MediGene

Innovation × Investment = Growth

9-Months Report 2007

MediGene's Innovative Drug Pipeline

Products	Diseases	Clinical Phases	Approval	Marketed	Market Potential (in million €)
		I II III			
Eligard ®	Prostate Cancer				> 100[1,2)]
Polyphenon® E Ointment	Genital Warts				> 150[1,3)]
	Actinic Keratosis[4)]				> 200[1,3)]
Oracea®	Rosacea				> 20
EndoTAG™-1	Pancreatic Cancer				> 200[1)]
	Breast Cancer				> 1,000[1)]
	Other Solid Tumors				> 400[1)]
Rhudex®	Rheumatoid Arthritis				> 1,500[1)]
HSV (NV1020)	Colon Liver Metastases				> 150[1)]
HSV (G207)	Brain Tumors (Glioblastoma)				> 70[1)]
Chance of reaching the market:		10 – 30 %	40 – 60 %	60 – 80 %	90 %

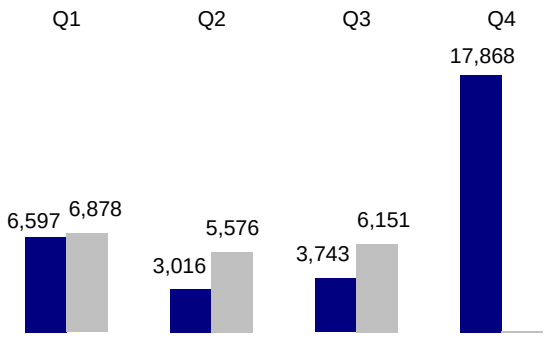
[1)] Annually; maximum annual sales potential. MediGene will receive royalties on sales of products jointly developed or marketed with other biotech or pharmaceuticals companies.
[2)] Marketing partnership with Astellas Pharma Europe Ltd.
[3)] Marketing partnership for the US with Bradley Pharmaceuticals,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

MediGene's Key Figures 9-Months Report 2007

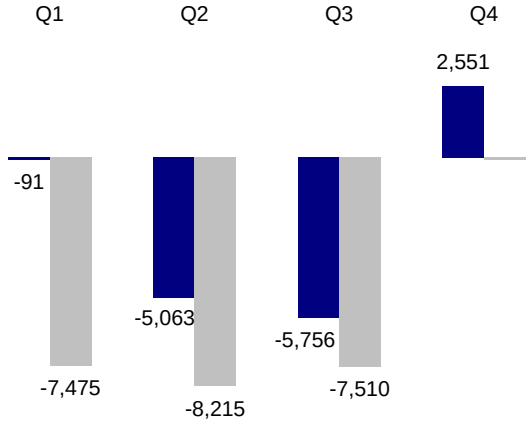
In T€	Q3 2007	Q3 2006	Change	9M 2007	9M 2006	Change
Income statements						
Revenues	5,789	3,587	61 %	17,212	12,949	33 %
Other operating income	362	156	132 %	1,393	407	>200 %
Cost of sales	-4,541	-2,843	60 %	-14,181	-6,430	121 %
Gross profit	1,610	900	79 %	4,424	6,926	-36 %
Selling, general, and administrative expenses	-2,052	-1,640	25 %	-6,836	-4,588	49 %
Research and development expenses	-7,068	-5,016	41 %	-20,788	-13,250	57 %
Operating result (EBIT)	-7,510	-5,756	30 %	-23,200	-10,912	113 %
Result before income tax (EBT)	-7,371	-5,444	35 %	-22,280	-9,983	123 %
Net result for the period	-7,249	-5,444	33 %	-20,041	-9,983	101 %
Result per share (undiluted)	-0,23	-0,26	-13 %	-0,65	-0,50	32 %
Weighted average number of shares	31,535,379	20,620,452	53 %	30,735,984	20,145,177	53 %
Personnel expenses	-3,573	-2,597	38 %	-11,287	-7,587	49 %
Cash flow						
Cash flow from operating activities	-7,916	-2,612	>200 %	-26,238	-9,539	175 %
Cash flow from investing activities	-167	6,163	-103 %	-466	5,964	-108 %
Cash flow from financing activities	15,958	267	>200 %	28,722	15,430	86 %
Balance sheet data as at September 30, 2007						
Cash and cash equivalents	54,555	49,496	10 %			
Balance sheet total	124,502	127,704	-3 %			
Current liabilities	9,483	58,035	-84 %			
Long-term liabilities	281	12,491	-98 %			
Shareholders' equity	114,738	57,178	101 %			
Equity ratio	92 %	45 %	105 %			
Employees as at September 30, 2007	170	168	1 %			
MediGene share as at September 30, 2007						
Number of shares issued	33,941,065	20,620,452	65 %			
Share price (Closing price, XETRA)	5,06	5,92	-15 %			

MediGene's Performance 2007 / 2006

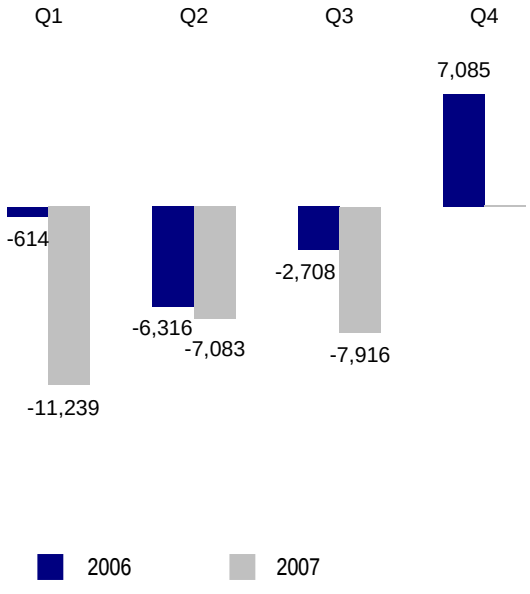
Total Revenues
in T€



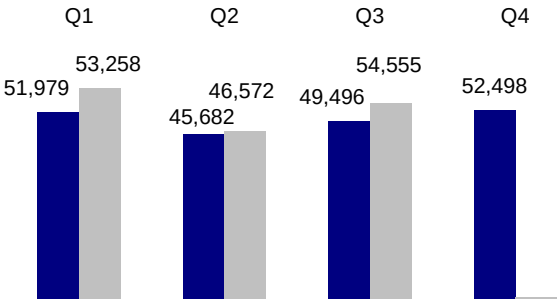
Operating Result (EBIT)
in T€



Cash Flow from Operating Activities
in T€



Cash and Cash Equivalents
in T€



Contents

Our Share

The MediGene Share Price

(January 2, 2007 7.36 € indexed to 100)

Key Figures for the MediGene Share

€	9M 2007	9M 2006
9-Months high	7.36	9.23
9-Months low	3.94	5.32
Price at beginning of the year	7.36	8.35
Closing price	5.06	5. 92
Average price since beginning of the year	5.65	7.19
Weighted average number of shares	30,735,984	20.145.177
Average market capitalization (million €)	174	145
Average daily trading volume in shares	153,898	159.739
Total number of shares outstanding (September 30, 2007)	33,941,065	20,620,452
Cash flow from operating activities / share *	-0.59	-0.47
Shareholders' equity / share *	3.51	2.77
Free float**	78 %	100 %

* Reference: Total shares outstanding ** Source: MediGene & Deutsche Boerse, September 30, 2007

Group Management's Discussion and Analysis Q3 2007 / 9M 2007

FINANCIAL DEVELOPMENT IN THE FIRST NINE MONTHS

- Total revenues increased by 40 % to 18.6 million € compared to 13.4 million € (9M 2006)
- Net loss increased to -20 million € compared to -10 million € (9M 2006)
- Average monthly net cash burn rate from operating activities increased to -2.9 million € compared to -1.0 million € (9M 2006)
- Cash flow from financing activities 28,7 million €
- Cash and cash equivalents at closing date 54.6 million € (December 31, 2006: 52.5 million €)

MAJOR EVENTS SINCE THE BEGINNING OF THE YEAR

- Approval procedure in Europe for the six-months dosage of Eligard® completed, product launched in Germany
- Marketing authorization application for the Polyphenon® E Ointment for the treatment of genital warts submitted to the regulatory authorities in Germany, Austria, and Spain
- Collaboration agreement concluded with the Juvenile Diabetes Research Foundation (USA) for the development of a treatment on the basis of mTCRs for type I diabetes
- Decision about European marketing authorization for Oracea® postponed to 2008

KEY PRODUCT PORTFOLIO ADVANCES

- Further phase II trial of EndoTAG®-1 in the indication triple receptor-negative breast cancer initiated
- Clinical phase IIa trial of RhuDex® for the treatment of rheumatoid arthritis initiated
- Patient recruitment for the clinical phase II trial of EndoTAG®-1 in the indication pancreatic cancer completed
- Patient recruitment for phase II part of the clinical trial of NV1020 for the treatment of liver metastases from colorectal carcinoma completed

PRELIMINARY NOTES

MediGene develops drugs to combat cancer and autoimmune diseases

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

Development state of product portfolio

MediGene's first drug on the market, the medication Eligard® for the treatment of prostate cancer, is marketed by the partner company Astellas Pharma Europe Ltd., Staines, UK, and is now available in most European countries. Early in March 2007, MediGene announced the launch of the six-months dosage of Eligard® on the German market. The pan-European approval procedure for this product was successfully completed in August. Once this positive decision has been implemented in each country, Europe-wide launch of this dosage can take place. At present, Eligard® is the only prostate cancer drug in Europe that is available as a six-months dosage. MediGene receives royalties on the sales of the drug in all European countries.

A second drug, Polyphenon® E Ointment, was approved for marketing under the name of Veregen™ by the US regulatory authority (FDA) on October 31, 2006, and is slated for launch on the US market by MediGene's marketing partner Bradley Pharmaceuticals, Inc., at the end of 2007. At the end of March 2007, MediGene submitted the marketing authorization application (MAA) for Polyphenon® E Ointment for the treatment of genital warts to the regulatory authorities in Germany, Austria, and Spain. The approval in these countries shall serve as a reference for the submission of MAAs in further European countries. External genital warts are one of the most common and fastest spreading venereal diseases worldwide. They are benign, but disfiguring and contagious skin tumors in the genital and anal areas, and are usually difficult to treat. Approximately 14 million people in North America and 15 million people in Europe are infected by human papilloma viruses (HPV type 6 or 11), which cause external genital warts.

Furthermore, MediGene secured the European marketing rights to Oracea®, a drug for the treatment of the skin disease rosacea, from the US specialty pharmaceuticals company CollaGenex Pharmaceuticals, Inc.. The application for marketing authorization for this drug has been submitted in nine European countries to date. End of July 2007, the committee of the nine countries involved in the decentralised procedure (Coordination Group for Mutual Recognition and Decentralised Procedures, CMD) therefore referred the procedure to another committee for decision-making. The Committee for Medicinal Products for Human Use (CHMP) which is responsible for centralised approval procedures in Europe will decide by simple majority vote on the marketing authorization for Oracea®. MediGene now expects a decision about the approval for Oracea® in the first six months of 2008, and European market launch by the company's own sales force to take place about six months later. The annual peak sales potential for Oracea® in Europe is estimated to be approx. 20 million €. Just as MediGene's Polyphenon® E Ointment, Oracea® is prescribed mainly by dermatologists, allowing for joint distribution of the two products. MediGene will initially focus on selected high-potential European markets, and seek distribution partnerships for the other European countries.

For the drug candidate EndoTAG®-1, the results of an extensive clinical phase II trial in the indication pancreatic carcinoma are expected during the next financial year. The trial investigates safety, tolerability, and particularly the clinical efficacy of various dosages of EndoTAG®-1 in combination with Gemzar®, a cytostatic drug already approved for the treatment of pancreatic carcinoma. Approximately 200 patients were enrolled. In December 2006, MediGene reported positive interim results of the ongoing trial. The findings showed a sound safety profile and preliminary indications of the efficacy of EndoTAG®-1 in combination with the cancer drug Gemzar®. The efficiency analysis is based on 47 patients whose treatment cycle was concluded at the time of evaluation. As the number of cases is still small, the figures of the preliminary analysis are not yet statistically significant. Results can be

expected during the first six months of 2008. The European Commission confirmed the recommendation of the European Agency for the Evaluation of Medicinal Products (EMEA) to grant Orphan Drug Status for MediGene's drug candidate EndoTAG®-1 for the treatment of pancreatic cancer. Orphan Drug Status guarantees market exclusiveness within the European Union for a ten-year period following approval.

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 against 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 different European countries. The final evaluation of the 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®, 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. Rheumatoid arthritis is a chronic inflammatory disease which afflicts 1 % of the world's population. RhuDex® has gone through all preclinical development stages. In addition, tolerability and safety of RhuDex® were examined in an initial clinical trial with healthy test persons. A clinical phase IIa trial with a total of up to 35 patients participating was initiated at the beginning of 2007. The clinical part of the trial is scheduled for completion by the end of this year. The data from this trial are expected during the first six months of 2008.

In mid-September 2006, MediGene presented interim analysis results obtained from the phase I/II trial of the cancer-killing virus NV1020 for the treatment of liver metastases in patients suffering from colorectal cancer. The results showed a clear indication of efficacy of the maximum dose administered. Therefore the trial was continued at the maximum dosage level in a clinical phase II part. Patient recruitment for this part of the trial was completed in September 2007.
In 2005, MediGene initiated a clinical phase I trial of the oncolytic herpes simplex virus G207 for the treatment of malignant brain tumors, conducted at the University of Alabama in Birmingham, USA. The trial examines safety, tolerability, and efficacy trends of G207, as well as a possible synergistic effect in conjunction with radiotherapy.

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

Additionally, MediGene is driving forward the development of its proprietary platform technologies for drug development, such as the EndoTAG® technology, as well as soluble monoclonal T-cell receptors (mTCRs). The research on the EndoTAG® technology for the treatment of other, non-tumor diseases will be funded by public research grants totaling 1.8 million € until 2009. Collaboration agreements in the field of mTCR technology have been concluded with Sanofi-Aventis and the Juvenile Diabetes Research Foundation in the USA.

ASSETS POSITION

Cash Position 54.6 Million €; Equity Ratio 92 %

Development of the assets and capital structure

in T€	September 30, 2007 unaudited	December 31, 2006	Change
Assets			
Fixed and intangibles assets	50,073	52,236	-4 %
Goodwill	12,894	13,041	-1 %
Long-term investments	1,035	1,598	-35 %
Cash and cash equivalents	54,555	52,498	4 %
Other current assets	5,945	4,763	25 %
Total	**124,502**	**124,136**	**0 %**
Liabilities and shareholders' equity			
Shareholders' equity	114,738	108,512	6 %
Long-term liabilities	281	1,266	-78 %
Current liabilities	9,483	14,358	-34 %
Total	**124,502**	**124,136**	**0 %**
Liquidity cover ratio	**44 %**	**42 %**	
Equity ratio	**92 %**	**87 %**	

Compared to the closing date December 31, 2006, the cash position increased by 4 % to 54,555 T€ (December 31, 2006: 52,498 T€) as a result of financing activities. Gross proceeds in the third quarter 2007 from a private placement of shares against cash contribution totaled 15.6 million €.

FINANCIAL POSITION

Cash flow from operating activities

Cash flow from operating activities increased to -26,238 T€ in the first nine months of 2007 (9M 2006: -9,539 T€), and to -7,916 T€ in the third quarter of 2007 (Q3 2006: -2,612 T€). Cash flow in the first nine months includes a one-time license payment of 3,793 T€ for the drug candidate Oracea® which MediGene made to the licensor CollaGenex in the first quarter 2007. This one-time payment was accrued under other current liabilities as at December 31, 2006, following the acquisition of the European marketing rights to Oracea® from CollaGenex in December 2006. In return a technology license in the amount of the net acquisition cost was reported. At the same time, research and development expenses increased by 57 % to -20.8 million €, as expected (9M 2006: -13.3 million €), and by 41 % to -7.1 million € (Q3 2006: -5.0 million €). In the reporting period of the preceding year, MediGene had received a one-time payment of 4.1 million € upon conclusion of a marketing agreement for the Polyphenon E® Ointment.

Average monthly cash burn rate from operating activities

The average monthly net cash burn rate from operating activities was -2.9 million € (9M 2006: -1.0 million €) in the first nine months of 2007, and -2.6 million € in the third quarter of 2007 (Q3 2006: -0.9 million €).

Cash flow from investing activities

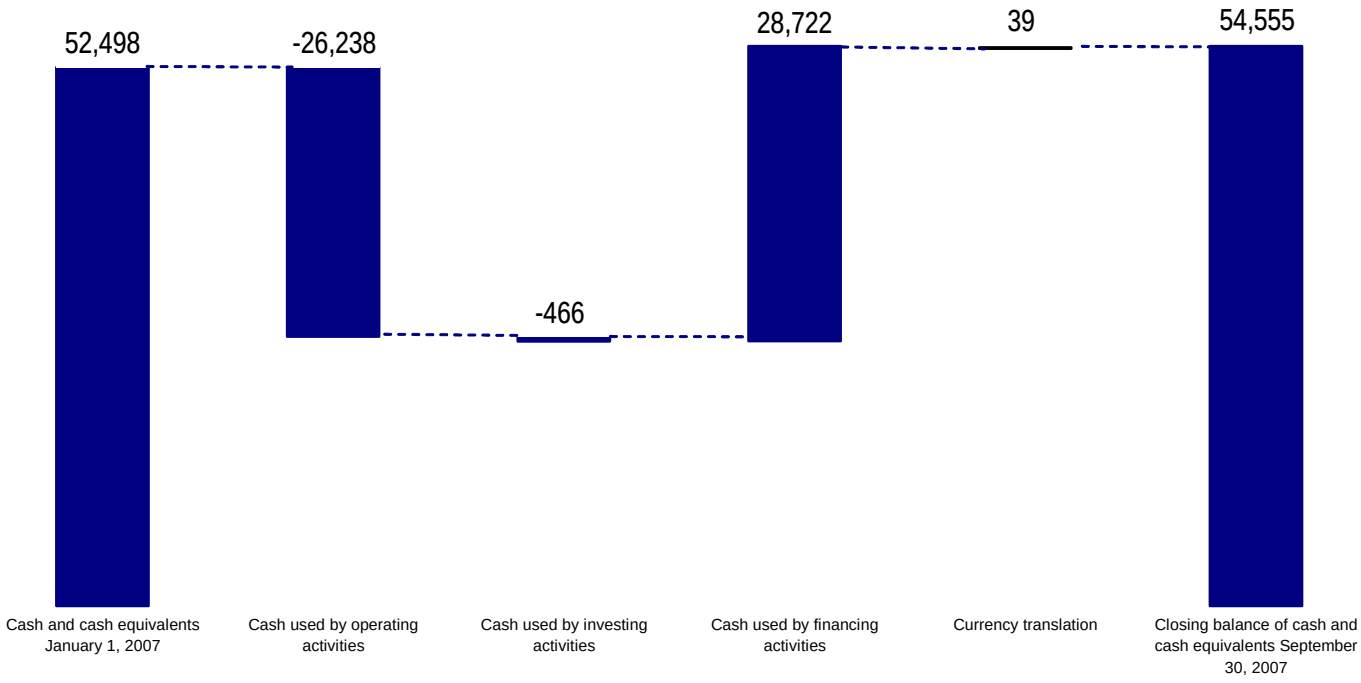
In the first nine months of 2007, the cash flow from investing activities amounted to -466 T€ (9M 2006: 5,964 T€), and to -167 T€ in the third quarter of 2007 (Q3 2006: 6,163 T€). Cash inflow in last year's third quarter results from the acquisition of Avidex Ltd. (today's MediGene Ltd.).

Cash flow from financing activities

On September 10, 2007, MediGene AG placed 3,084,282 new shares at a price of 5.05 € each from authorized capital, thereby increasing the registered share capital from 30,842,839 € to 33,927,121 €. All of the newly issued shares were subscribed to by Santo Holding (Deutschland) GmbH. After completion of the transaction, these shares will amount to 9.09 % of the total share capital of MediGene AG, which makes Santo Holding (Germany) GmbH the largest investor in the company. As a representative of Santo Holding (Deutschland) GmbH, Dr. Thomas Strüngmann is prepared to join MediGene's supervisory board. Including a capital increase against cash executed in spring, gross cash flow from financing activites in the first nine months of 2007 amounted to approx. 28.7 million €.

Development of Cash and Cash Equivalents

(in T€)



As at September 30, 2007, cash and cash equivalents totaled 54,555 T€. MediGene primarily uses cash available for the development of the company's drug candidates and, at a later date, for the establishment of its sales force in the field of dermatology.

EARNINGS POSITION

Total Revenues

Total revenues increased by 39 % to 18,605 T€ in the first nine months of 2007, (9M 2006: 13,356 T€), and by 64 % to 6,151 T€ in the third quarter of 2007 (Q3 2006: 3,743 T€). 9-months revenues were generated mainly from the commercialization of Eligard® in Europe, and include product sales, royalties, as well as a milestone payment for the launch of the six-months product of Eligard®. In addition, revenues also include a public grant, as well as payments received under the terms of cooperation partners in the field of the mTCR technology.

Compared to this, revenues in last year's reporting period included a 4.1 million € milestone payment made by the US specialty pharmaceuticals company Bradley Pharmaceuticals Inc. under the terms of the marketing partnership for Polyphenon E®.

Consolidated Income Statement (abbreviated)

in T€	Q3 2007 unaudited	Q3 2006 unaudited	Change	9M 2007 unaudited	9M 2006 unaudited	Change
Total revenues	**6,151**	**3,743**	**64 %**	**18,605**	**13,356**	**39 %**
Cost of sales	-4,541	-2,843	60 %	-14,181	-6,430	121 %
Gross profit	**1,610**	**900**	**79 %**	**4,424**	**6,926**	**-36 %**
Selling, general, and administrative expenses	-2,052	-1,640	25 %	-6,836	-4,588	49 %
Research and development expenses	-7,068	-5,016	41 %	-20,788	-13,250	57 %
Operating result (EBIT)	**-7,510**	**-5,756**	**30 %**	**-23,200**	**-10,912**	**113 %**
Result before income tax (EBT)	**-7,371**	**-5,444**	**35 %**	**-22,280**	**-9,983**	**123 %**
Net result for the period	**-7,249**	**-5,444**	**33 %**	**-20,041**	**-9,983**	**101 %**

Cost of Sales

Cost of sales originated almost solely from the commercialization of the drug Eligard®. The cost of sales amounted to -14,181 T€ in the first nine months of 2007 (9M 2006: -6,430 T€), and to -4,541 T€ in the third quarter of 2007 (Q3 2006: -2,843 T€). These costs comprise expenses for the purchase of the drug, for royalties paid to QLT Inc., and for a milestone payment made by MediGene to QLT Inc. in the course of market launch of the Eligard® six-months product.

Gross Profit

In the first nine months of 2007, gross profit decreased by 36 % to 4,424 T€ (9M 2006: 6,926 T€). The gross profit amount is determined by milestone payments and the ratio of revenues from products sales to license payments. In last year's reporting period, the one-time milestone payment received from Bradley Pharmaceuticals Inc. had a positive impact on gross profit. In constrast, comparing the third quarters of both reporting periods, the gross profit adjusted for one-time effects increased by approx. 80 % to 1,610 T€ (Q3 2006: 900 T€).

Selling, General, and Administrative Expenses

Compared to last year's reporting periods, general, administrative, and selling expenses increased to -6,836 T€ (9M 2006: -4,588 T€), and to -2,052 T€ (Q3 2006: -1,640 T€). This increase is primarily a consequence of the consolidation of MediGene Ltd. (see Notes p. 19) since September 2006.

Research and Development Expenses

Comparing the first nine months reporting periods, R&D expenses increased by 57 % to -20,788 T€ (9M 2006: -13,250 T€), and by 41 % to -7,068 T€ in the third quarter of 2007 (Q3 2006: -5,016 T€). The main part of this increase is allocated to the extension of the EndoTAG® clinical and preclinical programs development, and to the consolidation of MediGene Ltd. since September 2006. MediGene Ltd. is developing the drug candidate RhuDex® and the mTCR technology.

Depreciation

All in all, depreciation increased to -1,045 T€ in the first nine months of 2007 (9M 2006: -758 T€), and to -329 T€ in the third quarter of 2007 (Q3 2006: -242 T€). Depreciation of fixed assets increased in R&D, in the course of the consolidation of MediGene Ltd. Depreciation of intangible assets increased due to the amortization of a product license over the term of patent. Depreciation is reported in the income statement under general, administrative, and selling expenses (-280 T€), and under R&D expenses (-765 T€).

Depreciation

in T€	Q3 2007 unaudited	Q3 2006 unaudited	Change	9M 2007 unaudited	9M 2006 unaudited	Change
Fixed assets	-158	-112	41 %	-533	-345	54 %
Intangible assets	-171	-112	53 %	-512	-341	50 %
Capital lease	0	-18	- %	0	-72	- %
Total	**-329**	**-242**	**36 %**	**-1,045**	**-758**	**38 %**

EBIT

The loss before interest and tax increased to -23,200 T€ in the first nine months of 2007 (9M 2006: -10,912 T€), and to -7,510 T€ in the third quarter of 2007 (Q3 2006: -5,756 T€).

Financial Result

Comparing the 9-months reporting periods, the financial result remained nearly unchanged, i.e. 920 T€ (9M 2006: 929 T€). Comparing the third quarters, however, the financial result decreased to 139 T€ (Q3 2006: 312 T€). This was caused by currency fluctuations, resulting from changes in the exchange rate between the Euro and the US dollar, and between the Euro and the British pound.

Financial Result

in T€	Q3 2007 unaudited	Q3 2006 unaudited	Change	9M 2007 unaudited	9M 2006 unaudited	Change
Interest income	504	319	58 %	1,398	879	59 %
Interest expenses	-3	-6	-50 %	-12	-15	-20 %
Subtotal	**501**	**313**	**60 %**	1,386	864	60 %
Losses from derivative financial instruments	-69	-68	1 %	-67	0	- %
Foreign currency gains/losses	-293	67	>-200 %	-399	65	>-200 %
Total	**139**	**312**	**-55 %**	**920**	**929**	**-1 %**

Taxes

In the first three quarters of 2007, MediGene recognised deferred tax assets arising from new losses carried forward. These deferred tax assets were set off against deferred tax liabilities, the latter resulting from the first-time consolidation of MediGene Ltd. (see Note D), p. 21). In addition, the UK subsidiary MediGene Ltd. received a tax credit in the second quarter of 2007.

9-Months Result 2007

In the first nine months of 2007, the loss for the period was -20,041 T€ (9M 2006: -9,983 T€). The decrease in result is mainly due to a lower gross profit, the consolidation of MediGene Ltd., and an increase in research and development expenses. In the third quarter, the loss for the period increased by 33 % to -7,249 T€ (Q3 2006: -5,444 T€).

Result per Share

In the first nine months 2007, the loss per share increased to -0.65 € (9M 2007: weighted average number of shares: 30,735,984) compared to -0.50 € (9M 2006: weighted average number of shares: 20,145,177). In the third quarter of 2007, the loss per share decreased to -0.23 €, as a consequence of the increase in the weighted average number of shares to 31,535,379 (Q3 2006: -0.26 €, weighted average number of shares: 20,620,452).

Human Resources

Corporate headcount slightly increased during the first nine months of 2007, compared with last year's reporting period.

Headcount
as at June 30, and December 31

	9M 2007	9M 2006	Y 2006
MediGene AG	123	119	123
MediGene, Inc.	5	6	6
MediGene Ltd.*)	42	43	42
Total	**170**	**168**	**171**

*) since September 27, 2006

Personnel expenses

	9M 2007	9M 2006	Change
Total	**-11,287**	**-7,587**	**49 %**

SEGMENT INFORMATION

Segment information is provided on page 22 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) 2006. Up to the closing date September 30, 2007, 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 Ltd. (Takeda and Wako) sued the partners MediGene and Astellas Pharma GmbH for alleged patent infringement before the Duesseldorf 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 Duesseldorf 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 not until 2008. At the same time, the Duesseldorf 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 in the United States concerning patent infringement, 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.

In May 2003, in order to eliminate any legal uncertainties regarding Polyphenon® E, the company opposed European patent no. EP 0 814 823 B1 of Indena S.p.A., Milan, which covers specific polyphenol fractions in green tea. In June 2004, Indena S.p.A. thereupon limited the patent to a scope which is of no significance for MediGene. In December 2005, the Opposition Division of the European Patent Office repealed the patent in its entirety. In February 2006, Indena appealed this decision. A decision by the board of appeal of the European Patent Office is expected in 2008.

RISK MANAGEMENT SYSTEM

MediGene's management meets the 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 2006, published on March 28, 2007.

MAJOR EVENTS SINCE END OF PERIOD UNDER REVIEW

In October 2007, the US patent office granted a central patent on MediGene's drug candidate RhuDex®. This patent protects the pharmaceutical application of the substance RhuDex®, as well as a number of related compounds. MediGene is developing RhuDex® as a drug for the treatment of rheumatoid arthritis, and is currently testing the drug in patients in a clinical phase IIa pilot trial.

Apart from that no major changes to the state of business have occurred up to October 31, 2007.

FORECAST

Financial Forecast 2007 Adjustment: Revenues 24 Million €, Loss of 32 Million €

For the ongoing financial year 2007, MediGene expects total revenues of 24 million €. In contrast to the previous years, the revenues will be generated mainly by product sales arising from the commercialization of Eligard®. In addition, revenues include payments received under the terms of research cooperations as well as public grants. The original revenues forecast for 2007, i.e. revenues of 35 million €, included initial product sales of Oracea®, the approval for which is now expected in 2008, as well as additional proceeds from new cooperation agreements which MediGene no longer expects for this year.

However, MediGene expects a lower loss in financial year 2007 than originally planned. Compared to the original forecast of 35 million € EBIT-based loss, the company now expects a loss of approximately 32 million €. Although research and development activities were significantly extended compared to last year, operational costs did not increase to the extent originally expected.

Due to lower operational costs than expected, and as a consequence of successful capital increases, year-end cash reserves are expected to be approximately 45 million € (original forecast: 25 million €).

Further Increase in Sales Revenues from Eligard® Expected

Sales revenues from Eligard® developed very well in the ongoing financial year, and significantly exceed last year's revenues. In addition to gains in market share, the six-month depot formulation of Eligard® 45 mg launched on the German market by MediGene's partner Astellas Pharma Europe Ltd. in the first quarter of 2007 gave additional impetus to Eligard® sales. In the company's view, this positive trend is going to continue.

Polyphenon® E Ointment – Market Launch in the US to Take Place by the End of 2007

In late October 2006, MediGene obtained market authorization for Polyphenon® E Ointment for the treatment of genital warts from the US regulatory authority FDA. The drug is scheduled for US market launch by MediGene's marketing partner Bradley Pharmaceuticals Inc. at the end of 2007. In late March 2007, MediGene submitted a marketing authorization application in several European countries. Approval in these countries is expected in 2008.

Oracea® – Market Authorization Expected for 2008, Launch Scheduled for Six Months Later

In December 2006, MediGene acquired the European marketing rights to the dermatological product Oracea® from the US company CollaGenex Pharmaceuticals Inc. The drug for the treatment of the skin disease rosacea is currently undergoing the authorization process in Europe, and is already available on the US market. As reported end of July, MediGene expects the decision about the marketing authorization application submitted by the licensor CollaGenex in the first six months of 2008. The market launch and initial revenues from the commercialization of Oracea® are expected about six months later. Oracea® was developed by CollaGenex and launched on the US market this year with very promising initial sales.

MediGene's Own Sales Organization for the Commercialization of Oracea® and Polyphenon® E Ointment to be Established in 2008

MediGene intends to distribute the Polyphenon® E Ointment and other Oracea® in some selected European countries through the company's own sales force. The conclusion of the ongoing European approval procedures for both drug candidates is expected in 2008. The establishment of a sales organization for both products is scheduled for 2008, depending on the progress of the approval procedures. MediGene will initially focus on a small number of high-potential markets, and seek distribution partnerships for the other European countries. For Europe, MediGene estimates combined annual peak sales for both products, Oracea® and Polyphenon® E, in excess of 50 million €.

EndoTAG®-1 – Publication of Trial Results in First Half of 2008

In December 2006, MediGene achieved positive interim results in the ongoing clinical phase II trial of the drug candidate EndoTAG®-1 for the treatment of pancreatic cancer. Patient recruitment for the trial was concluded in spring 2007, according to schedule. MediGene expects final results of the trial in the first six months of 2008.

RhuDex® – Results of a Clinical Phase IIa Pilot Trial

A clinical phase IIa trial in which a total of 35 patients suffering from rheumatoid arthritis is to participate was initiated at the beginning of 2007. The clinical part of the trial is scheduled for completion by the end of this year. The data from this trial are expected for the first six months of 2008.

NV1020 – Publication of Trial Results Scheduled for 2008

Patient recruitment for the phase II part of the ongoing clinical trial of the cancer-killing virus NV1020 for the treatment of liver metastases in patients suffering from colorectal carcinoma was concluded according to schedule.

Total Headcount to Increase to About 175 in Financial Year 2007

Contrary to the company's original forecast of 200 employees, corporate headcount is expected to total approximately 175 at the end of 2007 (December 31, 2006: 171 employees).

Consolidated Income Statements

of MediGene AG for the periods from January 1 to September 30, 2007, and 2006

in T€	Q3 2007 unaudited	Q3 2006 unaudited	9M 2007 unaudited	9M 2006 unaudited
1. Product sales	5,789	3,587	17,212	12,949
2. Other operating income	362	156	1,393	407
3. Total revenues	**6,151**	**3,743**	**18,605**	**13,356**
4. Cost of sales	-4,541	-2,843	-14,181	-6,430
5. Gross profit	**1,610**	**900**	**4,424**	**6,926**
6. Selling expenses	-552	-428	-1,958	-970
7. General and administrative expenses	-1,500	-1,212	-4,878	-3,618
8. Research and development expenses	-7,068	-5,016	-20,788	-13,250
9. Operating result (EBIT)	**-7,510**	**-5,756**	**-23,200**	**-10,912**
10. Interest income	504	319	1,398	879
11. Interest expenses	-3	-6	-12	-15
12. Foreign currency exchange gains/losses	-362	-1	-466	65
13. Result before income tax (EBT)	**-7,371**	**-5,444**	**-22,280**	**-9,983**
14. Tax	122	0	2,239	0
15. Net result for the period	**-7,249**	**-5,444**	**-20,041**	**-9,983**
Per share data in €:				
Undiluted	**-0.23**	**-0.26**	**-0.65**	**-0.50**
Weighted average number of shares outstanding	31,535,379	20,620,452	30,735,984	20,145,177

Consolidated Balance Sheet

of MediGene AG as of September 30, 2007, and December 31, 2006

in T€	June 30, 2007 unaudited	December 31, 2006
Assets		
A. Non-current assets		
I. Property, plant & equipment	1,313	1,391
II. Intangible assets	48,760	50,845
III. Goodwill	12,894	13,041
IV. Investments	938	1,501
V. Other assets	97	97
Total non-current assets	**64,002**	**66,875**
B. Current assets		
I. Inventories	381	401
II. Accounts receivable	1,805	769
III. Cash and cash equivalents	54,555	52,498
IV. Other current assets	3,759	3,593
Total current assets	**60,500**	**57,261**
Total assets	**124,502**	**124,136**
Liabilities and shareholders' equity		
A. Shareholders' equity		
I. Share capital Number of shares issued and outstanding: December 31, 2006: 28,653,630 September 30, 2007: 33,941,065	33,941	28,654
II. Additional paid-in capital	334,856	311,627
III. Accumulated deficit	-252,642	-232,601
IV. Other reserves	-1,417	832
Total shareholders' equity	**114,738**	**108,512**
B. Non-current liabilities		
I. Financial liabilities	67	98
II. Pension accrual	82	81
III. Other non-current liabilities	132	132
IV. Deferred taxes	0	955
Total non-current liabilities	**281**	**1,266**
C. Current liabilities		
I. Trade accounts payable	2,494	2,638
II. Embedded financial instruments	389	101
III. Other current liabilities	5,641	9,931
IV. Current financial liabilities	0	610
V. Accruals	780	780
VI. Deferred income	179	298
Total current liabilities	**9,483**	**14,358**
Total liabilities and shareholders' equity	**124,502**	**124,136**

Consolidated Changes in Shareholders' Equity

of MediGene AG for the periods from January 1 to September 30, 2007, and 2006

	Shares	Share capital	Capital reserves	Accumulated losses	Other reserves	Total share-holders' equity
		T€	T€	T€	T€	T€
Balance January 1, 2007	**28,653,630**	**28,654**	**311,627**	**-232,601**	**832**	**108,512**
Net result for the period				-20,041		-20,041
Unrealized loss from QLT Inc. shares					-563	-563
Currency translation adjustments					-1,686	-1,686
Comprehensive income						**-22,290**
Capital increase	5,273,491	5,273	23,491			28,764
Capital increase expenses			-654			-654
Exercised options/bonds	13,944	14	31			45
Expenses on new options/bonds			361			361
Balance September 30, 2007, unaudited	**33,941,065**	**33,941**	**334,856**	**-252,642**	**-1,417**	**114,738**
Balance January 1, 2006	**18,766,172**	**18,766**	**258,776**	**-225,710**	**-55**	**51,777**
Net result for the period				-9,982		-9,982
Unrealized loss from QLT Inc. shares					145	145
Currency translation adjustments					16	16
Comprehensive income						**-9,821**
Capital increase	1,852,260	1,852	13,799			15,651
Capital increase expenses			-800			-800
Exercised options/bonds	2,020	2	14			16
Expenses on new options/bonds			355			355
Balance September 30, 2006, unaudited	**20,620,452**	**20,620**	**272,144**	**-235,692**	**106**	**57,178**

Consolidated Cash Flow Statements
of MediGene AG for the periods from July 1 to September 30, and from January 1 to September 30, 2007, and 2006

in T€	Q3 2007 unaudited	Q3 2006 unaudited	9M 2007 unaudited	9M 2006 unaudited
Cash flow from operating activities				
Net profit/loss (before tax)	-7,371	-5,444	-22,280	-9,982
Adjustments to reconcile net loss with cash used in operating activities:				
Expenses for new options/bonds	119	182	361	355
Depreciation	329	242	1,045	758
Gains from sales of property, plant & equipment	0	3	0	3
Interest income	-504	-319	-1,398	-879
Interest expenses	3	6	12	15
Tax	0	0	1,317	0
Changes in:				
Inventories	27	-20	21	-454
Other assets and accrued income	-1,746	-392	-1,201	-2,897
Trade accounts payable	757	1,370	-143	1,691
Other liabilities and deferred income	470	1,760	-3,972	1,851
Net cash used by operating activities	**-7,916**	**-2,612**	**-26,238**	**-9,539**
Cash flow from investing activities				
Purchases of property, plant & equipment	-167	-79	-466	-278
Sales of property, plant & equipment	0	1	0	1
Net cash from acquisition of Avidex Ltd.	0	6,241	0	6,241
Net cash from investing activities	**-167**	**6,163**	**-466**	**5,964**
Cash flow from financing activities				
Proceeds from capital increase	15,576	0	28,154	15,652
Expenses capital increase	-1	0	-654	-800
Proceeds from stock options	44	0	45	16
Proceeds from/repayments of convertible bonds	-104	-19	-99	-169
Interest received	446	321	1,282	855
Interest paid	-3	-3	-6	-6
Principal payments under finance lease obligations	0	-32	0	-118
Net cash from financing activities	**15,958**	**267**	**28,722**	**15,430**
Increase/decrease in cash and cash equivalents	7,875	3,818	2,014	11,855
Cash and cash equivalents at beginning of period	46,572	45,682	52,498	37,625
Currency translation	108	-4	39	16
Cash and cash equivalents at end of period	**54,555**	**49,496**	**54,555**	**49,496**

Supplementary schedule of non-cash financing activities:

No new leasing obligations for new laboratory and office equipment were incurred during the first nine months of 2007, just as in last year's reporting period.

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 sales and marketing measures 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 of the preparation of interim financial statements

These unaudited consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IAS 34 "Interim Financial Reporting"). It is the Executive Board's conviction that the quarterly financial statements on hand reflect all business transactions required for the portrayal of the assets, financial, and income situation at the end of the periods that expired on September 30, 2006, and 2007.

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 2006 and 2005. 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 by MediGene's Executive Board for publication on November 8, 2007.

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 2006, with the exception of the application of new or revised accounting standards described in the following. Beyond this MediGene basically made no modifications to its accounting principles after December 31, 2006.

The application of the following standards and interpretations has no significant impact on the presentation of the assets and income situation described in the interim consolidated financial statements:

IFRS 7 ("Financial Instruments: Disclosure")

The impact of IFRS 7 on the disclosure of financial instruments is currently under review. The information required by this standard will be presented not later than in the consolidated annual financial statements 2007. The company currently assumes that the application of IFRS 7 will have no impact on the reporting of financial instruments.

IFRIC 8 ("Scope of IFRS 2")

IFRIC 8 regulates the application of IFRS 2 to any arrangements where equity instruments issued by the group for a consideration appear to be less than fair value. As equity instruments in the group are issued only to employees and Executive Board members within the scope of an employee stock option scheme, the first-time application of IFRIC 8 as of January 1, 2007 had no impact on the presentation of the assets and income position in the interim consolidated financial statements.

IFRIC 9 ("Reassessment of Embedded Derivatives")

IFRIC 9 interpretation prescribes that the assessment of whether an embedded derivative is to be separated from the host contract and reported as a derivative is to be made on the date on which a company first becomes a contracting party, and that a later reassessment may be made only in case a change in the terms of the contract gives rise to a significant change in cash flows. The effects of the application of this interpretation are under review. The application of this interpretation had no effects on the interim consolidated financial statements.

IFRIC 10 („Interim Financial Reporting and Impairment")

Regarding specific financial assets, IFRIC 10 deals with the interaction between IAS 34, IAS 36, and IAS 39 regulations. It refers to goodwill, equity instruments categorized as available for sale, as well as financial assets carried at cost. IFRIC 10 states that any impairment of value recognized in the interim consolidated financial statement that is subject to prohibition of reinstatement of original values pursuant to IAS 36 and IAS 39 must not be reversed in later interim or annual consolidated financial statements. Furthermore IFRIC 10 explicitly straightens out that this interpretation must not be applied analogously to similar circumstances. The application of this interpretation had no effects on the interim consolidated financial statements on hand.

Group companies

In addition to the parent company, MediGene AG in Martinsried, the group (MediGene Group) includes two subsidiaries, i.e. MediGene, Inc., San Diego, USA, and MediGene Ltd. (previously: Avidex Ltd.), 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 September 30, 2007. 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 Dependency of Business Operations

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

D) Notes on the Consolidated Income Statements

Taxes

In the first nine months of 2007, the MediGene group recognized a tax gain. This tax gain accrued at the subsidiary MediGene Ltd. It is a consequence of setting off deferred tax liabilities against deferred tax assets which resulted from newly accumulated losses accruing at MediGene Ltd. during the reporting period. The deferred tax liabilities arose in the course of the first-time consolidation of MediGene Ltd. The setting off of these taxes through profit and loss will be continued until the amounts of deferred tax assets and liabilities balance each other. Beyond this, no other deferred tax assets are reported. A tax rate of 30 % is applied to MediGene Ltd. in the UK. The utilization of losses carried forward is not limited. In addition, the UK subsidiary MediGene Ltd. received a tax credit during the period under review.

E) Notes on the Balance Sheet

Share capital

Compared to December 31, 2006, share capital increased by 5,287 T€ from 28,654 T€ to 33,941 T€ as at September 30, 2007. At the beginning of February 2007, MediGene issued, within the scope of a capital increase, a total of approx. 2.062 million new shares at a price of 6.10 € each to institutional investors. In another capital increase in September 2007, MediGene placed 3,084,282 new shares from authorized capital at a price of 5.05 € each.

The share capital is divided into 33,941,065 registered no-par-value common shares, approx. 78 % of which were outstanding as at closing date (source: MediGene & Deutsche Boerse, as at September 30, 2007).

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, 2006, current liabilities as of September 30, 2007 decreased from 14,358 T€ by 4,875 T€ to 9,483 T€. This decrease is mainly the consequence of a 3,793 T€ license payment made for the marketing rights to Oracea®.

F) Notes on the Cash Flow Statements

The increase in cash used by operating activities in the first nine months of 2007 is mainly due to an increase in net loss for the period (see page 18).

In early January 2007, MediGene made a one-time license payment of 3,793 T€ for the drug candidate Oracea® to the licensor CollaGenex Pharmaceuticals Inc., which had become due at the beginning of the year when the license agreement came into effect.

In February and in September 2007, MediGene successfully closed a capital increase. By issue of 2,062,040 and 3,084,282 new MediGene shares respectively, the company generated gross proceeds of approx. 28.2 million €.

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. The potential anti-dilutive effect as at September 30, 2007 amounted to 1,139,667 no-par-value share equivalents.

H) Segment Reporting

Primary reporting – business units

The group is organized in two primary business units: "Specialty Pharma" and "Biopharma".

Primary Reporting - Business Units In T€	Specialty pharma	Biopharma	Unallocated	Total
Q3 2007				
Total revenues	5,779	370	2	**6,151**
Cost of sales	-4,541	0	0	**-4,541**
Gross profit	**1,238**	**370**	**2**	**1,610**
Selling expenses	-158	0	-394	**-552**
General and administrative expenses	0	0	-1,500	**-1,500**
R&D expenses	-581	-6,487	0	**7,068**
Operational result (EBIT)	**499**	**-6,117**	**-1,892**	**-7,510**
Finance result			139	**139**
Net result before Tax (EBT)	**499**	**-6,117**	**-1,753**	**-7,371**
Tax			122	**122**
Net result	**499**	**-6,117**	**-1,631**	**-7,249**
Segment assets	3,124	61,654	59,724	**124,502**
Segment liabilities	0	179	9,585	**9,764**
Depreciation	-60	-181	-88	**-329**
Average number of employees	14	109	36	**159**
Investments [1)]	1	155	11	**167**
Q3 2006				
Total revenues	3,587	125	31	**3,743**
Cost of sales	-2,843	0	0	**-2,843**
Gross profit	**744**	**125**	**31**	**900**
Selling expenses	-257	0	-171	**-428**
General and administrative expenses	0	0	-1,212	**-1,212**
R&D expenses	-612	-4,404	0	**-5,016**
Operational result (EBIT)	**-125**	**-4,279**	**-1,352**	**-5,756**
Finance result			312	**312**
Net result before Tax (EBT)	**-125**	**-4,279**	**-1,040**	**-5,444**
Tax			0	**0**
Net result	**-125**	**-4,279**	**-1,040**	**-5,444**
Segment assets	4,134	70,343	53,227	**127,704**
Segment liabilities	667	99	69,760	**70,526**
Depreciation	-1	-204	-37	**-242**
Average number of employees	14	71	24	**109**
Investments[1)]	0	38	42	**80**

1) Investments also include finance lease investments.

Primary Reporting - Business Units In T€	Specialty pharma	Biopharma	Unallocated	Total
9M 2007				
Total revenues	17,202	1,391	12	**18,605**
Cost of sales	-14,181	0	0	**-14,181**
Gross profit	**3,021**	**1,391**	**12**	**4,424**
Selling expenses	-529	0	-1,429	**-1,958**
General and administrative expenses	0	0	-4,878	**-4,878**
R&D expenses	-1,794	-18,994	0	**-20,788**
Operational result (EBIT)	**698**	**-17,603**	**-6,295**	**-23,200**
Finance result			920	**920**
Net result before Tax (EBT)	**698**	**-17,603**	**-5,375**	**-22,280**
Tax			2,239	**2,239**
Net result	**698**	**-17,603**	**-3,136**	**-20,041**
Segment assets	3,124	61,654	59,724	**124,502**
Segment liabilities	0	179	9,585	**9,764**
Depreciation	- 181	-569	-295	**-1,045**
Average number of employees	14	109	36	**159**
Investments [1)]	2	219	245	**466**
9M 2006				
Total revenues	12,954	366	36	**13,356**
Cost of sales	-6,430	0	0	**-6,430**
Gross profit	**6,524**	**366**	**36**	**6,926**
Selling expenses	-365	0	-605	**-970**
General and administrative expenses	0	0	-3,618	**-3,618**
R&D expenses	-2,252	-10,998	0	**-13,250**
Operational result (EBIT)	**3,907**	**-10,632**	**-4,187**	**-10,912**
Finance result			929	**929**
Net result before Tax (EBT)	**3,907**	**-10,632**	**-3,258**	**-9,983**
Tax			0	**0**
Net result	**3,907**	**-10,632**	**-3,258**	**-9,983**
Segment assets	4,134	70,343	53,227	**127,704**
Segment liabilities	667	99	69,760	**70,526**
Depreciation	-5	-637	-116	**-758**
Average number of employees	14	71	24	**109**
Investments[1)]	0	72	204	**276**

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 (since December 2006)

Biopharma product candidates & technologies:

- EndoTAG®-1 for the treatment of solid tumors
- RhuDex® for the treatment of rheumatoid arthritis (since September 27, 2006)
- NV1020 for the treatment of liver metastases
- G207 for the treatment of brain tumors
- Preclinical product candidates: EsoDex®, YourDex®, and HiDex® (since September 27, 2006)
- Monoconal L1-antibody for the treatment of ovarian cancer

- EndoTAG® technology
- mTCR technology platform (since September 27, 2006)
- HSV technology

I) Other Notes

Contingent Liabilities

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

As per the balance sheet date, there was a rent security guarantee (273 T€), and a bank guarantee (27 T€) vis-à-vis the respective lessor.

Upon acquisition of the assets of the former Munich Biotech AG, MediGene committed itself to make milestone payments to the liquidator. Depending on the clinical success of EndoTAG®-1, the payments in question will fall due upon initiation of clinical phase III, and total 9.5 million €. No provision needed to be formed as, due to the project's current stage of development, the probability that these payments will fall due is rated at less than 50 %.

The future annual minimum lease installments for operative leases are as follows:

In T€	Operative Lease September 30, 2007	Operative Lease December 31, 2006	Change
2007	351	1,307	-73 %
2008	1,244	1,063	17 %
2009	1,144	762	50 %
2010	1,006	13	>200 %
Thereafter	1,899	8	>200 %
Minimum lease obligations	5,644	3,153	79 %

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 five years for these lease agreements.

J) Board of Directors and Supervisory Board

On September 20, 2007, the Supervisory Board Member Dr. Manfred Scholz notified the Chairman of the Supervisory Board that he would resign from office with immediate effect. As at January 1, 2008, Dr. Thomas Strüngmann, representative of Santo Holding GmbH will be appointed Supervisory Board Member to fill the vacancy.

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

Members	Shares 9M-2007	Shares Y-2006	Options 9M-2007	Options Y-2006	CB*) 9M-2007	CB*) Y-2006
Prof. Dr. Ernst-Ludwig Winnacker Supervisory Board Chairman, Co-founder	273,676	268,676	37,700	37,700	1,600	1,600
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	1,000	0	0	800	800
Sebastian Freitag Supervisory Board Member	0	0	0	0	0	0
James Noble (since May 25, 2007) Supervisory Board Member	117,352	-	0	-	0	-
Dr. Manfred Scholz (until September 20, 2007) Supervisory Board Member	80,000	80,000	0	0	0	0
Michael Tarnow (until January 31, 2007) Supervisory Board Member	6,337	6,337	0	0	15,800	15,800
Total Supervisory Board	**480,665**	**359,313**	**43,290**	**43,290**	**18,200**	**18,200**
Dr. Peter Heinrich Chief Executive Officer, Co-founder	503,505	503,505	156,636	116,636	0	0
Dr. Ulrich Delvos Chief Operating Officer	4,000	2,000	50,000	25,000	0	0
Dr. Thomas Klaue (since June 15, 2007) Chief Financial Officer	3,000	-	0	-	0	-
Alexander Dexne (until May 31, 2007) Chief Financial Officer	0	0	125,000	100,000	0	0
Total Executive Board	**510,505**	**505,505**	**331,636**	**241,636**	**0**	**0**
Treasury Stock	**0**	**0**	**0**	**0**	**0**	**0**

*) Convertible Bonds

(Status as at September 30, 2007, and December 31, 2006)

K) Corporate Governance

MediGene's Annual Shareholders' Meeting took place in Munich on May 25, 2007. The Shareholders' Meeting gave its majority consent to all requests by the administration listed on the agenda.

Financial Calendar / Imprint

2007

November 9
9-Months Report 2007
Press and analysts conference call

2008

March 13
Annual Report 2007
Press and analysts conference

Publisher

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