MEDIGENE AG
6-MONTHS REPORT 2013

medigene

Q2

Medigene's key figures

In € k	Q2 2013	Q2 2012	Change	6M 2013	6M 2012	Change
Income position						
Revenue	**1,197**	1,050	14%	**1,877**	1,654	13%
thereof Veregen® royalties	***685***	*472*	*45%*	***1,243***	*849*	*46%*
thereof Veregen® revenue from supply chain	***484***	*0*	*-*	***554***	*225*	*146%*
thereof Veregen® milestone payments	***28***	*578*	*-95%*	***80***	*580*	*-86%*
Other operating income	**702**	624	13%	**1,331**	1,642	-19%
Total revenue	**1,899**	**1,674**	**13%**	**3,208**	**3,296**	**-3%**
Total revenue before one-time effect	**1,899**	**1,674**	**13%**	**3,208**	**2,906**	**10%**
Cost of sales	**-604**	-136	>200%	**-827**	-414	100%
Gross profit	**1,295**	1,538	-16%	**2,381**	2,882	-17%
Selling, general and administrative expenses	**-1,783**	-2,095	-15%	**-3,604**	-3,856	-7%
Research and development expenses	**-1,693**	-1,795	-6%	**-3,446**	-3,635	-5%
Operating result	**-2,181**	-2,352	-7%	**-4,669**	-4,609	1%
Income from revaluation of an investment	**0**	32	-	**0**	2,186	-
Net result for the period	**-2,384**	2,346	-	**-5,656**	2,223	-
EBITDA	**-1,994**	**2,867**	**-**	**-4,290**	**818**	**-**
EBITDA before one-time effects	**-1,994**	**-2,137**	**-7%**	**-4,290**	**-4,574**	**-6%**
Earnings per share in €	**-0.06**	0.06	-	**-0.15**	0.06	-
Weighted average number of shares (basic)	**38,008,066**	37,082,758	2%	**37,547,968**	37,082,758	1%
Personnel expenses	**-1,461**	-1,437	2%	**-2,938**	-2,854	3%
Cash flow statement						
Cash flow from operating activities	**-4,103**	1,264	-	**-7,503**	-1,266	>200%
Cash flow from investing activities	**-27**	-42	-36%	**-31**	-179	-83%
Cash flow from financing activities	**2,392**	14,094	-83%	**2,392**	14,094	-83%
Balance sheet data as at 30 June						
Cash and cash equivalents	**14,960**	25,376	-41%			
Balance sheet total	**57,153**	66,820	-14%			
Current liabilities	**3,799**	3,084	23%			
Non-current liabilities	**12,367**	13,551	-9%			
Shareholders' equity	**40,987**	50,185	-18%			
Equity ratio in %	**72**	74	-3%			
Employees as at 30 June	**48**	52	-8%			
FTE as at 30 June	**45**	51	-11%			
Medigene share as at 30 June						
Total number of shares outstanding	**39,488,558**	37,082,758	6%			
Share price (XETRA closing price)	**0.96**	1.08	-11%			

Medigene's products and clinical projects

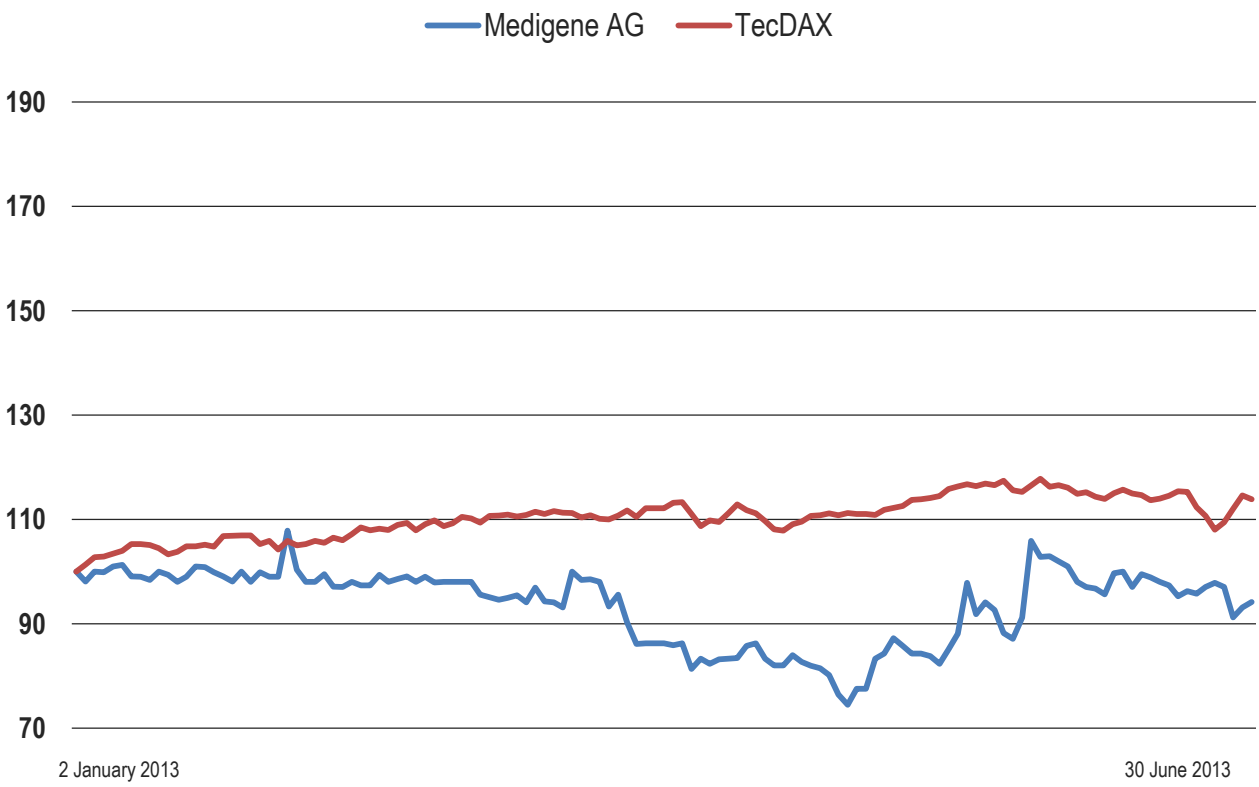
Product	Indication	Pre-clinic	Clinical phase I	Clinical phase II	Clinical phase III	Approval	Market
Marketed drugs							
Veregen®	Genital warts						
Drugs in development							
EndoTAG®-1	Pancreatic cancer						
	Triple-negative breast cancer (TNBC)						
RhuDex®	Autoimmune diseases						
AAVLP	Vaccine candidates						
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 €	6M 2013	6M 2012
3-month high	1.10	1.57
3-month low	0.76	0.95
Price at the beginning of the year	1.02	0.95
Closing price	0.96	1.08
Average price since beginning of the year	0.95	1.27
Weighted average number of shares (basic)	37,547,968	37,082,758
Weighted average number of shares (diluted)	37,547,968	37,116,915
Average market capitalization (€ m)	38	47
Average daily trading volume (in shares)	66,481	89,865
Total number of shares outstanding	39,488,558	37,082,758
Earnings per share in € (basic and diluted)	-0.15	0.06
Shareholders' equity per share[1)]	1.04	1.29
Cash flow from operating activities per share[1)]	-0.19	-0.03
Free Float (%)	84	94

[1)] Reference amount: total number of shares outstanding

Group interim management's discussion and analysis Q2 2013/6M 2013

of Medigene AG, Planegg/Martinsried, Germany, for the period from 1 January to 30 June 2013

Highlights in the first six months of 2013

- **In-market sales from Veregen® increased by 48%; further market launches, approvals, and partnerships**
- **Global partnership agreement for EndoTAG®-1 concluded; phase III clinical trial funded**
- **SynCore gained as strategic core investor**

Financial highlights in the first half of 2013

- **Revenue from Veregen® royalties increased by 46% to €1,243 k (6M 2012: €849 k)**
- **Total revenue (without 2012 one-time effect) increased by 10% to €3,208 k (6M 2012: €2,906 k)**
- **Loss on EBITDA basis (without 2012 one-time effects) reduced by 6% to €-4,290 k (6M 2012: €-4,574 k)**
- **Cash and cash equivalents of €15.0 m as at 30 June 2013**
- **2013 financial guidance improved**

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® 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.

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

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

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 Austria, Germany 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 Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro and Slovenia. The marketing partner for the Netherlands as well as Belgium and Luxembourg is L.F. Will-Pharma & Cie. Additional partnership agreements are in place for France (Laboratoires Expanscience), Bulgaria, Cyprus, Greece and Romania (Meditrina Pharmaceuticals, Ltd.), the Nordic countries Denmark, Finland, Iceland, Norway and Sweden (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 almost all other countries in Asia (Afghanistan, Bangladesh, Bhutan, Brunei, Burma, Cambodia, India, Indonesia, Iran, Iraq, Japan, Laos, Malaysia, the Maldives, Mongolia, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand and Vietnam) as well as Australia and New Zealand. In August 2013, Medigene signed a partnership agreement with Difa Cooper SPA for the commercialization of Veregen® in Italy. Medigene receives successive one-time 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 marketing partners (revenue from supply chain). In the first half of the year, revenue generated by partners from in-market sales of Veregen® increased by 48 %.

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).

In addition, Medigene published results from an Investigator Initiated trial (IIT) with EndoTAG®-1 on 16 May 2013 for the Annual Meeting of the American Society of Clinical Oncology (ASCO). The aim of the exploratory open-label phase II IIT was to evaluate the efficacy and safety of EndoTAG®-1 in combination with conventional paclitaxel in a neoadjuvant setting in patients with HER2-negative high-risk breast cancer. Prof. Ahmad Awada from the Institut Jules Bordet in Brussels, the principal investigator of Medigene's Phase II TNBC trial, had started the investigator initiated trial (IIT) in 2012, coordinated it and successfully concluded the trial. In combination with conventional paclitaxel, EndoTAG®-1 showed promising initial activity in a neoadjuvant setting, especially in patients with TNBC. The primary end point of this efficacy trial has been met. The magnetic resonance imaging (MRI) scans following the EndoTAG®-1/paclitaxel therapy showed a reduction of 80% or more in the tumour volume in eleven of the 15 patients treated. The median of the percentage reduction in the tumour volume was 90% in 14 patients with subsequent surgery. The best results were observed in TNBC patients (six of 15 patients). They had a tumour volume reduction of 87% to 100%. A pathological complete response (pCR) was observed for the tissue samples of five of the six patients. The results of the IIT support the further development of EndoTAG®-1 in the breast cancer indication TNBC.

On 27 May 2013, Medigene announced that it had signed a global development and marketing partnership agreement for EndoTAG®-1 with its existing cooperation partner SynCore Biotechnology Co., Ltd. As part of the new licence agreement, SynCore has undertaken to finance in full the planned phase III clinical trial with EndoTAG®-1 in the indication of TNBC and will in turn receive the global marketing rights for EndoTAG®-1. Medigene received an upfront payment from SynCore and is eligible to payments upon certain development and approval milestones as well as royalties after market approval of EndoTAG®-1. The new licence agreement represents a significant expansion of the partnership agreement for EndoTAG®-1 in Asia, Australia and New Zealand, which was signed in July 2012.

The use of EndoTAG®-1 in combination with conventional taxanes to treat TNBC is protected by a US patent until 2029. The European Patent Office granted a further patent in May 2013 to protect the drug candidate. The term of the patent EP 2108362 entitled "A cationic liposomal preparation comprising a taxane" ends in 2023.

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 Phase I 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 updated its clinical development plan for RhuDex® in the indication of primary biliary cirrhosis (PBC). Depending on the successful completion of preparatory activities and approval by the regulatory authorities, the preliminary study design of the planned phase II trial envisages a multi-arm controlled study with various dosage groups and a treatment period of up to 6 months. The principal aim of the trial is to examine the postulated immunomodulating mode of action of RhuDex® in PBC and confirm preclinical data. Aspects relating to the optimum market positioning of RhuDex® in PBC have also been taken into account in the design of the study, in order to facilitate a good reimbursement price in the event of market approval. The start of the clinical trial is scheduled for 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 was 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. At present, a preclinical longitudinal analysis is also being conducted in collaboration with Dr. Neil Christensen from Pennsylvania State University, USA, with the aim of demonstrating long-term protection against infection with various HPV types. Preliminary preclinical results are already available and point to a successful protection against several important subtypes of HPV viruses.

Corporate

As part of a strategic partnership, SynCore Biotechnology Co., Ltd. acquired shares in Medigene AG at the end of May 2013 with a total of 2,405,800 new shares from authorised capital excluding subscription rights of existing shareholders. This stake of 6.09% made SynCore a strategic core investor and one of the largest Medigene AG shareholders. As a result of the capital measure, the number of shares issued rose to 39,488,558 shares in total. In the course of this capital increase, Medigene received proceeds of EUR 2,405,800.00.

At the beginning of June 2013, Medigene informed about a planned share capital reduction by means of consolidating the no-par shares issued with a ratio of 4:1 from 39,488,556 to subsequently 9,872,139 shares and the planned reduction of the number of Supervisory Board members from six to three members. The proposed resolutions were approved by a large majority at the Annual General Meeting on 16 July 2013.

Income position

Revenue and other operating income

Medigene achieved an increase in revenue generated with the drug Veregen® of 13% to €1,877 k in the first six months of 2013 (6M 2012: €1,654 k) and 14% to €1,197 k in the second quarter of 2013 (Q2 2012: €1,050 k). Royalties from Veregen® rose by 46% to €1,243 k in the first half of 2013 (6M 2012: €849 k) and on a quarterly basis by 45% to €685 k (Q2 2012: €472 k). In addition, Medigene received Veregen® milestone payments from partners totalling €80 k in the first six months of 2013 (6M 2012: €580 k), of which €28 k were attributable to the second quarter of 2013 (Q2 2012: 578 k). Revenue from the supply of the marketing partners with Veregen® increased by 146% to €554 k in the first half of 2013 (6M 2012: €225 k) and to €484 k in the second quarter of 2013 (Q2 2012: €0).

Medigene generated other operating income totalling €1,331 k in the first six months of 2013 (6M 2012: €1,642 k) and €702 k in the second quarter of 2013 (Q2 2012: €624 k). This consisted on the one hand of regular non-cash income of € 208 k per month resulting from the Eligard® transaction concluded with Cowen in 2012. On the other hand, Medigene receives cost reimbursement payments for the development of EndoTAG®-1 within the scope of the global partnership concluded with SynCore in May 2013. These payments amounted to €75 k in the second quarter of 2013. In the first half of the previous year, Medigene also received €390 k from a service provider as compensation for costs incurred, which was a one-time effect.

Total revenue amounted to €3,208 k in the first six months of 2013 (6M 2012: €3,296 k) and €1,899 k in the second quarter of 2013 (Q2 2012: €1,674 k). Disregarding the above-mentioned one-time effect relating to other operating income, total revenue rose by 10% from €2,906 k (6M 2012) to €3,208 k in the first half of 2013.

Consolidated income statement (abbreviated)

In € k	Q2 2013 unaudited	Q2 2012 unaudited	Change	6M 2013 unaudited	6M 2012 unaudited	Change
Revenue	**1,197**	**1,050**	**14%**	**1,877**	**1,654**	**13%**
thereof Veregen® royalties	***685***	*472*	*45%*	***1,243***	*849*	*46%*
thereof Veregen® revenue from supply chain	***484***	*0*	*-*	***554***	*225*	*146%*
thereof Veregen® milestone payments	***28***	*578*	*-95%*	***80***	*580*	*-86%*
Other operating income	**702**	624	13%	**1,331**	1,642	-19%
Total revenue	**1,899**	**1,674**	**13%**	**3,208**	**3,296**	**-3%**
Total revenue before one-time effect	**1,899**	**1,674**	**13%**	**3,208**	**2,906**	**10%**
Cost of sales	**-604**	-136	>200%	**-827**	-414	100%
Gross profit	**1,295**	**1,538**	**-16%**	**2,381**	**2,882**	**-17%**
Selling, general and administrative expenses	**-1,783**	-2,095	-15%	**-3,604**	-3,856	-7%
Research and development expenses	**-1,693**	-1,795	-6%	**-3,446**	-3,635	-5%
Operating result	**-2,181**	**-2,352**	**-7%**	**-4,669**	**-4,609**	**1%**
Income from revaluation of an investment	**0**	32	-	**0**	2,186	-
Net result for the period	**-2,384**	**2,346**	**-**	**-5,656**	**2,223**	**-**

Cost of sales

The cost of sales increased to €827 k in the first six months of 2013 (6M 2012: €414 k) as a result of higher revenue from supply chain and royalties for Veregen® and to €604 k in the second quarter of 2013 (Q2 2012: €136 k). It was incurred for the purchase of Veregen® and licence fees for Veregen® sales.

Gross profit

Gross profit amounted to €2,381 k in the first half of 2013 (6M 2012: €2,882 k) and to €1,295 k in the second quarter of 2013 (Q2 2012: €1,538 k). The amount of gross profit is determined by the ratio of revenue from supply chain to royalties and milestone payments. Gross profit in the preceding year's reporting period was positively influenced by the above-mentioned one-time effect (compensation payment), as well as higher milestone payments for Veregen®.

Selling, general and administrative expenses

Medigene reduced selling, general and administrative expenses in the first six months of 2013 by 7% to €3,604 k (6M 2012: €3,856 k) and by 15% to €1,783 k in the second quarter of 2013 (Q2 2012: €2,095 k). Selling expenses were up by 13% to €1,210 k in the first half of 2013 (6M 2012: €1,074 k) due to higher expenses for the commercialisation of Veregen® and by 11% to €594 k on a quarterly basis (Q2 2012: €533 k). Conversely, general and administrative expenses were reduced by 14% to €2,394 k in the first half of 2013 (6M 2012: €2,782 k) and by 24% to €1,189 k in the second quarter of 2013 (Q2 2012: €1,562 k). Higher general and administrative expenses in the preceding year's reporting period mainly resulted from non-recurring costs associated with the Eligard® deal.

Research and development expenses

Research and development expenses amounted to €3,446 k in the first half of 2013 (6M 2012: €3,635 k) and to €1,693 k in the second quarter of 2013 (Q2 2012: €1,795 k). The decrease in these expenses primarily resulted from reduced expenses for clinical trials, since a clinical trial of RhuDex® was completed in mid-2012. However, the expenses for preclinical development, particularly for the preparation of further clinical trials, 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 €-4,290 k in the first six months of 2013 (6M 2012: €818 k) and €-1,994 k in the second quarter of 2013 (Q2 2012: €2,867 k). Disregarding the one-time effects which occurred in the same period of the previous year (milestone payment for Eligard® and compensation payment), the loss on an EBITDA basis was reduced by 6% to €-4,290 k (6M 2012: -4,574 T€).

Depreciation and amortisation

Depreciation and amortisation totalled €379 k in the first six months of 2013 (6M 2012: €425 k) and €187 k in the second quarter of 2013 (Q2 2012: €215 k).

Financial result

The financial result, which consists mainly of interest income/expenses and foreign exchange gains and losses, totalled €-890 k in the reporting period (6M 2012: €-330 k) and €-149 k in the second quarter of 2013 (Q2 2012: €-331 k). It includes non-cash interest expense totalling €797 k and foreign exchange losses of €99 k, which mainly result from the revaluation of the financial liability as part of the Eligard® deal.

Financial result

In € k	Q2 2013 unaudited	Q2 2012 unaudited	Change	6M 2013 unaudited	6M 2012 unaudited	Change
Interest income	**3**	10	-70%	**6**	27	-78%
Interest expense	**-395**	-421	-6%	**-797**	-421	89%
Subtotal	**-392**	**-411**	**-5%**	**-791**	**-394**	**101%**
Foreign exchange gains/losses	**243**	80	>200%	**-99**	64	-
Total	**-149**	**-331**	**-55%**	**-890**	**-330**	**170%**

Result of an associate

The result from the investment in the associate Catherex, Inc. amounted to €-72 k in the first six months of 2013 (6M 2012: €-26 k) and to €-29 k in the second quarter of 2013 (Q2 2012: €-7 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 non-cash income of €2,186 k for the first six months of 2012. The reclassification was implemented as part of the audit of the annual financial statements for 2012, and the previous year's figures have now been adjusted accordingly.

6-months result 2013

In the first six months of 2013, the net result achieved was €-5,656 k (6M 2012: €2,223 k) and €-2,384 k in the second quarter of 2013 (Q2 2012: €2,346 k). The previous year's result was positively influenced by the above-mentioned one-time effects (revaluation of an investment, compensation payment by a service provider and milestone payment for the transfer of the Eligard® rights to Astellas).

Earnings per share

In the first half of 2013, the loss per share was €0.15 (weighted average number of shares, basic and diluted: 37,547,968) in comparison with earnings in the same period of the previous year of €0.06 per share (6M 2012: weighted average number of shares, basic: 37,082,758 and diluted: 37,116,915).

Financial position

Cash used by operating activities

Net cash used by operating activities amounted to €-7,503 k in the first six months of 2013 (6M 2012: €-1,266 k) and to €-4,103 k in the second quarter of 2013 (Q2 2012: €1,264 k). Hence the average monthly net cash usage was €1.3 m (6M 2012: €-0.2 m). In the second quarter of 2012, Medigene received a milestone payment of €5 m (6M 2013: €0) for the transfer of the Eligard® rights, which was reported as one-time effect. Net of this one-time effect, monthly average cash used by operating activities amounted to €-1.3 m (6M 2012: €-1.0 m). The major portion of the cash outflow resulted from expenses for research and development, marketing and administration as well as changes in working capital. The rise in the first half of 2013 is essentially attributable to the increase in inventories for Veregen® amounting to a monthly average of €240 k.

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, changes in working capital 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 €31 k in the first half of 2013 (6M 2012: €179 k) and €27k in the second quarter of 2013 (Q2 2012: €42 k).

Cash flow from financing activities

The cash inflow from financing activities amounted to €2,392 k in the reporting period (6M 2012: €14,094 k). In the same period of the previous year, this item included a payment received of €14.1 m relating to the financial liabilities owed to Cowen as part of the Eligard® deal. In the first half of 2013, Medigene recorded an amount of €2,406 k under a strategic partnership as a result of a capital increase implemented together with partner SynCore Biotechnology Co., Ltd. In total, Medigene issued 2,405,800 new shares from authorised capital excluding shareholders' subscription rights. The stake of 6.09% made SynCore a strategic core investor and one of the largest Medigene AG shareholder. As a result of the capital measure, the number of shares issued rose to a total of 39,488,558 shares. The capital increase generated proceeds of €2,405,800.00 for Medigene.

Change in cash and cash equivalents

In € k	Q2 2013 unaudited	Q2 2012 unaudited	Change	6M 2013 unaudited	6M 2012 unaudited	Change
Net cash						
from/used by operating activities	**-4,103**	1,264	-	**-7,503**	-1,266	>200%
used by investing activities	**-27**	-42	-36%	**-31**	-179	-83%
from financing activities	**2,392**	14,094	-83%	**2,392**	14,094	-83%
Increase/decrease in cash and cash equivalents	**-1,738**	**15,316**	**-111%**	**-5,142**	**12,649**	**-141%**
Cash and cash equivalents at the beginning of the period	**16,676**	10,122	65%	**20,113**	12,811	57%
Foreign exchange differences	**22**	-62	-135%	**-11**	-84	-87%
Cash and cash equivalents at the end of the period	**14,960**	**25,376**	**-41%**	**14,960**	**25,376**	**-41%**

At the reporting date of 30 June 2013, cash and cash equivalents totalled €14,960 k (Q2 2012: €25,376 k).

Asset position

Cash and cash equivalents €15 m; equity ratio 72%; liquidity ratio 26%

Development of assets and capital structure

In € k	30.6.2013 unaudited	31.12.2012 audited	Change
Assets			
Property, plant and equipment and intangible assets	**27,625**	27,973	-1%
Goodwill	**2,212**	2,212	0%
Financial and other non-current assets	**3,898**	3,896	0%
Investment in an associate	**2,679**	2,727	-2%
Cash and cash equivalents	**14,960**	20,113	-26%
Inventories and receivables	**4,750**	3,344	42%
Other current assets	**1,029**	990	4%
Total assets	**57,153**	**61,255**	**-7%**
Liabilities and shareholders' equity			
Shareholders' equity	**40,987**	44,215	-7%
Non-current liabilities	**12,367**	12,723	-3%
Current liabilities	**3,799**	4,317	-12%
Total liabilities and shareholders' equity	**57,153**	**61,255**	**-7%**
Liquidity ratio in %	**26**	**33**	
Equity ratio in %	**72**	**72**	

Employees

The number of employees amounted to 48 as at the reporting date (6M 2012: 52). The number of FTE employees (full-time equivalent) was reduced to 45 in the first half of 2013 (6M 2012: 51). Personnel expenses amounted to €2,938 k in the reporting period (6M 2012: €2,854 k).

Segment information

For detailed segment information, please see notes, *pages 20 et seq*.

Risk report

The inherent risks to which the Group is subject are described in detail in the risk report of the published Group Management's Discussion and Analysis (MD&A) 2012. Up to the closing date of 30 June 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.

Major events since the end of the reporting period

Annual General Meeting approves capital reduction and elects reduced Supervisory Board

On 16 July 2013, Medigene AG held its Annual General Meeting in Munich, Germany. All the resolutions proposed by the Company were approved by a large majority. With a majority of 93%, Medigene AG shareholders voted in favour of reducing the share capital by €29,616,417.00 to €9,872,139.00 by consolidating the no-par shares issued with a ratio of 4:1 from 39,488,556 to 9,872,139 shares. This measure will enhance Medigene's transaction capacity, without affecting the value of the Company. As a balance sheet measure, the reduction will result in a transfer from subscribed capital to capital reserves on the shareholder's equity side of the balance sheet of Medigene AG. The effective date of the conversion of the shares is expected to be in early September 2013.

Shareholders voted for the reduction in the number of members of the Supervisory Board from six to three with a 97% majority and elected Prof. Dr. Horst Domdey, Dave Lemus and Dr. Yita Lee as Supervisory Board members, with a majority of approx. 90% for each of the Supervisory Board members.

Opportunities and outlook

Financial guidance 2013

Medigene improves the financial guidance for 2013. The company expects total revenue to increase to €8 - 9 m (previous forecast: €7 - 8 m), and a loss on an EBITDA basis of EUR 8 - 10 m (previous forecast: €9 - 11 m). The projected total revenue includes Veregen® revenue, income from the partnership for EndoTAG®-1 with SynCore, and non-cash income from the Eligard® deal concluded in 2012.

Based on current business planning and the respective scenarios, Medigene's management anticipates that the funding of the company is secured until at least the beginning of 2015.

Veregen®

Medigene expects further market approvals and market launches of Veregen® in numerous additional countries in future. Marketing Authorisation applications in the remaining European countries are scheduled for mid-2014. For the global commercialisation of Veregen®, Medigene plans to conclude further partnership agreements. In 2013, Medigene also anticipates further significant double digit growth of Veregen® sales revenue.

EndoTAG®-1

Together with partner SynCore, 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. As part of the global development and marketing partnership, SynCore has undertaken to finance the phase III trial in full. Both partners expect this trial to start in the second half of 2014.

RhuDex®

Medigene plans to conduct a phase II clinical trial in primary biliary cirrhosis (PBC), in order to confirm the mode of action of RhuDex® in autoimmune diseases. Subject to the successful completion of the necessary preparatory work and the approval of the trial by the competent regulatory authorities, the start of this phase II trial is scheduled for 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 30 June 2013 and 2012

In € k	Q2 2013 unaudited	Q2 2012 unaudited	6M 2013 unaudited	6M 2012 unaudited
Product sales	**1,197**	1,050	**1,877**	1,654
Other operating income	**702**	624	**1,331**	1,642
Total revenue	**1,899**	**1,674**	**3,208**	**3,296**
Cost of sales	**-604**	-136	**-827**	-414
Gross profit	**1,295**	**1,538**	**2,381**	**2,882**
Selling expenses	**-594**	-533	**-1,210**	-1,074
General and administrative expenses	**-1,189**	-1,562	**-2,394**	-2,782
Research and development expenses	**-1,693**	-1,795	**-3,446**	-3,635
Operating result	**-2,181**	**-2,352**	**-4,669**	**-4,609**
Interest income	**3**	10	**6**	27
Interest expense	**-395**	-421	**-797**	-421
Foreign exchange gains/losses	**243**	80	**-99**	64
Share of result of an associate	**-29**	-7	**-72**	-26
Income from revaluation of an investment	**0**	32	**0**	2,186
Result from continued operations before tax	**-2,359**	**-2,658**	**-5,631**	**-2,779**
Taxes	**-25**	0	**-25**	0
Result from continued operations	**-2,384**	**-2,658**	**-5,656**	**-2,779**
Revenue from discontinued operations	**0**	5,006	**0**	5,023
Selling expenses from discontinued operations	**0**	-2	**0**	-21
Result from discontinued operations	**0**	**5,004**	**0**	**5,002**
Net result for the period	**-2,384**	**2,346**	**-5,656**	**2,223**
Basic/diluted gain/loss per share after tax in €	**-0.06**	0.06	**-0.15**	0.06
Weighted average number of shares outstanding (basic)	**38,008,066**	37,082,758	**37,547,968**	37,082,758
Weighted average number of shares outstanding (diluted)	**38,008,066**	37,116,915	**37,547,968**	37,116,915

Consolidated statement of comprehensive income

of Medigene AG for the periods from 1 January to 30 June 2013 and 2012

In € k	Q2 2013 unaudited	Q2 2012 unaudited	6M 2013 unaudited	6M 2012 unaudited
Net result for the period	**-2,384**	**2,346**	**-5,656**	**2,223**
Exchange differences on translation of foreign operations[1)]	**-32**	69	**14**	-2
Other comprehensive income for the period, net of tax	**-32**	**69**	**14**	**-2**
Total comprehensive income for the period, net of tax	**-2,416**	**2,415**	**-5,642**	**2,221**

[1)] No income tax effects were incurred

Consolidated balance sheet

of Medigene AG as of 30 June 2013 and 31 December 2012

In € k		30.6.2013 unaudited	31.12.2012 audited
Assets			
A. Non-current assets			
I.	Property, plant and equipment	**478**	604
II.	Intangible assets	**27,147**	27,369
III.	Goodwill	**2,212**	2,212
IV.	Financial assets	**3,897**	3,895
V.	Investment in an associate	**2,679**	2,727
VI.	Other assets	**1**	1
Total non-current assets		**36,414**	**36,808**
B. Current assets			
I.	Inventories	**3,494**	2,205
II.	Trade accounts receivable	**1,256**	1,139
III.	Cash and cash equivalents	**14,960**	20,113
IV.	Other current assets	**1,029**	990
Total current assets		**20,739**	**24,447**
Total assets		**57,153**	**61,255**
Liabilities and shareholders' equity			
A. Shareholders' equity			
I.	Subscribed capital	**39,488**	37,082
II.	Additional paid-in capital	**343,946**	343,938
III.	Accumulated deficit	**-342,332**	-336,676
IV.	Other reserves	**-115**	-129
Total shareholders' equity		**40,987**	**44,215**
B. Non-current liabilities			
I.	Financial liabilities	**11,518**	11,906
II.	Pension obligations	**255**	255
III.	Other financial liabilities	**224**	258
IV.	Deferred income	**370**	304
Total non-current liabilities		**12,367**	**12,723**
C. Current liabilities			
I.	Trade accounts payable	**1,017**	719
II.	Other current liabilities	**2,718**	2,888
III.	Deferred income	**62**	68
IV.	Tax liabilities	**2**	642
Total current liabilities		**3,799**	**4,317**
Total liabilities		**16,166**	**17,040**
Total liabilities and shareholders' equity		**57,153**	**61,255**

Consolidated statement of cash flows

of Medigene AG for the periods from 1 January to 30 June 2013 and 2012

In € k	Q2 2013 unaudited	Q2 2012 unaudited	6M 2013 unaudited	6M 2012 unaudited
Cash flow from operating activities				
Net result for the period (before taxes)	**-2,359**	**2,346**	**-5,631**	**2,223**
Adjustments to reconcile net result before tax to net cash from/used by operating activities:				
Stock-based compensation	**11**	15	**22**	31
Other non-cash income	**-624**	-623	**-1,247**	-623
Depreciation and amortization	**187**	215	**379**	425
Gain on disposal of property, plant and equipment	**0**	0	**0**	-12
Interest income	**-3**	-10	**-6**	-27
Interest expense	**395**	421	**797**	421
Changes in:				
Inventories	**-267**	-35	**-1,290**	86
Other assets and accounts receivable	**-582**	120	**-157**	-1,225
Trade accounts payable	**-670**	-1,425	**299**	-1,438
Other liabilities and deferred income	**-199**	221	**-85**	-1,180
Income tax expense	**-25**	0	**-663**	0
Share of result of associates	**29**	7	**72**	26
Subtotal	**-4,107**	**1,252**	**-7,510**	**-1,293**
Interest received	**4**	12	**7**	27
Net cash from/used by operationg activities	**-4,103**	**1,264**	**-7,503**	**-1,266**
Cash flow from investing activities				
Purchase of property, plant and equipment	**-27**	-42	**-31**	-194
Proceeds from sale of property, plant and equipment	**0**	0	**0**	15
Net cash used by investing activities	**-27**	**-42**	**-31**	**-179**
Cash flow from financing activities				
Proceeds from capital increase	**2,406**	0	**2,406**	0
Expenses on capital increase	**-14**	0	**-14**	0
Proceeds from financial liabilities	**0**	14,094	**0**	14,094
Net cash from financing activities	**2,392**	**14,094**	**2,392**	**14,094**
Increase/Decrease in cash and cash equivalents	**-1,738**	**15,316**	**-5,142**	**12,649**
Cash and cash equivalents at beginning of the period	**16,676**	10,122	**20,113**	12,811
Foreign exchange differences	**22**	-62	**-11**	-84
Cash and cash equivalents at the end of the period	**14,960**	**25,376**	**14,960**	**25,376**

Consolidated statement of changes in shareholders' equity

of Medigene AG for the periods from 1 January to 30 June 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			**2,223**			**2,223**
Currency translation adjustments				**-2**		**2**
Comprehensive income						**2,221**
Share-based compensation		**31**				**31**
Balance 30.6.2012, unaudited	**37,082**	**343,879**	**-324,594**	**-6,180**	**-3**	**50,184**
Balance 1.1.2013, audited	**37,082**	**343,938**	**-336,676**	**-123**	**-6**	**44,215**
Net result for the period			**-5,656**			**-5,656**
Currency translation adjustments				**14**		**14**
Comprehensive income						**-5,642**
Shares issued	**2,406**					**2,406**
Expenses on shares issued		**-14**				**-14**
Share-based compensation		**22**				**22**
Balance 30.6.2013, unaudited	**39,488**	**343,946**	**-342,332**	**-109**	**-6**	**40,987**

Notes to the interim consolidated financial statements

of Medigene AG, Planegg/Martinsried, Germany, for the period from 1 January to 30 June 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.

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 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 30 June 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 8 August 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 by Medigene for the consolidated annual financial statements 2012.

Regarding changes relevant to accounting, Medigene refers to the detailed presentation in the Annual Report 2012, pages 50 et seq. (Changes in accounting, valuation, and reporting principles) and pages 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 30 June 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 pages 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	6M 2013 continued	6M 2013 discontinued	6M 2013 total	6M 2012 continued	6M 2012 discontinued	6M 2012 total
Revenue	**1,877**	**0**	**1,877**	1,654	5,000	**6,654**
Other operating income	**1,331**	**0**	**1,331**	1,642	23	**1,665**
Total revenue	**3,208**	**0**	**3,208**	**3,296**	**5,023**	**8,319**
Cost of sales	**-827**	**0**	**-827**	-414	0	**-414**
Gross profit	**2,381**	**0**	**2,381**	**2,882**	**5,023**	**7,905**
Selling expenses	**-1,210**	**0**	**-1,210**	-1,074	-21	**-1,095**
General and administrative expenses	**-2,394**	**0**	**-2,394**	-2,782	0	**-2,782**
Research and development expenses	**-3,446**	**0**	**-3,446**	-3,635	0	**-3,635**
Operating result	**-4,669**	**0**	**-4,669**	**-4,609**	**5,002**	**393**
Interest income	**6**	**0**	**6**	27	0	**27**
Interest expense	**-797**	**0**	**-797**	-421	0	**-421**
Foreign exchange gains/losses	**-99**	**0**	**-99**	64	0	**64**
Share of result of associates	**-72**	**0**	**-72**	-26	0	**-26**
Income from revaluation of investment	**0**	**0**	**0**	2,186	0	**2,186**
Result from continued operations before tax	**-5,631**	**0**	**-5,631**	**-2,779**	**5,002**	**2,223**
Taxes	**-25**	**0**	**-25**	0	0	**0**
Result from discontinued operations	**-5,656**			**-2,779**		
Ergebnis aus nicht fortgeführten Aktivitäten		**0**			**5,002**	
Net result for the period			**-5,656**			**2,223**

E. Notes to the income statement

Associate

The income statement reflects the Group's share of the profit of associate Catherex, Inc. The Group recognises its share of any changes shown directly in the shareholders' equity of the associate, 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 €2,186 k for the first six 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.

Taxes

In the reporting period, a tax expense of €25 k was posted in the income statement. It essentially resulted from foreign withholding tax on license fees received by Medigene AG.

F. Notes on the balance sheet

Subscribed capital

Compared with 31 December 2012, the subscribed capital rose from €37,082 k to €39,488 k as at 30 June 2013.

As at 30 June 2013, the subscribed capital was divided into 39,488,558 no-par registered shares, approx. 84% of which were in free float 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.

Financial assets

Financial assets amounted to €3,897 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 30 June 2013.

Investment in an associate

The investment in an associate related to the associate, Catherex, Inc., and amounted to €2,679 k as at 30 June 2013.

Current liabilities

Compared with 31 December 2012, current liabilities decreased from €4,317 k by €518 k to €3,799 k as at 30 June 2013. This decrease mainly resulted from reduced tax liabilities. 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 €984 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% share in Eligard® revenue to Cowen, according to IAS 32 and 39. This item totalled €11,518 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 (€5,352 k) and more than five years (€6,166 k).

G. Notes to the statement of cash flows

In the first half of 2013, the adjusted monthly net cash outflow from operating activities increased from €-1.0 m to €-1.3 m, compared with the previous year's reporting period.

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 organised 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
Q2 2013						
Revenue with external customers	**1,197**	**0**	**1,197**	**0**	**0**	**1,197**
Other income	**627**	**75**	**702**	**0**	**0**	**702**
Inter-segment sales[2]	**0**	**0**	**0**	**0**	**0**	**0**
Total revenue	**1,824**	**75**	**1,899**	**0**	**0**	**1,899**
Segment operating result[3]	**47**	**-2,228**	**-2,181**	**0**	**0**	**-2,181**
Depreciation and amortization	**0**	**-143**	**-143**	**-44**		**-187**
Share of result of an associate	**0**	**0**	**0**	**-29**		**-29**
Assets						
Investment in an associate	**0**	**0**	**0**	**2,679**		**2,679**
Segment investments[4]	**0**	**0**	**0**	**27**		**27**
Segment assets[5]	**4,750**	**29,359**	**34,109**	**23,044**		**57,153**
Segment liabilities[6]	**432**	**0**	**432**	**15,734**		**16,166**
Q2 2012						
Revenue with external customers	6,050	0	6,050	0	-5,000	1,050
Other income	630	0	630	0	-6	624
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	**6,680**	**0**	**6,680**	**0**	**-5,006**	**1,674**
Segment operating result[3]	**5,565**	**-2,913**	**2,652**	**0**	**-5,004**	**-2,352**
Depreciation and amortization	0	-177	-177	-38		-215
Share of result of an associate	0	0	0	-7		-7
Assets						
Investment in an associate	0	0	0	2,892		2,892
Segment investments[4]	0	4	4	38		42
Segment assets[5]	**2,770**	**29,755**	**32,525**	**34,295**		**66,820**
Segment liabilities[6]	**73**	**0**	**73**	**16,562**		**16,635**

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 (Q2 2013: €3 k; Q2 2012: €10 k), any interest expense (Q2 2013: €395 k; Q2 2012: €421 k), any foreign exchange gains (Q2 2013: €243 k; Q2 2012: €80 k), any share of result of an associate (Q2 2013: €-29 k; Q2 2012: €-7 k).
4) Segment investments relate to additions to property, plant and equipment and intangible assets.

Segment reporting by business units

In € k	Marketed Products	Drug Candidates	Total segments	Recon-ciliation[1]	Adjustments discontinued operations	Total
6M 2013						
Revenue with external customers	**1,877**	**0**	**1,877**	**0**	**0**	**1,877**
Other income	**1,254**	**75**	**1,329**	**2**	**0**	**1,331**
Inter-segment sales[2]	**0**	**0**	**0**	**0**	**0**	**0**
Total revenue	**3,131**	**75**	**3,206**	**2**	**0**	**3,208**
Segment operating result[3]	**-56**	**-4,616**	**-4,672**	**3**	**0**	**-4,669**
Depreciation and amortization	**0**	**-292**	**-292**	**-87**		**-379**
Share of result of an associate	**0**	**0**	**0**	**-72**		**-72**
Assets						
Investment in an associate	**0**	**0**	**0**	**2,679**		**2,679**
Segment investments[4]	**0**	**0**	**0**	**31**		**31**
Segment assets[5]	**4,750**	**29,359**	**34,109**	**23,044**		**57,153**
Segment liabilities[6]	**432**	**0**	**432**	**15,734**		**16,166**
6M 2012						
Revenue with external customers	6,654	0	6,654	0	-5,000	1,654
Other income	1,259	0	1,259	406	-23	1,642
Inter-segment sales[2]	0	0	0	0	0	0
Total revenue	**7,913**	**0**	**7,913**	**406**	**-5,023**	**3,296**
Segment operating result[3]	**5,387**	**-5,343**	**44**	**349**	**-5,002**	**-4,609**
Depreciation and amortization	0	-353	-353	-72		-425
Share of result of an associate	0	0	0	-26		-26
Assets						
Investment in an associate	0	0	0	2,892		2,892
Segment investments[4]	6	21	27	167		194
Segment assets[5]	**2,770**	**29,755**	**32,525**	**34,295**		**66,820**
Segment liabilities[6]	**73**	**0**	**73**	**16,562**		**16,635**

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 (6M 2013: €6 k; 6M 2012: €27 k), any interest expense (6M 2013: €797 k; 6M 2012: €421 k), any foreign exchange gains or losses (6M 2013: €-99 k; 6M 2012: €64 k), any share of result of an associate (6M 2013: €-72 k; 6M 2012: €-26 k).
4) Segment investments relate to additions to property, plant and equipment and intangible assets.
5) Segment assets under »Reconciliation« include non-current assets (6M 2013: €7,055 k; 6M 2012: €7,530 k), cash and cash equivalents (6M 2013: €14,960 k; 6M 2012: €25,376 k), and other current assets (6M 2013: €1,029 k; 6M 2012: €1,389 k).
6) Segment liabilities under »Reconciliation« include non-current liabilities (6M 2013: €11,997 k; 6M 2012: €13,551 k), trade accounts payable and other liabilities (6M 2013: €3,735 k; 6M 2012: €2,381 k), and tax liabilities (6M 2013: €2 k; 6M 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 segments 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 utilised 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 the lease agreements vary.

The Group's cancellation periods for these lease agreements vary between one month and five years.

K. Executive Board and Supervisory Board (at 30 June 2013)

„Directors' Holdings" and note on subscription rights

Member	Shares 6M 2013	Shares Y 2012	Options 6M 2013	Options Y 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	**12,000**	6,000	**7,500**	7,500
Total Executive Board	**18,000**	**12,000**	**170,000**	**170,000**

(Status as at 30 June 2013 and 31 December 2012)

Financial calendar

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

These trademarks may be held or licensed for specific countries.

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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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