866	-6,462	6 %
Operating result	-7,881	-7,475	5 %
Result before income tax	-9,461	-7,184	32 %
Net loss for the period	-8,796	-6,634	33 %

Cost of Sales

Cost of sales arose primarily within the scope of the commercialization of the drug Eligard®, and to a small extent in connection with Veregen™. The cost amounted to 3,397 T€ in the first quarter of 2008 (Q1-2007: 5,590 T€). The cost is allocated mainly to the purchase of the products and to royalties on the sales revenue. In last year's reporting period, a milestone payment of 1.5 million € was made to QLT USA, Inc.

Gross Profit

In the first quarter 2008, gross profit increased by 24 % to 1,593 T€ (Q1-2007: 1,288 T€). The gross profit amount is determined by milestone payments and the ratio of revenues from product sales to license payments.

General, Administrative, and Selling Expenses

Compared to last year's reporting period, general, administrative, and selling expenses increased by 13 % to 2,608 T€ (Q1-2007: 2,301 T€).

R&D Expenses

In the first quarter of 2008, R&D expenses increased by 6 % to 6,866 T€ (Q1-2007: 6,462 T€).

Depreciation

All in all, depreciation decreased by 9 % to 328 T€ in the first quarter of 2008 (Q1-2007: 362 T€). Depreciation is reported in the income statement under general, administrative, and selling expenses (97 T€), and under R&D expenses (231 T€).

Depreciation

in T€	Q1-2008 unaudited	Q1-2007 unaudited	Change
Fixed assets	157	191	-18 %
Intangible assets	171	171	0 %
Total	328	362	-9 %

EBIT

MediGene uses the term "EBIT" as loss before interest, tax, and foreign currency gains/losses. The loss on EBIT basis increased by 5 % to 7,881 T€ in the first quarter of 2008 (Q1-2007: 7,475 T€).

Financial Result

As a result of increased foreign currency losses, and the losses from a derivative financial instrument, the financial result decreased to -1,580 T€ in the reporting period (Q1-2007: 291 T€). The contract for the commercialization of Eligard® concluded with Astellas Pharma includes an embedded derivative, since it is processed in US dollars and not in the functional currency of one of the two contracting parties. Foreign currency losses result from the translation of US dollar and British Pound into Euro.

Financial result

in T€	Q1-2008 unaudited	Q1-2007 unaudited	Change
Interest income	430	413	4 %
Interest expenses	-1	-3	-67 %
Subtotal	429	410	5 %
Losses from derivative financial instruments	-1.628	-67	>200 %
Foreign currency losses	-381	-52	>200 %
Total	-1,580	291	>-200 %

3-Months Result

In the first three months of 2008, the loss for the period increased to -8,796 T€ (Q1-2007: -6,634 T€). The increase in loss is primarily due to a loss from a derivative financial instrument relating to the product Eligard® (see notes D), page 18).

Result per Share

In the first three months 2008, the loss per share increased to -0.26 (weighted average number of shares: 33,967,496), compared to -0.23 € loss per share in last year's reporting period (weighted average number of shares: 28,918,440).

HUMAN RESOURCES

Corporate headcount slightly increased to 172 during the first three months of 2008, compared with last year's reporting period.

Headcount as at March 31, and Dec. 31

	Q1-2008	Q1-2007	Y-2007
MediGene AG	126	121	126
MediGene, Inc.	5	6	5
MediGene Ltd.	41	41	41
Total	172	168	172

Personnel expenses

in T€	Q1-2008	Q1 2007	Change
Total	3,832	3,963	-3 %

SEGMENT INFORMATION

Segment information is provided on page 20 of the appendix.

RISK REPORT

The inherent risks the MediGene group is subject to are described in the risk report of the published Group Management's Discussion and Analysis (MD&A) 2007. Up to the closing date March 31, 2008, no changes to the state described therein have occurred.

Legal Disputes

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

On April 20, 2005, the Third Nullity Board at the German Federal Patents Court decided in a hearing that all of the claims from the aforementioned patent that Takeda and Wako were asserting against MediGene and Astella before the Düsseldorf District Court were invalid within the Federal Republic of Germany. Takeda and Wako have appealed against this judgment before the Federal Court of Justice (BGH), whose verdict is expected in 2008 at the earliest. At the same time, the Düsseldorf District Court suspended the suit for patent infringement until the final ruling in the suit for invalidity. The patent in question expired in early May 2006.

In the further course of the matter, MediGene lodged an appeal against the granting of European patents EP 1 310 517 B1 and EP 1 330 293 B1 to Wako Pure Chemical Industries Ltd. and Takeda Pharmaceutical Company Ltd., and to Takeda Pharmaceutical Company Ltd. in April and May 2006, respectively. In addition, there was a parallel court case concerning

patent infringement in the United States, in which MediGene's supplier and licensor QLT USA, Inc. (formerly Atrix Laboratories, Inc.), and the US marketing partner of QLT USA, Inc., Sanofi-Synthelabo, Inc., were sued on grounds of patent infringement by Takeda Abbott Pharmaceutical Product, Inc., Takeda Chemical Industries Ltd., and Wako Pure Chemical Industries Ltd. According to a press release published by QLT USA, Inc. on February 9, 2007, this legal dispute was settled out of court. Since the opposite party has not put in any specified claim for damages up to now, and since the management estimates the probability of such a claim at less than 50 %, no accrual has been formed. Moreover the license agreement concluded with QLT USA, Inc. stipulates that the licensor will pay any damages.

RISK MANAGEMENT SYSTEM

MediGene's management meets any risks occurring in the group by means of a comprehensive risk management system. For a detailed description of this system we refer to the Group Management's Discussion and Analysis 2007 published on March 13, 2008.

MAJOR EVENTS SINCE END OF PERIOD UNDER REVIEW

MediGene Received a European Patent on the EndoTAG™ Technology

In April 2008 MediGene AG announced that the European Patent Office had granted a patent on the EndoTAG™ technology which covers certain cationic liposomal compositions containing cytotoxic agents. Hence the patent portfolio protects the substance EndoTAG™-1 developed by MediGene as a drug for the treatment of various types of cancer, as well as EndoTAG™ compositions with various active agents which may be applied for the combat against cancer as well as other diseases.

European Regulatory Authority EMEA Recommended Granting of Marketing Authorization for MediGene's Drug Oracea®

On April 25, 2008, the European Medicines Agency (EMEA) concluded the approval procedures for Oracea® for the treatment of rosacea by issuing a positive opinion. The formal marketing authorization by the European Commission is expected within the next few weeks. The recommendation for approval of Oracea® initially applies to Germany, UK, Italy, Austria, Ireland, Sweden, Finland, Luxembourg, and the Netherlands. Within the scope of the mutual recognition procedure, MediGene is also planning to submit marketing authorization applications in additional European countries.

Apart from that, no major changes to the state of business have occurred up to May 8, 2008.

FORECAST

Financial Forecast 2008

For 2008, MediGene expects a significant increase in total revenues. These revenues expected will be generated by product sales of Eligard®, Veregen™, and Oracea®. Operational costs will increase compared to the financial year 2007. This forecast also includes the expenses for product marketing, as well as increased R&D expenses resulting from the extended activities regarding the main product candidates EndoTAG™-1 and RhuDex®. All in all, however, MediGene expects a decrease in loss on EBIT basis compared to last year.

The crucial factors for achieving the projected financial targets in 2008 are an increase in Eligard® sales, the successful marketing of Veregen™ in the USA, and the approval and launch of Oracea® in Europe.

During the forecast period 2008/2009, MediGene is seeking to conclude a partnership for one of the drug candidates that are currently at the development stage.

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

The six-month depot formulation of Eligard® (Eligard® 45 mg), which had been launched in Germany at the beginning of March 2007, was successfully launched by MediGene's partner Astellas Pharma on other European markets in the first quarter 2008. MediGene anticipates gains in the Eligard® market share in Europe, as well as a further increase in overall sales revenues from Eligard®.

Veregen™ (Polyphenon® E Ointment) – First-time Product Sales in the USA

In December 2007, MediGene's marketing partner Nycomed (formerly Bradley Pharmaceuticals, Inc.) started the US market launch of the Polyphenon® E Ointment under the trade name Veregen™. Therefore MediGene expects product sales of the ointment to start generating revenues in 2008. In addition to the revenues from the sales of the active ingredient to the marketing partner, MediGene also receives royalties on the net sales achieved on the market. In spring of 2007, MediGene submitted a marketing authorization application in Germany, Austria, and Spain. A decision about this application is expected in 2008.

Oracea® – Preparation of Market Launch

In April 2008, the European Medicines Agency (EMEA) concluded the approval procedures for the drug Oracea® for the treatment of rosacea by issuing a positive opinion. MediGene is currently working out a marketing plan for Oracea®.

EndoTAG™-1

In March 2008 MediGene published positive results regarding efficacy obtained in a clinical phase II trial of the drug candidate EndoTAG™-1 for the treatment of pancreatic carcinoma. The final evaluation of the clinical data is expected not later than in the first half of 2009.

Since April 2007, MediGene has been conducting a phase II trial of the drug candidate EndoTAG™-1 for the treatment of triple receptor-negative breast cancer. The objective of the trial is to investigate the efficacy of EndoTAG™-1 in the treatment of this highly aggressive type of cancer, and to collect additional safety data. 135 patients are to be enrolled in this trial which will be conducted by more than 20 centers in several countries in Europe and Asia. Patient recruitment shall be completed in 2009.

RhuDex® – Preparation of a Clinical Phase II Trial of New Dosage Form

In 2007, MediGene laid the foundations for the future development of the drug RhuDex®. The previous dosage form of the active ingredient was significantly improved, so that considerable higher levels of the drug in the serum can be achieved with much less base material. At the same time MediGene conducted a clinical phase IIa pilot trial of a test formulation with nearly 30 patients. The purpose of this trial is to obtain preliminary data regarding pharmacokinetics and tolerability of the active ingredient. On the basis of these data, which are expected in the second quarter of 2008, MediGene is preparing the next clinical phase II trial of the new dosage form.

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

In September 2007, MediGene completed patient recruitment for a clinical phase II trial of in the indication liver metastases in patients suffering from colorectal carcinoma. Presentation of the data from this trial is scheduled for 2008.

Focus of Research Activities

MediGene plans to focus its early research and preclinical programs. To accomplish this, the company is looking at alternative financing options for the mTCR research program of its UK subsidiary MediGene Ltd, such as the spin-out of the program into a separate research entity. In such case, MediGene expects to become the new company's largest individual shareholder through MediGene Ltd. with an option for the clinical development of selected projects at a later point in time.

Consolidated Income Statements

for the periods from January 1 to March 31, 2008, and 2007

in T€	Q1-2008 unaudited	Q1-2007 unaudited
1. Product sales	4,447	6,305
2. Other operating income	543	573
3. Total revenues	4,990	6,878
4. Cost of sales	-3,397	-5,590
5. Gross profit	1,593	1,288
6. Selling expenses	-727	-715
7. General and administrative expenses	-1,881	-1,586
8. Research and development expenses	-6,866	-6,462
9. Operating result	-7,881	-7,475
10. Interest income	430	413
11. Interest expenses	-1	-3
12. Foreign exchange losses	-381	-52
13. Losses from embedded derivatives	-1,628	-67
14. Result before income tax	-9,461	-7,184
15. Taxes	665	550
16. Net loss for the period	-8,796	-6,634
Per share data in €:		
Net loss per share („actual“ and „fully diluted“)	-0.26	-0.23
Weighted average number of shares outstanding (No.)	33,967,496	28,918,440

Consolidated Balance Sheet
as of March 31, 2008, and December 31, 2007

in T€	March 31, 2008 unaudited	December 31, 2007 audited
Assets		
A. Non-current assets		
I. Property, plant & equipment	1,747	1,802
II. Intangible assets	43,618	46,607
III. Goodwill	12,447	12,710
IV. Investments	713	891
V. Other non-current assets	72	96
Total non-current assets	58,597	62,106
B. Current assets		
I. Inventories	1,591	568
II. Accounts receivable	348	357
III. Cash and cash equivalents	37,615	46,511
IV. Other current assets	6,253	5,387
Total current assets	45,807	52,823
Total assets	104,404	114,929
Liabilities and shareholders' equity		
A. Shareholders' equity		
I. Share capital		
Number of shares issued and outstanding:		
December 31, 2007: 33,946,481		
March 31, 2008: 33,988,511	33,988	33,946
II. Additional paid-in capital	334,880	334,667
III. Accumulated deficit	-271,273	-262,477
IV. Other reserves	-6,136	-3,043
Total shareholders' equity	91,459	103,093
B. Non-current liabilities		
I. Financial liabilities	179	194
II. Pension obligations	233	250
III. Deferred taxes	991	1,656
Total non-current liabilities	1,403	2,100
C. Current liabilities		
I. Trade accounts payable	3,071	2,242
II. Embedded financial instruments	2,540	913
III. Other current liabilities	5,410	6,008
IV. Accruals	427	437
V. Deferred income	94	136
Total current liabilities	11,542	9,736
Total liabilities and shareholders' equity	104,404	114,929

Consolidated Cash Flow Statements
for the periods from January 1 to March 31, 2008, and 2007

in T€	Q1-2008 unaudited	Q1-2007 unaudited
Cash flow from operating activities		
Net loss (before taxes)	-9,461	-7,184
Adjustments to reconcile net loss with cash used in operating activities:		
Expenses for new options/bonds	126	119
Depreciation	328	362
Interest income	-430	-412
Interest expenses	1	3
Changes in:		
Inventories	-1,023	385
Other assets and prepaid expenses	-892	-991
Trade accounts payable	829	177
Accruals	-10	0
Other liabilities and deferred income	970	-3,698
Net cash used by operating activities	**-9,562**	**-11,239**
Cash flow from investing activities		
Purchases of property, plant & equipment	-137	-191
Net cash used by investing activities	**-137**	**-191**
Cash flow from financing activities		
Proceeds from capital increase	0	12,578
Expenses capital increase	0	-651
Proceeds from stock options	129	1
Proceeds from/repayments of convertible bonds	-15	2
Interest received	489	352
Interest paid	-1	0
Net cash from financing activities	**602**	**12,282**
Increase/decrease in cash and cash equivalents	-9,097	852
Cash and cash equivalents at beginning of period	46,511	52,498
Currency translation	201	-92
Cash and cash equivalents at end of period	**37,615**	**53,258**

Supplementary schedule of non-cash financing activities:

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

Consolidated Changes in Shareholders' Equity

for the periods from January 1 to March 31, 2008, and 2007

	Shares	Share capital	Capital reserves	Accumulated losses	Other reserves	Total share-holders' equity
	No.	T€	T€	T€	T€	T€
Balance January 1, 2008, audited	33,946,481	33,946	334,667	-262,477	-3,043	103,093
Net profit for the period				-8,796		-8,796
Unrealized loss from QLT Inc. shares					-178	-178
Currency translation adjusments					-2,915	-2,915
Comprehensive income						-11,889
Capital increase						0
Capital increase expenses						0
Exercised options/bonds	42,030	42	87			129
Expenses on new options/bonds			126			126
Balance March 31, 2008, unaudited	33,988,511	33,988	334,880	-271,273	-6,136	91,459
Balance January 1, 2007, audited	28,653,630	28,654	311,627	-232,601	832	108,512
Net loss for the period				-6,634		-6,634
Unrealized loss from QLT Inc. shares					-125	-125
Currency translation adjusments					-541	-541
Comprehensive income						-7,300
Capital increase	2,189,209	2,189	11,000			13,189
Capital increase expenses			-651			-651
Exercised options/bonds	344		1			1
Expenses on new options/bonds			118			118
Balance March 31, 2007, unaudited	30,843,183	30,843	322,095	-239,235	166	113,869

Notes to the Interim Consolidated Financial Statements

A) Description of Business Operations and Corporate Information

MediGene AG, Martinsried (hereinafter referred to as MediGene AG) is a biopharmaceuticals company which focuses on the research, development, and commercialization of innovative drugs, concentrating on indications of great medical necessity and substantial commercial interest. R&D activities center upon cancer and autoimmune diseases, while the group's own sales and marketing activities focus on dermatology.

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

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

B) Accounting Principles

Basic principles for the preparation of interim financial statements

These unaudited consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IAS 34 "Interim Financial Reporting"). It is the Executive Board's conviction that the quarterly financial statements on hand reflect all business transactions required for the portrayal of the assets, financial, and income situation at the end of the periods that expired on March 31, 2007, and 2008.

These quarterly financial statements do not include the full information required to prepare annual financial statements. Therefore these interim reports should be read in connection with the annual financial statements for 2007 and 2006. As a capital market oriented parent company, as defined by article 4 of EU Regulation no. 1606/2002, MediGene AG applies the International Financial Reporting Standards in their entirety.

These interim consolidated financial statements were approved for publication by MediGene's Executive Board on May 8, 2008.

Changes in accounting and reporting principles

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

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

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

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

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

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

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

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

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

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

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

IFRS 8 ("Operating Segments")

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

IAS 23 ("Borrowing Costs")

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

IAS 32 ("Financial Instruments - Presentation")

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

Group companies

In addition to the parent company, MediGene AG in Martinsried, the group (MediGene Group) includes two subsidiaries, MediGene, Inc., San Diego, USA, and MediGene Limited, Abingdon, Oxfordshire, United Kingdom. The subsidiaries were acquired in 2001 (MediGene, Inc., USA) and 2006 (MediGene Ltd., UK), respectively.

Apart from that, MediGene held no other shares in affiliated companies, associated companies, or joint ventures as at March 31, 2008. The financial statements of the companies consolidated have been prepared in accordance with standardized accounting and valuation principles. All intercompany revenues, expenses, and income as well as receivables, payables, and accruals of the companies consolidated were eliminated during consolidation.

C) Seasonal Dependancy of Business Operations

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

D) Notes on the Consolidated Income Statements

Taxes

In the first three months of 2008, the MediGene group recognized a tax gain resulting from the release of deferred taxes on the liabilities side affecting net income. The release of deferred taxes affecting net income is effected at the same rate at which the accumulated losses of the subsidiary MediGene Ltd. increase. A tax rate of 30% is applied to this company. In the UK, there is no limitation on the utilization of accumulated losses.

Embedded derivative

The contract for the commercialization of Eligard® concluded with Astellas Pharma includes an embedded derivative, since it is processed in US dollars and not in the functional currency of one of the two contracting parties. Foreign currency losses (gains) from this derivative result from the translation of US dollar and British Pound into Euro, and are posted affecting net income at the end of the respective reporting period. The valuation of the embedded derivative takes place on the basis of the existing/expected purchase orders from Astellas Pharma.

E) Notes on the Balance Sheet

Share capital

Compared to December 31, 2007, share capital increased by 42 T€ from 33,946 T€ to 33,988 T€ as at March 31, 2008.

The share capital is divided into 33,988,511 registered no-par-value common shares, approx. 92% of which were outstanding as at closing date.

Goodwill

The decrease of the reported goodwill is due solely to foreign currency translation effects as at closing date. These effects pertain to the book value of goodwill from the acquisition of MediGene Ltd. which is reported in British Pounds. This change is posted as "other reserves" in shareholders' equity.

Current liabilities

Compared to December 31, 2007, current liabilities as of March 31, 2008 increased from 9,736 T€ by 1,806 T€ to 11,542 T€. This increase is mainly a consequence of the losses from the derivative financial instrument in the first quarter 2008 (see Notes D), page 18).

F) Notes on the Cash Flow Statements

In the first three months of 2008, cash used by operating activities decreased from 3.7 to 3.2 million € compared to last year's reporting period. In the first quarter of 2007, MediGene made a one-time license payment of 3,793 T€ for the drug candidate Oracea® to the licensor CollaGenex Pharmaceuticals, Inc. (see page 15).

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

G) Earnings per Share

The fully diluted net loss as at reporting date corresponds to the actual loss, as the conversion of common stock equivalents would have an anti-dilutive effect.

H) Segment Reporting

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

Primary Reporting - Business Units

In T€	Specialty pharma	Biopharma	Not allocated	Total
Q1-2008				
Total revenues	4,447	534	9	4,990
Cost of sales	-3,397	0	0	-3,397
Gross profit	1,050	534	9	1,593
Selling expenses	-135	0	-592	-727
General and administrative expenses	0	0	-1,881	-1,881
R&D expenses	-549	-6,317	0	-6,866
Operating result	366	-5,783	-2,464	-7,881
Financial result				-1.580
Net result before taxes				-9,461
Taxes				665
Net loss				-8,796
Segment assets	2,652	56,065	45,687	104,404
Segment liabilities	0	94	12,851	12,945
Depreciation	-60	-177	-91	-328
Average number of employees	13	105	42	160
Investments[1)]	0	61	76	137
Provisions and employee benefit liabilities	0	0	233	233
Q1-2007				
Total revenues	6,305	567	6	6,878
Cost of sales	-5,590	0	0	-5,590
Gross profit	715	567	6	1,288
Selling expenses	-125	0	-590	-715
General and administrative expenses	0	0	-1,586	-1,586
R&D expenses	-573	-5,889	0	-6,462
Operating result	17	-5,322	-2,170	-7,475
Financial result				291
Net result before taxes				-7,184
Taxes				550
Net loss				-6,634
Segment assets	1,393	63,168	60,095	124,656
Segment liabilities	0	327	10,460	10,787
Depreciation	-60	-194	-108	-362
Average number of employees	15	107	35	157
Investments	0	38	153	191
Provisions and employee benefit liabilities	0	0	81	81

[1)] Investments also include finance lease investments.

There are no internal service charges of a regular or planned nature between individual market segments or regions. For this reason, there are no details regarding such charges. The income in the individual segments is generated by external business relationships.

The business units are composed as follows:

Specialty Pharma products & product candidates:

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

Biopharma product candidates & technologies:

- EndoTAG™-1 for the treatment of solid tumors
- RhuDex® for the treatment of rheumatoid arthritis
- NV1020 for the treatment of liver metastases
- G207 for the treatment of brain tumors
- Preclinical product candidates: EsoDex®, YourDex®, and HiDex™

- EndoTAG™ technology
- mTCR technology platform
- HSV 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:

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

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

K) Board of Directors and Supervisory Board

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

Members	Shares 3M-2008	Shares Y-2007	Options 3M-2008	Options Y-2007	CB*) 3M-2008	CB*) Y-2007
Prof Dr Ernst-Ludwig Winnacker Supervisory Board Chairman, Co-founder	273,676	273,676	8,600	8,600	800	800
Prof Dr Norbert Riedel Deputy Chairman of the Supervisory Board	3,300	3,300	5,590	5,590	0	0
Dr Pol Bamelis Supervisory Board Member	0	0	0	0	400	400
Sebastian Freitag Supervisory Board Member	0	0	0	0	0	0
James Noble (until February 29, 2008) Supervisory Board Member	117,352	117,352	0	0	0	0
Dr Thomas Strüngmann (since February 4, 2008) Supervisory Board Member	0	0	0	0	0	0
Total Supervisory Board	394,328	394,328	14,190	14,190	1,200	1,200
Dr Peter Heinrich Chief Executive Officer, Co-founder	503,505	503,505	196,636	156,636	0	0
Dr Ulrich Delvos Chief Operating Officer	4,000	4,000	75,000	50,000	0	0
Dr Thomas Klaue Chief Financial Officer	3,000	3,000	10,833	0	0	0
Total Executive Board	510,505	510,505	282,469	241,636	0	0
Treasury Stock	0	0	0	0	0	0

*) Convertible Bonds

(Status as at March 31, 2008, and December 31, 2007)

Financial Calendar / Imprint

2008

July 16
Annual shareholders' meeting 2008
Munich

August 1
6-Months Report 2008
Analysts conference call

November 7
9-Months Report 2008
Analysts conference call

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