FINANCIAL CALENDAR 2002

May 22, Munich
Annual shareholders' meeting

August 14,
6-Months report / analysts' conference call

September 11,
R&D day for analysts at MediGene

November 13,
9-Months report / analysts' conference call

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Competence in cardiac
and cancer diseases...

3-Months Report 2002

from January 1 to March 31, 2002

MediGene

...to Meet with Leading Technologies

Product Pipeline

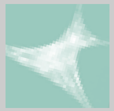
Product	Clinical Phases 1	2	3	Approval	Max. Sales Potential[1]
Leuprogel®	● ● ●	● ● ●	● ● ●	● ●	> 50 million €
Polyphenon® E	● ● ●	● ● ●	● ●		> 50 million €
Etomoxir	● ● ●	● ●			> 500 million €
G207	● ● ●	●[3]			> 300 million €
CVLP-Vaccine	● ●[4]				> 250 million €
NV1020	● ●[4]				> 200 million €
rAAV-Vaccine	● ●[4]				> 200 million €
Chance to reach market[2]:	10-30 %	40-60 %	60-80 %	90 %	

[1] Per year; source: analyst's estimates

[2] Source: analyst's estimates

[3] Phase 1b/2

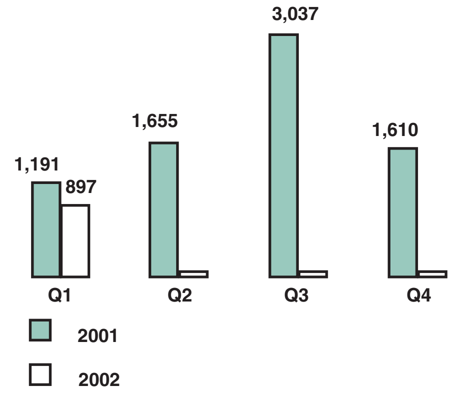
[4] Phase 1/2



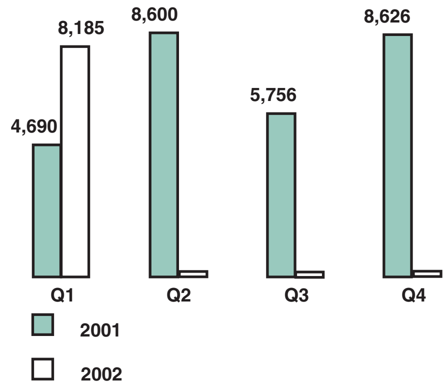
Key figures 3-Months report 2002

		Q1/2001 January 1, to March 31, 2001	**Q1/2002 January 1, to March 31, 2002**	Change
Other operating income	T€	1,191	**897**	– 25%
Research and development expenses	T€	– 4,690	**– 8,185**	75%
Amortization of goodwill	T€	– 185	**0**	– 100%
Operating loss before write-off »IPR&D«	T€	– 4,802	**– 9,301**	94%
Write-off »IPR&D«	T€	– 86,543	**0**	– 100%
Result before income tax	T€	– 89,961	**– 8,661**	– 90%
Personnel expenses	T€	– 1,467	**– 3,071**	109%
Cash flow used by operating activities	T€	– 2,120	**– 8,667**	309%
Cash flow from investing activities	T€	5,433	**5,779**	6%
Cash and cash equivalents at end of period	T€	96,473	**77,807**	– 19%
Employees as of March 31,	number	117	**173**	48%
Net loss per share	€	– 8.59	**– 0.77**	– 91%
Net loss per share adjusted for write-off »IPR&D«	€	– 0.31	**– 0.77**	148%

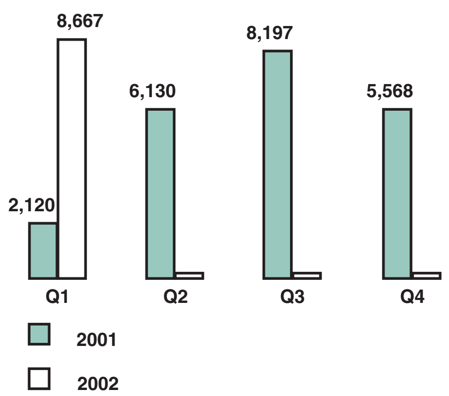
Other operating income
in T€



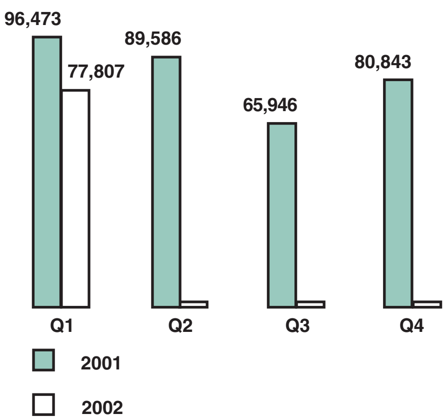
Research and development expenses
in T€



Cash flow used by operating activities
in T€



Cash and cash equivalents
in T€



Highlights of the quarter

- **The phase 3 study results for the Polyphenon® E-ointment prove its lasting effectiveness in treating benign genital tumors, so-called genital warts.** MediGene presented very good results from its long-term observations in the first quarter of 2002: After only three months of treatment, the genital tumors disappeared completely in 59% of patients. After a period of 12 weeks follow-up, the genital warts had only reoccurred in 12.5% of those patients who had been successfully treated. Genital warts are disfiguring, painful tumors in the genital tract which are caused by infections with certain human papilloma viruses. An estimated 20 million people worldwide suffer from this infectious disease which is transmitted through sexual contact. Every year sees another 5 million new patients. MediGene has the worldwide marketing rights for the Polyphenon® E-ointment.

- **Our US partner, Atrix Laboratories Inc., received approval from the American regulatory authority, FDA, to market Eligard™ 7.5 mg in the USA – also known by the name of Leuprogel® / one month depot.** The data submitted to the FDA formed the basis for the European marketing authoization application submitted by MediGene to the Federal Institute for Drugs and Medical Products in Germany in December 2001. MediGene has the exclusive European marketing rights for Leuprogel®. In Europe sales of prostate cancer drugs such as Leuprogel® were more than 500 million € in 2000.

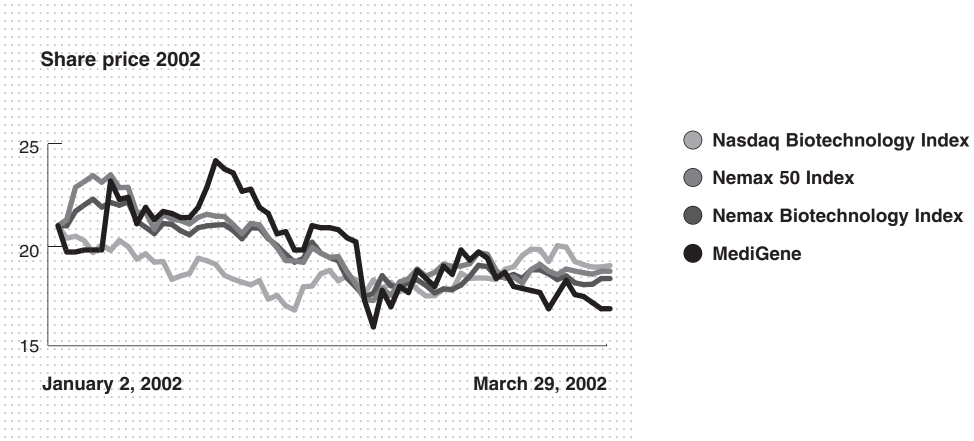
- **We have strengthened our company in key positions through the appointment of experienced, highly qualified people.** Alexander Dexne will strengthen the now three-man board in his function as CFO. This 37 year old has a degree in economics, holds an MBA and has more than 10 years experience in different management positions. Prior to joining MediGene he was on the board of Kiwilogic AG where he was responsible for finance and operations.

  We have taken on a highly experienced pharmaceuticals manager of Dr. Inge Bliestle who has been appointed to the post of Marketing Director. She is to prepare the market launch of our first products, Leuprogel® and Polyphenon® E-ointment. Before joining MediGene, Dr. Bliestle was Head of Corporate Marketing for diseases of the respiratory tract where she was responsible for implementing the marketing process and for negotiating with co-marketing partners.

- **MediGene and Evotec OAI have successfully identified new active compounds as drug candidates for treating heart disease.** The substances identified block the activity of a protein which is involved in the onset of heart diseases. These candidate substances are to be developed into new, highly effective drugs for treating certain types of heart diseases. The drugs currently on the market in many cases only treat the symptoms of heart diseases. Cardiovascular diseases are among the most frequent causes of death in industrial countries alongside cancer.

- **Research extended in the area of Herpes Simplex Virus technology in cooperation with the University of Chicago.** As part of a research project initially designed to last two years, the synergistic effects of radiation therapy and MediGene's Oncolytic Herpes Simplex Viruses in the treatment of serious cancers are to be investigated. MediGene is supporting the university with research funds and in return it receives an option on exclusive, worldwide licenses for all developments resulting from this cooperation.

- **MediGene is consequently pursuing its patent and licensing strategy for securing the rights to technologies and products.** MediGene has announced that it will appeal against the first decision reached by the United States District Court in Chicago in the patent dispute with Loyola University, Chicago, MedImmune, Inc. and a private individual. The case concerns the ownership of certain patents for the technology of Chimeric Virus-Like Particles (CVLP). At the same time MediGene has strengthened its own position by patenting a technique for manufacturing therapeutic vaccines. The US patent (no. 6,352,696) protects vaccines based on the CVLP technology. MediGene, together with its partner, Schering, is currently developing a therapeutic vaccine against cervical cancer and its precursors, a disease which is caused by infection with human papilloma viruses.



Key Figures per Share

		Q1/2001	Q1/2002
3 months high	€	78.00	24.89
3 months low	€	15.50	15.75
Price at the beginning of the year	€	70.50	20.00
Closing price	€	23.00	17.10
Average price since the beginning of the year	€	41.58	20.07
Number of shares		11,162,288	11,205,130
Average number of shares		10,468,400	11,201,884
Average market capitali-zation (in million €)		435.3	224.8
Average daily trading volume		107,360	86,791

INVESTOR RELATIONS ACTIVITIES

MediGene's share price has declined since the start of the year in response to the generally difficult market situation. Neither fundamentally positive news such as good clinical research results for the Polyphenon® E-ointment nor the successful identification of new substances for treating heart diseases in collaboration with Evotec OAI was able to inspire the share price. We further intensified our Investor Relations activities in the first quarter. The company's management attended internationally high-profile investment conferences and carried out roadshows both in the USA and in Europe.

- **Strong cash position: 77.8 million € for continued financing of our research and development activities**
- **Average net cashburnrate of 3.0 million € per month**
- **Other operating income – mainly resulting from cooperations with pharmaceutical partners – amounted to 0.9 million € in accordance with project budgets**
- **R&D expenditure of 8.2 million € for the development of our product and technology portfolios**

FRAMEWORK DATA

Subdued Mood on the Capital Markets

As a result of the current tense political situation in the Near and Middle East as well as the varied forecasts for the American and European economic zones, the mood on the exchanges is presently very subdued. Interest fears in the USA and Europe and the rising price of oil are currently seen as risk factors affecting movements on the exchanges. The Federal Reserve estimates that corporate profits will rise by an average of 5.4% in 2002. Economic experts are forecasting that economic growth in USA will not pick up again until the second half of 2002 and then for the whole of 2003.

The Framework Conditions for Biotech Companies Remain Strong

The consolidation phase observed in the biotech industry at the end of the year continued in the first quarter of 2002. Overall, therefore, we are maintaining the estimates made in our 2001 annual report.

SUCCESS IN THE GROUP

Preliminary Remarks

MediGene's first drug will probably come onto the market in 2003. There will therefore be no revenues from the sale of products until 2003. We will only report on other operating income which results mainly from the cooperations with Schering and Aventis. MediGene's business activities are currently focused on the areas of research and development for new drugs and technologies.

MediGene's success and value development cannot be described with the aid of classical key data, but depends essentially on the results of research as well as clinical and pre-clinical studies which we carry out in order to obtain market approval for our drugs.

The explanatory comments which we gave in the Management's Discussion and Analysis (MD&A) in the 2001 annual report also apply to the present report.

Income and expenditure were both in line with the budget planned for the first quarter of 2002.

Profit and Loss Account (Abbreviated)

in T€	Q1/2001	Q1/2002
Other operating income	1,191	897
R&D costs	– 4,690	– 8,185
Business development and general administration	– 953	– 1,696
EBITDA	**– 4,452**	**– 8,984**
Depreciation	– 165	– 317
Goodwill depreciation	– 185	0
EBIT before write-off IPR&D*)	**– 4,802**	**– 9,301**
Write-off IPR&D*)	– 86,543	0
Operating loss	**– 91,345**	**– 9,301**

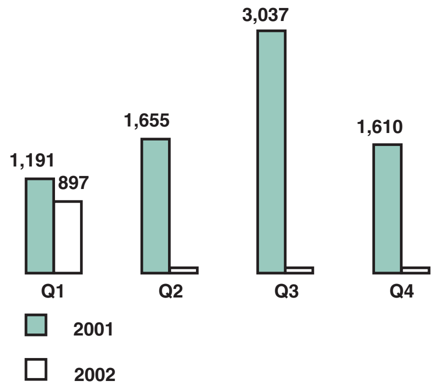
*) In Process Research & Development

Other Operating Income -25%

MediGene recorded income from strategic alliances with Schering and Aventis: These are research and development payments as well as licensing revenues which in accounting terms represent »other operating income«. Other operating income fell by 25% compared with the same period in the previous year. This was caused by lower research and development expenditure in the area of HPV indications which is matched by lower R&D payments by partners in the same area.

The level of R&D payments from partners depends on the level of costs incurred at MediGene in the joint project: the higher the costs, the higher other operating income becomes. Other operating income is therefore no indicator of the current or future success of the company.

Other Operating Income
in T€



Other Operating Income

in T€	Q1/2001	Q1/2002
HPV-Indications	806	349
Oncology	293	503
Cardiology	74	27
Intersegment*)	18	18
Total	**1,191**	**897**

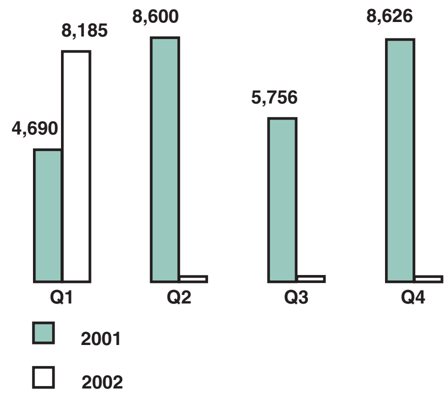
*) Administration, business development, management for clinical development and for research and development are summarized under the item intersegment. The sum of all market segments and the intersegment gives the totals shown in the balance sheet and income statement.

R&D Costs +75%

The current R&D programs were pursued in accordance with the budget in the first quarter. Total expenditure on research and development rose by 75% from 4,690 T€ in Q1/2001 to 8,185 T€ in Q1/2002. The major increases compared with the same quarter in the previous year came in the oncology (+306%) and cardiology (+112%) segments: The increase in the oncology segment resulted from expenditure on the clinical development projects G207 and NV1020, incurred by the MediGene, Inc. subsidiary which became part of the company as a result of the takeover of NeuroVir Therapeutics Inc. from March 2001. The rAAV tumor vaccine is now also in the first phase of clinical development.

The 112% rise in R&D expenditure reported in the cardiology segment from 926 T€ to 1,960 T€ reflects the progress of the clinical phase 2 study for the candidate drug Etomoxir, which went to budget in the first quarter: many more patients were included in the study in the quarter just ended than in the same reporting period in the previous year.

R&D Expenditure
in T€



R&D Expenditure by Segment

in T€	Q1/2001	Q1/2002
HPV-Indications	– 2,470	– 1,905
Oncology	– 866	– 3,514
Cardiology	– 926	– 1,960
Intersegment	– 428	– 806
Total	**– 4,690**	**– 8,185**

Expenditure for Business Development and General Administration +78%

Expenditure on the areas of Business Development, Marketing and General Administration rose by 78% by comparison with the same quarter in the previous year, reaching 1,696 T€ (2001: 953 T€). The increase reflects the setting-up of the Marketing department and the expansion of Business Development. The cost of General Administration also increased as the company continued to grow in size.

EBITDA in Accordance with the Business Plan -102%

Earnings before interest, tax and depreciation (EBITDA) was according to budget, going from -4,452 T€ (2001) to -8,984 T€.

EBITDA by Segment

in T€	Q1/2001	Q1/2002
HPV-Indications	– 1,664	– 1,571
Oncology	– 573	– 3,045
Kardiologie	– 853	– 1,932
Intersegment	– 1,362	– 2,435
Total	**– 4,452**	**– 8,984**

Depreciation -9%
Depreciation fell by a total of 9% by comparison with the previous year to 317 T€ (2001: 350 T€). From January 2002 the new accounting standards for US-GAAP issued by the Financial Accounting Standards Board (FASB), the Statements of Financial Accounting Standards No. 141 »Business Combinations« and SFAS No. 142 »Goodwill and Other Intangible Assets« will be applied for the first time: Application of the new standards means that the depreciation of goodwill will not be continued.

Depreciation

in T€	Q1/2001	Q1/2002
of goodwill	– 185	0
of fixed assets incl. intangible assets	– 105	– 246
of capitalized leased items	– 60	– 71
Total	**– 350**	**– 317**
Depreciation excluding goodwill	– 165	– 317

EBIT Falls by -94% in Line with Budget
Earnings before interest and tax moved from -4,802 T€ to -9,301 T€ as per budget.

EBIT by Segment*)

in T€	Q1/2001	Q1/2002
HPV-Indications	– 1,721	– 1,640
Oncology	– 599	– 3,164
Cardiology	– 885	– 1,985
Intersegment	– 1,597	– 2,511
Total	**– 4,802**	**– 9,301**

*) excluding one-time write-off in process research & development for the acquisition of NeuroVir Therapeutics, Inc.

Financial Result -54%
Financial result fell by -54% to 640 T€ (2001: 1,384 T€). The reduction was caused by lower interest rates compared with the previous year and a decrease in interest-bearing assets. Interest income and foreign currency exchange gains were the product of low-risk capital investments. Interest expenses were incurred mainly on the procurement of tangible assets by means of leases.

Financial Results

in T€	Q1/2001	Q1/2002
Interest income	1,372	669
Interest expense	– 53	– 28
Foreign currency exchange gains / losses	65	– 1
Total	**1,384**	**640**

3-Months Loss Extended by +153% in Line with Budget
Expansion of the clinical development portfolio as a result of acquisition and licensing activities, as well as progress in the other research and development projects led to an increase in the loss for the period to T€ 8,661 in the first three months of 2002 compared with T€ 3,419 (before one-time write-off) in the same period in the previous year.

Loss per Share Higher +148%
The net loss per share (basis for calculation: 11,201,884 weighted average number of shares) was -0.77 € as at March 31, 2002. In the previous year the comparative loss per share (basis for calculation: 10,468,400 weighted average number of shares) was -0.31 €.

SEGMENT REPORTS

MediGene's business activities are currently focused on three major segments of the drug market: cardiology, oncology and HPV-indications. There are presently seven drugs in clinical trials or in the approval process for marketing.

HPV-Indications
MediGene is generating other operating income in the HPV-indications segment as part of a collaboration agreement with Schering. The object of the collaboration agreement is the joint development of a tumor vaccine for treating cervical cancer and its precursors.

HPV-Indications

in T€	Q1/2001	Q1/2002	Y-2001
Other operating income	806	349	4,797
Selling expenses	0	– 15	0
R&D costs	– 2,470	– 1,905	– 7,254
EBITDA	**– 1,664**	**– 1,571**	**– 2,457**
Depreciation	– 57	– 69	– 250
EBIT	**– 1,721**	**– 1,640**	**– 2,708**

Other operating income in the HPV segment fell in accordance with the reduction in R&D expenditure as determined by the status of the project.

Other Operating Income HPV-Indications

in T€	Q1/2001	Q1/2002	Y-2001
R&D payments from partners	806	349	3,560
Legal fee funding from partners	0	0	0
Milestone and license fee payments	0	0	1,227
Research grants	0	0	0
Other revenue	0	0	9
Total	**806**	**349**	**4,797**

The progress of the business in the HPV-indications segment so far in fiscal 2002 is in line with MediGene's expectations (cf. annual report for 2001).

Cardiology

in T€	Q1/2001	Q1/2002	Y-2001
Other operating income	74	27	229
R&D costs	– 926	– 1,960	– 5,976
EBITDA	**– 853**	**– 1,932**	**– 5,747**
Depreciation	– 33	– 53	– 160
EBIT	**– 885**	**– 1,985**	**– 5,907**

Other Operating Income Cardiology

in T€	Q1/2001	**Q1/2002**	Y-2001
R&D payments received from partnerss	0	0	0
Legal fee funding from partners	0	0	0
Milestone and license fee payments	0	0	0
Research grants	72	26	223
Other revenue	2	1	6
Total	**74**	**27**	**229**

The rise in R&D expenditure is in accordance with the planned increase in the number of patients included in the clinical phase 2 study for Etomoxir.

Oncology
We have been able to generate other operating income in the oncology segment through our cooperation with Aventis. The object of the cooperation is the joint development of a tumor vaccine for treating malignant skin cancer.

Oncology

in T€	Q1/2001	**Q1/2002**	Y-2001
Other operating income	293	503	2,394
Selling expenses	0	– 34	0
R&D costs	– 866	– 3,514	– 11,944
EBITDA	**– 573**	**– 3,045**	**– 9,550**
Depreciation	– 26	– 119	– 364
EBIT	**– 599**	**– 3,164**	**– 9,914**

The 72% increase in other operating income from 293 T€ to 503 T€ reflects the increase in payments by our partner, Aventis, as part of the jointly conducted development project. The 306% rise in R&D expenditure to 3,514 T€ by comparison with the same period in the previous year is mainly due to R&D expenditure incurred on the two new projects, G207 and NV1020. These costs resulted from the acquisition of the US biotech company, NeuroVir Therapeutics, Inc. Marketing costs of 34 T€ were incurred for the first time as part of the preparations for the launch of Leuprogel®.

Other Operating Income Oncology

in T€	Q1/2001	**Q1/2002**	Y-2001
R&D payments received from partners	293	396	1,372
Legal fee funding from partners	0	0	0
Milestone and license fee payments	0	102	1,023
Research grants	0	0	0
Other revenue	0	5	0
Total	**293**	**503**	**2,394**

Patents granted or allowed

	HPV-Indications	**Oncology**	**Cardiology**
Germany	3	8	4
USA	4	18	2

Patent Applications Pending

	HPV-Indications	**Oncology**	**Cardiology**
Germany	9	8	8
USA	11	19	10
International	2	5	4

During the reporting period, MediGene was granted US Patent No. 6,352,696 in the HPV-indications segment. The patent protects the manufacture of vaccines for treating tumor diseases caused by infection with Human Papilloma Viruses (HPV). MediGene is currently developing a tumor vaccine for treating cervical cancer and its precursors together with Schering.

INVESTMENTS -19%

In the first quarter of the current fiscal year, MediGene spent 224 T€ on investments which was 19% less than in the comparative period in the previous year (Q1/2001: 276 T€). The investments were made for various items of equipment and furniture without any single investments being worthy of special mention.

The level of investments was in line with the budget.

ASSETS POSITION

Changes in asset and capital structure:

in T€	**Q1/2002 31.03.2002**	Y-2001 31.12.2001	Change
Assets			
Long-term investments	6,481	5,828	11%
Goodwill	9,226	9,226	0%
Fixed assets	4,351	4,426	– 2%
Current assets	80,346	88,903	– 10%
	100,404	**108,383**	**– 7%**
Liabilities			
Shareholders' equity	92,483	100,406	– 8%
Long-term liabilities	2,257	2,402	– 6%
Current liabilities	5,664	5,575	2%
	100,404	**108,383**	**– 7%**
Liquidity ratio	77%	80%	
Equity ratio	92%	93%	

Total assets have fallen by 7% to 100,404 T€ since December 31, 2001 whereby the equity ratio remained almost unchanged at a high 92% (December 31, 2001: 93%). Cash, cash equivalents and securities in the balance sheet total 77% (December 31, 2001: 80%). The reduction in total assets is mainly due to the consumption of net equity in the first quarter of 2002.

FINANCIAL POSITION

Outflow of Cash Increased +309%

Cash flow

in T€	Q1/2001	**Q1/2002**	Change
from operating activities	– 2,120	– 8,667	309%
from investing activities	5,433	5,779	6%
from financing activities	280	– 152	– 154%
Currency translations	– 22	4	
Net cash flow	**3,570**	**– 3,036**	
Cash and cash equivalents, beginning of period	92,903	80,843	
Cash and cash equivalents, end of period	**96,473**	**77,807**	**– 19%**
as % of total assets	75%	77%	

The outflow of cash from operating activities rose by 309% over the same period in the previous year. The increase is mainly due to the expansion of the product portfolio and progress in individual clinical studies. The inflow of cash from investing activities increased slightly by 6%. Compared with the same period (2001: 280 T€) there was an outflow of cash from financing activities amounting to -152 T€ (-154%).

Monthly Net Cashburn 3.0 million €

The monthly net cashburn rose by 27% in the first quarter over the comparative quarter in the previous year (Q1/2001: 2.4 million €) reaching 3.0 million € per month.

HUMAN RESOURCES

Average Number of Employees

Average number of employees	Q1/2001	**Q1/2002**	Y-2001
MediGene AG	87	121	123
MediGene, Inc.	19	41	37
	106	**162**	**160**
HPV-Indications	21	22	20
Cardiology	18	25	21
Oncology	32	51	45
Intersegment	35	64	45
	106	**162**	**130**

As at March 31, 2002, MediGene employed 173 people – 126 employees in Martinsried and 47 at the subsidiary, MediGene, Inc. By comparison with the same period in the previous year, the average number of employees rose by 53%. Payroll costs rose accordingly by 109% by comparison with the first quarter of 2001 from 1,467 T€ to 3,071 T€. This development reflects the expansion of our American location in particular as well as the growth of the Marketing, Business Development and General Administration areas (intersegment).

Payroll Costs

in T€	Q1/2001	**Q1/2002**	Change
Total	1,467	3,071	109%

MAJOR EVENTS SINCE END OF PERIOD UNDER REVIEW

Delays in Etomoxir Project

In April 2002, MediGene announced delays in the development of the candidate drug, Etomoxir, for treating congestive heart failure. The company completed its study of the clinical phase 2 for the therapeutic substance, Etomoxir, for treating congestive heart failure prematurely, and is now preparing to continue the project with a lower dosage. The course of the study so far has indicated that the dosages tested may lead to side-effects in individual cases. New, pre-clinical studies also indicate that Etomoxir may already be effective at a lower dosage than the one being given in the current study.

In the next stage the substance is therefore to be tested in significantly lower dosages. Successful application with lower dosages could result in less strenuous treatment for patients and reduce the manufacturing costs of this potential drug.

As a result of the additional studies that will be necessary, the development time for the entire Etomoxir project will probably be increased by about one year. Further development can be financed within the existing business plan. From today's perspective this delay to the Etomoxir project will have no effect on the time planned to reach break-even for MediGene.

Application for Marketing Authorization Submitted for the Three-Month Depot, Leuprogel®

In April 2002, MediGene submitted an application to the German regulatory authority BfArM (Federal Institute for Drugs and Medical Products) for approval of its Three-Month depot, Leuprogel® for treating prostate cancer. The market launch of Leuprogel® is planned for 2003. As soon as the applications have been approved by the German authorities, MediGene will apply for corresponding approval from the authorities of further European countries.

No further changes to the general circumstances or the company's situation have been noted.

Outlook & Forecast

Our assessments with regard to the overall economic situation and the development of our sector of industry have not changed since the 2001 annual report.

For the current year, we expect to implement the plans specified with regard to our research and development projects. Results from the clinical studies of the potential drug, Etomoxir, (phase 2 study terminated prematurely) are expected in Q2/2002. Results from studies with NV1020 for treating liver metastases and the CVLP tumor vaccine jointly developed with Schering should be available in Q3/2002 and Q4/2002, respectively.

A second clinical phase 3 study for Polyphenon® E is intended to commence in the second quarter. In the cardiology segment, in particular, we plan to expand our platform technology »Integrated Target Definition« in the area of substance optimization, as well as to conduct additional pre-clinical development projects.

With a view to the marketing of our Leuprogel® product for the treatment of prostate cancer, which is currently in the official approval process, we plan to announce our final marketing strategy this year. The product for which we have the exclusive European marketing rights will probably be launched in the European market in 2003.

Planned R&D Expenditure in 2002

Expenditure on research and development will increase further in the current fiscal year. In accordance with the assessment expressed in the 2001 annual report, we expect to make an operating loss of around 25 to 35 million €.

Planned R&D Expenditure 2002 - 2004

The budgeted R&D expenditure for the period from 2002 - 2004 will be affected by the recently announced delay to the Etomoxir project, and by the modification of the development plan. The results from the terminated study and the official requirements regarding the setting-up and design of further clinical studies will be the determining factors here, and these cannot be clearly assessed at this point in time.

Interim Financial Statements

Report of Independent Accountants

We have reviewed the accompanying consolidated balance sheet of MediGene AG as of March 31, 2002 and the related consolidated income statements and the consolidated cash flow statements for each of the three month periods ended March 31, 2002 and 2001 and the consolidated changes in shareholders' equity for the three month period ended March 31, 2002. These financial statements are the responsibility of the Company's management. We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

Munich, April 19, 2002

PriceWaterhouseCoopers
GmbH
Wirtschaftsprüfungsgesellschaft

Consolidated Balance Sheet

to March 31, 2002 and December 31, 2001

Assets

in T€	December 31, 2001 audited	**March 31, 2002 reviewed**
A. Current assets		
I. Cash and cash equivalents	80,843	77,807
II. Short-term investments / marketable securities	6,000	0
III. Accounts receivable	334	856
IV. Accounts receivable due from related parties	0	0
V. Inventories	575	687
VI. Prepaid expenses and other current assets	1,151	996
Total current assets	**88,903**	**80,346**
B. Fixed assets		
I. Property, plant & equipment	4,217	4,152
II. Intangible assets	209	199
Total fixed assets	**4,426**	**4,351**
C. Goodwill	**9,226**	**9,226**
D. Long-term assets		
I. Investments	5,464	6,111
II. Loans	221	224
III. Other assets	143	146
Total long-term assets	**5,828**	**6,481**
Total assets	**108,383**	**100,404**

Liabilities and shareholders' equity

in T€	December 31, 2001 audited	**March 31, 2002 reviewed**
A. Current liabilities		
I. Current portion of capital lease obligation	443	421
II. Short-term debt and current portion of long-term debt	25	0
III. Trade accounts payable	2,500	2,289
IV. Accrued expenses	2,007	2,363
V. Deferred income	0	0
VI. Other current liabilities	600	591
Total current liabilities	**5,575**	**5,664**
B. Long-term liabilities		
I. Long-term debt less current portion	1,896	1,845
II. Capital lease obligation less current portion	442	346
III. Pension accrual	30	32
IV. Other long-term liabilities	34	34
Total long-term liabilities	**2,402**	**2,257**
C. Shareholders' equity		
I. Share capital	11,199	11,205
Number of shares issued and outstanding		
December 31, 2001: 11,198,637		
March 31, 2002: 11,205,130		
II. Additional paid-in capital	217,995	218,060
III. Accumulated deficit	– 130,012	– 138,673
IV. Other comprehensive income	1,224	1,891
Total shareholders' equity	**100,406**	**92,483**
Total liabilities and shareholders' equity	**108,383**	**100,404**

US-GAAP

Totals may vary due to rounding.

Consolidated Income Statements

for the periods from January 1 to March 31, 2001 and 2002

in T€		Q1/2001 January 1,- March 31, 2001 reviewed	**Q1/2002 January 1,- March 31, 2002 reviewed**
1.	**Total other operating income**	**1,191**	**897**
2.	Selling expenses	– 137	– 395
3.	General and administrative expenses	– 816	– 1,301
4.	Research and development expenses	– 4,690	– 8,185
5.	Amortization of goodwill	– 185	0
6.	Depreciation	– 165	– 317
7.	**Operating loss before write-off IPR&D**	**– 4,802**	**– 9,301**
8.	Write-off IPR&D	– 86,543	0
9.	**Operating loss**	**– 91,345**	**– 9,301**
10.	Interest income and expenditures	1,319	641
11.	Disposal of investments	0	0
12.	Foreign currency exchange gains / losses	65	– 1
13.	**Result before income tax**	**– 89,961**	**– 8,661**
14.	Tax	0	0
15.	**Net loss for the period**	**– 89,961**	**– 8,661**
Per share data in €:			
Basic and diluted net loss		– 8.59	– 0.77
Weighted average number of shares outstanding		10,468,400	11,201,884

The number of shares used in calculating the diluted net loss per share is the same as calculating the basic net loss per share since conversion of common stock equivalents would have an anti-dilutive effect. The number of potentially dilutive shares related to options and convertible debt that could dilute basic earnings per share in the future was 659.213 as of March 31, 2002.

US-GAAP
Totals may vary due to rounding.

Consolidated Cash Flow Statement

for the periods from January 1 to March 31, 2001 and 2002

in T€	Q1/2001 January 1, to March 31, 2001 reviewed	**Q1/2002 January 1, to March 31, 2002 reviewed**
Cash flow from operating activities		
Net loss for the period	– 89,961	– 8,661
Adjustments to reconcile net loss to cash used in operating activities:		
Write-off IPR&D	86,543	0
APB 25 expense on new options/bonds	30	29
Unrealized exchange loss on foreign currency transactions	– 21	0
Depreciation	350	317
Realized holding losses on securities	140	0
Changes in:		
Inventories	101	– 112
Other assets and prepaid expenses	2,658	– 373
Trade accounts payable	– 119	– 211
Accruals / final payments silent partner	– 1,025	350
Other liabilities and deferred income	– 816	– 7
Net cash used by operating activities	**– 2,120**	**– 8,667**
Cash flow from investing activities		
Purchases of property, plant & equipment	– 251	– 224
Sales of property, plant & equipment	0	3
Net cash investment in NeuroVir Therapeutics, Inc.	– 1,145	0
Purchase of securities	– 10,456	0
Disposals of securities	17,286	6,000
Net cash from investing activities	**5,433**	**5,779**
Cash flow from financing activities:		
Proceeds from capital increase	0	0
Proceeds from stock options	173	42
Repayments of / proceeds from loans	232	– 76
Principal payments under finance lease obligations	– 125	– 118
Net cash used from / by financing activities	**280**	**– 152**
Currency translation	– 22	4
Increase / decrease in cash and cash equivalents	**3,570**	**– 3,036**
Cash and cash equivalents at beginning of period	92,903	80,843
Cash and cash equivalents at end of period	**96,473**	**77,807**

Supplementary schedule of non-cash financing activities:
In 2001, a total of 996.631 were issued to the value of 90.195 T€ , for the acquisition of NeuroVir Therapeutics, Inc.
Capital lease obligations of 25 T€ incurred in the first three months 2001, when the company entered into leases for new equipment. In the first three months in 2002 no new capital lease obligations incurred.

US-GAAP
Totals may vary due to rounding.

Consolidated Changes in Shareholders' Equity

for the periods January 1, 2001 to March 31, 2002

	Shares	Share capital	Additional paid-in capital	Accumulated deficit	Other compre-hensive income	**Total share-holders' equity**
	number	T€	T€	T€	T€	T€
Balance January 1, 2001, audited	**10,106,722**	**10,107**	**128,331**	**– 19,522**	**– 123**	**118,793**
Net loss				– 110,490		– 110,490
Other comprehensive income					1,889	1,889
Currency translation adjustments					– 542	– 542
Comprehensive income						**– 109,143**
Stock options exercised	95,284	95	212			307
APB No. 25 expenses on new options/bonds				254		254
Common stock issued	996,631	997	89,198			90,195
Balance December 31, 2001, audited	**11,198,637**	**11,199**	**217,995**	**– 130,012**	**1,224**	**100,406**
Net loss for the period				– 8,661		– 8,661
Other comprehensive income					647	647
Currency translation adjustments					20	20
Comprehensive income						**– 7,994**
Stock options exercised	6,493	6	36			42
APB No. 25 expenses on new options/bonds			29			29
Common stock issued						
Balance March 31, 2002, reviewed	**11,205,130**	**11,205**	**218,060**	**– 138,673**	**1,891**	**92,483**

US-GAAP

Totals may vary due to rounding.

Report on Market Segments

MediGene conducts its business in Germany and the USA.

Segments by Region:

The activity of MediGene Inc. in the USA was reported in the first quarter of 2001 from March 1. It is therefore not possible to compare the 3-Months report for 2002 for the USA with the same period in 2001.

Activity in the USA essentially comprises research and development projects in the oncology market segment.

T€	**Germany Q1/2002**	Germany Q1/2001	**USA Q1/2002**	USA Q1/2001[3]
Other operating income	897	1,191	0	0
R&D expenses	– 5,439	– 4,291	– 2,746	– 399
Depreciation[1]	– 189	– 320	– 128	– 30
EBIT	– 5,829	– 4,150	– 3,472	– 663
Investments[2]	114	119	110	157
Cash flow				
(used by operating activities)	– 5,642	– 2,061	– 2,784	145
Assets	97,051	125,878	3,353	3,074
Liabilities	5,944	8,083	1,977	1,678
Average number of employees	121	87	41	19

(1) Goodwill amortization has been included in the figures for Germany in 2001.
(2) Investments include capital lease investments.
(3) USA Q1/2001: first consolidation of MediGene Inc. from March 1, 2001.

Market Segments

MediGene's activities lie in the market segments, HPV-indications, oncology and cardiology. The intersegment represents the transition to the group report and comprises all items which cannot be clearly allocated to one segment.

Technologies and potential drugs are allocated to segments as follows:

HPV-Indications: CVLP technology
Drugs:
- Polyphenon® E for treating benign genital tumors, so-called genital warts
- CVLP vaccine – against cervical carcinoma and its precursors

Oncology: rAAV technology, HSV technology
Drugs:
- Leuprogel® for the treatment of advanced prostate cancer
- rAAV tumor vaccine – vaccine against malignant melanoma
- G207 for the treatment of brain tumors
- NV1020 for the treatment of liver metastases

Cardiology: ITD technology platform
Drugs:
- Etomoxir for the treatment of congestive heart failure

in T€	HPV-Indications	Oncology	Cardiology	Intersegment[2]	**Total**
Q1/2002					
Other operating Income	349	503	27	17	**897**
R&D expenses	–1,905	– 3,514	– 1,960	– 806	**– 8,185**
Selling expenses	– 15	– 34	0	– 346	**– 395**
General and administration	0	0	0	– 1,301	**– 1,301**
Depreciation	– 69	– 120	– 53	– 75	**– 317**
Operating results	– 1,640	– 3,164	– 1,985	– 2,511	**– 9,301**
Investments[1]	1	99	57	67	**224**
Average number of employees	22	51	25	64	**162**
Q1/2001					
Other operating income	806	293	74	18	**1,191**
R&D expenses	– 2,470	– 866	– 926	– 428	**– 4,690**
Business development and general administration	0	0	0	– 952	**– 952**
Depreciation	– 57	– 26	– 33	– 234	**– 350**
Operating result	– 1,721	– 599	– 885	– 1,597	**– 4,802**
Investments	25	205	38	8	**276**
Average number of employees	21	32	18	35	**106**

[1] Investments include capital lease investments.
[2] Intersegment: see page 27.

Selected Appendix Details

The present unaudited consolidated financial statements as of March 31, 2002 were prepared in accordance with US. Generally Accepted Accounting Principles (GAAP). It is the view of the company's Board of Directors that the present quarterly financial statements reflect all adjustments which are required to show the assets, financial and earnings situation of the company as at the end of the periods ending March 2001 and 2002. All of these adjustments are of a standard nature.

The present quarterly financial statements should be read in conjunction with the annual reports for 2000 and 2001. The comments contained in these reports also apply to the quarterly financial statements unless explicit reference is made to changes, and are not presented again.

As well as MediGene AG, Martinsried, only the wholly-owned subsidiary, MediGene, Inc., San Diego, has been included in the reporting entity from March 1, 2001. There was no change to the composition of the group in the first quarter of 2002. As a result of the inclusion of MediGene, Inc. from March 1, 2001, the financial statements for Q1/2001 are not directly comparable with those for Q1/2002, and this applies mainly to the oncology market segment.

Changes in Accounting, Valuation and Recording Principles

By contrast with the first quarter of 2001, we report in the first quarter of 2002 on the market segments in which MediGene is engaged. This market segment reporting was carried out for the first time in the 6-Months report for 2001. The definition of the market segments, HPV-indications, oncology and cardiology, laid down in the annual report for 2000, has been retained unchanged and extended by one further segment, the so-called intersegment. Administration, business development, management for clinical development and for research and development are summarized under the intersegment. They are not allocated to individual market segments in the new presentation. The sum of all market segments and the intersegment gives the totals shown in the balance sheet and income statement.

Change to Cash Flow Statement

As a result of a change in the way in which exchange rate differences are shown in fixed assets in the cash flow statement of MediGene, Inc., the figures for the comparative quarter in 2001 have been converted to the new reporting format. This affects »purchases of property, plant and equipment« and »currency translations«, which were reduced and increased by 38 T€ respectively.

New Accounting Standards

From January 2002 the rules published by the Financial Accounting Standards Board (FASB) relating to SFAS No. 141 »Business Combinations« and SFAS No. 142 »Goodwill and Other Intangible Assets« are being applied for the first time. According to these rules, goodwill is no longer subject to normal amortization, but its value must be reviewed annually and, if need be, a non-scheduled amortization must be undertaken.

Details of Changed Estimates

The Board has not made any changes to estimates or assumptions in the first quarter of 2002 which affect the earnings, expenditure, assets, liabilities and contingent liabilities listed in the financial statements at the time the accounts were drawn up. The delay to the Etomoxir project announced in April had no effect on the first quarter of 2002.

Changes to Management and Supervisory Bodies

Alexander Dexne will become Chief Financial Officer of MediGene AG as of May 1, 2002. After studying economics at the University of Göttingen and completing an MBA in New Zealand, the 37 year old has gained almost 10 years experience in various managerial functions: first in the Financial Management Consulting Team of Pricewaterhouse, with the focus on restructuring, business planning and controlling. Then he moved to the management team of Olympus Diagnostica GmbH, where he was responsible for Finance and Accounting, Planning and Controlling as well as for Logistics and Desk Sales. Later he became a member of the Olympus Group's extended management of its European headquarters as General Manager of Finance & Controlling Europe. Thereafter, he was on the board of the internet company, Kiwilogic AG where he was responsible for finance and operations.

Directors' Holdings

»Directors' Holdings«, stockholders' equity and notes on shares held by members of the Supervisory Board, the Management Board and employees in accordance with § 160 Para. 1 No. 2 and 5 AktG. (German Company Law).

Board Members Function	Shares	Options	Convertible Bonds
Prof. Dr. Ernst-Ludwig Winnacker Chairman of the Supervisory Board, Co-founder	292,676	38,700	1,600
Dr. Helmut Schühsler Deputy Chairman of the Supervisory Board	25,940	6,880	1,200
Prof. Dr. Dr. Ernst-Günter Afting Member of the Supervisory Board	11,217	15,370	800
Dr. Pol Bamelis Member of the Supervisory Board	330	0	400
Prof. Dr. Michael Hallek Member of the Supervisory Board, Co-founder	275,091 (1)	5,590	800
Michael Tarnow Member of the Supervisory Board	6,337	0	20,400
Supervisory Board Total	**611,591**	**66,540**	**25,200**
Dr. Peter Heinrich Chief Executive Officer, Co-founder	499,500	36,636	41,000 (2)
Dr. Johanna Holldack Chief Operating Officer	0	43,000	37,500 (3)
Executive Board Total	**499,500**	**79,636**	**78,500**
Shareholder's equity	**0**	**0**	**0**

(1) Prof. Dr. Hallek: Donation of 9,697 shares
(2) Dr. Heinrich: Purchase of convertible bonds 15,000
(3) Dr. Holldack: Purchase of convertible bonds 12,000

Other Notes

Contingencies and Other Financial Obligations

As at March 31, 2002 a rent guarantee totaling 171 T€ existed. No commitments were assumed on behalf of board members.

Future minimum payments for capitalized leased items and future annnual leasing installments for operations leases are as follows:

in T€	Capital lease	Operating lease
2002 (Apr. - Dec.)	364	1,194
2003	340	1,217
2004	130	829
2005		481
> 2005		5
Minimum leasing obligations	834	3,726
Less interest amount	– 67	
Total capital lease obligations	767	
Short-term obligations	421	
Long-term obligations	346	