

MediGene AG reports on first quarter of 2010: total revenue increased – cost constant

- **Product revenues increased to EUR 11.5 million (Q1 2009: EUR 10.3 million)**
- **Total revenue increased to EUR 12.0 million (Q1 2009: EUR 11.6 million)**
- **EBITDA loss increased due to one-time effect to EUR 2.4 million (Q1 2009: EUR 1.9 million)**
- **Monthly cash burn rate from operating activities reduced to EUR 2.0 million (Q1 2009: EUR 2.8 million)**
- **Cash and cash equivalents as of March 31, 2010 EUR 8.2 million (December 31, 2009: EUR 12.3 million)**
- **R&D expenses and selling, general, and administrative expenses remain stable**
- **Analyst conference call with webcast (in English) at 2:30 pm (CET) today**

Martinsried/Munich, May 7, 2010. In the first quarter of 2010, the biotech company MediGene AG (Frankfurt: MDG, Prime Standard, TecDAX) increased total revenue and kept its expenses stable. The net loss increased compared to last year's reporting period. Results are reported in compliance with (International Financial Reporting Standards).

MediGene increased product revenues by 11% to EUR 11.5 million (Q1 2009: EUR 10.3 million) and total revenue by 3% to EUR 12.0 million (Q1 2009: EUR 11.6 million). The loss on EBITDA basis increased to EUR 2.4 million, due to a one-time effect in 2009 (Q1 2009: EUR 1.9 million). Cash used by operating activities decreased to an average of EUR 2.0 million per month (Q1 2009: EUR 2.8 million). Cash and cash equivalents as of March 31, 2010 totaled EUR 8.2 million. In addition, MediGene closed an equity funding agreement with YA Global Investments L.P. in 2008 which grants access to additional cash totaling up to EUR 25 million of which. EUR 9.1 million have been already called under the terms of this agreement.

Major events since the beginning of 2010:

- Arnd Christ appointed as new Chief Financial Officer of MediGene AG
- Veregen[®] launched by Solvay on the German market; extension of marketing activities in the US
- Spin-off of the oHSV program into the newly founded company Catherex, Inc.
- Partnership agreement concluded with Teva for the commercialization of Veregen[®] in Israel
- Veregen[®] partnership agreement concluded with Meditrina Pharmaceuticals for Greece and Cyprus

- MediGene publishes first, preliminary results from its Phase II clinical trial of the drug candidate EndoTAG™-1 for the treatment of triple receptor-negative breast cancer: EndoTAG™-1 combination therapy met primary study endpoint.

Key figures

In EUR thousand	Q1 2010	Q1 2009	Change
Total revenue	12,019	11,614	3%
Gross profit	3,506	3,996	-12%
Research and development expenses	-4,080	-4,028	1%
EBITDA	-2,436	-1,860	31%
Operating result	-2,640	-2,068	28%
Net loss for the period	-2,335	-1,933	21%

Dr. Frank Mathias, Chief Executive Officer of MediGene AG, commented: "The first quarter results show that we continue to work on our clearly defined objectives: sales of our marketed products increased, expenses remained stable, operating cash burn decreased and is expected to decrease significantly during 2010. We further focussed our activities through the spin-out of our HSV program and will further increase our product sales through our various distribution partnerships for Veregen® signed this year. Following the publication of the data of the phase II clinical trial of EndoTAG™-1 in breast cancer indication, we will re-enter into intensified discussions on a partnership for this drug candidate."

Financial results Q1 2010 in detail:

Total revenue in the first quarter of 2010 amounted to EUR 12.0 million (Q1 2009: EUR 11.6 million). It was generated mainly by sales and royalties on sales of the drug Eligard® in Europe (Q1 2010: EUR 12.0 million; Q1 2009: EUR 10.4 million). In addition, milestone payments received for the German market launch of Veregen® contributed to revenue. In last year's reporting period, a one-time compensation payment of EUR 1.1 million was not offset by cost of sales.

Cost of sales of Eligard® and Veregen® amounted to EUR 8.5 million in the first quarter of 2010 (Q1 2009: EUR 7.6 million).

Gross profit decreased to EUR 3.5 million in the first quarter of 2010 (Q1 2009: EUR 4.0 million).

Compared to last year's reporting period, selling, general, and administrative expenses remained largely unchanged, i.e. totaling EUR 2.1 million (Q1 2009: EUR 2.0 million).

In the first quarter of 2010, R&D expenses of EUR 4.1 million (Q1 2009: EUR 4.0 million) also remained nearly unchanged compared to last year's reporting period. The major part of this cost was incurred within the scope of the clinical development of EndoTAG™-1.

The loss on EBITDA basis totaled EUR 2.4 million in the first quarter of 2010, compared to the loss in last year's reporting period of EUR 1.9 million.

As a result of gains from a derivative financial instrument, the financial result increased to EUR 0.9 million in the reporting period (Q1 2009: EUR 0.4 million).

In the first three months of 2010, the loss for the period increased to EUR 2.3 million compared to EUR 1.9 million in the first quarter of 2009. This increase in loss is primarily due to the fact that revenue was generated nearly solely by product sales set off against the

respective cost of sales whereas in last year's reporting period, a one-time payment was recognized for which no cost of sales was incurred.

In the first three months of 2010, the loss per share increased to EUR 0.07 (weighted average number of shares: 35,640,507), compared to EUR 0.06 loss per share in last year's reporting period (Q1 2009: weighted average number of shares: 34,028,561).

Cash used by operating activities decreased by 28% to EUR -6.0 million in the first quarter of 2010 (Q1 2009: EUR -8.3 million).

Cash and cash equivalents as at closing date March 31, 2010 totaled EUR 8.2 million. In addition, MediGene has access to additional cash totaling up to EUR 25 million due to an equity funding agreement signed with YA Global Investments L.P. Up to now approx. EUR 9.1 million has been called under the terms of this agreement.

Forecast:

MediGene confirms its present forecast for 2010.

Financial forecast 2010: MediGene expects to conclude one or more development and marketing partnership agreements for EndoTAG™-1 in 2010 which are expected to have a significant effect on the result for the year. However the financial impact of these agreements is as yet difficult to assess. Irrespective of any payments to be received under the terms of these potential agreements, MediGene still expects revenue to increase to more than EUR 40 million in 2010, mainly generated by product sales mainly of Eligard® and partially of Veregen®. A financial forecast for the annual result 2010 can be given only after conclusion of the partnering process for EndoTAG™-1, since both proceeds as well as composition and amount of the development expenses will largely depend on the structuring of these partnerships.

Based on the current business plan and the scenarios derived from this plan, the management assumes corporate financing to be secured beyond year-end of 2011.

MediGene expects to significantly reduce the average monthly cash burn rate during 2010.

Eligard®: MediGene expects a rise in the Eligard® market share and a continuous increase of total sales revenue in 2010 as well.

Veregen®: In February 2010 MediGene's marketing partner Nycomed increased its sales force for the commercialization of the drug Veregen® in the USA to more than 40 persons. Since German market launch in March 2010, the ointment is also available in Europe. Therefore MediGene expects increasing sales revenues in fiscal year 2010 from the commercialization of the ointment. Within fiscal year 2010, MediGene expects Austrian market launch. Moreover, MediGene intends to conclude further partnership agreements.

EndoTAG™-1: Yesterday, MediGene published first, preliminary of a phase II clinical trial of the drug candidate EndoTAG™-1 for the treatment of triple receptor-negative breast cancer. Further data are currently being evaluated and will be published within the next few weeks. Comparability of the final products after conversion from freeze-drying to spray drying manufacturing process for EndoTAG™-1 was shown on a laboratory scale, and MediGene expects to start manufacturing the trial medication for a phase III clinical trial with the new process in the second half of 2010. MediGene aims at the conclusion of one or more partnership agreements with pharmaceuticals or biotech companies for further development and future commercialization of EndoTAG™-1 before the end of the year 2010.

RhuDex®: Following a preclinical study program conducted in the current year, MediGene is planning to resume clinical development in the first quarter of 2011.

Analyst conference call with webcast:

An analyst conference call in English will take place at 2:39 pm (CET) today, and will be webcast live. Access to the webcast including synchronized slides is possible at the MediGene website at www.medigene.de. A replay will also be available.

The detailed 3-months report is available at:
<http://www.medigene.de/englisch/quartalsberichte.php>

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MediGene AG is a publicly listed (Frankfurt, Prime Standard: MDG, TecDax) biotechnology company located in Martinsried/Munich, Germany, with subsidiaries in Oxford, UK and San Diego, USA. MediGene is the first German biotech company to have drugs on the market which are distributed by partner companies. It has several drug candidates in clinical development and possesses innovative platform technologies. MediGene focuses on clinical research and development of novel drugs with focus on oncology.

Contact MediGene AG

Email: investor@medigene.com

Fax: ++49 - 89 - 85 65 - 2920

Julia Hofmann / Dr. Nadja Wolf, Public Relations, Tel.: ++49 - 89 - 85 65 - 3324

Dr. Georg Dönges, Investor Relations, Tel.: ++49 - 89 - 85 65 - 2946