MEDIGENE AG
6-MONTHS REPORT 2015

medigene

inspired by immunotherapies

KEY FIGURES OF MEDIGENE

IN € K	**Q2 2015 UNAUDITED**	Q2 2014 UNAUDITED	CHANGE	**6M 2015 UNAUDITED**	6M 2014 UNAUDITED	CHANGE
Income statement						
Revenue Veregen®	**649**	1,226	-47%	**1,363**	2,555	-47%
thereof royalties	**593**	595	0%	**1,182**	1,018	16%
thereof revenue from product sales	**31**	611	-95%	**156**	837	-81%
thereof milestone payments	**25**	20	25%	**25**	700	-96%
Other operating income	**1,036**	2,436	-57%	**2,009**	3,538	-43%
thereof R&D payments from partners	**396**	577	-31%	**712**	1,018	-30%
thereof R&D milestone payments	**0**	714	-	**0**	728	-
thereof other revenue	**640**	1,145	-44%	**1,297**	1,792	-28%
Total revenue	**1,685**	**3,662**	**-54%**	**3,372**	**6,093**	**-45%**
Cost of sales	**-203**	-531	-62%	**-471**	-799	-41%
Gross profit	**1,482**	3,131	-53%	**2,901**	5,294	-45%
Selling and general administrative expenses	**-1,736**	-1,696	2%	**-3,476**	-3,906	-11%
Research and development expenses	**-2,186**	-1,811	21%	**-4,117**	-3,408	21%
Operating result	**-2,440**	-376	>200%	**-4,692**	-2,020	132%
Net profit/loss for the period	**-2,441**	**-797**	**>200%**	**-6,113**	**-2,841**	**115%**
EBITDA	**-2,210**	**-176**	**>200%**	**-4,251**	**-1,629**	**161%**
Earnings per share (€)	**-0.17**	-0.07	139%	**-0.44**	-0.26	66%
Personnel expenses	**-1,823**	-1,670	9%	**-3,581**	-3,267	10%
Cash flows						
Net cash used in operating activities	**-3,175**	-2,756	15%	**-4,953**	-5,608	-12%
Net cash used in investing activities	**-106**	-351	-70%	**-159**	-388	-59%
Net cash from/used in financing activities	**195**	-6	>-200%	**195**	-64	>200%
Balance sheet data as at 30 June						
Cash and cash equivalents				**10,059**	4,097	146%
Total assets				**74,656**	57,175	31%
Current liabilities				**6,450**	4,594	40%
Non-current liabilities				**14,912**	15,199	-2%
Shareholders' equity				**53,294**	37,382	43%
Equity ratio (%)				**71**	65	10%
Employees as at 30 June				**71**	65	9%
FTE as at 30 June				**65**	61	6%
Medigene share as at 30 June						
Total number of shares outstanding				**14,051,815**	10,889,950	29%
Share price (XETRA closing price) (€)				**8.45**	4.91	72%

MEDIGENE'S IMMUNOTHERAPY PIPELINE

PRODUCT	INDICATION	PRE-CLINIC	CLINICAL PHASE I	II	III
DCs	Prostate cancer[1)]				
DCs	Acute myeloid leukaemia (AML)[1)]				
DCs	Acute myeloid leukaemia (AML)				
TCRs	Cancer				
TABs	Leukaemia and autoimmune diseases				
Chance of reaching the market[2)]		< 10%	< 15%	< 30%	< 70%

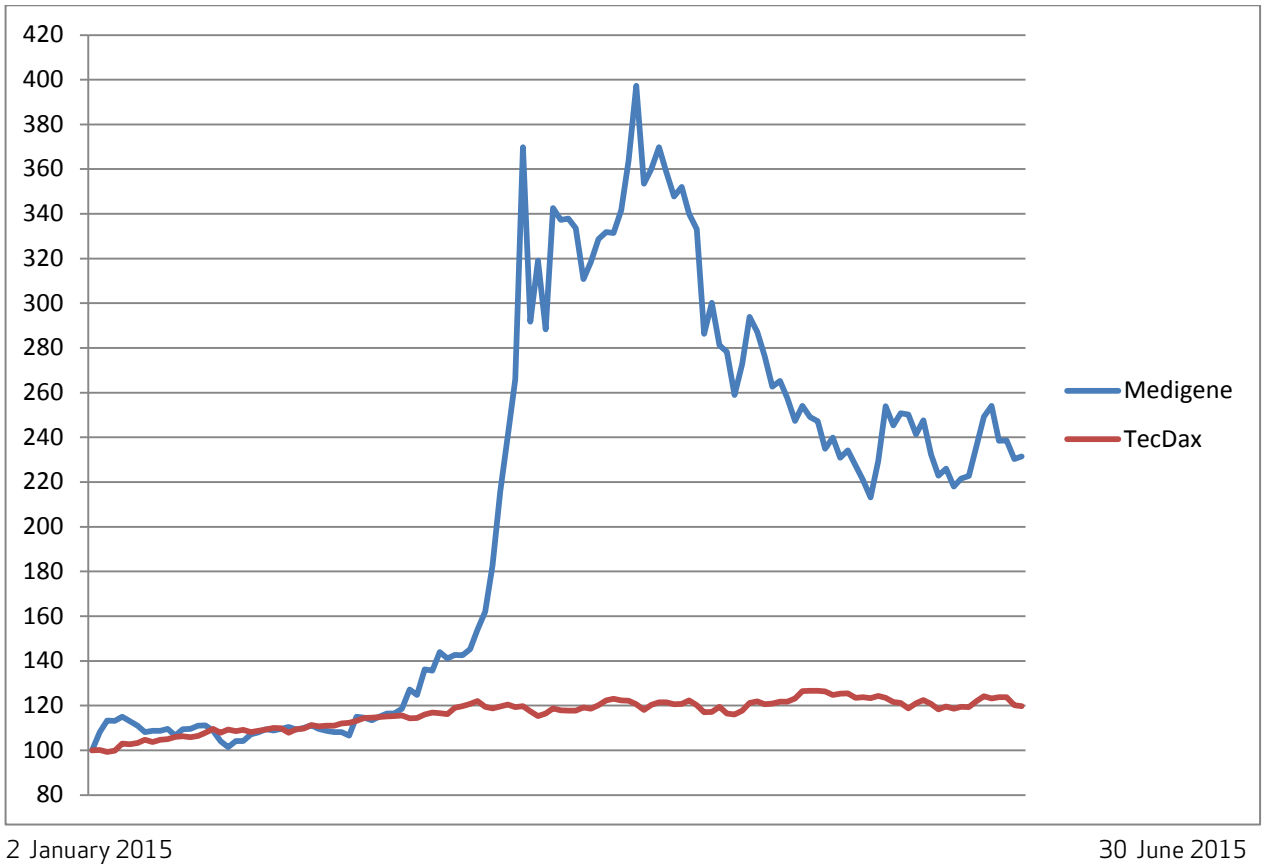
1) Investigator-initiated trial, IIT

2) Industry average, estimates of Medigene AG

Content

MEDIGENE'S SHARE PRICE PERFORMANCE

(2 JANUARY 2015: €3.65 INDEXED TO 100)



KEY FIGURES FOR THE SHARE

IN €	**6M 2015**	6M 2014
6-month high[1)]	14.50	6.75
6-month low[1)]	3.70	3.42
Opening price at the beginning of the year	3.65	3.53
Closing price at the end of the period	8.45	4.91
Average price	7.62	4.72
Weighted average number of shares	13,968,817	10,743,745
Average market capitalisation (€ m)[2)]	110	51
Average daily trading volume (in shares)	172,589	68,071
Total number of shares outstanding as at 30 June	14,051,815	10,889,950
Earnings per share[3)]	-0.44	-0.23
Shareholders' equity per share[3)]	3.14	3.43
Net cash used in operating activities per share[3)]	-0.35	-0.51
Free float[4)] (%)	66	89

[1)] Daily closing price

[2)] Source: Medigene AG, Oddo Seydler Bank AG

[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 Q2 2015/6M 2015

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

MAJOR EVENTS SINCE THE BEGINNING OF 2015

- → Gross proceeds of €46.4 m raised from the successful capital increase to finance immunotherapy programmes
- → Phase I/II trial with DC vaccine for the treatment of acute myeloid leukaemia (AML) initiated
- → 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 HALF OF 2015

- → Increase in research and development expenses by 21% to €4,117 k (6M 2014: €3,408 k)
- → Significant investments in the area of immunotherapy programmes of €2,582 k (6M 2014: €663 k)
- → Scheduled increase in EBITDA loss by 161% to €4,251 k (6M 2014: €1,629 k)
- → Increase in royalties from Veregen® by 16% to €1,182 k (6M 2014: €1,018 k)
- → Decrease in selling and general administrative expenses by 11% to €3,476 k (6M 2014: €3,906 k)

PRELIMINARY NOTES

Medigene develops drugs to treat cancer and autoimmune disease

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 biopharmaceutical company that concentrates on clinical research and development of novel drugs against cancer and autoimmune diseases and focuses on personalised T cell 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. In addition, Medigene has one marketed drug, Veregen®, which is distributed by partner companies. The two clinical drug candidates, EndoTAG®-1 and RhuDex® are licenced to partners who assume responsibility for the further clinical development. Furthermore, Medigene owns the AAVLP vaccine technology.

Immunotherapies

DC vaccines (DCs)

With Medigene's most advanced platform the Company develops new generation antigen-tailored dendritic cell (DC) vaccines. Dendritic cells can take up antigens efficiently, process them and present them on their surface in a form that can induce antigen-specific T cells to mature and proliferate. 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 team of Medigene Immunotherapies GmbH's scientists has developed new, fast and efficient methods for generating autologous (patient-specific) mature dendritic cells which have relevant characteristics to activate both T cells and NK cells. The dendritic cells can be loaded with various tumour antigens to treat different types of cancer.

At the beginning of 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 polarized dendritic cells. The patent will have a term until 2027 and was licenced exclusively to Medigene Immunotherapies by Helmholtz Zentrum München. In May 2015, Medigene announced that the corresponding US patent (No. 8,679,840) has been prolonged from 2028 to 2031. Medigene has an exclusive licence to these patents that are central for the DC programme.

At the end of March 2015, Medigene 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.

At the beginning of 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 at the beginning of July 2015 by issuing 66,370 shares in the course of the capital increase against cash contributions and contribution in kind.

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.

Further studies utilizing Medigene's DC vaccine technology include two ongoing clinical investigator-initiated trials: a clinical phase I/II trial in AML at the Ludwig-Maximilian 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, Norway. 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.

T cell receptor-based adoptive T cell therapy (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.

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.

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

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 have been 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 is a formal member.

T cell-specific monoclonal antibodies (TABs)

The 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.

Partnered products

The following drugs or drug candidates are being marketed or developed by partners:

Worldwide partners: Veregen®

Medigene generates revenue from royalties, product sales (supply chain) and milestone payments with Veregen®, a drug for the treatment of genital warts. Veregen® is currently available in the US and Canada, in 17 European countries (Germany, Austria, Switzerland, Spain, Serbia, the Netherlands, Norway, Sweden, the Czech Republic, Slovakia, Hungary, Poland, Belgium, Denmark, Finland, Romania, Greece) and Taiwan and has been approved in additional countries. In February 2015, marketing authorisation applications for Veregen® ointment were positively assessed by the regulatory authorities of eight additional European countries, including two of the biggest pharma markets (UK and Italy), within the mutual recognition procedure. This binding decision guarantees that national marketing authorisations will be formally granted within the next months by the respective regulatory authorities in Italy, Portugal and Lithuania. In the UK, Ireland, Croatia, Estonia and Latvia marketing authorisations have already been granted. With this positive decision Medigene has completed the marketing approval processes of Veregen® for the largest part of Europe. The successive launch of Veregen® ointment for the treatment of genital warts in these new territories is anticipated to start in the second half of 2015. For the worldwide marketing of Veregen® there are multiple partnering agreements in place. In the second quarter of 2015, Medigene signed a marketing agreement for the French market with L. F. Will-Pharma & Cie, Medigene's sales partner for Belgium, the Netherlands and Luxembourg.

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, Veregen® showed complete clearance of genital warts in more than 60% of patients, and was very well tolerated. In its current treatment guidelines for sexually transmitted diseases, the US Centers for Disease Control and Prevention recommends sinecatechins 15% ointment (Veregen®) as an option for treating genital warts. In addition, sinecatechins 10% and 15% ointment (Veregen®) were included in the current European treatment guidelines ("2012 European Guideline for the Management of Anogenital Warts").

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 a 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 technologies

AAVLP technology

A preclinical long-term study completed in cooperation with Pennsylvania State University with the aim of demonstrating long-term cross-protection against various human papilloma virus (HPV) infections has recorded positive results.

RESULTS OF OPERATIONS

Total revenue

Medigene generates revenue from royalties, product sales and milestone payments with the drug Veregen®. In the first six months of 2015 royalties increased by 16% to €1,182 k (6M 2014: €1,018 k), whereas revenue from product sales to distribution partners decreased to €156 k (6M 2014: €837 k) because of high stock levels. In the second quarter of 2015, Medigene generated royalties of €593 k (Q2 2014: €595 k), revenue from product sales of €31 k (Q2 2014: €611 k) and milestone payments of €25 k (Q2 2014: €20 k). In the first half of 2014, Medigene had recognised milestone payments of €680 k, 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 €1,363 k from Veregen® in the reporting period (6M 2014: €2,555 k).

Medigene also generated other operating income of €2,009 k in the first half of 2015 (6M 2014: €3,538 k) and €1,036 k in the second quarter of 2015 (Q2 2014: €2,436 k). This consists of reimbursements for the development costs for the drug candidate EndoTAG®-1, which is outlicenced to SynCore. This income decreased to €712 k in the first half of 2015 (6M 2014: €1,018 k) and to €396 k in the second quarter of 2015 (Q2 2014: €577 k) as a result of a decrease in Medigene's development costs incurred for this drug candidate. On the other hand, in the first six months of 2015, Medigene recognised unchanged regular non-cash income of €1,250 k (6M 2014: €1,250 k) following 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 RhuDex®: €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 payments in the previous-year period for Veregen® and RhuDex® and lower reimbursements for EndoTAG®-1 costs, Medigene's total revenue decreased in the reporting period to €3,372 k (6M 2014: €6,093 k).

CONSOLIDATED INCOME STATEMENT (ABBREVIATED)

IN € K	**Q2 2015 UNAUDITED**	Q2 2014 UNAUDITED	CHANGE	**6M 2015 UNAUDITED**	6M 2014 UNAUDITED	CHANGE
Revenue Veregen®	**649**	**1,226**	**-47%**	**1,363**	**2,555**	**-47%**
thereof royalties	593	595	0%	1,182	1,018	16%
thereof revenue from product sales	31	611	-95%	156	837	-81%
thereof milestone payments	25	20	25%	25	700	-96%
Other operating income	**1,036**	**2,436**	**-57%**	**2,009**	**3,538**	**-43%**
thereof R&D payments from partners	396	577	-31%	712	1,018	-30%
thereof R&D milestone payments	0	714	-	0	728	-
thereof other revenue	640	1,145	-44%	1,297	1,792	-28%
Total revenue	**1,685**	**3,662**	**-54%**	**3,372**	**6,093**	**-45%**
Cost of sales	-203	-531	-62%	-471	-799	-41%
Gross profit	**1,482**	**3,131**	**-53%**	**2,901**	**5,294**	**-45%**
Selling and general administrative expenses	-1,736	-1,696	2%	-3,476	-3,906	-11%
Research and development expenses	-2,186	-1,811	21%	-4,117	-3,408	21%
Operating result	**-2,440**	**-376**	**>200%**	**-4,692**	**-2,020**	**132%**
Net profit/loss for the period	**-2,441**	**-797**	**>200%**	**-6,113**	**-2,841**	**115%**

Cost of sales

Cost of sales decreased by 41% to €471 k in the first half of 2015 (6M 2014: €799 k) and by 62% to €203 k in the second quarter of 2015 (Q2 2014: €531 k). This includes the cost of sales of the product Veregen® and royalty payments to partner companies as a share in revenue.

Gross profit

Gross profit decreased by 45% to €2,901 k in the first half of 2015 (6M 2014: €5,294 k) and to €1,482 k in the second quarter of 2015 (Q2 2014: €3,131 k). The decrease is primarily due to one-off payments for Veregen® and RhuDex® in the previous-year period as well as to lower cost reimbursements for EndoTAG®-1. The gross profit generated from Veregen® depends on the EUR/USD exchange rate.

Selling and general administrative expenses

Selling and general administrative expenses decreased to €3,476 k in the first half of 2015 (6M 2014: €3,906 k) with expenses around the same level as in the previous year at €1,736 k in the second quarter of 2015 (Q2 2014: €1,696 k). They break down in the first half of 2015 into selling expenses of €1,048 k (6M 2014: €1,085 k) and general administrative expenses of €2,428 k (6M 2014: €2,821 k). In the second quarter of 2015, selling expenses amounted to €495 k (Q2 2014: €522 k) and general administrative expenses to €1,241 k (Q2 2014: €1,174 k). In the first half of 2014, one-off payments had been incurred for consulting services regarding the acquisition of Medigene Immunotherapies.

Research and development expenses

As planned, research and development ("R&D") expenses increased by 21% to €4,117 k in the first half of 2015 (6M 2014: €3,408 k) and to €2,186 k in the second quarter of 2015 (Q2 2014: €1,811 k). The increase in these expenses is mainly due to the increase in expenses for preclinical and clinical trials for Medigene's immunotherapies, which rose significantly to €2,582 k in the first six months of 2015 (6M 2014: €663 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. As planned, the EBITDA loss increased to €-4,251 k in the first half of 2015 (6M 2014: €-1,629 k) and to €-2,210 k in the second quarter of 2015 (Q2 2014: €-176 k). This is primarily due to one-off payments for Veregen® and RhuDex® in 2014, lower reimbursements for outlicenced drugs and higher research and development expenses for Medigene's immunotherapy programmes.

Depreciation and amortisation

Depreciation and amortisation amounted to €442 k in the first half of 2015 (6M 2014: €391 k) and €230 k in the second quarter of 2015 (Q2 2014: €200 k).

Financial result

The financial result comprised interest income and interest expense and amounted to €-711 k in the reporting period (6M 2014: €-729 k) and to €-347 k in the second quarter of 2015 (Q2 2014: €-357 k). The financial result consists mainly of a non-cash interest expense of €676 k in the first six months of 2015 (6M 2014: €740 k) which resulted from the measurement of the financial liability to Cowen.

Foreign exchange gains/losses

As a result of strengthening USD exchange rates, in the first half of 2015, the Company recognised foreign exchange losses of €664 k, net (6M 2014: foreign exchange losses of €72 k, net). These foreign exchange losses in the reporting period originate primarily from the non-cash remeasurement of the financial liabilities to Cowen.

Share of result of associates

The share of result of associates amounted to €-46 k in the first six months of 2015 (6M 2014: €-20 k), attributable to the investment in the associate Catherex, Inc., and amounted to €-27 k in the second quarter of 2015 (Q2 2014: €37 k).

Net profit/loss for the first six months of 2015

As planned, the net loss recorded by Medigene in the first six months of 2015 rose to €6,113 k (6M 2014: €2,841 k) and in the second quarter of 2015 to €2,441 k (Q2 2014: €797 k). This is primarily attributable to lower total revenue as well as to higher development expenses for the immunotherapy programmes.

Earnings per share

The loss per share in the first half of 2015 amounted to €0.44 (basic and diluted weighted average number of shares: 13,968,817) compared with a loss of €0.26 per share in the comparative period of the previous year (6M 2014: basic and diluted weighted average number of shares: 10,743,745).

FINANCIAL POSITION

Net cash used in operating activities

The net cash used in operating activities decreased by 12% to €4,953 k in the first half of 2015 (6M 2014: €5,608 k) and to €3,175 k in the second quarter of 2015 (Q2 2014: €2,756 k). This represents an average monthly cash outflow of under €0.8 m in the first six months of 2015 (6M 2014: €0.9 m). The major part of the net cash used was directed at research and development as well as sales and administration. The cash outflow from operating activities 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	**Q2 2015 UNAUDITED**	Q2 2014 UNAUDITED	CHANGE	**6M 2015 UNAUDITED**	6M 2014 UNAUDITED	CHANGE
Net cash from/used in						
operating activities	-3,175	-2,756	15%	-4,953	-5,608	-12%
investing activities	-106	-351	-70%	-159	-388	-59%
financing activities	195	-6	>-200%	195	-64	>-200%
Decrease in cash and cash equivalents	**-3,086**	**-3,113**	**-1%**	**-4,917**	**-6,060**	**-19%**
Cash and cash equivalents, opening balance	**13,145**	**7,221**	82%	**14,976**	**10,166**	47%
Foreign exchange differences	0	-11	-	0	-9	-
Cash and cash equivalents, closing balance	**10,059**	**4,097**	**146%**	**10,059**	**4,097**	**146%**

NET ASSETS

DEVELOPMENT OF ASSETS, SHAREHOLDERS' EQUITY AND LIABILITIES

IN € K	30/6/2015 UNAUDITED	31/12/2014	CHANGE
Assets			
Property, plant and equipment and intangible assets	**37,438**	**37,116**	1%
Goodwill	**2,212**	**2,212**	0%
Financial and non-current other assets	**14,090**	**4,508**	>200%
Investment in associates	**2,978**	**2,781**	7%
Cash and cash equivalents	**10,059**	**14,976**	-33%
Inventories and trade accounts receivable	**6,893**	**6,139**	12%
Current other assets	**986**	**3,551**	-72%
Total assets	**74,656**	**71,283**	**-5%**
Shareholders' equity and liabilities			
Shareholders' equity	**53,294**	**49,071**	9%
Non-current liabilities	**14,912**	**14,457**	3%
Current liabilities	**6,450**	**7,755**	-17%
Total shareholders' equity and liabilities	**74,656**	**71,283**	**5%**
Cash to total assets ratio (%) (Cash and cash equivalents x 100 / Total assets)	**15**	**21**	
Equity ratio (%) (Shareholders' equity x 100 / Total shareholders' equity and liabilities)	**67**	**69**	

As at 30 June 2015 cash and cash equivalents amounted to €10,059 k (31 December 2014: €14,976 k). Additionally, Medigene generated gross proceeds of €46.4 m in July 2015 by means of a capital measure (refer to "Subsequent events").

Employees

The number of employees as at the reporting date was 71 (31 December 2014: 65). The number of full-time equivalents (FTEs) increased in the first half of 2015 to 65 (31 December 2014: 61) as a result of additional employees hired by Medigene Immunotherapies. Personnel expenses in the reporting period amounted to €3,581 k (6M 2014: €3,267 k).

Related parties

Detailed information on related parties can be found on page 24 of the notes.

Segment information

Detailed information on the segments can be found on page 21 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 and the Group no longer has any influence on partnered products 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. As at the reporting date 30 June 2015, there have not been any significant changes to the risks described there except for the financing risks mentioned.

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.

Due to the gross cash inflow of €46.4 m from the capital increase completed in July 2015 and the significant improvement in the financial position as a result, the Executive Management Board currently assumes that the Company continues to be financed at least until the second half of 2019.

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 published on 25 March 2015 for a description of this system.

SUBSEQUENT EVENTS

The following major events in terms of corporate development occurred after the end of the reporting period:

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 cancer immunotherapy programmes and, by placing all 5,594,178 new shares on offer for a subscription and placement price of €8.30 per share for existing shareholders and selected new institutional investors, generated gross proceeds of €46.4 m. With that the Company exceeded the gross proceeds target of approximately €40 m by more than 15%. The placement of the shares not subscribed for (the rump placement) was oversubscribed. The transaction extends the Company's cash reach at least until the second half of 2019. By issuing the 5,594,178 new shares from authorised capital after the reporting period, Medigene AG's share capital of €14,051,815.00 increased by €5,594,178.00 to €19,645,993.00. This capital increase was entered in the Commercial Register on 3 July 2015.

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 exceeded the 3%, 5%, 10%, 15% thresholds on 7 July 2015 and amounted to 15.63% on this date.

OPPORTUNITIES AND OUTLOOK

Financial forecast 2015

Medigene confirms its financial forecast for the fiscal year 2015 as a whole. According to this, the Company plans to significantly increase its research and development expenses for its immunotherapy programmes to €7 – €9 m (2014: €2.9 m) and anticipates an EBITDA loss of €11 – €13 m (2014: €2.1 m). Outside of its core business and based on the assumptions made by the partners, Medigene expects a double-digit percentage increase in Veregen® royalties and stable total revenue for Veregen® (2014: €5.2 m). Furthermore, Medigene expects to generate other operating income consisting mainly of non-cash income from Cowen at a level comparable to the previous year and of reimbursements of development costs for EndoTAG®-1 by SynCore. 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.

Focus on 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 utilizing 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. Medigene's ongoing clinical trials will collect additional clinical feasibility and safety data for its personalised DC vaccines.

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.

TABs

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

Partnered products

The following drugs or drug candidates are being marketed or developed by partners:

Veregen®

Medigene's partners anticipate the successive market launches of Veregen® in the UK, Ireland, Italy, Portugal, Croatia, Latvia, Lithuania and Estonia to start in the second half of 2015.

EndoTAG®-1 and Rhudex®

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

Other technologies:

AAVLP technology

The final results of the preclinical trial conducted in cooperation with Pennsylvania State University to demonstrate long-term protection against infection and cross-reactivity to various types of HPV are to be presented as part of a scientific publication.

CONSOLIDATED INCOME STATEMENT

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

IN € K	**Q2 2015 UNAUDITED**	Q2 2014 UNAUDITED	**6M 2015 UNAUDITED**	6M 2014 UNAUDITED
Revenue	649	1,226	1,363	2,555
Other operating income	1,036	2,436	2,009	3,538
Total revenue	**1,685**	**3,662**	**3,372**	**6,093**
Cost of sales	-203	-531	-471	-799
Gross profit	**1,482**	**3,131**	**2,901**	**5,294**
Selling expenses	-495	-522	-1,048	-1,085
General administrative expenses	-1,241	-1,174	-2,428	-2,821
Research and development expenses	-2,186	-1,811	-4,117	-3,408
Operating result	**-2,440**	**-376**	**-4,692**	**-2,020**
Interest income	7	9	31	11
Interest expense	-354	-366	-742	-740
Foreign exchange gains/losses	373	-101	-664	-72
Share of result of associates	-27	37	-46	-20
Earnings before tax	**-2,441**	**-797**	**-6,113**	**-2,841**
Net profit/loss for the period	**-2,441**	**-797**	**-6,113**	**-2,841**
Basic and diluted earnings per share (€)	**-0.17**	**-0.07**	**-0.44**	**-0.26**
Weighted average number of shares (basic and diluted)	**13,981,142**	**10,889,950**	**13,968,817**	**10,743,745**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

IN € K	**Q2 2015 UNAUDITED**	Q2 2014 UNAUDITED	**6M 2015 UNAUDITED**	6M 2014 UNAUDITED
Net profit/loss for the period	**-2,441**	**-797**	**-6,114**	**-2,841**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations[1)]	-61	14	130	11
Available-for-sale financial assets[1)]	9,236	170	9,499	170
Other comprehensive income, net of tax	**9,175**	**184**	**9,630**	**181**
Total comprehensive income, net of tax	**6,734**	**-613**	**3,517**	**-2,660**

[1)] No income tax effects were incurred.

CONSOLIDATED BALANCE SHEET

OF MEDIGENE AG AS AT 30 JUNE 2015 AND 31 DECEMBER 2014

IN € K		30/6/2015 UNAUDITED	31/12/2014
ASSETS			
A. Non-current assets			
I.	Property, plant and equipment	**1,539**	951
II.	Intangible assets	**35,899**	36,165
III.	Goodwill	**2,212**	2,212
IV.	Financial assets	**13,767**	4,185
V.	Investment in associates	**2,978**	2,781
VI.	Other assets	**323**	323
Total non-current assets		**56,718**	**46,617**
B. Current assets			
I.	Inventories	**5,771**	4,406
II.	Trade accounts receivable	**1,122**	1,733
III.	Cash and cash equivalents	**10,059**	14,976
IV.	Other assets	**986**	3,551
Total current assets		**17,938**	**24,666**
Total assets		**74,656**	**71,283**
SHAREHOLDERS' EQUITY AND LIABILITIES			
A. Shareholders' equity			
I.	Subscribed capital	**14,051**	13,927
II.	Capital reserve	**388,498**	387,916
III.	Accumulated deficit	**-358,978**	-352,865
IV.	Other reserves	**9,723**	93
Total shareholders' equity		**53,294**	**49,071**
B. Non-current liabilities			
I.	Non-current portion of finance lease liabilities	**648**	0
II.	Financial liabilities	**10,974**	10,597
III.	Pension obligations	**406**	413
IV.	Other financial liabilities	**333**	868
V.	Deferred income	**198**	226
VI.	Deferred taxes	**2,353**	2,353
Total non-current liabilities		**14,912**	**14,457**
C. Current liabilities			
I.	Current portion of finance lease liabilities	**189**	0
II.	Trade accounts payable	**511**	1,785
III.	Other financial liabilities	**5,694**	5,913
IV.	Deferred income	**56**	57
Total current liabilities		**6.450**	**7,755**
Total liabilities		**21,362**	**22,212**
Total shareholders' equity and liabilities		**74,656**	**71,283**

CONSOLIDATED STATEMENT OF CASH FLOWS

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

IN € K	**Q2 2015 UNAUDITED**	Q2 2014 UNAUDITED	**6M 2015 UNAUDITED**	6M 2014 UNAUDITED
Net cash from/used in operating activities				
Earnings before tax	**-2,441**	**-797**	**-6,113**	**-2,841**
Adjustments:				
Share-based payments	3	7	7	13
Other non-cash income	-624	-624	-1,247	-1,247
Depreciation and amortisation	230	200	442	391
Losses from the disposal of property, plant and equipment	1	0	1	0
Interest income	-5	-9	-31	-11
Interest expense	354	366	742	740
Changes in:				
Inventories	22	199	-1,365	-864
Other assets and trade accounts receivable	1,618	-1,362	2,558	-806
Trade accounts payable	-1,918	-736	-1,274	-350
Other financial liabilities and deferred income	-431	34	1,274	-656
Share of result of associates	27	-37	46	20
Subtotal	**-3,164**	**-2,759**	**-4,960**	**-5,611**
Interest received	0	3	18	3
Interest paid	-11	0	-11	0
Net cash used in operating activities	**-3,175**	**-2,756**	**-4,953**	**-5,608**
Net cash from/used in investing activities				
Purchase of property, plant and equipment	-70	-351	-123	-409
Loans to associates	-36	0	-36	0
Net cash acquired with the subsidiary	0	0	0	21
Net cash used in investing activities	**-106**	**-351**	**-159**	**-388**
Net cash from/used in financing activities				
Costs of capital increase	0	-6	0	-64
Finance leases	**195**	**0**	**195**	**0**
Net cash from/used in financing activities	**195**	**-6**	**195**	**-64**
Decrease in cash and cash equivalents	**-3,086**	**-3,113**	**-4,917**	**-6,060**
Cash and cash equivalents, opening balance	**13,145**	**7,221**	**14,976**	**10,166**
Foreign exchange differences	0	-11	0	-9
Cash and cash equivalents, closing balance	**10,059**	**4,097**	**10,059**	**4,097**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

OF MEDIGENE AG FOR THE PERIODS FROM 1 JANUARY TO 30 JUNE 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				**-2,841**			**-2,841**
Other comprehensive income					**11**	**170**	**181**
Total comprehensive income							**-2,660**
Share issue for the business combination	**1,017,811**	**1,018**	**2,799**				**3,817**
Costs of capital increase			**-64**				**-64**
Share-based payments			**13**				**13**
Balance at 30/6/2014, unaudited	**10,889,950**	**10,890**	**376,334**	**-349,848**	**-166**	**172**	**37,382**
Balance at 1/1/2015	**13,927,428**	**13,927**	**387,916**	**-352,865**	**-21**	**114**	**49,071**
Net profit/loss for the period				**-6,113**			**-6,113**
Other comprehensive income					**131**	**9,499**	**9,630**
Total comprehensive income							**3,517**
Share issue for convertible notes	**58,017**	**58**	**-58**				**0**
Share issue for the business combination, first milestone	**66,370**	**66**	**634**				**700**
Costs of capital increase			**-1**				**-1**
Share-based payments			**7**				**7**
Balance at 30/6/2015, unaudited	**14,051,815**	**14,051**	**388,498**	**-358,978**	**110**	**9,613**	**53,294**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

OF MEDIGENE AG, PLANEGG/MARTINSRIED, FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 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 biopharmaceutical company that concentrates on clinical research and development of novel drugs against cancer and autoimmune diseases and focuses on personalised T cell 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/WKN A161NA, symbol MDGJ).

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.

Due to the gross cash inflow of €46.4 m from the capital increase completed in July 2015 and the significant improvement in the financial position as a result, the Executive Management Board currently assumes that the Company continues to be financed at least until the second half of 2019.

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 June 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 3 August 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 consolidated financial statements for 2014.

Additionally, starting from 1 January 2015, the Company discloses 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 revenue from royalties, product sales and milestone payments with the drug Veregen®. In the first six months of 2015 royalties increased by 16% to €1,182 k (6M 2014: €1,018 k), whereas revenue from product sales to distribution partners decreased to €156 k (6M 2014: €837 k) because of high stock levels. In the second quarter of 2015, Medigene generated royalties of €593 k (Q2 2014: €595 k), revenue from product sales of €31 k (Q2 2014: €611 k) and milestone payments of €25 k (Q2 2014: €20 k). In the first half of 2014, Medigene had recognised milestone payments of €680 k, 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 €1,363 k from Veregen® in the reporting period (6M 2014: €2,555 k).

Medigene also generated other operating income of €2,009 k in the first half of 2015 (6M 2014: €3,538 k) and €1,036 k in the second quarter of 2015 (Q2 2014: €2,436 k). This consists of reimbursements for the development costs for the drug candidate EndoTAG®-1, which is outlicenced to SynCore. This income decreased to €712 k in the first half of 2015 (6M 2014: €1,018 k) and to €396 k in the second quarter of 2015 (Q2 2014: €577 k) as a result of a decrease in Medigene's development costs incurred for this drug candidate. On the other hand, in the first six months of 2015, Medigene recognised unchanged regular non-cash income of €1,250 k (6M 2014: €1,250 k) following 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 RhuDex®: €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 payments in the previous-year period for Veregen® and RhuDex® and lower reimbursements for EndoTAG®-1 costs, Medigene's total revenue decreased in the reporting period to €3,372 k (6M 2014: €6,093 k).

Cost of sales

Cost of sales decreased by 41% to €471 k in the first half of 2015 (6M 2014: €799 k) and by 62% to €203 k in the second quarter of 2015 (Q2 2014: €531 k). This includes the cost of sales of the product Veregen® and royalty payments to partner companies as a share in revenue.

Gross profit

Gross profit decreased by 45% to €2,901 k in the first half of 2015 (6M 2014: €5,294 k) and to €1,482 k in the second quarter of 2015 (Q2 2014: €3,131 k). The decrease is primarily due to one-off payments for Veregen® and RhuDex® in the previous-year period as well as to lower cost reimbursements for EndoTAG®-1. The gross profit generated from Veregen® depends on the EUR/USD exchange rate.

Selling and general administrative expenses

Selling and general administrative expenses decreased to €3,476 k in the first half of 2015 (6M 2014: €3,906 k) with expenses around the same level as in the previous year at €1,736 k in the second quarter of 2015 (Q2 2014: €1,696 k). They break down in the first half of 2015 into selling expenses of €1,048 k (6M 2014: €1,085 k) and general administrative expenses of €2,428 k (6M 2014: €2,821 k). In the second quarter of 2015, selling expenses amounted to €495 k (Q2 2014: €522 k) and general administrative expenses to €1,241 k (Q2 2014: €1,174 k). In the first half of 2014, one-off payments had been incurred for consulting services regarding the acquisition of Medigene Immunotherapies.

Research and development expenses

As planned, research and development ("R&D") expenses increased by 21% to €4,117 k in the first half of 2015 (6M 2014: €3,408 k) and to €2,186 k in the second quarter of 2015 (Q2 2014: €1,811 k). The increase in these expenses is mainly due to the increase in expenses for preclinical and clinical trials for Medigene's immunotherapies, which rose significantly to €2,582 k in the first six months of 2015 (6M 2014: €663 k). This increase was partially offset by the decrease in development expenses for other partnered products.

Foreign exchange gains/losses

As a result of strengthening USD exchange rates, in the first half of 2015, the Company recognised foreign exchange losses of €664 k, net (6M 2014: foreign exchange losses of €72 k, net). These foreign exchange losses in the reporting period originate primarily from the non-cash remeasurement of the financial liabilities to Cowen.

D. NOTES TO THE BALANCE SHEET

Subscribed capital

Subscribed capital increased by €124 k in the first half of 2015, from €13,927 k as at 31 December 2014 to €14,051 k as at 30 June 2015, due to convertible notes being converted (58,017 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. These new shares were issued in the course of a capital increase against cash contributions and contribution in kind concluded at the beginning of July 2015 and entered in the Commercial Register on 16 June 2015. As at 30 June 2015 subscribed capital was allocated to 14,051,815 non-par registered shares which were in free float on the reporting date with the exception of 66,370 shares from the non-cash capital increase which were issued to the shareholders after the reporting date at the beginning of July 2015 and were in free float from this date onwards.

At the beginning of July 2015, Medigene successfully concluded the capital increase passed by resolution on 12 June 2015 to finance its cancer immunotherapy programmes and, by placing all 5,594,178 new shares on offer for a subscription and placement price of €8.30 per share for existing shareholders and selected new institutional investors, generated gross proceeds of €46.4 m. By issuing the new shares from authorised capital after the reporting period, Medigene AG's share capital was increased to €19,645,993.00. This capital increase was entered in the Commercial Register on 3 July 2015.

Financial assets

Financial assets amounted to €13,767 k as at 30 June 2015. They consist primarily of the shares in Immunocore Ltd. (64,815 ordinary shares), which were measured at their fair value of €13,119 k as at 30 June 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 of the financial instruments. The increase in financial assets as at the reporting date is due to remeasurement of the shares in Immunocore Ltd. based on the information from the financing round carried out by Immunocore Ltd. in July 2015 (adjusting event after the reporting period). Due to this remeasurement, Medigene's carrying amount for this investment increased by approximately €9.2 m with the number of shares remaining the same. The foreign exchange effect from remeasurement of the fair value amounted to €342 k in the reporting period (6M 2014: €170 k) and was also included in other comprehensive income in the consolidated statement of comprehensive income.

Investment in associates

The investment in the associate Catherex, Inc. amounted to €2,978 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 amounting to €5,694 k as at the reporting date (2014: €5,913 k) primarily include the current portion of the liability relating to the assignment to Cowen of the future cash flows from the 2%-royalty from Eligard® sales and totalling €1,249 k (2014: €1,177 k), and the liability to former shareholders of Medigene Immunotherapies relating to future milestones and amounting to €2,967 k (2014: €3,611 k). On 11 May 2015 Medigene announced that the first milestone pursuant to the contribution agreement dated 27 January 2014 (last amended on 8 May 2015) was reached, which led to a payment obligation of the Company of €700 k towards the former shareholders of Medigene Immunotherapies. The Executive Management Board and Supervisory Board of Medigene AG announced on 12 June 2015 that this payment obligation is to be settled by issuing 66,370 new shares with a value of €700 k from the authorised capital of the Company.

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 fair value have not changed significantly compared to those disclosed in the 2014 consolidated financial statements. The net interest expense from unwinding the discount on the liability amounted to €55 k in the reporting period (Q2 2014: €0 k) and was included in interest expense.

Non-current liabilities

Among other items, non-current liabilities include the non-current portion of the liability relating to the assignment to Cowen of the 2%-royalty from Eligard® sales. On the reporting date, this amounted to €10,974 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” and “Partnered products”.

The “Immunotherapies” segment is reported separately with effect from 1 January 2015 as the focus of the Group has shifted to immunotherapies. 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

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

Partnered products

→ 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
Q2 2015					
Revenue	0	649	649	0	649
Other operating income	0	409	409	628	1,036
Total revenue	**0**	**1,058**	**1,058**	**628**	**1,685**
Segment operating result[2)]	**-2,262**	**-745**	**-3,007**	**568**	**-2,440**
Depreciation and amortisation	-64	-119	-183	-47	-230
Share of result of associates	0	0	0	-27	-27
Assets					
Segment investments[3)]	679	0	679	33	712
Q2 2014					
Revenue	0	1,226	1,226	0	1,226
Other operating income	17	1,793	1,810	627	2,436
Total revenue	**17**	**3,019**	**3,036**	**627**	**3,662**
Segment operating result[2)]	**-629**	**-329**	**-958**	**583**	**-376**
Depreciation and amortisation	-9	-140	-149	-51	-200
Share of result of associates				37	37
Assets					
Segment investments[3)]	0	0	0	351	351

[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 (Q2 2015: €7 k; Q2 2014: €9 k), interest expense (Q2 2015: €-354 k; Q2 2014: €-366 k), foreign exchange gains/losses (Q2 2015: €372 k; Q2 2014: €-101 k), share of result of associates (Q2 2015: €-27 k; Q2 2014: €37 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
6M 2015					
Revenue	0	1,363	1,363	0	1,363
Other operating income	17	740	757	1,252	2,009
Total revenue	**17**	**2,103**	**2,120**	**1,252**	**3,372**
Segment operating result[2]	**-4,175**	**1,681**	**-5,856**	**1,164**	**-4,692**
Depreciation and amortisation	-100	-247	-347	-95	-442
Share of result of associates	0	0	0	-46	-46
Assets					
Segment investments[3]	679	0	679	86	765
6M 2014					
Revenue	0	2,555	2,555	0	2,555
Other operating income	17	2,268	2,285	1,253	3,538
Total revenue	**17**	**4,823**	**4,840**	**1,253**	**6,093**
Segment operating result[2]	**-785**	**-2,405**	**-3,190**	**1,170**	**-2,020**
Depreciation and amortisation	-9	-280	-289	-102	-3,914
Share of result of associates				-20	-20
Assets					
Segment investments[3]	0	0	0	409	409

[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 (6M 2015: €31 k; 6M 2014: €11 k), interest expense (6M 2015: €-742 k; 6M 2014: €-740 k), foreign exchange gains/losses (6M 2015: €-664 k; 6M 2014: €-72 k), share of result of associates (6M 2015: €-46 k; 6M 2014: €-20 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 €468 k as at the reporting date (31 December 2014: €352 k) to Catherex, Inc. 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 half of 2015 Medigene AG recognised other operating income from R&D payments of €712 k (6M 2014: €1,018 k) arising from its partner arrangement with SynCore for EndoTAG®-1. Dr. Yita Lee, Chief Scientific Officer at the Sinphar group in Taiwan, is a member of the Supervisory Board of Medigene AG. As at 30 June 2015, SynCore held 5.5% 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 half 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 instalments. 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	
	6M 2015 IN € K	**30/6/2015**	31/12/2014	**30/6/2015**	31/12/2014
Prof. Horst Domdey Chairman, co-founder	**21**	**39,125**	39,125	**0**	0
Dave Lemus Deputy chairman	**18**	**0**	0	**0**	0
Dr. Yita Lee Ordinary member	**15**	**0**	0	**0**	0
Total Supervisory Board	**54**	**39,125**	**39,125**	**0**	**0**
Dr. Frank Mathias Chief Executive Officer	**282**	**1,927**	1,927[2]	**59,214**	59,214
Peter Llewellyn-Davies Chief Financial Officer	**228**	**4,000**	4,000	**18,813**	18,813
Prof. Dolores J. Schendel Chief Scientific Officer [3]	**215**	**611,704**	611,704	**5,000**	5,000
Total Executive Management Board	**725**	**617,203**	**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.

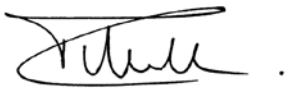
[3] Prof. Schendel indirectly holds 611,704 Medigene shares in her capacity as Managing Director of DJSMontana Holding GmbH. Of these 519,084 Medigene shares are allotted directly to Prof. Schendel.

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, 3 August 2015

The Executive Management Board



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

FINANCIAL CALENDAR

13 August 2015

Annual General Meeting 2015
Munich

12 November 2015

9-Months Report 2015
Press and analysts teleconference

TRADEMARKS

Medigene®

is a trademark of Medigene AG

Medigene Immunotherapies™

is a trademark of Medigene Immunotherapies GmbH

Veregen®

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EndoTAG®

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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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