MEDIGENE AG
3-MONTHS REPORT 2013

medigene

Q1

Medigene's key figures

In € k	Q1 2013	Q1 2012	Change
Income position			
Revenue	680	604	13%
thereof Veregen® royalties	*558*	*377*	*48%*
thereof Veregen® revenue from supply chain	*70*	*225*	*-69%*
thereof Veregen® milestone payments	*52*	*2*	*>200%*
Other operating income	629	1,018	-38%
thereof one-time effect (compensation payment)	*0*	*390*	*-*
Total revenue	1,309	1,622	-19%
Cost of sales	-223	-278	-20%
Gross profit	1,086	1,344	-19%
Selling, general and administrative expenses	-1,821	-1,761	3%
Research and development expenses	-1,753	-1,840	-5%
Operating result	-2,488	-2,257	10%
Income from revaluation of an investment	0	2,154	-
Net result for the period	-3,273	-124	>200%
EBITDA	-2,296	-2,050	12%
Earnings per share in €	-0.09	0.00	-
Weighted average number of shares	37,082,758	37,082,758	0%
Personnel expenses	-1,477	-1,417	4%
Cash flow statement			
Cash flow from operating activities	-3,400	-2,531	34%
Cash flow from investing activities	-4	-137	-97%
Balance sheet data as at 31.3.			
Cash and cash equivalents	16,676	10,122	65%
Balance sheet total	58,265	51,699	13%
Current liabilities	4,447	3,410	30%
Non-current liabilities	12,818	535	>200%
Shareholders' equity	41,000	47,754	-14%
Equity ratio in %	70	92	-24%
Employees as at 31.3.	51	54	-6%
FTE as at 31.3.	47	52	-10%
Medigene share as at 31.3.			
Total number of shares outstanding	37,082,758	37,082,758	0%
Share price (XETRA closing price)	0.88	1.48	-41%

Medigene's products and clinical projects

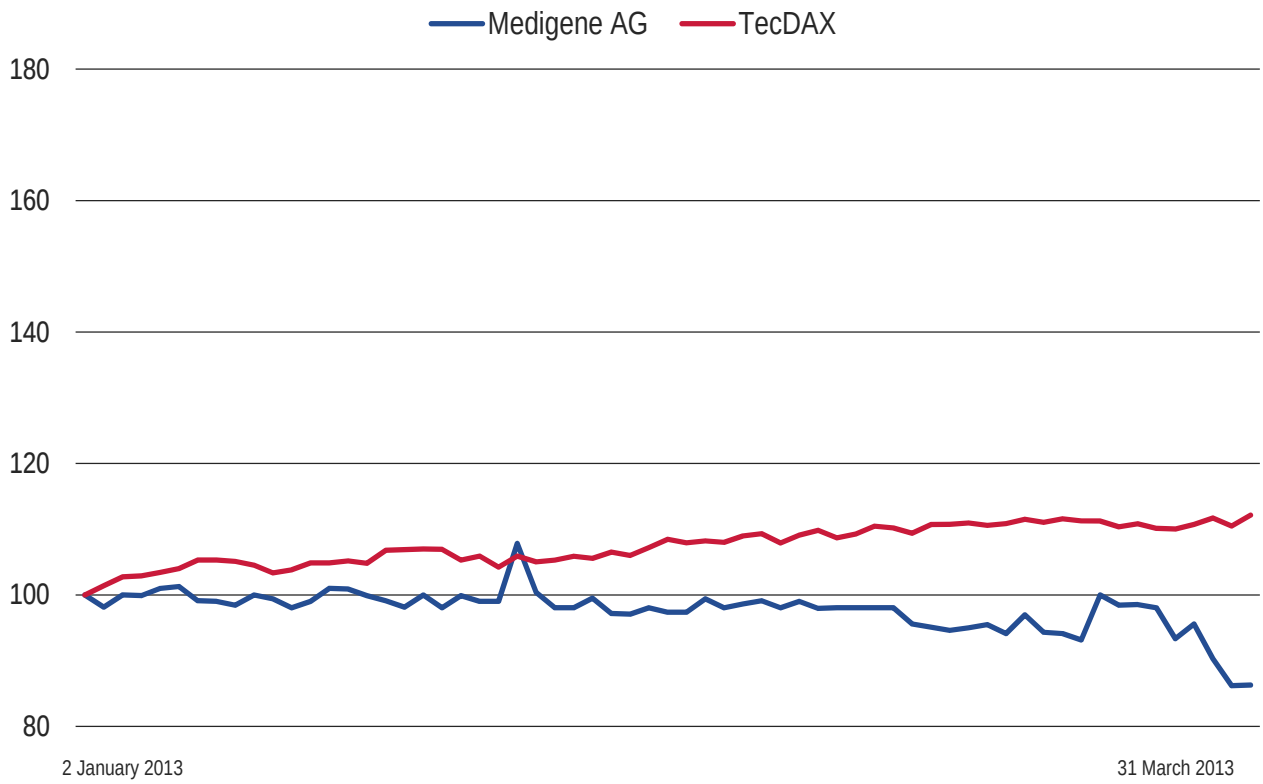
Product	Indication	Pre-clinic	Clinical phase I	Clinical phase II	Clinical phase III	Approval	Market
Marketed drugs							
Veregen®	Genital warts						
Drugs in development							
EndoTAG®-1	Pancreatic cancer						
	Hormone-resistant breast cancer						
RhuDex®	Rheumatoid arthritis						
AAVLP	Vaccine technology						
Chance of reaching the market[1)]		< 10 %	< 15 %	< 30 %	< 70 %	< 90 %	

1) Industrial average, estimates of Medigene AG

Content

Medigene's share price performance

(2 January 2013 €1.02 indexed to 100)



Key figures of the Medigene share

In €	3M 2013	3M 2012
3-month high	1.10	1.54
3-month low	0.88	0.98
Price at the beginning of the year	1.02	0.95
Closing price	0.88	1.48
Average price since beginning of the year	1.00	1.24
Weighted average number of shares	37,082,758	37,082,758
Average market capitalization (€ m)	37	46
Average daily trading volume (in shares)	50,250	126,559
Total number of shares outstanding	37,082,758	37,082,758
Earnings per share in €	-0.09	0.00
Shareholders' equity per share[1)]	1.11	1.23
Cash flow from operating activities per share[1)]	-0.09	-0.07
Free Float[2)] (%)	94	94

[1)] Reference amount: total number of shares outstanding
[2)] Source: Medigene AG, German Stock Exchange

Group interim management's discussion and analysis Q1 2013

of Medigene AG, Planegg/Martinsried, Germany, for the period from 1 January to 31 March 2013

Financial highlights in the first quarter of 2013

- Revenue from Veregen® royalties increased by 48% to €558 k (Q1 2013: €377 k)
- Total revenue (without 2012 one-time effect) increased by 6% to €1,309 k (Q1 2013: €1,232 k)
- Loss on EBITDA basis (without 2012 one-time effect) reduced by 6% to €-2,296 k (Q1 2013: €-2,440 k)
- Cash and cash equivalents of €16.7 m as of 31 March 2013

Major events since the beginning of 2013

- Veregen®:
  - Inclusion of Veregen® in European treatment guidelines
  - Market launch in Serbia
  - Market approval in the Czech Republic
  - Partnership agreements concluded for marketing Veregen® in Asian countries, Australia and New Zealand
- EndoTAG®-1:

  Publication of the IIT (Investigator Initiated Trial) results for the upcoming Annual Meeting of the American Society of Clinical Oncology (ASCO 2013) on 15 May 2013
- RhuDex®:

  Expansion of the clinical trial plan and new timelines for the development of RhuDex® in PBC
- AAVLP:

  Positive initial preclinical data on immunity to some important subtypes of human papilloma viruses

Preliminary notes

Medigene develops drugs to treat cancer and autoimmune diseases

Medigene AG, Planegg/Martinsried, Germany (hereinafter referred to as "Medigene"), is a biopharmaceutical company that specialises in the research and development of innovative drugs to treat cancer and autoimmune diseases.

Status of the product portfolio

Medigene has one approved drug on the market, Veregen®, which generates revenue. Veregen® is distributed by several partners. In addition, Medigene has two drug candidates, EndoTAG®-1 and RhuDex®, in clinical development and is developing the AAVLP vaccine technology.

Veregen®

Veregen®, a drug used to treat genital warts, was developed by Medigene AG. It is currently available in the USA, Germany, Austria, Spain, Switzerland and, since April 2013, Serbia. Within the EU, Veregen® has been approved in Belgium, Bulgaria, Denmark, Finland, France, Luxembourg, the Netherlands, Norway, Poland, Romania, Sweden, Slovakia, Slovenia, Hungary, Cyprus and the Czech Republic. Market approval for Greece is expected in the next few months. Outside the EU, Veregen® has been approved in Israel. Additionally, applications for approval have been submitted by partner companies in Mexico, Taiwan and Canada. These are currently being evaluated by the regulatory authorities at present.

In the USA, Veregen® is marketed by Fougera Pharmaceuticals, Inc., Melville, NY (hereinafter referred to as "Fougera"), and by regional sales companies of the Abbott Group in Germany, Austria and Switzerland. In Spain, Veregen® is marketed by the pharmaceutical company Bial Industrial Farmaceutica, S.A. (formerly Juste S.A.Q.F.), which also owns the marketing rights for Portugal. Pharmanova d.o.o. markets the drug in Serbia and also holds the distribution rights for Bosnia and Herzegovina, Montenegro, Macedonia, Croatia, Slovenia and Albania. Additional partnership agreements are in place for France (Laboratoires Expanscience), the Benelux countries (L.F. Will-Pharma & Cie), Greece, Cyprus, Romania and Bulgaria (Meditrina Pharmaceuticals, Ltd.), the Nordic countries including Denmark, Sweden, Norway, Finland and Iceland (Azanta A/S), Eastern Europe, Russia and the other CIS countries (Nordic Pharma) as well as Turkey (EIP Eczacibasi Ilac Pazarlama A.S.). In March 2013, Medigene expanded its existing marketing partnership with SynCore Biotechnology Co., Ltd., a member of the Sinphar Pharmaceutical Group (hereinafter referred to as "SynCore") for Taiwan to include additional countries in Asia (Afghanistan, Bangladesh, Bhutan, Brunei, Burma, India, Indonesia, Iran, Iraq, Japan, Cambodia, Laos, Malaysia, the Maldives, Mongolia, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand and Vietnam) as well as Australia and New Zealand. Medigene receives successive single payments from these partners depending on the achievement of specific milestones and also has a share in Veregen® revenue (Royalties). Medigene earns further revenue from selling the active pharmaceutical ingredient and finished product to the sales partners.

Veregen® is an innovative drug formulation based on a defined extract from green tea leaves, which is obtained in a complex and specifically developed production process. In several clinical studies[1], Veregen® showed complete clearance of genital warts in more than 60% of the patients, and was very well tolerated. In its current treatment guidelines for sexually transmitted diseases, the US Center for Disease Control and Prevention recommends Sinecatechins 15% ointment (Veregen®) as a possible option for treating genital warts. In addition, Sinecatechins 10% & 15% ointment (Veregen®) has been included in the current European guideline on the treatment of genital warts, the 2012 European Guideline for the Management of Anogenital Warts.

EndoTAG®-1

The clinical drug candidate EndoTAG®-1 is an innovative composition of the established cytostatic drug paclitaxel combined with neutral and positive lipids. Due to the positively charged lipids, EndoTAG®-1 interacts with newly developed, negatively charged endothelial cells, which are specifically required for the growth of tumour blood vessels. The EndoTAG®-1 paclitaxel component attacks the activated endothelial cells as they divide, thus targeting the blood supply to tumours without affecting endothelial cells of healthy tissues. By doing this, EndoTAG®-1 is expected to prevent the formation of new tumour blood vessels and inhibit tumour growth.

Medigene has successfully completed two clinical phase II trials of EndoTAG®-1 in the indications of pancreatic cancer and triple-negative breast cancer (TNBC). The Company is now planning a pivotal global phase III trial of EndoTAG®-1 in the indication of triple-negative breast cancer (TNBC) with the aim of obtaining worldwide market approval.

In 2012, Medigene signed a development and marketing partnership agreement for EndoTAG®-1 with SynCore. Medigene granted an exclusive licence to SynCore for the joint development as well as marketing EndoTAG®-1 in Asia, Australia and New Zealand. In return, Medigene received an upfront payment and is entitled to further payments from SynCore when specific development and approval milestones are achieved as well as royalties. SynCore has additionally undertaken to finance the Asian part of the planned global phase III trial.

Furthermore, the principal investigator of the phase II TNBC trial, Prof. Achmad Awada from the Institut Jules Bordet in Brussels, Belgium, successfully conducted an Investigator Initiated Trial (IIT) in 2012 for early stage HER2-negative breast cancer in a neoadjuvant setting, a further potential indication for EndoTAG®-1. The results are published after the end of the reporting period on 15 May 2013 on the occasion of the ASCO 2013 Annual Meeting. The aim of the exploratory open-label phase II IIT was to evaluate the efficacy and safety of neoadjuvant EndoTAG®-1 in combination with paclitaxel in patients with HER2-negative breast cancer.

[1] Tatti S et al. B J Dermatol 2010; 162 (1): 176-184

The use of EndoTAG®-1 in combination with taxanes to treat TNBC is protected by a US patent until 2029.

RhuDex®

RhuDex® is being developed by Medigene as an oral, disease modifying agent to treat autoimmune diseases. It is a CD80 antagonist that blocks undesired T-cell activation and production and therefore has an immunomodulating and anti-inflammatory effect.

The safety and tolerability of RhuDex® have already been demonstrated in a number of clinical trials. Medigene has successfully completed a pilot phase IIa trial in rheumatoid arthritis. In 2012, the Company achieved positive results with a clinical formulation trial in healthy subjects. In February 2013, Medigene announced the expansion of its clinical development plan for RhuDex® in the indication primary biliary cirrhosis (PBC) and updated the relevant timelines. The planned phase II trial is to be expanded from a three-arm to a four-arm controlled study with placebo, and the planned treatment period for patients will be extended from the previous three to up to six months. The principal aim is to increase the information value of the trial data collected, in order to confirm the mode of action of RhuDex® in autoimmune diseases and facilitate the future approval of RhuDex® for PBC. Subject to the successful completion of the remaining work to prepare the trial as well as approval of the trial by the competent authorities, the schedule provides for a start of this expanded phase II trial in the first half of 2014.

AAVLP technology

Within the AAVLP (adeno-associated virus-like particles) programme, Medigene is developing an innovative technology platform for the generation of new prophylactic and therapeutic vaccines. For this purpose, non-infectious virus-like particles derived from adeno-associated viruses (AAV) are used as epitope carriers. Epitopes delivered to the immune system in this way result in the production of antibodies. These antibodies in turn recognise the relevant epitope, e.g. on pathogens or mutant cancer cells, and consequently fight and/or protect against the relevant disease. Medigene is currently conducting research into the use of the AAVLP technology to treat infectious diseases and cancer and is pursuing two different approaches. One is the direct integration of known epitopes. The second approach is based on the use of AAV libraries. Rather than defined epitopes, AAV libraries contain a random sequence. Appropriate screening enables the targeted selection of novel vaccine candidates. The key benefit of this technology is the possibility of directly transferring the mode of action of existing therapeutically effective antibodies into an active vaccine.

In 2012, Medigene presented positive preclinical development data generated in cooperation with Dr. Richard B.S. Roden from The Johns Hopkins University School of Medicine in the USA. The aim of this cooperation is to test the first vaccine candidates from the AAVLP programme in the prevention of HPV associated cancers, e.g. cervical cancer, and achieve long-term cross protection against a large number of relevant HPV types. Currently approved HPV vaccines only protect against some of the oncogenic HPV types. In collaboration with Dr. Neil Christensen from Pennsylvania State University, USA, a preclinical longitudinal analysis is also being conducted with the aim of demonstrating long-term protection against infection with various HPV types.

Income position

Revenue and other operating income

In the first three months of 2013, revenue increased by 13% to €680 k (Q1 2012: €604 k). This includes significantly growing royalties from Veregen® which increased by 48% to €558 k (Q1 2012: €377 k), as well as milestone payments from partners totalling €52 k (Q1 2012: €2 k). Revenue from the supply of the marketing partners with Veregen® decreased to €70 k (Q1 2012: €225 k), due to the partners' fully stocked warehouses.

In addition, Medigene generated other operating income totalling €629 k (Q1 2012: €1,018 k). They mainly consisted of the future cash flows of €208 k per month from the 2% royalty share on Eligard® net sales transferred to Cowen in 2012. This revenue is a non-cash item and will be recognised as income pro rata over the term of the patent of approx. ten years. In the first quarter of 2012, Medigene also received €390 k from a service provider as compensation for costs incurred.

Due to this one-time effect, total revenue in the first three months of 2013 decreased to €1,309 k (Q1 2012: €1,622 k). Disregarding this one-time effect, total revenue increased by 6% from €1,232 k (Q1 2012) to €1,309 k (Q1 2013).

Consolidated income statement (abbreviated)

In € k	Q1 2013 unaudited	Q1 2012 unaudited	Change
Revenue	680	604	13%
thereof Veregen® royalties	*558*	*377*	*48%*
thereof Veregen® revenue from supply chain	*70*	*225*	*-69%*
thereof Veregen® milestone payments	*52*	*2*	*>200%*
Other operating income	629	1,018	-38%
thereof one-time effect (compensation payment)	*0*	*390*	*-*
Total revenue	1,309	1,622	-19%
Cost of sales	-223	-278	-20%
Gross profit	1,086	1,344	-19%
Selling, general and administrative expenses	-1,821	-1,761	3%
Research and development expenses	-1,753	-1,840	-5%
Operating result	-2,488	-2,257	10%
Income from revaluation of an investment	0	2,154	-
Net result for the period	-3,273	-124	>200%

Cost of sales

Cost of sales totalled €223 k in the first three months of 2013 (Q1 2012: €278 k). It was incurred for the purchase of Veregen® and royalties for Veregen® sales.

Gross profit

Gross profit decreased to €1,086 k in the first three months of 2013 (Q1 2012: €1,344 k). The amount of gross profit is determined by the ratio of Veregen® revenue from supply chain to royalties and milestone payments.

Selling, general and administrative expenses

Compared to the previous year's reporting period, selling, general and administrative expenses increased from €1,761 k (Q1 2012) to €1,821 k (Q1 2013). This amount includes selling expenses of €616 k (Q1 2012: €541 k) and general and administrative expenses of €1,205 k (Q1 2012: €1,220 k). The increased selling expenses were due to the commercialization of Veregen®.

Research and development expenses

Research and development expenses decreased to €1,753 k in the first three months of 2013 (Q1 2012: €1,840 k). This decrease is primarily a result of reduced expenses for clinical trials, since a clinical trial of RhuDex® was completed in mid-2012. The expenses for preclinical development, particularly the preparation for further clinical trials, however, increased.

EBITDA

Medigene's EBITDA is derived from the result for the period excluding taxes, financial result, result from investment in an associate, income from revaluation of an investment, and depreciation and amortisation. The result on an EBITDA basis totalled €-2,296 k in the first three months of 2013 (Q1 2012: €-2,050 k). Disregarding the one-time effect in other operating income, the loss on an EBITDA basis was reduced by 6% from €2,440 k (Q1 2012) to €2,296 k (Q1 2013).

Depreciation and amortisation

Depreciation and amortisation totalled €192 k in the first three months of 2013 (Q1 2012: €210 k).

Financial result

The financial result, which consists mainly of interest income/expenses and foreign exchange losses, totalled €-741 k in the reporting period (Q1 2012: €1 k). It includes non-cash interest expense totalling €402 k, and foreign exchange losses of €342 k which mainly result from the revaluation of the financial liability as part of the Eligard® deal.

Financial result

In € k	Q1 2013 unaudited	Q1 2012 unaudited	Change
Interest income	3	17	-82%
Interest expense	-402	0	-
Subtotal	-399	17	-
Foreign exchange losses	-342	-16	>200%
Total	-741	1	-

Result of an associate

The result from investment in an associate amounted to €-44 k in the first three months of 2013 (Q1 2012: €-19 k).

Income from revaluation of an investment

Since the beginning of 2012, Immunocore Ltd. is no longer recognised as an associate. As a consequence of the reduction of the share in Immunocore Ltd. to below 20%, this investment was reclassified in the balance sheet and, accordingly, a revaluation pursuant to IAS 28.18 at fair value was carried out. The revaluation associated with it resulted in a non-cash income of €2,154 k for the first three months of 2012. The reclassification was implemented as part of the audit of the annual financial statements, and the previous year's figures have now been adjusted accordingly.

3-months result 2013

In the first three months of 2013, a net result of €-3,273 k (Q1 2012: €-124 k) was achieved. The previous year's result was positively influenced by the above-mentioned one-time effects (revaluation of an investment, compensation payment by service provider).

Earnings per share

In the first three months of 2013, the loss per share was €0.09 (weighted average number of shares, basic and diluted: 37,082,758) in comparison with earnings in the same period of the previous year of €0.00 per share (Q1 2012: weighted average number of shares, basic and diluted: 37,082,758).

Financial position

Cash used by operating activities

Net cash used by operating activities amounted to €-3,400 k in the first quarter of 2013 (Q1 2012: €-2,531 k). Hence the average monthly net cash usage was €-1.1 m (Q1 2012: €-0.8 m). Most of the cash used by operating activities consists of research and development as well as selling, general and administrative expenses. The increase in the first three months of 2013 is mainly due to an increase in inventories. Net cash used by operating activities is only of limited informative value regarding future developments, since it is significantly influenced by non-recurring payments received under partnership agreements, as well as research and development expenses, the amount of which depends on the current project status.

Cash used by investing activities

Cash used by investing activities totalled €-4 k in the first quarter of 2013 (Q1 2012: €-137 k).

Change in cash and cash equivalents

In € k	Q1 2013 unaudited	Q1 2012 unaudited	Change
Net cash			
used by operating activities	-3,400	-2,531	34%
used by investing activities	-4	-137	-97%
Decrease in cash and cash equivalents	-3,404	-2,668	28%
Cash and cash equivalents at the beginning of the period	20,113	12,811	57%
Foreign exchange differences	-33	-21	57%
Cash and cash equivalents at the end of the period	16,676	10,122	65%

At the reporting date of 31 March 2013, cash and cash equivalents totalled €16,676 k (Q1 2012: €10,122 k).

Asset position

Cash and cash equivalents €16.7 m; equity ratio 70%; liquidity ratio 29%

Development of assets and capital structure

In € k	31.3.2013 unaudited	31.12.2012 audited	Change
Assets			
Property, plant and equipment and intangible assets	27,786	27,973	-1%
Goodwill	2,212	2,212	0%
Financial and other non-current assets	3,902	3,896	0%
Investment in an associate	2,764	2,727	1%
Cash and cash equivalents	16,676	20,113	-17%
Inventories and receivables	3,954	3,344	18%
Other current assets	971	990	-2%
Total assets	58,265	61,255	-5%
Liabilities and shareholders' equity			
Shareholders' equity	41,000	44,215	-7%
Non-current liabilities	12,818	12,723	1%
Current liabilities	4,447	4,317	3%
Total liabilities and shareholders' equity	58,265	61,255	-5%
Liquidity ratio in %	29	33	
Equity ratio in %	70	72	

Employees

The number of employees amounted to 51 as at reporting date (Q1 2012: 54). The number of FTE employees (full-time equivalent) was reduced to 47 in the first three months of 2013 (Q1 2012: 52). Personnel expenses amounted to €1,477 k (Q1 2012: €1,417 k) in the reporting period.

Segment information

For detailed segment information, please see notes, *page 19 et seq*.

Risk report

The inherent risks the Group is subject to are described in detail in the risk report of the published Group Management's Discussion and Analysis (MD&A) 2012. Up to closing date 31 March 2013, no substantial changes to the risks described therein have occurred.

Risk management system

Medigene's management meets any 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 (MD&A) 2012 published on 22 March 2013.

Opportunities and outlook

Financial forecast 2013

Medigene confirms its financial guidance for 2013 published on the occasion of the final results 2012 end of March. In 2013 Medigene expects increasing total revenue to about €7 - 8 m, compared to €6 m in 2012. The projected income in 2013 includes mainly Veregen® revenue as well as non-cash income totalling €2.5 m (2012: €1.9 m) from the Eligard® deal concluded in 2012. At the same time Medigene expects increasing R&D expenses for 2013, as well as a loss on EBITDA basis between €9 - 11 m.

Based on current business planning and the respective scenarios, Medigene's management anticipates that the funding of the company is secured at least until the end of 2014.

Veregen®

Medigene expects market approval and market launch of Veregen® in numerous countries. For the global commercialization of Veregen®, Medigene plans to conclude additional partnership agreements. In 2013, Medigene also expects further growth of Veregen® sales revenue in the significant double-digit percentage range.

EndoTAG®-1

The final data of the IIT will be published for the upcoming Annual Meeting of the American Society of Clinical Oncology (ASCO). The abstract (#114428), entitled "Feasibility study of cationic liposome-encapsulated paclitaxel in combination with paclitaxel followed by FEC as induction therapy in HER2-negative breast cancer" was chosen for inclusion online in the ASCO 2013 Annual Meeting Proceedings, a Journal of Clinical Oncology supplement, and will be released at www.asco.org on 15 May 2013 (6 pm EDT).

Medigene plans a pivotal global phase III trial of EndoTAG®-1 in triple-negative breast cancer (TNBC), with the aim to achieve market approvals worldwide. Under the terms of the exclusive license agreement for the rights to EndoTAG®-1 in Asia, Australia, and New Zealand which was concluded in 2012, SynCore will bear a significant portion of the costs of the planned phase III trial. For the remaining part of the trial expenses, Medigene is seeking further partners.

RhuDex®

Medigene plans to conduct a phase II clinical trial in primary biliary cirrhosis (PBC), in order to confirm the mode of action and the overall clinical profile of RhuDex® in autoimmune diseases. Subject to the successful completion of the necessary preparatory work and the approval of the trial by the regulatory authorities, the start of this phase II trial is scheduled to start in the first half of 2014.

AAVLP technology

Further preclinical studies will be conducted in Medigene's proprietary AAVLP vaccine technology. The project is available for partnerships and licensing.

Consolidated income statement

of Medigene AG for the periods from 1 January to 31 March 2013 and 2012

In € k	Q1 2013 unaudited	Q1 2012 unaudited
Revenue	680	604
Other operating income	629	1,018
Total revenue	1,309	1,622
Cost of sales	-223	-278
Gross profit	1,086	1,344
Selling expenses	-616	-541
General and administrative expenses	-1,205	-1,220
Research and development expenses	-1,753	-1,840
Operating result	-2,488	-2,257
Interest income	3	17
Interest expense	-402	0
Foreign exchange losses	-342	-16
Share of result of an associate	-44	-19
Income from revaluation of an investment	0	2,154
Result from continued operations before tax	-3,273	-121
Taxes	0	0
Result from continued operations	-3,273	-121
Revenue from discontinued operations	0	16
Selling expenses from discontinued operations	0	-19
Result from discontinued operations	0	-3
Net result for the period	-3,273	-124
Basic and diluted gain/loss per share after tax in €	-0.09	0.00
Weighted average number of shares outstanding (basic and diluted)	37,082,758	37,082,758

Consolidated statement of comprehensive income

of Medigene AG for the periods from 1 January to 31 March 2013 and 2012

In € k	Q1 2013 unaudited	Q1 2012 unaudited
Net result for the period	-3,273	-124
Exchange differences on translation of foreign operations[1)]	47	-70
Other comprehensive income for the period, net of tax	47	-70
Total comprehensive income for the period, net of tax	-3,226	-194

[1)] No income tax effects were incurred.

Consolidated balance sheet

of Medigene AG as of 31 March 2013 and 31 December 2012

In € k		31.3.2013 unaudited	31.12.2012 audited
Assets			
A. Non-current assets			
I.	Property, plant and equipment	531	604
II.	Intangible assets	27,255	27,369
III.	Goodwill	2,212	2,212
IV.	Financial assets	3,901	3,895
V.	Investment in an associate	2,764	2,727
VI.	Other assets	1	1
Total non-current assets		36,664	36,808
B. Current assets			
I.	Inventories	3,227	2,205
II.	Trade accounts receivable	727	1,139
III.	Cash and cash equivalents	16,676	20,113
IV.	Other current assets	971	990
Total current assets		21,601	24,447
Total assets		58,265	61,255
Liabilities and shareholders' equity			
A. Shareholders' equity			
I.	Subscribed capital	37,082	37,082
II.	Additional paid-in capital	343,949	343,938
III.	Accumulated deficit	-339,949	-336,676
IV.	Other reserves	-82	-129
Total shareholders' equity		41,000	44,215
B. Non-current liabilities			
I.	Financial liabilities	12,033	11,906
II.	Pension obligations	255	255
III.	Other financial liabilities	235	258
IV.	Deferred income	295	304
Total non-current liabilities		12,818	12,723
C. Current liabilities			
I.	Trade accounts payable	1,688	719
II.	Other current liabilities	2,692	2,888
III.	Deferred income	65	68
IV.	Tax liabilities	2	642
Total current liabilities		4,447	4,317
Total liabilities		17,265	17,040
Total liabilities and shareholders' equity		58,265	61,255

Consolidated statement of cash flows

of Medigene AG for the periods from 1 January to 31 March 2013 and 2012

In € k	Q1 2013 unaudited	Q1 2012 unaudited
Cash flow from operating activities		
Net result for the period (before taxes)	-3,273	-124
Non-cash adjustments to reconcile net result before tax to net cash flows:		
Share-based compensation	11	16
Other non-cash income	-623	0
Depreciation and amortisation	192	210
Gain on disposal of property, plant and equipment	0	-12
Interest income	-3	-17
Interest expense	402	0
Changes in:		
Inventories	-1,023	121
Other assets and accounts receivable	425	-1,345
Trade accounts payable	969	-13
Other liabilities and deferred income	114	-1,401
Income tax expense	-638	0
Share of result of an associates	44	19
Subtotal	-3,403	-2,546
Interest received	3	15
Net cash used by operating activities	-3,400	-2,531
Cash flow from investing activities		
Purchase of property, plant and equipment	-4	-152
Proceeds from sale of property, plant and equipment	0	15
Net cash used by investing activities	-4	-137
Decrease in cash and cash equivalents	-3,404	-2,668
Cash and cash equivalents at beginning of the period	20,113	12,811
Foreign exchange differences	-33	-21
Cash and cash equivalents at the end of the period	16,676	10,122

Consolidated statement of changes in shareholders' equity

of Medigene AG for the periods from 1 January to 31 March 2013 and 2012

In € k	Subscribed capital	Capital reserve	Accumulated deficit	Currency translation	Financial assets	Total shareholders' equity
Balance 1.1.2012, audited	37,082	343,848	-326,817	-6,178	-3	47,932
Net result for the period			-124			-124
Currency translation adjustments				-70		-70
Comprehensive income						-194
Share-based compensation		16				16
Balance 31.3.2012, unaudited	37,082	343,864	-326,941	-6,248	-3	47,754
Balance 1.1.2013, audited	37,082	343,938	-336,676	-123	-6	44,215
Net result for the period			-3,273			-3,273
Currency translation adjustments				47		47
Comprehensive income						-3,226
Share-based compensation		11				11
Balance 31.3.2013, unaudited	37,082	343,949	-339,949	-76	-6	41,000

Notes to the interim consolidated financial statements

of Medigene AG, Planegg/Martinsried, for the period from 1 January to 31 March 2013

A. Description of business activity, information about the company

Medigene AG, Planegg/Martinsried, Germany (hereinafter referred to as "Medigene"), is a biopharmaceutical company that specialises in the research and development of innovative drugs to treat cancer and autoimmune diseases and has one drug on the market which generates revenue.

The Group's main activities are described in note *I) "Segment reporting".*

Medigene AG has been listed since June 2000 (German Stock Exchange: Regulated Market, Prime Standard; SIN 502090; code MDG).

B. Accounting and valuation principles

Basic principles for the preparation of interim financial statements

As a parent company geared to the capital markets within the meaning of Article 4 of Regulation (EC) No. 1606/2002, Medigene AG applies the International Financial Reporting Standards (IFRS). These unaudited quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IAS 34 "Interim Financial Reporting").

The Company's Executive Board is of the opinion that these quarterly consolidated financial statements reflect all business transactions required to present the assets, financial and income position for the periods which ended on 31 March 2013 and 2012.

These interim consolidated financial statements do not include the full information required to prepare annual financial statements. Therefore these interim financial statements should be read in connection with the annual financial statements for 2012 and 2011.

These interim consolidated financial statements of Medigene AG were approved for publication by Medigene's Executive Board on 13 May 2013.

Changes in accounting, valuation, and reporting principles

The accounting, valuation, and reporting principles applied for the interim consolidated financial statements on hand correspond to those applied for the consolidated annual financial statements 2012.

Regarding changes relevant to accounting, Medigene refers to the detailed presentation in the Annual Report 2012, page 50 et. seq. ("Changes in accounting, valuation, and reporting principles") and page 78 et.seq. ("Pension obligations").

Group companies

In addition to the parent company, Medigene AG in Planegg/Martinsried, Germany, the Medigene Group includes wholly-owned subsidiary Medigene, Inc., San Diego, California, USA, which was acquired in 2001. Medigene, Inc. holds 41.89% of the shares in Catherex, Inc., Philadelphia, Pennsylvania, USA.

Apart from that, Medigene AG held no other shares in affiliated companies, associates, or joint ventures as at 31 March 2013. The financial statements of the companies consolidated have been prepared in accordance with standardised accounting and valuation principles. All intercompany revenue, 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 are not subject to any seasonal fluctuations.

D. Discontinued operations

Since the beginning of 2013, Medigene has only reported on continued operations, as discontinued operations concluded at year-end 2012. For a detailed presentation of Medigene's discontinued operations, please refer to page 65 et. seq. of the Annual Report 2012. To facilitate a comparison, the table below is continued up to the end of 2013:

Key figures from continued and discontinued operations

In € k	Q1 2013 continued	Q1 2013 discontinued	Q1 2013 total	Q1 2012 continued	Q1 2012 discontinued	Q1 2012 total
Revenue	680	0	680	604	0	604
Other operating income	629	0	629	1,018	16	1,034
Total revenue	1,309	0	1,309	1,622	16	1,638
Cost of sales	-223	0	-223	-278	0	-278
Gross profit	1,086	0	1,086	1,344	16	1,360
Selling expenses	-616	0	-616	-541	-19	-560
General and administrative expenses	-1,205	0	-1,205	-1,220	0	-1,220
Research and development expenses	-1,753	0	-1,753	-1,840	0	-1,840
Operating result	-2,488	0	-2,488	-2,257	-3	-2,260
Interest income	3	0	3	17	0	17
Interest expense	-402	0	-402	0	0	0
Foreign exchange losses	-342	0	-342	-16	0	-16
Share of result of an associate	-44	0	-44	-19	0	-19
Income from revaluation of an investment	0	0	0	2,154	0	2,154
Result from continued operations before tax	-3,273	0	-3,273	-121	-3	-124
Result from continued operations	-3,273			-121		
Result from discontinued operations		0			-3	
Net result for the period			-3,273			-124

E. Notes to the income statement

Associates

The income statement reflects the Group's share of the profit of the associate Catherex, Inc. The Group recognises its share of any changes shown directly in the shareholders' equity of the associates, and discloses this, if applicable, in the statement of changes in shareholders' equity. Unrealised gains and losses from transactions between the Group and the associate are eliminated corresponding to the share in the associate held.

Income from revaluation of an investment

Since the beginning of 2012, Immunocore Ltd. is no longer recognised as an associate. As a consequence of the reduction of the share in Immunocore Ltd. below 20%, this investment was reclassified in the balance sheet and, accordingly, a revaluation pursuant to IAS 28.18 at fair value was carried out. The revaluation associated with it resulted in non-cash income of €2,154 k for the first quarter of 2012. The reclassification was implemented as part of the audit of the annual financial statements, and the previous year's figures have now been adjusted accordingly.

Taxes

No tax expense or tax income was recorded in either the reporting period or the same period of the previous year.

F. Notes on the balance sheet

Subscribed capital

Compared with 31 December 2012, the subscribed capital of €37,082 k remained unchanged as at 31 March 2013.

As at 31 March 2013, the subscribed capital was divided into 37,082,758 no-par registered shares, approx. 94% of which were in circulation as at the balance sheet date.

Intangible assets

The decrease of reported intangible assets compared with 31 December 2012 is due solely to the planned amortisation of patents and product licences and amounted to €27,255 k as at 31 March 2013.

Financial assets

Financial assets amounted to €3,901 k as at the reporting date. They essentially comprise the shares in Immunocore Ltd., which were valued at fair value and totalled €3,533 k as at 31 March 2013.

Investment in an associate

The investment in an associate related to the associate, Catherex, Inc., and amounted to €2,764 k as at the reporting date.

Current liabilities

Compared with 31 December 2012, current liabilities increased from €4,317 k by €130 k to €4,447 k as at 31 March 2013. This increase mainly resulted from the rise in trade accounts payable and the payment of a tax liability. Other current liabilities include the short-term portion of the liability relating to the transfer of future cash flows from the 2% share in Eligard® revenue to Cowen totalling €955 k.

Non-current liabilities

Non-current liabilities comprise the long-term portion of the liability relating to the transfer of future cash flows from the 2% royalty share in Eligard® revenue to Cowen, according to IAS 32 and 39. This item totalled €12,033 k at the closing date and will be amortised over the Eligard® patent term of approx. ten years. The amount stated includes liabilities with a term of one to five years (€4,897 k) and more than five years (€7,136 k).

G. Notes to the statement of cash flows

In the first quarter of 2013, the adjusted monthly net cash outflow from operating activities increased from €-0.8 m to €-1.1 m, compared with the previous year's reporting period. The rise essentially resulted from an increase in working capital.

H. Earnings per share

The Group reported diluted and basic earnings per share. Due to the small number of potentially exercisable options, there is no difference between diluted and basic earnings per share.

I. Segment reporting

Business units

The Group is organized into two main business units: Marketed Products and Drug Candidates. The segments are made up as follows:

Segment reporting by business units

In € k	Marketed Products	Drug Candidates	Total segments	Recon-ciliation[1]	Adjustments discontinued operations	Total
Q1 2013						
Revenue with external customers	680	0	680	0	0	680
Other income	627	0	627	2	0	629
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	1,307	0	1,307	2	0	1,309
Segment operating result[3]	-103	-2,388	-2,491	3	0	-2,488
Depreciation and amortisation	0	-149	-149	-43	0	-192
Share of result of an associate	0	0	0	-44		-44
Assets						
Investment in an associate	0	0	0	2,764		2,764
Segment investments[4]	0	0	0	4		4
Segment assets[5]	3,954	29,467	33,421	24,844		58,265
Segment liabilities[6]	360	0	360	16,905		17,265
Q1 2012						
Revenue with external customers	604	0	604	0	0	604
Other income	629	0	629	405	-16	1,018
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	1,233	0	1,233	405	-16	1,622
Segment operating result[3]	-178	-2,430	-2,608	348	3	-2,257
Depreciation and amortisation	0	-176	-176	-34		-210
Share of result of an associate	0	0	0	-19		-19
Assets						
Investment in an associate	0	0	0	2,735		2,735
Segment investments[4]	6	17	23	129		152
Segment assets[5]	3,239	29,858	33,097	18,602		51,669
Segment liabilities[6]	75	0	75	3,870		3,945

1) »Reconciliation« includes information that can be allocated to neither the »Marketed Products« segment nor the »Drug Candidates« segment, as it does not depict any activities of its own.
2) Inter-segment sales are eliminated for consolidation purposes.
3) Segment operating result does not include any interest income (Q1 2013: €3 k; Q1 2012: €17 k), any interest expense (Q1 2013: €402 k; Q1 2012: €0), any foreign exchange losses (Q1 2013: €342 k; Q1 2012: €16 k), any share of loss of an associate (Q1 2013: €44 k; Q1 2011: €19 k).
4) Segment investments relate to additions to property, plant and equipment, and intangible assets.
5) Segment assets under »Reconciliation« include non-current assets (Q1 2013: €7,197 k; Q1 2012: €7,375 k), cash and cash equivalents (Q1 2013: €16,676 k; Q1 2011: €10,122 k), and other current assets (Q1 2013: €971 k; Q1 2012: €1,105 k).
6) Segment liabilities under »Reconciliation« include non-current liabilities (Q1 2013: €12,523 k; Q1 2012: €535 k), trade accounts payable and other liabilities (Q1 2013: €4,380 k; Q1 2012: €2,705 k), and tax liabilities (Q1 2013: €2 k; Q1 2012: €630 k).

Revenue earned by the individual segments is generated by external business relationships.

Transfer prices between the business units and regions are determined on the basis of the usual market terms among third parties.

The business units are composed as follows:

Marketed products

- Veregen® for the treatment of genital warts

Drug candidates & technologies

- EndoTAG®-1 for the treatment of solid tumours
- RhuDex® for the treatment of autoimmune diseases
- AAVLP technology

J. Other notes

Contingent liabilities

For the contingent liabilities listed below, no accruals were recognised in liabilities, as the risk of their being utilized is deemed unlikely.

In 2004, Medigene concluded an agreement with the insolvency administrator of MBT (formerly “Munich Biotechnology”) under which payments by Medigene to the insolvency administrator were agreed in the event of certain milestones being achieved. These included a milestone payment if a clinical phase III trial would be initiated. In connection with signing an agreement with Syncore in July 2012, the Company has achieved a settlement with the insolvency administrator which stipulates that Medigene will no longer make milestone payments but instead must only transfer a minor percentage of the income generated with EndoTAG®-1. The total amount is therefore limited to up to €11 m. From the Company management’s point of view, no accruals need to be recognised for this purpose at present, because the relevant payments will only be due following the achievement of specific events.

The company leases office and laboratory facilities, office furnishings, laboratory equipment, and vehicles. These constitute operating leases, as the contractual agreement does not transfer any risks and rewards to the Group. The conditions, rental increase clauses and extension options of lease agreements vary.

The cancelation periods for these lease agreements vary between one month and five years.

K. Executive Board and Supervisory Board

„Directors' Holdings" and note on subscription rights

Member	Shares 3M 2013	Shares J 2012	Options 3M 2013	Options J 2012
Prof. Dr. Ernst-Ludwig Winnacker Chairman of Supervisory Board, Co-founder	274,476	274,476	0	0
Prof. Dr. Norbert Riedel Vice Chairman of Supervisory Board	3,300	3,300	0	0
Dr. Pol Bamelis Supervisory Board member	400	400	0	0
Dr. Mathias Albert Boehringer Supervisory Board member	0	0	0	0
Klaus Kühn Supervisory Board member	0	0	0	0
Dr. Thomas Werner Supervisory Board member	0	0	0	0
Total Supervisory Board	278,176	278,176	0	0
Dr. Frank Mathias Chief Executive Officer	6,000	6,000	162,500	162,500
Peter Llewellyn-Davies Chief Financial Officer	6,000	6,000	7,500	7,500
Total Executive Board	12,000	12,000	170,000	170,000

(Status as at 31 March 2013 and 31 December 2012)

Financial calendar

16 July 2013

Annual General Meeting 2013
Munich, Germany

9 August 2013

6-Months Report 2013
Analysts teleconference

14 November 2013

9-Months Report 2013
Analysts teleconference

Trademarks

EndoTAG®
is a trademark of Medigene AG

Medigene®
is a trademark of Medigene AG

Polyphenon E®
is a trademark of Mitsui Norin Co. Ltd.

RhuDex®
is a trademark of Medigene AG

Veregen®
is a trademark of Medigene AG

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Disclaimer

This quarterly report contains forward-looking statements that are based on certain assumptions and expectations made by the management of Medigene AG at the time of its publication. These forward-looking statements are therefore subject to unpredictable risks and uncertainties, so there is no guarantee that these assumptions and expectations will turn out to be accurate. Many of those risks and uncertainties are determined by factors that are beyond the control of Medigene AG and cannot be gauged with any certainty at this point in time. This includes future market conditions and economic developments, the behavior of other market participants, the achievement of targeted synergy effects as well as legal and political decisions. Medigene AG cannot preclude that actual results may differ substantially from those expectations expressed in or implied by the forward-looking statements. Medigene AG does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this annual report.

The English version of the quarterly report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

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