MEDIGENE AG
9-MONTHS REPORT 2015

medigene

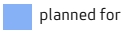
inspired by immunotherapies

KEY FIGURES OF MEDIGENE

IN € K	**Q3 2015 UNAUDITED**	Q3 2014 UNAUDITED	CHANGE	**9M 2015 UNAUDITED**	9M 2014 UNAUDITED	CHANGE
Income statement						
Revenue Veregen®	**1,013**	1,118	-9%	**2,376**	3,672	-35%
thereof royalties	**713**	729	-2%	**1,895**	1,747	8%
thereof revenue from product sales	**270**	364	-26%	**426**	1,200	-65%
thereof milestone payments	**30**	25	20%	**55**	725	-92%
Other operating income	**941**	1,166	-19%	**2,950**	4,704	-37%
thereof R&D payments from partners	**298**	468	-36%	**1,010**	1,486	-32%
thereof R&D milestone payments	**0**	14	-	**0**	742	-
thereof other revenue	**643**	684	-6%	**1,940**	2,476	-22%
Total revenue	**1,954**	**2,284**	**-14%**	**5,326**	**8,376**	**-36%**
Cost of sales	**-391**	-414	-6%	**-862**	-1,212	-29%
Gross profit	**1,563**	1,870	-16%	**4,464**	7,164	-38%
Selling and general administrative expenses	**-2,041**	-1,742	17%	**-5,517**	-5,648	-2%
Research and development expenses	**-2,097**	-1,975	6%	**-6,214**	-5,383	15%
Operating result	**-2,575**	-1,847	39%	**-7,267**	-3,867	88%
Net profit/loss for the period	**-4,440**	**-2,804**	**58%**	**-10,554**	**-5,644**	**87%**
EBITDA	**-2,330**	**-1,640**	**42%**	**-6,581**	**-3,269**	**101%**
Earnings per share (€)	**-0.23**	-0.21	8%	**-0.67**	-0.49	37%
Personnel expenses	**-2,052**	-1,706	20%	**-5,633**	-4,973	13%
Cash flows						
Net cash used in operating activities	**-2,689**	-1,477	82%	**-7,642**	-7,084	8%
Net cash used in investing activities	**-261**	-454	-43%	**-420**	-842	-50%
Net cash from financing activities	**43,660**	14,635	198%	**43,855**	14,571	>200%
Balance sheet data as at 30 September						
Cash and cash equivalents				**50,768**	16,689	>200%
Total assets				**115,730**	69,203	67%
Current liabilities				**9,483**	4,169	127%
Non-current liabilities				**14,477**	15,606	-7%
Shareholders' equity				**91,770**	49,428	86%
Equity ratio (%)				**79**	71	12%
Employees as at 30 September				**71**	66	8%
FTE as at 30 September				**65**	57	7%
Medigene share as at 30 September						
Total number of shares outstanding				**19,678,221**	13,918,931	41%
Share price (XETRA closing price) (€)				**6.14**	4.00	

MEDIGENE'S IMMUNOTHERAPY PIPELINE

PRODUCT	INDICATION	PRE-CLINIC	CLINICAL PHASE I	II	III
DCs	Prostate cancer[1)]				
DCs	Acute myeloid leukaemia (AML)[2)]				
DCs	Acute myeloid leukaemia (AML)				
TCRs Candidate 1	Cancer3)		H1/2016		
TCRs Candidate 2	tbd		H2/2017		
TCRs Candidate 3	tbd		H2/2018		
TABs	Leukaemia and autoimmune diseases				



[1)] Investigator-initiated trial (IIT) Oslo University Hospital

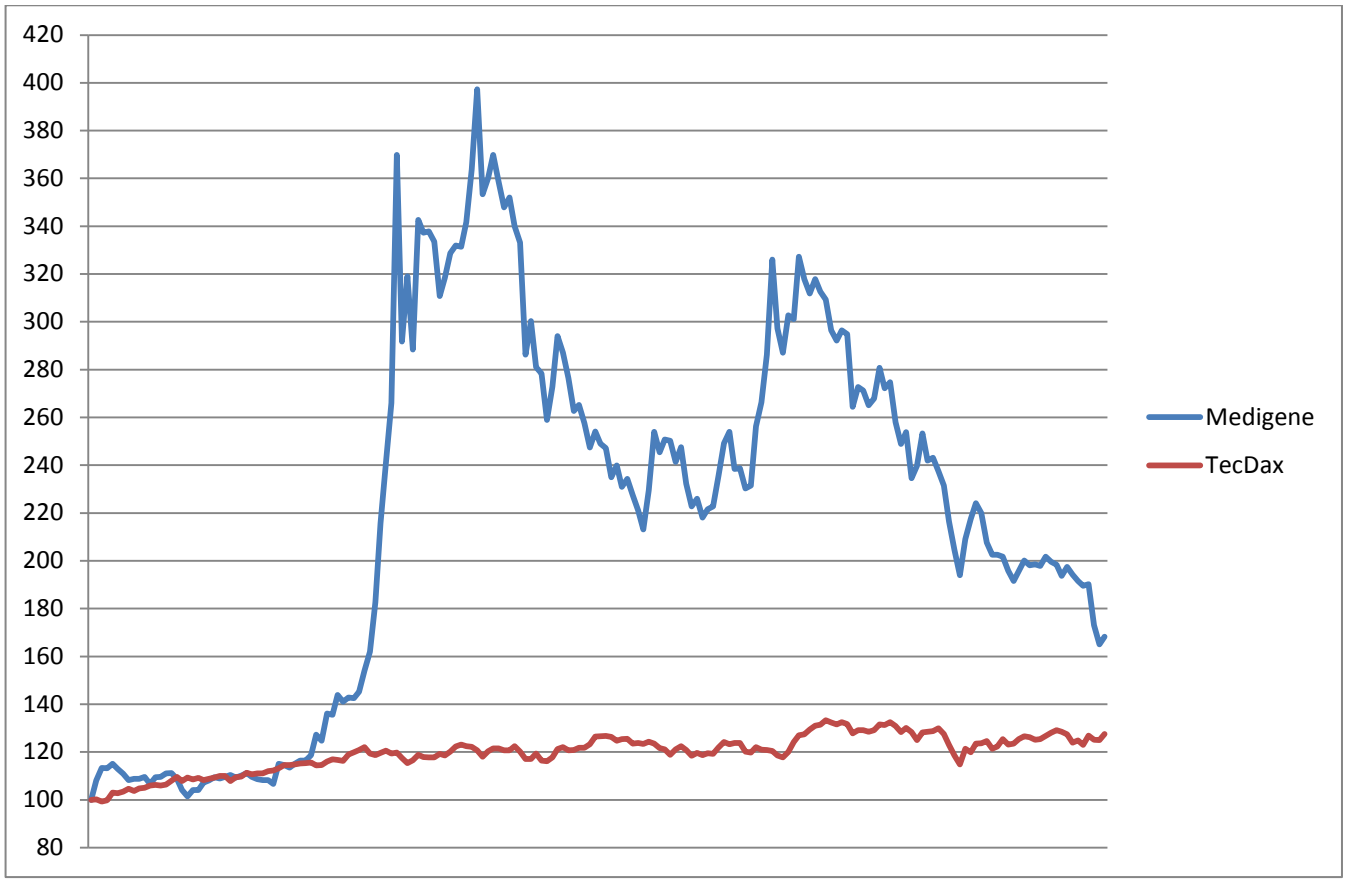
[2)] Investor initiated trial (IIT) Ludwig-Maximilians University Hospital

[3)] Consortium driven, grant funding dependent

Content

MEDIGENE'S SHARE PRICE PERFORMANCE

(2 JANUARY 2015: €3.65 INDEXED TO 100)



KEY FIGURES FOR THE SHARE

€	**9M 2015**	9M 2014
9-month high[1)]	14.50	6.75
9-month low[1)]	3.33	3.42
Opening price at the beginning of the year	3.65	3.53
Closing price at the end of the period	6.14	4.00
Average price	6.02	4.67
Weighted average number of shares	15,841,475	11,633,933
Average market capitalisation (€ m)[2)]	132	65
Average daily trading volume (in shares)	92,686	52,080
Total number of shares outstanding as at 30 September	19,678,221	13,918,931
Earnings per share[3)]	-0.67	-0.49
Shareholders' equity per share[3)]	4.66	3.55
Net cash used in operating activities per share[3)]	-0.39	-0.51
Free float[4)] (%)	54	77

[1)] Daily closing price

[2)] Sources: Medigene AG, Oddo Seydler Bank AG, Baader Bank AG, Bloomberg

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

[4)] Shareholding below 3%. Source: Medigene AG, Deutsche Börse [German Stock Exchange]

GROUP INTERIM MD&A (MANAGEMENT'S DISCUSSION AND ANALYSIS) FOR Q3 2015/9M 2015

OF MEDIGENE AG, PLANEGG/MARTINSRIED, FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015

MAJOR EVENTS SINCE THE BEGINNING OF 2015

- → Phase I/II trial with DC vaccine for the treatment of acute myeloid leukaemia (AML) initiated
- → Capital increase successfully concluded with gross proceeds of € 46.4 m to finance the immunotherapy programs
- → Progress in phase I/II DC trial triggers milestone payment
- → Licenced patent for the process to manufacture DC vaccines granted in Europe and prolonged in the US
- → Early clinical data on DC vaccines presented at the AACR Congress, USA, by academic partner Oslo University
- → Publication on TCRs in "Nature Biotechnology"

KEY FIGURES IN THE FIRST NINE MONTHS OF 2015

- → Increase in research and development expenses for immunotherapies by 151% to €3,915 k (9M 2014: €1,560 k)
- → Increase in EBITDA loss lower than expected by 101% to €6,581 k (9M 2014: €3,269 k)
- → Cash and cash equivalents increased to €50,768 k from successful capital measures
- → Adjusted guidance with improved EBITDA

PRELIMINARY NOTES

Medigene develops T cell-based immunotherapies for the treatment of cancer

Medigene AG, Planegg/Martinsried (hereinafter referred to as "Medigene" or "the Company"), together with its consolidated subsidiaries (hereinafter referred to as the "Group"), is a biotechnology company headquartered in Martinsried near Munich, Germany. The Company is developing highly innovative, complementary treatment platforms to target various types and stages of cancer with drug candidates in clinical and pre-clinical development. Medigene concentrates on the development of personalised T cell-based immunotherapies.

Status of the product portfolio and of research and development activities

Medigene develops three complementary immunotherapy platforms (DC vaccines, T cell receptor (TCR)-modified T cells and T cell-specific monoclonal antibodies, TABs) with the first product candidates in clinical and preclinical development. Beyond its core business, Medigene has one marketed drug, Veregen®, which is distributed by partner companies and two clinical drug candidates, EndoTAG®-1 and RhuDex®, which are licenced to partners who assume responsibility for the further clinical development.

Core business:
Immunotherapies

DC vaccines

With Medigene's most advanced platform the Company develops new generation antigen-tailored dendritic cell (DC) vaccines. Dendritic cells (DCs) are the most potent antigen presenting cells of the human immune system. Their task is to take up, process and present antigens on their cell surface, which enables them to activate antigen-specific T cells for maturation and proliferation. This way T cells can recognise and eliminate antigen-bearing tumour cells. Dendritic cells can also induce natural killer cells (NK cells) to attack tumour cells. The scientist team of Medigene Immunotherapies GmbH has developed new, fast

and efficient methods for generating dendritic cells ex-vivo, which have relevant characteristics to activate both T cells and NK cells. The DC vaccines are developed from autologous (patient-specific) precursor cells, isolated from the patient's blood, and can be loaded with tumour-specific antigens to treat different types of cancer.

At the end of March 2015, Medigene AG started a phase I/II clinical trial with its DC vaccine for the treatment of acute myeloid leukaemia (AML). At that time, Oslo University Hospital, Norway, the main trial centre, began to identify potentially eligible patients for enrolment. Several patients have been enrolled by now and started vaccination. Medigene's phase I/II trial enables the Company to evaluate its personalised DC vaccines in its own company-sponsored clinical trial and generate further clinical feasibility and safety data of active immunotherapy, complementing ongoing academic clinical phase I/II and phase II studies.

In May 2015, Medigene announced that it had reached a stage of project progress resulting in a milestone payment of €700,000 being made to former contributing shareholders of Medigene Immunotherapies. The milestone payment had been agreed in the course of the acquisition of Medigene Immunotherapies in January 2014 as part of the purchase price. The settlement of the payment was made in July 2015 by issuing 66,370 shares in the course of the capital increase against cash contributions and contribution in kind.

Further studies utilising Medigene's DC vaccine technology include two ongoing clinical investigator-initiated trials: a clinical phase I/II trial in AML at Ludwig Maximilians University Hospital Grosshadern, Munich, and a clinical phase II trial in prostate cancer at Oslo University Hospital. Moreover, a compassionate use programme[1] is being conducted at the Department of Cellular Therapy at Oslo University Hospital. Medigene concentrates on the further development of the DC vaccines in haematological malignancies.

Positive early clinical data from the compassionate use programme were presented by Prof. Gunnar Kvalheim, Oslo University Hospital, in April 2015 at the American Association for Cancer Research (AACR) Annual Meeting in Philadelphia, USA. The poster presentation entitled "A new generation of dendritic cells to improve cancer therapy shows prolonged progression-free survival in patients with solid tumors" provided data from patients with various types of tumour which were included in this programme.

In March 2015, the European Patent Office granted the European Patent No. 2004807 "Composition for the preparation of mature dendritic cells", which relates to the process to manufacture mature dendritic cells co-developed by scientists of Medigene Immunotherapies and protects the process as well as the cocktail used in the process and the obtained polarised dendritic cells. The patent will have a term until 2027. In May 2015, Medigene announced that the corresponding US patent (No. 8,679,840) has been prolonged to 2031. The previous term of the patent ended in 2028. Medigene Immunotherapies has an exclusive licence to these patents that are central for the DC programme.

TCR-modified T cells (TCRs)

Medigene's second platform in the field of immunotherapy aims to arm the patient's own T cells with tumour-specific T cell receptors. The receptor-modified T cells are then able to detect and efficiently kill tumour cells. This form of immunotherapy aims to overcome the patient's tolerance to cancer cells and tumour-induced immunosuppression, by activating and modifying the patient's T cells outside the body (ex vivo). A large army of specific T cells to fight the tumour is made available to patients within a short period of time.

[1] Compassionate use: Prescription of as-yet unapproved drugs in particularly severe cases where there are no treatment alternatives

In the context of this platform Medigene is developing a comprehensive library of recombinant T cell receptors. Moreover, a good manufacturing practice (GMP)-compliant process for their combination with patient-derived T cells is currently being established.

In March 2015, a scientific article on T cell receptors with optimal affinity to cancer antigens was published in the renowned journal "Nature Biotechnology" (doi:10.1038/nbt.3147 – published on 16/3/2015). The positive research results presented there show an important scientific foundation for the clinical development of the TCR-based T cell therapy approach. The results were generated in a research alliance between Prof. Thomas Blankenstein, Director of the Institute for Immunology at Charité – Universitätsmedizin Berlin and working group leader at Max Delbrück Center for Molecular Medicine (MDC) Berlin in close cooperation with Prof. Dolores J. Schendel, Chief Scientific Officer of Medigene AG. This alliance is supported since 2006 by the German Research Foundation of which Medigene Immunotherapies GmbH is a formal member.

Medigene's cooperation partner Helmholtz Zentrum Munich presented data at the European Congress of Immunology, Vienna, in September 2015, which were generated in the joint Collaborative Research Centre "Principles and Applications of Adoptive T Cell Therapy" of the German Research Foundation (DFG). In the same month, Medigene presented a poster titled "Expitope: A webserver for TCR candidate validation" at the Inaugural International Cancer Immunotherapy Conference in New York.

T cell-specific antibodies (TABs)

Medigene's third product platform serves to generate monoclonal antibodies which are able to recognise different T cells (TABs = T cell-specific AntiBodies). These TABs are intended to remove unwanted T cells from the body in order to treat T cell-induced diseases such as T cell leukaemia or various autoimmune diseases. This platform is used to produce and characterise monoclonal antibodies which are able to distinguish between different T cells. Proof of technology was established in preclinical experiments.

Non-core business

Partnered products

The following drugs or drug candidates from Medigene's non-core business are being marketed or developed by partners:

Veregen®

Medigene generates revenue from royalties, product sales, and milestone payments with Veregen®, a drug for the treatment of genital warts. Veregen®, an innovative drug formulation based on a defined extract from green tea leaves, is currently available in the USA and Canada, in 18 European countries, and in Taiwan. The market approval process for Veregen® in further European countries is largely completed. The national market approval in the UK, an important pharmaceuticals market, was granted during the period under review. Successive market launch in the new European countries started in the third quarter of 2015 with Croatia. Numerous marketing agreements for Veregen® are in place with international partners (see www.medigene.com/veregen).

In the first nine months of 2015, Medigene concluded two additional marketing agreements: L.F. Will-Pharma & Cie, Medigene's partner for Belgium, the Netherlands, and Luxembourg, will be the new marketing partner for France. Moreover, a sales and marketing partnership agreement was concluded with Litha Healthcare, South Africa, for the southern part of Africa (Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Seychelles, Swaziland, Tanzania and Zambia).

Medigene's US partner, Fougera/Sandoz, concluded a co-promotion agreement with the US company Accelis Pharma in September 2015. Pursuant to this agreement, Veregen® will now be promoted to primary care physicians in the USA, in addition to previous promotional efforts with gynaecologists and dermatologists.

EndoTAG®-1 and Rhudex®

In 2013, Medigene concluded an exclusive global licence agreement with the pharmaceutical company SynCore Biotechnology Co., Ltd. ("SynCore"). SynCore is fully responsible for the development and financing of EndoTAG®-1.

In 2014, Medigene concluded an exclusive global licence agreement with the pharmaceutical company Dr. Falk Pharma GmbH ("Falk Pharma") for the development and marketing rights to the drug candidate RhuDex® in the indications hepatology and gastroenterology. Falk Pharma assumes responsibility and all costs relating to the future development and marketing of RhuDex® in these therapeutic areas.

Other:

Medigene's AAVLP technology is in the research stage. In the context of financial reporting, Medigene will not specifically report about this project as it is outside Medigene's company focus.

RESULTS OF OPERATIONS

Total revenue

Medigene generates its revenue and other operating income from its non-core business. In the first nine months of 2015, revenue from royalties for the drug Veregen® increased by 8% to €1,895 k (9M 2014: €1,747 k), whereas revenue from product sales to distribution partners decreased to €426 k in the first nine months of 2015 (9M 2014: €1,200 k) because of high stock levels. In the first nine months of 2014, Medigene had recognised milestone payments of €725 k for Veregen®, the majority of which were due to the one-off payment upon entering into an agreement with the new distribution partner, Taurus Pharma GmbH. In total, Medigene generated revenue of €2,376 k from Veregen® in the reporting period (9M 2014: €3,672 k).

Medigene also generated other operating income of €2,950 k in the reporting period (9M 2014: €4,704 k) from outlicenced drugs and drugs sold from its non-core business. On the one hand, this consists of reimbursements for the development costs for the drug candidate EndoTAG®-1, which is outlicenced to SynCore. This income decreased in the first nine months of 2015 to €1,010 k (9M 2014: €1,486 k) as a result of a decrease in Medigene's development costs incurred for this drug candidate. On the other hand, in the first nine months of 2015, Medigene recognised unchanged regular non-cash income of €1,870 k (9M 2014: €1,870 k) relating to an agreement with the US investor Cowen Healthcare Royalty Partners II, L.P., USA ("Cowen") for a former drug of Medigene, Eligard®. In the previous-year period, Medigene also received one-off payments for the outlicenced RhuDex® drug candidate: €700 k from entering into a licencing deal with Falk Pharma and €503 k from one-off sales of RhuDex® material (active pharmaceutical ingredient, API) to Falk Pharma.

Due to one-off revenue in the previous-year period and a decrease in the reimbursement of research and development costs for outlicenced drug candidates, Medigene's total revenue decreased in the reporting period, as planned, to €5,326 k (9M 2014: €8,376 k).

CONSOLIDATED INCOME STATEMENT (ABBREVIATED)

IN € K	**Q3 2015 UNAUDITED**	Q3 2014 UNAUDITED	CHANGE	**9M 2015 UNAUDITED**	9M 2014 UNAUDITED	CHANGE
Revenue Veregen®	**1,013**	**1,118**	**-9%**	**2,376**	**3,672**	**-35%**
thereof royalties	713	729	-2%	1,895	1,747	8%
thereof revenue from product sales	270	364	-26%	426	1,200	-65%
thereof milestone payments	30	25	20%	55	725	-92%
Other operating income	**941**	**1,166**	**-19%**	**2,950**	**4,704**	**-37%**
thereof R&D payments from partners	298	468	-36%	1,010	1,486	-32%
thereof R&D milestone payments	0	14	-	0	742	-
thereof other revenue	643	684	-6%	1,940	2,476	-22%
Total revenue	**1,954**	**2,284**	**-14%**	**5,326**	**8,376**	**-36%**
Cost of sales	-391	-414	-6%	-862	-1,212	-29%
Gross profit	**1,563**	**1,870**	**-16%**	**4,464**	**7,164**	**-38%**
Selling and general administrative expenses	-2,041	-1,742	17%	-5,517	-5,648	-2%
Research and development expenses	-2,097	-1,975	6%	-6,214	-5,383	15%
Operating result	**-2,575**	**-1,847**	**39%**	**-7,267**	**-3,867**	**88%**
Net profit/loss for the period	**-4,440**	**-2,804**	**58%**	**-10,554**	**-5,644**	**87%**
EBITDA	**-2,330**	**-1,640**	**42%**	**-6,581**	**-3,269**	**101%**

Cost of sales

Cost of sales in the non-core business decreased by 29% to €862 k in the first nine months of 2015 (9M 2014: €1,212 k). This includes the cost of sales of the product Veregen® and royalty payments to partner companies as a share in revenue.

Gross profit

As planned, gross profit decreased by 38% to €4,464 k in the first nine months of 2015 (9M 2014: €7,164 k) as a result of declining income from non-core business.

Selling and general administrative expenses

Selling and general administrative expenses decreased slightly to €5,517 k in the first nine months of 2015 (9M 2014: €5,648 k) with expenses rising in the third quarter of 2015 to €2,041 k (Q3 2014: €1,742 k). They break down in the first nine months of 2015 into selling expenses of €1,599 k (9M 2014: €1,537 k) and general administrative expenses of €3,918 k (9M 2014: €4,111 k). In the third quarter of 2015, selling expenses amounted to €550 k (Q3 2014: €452 k) and general administrative expenses to €1,491 k (Q3 2014: €1,290 k). In the first nine months of 2014, one-off payments were incurred for consulting services regarding the acquisition of Medigene Immunotherapies.

Research and development expenses

Research and development ("R&D") expenses increased by 15% to €6,214 k in the first nine months of 2015 (9M 2014: €5,383 k) and to €2,097 k in the third quarter of 2015 (Q3 2014: €1,975 k). The increase in these expenses is mainly due to the planned increase in expenses for preclinical and clinical trials for Medigene's immunotherapies which increased significantly by 151% to €3,915 k in the first nine months of 2015 (9M 2014: €1,560 k). This increase was partially offset by the decrease in development expenses for other, partnered products.

EBITDA

Medigene's EBITDA is derived from the net profit/loss for the period; it does not include any taxes, financial result, foreign exchange gains or losses, share of result of associates nor depreciation or amortisation. The EBITDA loss increased lower than expected to €-6,581 k in the first nine months of 2015 (9M 2014: €-3,269 k) and by 42% in the third quarter of 2015 to €-2,330 k (Q3 2014: €-1,640 k). The increase is primarily due to lower revenue from non-core business and higher research and development expenses for Medigene's immunotherapy programmes.

Depreciation and amortisation

Depreciation and amortisation amounted to €687 k in the first nine months of 2015 (9M 2014: €598 k) and €245 k in the third quarter of 2015 (Q3 2014: €207 k).

Financial result

The financial result comprises interest income and interest expense and amounted to €-2,598 k in the reporting period (9M 2014: €-1,080 k) and to €-1,887 k in the third quarter of 2015 (Q3 2014: €-352 k). The financial result for the first nine months of 2015 mainly consisted of the following non-cash items: interest expense of €1,001 k (9M 2014: €1,098 k) resulting from the measurement of the financial liability to Cowen and expenses of €1,610 k (9M 2014: €0 k) arising from the fair value adjustment of the liability for future milestone payments to the former shareholders of Medigene Immunotherapies GmbH. The fair value of these potential milestone payments, which, based on the latest assessment by the Company, could fall due in 2016, was adjusted to reflect the higher probability of occurrence. In the comparative period of the previous year, no expenses were reported from remeasuring this liability, as the liability was still accounted for on a provisional basis in the first nine months of 2014.

Foreign exchange gains/losses

As a result of the strong USD in the 2015 reporting period, the Company recognised foreign exchange losses of €618 k, net (9M 2014: foreign exchange losses of €854 k, net). These foreign exchange losses originate primarily from the non-cash remeasurement of the financial liability to Cowen.

Share of result of associates

The share of result of associates amounted to €-70 k in the first nine months of 2015 (9M 2014: €-33 k) and €-24 k in the third quarter of 2015 (Q3 2014: €-13 k) and is attributable to Catherex, Inc.

Net profit/loss for the first nine months of 2015

As planned, the net loss recorded by Medigene in the first nine months of 2015 rose to €10,554 k (9M 2014: €5,644 k) and to €4,440 k in the third quarter of 2015 (Q3 2014: €2,804 k). This is primarily attributable to higher development expenses for the immunotherapy programmes, declining total revenue from non-core business and the rise in non-cash interest expenses.

Earnings per share

The loss per share in the first nine months of 2015 amounted to €0.67 (basic and diluted weighted average number of shares: 15,841,475) compared with a loss of €0.49 per share in the comparative period of the previous year (9M 2014: basic and diluted weighted average number of shares: 11,633,933).

FINANCIAL POSITION

Gross proceeds of €46.4 m from the capital increase to finance immunotherapy programmes

At the beginning of July 2015, Medigene successfully concluded the capital increase passed by resolution on 12 June 2015 to finance its immunotherapy programmes and, by placing all 5,594,178 new shares on offer for a subscription and placement price of €8.30 per share with existing shareholders and selected new institutional investors, generated gross proceeds of €46.4 m.

New core investor acquired

In the course of the capital increase concluded in July 2015, Medigene acquired QVT Financial LP, New York, a US-based institutional biotech specialist, as an anchor investor. On 14 July 2015, QVT announced that the share of voting rights held by QVT Financial LP in Medigene AG on 7 July 2015 exceeded the 3%, 5%, 10%, 15% thresholds and amounted to 15.63% on this date.

Net cash used in operating activities

The net cash used in operating activities increased by 8% to €7,642 k in the first nine months of 2015 (9M 2014: €7,084 k) and to €2,689 k in the third quarter of 2015 (Q3 2014: €1,477 k). This represents an average monthly cash outflow of €0.8 m in the first nine months of 2015 (9M 2014: €0.8 m). The major part of the cash used was directed at research and development as well as sales and administration. The net cash used in operating activities in the current reporting period is not particularly indicative of future trends as it is significantly impacted by one-off payments in partner arrangements and research and development expenses which depend on the project status.

CHANGE IN CASH AND CASH EQUIVALENTS

IN € K	**Q3 2015 UNAUDITED**	Q3 2014 UNAUDITED	CHANGE	**9M 2015 UNAUDITED**	9M 2014 UNAUDITED	CHANGE
Net cash from/used in						
operating activities	-2,689	-1,477	82%	-7,642	-7,084	8%
investing activities	-261	-454	-43%	-420	-842	-50%
financing activities	43,660	14,635	198%	43,855	14,571	>200%
Increase in cash and cash equivalents	**40,710**	**12,704**	**>200%**	**35,793**	**6,645**	**>200%**
Cash and cash equivalents, opening balance	**10,059**	**4,097**	**146%**	**14,976**	**10,166**	**47%**
Foreign exchange differences	-1	-112	-99%	-1	-122	-99%
Cash and cash equivalents, closing balance	**50,768**	**16,689**	**>200%**	**50,768**	**16,689**	**>200%**

NET ASSETS

DEVELOPMENT OF ASSETS, SHAREHOLDERS' EQUITY AND LIABILITIES

IN € K	**30/9/2015 UNAUDITED**	31/12/2014	CHANGE
Assets			
Property, plant and equipment and intangible assets	37,453	37,116	1%
Goodwill	**2,212**	2,212	0%
Financial and non-current other assets	**13,305**	4,508	195%
Investment in associates	**2,946**	2,781	6%
Cash and cash equivalents	**50,768**	14,976	>200%
Inventories and trade accounts receivable	**7,901**	6,139	29%
Current other assets	**1,145**	3,551	-68%
Total assets	**115,730**	**71,283**	**62%**
Shareholders' equity and liabilities			
Shareholders' equity	**91,770**	49,071	87%
Non-current liabilities	**14,477**	14,457	0%
Current liabilities	**9,483**	7,755	22%
Total shareholders' equity and liabilities	**115,730**	**71,283**	**62%**
Cash to total assets ratio (%) (Cash and cash equivalents x 100 / Total assets)	**44**	21	
Equity ratio (%) (Shareholders' equity x 100 / Total shareholders' equity and liabilities)	**79**	69	

Assets

Total assets rose by 62% on the previous year to €115,730 k (2014: €71,283 k). This increase is primarily due to the increase in cash and cash equivalents and the rise in financial and non-current other assets due to the remeasurement of shares in Immunocore Ltd.

Financial and non-current other assets amounted to €13,305 k as at the reporting date (2014: €4,508 k). The carrying amount of the investment in Immunocore Ltd. rose to €12,329 k (2014: €3,620 k) due to the remeasurement performed based on the round of financing concluded by Immunocore Ltd. in July 2015.

Cash and cash equivalents amounted to €50,768 k as at the reporting date (2014: €14,976 k). The increase is due to the capital measure that was successfully concluded in July 2015 and generated net proceeds of €43,706 k.

Shareholders' equity and liabilities

In the reporting period, shareholders' equity increased by 87% to a total of €91,770 k (31 December 2014: €49,071 k). The increase is primarily due to the capital measure performed in July 2015 which resulted in gross proceeds of €46,432 k. As of the reporting date, the equity ratio was 79% (31 December 2014: 69%).

Current liabilities of €9,483 k as at the reporting date (2014: €7,755 k) are composed primarily of the liability for the payment of future milestones to the former shareholders of Medigene Immunotherapies of €4,521 k (2014: €3,611 k) and the current portion of the liability relating to the assignment to Cowen of the future cash flows from the 2%-royalty from Eligard® sales of €1,287 k (2014: €1,177 k).

Employees

The number of employees as at the reporting date was 71 (31 December 2014: 65). The number of full-time equivalents (FTEs) increased to 65 as of the reporting date (31 December 2014: 61) as a result of additional employees hired by Medigene Immunotherapies GmbH. Personnel expenses in the reporting period amounted to €5,633 k (9M 2014: €4,973 k).

Related parties

Detailed information on related parties can be found on page 25 of the notes.

Segment information

Detailed information on the segments can be found on page 22 et seq. of the notes. The Immunotherapies segment is reported separately for the first time with effect from 1 January 2015 as the focus of the Group has shifted to immunotherapies as its core business and the Group no longer has any influence on partnered and outlicenced products (non-core business) or, if so, only marginally.

Risk report

The risks to which the Group is exposed are listed in detail in the risk report within the Group management's discussion and analysis 2014, published on 25 March 2015. As at the reporting date 30 September 2015, there have not been any significant changes to the risks described there except for the financing risks mentioned, which have decreased as a result of the capital increase performed in July 2015.

Financing risks

Since Medigene AG was founded in 1994, the Company has reported operating losses in almost every fiscal year, as expenses for research and development in the relevant years exceeded the corresponding revenue or gross profit. The future achievement of profitability depends on progress in terms of operations as well as Medigene's strategic decisions and is not yet secured.

Risk management system

Medigene's management addresses the risks facing the Group using a comprehensive risk management system. Please refer to the 2014 Group management's discussion and analysis for a description of this system.

OPPORTUNITIES AND OUTLOOK

Financial guidance 2015

Medigene has improved its EBITDA forecast for the entire fiscal year 2015. According to the current forecast, the Company plans research and development expenses for its immunotherapy programmes of €6 – 7 m (previous guidance: €7 – 9 m) due to more favourable costs for external service providers in particular and anticipates an EBITDA loss of €9 – 10 m (previous forecast: €11 – 13 m).

In its non-core business, Medigene currently expects lower revenue for Veregen® than previously forecasted. Based on the current assumptions of the partners, in spite of growing royalties, Medigene estimates total revenue from Veregen® of €3 – 4 m (previous guidance: approximately €5 m) due to the decrease in milestone payments and product sales, some of which will now not occur until 2016. Furthermore, Medigene will generate other operating income consisting mainly of reimbursements of development costs for EndoTAG®-1 by SynCore and non-cash income from Cowen, the latter at a level comparable to the previous year.

By successfully concluding the capital increase at the beginning of July 2015, Medigene has extended the Company's cash reach significantly. Based on the current business planning, management expects that the Company will be financed at least until the second half of 2019.

Core business: Immunotherapies

DC vaccines

Medigene will continue its phase I/II clinical trial for the treatment of acute myeloid leukaemia (AML) which it started in March 2015. Further studies utilising Medigene's DC vaccine technologies include two ongoing clinical investigator-initiated trials (IITs), a clinical phase II trial (prostate cancer) at Oslo University Hospital and a clinical phase I/II trial (AML) at the Ludwig-Maximilians University Hospital Grosshadern, Munich. Additionally, a compassionate use programme with Medigene's DC vaccines, including patients with different types of tumour, is currently ongoing at Oslo University Hospital.

Clinical data of several patients included in the current IIT of the Munich University Hospital and the compassionate use programme of the Oslo University Hospital will be presented by Medigene's partners at the ASH Annual Meeting taking place from December 5 – 8, 2015 in Orlando, Florida, USA.

TCR-modified T cells (TCRs)

The development of a GMP-compliant manufacturing process for adoptive T cell therapy using TCR-modified T cells will be continued. Medigene is preparing the clinical development of the first product candidates. In addition, novel TCRs with specificities for promising tumour-associated antigens will be isolated and further characterised. In the coming years, Medigene plans to develop up to 10 lead candidates for the TCR technology in the next years and aims to initiate up to three clinical TCR trials, the first to be started in the first half of 2016 (IIT phase I study with participation of Medigene, subject to grant funding). Medigene-sponsored trials are planned to start in the second half of 2017 and in the second half of 2018.

T cell-specific antibodies (TABs)

Preclinical development of the T cell-specific monoclonal antibodies (TABs) continues with the aim of achieving proof of principle.

Non-core business:
Partnered products

The following drugs or drug candidates beyond Medigene's core business are being marketed or developed by partners:

Veregen®

Medigene's partners assume that the drug will be brought to market in other European states, including the UK and Ireland, in the coming months.

EndoTAG®-1 and Rhudex®

Medigene's partners SynCore and Falk Pharma conduct the development programme for these drug candidates.

CONSOLIDATED INCOME STATEMENT

OF MEDIGENE AG FOR THE PERIODS FROM 1 JANUARY TO 30 SEPTEMBER 2015 AND 2014

IN € K	**Q3 2015 UNAUDITED**	Q3 2014 UNAUDITED	**9M 2015 UNAUDITED**	9M 2014 UNAUDITED
Revenue	**1,013**	1,118	**2,376**	3,672
Other operating income	**941**	1,166	**2,950**	4,704
Total revenue	**1,954**	**2,284**	**5,326**	**8,376**
Cost of sales	**-391**	-414	**-862**	-1,212
Gross profit	**1,563**	**1,870**	**4,464**	**7,164**
Selling expenses	**-550**	-452	**-1,599**	-1,537
General administrative expenses	**-1,491**	-1,290	**-3,918**	-4,111
Research and development expenses	**-2,097**	-1,975	**-6,214**	-5,383
Operating result	**-2,575**	**-1,847**	**-7,267**	**-3,867**
Interest income	**7**	6	**38**	18
Interest expense	**-1,894**	-358	**-2,636**	-1,098
Foreign exchange gains/losses	**46**	-782	**-619**	-854
Share of result of associates	**-24**	-13	**-70**	-33
Earnings before tax	**-4,440**	**-2,994**	**-10,554**	**-5,834**
Tax	**0**	190	**0**	190
Net profit/loss for the period	**-4,440**	**-2,804**	**-10,554**	**-5,644**
Basic and diluted earnings per share (€)	**-0.23**	-0.21	**-0.67**	-0.49
Weighted average number of shares (basic and diluted)	**19,540,494**	**13,385,282**	**15,841,475**	**11,633,933**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF MEDIGENE AG FOR THE PERIODS FROM 1 JANUARY TO 30 SEPTEMBER 2015 AND 2014

IN € K	**Q3 2015 UNAUDITED**	Q3 2014 UNAUDITED	**9M 2015 UNAUDITED**	9M 2014 UNAUDITED
Net profit/loss for the period	**-4,440**	**-2,804**	**-10,554**	**-5,644**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations[1)]	**-4**	101	**128**	111
Available-for-sale financial assets[1)]	**-790**	110	**8,709**	278
Other comprehensive income, net of tax	**-794**	**211**	**8,837**	**389**
Total comprehensive income, net of tax	**-5,234**	**-2,593**	**-1,717**	**-5,255**

[1)] No income tax effects were incurred.

CONSOLIDATED BALANCE SHEET

OF MEDIGENE AG AS OF 30 SEPTEMBER 2015 AND 31 DECEMBER 2014

IN € K		30/9/2015 UNAUDITED	31/12/2014
ASSETS			
A. Non-current assets			
I.	Property, plant and equipment	**1,685**	951
II.	Intangible assets	**35,768**	36,165
III.	Goodwill	**2,212**	2,212
IV.	Financial assets	**12,982**	4,185
V.	Investment in associates	**2,946**	2,781
VI.	Other assets	**323**	323
Total non-current assets		**55,916**	**46,617**
B. Current assets			
I.	Inventories	**6,659**	4,406
II.	Trade accounts receivable	**1,242**	1,733
III.	Cash and cash equivalents	**50,768**	14,976
IV.	Other assets	**1,145**	3,551
Total current assets		**59,814**	**24,666**
Total assets		**115,730**	**71,283**
SHAREHOLDERS' EQUITY AND LIABILITIES			
A. Shareholders' equity			
I.	Subscribed capital	**19,678**	13,927
II.	Capital reserve	**426,581**	387,916
III.	Accumulated deficit	**-363,419**	-352,865
IV.	Other reserves	**8,930**	93
Total shareholders' equity		**91,770**	**49,071**
B. Non-current liabilities			
I.	Non-current portion of finance lease liabilities	**598**	0
II.	Financial liabilities	**10,603**	10,597
III.	Pension obligations	**406**	413
IV.	Other financial liabilities	**333**	868
V.	Deferred income	**184**	226
VI.	Deferred taxes	**2,353**	2,353
Total non-current liabilities		**14,477**	**14,457**
C. Current liabilities			
I.	Current portion of finance lease liabilities	**192**	0
II.	Trade accounts payable	**1,468**	1,785
III.	Other financial liabilities	**7,767**	5,913
IV.	Deferred income	**56**	57
Total current liabilities		**9,483**	**7,755**
Total liabilities		**23,960**	**22,212**
Total shareholders' equity and liabilities		**115,730**	**71,283**

CONSOLIDATED STATEMENT OF CASH FLOWS

OF MEDIGENE AG FOR THE PERIODS FROM 1 JANUARY TO 30 SEPTEMBER 2015 AND 2014

IN € K	**Q3 2015 UNAUDITED**	Q3 2014 UNAUDITED	**9M 2015 UNAUDITED**	9M 2014 UNAUDITED
Net cash from/used in operating activities				
Earnings before tax	**-4,439**	-2,994	**-10,552**	-5,834
Adjustments:				
Share-based payments	**3**	6	**10**	19
Non-cash other operating income	**-623**	-623	**-1,870**	-1,870
Depreciation and amortisation	**245**	207	**687**	598
Losses from the disposal of property, plant and equipment	**0**	2	**1**	2
Interest income	**-7**	-6	**-38**	-18
Interest expense	**1,894**	358	**2,636**	1,098
Changes in:				
Inventories	**-888**	118	**-2,253**	-746
Other assets and trade accounts receivable	**-270**	1,005	**2,288**	199
Trade accounts payable	**957**	-442	**-317**	-792
Other financial liabilities and deferred income	**428**	878	**1,702**	223
Share of result of associates	**24**	13	**70**	33
Subtotal	**-2,676**	**-1,478**	**-7,636**	**-7,088**
Interest received	**1**	1	**19**	4
Interest paid	**-14**	0	**-25**	0
Net cash used in operating activities	**-2,689**	**-1,477**	**-7,642**	**-7,084**
Net cash from/used in investing activities				
Purchase of property, plant and equipment	**-261**	-454	**-384**	-863
Loans to associates	**0**	0	**-36**	0
Net cash acquired with the subsidiary	**0**	0	**0**	21
Net cash used in investing activities	**-261**	**-454**	**-420**	**-842**
Net cash from/used in financing activities				
Proceeds from capital increase	**46,432**	**15,900**	**46,432**	**15,900**
Cost of share issue	**-2,726**	-1,265	**-2,726**	-1,329
Finance leases	**-46**	0	**149**	0
Net cash from financing activities	**43,660**	**14,635**	**43,855**	**14,571**
Increase in cash and cash equivalents	**40,710**	**12,704**	**35,793**	**6,645**
Cash and cash equivalents, opening balance	**10,059**	**4,097**	**14,976**	**10,166**
Foreign exchange differences	-1	-112	**-1**	-122
Cash and cash equivalents, closing balance	**50,768**	**16,689**	**50,768**	**16,689**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

OF MEDIGENE AG FOR THE PERIODS FROM 1 JANUARY TO 30 SEPTEMBER 2015 AND 2014

IN € K	NUMBER OF SHARES	SUBSCRIBED CAPITAL	CAPITAL RESERVE	ACCUMULATED DEFICIT	EXCHANGE DIFFERENCES	FINANCIAL ASSETS	TOTAL SHAREHOLDERS' EQUITY
Balance at 1/1/2014	**9,872,139**	**9,872**	**373,586**	**-347,007**	**-177**	**2**	**36,276**
Net profit/loss for the period				**-5,644**			**-5,644**
Other comprehensive income					**111**	**278**	**389**
Total comprehensive income							**-5,255**
Share issue	**3,028,981**	**3,029**	**12,871**				**15,900**
Cost of share issue			**-1,265**				**-1,265**
Share issue for the business combination	**1,017,811**	**1,018**	**2,799**				**3,817**
Cost of share issue for the business combination			**-64**				**-64**
Share-based payments			**19**				**19**
Balance at 30/9/2014, unaudited	**13,918,931**	**13,919**	**387,946**	**-352,651**	**-66**	**280**	**49,428**
Balance at 1/1/2015	**13,927,428**	**13,927**	**387,916**	**-352,865**	**-21**	**114**	**49,071**
Net profit/loss for the period				**-10,554**			**-10,554**
Other comprehensive income					**128**	**8,709**	**8,837**
Total comprehensive income							**-1,717**
Share issue	**5,594,178**	**5,594**	**40,838**				**46,432**
Cost of share issue			**-2,726**				**-2,726**
Share issue for convertible notes	**90,245**	**91**	**-91**				**0**
Share issue for the business combination, first milestone	**66,370**	**66**	**634**				**700**
Share-based payments			**10**				**10**
Balance at 30/9/2015, unaudited	**19,678,221**	**19,678**	**426,581**	**-363,419**	**107**	**8,823**	**91,770**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

OF MEDIGENE AG, PLANEGG/MARTINSRIED, FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015

A. BUSINESS ACTIVITY AND INFORMATION ON THE COMPANY

Medigene AG, Planegg/Martinsried (hereinafter referred to as "Medigene" or "the Company"), together with its consolidated subsidiaries (hereinafter referred to as the "Group"), is a biotechnology company headquartered in Martinsried near Munich, Germany. The Company is developing highly innovative, complementary treatment platforms to target various types and stages of cancer with drug candidates in clinical and pre-clinical development. Medigene concentrates on the development of personalised T cell-based immunotherapies.

The Group's main activities are described in section E) "*Segment reporting*" of the notes to the interim consolidated financial statements.

Medigene AG has been listed since June 2000 (Deutsche Börse: Regulated Market, Prime Standard; German Security Identification Number (WKN) A1X 3W0, symbol MDG1).

Financing risks

Since Medigene AG was founded in 1994, the Company has reported operating losses in almost every fiscal year, as expenses for research and development in the relevant years exceeded the corresponding revenue or gross profit. The future achievement of profitability depends on progress in terms of operations as well as Medigene's strategic decisions and is not yet secured.

By successfully concluding the capital increase at the beginning of July 2015, Medigene has extended the Company's cash reach significantly, with a consequent reduction in the financing risks mentioned in the 2014 consolidated financial statements.

B. RECOGNITION AND MEASUREMENT POLICIES

Basis of preparation of the interim consolidated financial statements

As a parent and publicly traded company within the meaning of Article 4 of Regulation (EC) No. 1606/2002, Medigene AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union (EU). These unaudited interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

The Company's Executive Management Board believes that the interim consolidated financial statements reflect all business transactions required to present the net assets, financial position and results of operations for the periods ended 30 September 2015 and 2014 respectively.

The interim consolidated financial statements do not include all the information that is required to prepare annual consolidated financial statements. For this reason, the interim consolidated financial statements should be read in conjunction with the 2014 consolidated financial statements. These interim consolidated financial statements of Medigene AG were authorised for issue by the Executive Management Board on 9 November 2015.

Changes in recognition, measurement and presentation accounting policies

The recognition, measurement and presentation accounting policies used in these interim consolidated financial statements basically correspond to those already applied in the 2014 consolidated financial statements.

Additionally, starting from 1 January 2015, the Company reports the Immunotherapies segment separately, refer to section E) "*Segment reporting*".

Group companies

In addition to the parent company Medigene AG in Planegg/Martinsried, the Group includes the wholly owned subsidiary Medigene, Inc., San Diego, CA, USA, which was acquired in 2001, and, since its acquisition in January 2014, the wholly owned subsidiary Medigene Immunotherapies GmbH, Planegg/Martinsried.

At the end of the reporting period, the subsidiary Medigene, Inc. held 40.40% of the shares in Catherex, Inc. and 38.95% of the shares in Aettis, Inc.

C. NOTES TO THE INCOME STATEMENT

Total revenue

Medigene generates its revenue and other operating income from its non-core business. In the first nine months of 2015, revenue from royalties for the drug Veregen® increased by 8% to €1,895 k (9M 2014: €1,747 k), whereas revenue from product sales to distribution partners decreased to €426 k in the first nine months of 2015 (9M 2014: €1,200 k) because of high stock levels. In the first nine months of 2014, Medigene had recognised milestone payments of €725 k for Veregen®, the majority of which were due to the one-off payment upon entering into an agreement with the new distribution partner, Taurus Pharma GmbH. In total, Medigene generated revenue of €2,376 k from Veregen® in the reporting period (9M 2014: €3,672 k).

Medigene also generated other operating income of €2,950 k in the reporting period (9M 2014: €4,704 k) from outlicenced drugs and drugs sold that do not belong to its core business. On the one hand, this consists of reimbursements for the development costs for the drug candidate EndoTAG®-1, which is outlicenced to SynCore. This income decreased in the first nine months of 2015 to €1,010 k (9M 2014: €1,486 k) as a result of a decrease in Medigene's development costs incurred for this drug candidate. On the other hand, in the first nine months of 2015, Medigene recognised unchanged regular non-cash income of €1,870 k (9M 2014: €1,870 k) relating to an agreement with the US investor Cowen Healthcare Royalty Partners II, L.P., USA ("Cowen") for a former drug of Medigene, Eligard®. In the previous-year period, Medigene also received one-off payments for the outlicenced RhuDex® drug candidate: €700 k from entering into a licencing deal with Falk Pharma and €503 k from one-off sales of RhuDex® material (active pharmaceutical ingredient, API) to Falk Pharma.

Due to one-off revenue in the previous-year period and a decrease in the reimbursement of research and development costs for outlicenced drug candidates, Medigene's total revenue decreased in the reporting period, as planned, to €5,326 k (9M 2014: €8,376 k).

Cost of sales

Cost of sales in the non-core business decreased by 29% to €862 k in the first nine months of 2015 (9M 2014: €1,212 k). This includes the cost of sales of the product Veregen® and royalty payments to partner companies as a share in revenue.

Gross profit

As planned, gross profit decreased by 38% to €4,464 k in the first nine months of 2015 (9M 2014: €7,164 k) as a result of declining income from non-core business.

Selling and general administrative expenses

Selling and general administrative expenses decreased slightly to €5,517 k in the first nine months of 2015 (9M 2014: €5,648 k) with expenses rising in the third quarter of 2015 to €2,041 k (Q3 2014: €1,742 k). They break down in the first nine months of 2015 into selling expenses of €1,599 k (9M 2014: €1,537 k) and general administrative expenses of €3,918 k (9M 2014: €4,111 k). In the third quarter of 2015, selling expenses amounted to €550 k (Q3 2014: €452 k) and general administrative expenses to €1,491 k (Q3 2014: €1,290 k). In the first nine months of 2014, one-off payments had been incurred for consulting services regarding the acquisition of Medigene Immunotherapies.

Research and development expenses

Research and development ("R&D") expenses increased by 15% to €6,214 k in the first nine months of 2015 (9M 2014: €5,383 k) and to €2,097 k in the third quarter of 2015 (Q3 2014: €1,975 k). The increase in these expenses is mainly due to the planned increase in expenses for preclinical and clinical trials for Medigene's immunotherapies which increased significantly by 151% to €3,915 k in the first nine months of 2015 (9M 2014: €1,560 k). This increase was partially offset by the decrease in development expenses for other, partnered products.

Interest expense

The interest expense in the first nine months of 2015 mainly consisted of the following non-cash items: interest expense of €1,001 k (9M 2014: €1,098 k) resulting from the measurement of the financial liability to Cowen and expenses of €1,610 k (9M 2014: €0 k) arising from the fair value adjustment of the liability for future milestone payments to the former shareholders of Medigene Immunotherapies GmbH. In the comparative period of the previous year, no expenses were reported from remeasuring this liability, as the liability was still accounted for on a provisional basis in the first nine months of 2014.

Foreign exchange gains/losses

As a result of the strong USD in the 2015 reporting period, the Company recognised foreign exchange losses of €618 k, net (9M 2014: foreign exchange losses of €854 k, net). These foreign exchange losses originate primarily from the non-cash remeasurement of the financial liability to Cowen.

D. NOTES TO THE BALANCE SHEET

Subscribed capital

Subscribed capital increased by €5,751 k in the first nine months of 2015 from €13,927 k as of 31 December 2014 to €19,678 k as at 30 September 2015. This resulted from the issue of 5,594,178 new shares from authorised capital in the course of a capital increase, due to convertible notes being converted (90,245 shares) and the first milestone payment settled in new shares (66,370 shares) issued as part of the purchase price for the acquisition of Medigene Immunotherapies in January 2014. Subscribed capital was divided into 19,678,221 no-par registered shares as at 30 September 2015, which were issued and outstanding as at the reporting date.

At the beginning of July 2015, Medigene successfully concluded the capital increase passed by resolution on 12 June 2015 to finance its immunotherapy programmes and, by placing all 5,594,178 new shares on offer for a subscription and placement price of €8.30 per share with existing shareholders and selected new institutional investors, generated gross proceeds of €46.4 m. This capital increase was entered in the Commercial Register on 3 July 2015.

Financial assets

Financial assets amounted to €12,982 k as at 30 September 2015. They consist primarily of the shares in Immunocore Ltd. (64,815 ordinary shares), which were measured at their fair value of €12,329 k as at 30 September 2015 (2014: €3,620 k). The shares in Immunocore Ltd. are classified as available-for-sale financial assets and are measured at fair value which is allocated to level 3 of the fair value hierarchy. The increase in financial assets as at the reporting date is due to remeasurement of the shares in Immunocore Ltd. in the second quarter of 2015 based on the information from the financing round carried out by Immunocore Ltd. in July 2015. Due to a remeasurement in the third quarter of 2015 the fair value fell by €790 k with the number of shares remaining constant. The decrease in fair value is mainly due to foreign exchange effects as the shares are denominated in pound sterling.

Investment in associates

The investment in the associate Catherex, Inc. amounted to €2,946 k as at the reporting date (2014: €2,781 k) and the investment in the associate Aettis, Inc. to €0 k (2014: €0 k).

Current liabilities

Current other financial liabilities of €7,767 k as at the reporting date (2014: €5,913 k) primarily include the liability for the payment of future milestones to the former shareholders of Medigene Immunotherapies of €4,521 k (2014: €3,611 k) and the current portion of the liability relating to the assignment to Cowen of the future cash flows from the 2%-royalty from Eligard® sales of €1,287 k (2014: €1,177 k).

Further future milestone payments to the former shareholders of Medigene Immunotherapies are contingent upon the future progress of the development projects led by Medigene Immunotherapies. The fair value of the contingent consideration has been determined using the discounted cash flow method on the basis of observable market data and unobservable inputs and is therefore allocable to level 3 of the fair value hierarchy. The key assumptions for estimating the fair value have changed in comparison to those disclosed in the 2014 consolidated financial statements. The fair value of the potential milestone payments, which, based on the latest assessment by the Company, could fall due in 2016, was adjusted by €1,610 k (Q3 2014: €0 k) in the reporting period to reflect the higher probability of occurrence with the adjustment recognised under interest expense. As in the past, the Company intends to settle these milestone payments by issuing new shares.

Non-current liabilities

Non-current liabilities include, among other items, the non-current portion of the liability relating to the assignment to Cowen of the 2%-royalty from Eligard® sales. As at the reporting date, this amounted to €10,603 k and is being redeemed over the remaining term of the Eligard® patent of approximately six years.

E. SEGMENT REPORTING

Business units

The Group is made up of two main business units: "Immunotherapies" (core business) and "Partnered products" (non-core business).

The "Immunotherapies" segment is reported separately with effect from 1 January 2015 as the focus of the Group has shifted to immunotherapies as its core business. The Group no longer has any influence on partnered products or, if so, only marginally because development and distribution cannot be influenced by the Group or, if so, only marginally. The figures for the previous period have been restated accordingly.

The segments break down as follows:

Immunotherapies (core business)

- DC vaccines (DCs)
- T cell receptor-based adoptive T-cell therapy (TCRs)
- T cell-specific monoclonal antibodies (TABs)

Partnered products (non-core business)

→ Veregen® for the treatment of genital warts
→ EndoTAG®-1 for the treatment of solid tumours
→ RhuDex® for the treatment of autoimmune diseases

SEGMENT REPORTING BY BUSINESS UNIT

IN € K	IMMUNO-THERAPIES	PARTNERED PRODUCTS	TOTAL OPERATING SEGMENTS	RECON-CILIATION[1)]	TOTAL
Q3 2015					
Revenue	0	1,013	1,013	0	1,013
Other operating income	0	317	317	624	941
Total revenue	**0**	**1,330**	**1,330**	**624**	**1,954**
Segment operating result[2)]	**-2,310**	**-860**	**-3,170**	**596**	**-2,575**
Depreciation and amortisation	-80	-117	-197	-48	-245
Share of result of associates	0	0	0	-24	-24
Assets					
Segment investments[3)]	247	0	247	14	261
Q3 2014					
Revenue	0	1,118	1,118	0	1,118
Other operating income	47	490	537	630	1,166
Total revenue	**47**	**1,608**	**1,655**	**630**	**2,284**
Segment operating result[2)]	**-1,471**	**-963**	**-2,434**	**588**	**-1,847**
Depreciation and amortisation	-21	-135	-156	-51	-207
Share of result of associates	0	0	0	-13	-13
Assets					
Segment investments[3)]	437	0	437	17	454

[1)] "Reconciliation" includes information that cannot be allocated to any of the segments.

[2)] Segment operating result does not include any interest income (Q3 2015: €7 k; Q3 2014: €6 k), interest expense (Q3 2015: €-1,894 k; Q3 2014: €-358 k), foreign exchange gains/losses (Q3 2015: €47 k; Q3 2014: €-782 k), share of result of associates (Q3 2015: €-24 k; Q3 2014: €-13 k), or taxes.

3) Segment investments relate to additions to property, plant and equipment and intangible assets.

SEGMENT REPORTING BY BUSINESS UNIT

IN € K	IMMUNO-THERAPIES	PARTNERED PRODUCTS	TOTAL OPERATING SEGMENTS	RECON-CILIATION[1)]	TOTAL
9M 2015					
Revenue	0	2,376	2,376	0	2,376
Other operating income	17	1,057	1,074	1,876	2,950
Total revenue	**17**	**3,433**	**3,450**	**1,876**	**5,326**
Segment operating result[2)]	**-6,485**	**-2,541**	**-9,026**	**1,759**	**-7,267**
Depreciation and amortisation	-180	-364	-544	-143	-687
Share of result of associates	0	0	0	-70	-70
Assets					
Segment investments[3)]	926	0	926	100	1,026
9M 2014					
Revenue	0	3,672	3,672	0	3,672
Other operating income	64	2,759	2,823	1,881	4,704
Total revenue	**64**	**6,431**	**6,495**	**1,881**	**8,376**
Segment operating result[2)]	**-2,255**	**-3,367**	**-5,622**	**1,755**	**-3,867**
Depreciation and amortisation	-30	-415	-445	-153	-598
Share of result of associates	0	0	0	-33	-33
Assets					
Segment investments[3)]	641	0	641	222	863

1) "Reconciliation" includes information that cannot be allocated to any of the segments, as it does not constitute any activity.

2) Segment operating result does not include any interest income (9M 2015: €38 k; 9M 2014: €18 k), interest expense (9M 2015: €-2,636 k; 9M 2014: €-1,098 k), foreign exchange losses (9M 2015: €-617 k; 9M 2014: €-854 k), share of result of associates (9M 2015: €-70 k; 9M 2014: €-33 k), or taxes.

3) Segment investments relate to additions to property, plant and equipment and intangible assets.

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 arm's length conditions.

F. OTHER NOTES

Related parties

The parties deemed to be related are entities and individuals who can be significantly influenced by the Company or can exert significant influence on the Company. Related parties are the Company's Executive Management Board and Supervisory Board as well as the associates Catherex, Inc. and Aettis, Inc. and partner company and shareholder SynCore.

Dr. Frank Mathias, CEO of Medigene AG, and Peter Llewellyn-Davies, CFO of Medigene AG, were appointed to the supervisory board of Catherex, Inc. and Aettis, Inc. Medigene, Inc. has extended an interest-bearing loan of €473 k as at the reporting date to Catherex, Inc. (31 December 2014: €352 k). An interest-bearing loan of €42 k as at the reporting date was granted to Aettis, Inc. (31 December 2014: €33 k).

In the first nine months of 2015 Medigene AG recognised other operating income from R&D payments from partners of €1,010 k (9M 2014: €1,486 k) arising from its partner arrangement with SynCore for EndoTAG®-1. Yita Lee, Ph.D., Chief Scientific Officer at the Sinphar group in Taiwan, is a member of the Supervisory Board of Medigene AG. As at 30 September 2015, SynCore held 3.9% of the shares in Medigene AG.

The remuneration and shareholdings of the Company's Executive Management Board and Supervisory Board members are itemised for each member of these boards under → G) "*Executive Management Board and Supervisory Board*". In the first nine months of 2015, there were no further transactions between the Group and related parties.

Contingent liabilities

No accruals were recognised for the contingent liabilities listed below, as the risk of claims being made 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, including a milestone payment upon commencement of a clinical phase III trial for EndoTAG®-1. In connection with signing the SynCore agreement in July 2012, the Company came to an agreement with the insolvency administrator, which provides for Medigene not making any further milestone payments and only having to transfer a low percentage of the income achieved. According to the agreement, the amount is limited to a total of €11 m and is payable in installments. Management does not believe that accruals need to be recognised for this, since the relevant payments will not become due until specific events occur. At the reporting date the occurrence of these events was not probable.

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 or rewards to the Group. The conditions, rental increase clauses and extension options of the lease agreements vary.

The Group can terminate these lease agreements upon notice of one month to six years, depending on the contract.

G. EXECUTIVE MANAGEMENT BOARD AND SUPERVISORY BOARD

REMUNERATION, DIRECTORS' HOLDINGS AND NOTES ON SUBSCRIPTION RIGHTS

NUMBER OF SHARES/OPTIONS	REMUNERATION[1]	SHARES		OPTIONS	
	9M 2015 IN € K	**30/9/2015**	31/12/2014	**30/9/2015**	31/12/2014
Prof. Horst Domdey Chairman, co-founder	**30**	**39,125**	39,125	**0**	0
Dave Lemus Deputy chairman	**25**	**0**	0	**0**	0
Yita Lee, Ph.D. Ordinary member	**20**	**0**	0	**0**	0
Total Supervisory Board	**75**	**39,125**	**39,125**	**0**	**0**
Dr. Frank Mathias Chief Executive Officer	**404**	**2,697**	1,927[2]	**59,214**	59,214
Peter Llewellyn-Davies Chief Financial Officer	**331**	**5,000**	4,000	**18,813**	18,813
Prof. Dolores J. Schendel Chief Scientific Officer [3]	**312**	**651,593**	611,704	**5,000**	5,000
Total Executive Management Board	**1,047**	**659,290**	**617,203**	**83,027**	**83,027**

[1] Total remuneration comprises both fixed elements and variable performance-based components assuming a 100% pay-out of the accruals recognised (not discounted) and fringe benefits (expenses for pensions and leased company cars).

[2] Adjusted.

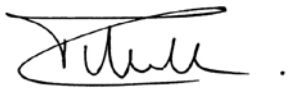
[3] Prof. Schendel indirectly holds 651,593 Medigene shares in her capacity as Managing Director of DJSMontana Holding GmbH. Of these 519,084 Medigene shares are allotted directly to Prof. Schendel.

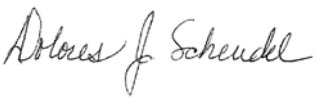
RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management's discussion and analysis includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Planegg/Martinsried, 9 November 2015

The Executive Management Board





Dr. Frank Mathias Peter Llewellyn-Davies Prof. Dolores J. Schendel

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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 behaviour 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 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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