

MediGene AG Reports Financial Results for the 2009 Fiscal Year

- **Total revenue EUR 39.5 million (2008: EUR 39.6 million)**
- **EBITDA loss EUR 18.8 million (2008: EUR 24.6 million)**
- **Net loss for the year EUR 22.0 million (2008: EUR 30.8 million)**
- **Average monthly net cash burn rate EUR 1.6 million (2008: EUR 2.3 million)**
- **Cash and cash equivalents EUR 12.3 million (2008: EUR 25.1 million)**

Press conference today in Frankfurt at 11.00 a.m. (CET); Analyst conference call in English today at 2.30 p.m. (CET) which will be webcast live

Martinsried/Munich, March 26, 2010. Today the biotech company MediGene AG (Frankfurt: MDG, Prime Standard, TecDAX) reported its results for the fiscal year 2009, and gave an outlook for the fiscal year 2010. According to the forecast, MediGene reduced the loss on an EBITDA basis in 2009, from approximately 25 million euros to approximately 19 million euros, with unchanged revenue of approximately 40 million euros. The net loss also improved significantly in 2009, from approximately 31 million euros in 2008 to 22 million euros this year.

In 2010 MediGene expects increasing revenue and is planning to conclude one or more partnerships which will probably have a significant impact on the result of the ongoing year. These results are reported pursuant to IFRS (International Financial Reporting Standards).

Major events in 2009:

Company:

- Admission to the TecDAX stock index
- Dr. Frank Mathias appointed Chief Executive Officer
- Focus on clinical oncology R&D with an emphasis on liposome technology
- In-house reorganization, including downsizing of the Executive Board
- Revision of development plans for EndoTAGTM-1 and RhuDex[®]

EndoTAGTM-1:

- Successful conclusion of recruitment for clinical phase II trial for the treatment of patients with triple receptor-negative breast cancer
- US regulatory authority granted orphan drug designation
- Further European patent coverage granted
- Preparation underway for change in manufacturing process

Veregen[®]:

- Market approval in Germany
- Positive assessment of market approval for Austria and Spain
- Conclusion of a marketing partnership with Solvay Arzneimittel GmbH (acquired by Abbott on February 15, 2010) for commercialization in Germany, Austria, and Switzerland
- Conclusion of a marketing partnership with Juste S.A.Q.S. for commercialization in Spain and Portugal
- Extension of a US patent coverage

RhuDex®:

- Successful conclusion of preclinical tests required by the regulatory authority

Dr. Frank Mathias, Chief Executive Officer of MediGene AG, commented: "Following my taking office in May 2009, we have analyzed MediGene's assets, opportunities and risks, defined the company's core competence and focused our efforts accordingly. We prepared concrete business and development plans for the next five years, in order to reach our corporate objectives. In 2009 we also made significant progress with our drug development projects: for Veregen® we obtained the first market approval in Europe, and concluded partnerships for the commercialization of the drug in key European markets. The clinical development of EndoTAG™-1 made progress, and we initiated the optimization of the manufacturing process. We are delighted about the increase in sales of our two marketed drugs, Eligard® and Veregen®, and expect this trend to continue in 2010. Our major goal for 2010 is the conclusion of a partnership for EndoTAG™-1 in Europe and the USA to ensure the uninterrupted development of this drug candidate."

Consolidated income statement (abbreviated)

In euro thousand	2009	2008	Change
Total revenue	39,466	39,606	0 %
Cost of sales	-31,482	-26,926	17 %
Gross profit	7,984	12,680	-37 %
Selling, general & administrative expenses	-9,124	-10,484	-13 %
Research & development expenses	-18,499	-27,465	-33 %
Loss resulting from spin-off	0	-6,431	- %
Operating result	-19,639	-31,700	-38 %
Result before income tax	-21,935	-33,146	-34 %
Taxes	-27	2,356	-101 %
Net loss for the year	-21,962	-30,790	-29 %

Financial report 2009:

Revenues in the current reporting period totalled EUR 39.5 million (2008: EUR 39.6 million). Whereas total revenue remained unchanged in 2009 compared to the previous year, its composition changed in favour of product sales. As in preceding years, the rise in proceeds from product sales and license payments was mainly generated by increasing Eligard® sales, but towards the end of the year, noteworthy US Veregen® sales were posted for the first time. All in all, product sales and proceeds from license agreements increased by 23% to EUR 37.7 million (2008: EUR 30.1 million). Other income in 2009 was reduced to EUR 1.6 million (2008: EUR 6.1 million), due mainly to a one-time receipt in 2008 in connection with the return of the European marketing rights to Oracea®.

Compared to last year, selling, general and administrative expenses decreased by 13% from EUR 10.5 million (2008) to EUR 9.1 million (2009). This amount is comprised EUR 2.2 million (2008: EUR 2.8 million) selling expenses and EUR 6.9 million (2008: EUR 7.7 million) general and administrative expenses.

Total research and development (R&D) expenses decreased by 33% to EUR 18.5 million (2008: EUR 27.5 million). Most of the R&D expenses were driven by clinical trials with the drug candidate EndoTAG™-1 in triple receptor-negative breast cancer. Remaining R&D expenses are allocated to the other development projects.

The loss on an EBITDA basis was reduced to EUR 18.8 million in 2009, compared to EUR 24.6 million in 2008. MediGene uses the term EBITDA as earnings before interest, tax,

foreign currency gains/losses, and depreciation of fixed and intangible assets. The use of this cash-flow-related parameter instead of EBIT provides comparability of actual operating results before depreciation in the individual reporting periods.

Total depreciation decreased from EUR 7.1 million (2008) to EUR 0.8 million (2009). Planned depreciation is related to intangible assets such as patents and product licenses, and property, plant & equipment. In last year's reporting period, impairment of intangible assets pursuant to IAS 36 totalling EUR 6 million accrued in the course of the spin-off of the mTCR program into an independent company.

The financial result, which is mainly composed of foreign currency losses and interest income, amounted to EUR -0.7 million (2008: EUR -1.2 million).

The net loss per share decreased from last year's EUR 0.91 (weighted average number of shares: 34,008,289) to EUR 0.64 in fiscal year 2009 (weighted average number of shares: 34,231,294).

Taking into account the exchange rate fluctuations, net cash decreased by EUR 12.9 million in the period under review (2008: EUR 21.4 million). Cash and cash equivalents at the end of the 2009 totalled EUR 12.3 million (2008: EUR 25.1 million). Liquidity cover ratio, calculated as the share of cash in the balance sheet total, was 19% at the reporting date (2008: 31%).

From the consolidated cash flow statements, net cash used by operating activities was EUR 18.9 million in 2009 (2008: EUR 27.4 million), yielding an average monthly cash burn rate of EUR 1.6 million (2008: EUR 2.3 million).

Financial forecast for 2010:

MediGene expects to sign one or more development and marketing partnerships for EndoTAGTM-1 in 2010 which are expected to have a significant impact on the result for the year. However the financial effects of these are difficult to assess ahead of their conclusion. Irrespective of any payments received under the terms of these potential agreements, MediGene still expects revenue to increase to more than EUR 40 million in 2010, mainly generated by product sales of Eligard[®] and Veregen[®]. Crucial for the achievement of this forecast will be a continuing increase in revenue from Eligard[®], the successful commercialization of Veregen[®] in the USA, and a successful market launch in Europe.

A more detailed financial outlook for the year 2010 can be given only after conclusion of the partnering process for EndoTAGTM-1, since both proceeds as well as composition and amount of the development expenses will largely depend on the structuring of these partnerships.

The future financing of the company also depends on the structuring of the intended partnerships. On current planning, the company will be financed by the proceeds from sales of marketed drugs, as well as payments received under the terms of the partnership agreements for EndoTAGTM-1. In addition, MediGene has secured access to additional cash from an equity funding agreement signed with YA Global Investments. Based on present business planning and the scenarios derived thereof, the company has again obtained an unqualified opinion from the auditor.

Project objectives for 2010:

- Conclusion of one global or several regional development and marketing partnerships for EndoTAG™-1 in Europe and the USA
- Publication of the results obtained in the clinical phase II trial of EndoTAG™-1 in triple receptor-negative breast cancer
- Start of manufacture of EndoTAG™-1 trial medication by new spray-drying process
- Further European market launches of Veregen®
- Conclusion of additional marketing partnerships for Veregen®, and submission of further applications for market approval in Europe
- Execution of a preclinical test program to prepare the resumption of clinical development of RhuDex®
- Spin-off or licensing of the oHSV program
- Continuous increase in Eligard® and Veregen® product sales

Press and analyst conference:

A press conference covering the Annual Report 2009 and forecast for 2010 will take place in Frankfurt today at 11.00 a.m. (CET).

An analyst conference call in English will take place today at 2.30 p.m. (CET), and will be webcast live. The webcast and synchronized presentation slides can be accessed at www.medigene.com. A recording of the live presentation will also be available thereafter.

The detailed Annual Report 2009 may be accessed at <http://www.medigene.de/reports>

This press release contains forward-looking statements representing the opinion of MediGene as of the date of this release. The actual results achieved by MediGene may differ significantly from the forward-looking statements made herein. MediGene is not bound to update any of these forward-looking statements. MediGene®, EndoTAG™ and Veregen® are registered trademarks of MediGene AG. RhuDex® is a trademark of MediGene Ltd.. Eligard® is a registered trademark of Tolmar Therapeutics, Inc. Oracea® is a registered trademark of CollaGenex Pharmaceuticals, Inc. These trademarks may be owned or licensed in select locations only.

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MediGene AG is a publicly listed (Frankfurt, Prime Standard: MDG, TecDax) biotechnology company located in Martinsried/Munich, Germany, with subsidiaries in Oxford, UK and San Diego, USA. MediGene is the first German biotech company to have drugs on the market which are distributed by partner companies. It has several drug candidates in clinical development and possesses innovative platform technologies. MediGene focuses on clinical research and development of novel drugs with focus on oncology.

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