MediGene

Innovation × Investment = Growth

6-Months Report 2007

MediGene's Innovative Drug Pipeline

Products	Diseases	Clinical Phases I	Clinical Phases II	Clinical Phases III	Approval	Marketed	Market Potential (in millions €)
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.

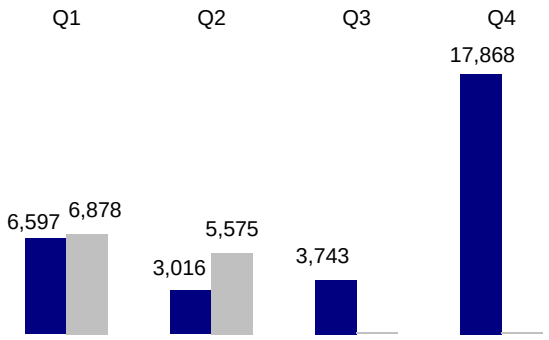
[4)] Precursor of a specific type of skin cancer

MediGene's Key Figures 6-Months Report 2007

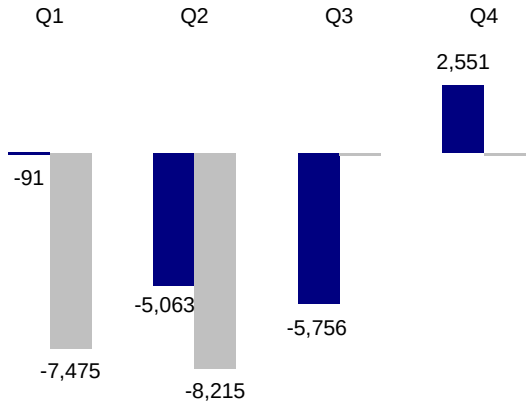
In T€	Q2 2007	Q2 2006	Change	6M 2007	6M 2006	Change
Income statements						
Revenues	5,118	2,816	82 %	11,423	9,362	22 %
Other operating income	457	200	129 %	1,030	251	>200 %
Cost of sales	-4,049	-2,362	71 %	-9,639	-3,587	169 %
Gross profit	1,526	654	133 %	2,814	6,026	-53 %
Selling, general, and administrative expenses	-2,482	-1,464	70 %	-4,783	-2,947	62 %
Research and development expenses	-7,259	-4,253	71 %	-13,721	-8,234	67 %
Operating result (EBIT)	-8,215	-5,063	62 %	-15,690	-5,155	>200 %
Result before income tax (EBT)	-7,724	-4,675	65 %	-14,909	-4,538	>200 %
Net result for the period	-6,157	-4,675	32 %	-12,792	-4,538	182 %
Result per share (undiluted)	-0.20	-0.23	-13 %	-0.42	-0.23	83 %
Weighted average number of shares	30,843,183	20,620,452	50 %	30,330,435	19,903,603	52 %
Personnel expenses	-3,751	-2,478	51 %	-7,714	-4,989	55 %
Cash flow						
Cash flow from operating activities	-7,083	-6,313	12 %	-18,322	-6,927	165 %
Cash flow from investing activities	-108	-135	-20 %	-299	-198	51 %
Cash flow from financing activities	483	131	>200 %	12,764	15,161	-16 %
Balance sheet data as at June 30, 2007						
Cash and cash equivalents	46,572	45,682	2 %			
Balance sheet total	116,913	67,783	72 %			
Current liabilities	8,283	5,110	62 %			
Long-term liabilities	441	330	34 %			
Shareholders' equity	108,189	62,343	74 %			
Equity ratio	93 %	92 %	1 %			
Employees as at June 30, 2007	171	121	41 %			
MediGene share as at June 30, 2007						
Number of shares issued	30,843,183	20,620,452	50 %			
Share price (Closing price, XETRA)	5.05	5.75	-12 %			

MediGene's Performance 2007 / 2006

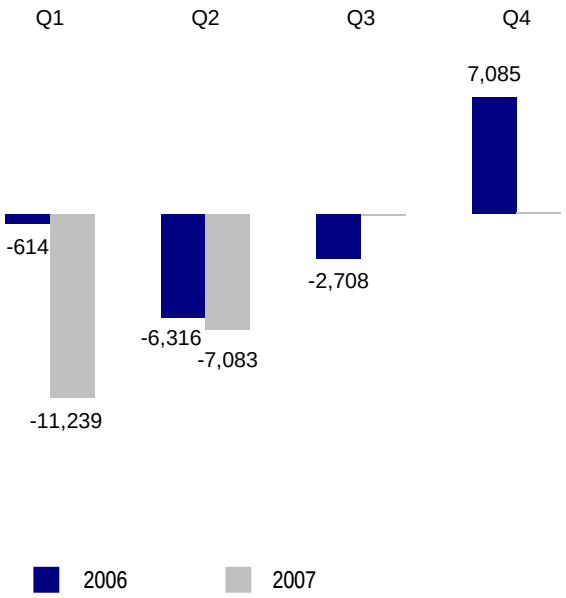
Total Revenues
in T€



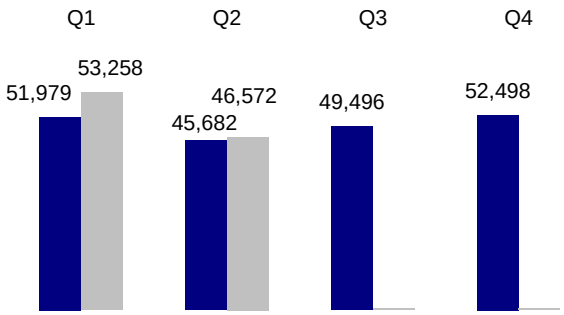
Operating Result (EBIT)
in T€



Cash Flow from Operating Activities
in T€



Cash and Cash Equivalents
in T€



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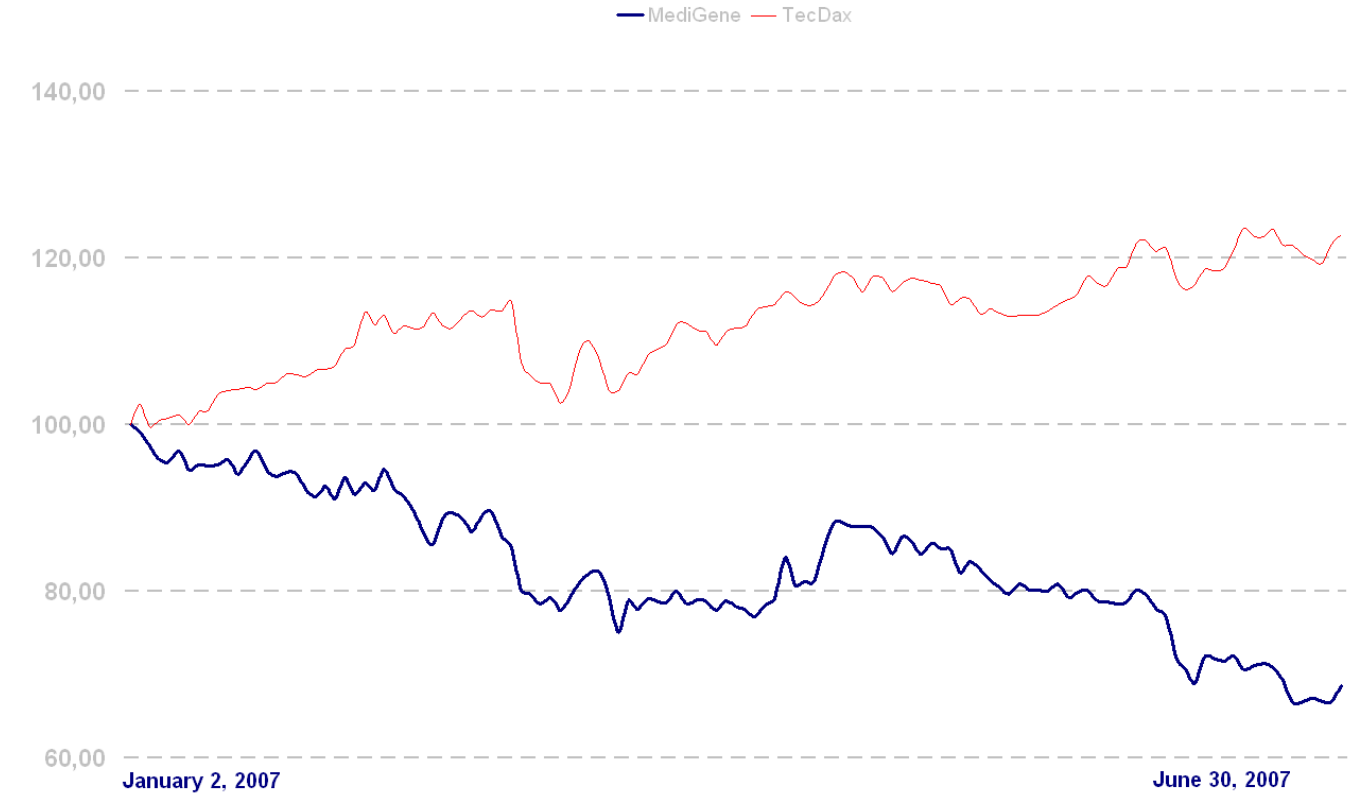
Our Share

The MediGene Share Price

(January 2, 2007 7.36 € indexed to 100)



Key Figures for the MediGene Share

€	6M 2007	6M 2006
6-Months high	7.36	9.23
6-Months low	4.90	5.75
Price at beginning of the year	7.36	8.35
Closing price	5.05	5.75
Average price since beginning of the year	6.12	7.89
Weighted average number of shares	30,330,435	19,903,603
Average market capitalization (million €)	186	157
Average daily trading volume in shares	150,851	149,542
Total number of shares outstanding (June 30, 2007)	30,843,183	20,620,452
Cash flow from operating activities / share *	-0.59	-0.34
Shareholders' equity / share *	3.51	3.02
Free float**	84 %	100 %

* Reference: Total shares outstanding ** Source: Deutsche Boerse, June 30, 2007

Group Management's Discussion and Analysis Q2 2007 / 6M 2007

FINANCIAL DEVELOPMENT IN THE FIRST SIX MONTHS

- Increase in total revenues to 12.5 million € compared to 9.6 million € (6M 2006)
- Net loss increased to -12.8 million € compared to -4.5 million € (6M 2006)
- Average monthly net cash burn rate from operating activities increased to -3.1 million € compared to -1.1 million € (6M 2006)
- Cash and cash equivalents at closing date 46.6 million € (December 31, 2006: 52.5 million €)

MAJOR EVENTS SINCE THE BEGINNING OF THE YEAR

- Six-months dosage of Eligard® 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
- Conclusion of a collaboration agreement with the Juvenile Diabetes Research Foundation (USA) for the development of a treatment for type I diabetes on the basis of mTCRs
- Decision about European marketing authorization for Oracea® postponed to 2008

KEY PRODUCT PORTFOLIO ADVANCES

- Initiation of a further phase II trial of EndoTAG®-1 in the indication triple receptor-negative breast cancer
- Initiation of a clinical phase IIa trial of RhuDex® for the treatment of rheumatoid arthritis
- Completion of patient recruitment for the clinical phase II trial of EndoTAG®-1 in the indication pancreatic cancer

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 cancer medication Eligard®, 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. This dosage is currently undergoing the approval process in several European countries. At present, Eligard® is the only prostate cancer drug in Europe that is available as a six-months dosage. European market approval is expected to be completed by the end of this year. MediGene receives royalties on the sales of the drug in all countries.

A second drug, Polyphenon® E Ointment, was approved for marketing by the US regulatory authority (FDA) on October 31, 2006, under the name of Veregen™, and is slated for launch on the US market by MediGene's marketing partner Bradley Pharmaceuticals, Inc., in the latter half 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. (from now on "CollaGenex"). The application for marketing authorization for this drug has been submitted in nine European countries to date. MediGene expects to obtain approval for Oracea® in 2008, and European market launch to take place about six months later. 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 a first 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 will be 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 effectiveness of EndoTAG®-1 in combination with the cancer drug Gemzar®. In the majority of patients treated with EndoTAG®-1, the seven-week treatment was able to slow down, stabilize, or ameliorate the course of the disease. The most efficacious dosage branch in the interim findings shows a 67 % response rate, as compared to 50 % in the control group. 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 in 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 effective, 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 maximum of up to 35 patients participating was initiated at the beginning of 2007, and is to be concluded by the end of this year.

In mid-September 2006, MediGene presented interim analysis results of 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 clear indication of efficacy of the maximum dose administered. The Data Safety Monitoring Board (DSMB), an independent board which monitors patient safety, has recommended conducting a clinical phase II trial at the maximum dosage level. Patient recruitment for this part of the trial was completed. Results are expected in the first six months of 2008.

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 stage, MediGene is developing drug candidates based on its proprietary mTCR technology, as well as a therapeutic monoclonal antibody against the 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 46.6 Million €; Equity Ratio 93 %

Development of the assets and capital structure

in T€	June 30, 2007 unaudited	December 31, 2006	Change
Assets			
Long-term investments	1,380	1,598	-14 %
Goodwill	13,031	13,041	0 %
Fixed and intangibles assets	51,706	52,236	-1 %
Cash and cash equivalents	46,572	52,498	-11 %
Other current assets	4,224	4,763	-11 %
Total	**116,913**	**124,136**	**-6 %**
Liabilities and shareholders' equity			
Shareholders' equity	108,189	108,512	0 %
Long-term liabilities	441	1,266	-65 %
Current liabilities	8,283	14,358	-42 %
Total	**116,913**	**124,136**	**-6 %**
Liquidity cover ratio	**40 %**	**42 %**	
Equity ratio	**93 %**	**87 %**	

Compared to the closing date December 31, 2006, the cash position decreased by 11 % to 46,572 T€ (December 31, 2006: 52,498 T€). Cash flow from operating activities amounted to -18,322 T€ in the reporting period. Gross proceeds from a capital increase against cash contribution totaled 12,578 T€.

FINANCIAL POSITION

Cash flow from operating activities

Cash flow from operating activities increased to -18,322 T€ in the first six months of 2007 (6M 2006: -6,927 T€), and to -7,083 T€ in the second quarter of 2007 (Q2 2006: -6,313 T€). This 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. The one-time payment was accrued under other current liabilities as at December 31, 2006. MediGene acquired 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 67 % to -13.7 million €, as expected (6M 2006: -8.2 million €), and by 71 % to -7.3 million € (Q2 2006: -4.3 million €). In the reporting period of the preceding year, MediGene had received a one-time payment of 4.1 million € upon signing 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 -3.1 million € (6M 2006: -1.1 million €) in the first six months of 2007, and -2.4 million € in the second quarter of 2007 (Q2 2006: -2.1 million €).

Cash flow from investing activities

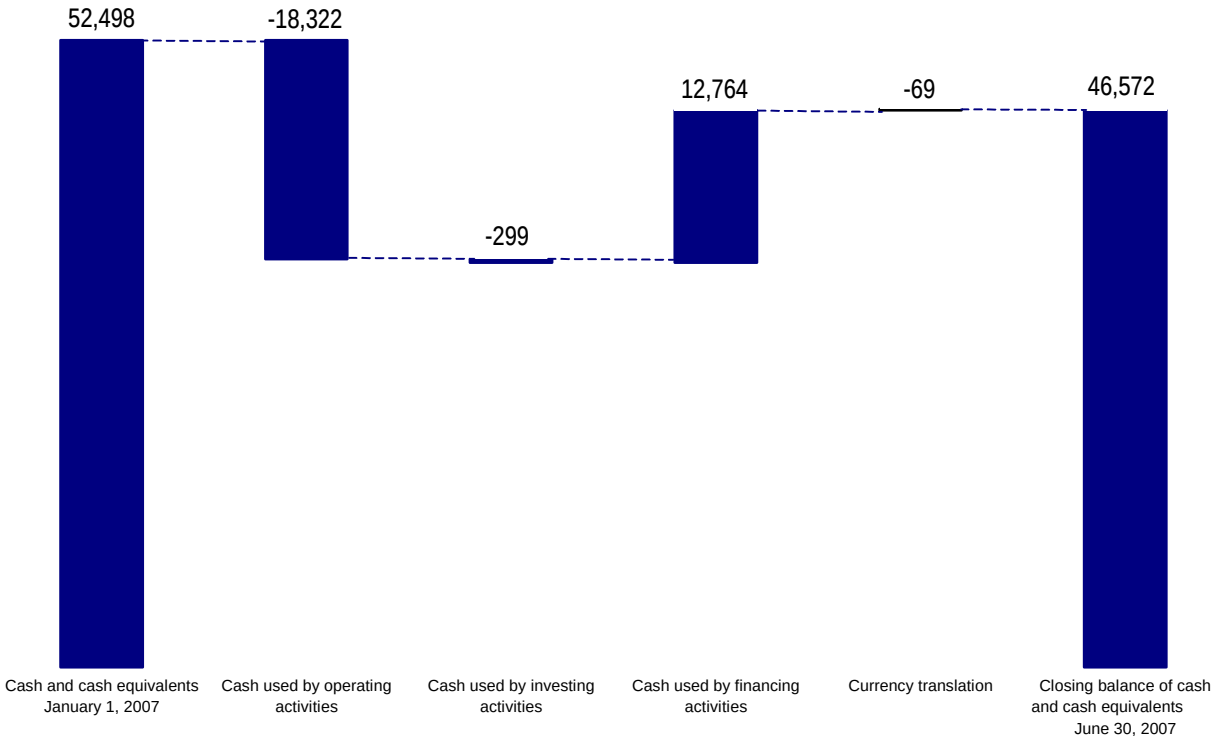
In the first six months of 2007, the cash flow from investing activities amounted to -299 T€ (6M 2006: -198 T€), and to -108 T€ in the second quarter of 2007 (Q2 2006: -135 T€).

Cash flow from financing activities

In February 2007, cash and cash equivalents increased by a gross amount of approx. 12.6 million € through a capital increase against cash.

Development of Cash and Cash Equivalents

(in T€)



As at June 30, 2007, cash and cash equivalents totaled 46,572 T€. MediGene 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 30 % to 12,453 T€ in the first six months of 2007, (6M 2006: 9,613 T€), and by 85 % to 5,575 T€ in the second quarter of 2007 (Q2 2006: 3,016 T€). Revenues have been 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.

Revenues of last year's reporting period also include a 5 million US dollar 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€	Q2 2007 unaudited	Q2 2006 unaudited	Change	6M 2007 unaudited	6M 2006 unaudited	Change
Total revenues	**5,575**	**3,016**	**85 %**	**12,453**	**9,613**	**30 %**
Cost of sales	-4,049	-2,362	71 %	-9,639	-3,587	169 %
Gross profit	**1,526**	**654**	**133 %**	**2,814**	**6,026**	**-53 %**
Selling, general, and administrative expenses	-2,482	-1,464	70 %	-4,783	-2,947	62 %
Research and development expenses	-7,259	-4,253	71 %	-13,721	-8,234	67 %
Operating result (EBIT)	**-8,215**	**-5,063**	**62 %**	**-15,690**	**-5,155**	**>200 %**
Result before income tax (EBT)	**-7,724**	**-4,675**	**65 %**	**-14,909**	**-4,538**	**>200 %**
Net result for the period	**-6,157**	**-4,675**	**32 %**	**-12,792**	**-4,538**	**182 %**

Cost of Sales

Cost of sales originated solely from the commercialization of the drug Eligard®. The cost of sales amounted to -9,639 T€ in the first six months of 2007 (6M 2006: -3,587 T€), and to -4,049 T€ in the second quarter of 2007 (Q2 2006: -2,362 T€). These costs contain 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 six-months product.

Gross Profit

In the first six months of 2007, gross profit decreased by 53 % to 2,814 T€ (6M 2006: 6,026 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, a one-time milestone payment of 4,131 T€ received under the terms of the marketing partnership concluded with Bradley Pharmaceuticals Inc. had a positive impact on gross profit. Comparing the second quarters of both reporting periods, the gross profit increased significantly to 1,526 T€ (Q2 2006: 654 T€).

Selling, General, and Administrative Expenses

Compared to last year's reporting periods, general, administrative, and selling expenses increased to -4,783 T€ (6M 2006: -2,947 T€), and to -2,482 T€ (Q2 2006: -1,464 T€). This increase is a consequence of the consolidation of the UK-based company MediGene Ltd. (see Notes p. 20) since September 2006.

Research and Development Expenses

Comparing the first six months reporting periods, R&D expenses increased by 67 % to -13,721 T€ (6M 2006: -8,234 T€), and by 71 % to -7,259 T€ in the second quarter of 2007 (Q2 2006: -4,253 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. (see Notes, page 20) since September 2006. MediGene Ltd. is developing the drug candidate RhuDex® and the mTCR technology. In addition, the drug candidate EndoTAG®-1 is currently undergoing a clinical phase II trial in the indication pancreatic cancer. A further phase II trial in the indication triple hormone receptor-negative breast cancer was initiated in April 2007. Moreover MediGene expands preclinical research and development activities regarding the EndoTAG® technology, in order to open up new promising fields of application.

Depreciation

All in all, depreciation increased to -716 T€ in the first six months of 2007 (6M 2006: -516 T€), and to -354 T€ in the second quarter of 2007 (Q2 2006: -247 T€). Depreciation increased particularly in R&D, due to the consolidation of MediGene Ltd. Depreciation of intangible assets increased due to the amortization of a product license over the useful life of the patent. Depreciation is reported in the income statement under general, administrative, and selling expenses (-185 T€), and under R&D expenses (-531 T€).

Depreciation

in T€	Q2 2007 unaudited	Q2 2006 unaudited	Change	6M 2007 unaudited	6M 2006 unaudited	Change
Fixed assets	-184	-109	69 %	-375	-233	61 %
Intangible assets	-170	-111	53 %	-341	-229	49 %
Capital lease	0	-27	- %	0	-54	- %
Total	**-354**	**-247**	**43 %**	**-716**	**-516**	**39 %**

EBIT

The loss before interest and tax increased to -15,690 T€ in the first six months of 2007 (6M 2006: -5,155 T€), and to -8,215 T€ in the second quarter of 2007 (Q2 2006: -5,063 T€).

Financial Result

As a result of a higher amount of interest-bearing cash, the financial result increased by 27 % to 781 T€ in the first six months of 2007 (6M 2006: 617 T€), and to 491 T€ in the second quarter of 2007 (Q2 2006: 388 T€). Foreign currency gains and losses mainly result from fluctuations of the exchange rate between the Euro and the US dollar.

Financial Result

in T€	Q2 2007 unaudited	Q2 2006 unaudited	Change	6M 2007 unaudited	6M 2006 unaudited	Change
Interest income	482	324	49 %	894	560	60 %
Interest expenses	-5	-4	25 %	-9	-9	0 %
Subtotal	**477**	**320**	**49 %**	885	551	61 %
Losses from derivative financial instruments	-69	-68	1 %	-67	0	- %
Foreign currency gains/losses	83	136	-39 %	-37	66	-156 %
Total	**491**	**388**	**27 %**	**781**	**617**	**27 %**

Taxes

In the first two 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. 20). In addition, the UK subsidiary MediGene Ltd. received a tax credit in the second quarter of 2007.

6-Months Result 2007

In the first six months of 2007, the loss for the period was -12,792 T€ (6M 2006: -4,538 T€). The decrease in result is due to a lower gross profit, the consolidation of MediGene Ltd. and an concomitant increase in research and development expenses. In the second quarter, the loss for the period increased by 32 % to -6,157 T€ (Q2 2006: -4,675 T€).

Result per Share

In the first six months 2007, the loss per share increased to -0.42 € (weighted average number of shares: 30,330,435) compared to -0.23 € (weighted average number of shares: 19,903,603). In the second quarter of 2007, the loss per share decreased to -0.20 €, as a consequence of the increase in the weighted average number of shares to 30,843,183 (Q2 2006: -0.23 €, weighted average number of shares: 20,620,452).

Human Resources

Corporate headcount increased by 41 % to 171 during the first six months of 2007, compared with last year's reporting period. This increase is a consequence of the acquisition of MediGene Ltd. in the third quarter of 2006.

Headcount
as at June 30, and December 31

	6M 2007	6M 2006	Y 2006
MediGene AG	124	115	123
MediGene, Inc.	5	6	6
MediGene Ltd.*)	42	0	42
Total	**171**	**121**	**171**

*) since September 27, 2006

Personnel expenses

	6M 2007	6M 2006	Change
Total	**7,714**	**4,989**	**55 %**

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 June 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 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 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 before 2008. At the

same time, 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 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.

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

On July 30, 2007, CollaGenex informed MediGene that the decision about the European marketing authorization for the drug Oracea® for the treatment of the skin disease rosacea has been postponed. The committee of the nine countries involved in the decentralised procedure (Coordination Group for Mutual Recognition and Decentralised Procedures, CMD) did not reach a unanimous decision, and therefore refers 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®. This process usually takes about six months. MediGene does not expect this development to have any significant impact on the forecast for the company's overall result for the financial year 2007. The annual peak sales potential for Oracea® in Europe is expected to be about 20 million Euro.

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

FORECAST

Financial Forecast 2007

For the ongoing financial year 2007, MediGene confirms its forecast as published in the company's annual report. Total revenues are expected to be approx. 35 million €. In contrast to the previous years, the revenues will be generated mainly by product sales arising from the commercialization of the company's approved drugs. The forecast also includes income under the terms of license agreements.

MediGene expects an EBIT-based loss of -35 million € in financial year 2007. This increase in loss compared to last year is the result of a noticeable decline of milestone payments from partners, and, consequently by a lower gross margin. At the same time, the consolidation of MediGene Ltd. as well as the increase in R&D spending will cause a significant rise in operational costs.

The crucial factor for achieving the projected financial targets is an increase in sales of approved drugs, as well as the conclusion of new license agreements.

According to the sales and results forecast, year-end cash reserves are expected to be approximately 25 million €.

MediGene's management anticipates a significantly improved EBIT result for 2008, based on the assumption that product sales will rise again, and that there will be a project status-related decrease in research and development expenses.

Positive Impact from Market Launch of the Six-Month Depot Formulation of Eligard®

The European market launch of the one- and three-month depot formulations of Eligard® was successfully completed in 2006. MediGene anticipates an increase in sales revenues from the marketing of Eligard® in the newly added countries, and the associated gains in market share. MediGene also expects the six-month depot formulation of Eligard® 45 mg to give additional impetus to Eligard® sales. MediGene's partner launched the six-month depot formulation in Germany in the first quarter 2007.

Polyphenon® E Ointment – Market Launch in the US Scheduled for Latter Half 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. in the latter half of 2007. Therefore MediGene expects product sales of Polyphenon® E Ointment to start generating revenues in 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 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 in an advanced stage of the authorization process in nine European countries, and is already available in the USA. Contrary to MediGene's original forecast, a decision about the marketing authorization application submitted by the licensor CollaGenex is now expected in 2008. The market launch and initial revenues from the commercialization of Oracea® are expected six months later. Oracea® was developed by the US company CollaGenex Pharmaceuticals Inc. 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 dermatological products 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 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 scheduled. MediGene expects final results of the trial early in 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, and is scheduled to be completed by the end of this year.

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. The final results of the trial are expected in 2008.

Total Headcount to Increase to 185 in Financial Year 2007

Compared to the company's original forecast of 200 employees, corporate headcount is expected to total approximately 185 at the end of 2007 (December 31, 2006: 171 employees).

Consolidated Income Statements

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

in T€	Q2 2007 unaudited	Q2 2006 unaudited	6M 2007 unaudited	6M 2006 unaudited
1. Product sales	5,118	2,816	11,423	9,362
2. Other operating income	457	200	1,030	251
3. Total revenues	**5,575**	**3,016**	**12,453**	**9,613**
4. Cost of sales	-4,049	-2,362	-9,639	-3,587
5. Gross profit	**1,526**	**654**	**2,814**	**6,026**
6. Selling expenses	-691	-204	-1,406	-542
7. General and administrative expenses	-1,791	-1,260	-3,377	-2,405
8. Research and development expenses	-7,259	-4,253	-13,721	-8,234
9. Operating result (EBIT)	**-8,215**	**-5,063**	**-15,690**	**-5,155**
10. Interest income	482	324	894	560
11. Interest expenses	-5	-4	-9	-9
12. Foreign currency exchange gains/losses	14	68	-104	66
13. Result before income tax (EBT)	**-7,724**	**-4,675**	**-14,909**	**-4,538**
14. Tax	1,567	0	2,117	0
15. Net result for the period	**-6,157**	**-4,675**	**-12,792**	**-4,538**
Per share data in €:				
Undiluted	**-0.20**	**-0.23**	**-0.42**	**-0.23**
Weighted average number of shares outstanding	30,843,183	20,620,452	30,330,435	19,903,603

Consolidated Balance Sheet

of MediGene AG as of June 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	50,393	50,845
III. Goodwill	13,031	13,041
IV. Investments	1,283	1,501
V. Other assets	97	97
Total non-current assets	**66,117**	**66,875**
B. Current assets		
I. Inventories	407	401
II. Accounts receivable	93	769
III. Cash and cash equivalents	46,572	52,498
IV. Other current assets	3,724	3,593
Total current assets	**50,796**	**57,261**
Total assets	**116,913**	**124,136**
Liabilities and shareholders' equity		
A. Shareholders' equity		
I. Share capital Number of shares issued and outstanding: December 31, 2006: 28,653,630 June 30, 2007: 30,843,183	30,843	28,654
II. Additional paid-in capital	322,215	311,627
III. Accumulated deficit	-245,393	-232,601
IV. Other reserves	524	832
Total shareholders' equity	**108,189**	**108,512**
B. Non-current liabilities		
I. Financial liabilities	102	98
II. Pension accrual	81	81
III. Other non-current liabilities	132	132
IV. Deferred taxes	126	955
Total non-current liabilities	**441**	**1,266**
C. Current liabilities		
I. Trade accounts payable	1,738	2,638
II. Embedded financial instruments	144	101
III. Other current liabilities	5,398	9,931
IV. Current financial liabilities	0	610
V. Accruals	780	780
VI. Deferred income	223	298
Total current liabilities	**8,283**	**14,358**
Total liabilities and shareholders' equity	**116,913**	**124,136**

Consolidated Changes in Shareholders' Equity

of MediGene AG for the periods from January 1 to June 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				-12,792		-12,792
Unrealized loss from QLT Inc. shares					-219	-219
Currency translation adjustments					-90	-90
Comprehensive income						**-13,101**
Capital increase	2,189,209	2,189	11,000			13,189
Capital increase expenses			-653			-653
Exercised options/bonds	344		1			1
Expenses on new options/bonds			241			241
Balance June 30, 2007, unaudited	**30,843,183**	**30,843**	**322,216**	**-245,393**	**523**	**108,189**
Balance January 1, 2006	**18,766,172**	**18,766**	**258,776**	**-225,710**	**-55**	**51,777**
Net result for the period				-4,538		-4,538
Unrealized loss from QLT Inc. shares					45	45
Currency translation adjustments					19	19
Comprehensive income						**-4,474**
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			173			173
Balance June 30, 2006, unaudited	**20,620,452**	**20,620**	**271,962**	**-230,248**	**9**	**62,343**

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

in T€	Q2 2007 unaudited	Q2 2006 unaudited	6M 2007 unaudited	6M 2006 unaudited
Cash flow from operating activities				
Net profit/loss (before tax)	-7,725	-4,675	-14,909	-4,538
Adjustments to reconcile net loss with cash used in operating activities:				
Expenses for new options/bonds	123	81	242	173
Depreciation	354	247	716	516
Interest income	-481	-324	-894	-560
Interest expenses	6	4	9	9
Tax	1,317	0	1,317	0
Changes in:				
Inventories	-391	788	-6	-434
Other assets and accrued income	1,536	-1,910	545	-2,505
Trade accounts payable	-1,077	-873	-900	321
Other liabilities and deferred income	-745	349	-4,442	91
Net cash used by operating activities	**-7,083**	**-6,313**	**-18,322**	**-6,927**
Cash flow from investing activities				
Purchases of property, plant & equipment	-108	-135	-299	-198
Net cash from investing activities	**-108**	**-135**	**-299**	**-198**
Cash flow from financing activities				
Proceeds from capital increase	0	-1	12,578	15,651
Expenses capital increase	-2	0	-653	-800
Proceeds from stock options	0	4	1	16
Proceeds from/repayments of convertible bonds	4	-149	5	-150
Interest received	484	320	836	533
Interest paid	-3	-1	-3	-3
Principal payments under finance lease obligations	0	-42	0	-86
Net cash from financing activities	**483**	**131**	**12,764**	**15,161**
Increase/decrease in cash and cash equivalents	-6,708	-6,317	-5,857	8,036
Cash and cash equivalents at beginning of period	53,258	51,979	52,498	37,625
Currency translation	22	20	-69	21
Cash and cash equivalents at end of period	**46,572**	**45,682**	**46,572**	**45,682**

Supplementary schedule of non-cash financing activities:

No new leasing obligations for new laboratory and office equipment were incurred during the first six 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 June 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 August 2, 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 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, 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, respectively.

Apart from that, MediGene held no other shares in affiliated companies, associated companies, or joint ventures as at June 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 six 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. 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 2,189 T€ from 28,654 T€ to 30,843 T€ as at June 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.

The share capital is divided into 30,843,183 registered no-par-value common shares, approx. 84 % of which were outstanding as at closing date (source: Deutsche Boerse, as at June 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 June 30, 2007 decreased from 14,358 T€ by 6,075 T€ to 8,283 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 six 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 2007, MediGene successfully closed a capital increase. By issue of 2,062,040 new MediGene shares the company generated gross proceeds of approx. 12.6 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 June 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
Q2 2007				
Total revenues	5,118	454	3	**5,575**
Cost of sales	-4,049	0	0	**-4,049**
Gross profit	**1,069**	**454**	**3**	**1,526**
Selling expenses	-246	0	-445	**-691**
General and administrative expenses	0	0	-1,791	**-1,791**
R&D expenses	-640	-6,619	0	**-7,259**
Operational result (EBIT)	**183**	**-6,165**	**-2,233**	**-8,215**
Finance result			491	**491**
Net result before Tax (EBT)	**183**	**-6,165**	**-1,742**	**-7,724**
Tax			1,567	**1,567**
Net result	**183**	**-6,165**	**-175**	**-6,157**
Segment assets	1,690	63,424	51,799	**116,913**
Segment liabilities	0	292	8,432	**8,724**
Depreciation	-61	-194	-99	**-354**
Average number of employees	15	108	35	**158**
Investments [1)]	1	26	81	**108**
Q2 2006				
Total revenues	2,816	198	2	**3,016**
Cost of sales	-2,362	0	0	**-2,362**
Gross profit	**454**	**198**	**2**	**654**
Selling expenses	-38	0	-166	**-204**
General and administrative expenses	0	0	-1,260	**-1,260**
R&D expenses	-896	-3,357	0	**-4,253**
Operational result (EBIT)	**-480**	**-3,159**	**-1,424**	**-5,063**
Finance result			388	**388**
Net result before Tax (EBT)	**-480**	**-3,159**	**-1,036**	**-4,675**
Tax			0	**0**
Net result	**-480**	**-3,159**	**-1,036**	**-4,675**
Segment assets	1,303	15,539	50,941	**67,783**
Segment liabilities	667	99	4,674	**5,440**
Depreciation	-1	-212	-34	**-247**
Average number of employees	14	68	24	**106**
Investments[1)]	2	8	125	**135**

1) Investments also include finance lease investments.

Primary Reporting - Business Units In T€	Specialty pharma	Biopharma	Unallocated	Total
6M 2007				
Total revenues	11,423	1,021	9	**12,453**
Cost of sales	-9,639	0	0	**-9,639**
Gross profit	**1,784**	**1,021**	**9**	**2,814**
Selling expenses	-371	0	-1,035	**-1,406**
General and administrative expenses	0	0	-3,377	**-3,377**
R&D expenses	-1,213	-12,508	0	**-13,721**
Operational result (EBIT)	**200**	**-11,487**	**-4,403**	**-15,690**
Finance result			781	**781**
Net result before Tax (EBT)	**200**	**-11,487**	**-3,622**	**-14,909**
Tax			2,117	**2,117**
Net result	**200**	**-11,487**	**-1,505**	**-12,792**
Segment assets	1,690	63,424	51,799	**116,913**
Segment liabilities	0	292	8,432	**8,724**
Depreciation	-121	-388	-207	**-716**
Average number of employees	15	108	35	**158**
Investments [1)]	1	64	234	**299**
6M 2006				
Total revenues	9,367	241	5	**9,613**
Cost of sales	-3,587	0	0	**-3,587**
Gross profit	**5,780**	**241**	**5**	**6,026**
Selling expenses	-108	0	-434	**-542**
General and administrative expenses	0	0	-2,405	**-2,405**
R&D expenses	-1,640	-6,594	0	**-8,234**
Operational result (EBIT)	**-4,032**	**-6,353**	**-2,834**	**-5,155**
Finance result			617	**617**
Net result before Tax (EBT)	**4,032**	**-6,353**	**-2,217**	**-4,538**
Tax			0	**0**
Net result	**4,032**	**-6,353**	**-2,217**	**-4,538**
Segment assets	1,303	15,539	50,941	**67,783**
Segment liabilities	667	99	4,674	**5,440**
Depreciation	-4	-433	-79	**-516**
Average number of employees	14	68	24	**106**
Investments[1)]	2	34	162	**198**

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)

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

As per the balance sheet date, there was a rent security guarantee (293 T€), and a bank guarantee (27 T€) vis-á-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 product's current state of development, the probability that these payments fall due is considered to be below 50 %.

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

In T€	Operative Lease June 30, 2007	Operative Lease December 31, 2006	Change
2007	681	1,307	-48 %
2008	1,209	1,063	14 %
2009	1,108	762	45 %
2010	966	13	>200 %
Thereafter	1,822	8	>200 %
Minimum lease obligations	5,786	3,153	84 %

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.

K) Board of Directors and Supervisory Board

On May 24, 2007, the Supervisory Board of MediGene AG appointed Dr. Thomas Klaue as Chief Financial Officer, effective from June 15, 2007. Dr. Klaue has more than 15 years of international management experience in the chemistry/pharmaceutical, technology, and the aerospace industry. In these positions he successfully developed and implemented corporate strategies, M&A transactions, and corporate finance models. He also managed a global business unit. Prior to joining MediGene, Dr. Klaue was a partner at Fozzati Partners LLC, Frankfurt, a private investment bank where he acted as an advisor on business transactions for major financial investors. Before that he was Vice President Business Development with Infineon Technologies AG for more than five years, holding several senior management positions there. He established the emerging biochip business, managed the strategic investment group and the corporate venture capital fund, and was head of M&A, organizational development, and cooperations in the US, Europe, and Asia. Prior to that he was Vice President M&A at DaimlerChrysler Aerospace AG, Munich (today's EADS) for five years. Before that, he was the Director and head of department for the pharmaceutical and chemical industry at the Treuhandanstalt, Berlin, the federal organization in charge of privatizing the east German Economy, where he gained four years of experience in reorganization and privatization. Dr. Klaue is a chemical engineer and holds a doctorate in business economics. He obtained his management education at the MIT Sloan School, and as a Harvard Business School graduate in Boston, USA.

During MediGene AG's Annual General Meeting held in Munich on May 25, 2007, the Supervisory Board was newly elected. Members of the Supervisory Board are:

- Dr. Pol Bamelis, Knokke, Belgium
  Formerly executive board member at Bayer AG
- Sebastian Freitag, Frankfurt, Germany
  Managing Director at Freitag & Co. GmbH
- James Noble, Oxford, United Kingdom
  Formerly Chief Executive Officer at Avidex Limited
- Prof. Dr. Norbert Riedel, Lake Forest, Illinois, U.S.A.
  Biochemist, Corporate Vice President and CSO at Baxter International, Inc.
- Dr. Manfred Scholz, Augsburg, Germany
  Formerly Managing Director at Augsburg Airways GmbH & Co. KG
- Prof. Dr. Ernst-Ludwig Winnacker, Munich, Germany
  Graduate chemist and professor at the Ludwig Maximilians University Munich, Secretary General of the European Research Council

In its constitutive meeting the newly elected Supervisory Board Members appointed Professor Dr. Ernst-Ludwig Winnacker as Chairman and Professor Dr. Norbert Riedel as Deputy Chairman. The Supervisory Board's term of office ends upon termination of the Annual Shareholders' Meeting which decides on formal approval for the performance of their duties during the third financial year following the commencement of their term of office. The financial year in which the term of office starts is included in this period.

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

Members	Shares 6M-2007	Shares Y-2006	Options 6M-2007	Options Y-2006	CB*) 6M-2007	CB*) Y-2006
Prof. Dr. Ernst-Ludwig Winnacker Supervisory Board Chairman, Co-founder	268,676	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	192,352	-	0	-	0	-
Dr. Manfred Scholz 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	**550,665**	**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	2,000	2,000	50,000	25,000	0	0
Dr. Thomas Klaue (since June 15, 2007) Chief Financial Officer	0	-	0	-	0	-
Alexander Dexne (until May 31, 2007) Chief Financial Officer	0	0	125,000	100,000	0	0
Total Executive Board	**505,505**	**505,505**	**331,636**	**241,636**	**0**	**0**
Treasury Stock	**0**	**0**	**0**	**0**	**0**	**0**

*) Convertible Bonds

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

L) 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

August 3
6-Months Report 2007
Press and analysts conference call

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

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...we look forward to speaking with you!

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