

Press Release

MediGene AG Reports Financial Results for First Six Months of 2010: Continuing Increase in Total Revenue, Significant Reduction of Loss

- Total revenue increased by 26% to EUR 25.2 million (6M 2009: EUR 20.0 million)
- EBITDA loss reduced by 20% to EUR -5.4 million (6M 2009: EUR -6.8 million)
- Average monthly net cash burn rate from operating activities reduced to EUR 1.4 million (6M 2009: EUR 1.9 million)
- Financial guidance for 2010 updated
- Analyst and press conference call and webcast (in English) at 10:00 am (CEST) today

Martinsried/Munich, August 5, 2010. In the first six months of 2010, the biotech company MediGene AG (Frankfurt: MDG, Prime Standard, TecDAX) increased total revenue by 26% to EUR 25.2 million, and reduced the loss on an EBITDA basis by 20% to EUR -5.4 million. The net loss was reduced by 60% to EUR -3.3 million. These results are reported in compliance with IFRS (International Financial Reporting Standards).

Key figures

In EUR thousand	6M 2010	6M 2009	Change
Total revenue	25,171	19,988	26%
Cost of sales	-18,797	-14,528	29%
Gross profit	6,374	5,460	17%
Research and development expenses	-7,504	-8,751	-14%
Selling, general, and administrative expenses	-4,678	-3,905	20%
Operating result	-5,808	-7,196	-19%
EBITDA	-5,393	-6,782	-20%
Net loss for the period	-3,294	-8,316	-60%

Major events since the beginning of 2010:

- Arnd Christ appointed as new Chief Financial Officer of MediGene AG
- Veregen[®] market launch by Abbott in Germany and Austria, commercialization effort in the USA extended by Nycomed
- Additional marketing partnerships concluded for the commercialization of Veregen[®] in Israel, Greece and Cyprus, China and South Korea
- Positive results obtained in a Phase II trial of EndoTAG[™]-1 in combination therapy for the treatment of triple negative breast cancer
- European rights to Eligard[®] sold to Astellas for EUR 25 million cash plus royalties on sales

Arnd Christ, Chief Financial Officer of MediGene AG, comments: "With our solid financial results in the first half of 2010 and through the recent sale of European rights to Eligard[®] to Astellas, we have created a sound financial platform for MediGene. Going forward, we will continue to seek to strengthen this position via licensing deals and corporate partnerships as well as maintaining a keen focus on our expenses. In addition, MediGene will consider strategic transactions as a means to fuel its pipeline."

Result first six months of 2010:

In the first six months of 2010, MediGene increased sales revenue and income from royalties by 31% to EUR 24.4 million compared to last year's reporting period (6M 2009: EUR 18.6 million), thus raising total revenue by 26% to EUR 25.2 million (6M 2009: EUR 20.0 million). The loss on an EBITDA basis was significantly reduced to EUR -5.4 million (6M 2009: EUR -6.8 million), and the net loss was reduced by 60% from EUR -8.3 million last year to EUR -3.3 million in the current period. The reduction of operating expenses in the first six months of 2010 contributed to the significantly improved result. Research and development expenses decreased by 14% to EUR 7.5 million (6M 2009: EUR 8.8 million). The downsizing of the research and development department in particular had a positive effect on this trend. Selling, general, and administrative expenses totaled EUR 4.7 million in the reporting period (6M 2009: EUR 3.9 million). This increase is mainly due to legal and professional fees, as well as non-recurring expenses in connection with changes to the Executive Board.

Cash and cash equivalents on June 30, 2010 totaled EUR 8.2 million (December 31, 2009: EUR 12.3 million). Cash used by operating activities was further reduced and amounted to EUR -8.2 million in the first six months of 2010 (6M 2009: EUR -11.3 million). This corresponds to an average monthly net cash burn rate of EUR 1.4 million (6M 2009: EUR 1.9 million).

From the SEDA agreement closed with YA Global Investments L.P. in 2008 which secures additional equity of up to EUR 25 million, a total of EUR 4.5 million was called in the first six months of 2010, leaving EUR 14.4 million available under this agreement. In addition, MediGene closed an agreement with Astellas Pharma Ltd. for the sale of the rights to Eligard[®], which provides for near-term payments of EUR 25 million to MediGene as well as ongoing royalty receipts.

Forecast 2010:

MediGene hereby updates its previous financial and operational forecasts for the current financial year.

Financial Forecast 2010:

MediGene continues to target signing one or more development and marketing partnerships for EndoTAG™-1 in 2010 which are expected to have a significant effect on the financial result for the year. However, the financial impact of such agreements is as yet difficult to assess, and any impact is specifically excluded from the financial guidance given here.

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

Revenue: MediGene expects to receive payments totaling EUR 25 million upon successful execution of the transfer of the Eligard® rights to Astellas. These payments will be received in three tranches, depending on the transfer of rights in the individual countries. MediGene expects to collect EUR 20 million of the total amount before the end of 2010. Concurrently, a substantial portion of the revenue previously generated by MediGene from Eligard® will cease. Should the transfer of rights in the EU countries take place in the fourth quarter of 2010, MediGene expects total revenue of between EUR 55 to 65 million for 2010. Should the transfer of rights be completed in 2011, which means that the Eligard® revenue continues to be generated under the old deal structure with Astellas and Tolmar until the end of this year (as it was in the first half of 2010), MediGene expects total revenue of between EUR 44 to 48 million. This revenue expected is generated mainly from Eligard® and Veregen®. MediGene's previous revenue guidance for 2010 called for an increase in revenue to more than EUR 40 million.

Net cash burn from operating activities: MediGene expects a net cash burn from operating activities of between EUR 14 to 17 million for the year 2010. This does not include the impact of any payments anticipated under the agreement with Astellas.

Eligard®:

MediGene anticipates a continued rise in Eligard® market share in Europe and a subsequent increase in total in-market sales in 2010. On complete transfer of the Eligard® rights to Astellas, MediGene will stand to benefit from this positive trend through the revised participation in sales.

Veregen®:

In February 2010, MediGene's marketing partner Nycomed increased its sales force for the commercialization of Veregen® in the USA to more than 40 persons, and with German market launch in March 2010, the ointment is now available in Europe. MediGene expects increasing revenue through 2010 from Veregen® and also intends to conclude further partnership agreements for its distribution both within and beyond Europe.

EndoTAG™-1:

MediGene continues to target the conclusion of one or more development partnerships for the further development of EndoTAG™-1 with pharmaceuticals or biotech companies in 2010.

RhuDex®:

Following a preclinical study program conducted in 2010, MediGene is planning to resume clinical development in the first quarter of 2011.

Analyst and press conference call and webcast:

An analyst and press conference call in English will take place at 10:00 am (CEST) today, and will be webcast live. Access to the webcast including synchronized slides is possible at the MediGene website at www.medigene.com. A replay will also be available.

The detailed 6-months report is available at: <http://www.medigene.de/reports>.

This press release contains forward-looking statements representing the opinion of MediGene as of the date of this release. The actual results achieved by MediGene may differ significantly from the forward-looking statements made herein. MediGene is not bound to update any of these forward-looking statements. MediGene[®], EndoTAG[™] and Veregen[®] are registered trademarks of MediGene AG. RhuDex[®] is a registered trademark of MediGene Ltd.. Eligard[®] is a registered trademark of Tolmar Therapeutics, Inc. These trademarks may be owned or licensed in select locations only.

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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.

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