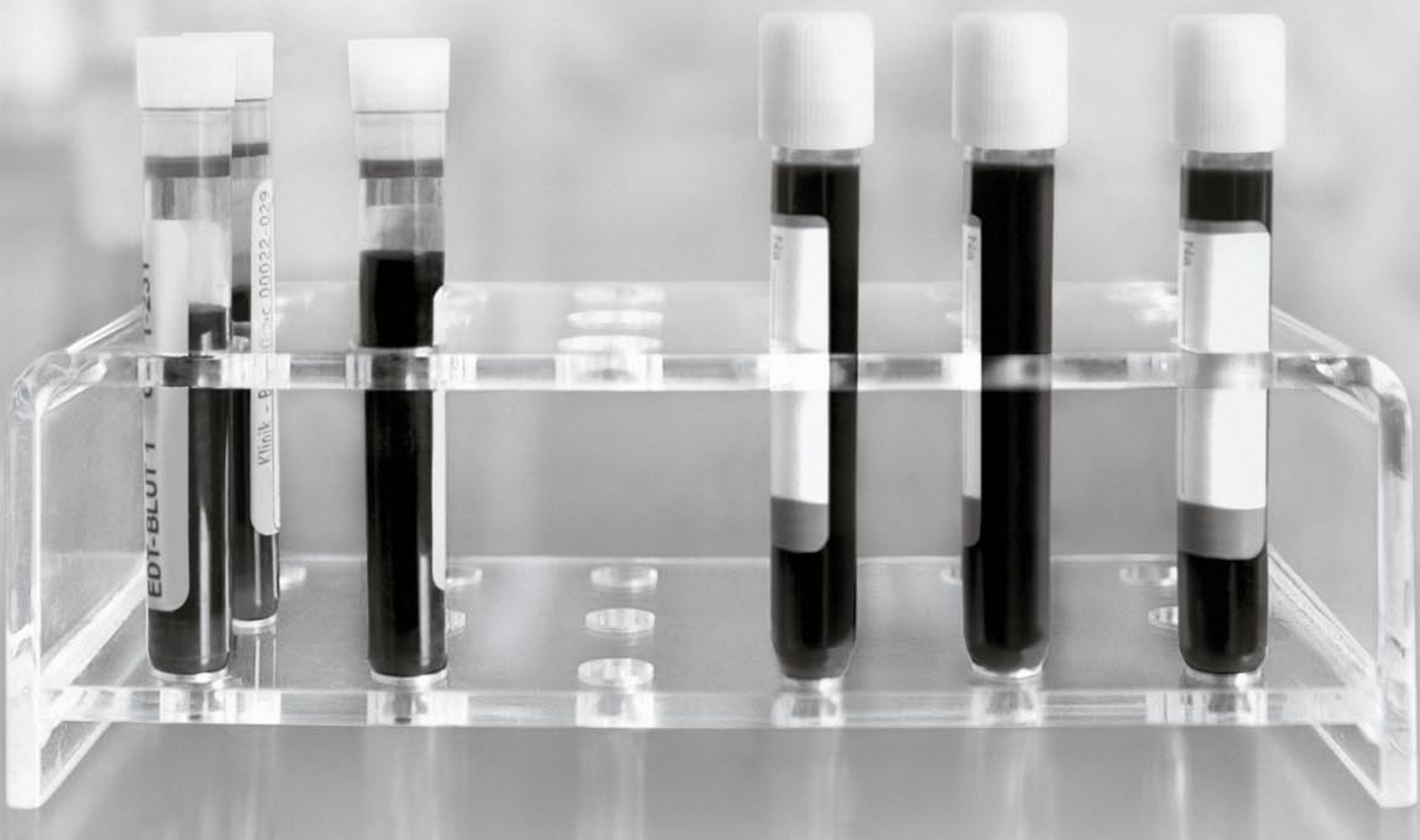
3-Month Report 2007

JANUARY 1 – MARCH 31



epigenomics

Key Figures

EUR thousand unless stated otherwise	Q1 2007 (unaudited)	Q1 2006 (unaudited)
Revenue	820	468
Research and development costs	2,514	1,924
Earnings before interest and taxes (EBIT)	−3,404	−4,010
Earnings before interest, taxes, depreciation and amortization (EBITDA)	−3,070	−3,708
Net loss for the period	−3,258	−3,888
Average number of shares issued (notional par value: EUR 1 each)	16,916,125	16,421,428
Earnings per share (basic) in EUR	−0.19	−0.24
Cash flow from operating activities	−3,580	−3,479
Cash flow from investing activities	478	219
Cash flow from financing activities	0	209
Cash flow total (incl. currency adjustments)	−3,102	−3,046

	Mar 31, 2007 (unaudited)	Dec 31, 2006 (audited)
Liquid assets at balance sheet date (incl. marketable securities)	13,684	17,341
Total equity at balance sheet date	23,046	26,198
Equity ratio in %	88.9	86.9
Total assets at balance sheet date	25,914	30,134
Share price at balance sheet date in EUR (Xetra)	3.98	3.50
Number of employees at balance sheet date	121	145

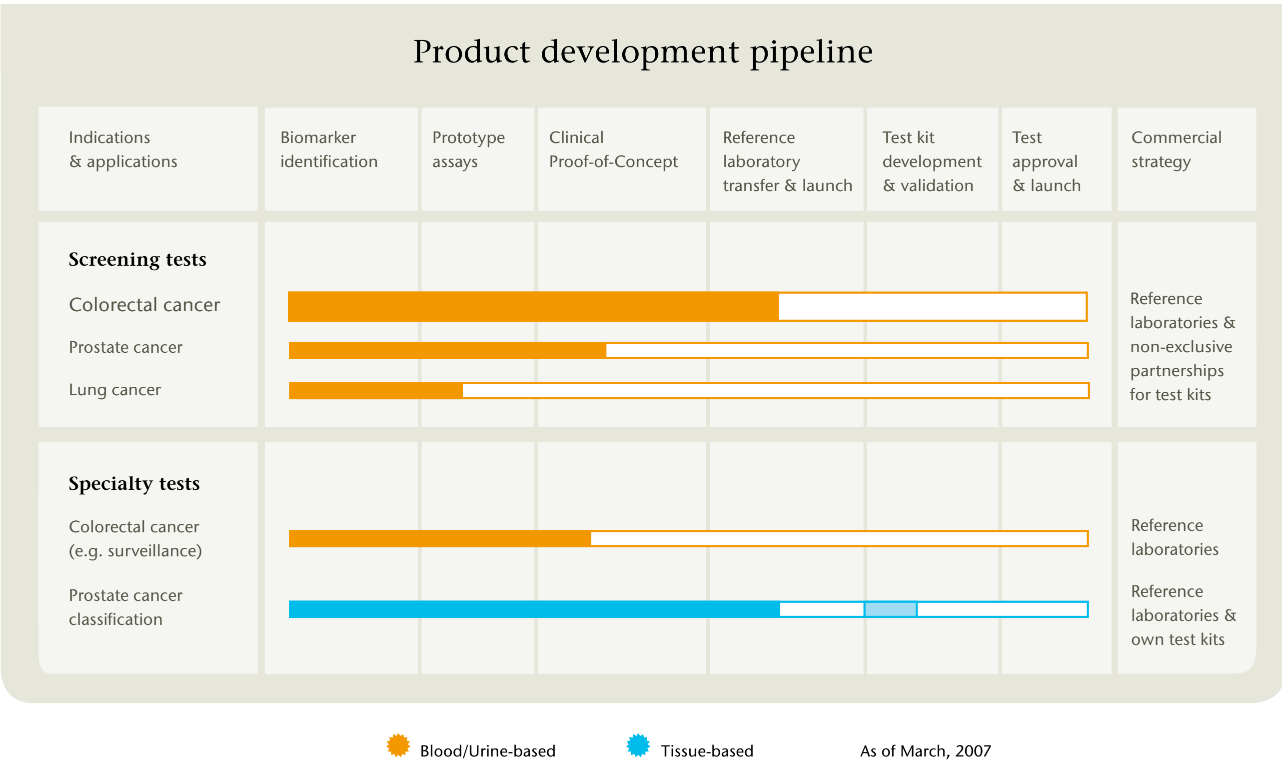
Management Discussion & Analysis as of March 31, 2007

THE FIRST QUARTER OF 2007 – OVERVIEW

New CEO joins Epigenomics – Strategy realigned to focus on colon cancer screening product.

The first quarter of 2007 was the start of a new era at Epigenomics. On February 1, 2007, Geert Walther Nygaard joined the Company as its new CEO from a position as Managing Director at Abbott in Germany. Geert Nygaard brings more than 20 years of operational and commercial diagnostics industry experience and expertise to the Epigenomics team. He has been involved in the development and commercialization of both high-volume screening tests (at Abbott and Beckman) as well as specialized tissue tests (at DAKO).

Furthermore, Epigenomics announced that Heino von Prondzynski, former CEO of Roche Diagnostics, is standing for election into its Supervisory Board at the upcoming



Product development pipeline

Annual General Shareholders' Meeting to replace Bruce Carter, PhD, who decided to step down to allow further strengthening of the commercial diagnostics side of the board. Heino von Prondzynski is one of the recognized leaders in the global diagnostics industry and further strengthens the industry expertise in our Supervisory Board.

Under our new CEO's leadership, Epigenomics's Executive Board and Supervisory Board have continued to review and further realigned the Company's strategy during Q1 2007. Epigenomics's corporate mission has been redefined to reflect its new focus: "To build a world-leading cancer molecular diagnostics company based on DNA methylation".

The product development pipeline has been focused even further on the clinically most advanced programs and the blood-based colorectal cancer screening test development in particular. Heavy emphasis and resource focus have been placed on the development of a streamlined, simplified and routine-capable assay procedure or workflow for all blood (or urine)-based tests. The commercialization strategy has been changed towards a non-exclusive partnering model from a previous business model of concentrating on one exclusive strategic partner (Roche Diagnostics). This is aimed at maximizing diagnostic platform access and ultimately market penetration and value to Epigenomics. It is also well aligned with standard practice in the diagnostics industry.

In Q1 2007, revenue amounted to EUR 820 thousand, a 75% increase over the EUR 468 thousand during the same quarter in 2006. Q1 figures included the last of the revenue recognized under the Roche Diagnostics collaboration, which officially ended March 14, 2007. EBIT for Q1 2007 of EUR -3.4 million was in line with our expectations and showed a 15% improvement over EBIT for Q1 2006 of EUR -4.0 million. Short-term liquidity as of March 31, 2007, amounted to EUR 13.7 million, down EUR 3.6 million from the EUR 17.3 million at year-end 2006.

OUR STOCK

Liquidity in Epigenomics's shares continues to grow.

Trading volume in Epigenomics's stock increased again during Q1 2007, averaging over 33,000 shares a day. The share price increased by almost 14% during Q1 2007 with the closing price on March 31, 2007, at EUR 3.98 per share on Xetra compared to EUR 3.50 per share at year-end 2006. Therefore, the stock has rebounded almost entirely from its decline following the December 2006 Roche Diagnostics announcement. Volatility in Q1 2007 continues to be higher than in the same period of 2006.

During Q1 2007, no new shares were created. The free float increased to approx. 56% at the end of Q1 2007.

On March 30, 2007, the Company was informed by one of its largest VC shareholders (3i Group) that 3i has sold its entire position in Epigenomics (approx. 9% as of previous filings in 2006) as part of a larger transaction.

Ticker:	ECX
Exchange:	Frankfurt (Prime Standard)
Security Code:	A0BVT9
ISIN:	DE000A0BVT96
Shares Outstanding:	16,916,125
Price range in Q1 2007:	EUR 3.25 – 4.36 (Xetra closing prices)
Analyst Coverage	
DZ Bank:	Dr. Patrick Fuchs
First Berlin:	Christian Orquera
Midas:	Thomas Schiessle
Morgan Stanley:	Dan Mahony, Ph.D.

(as of March 31, 2007)

FINANCIALS

Project to evaluate all financing options under way.

Financial position and cash flow. Epigenomics's cash flow and financial position in Q1 2007 were mainly affected by the continued net cash consumption from operations. Overall, the financial position has developed in line with expectations with liquid assets amounting to EUR 13.7 million as of March 31, 2007, compared to EUR 17.3 million as of December 31, 2006.

Total (currency-adjusted) net cash flow in Q1 2007 was negative at EUR -3.1 million. Cash outflow from operating activities in Q1 2007 amounted to EUR 3.6 million. Due to the sale of marketable securities, a cash inflow from investing activities of EUR 0.5 million was realized.

Given that current liquidity is expected to reach into the first half of 2008, the Company has initiated a concrete project in fall of 2006 to assess all tactical and strategic financing options. That project is ongoing at the end of Q1 2007. As part of the overall corporate finance strategy, the management has proposed to increase the Authorized Capital at the ordinary Annual General Shareholders' Meeting on May 29, 2007, to EUR 8.5 million (see also the invitation to the Annual General Shareholders' Meeting at the Company's website: www.epigenomics.com.)

Results of operations. In Q1 2007, revenue increased to EUR 820 thousand from EUR 468 thousand in the comparable quarter of 2006. During the first three months of 2007, the Diagnostics business generated revenue of EUR 498 thousand (Q1 2006: EUR 290 thousand) and a gross profit of EUR 281 thousand (Q1 2006: EUR -609 thousand). Cost of sales of EUR 217 thousand during Q1 2007 (Q1 2006: EUR 899 thousand) can be attributed almost exclusively to the effort of unwinding the Roche Diagnostics partnership and all costs associated with that. The sharp drop in the cost of sales was partly accompanied by an increase in the research and development costs (R&D costs), as all diagnostics programs are now exclusively owned and developed by Epigenomics.

The partnerships in the Clinical Solutions business saw Q1 revenue double to EUR 260 thousand (Q1 2006: EUR 129 thousand). The successful execution of several ongoing biomarker R&D collaborations (e.g. Johnson & Johnson and PMRL) as well as the start of the Centocor partnership in January 2007 have contributed to this revenue growth. Cost of sales for the biomarker studies executed with partners from the pharmaceutical and biotech industries amounted to EUR 138 thousand, resulting in a gross margin of EUR 122 thousand for Q1 2007 (EUR -158 thousand in Q1 2006). In addition to these collaborative R&D revenue, Q1 of 2007 saw revenue from outlicensing of EUR 61 thousand.

Other income dropped to EUR 0.2 million compared to EUR 0.5 million in Q1 2006, mainly resulting from lower income from grant-financed research projects.

R&D costs increased from EUR 1.9 million in the first three months of 2006 to EUR 2.5 million in Q1 2007. The focus of our R&D activities was on developing an optimized workflow/assay procedure for the colon cancer screening test and all further body-fluid-based tests. Also, there were continued R&D activities to finalize development of the Prostate MCT tissue test.

The costs for marketing and business development of EUR 474 thousand in Q1 2007 and the general and administrative costs of EUR 1,092 thousand in the same period showed no significant variance compared to Q1 2006 costs (EUR 595 thousand and EUR 1,023 thousand respectively).

In Q1 2007, EBIT amounted to -3.4 million, significantly better than the Q1 2006 EBIT of EUR -4.0 million; this was in line with our expectations. It must be considered that not all effects of our restructuring process in the fall of 2006 have become visible yet.

The financial result of Q1 2007 (EUR 0.2 million) was slightly below the first quarter of 2006. The impact of a decreased average liquidity balance was partly compensated by increased interest rates.

Our net loss for the period has been reduced by 16% from Q1 2006 (EUR 3.9 million) to EUR 3.3 million in the reporting period. The difference can be explained almost completely by the decrease in operating costs.

Net assets position. Epigenomics's balance sheet total decreased from EUR 30.1 million as of December 31, 2006, to a total of EUR 25.9 million as of March 31, 2007. Key driver was again the net consumption of liquidity by operations.

Total non-current assets decreased during the reporting period from EUR 10.6 million to EUR 10.2 million at the end of March 2007 mainly as a result of only minimum capital expenditures due to a strict cash conservation policy.

Total current assets decreased from EUR 19.6 million to EUR 15.7 million, mainly due to the cash outflow from operations of EUR 3.6 million, partly compensated by a cash inflow from investing activities of EUR 0.5 million.

Our subscribed capital remained constant at EUR 16.9 million. The equity ratio climbed from 86.9% to 88.9% as liabilities could be reduced significantly to EUR 2.9 million from EUR 3.9 million at year-end 2006.

EMPLOYEES

As a consequence of our restructuring process in the fall of 2006, the number of employees decreased from 145 at the end of 2006 to 121 at March 31, 2007. This reduction was entirely realized at our Berlin site where 8 of these 121 staff positions must still be shown as headcount for legal reasons but did not contribute any significant staff costs in the reporting quarter. The staff number in Seattle remained constant at 36 as of the reporting date. We are therefore fully on track with the implementation of the restructuring program announced in October 2006.

RESEARCH AND DEVELOPMENT

During Q1 2007, the focus of the entire research and development organization was on executing the strategy of bringing products to market in the fastest possible way. To that end, the largest portion of our R&D spending has been allocated to the optimization of our assay procedure and workflow for the blood-based colon cancer screening test. Several R&D project teams address different elements of the overall workflow: from sample collection and DNA extraction simplification as well as cost optimization all the way to a more generic plate-based detection system. The overriding goal is to establish a generic and optimized assay procedure by the second half of 2007 such that it is ready for transfer to a clinical reference laboratory in the second half of 2007.

The R&D teams furthermore focus on progressing the colon, prostate and lung cancer screening products in their respective development stages. Finally, a more streamlined and reduced R&D effort has been put into our tissue-based prostate cancer molecular classification test development. The goal for the development has changed short term to focus on a reference laboratory route as fastest way to market with subsequent CE-marked kits and an eventual FDA kit approval further down the line.

SUPPLEMENTARY REPORT

The following events occurred after the end of the reporting period:

On April 18, 2007, Epigenomics at the annual AACR meeting in the USA announced the significant improvement in colorectal cancer early detection by a DNA methylation test through a modified assay procedure.

On April 12, 2007, Epigenomics and Clinical Data, Inc. announced that Clinical Data's Cogenics division has entered into an alliance with Epigenomics for DNA methylation services.

CORPORATE GOVERNANCE

The following section on Corporate Governance should be read in connection with our audited consolidated financial statements for the year ended December 31, 2006, especially with the respective section therein.

Information according to Section 315 HGB (German Commercial Code). On April 26, 2007, Epigenomics was informed that its shareholder Abingworth Management Holdings Ltd. (United Kingdom) now holds 10.89% of the shares outstanding.

During the reporting quarter, the Executive Board of the Company made no use of its authority to issue new shares according to the terms of the Authorized Capital III.

As of March 31, 2007, the authorized capital thus consisted unchanged as of December 31, 2006, of 16,916,125 common stocks with a nominal value of EUR 1 each.

The appointment of the members of the Executive Board follows the Sections 84 and 85 AktG (German Stock Corporation Act) and Section 7 of the Company's Articles of Association. According to these rules, the Supervisory Board of Epigenomics appointed Geert Nygaard with effective date February 1, 2007, as the Company's Chief Executive Officer with a 3-year service contract. Under the terms of his contract, he is entitled to an annual fixed cash compensation of EUR 380 thousand, a performance-related bonus, other compensatory one-off benefits in connection with his takeover of the CEO position as well as the grant of 180,000 Epigenomics stock options under the new stock option plan 06-10. The contract contains a change of control provision in line with industry standards, allowing him to resign in case of a change of control and entitling him to the remainder of his cash compensation for the duration of the 3-year contract as well as immediate vesting of all granted options.

For the amendment of the Company's Articles of Association, Sections 133 and 179 AktG as well as Section 14 of the Articles of Association apply.

OPPORTUNITIES AND RISKS

The opportunities and risks have not been changed significantly compared to the described situation in the Annual Report 2006.

PROGNOSIS REPORT FOR 2007

Presenting Clinical Data – Improved Assay Procedure – Reference Laboratory and IVD Partnership(s).

During the first half of 2007 we expect to present clinical data and results from our workflow improvements at a number of key conferences, mainly in the United States. Amongst those are the CHI Epigenome meeting, The G.O.T. summit, AACR and DDW. This demonstrates the high level of interest and excellent results obtained in our clinical studies in 2005 and 2006 in the colon cancer screening program.

Blood & urine tests. An improved assay procedure or workflow is expected to be available by the second half of 2007. This shall address key areas for convenience, simplicity, automation and routine capability ready for transfer to a reference laboratory in the second half of 2007. The initial application will be our colorectal cancer blood-based early detection test and should allow for a launch by a reference laboratory into the market in 2008.

During the second half of 2007, we also expect additional clinical data from marker discovery and validation studies in prostate cancer (better differentiation between benign prostate hyperplasia and prostate cancer / urine-based) and a proof of concept of early lung cancer detection in body fluid samples. Both of these programs are also expected to be cornerstones of our nonexclusive IVD partnering strategy.

Tissue test. The strategy for development and commercialization of our most advanced tissue-based test for the molecular classification of prostate cancer from paraffin-embedded prostatectomy specimen has also been adjusted. It now focuses on the fastest route to market and commercial proof of concept in a reference laboratory setting in the United States and also as a CE-marked kit in Europe. Development is expected to continue throughout 2007 with a first launch expected in 2008. All other tissue test development activities have been put on hold in line with the corporate strategy of a focus on the largest value drivers.

Clinical Solutions & Licensing. Both businesses are expected to contribute significantly to 2007 revenue. With several ongoing biomarker R&D partnerships in the first half of 2007 and a number of promising partnering negotiations as well as the strategic marketing partnership with Clinical Data's Cogenics division signed in April of 2007, the year is off to a solid start.

Overall. We believe our blood-based colorectal cancer screening test as well as the expected progress in the development of an improved assay procedure and workflow for body-fluid-based early detection of cancer to be the key drivers for Epigenomics's future product development. Based on excellent clinical data and study results to date we anticipate closing a number of key strategic partnerships during the second half of 2007, including a reference laboratory partnership as well as a first IVD alliance for the development of our blood-based cancer screening tests.

Management expects full-year 2007 revenue to be similar to 2006 revenue of EUR 3.5 million. EBIT for 2007 is also expected to be broadly in line with 2006 EBIT of EUR -15.8 million. Net cash consumption for 2007 is expected to be between EUR 11 million and 12 million. Year-end liquidity for 2007 will be a function of timing, size and structure of any potential financing event.

In sum, Epigenomics is very excited about the realigned strategy and the development progress it has made under the leadership of its new CEO Geert Nygaard during the reporting quarter. We remain committed to delivering on our goals and milestones, and in the process, building shareholder value.

Interim Consolidated Financial Statements as of March 31, 2007

Group Income Statement

EUR thousand (unaudited)	Q1 2007	Q1 2006
Revenue	**820**	**468**
Cost of sales	−357	−1,278
Gross profit	**463**	**−810**
Other income	214	497
Research and development costs	−2,514	−1,924
Marketing and business development costs	−474	−595
General and administrative costs	−1,092	−1,023
Other expenses	−1	−155
Operating result (EBIT)	**−3,404**	**−4,010**
Financial result	187	213
Net loss for the period before taxes on income	**−3,217**	**−3,797**
Taxes on income	−41	−91
Net loss for the period	**−3,258**	**−3,888**
Earnings per share (basic and diluted) in EUR	**−0.19**	**−0.24**

Group Balance Sheet

ASSETS

EUR thousand	Mar 31, 2007 (unaudited)	Dec 31, 2006 (audited)
Non-current assets		
Intangible assets	6,421	6,524
thereof goodwill	*2,625*	*2,625*
Tangible assets	1,826	2,050
Financial assets	1,000	1,000
Deferred taxes	955	985
Total non-current assets	**10,202**	**10,559**
Current assets		
Inventories	103	199
Trade and other receivables	240	319
Marketable securities	4,219	4,775
Cash and cash equivalents	9,464	12,566
Other current assets	1,686	1,715
Total current assets	**15,712**	**19,575**
Total assets	**25,914**	**30,134**

EQUITY AND LIABILITIES

EUR thousand	Mar 31, 2007 (unaudited)	Dec 31, 2006 (audited)
Equity		
Subscribed capital	16,916	16,916
Capital reserve	25,458	25,294
Retained earnings	−15,402	−15,402
Net loss for the period	−3,258	0
Other comprehensive income	−668	−610
Total equity	**23,046**	**26,198**
Current liabilities		
Trade payables	642	1,255
Liabilities from leasing contracts	1	4
Deferred income	548	912
Other liabilities	812	951
Provisions	865	813
Total current liabilities	**2,868**	**3,935**
Total equity and liabilities	**25,914**	**30,134**

Group Cash Flow Statement

EUR thousand	Q1 2007 (unaudited)	Q1 2006 (unaudited)
Cash and cash equivalents at the beginning of the period	**12,566**	**23,519**
Operating activities		
Net loss for the period before taxes on income	**–3,217**	**–3,797**
Corrections for:		
Depreciation on tangible assets	226	235
Amortization of intangible assets	108	66
Stock option expenses	164	61
Foreign currency exchange losses (Q1 2006: losses)	0	55
Price losses of securities	0	55
Interest income	–202	–331
Interest expenses	8	8
Taxes	–108	–90
Operating result before changes in net current assets	**–3,021**	**–3,737**
Decrease in trade receivables and other current assets (Q1 2006: increase)	109	–208
Decrease in inventories (Q1 2006: increase)	96	–51
Decrease in current liabilities (Q1 2006: increase)	–1,007	140
Liquidity earned from operating activities	**–3,823**	**–3,856**
Interest received	243	377
Cash flow from operating activities	**–3,580**	**–3,479**
Investing activities		
Payments for investments in tangible assets	0	–37
Payments for investments in intangible assets	–20	–21
Proceeds from the sale of marketable securities	498	1,275
Payments for the purchase of marketable securities	0	–997
Cash flow from investing activities	**478**	**219**
Financing activities		
Payments for lease financing	0	–12
Proceeds from the exercise of stock options	0	221
Cash flow from financing activities	**0**	**209**
Cash flow	**–3,102**	**–3,051**
Currency adjustments	0	5
Cash and cash equivalents at the end of the period	**9,464**	**20,473**

Statement of Changes in Group Equity

EUR thousand (unaudited)	Subscribed capital	Capital reserve	Retained earnings	Net loss for the period	Other compreh. income	Group equity
Dec 31, 2006	**16,916**	**25,294**	**–15,402**	**0**	**–610**	**26,198**
Net loss for Q1 2007	0	0	0	–3,258	0	–3,258
Fair value adjustments of securities	0	0	0	0	–58	–58
Total comprehensive income	**0**	**0**	**0**	**–3,258**	**–58**	**–3,316**
Stock-based compensation	0	164	0	0	0	164
Mar 31, 2007	**16,916**	**25,458**	**–15,402**	**–3,258**	**–668**	**23,046**

EUR thousand (unaudited)	Subscribed capital	Capital reserve	Retained earnings	Net loss for the period	Other compreh. income	Group equity
Dec 31, 2005	**16,403**	**32,072**	**–8,788**	**0**	**–312**	**39,375**
Net loss for Q1 2006	0	0	0	–3,888	0	–3,888
Fair value adjustments of securities	0	0	0	0	6	6
Total comprehensive income	**0**	**0**	**0**	**–3,888**	**6**	**–3,882**
Exercise of stock options	55	191	0	0	0	246
Stock-based compensation	0	61	0	0	0	61
Mar 31, 2006	**16,458**	**32,324**	**–8,788**	**–3,888**	**–306**	**35,800**

Notes to the 3-Month Period 2007 Consolidated Financial Statements

BASIC PRINCIPLES AND METHODS

General principles. The unaudited interim consolidated financial statements of Epigenomics AG are prepared according to the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) under consideration of IAS 34 "Interim Financial Reporting" in effect at the closing date March 31, 2007, as mandatory applicable in the European Union. Further, these statements are in accordance with German Accounting Standards (GAS) under consideration of GAS 6 ("Interim Financial Reporting"). New standards adopted by the IASB and/or the German Accounting Standards Committee (GASC) apply from the date on which they came into effect. A critical review of this interim report was performed by the Company's auditor.

The reporting period as defined in these consolidated financial statements is the period from January 1, 2007, to March 31, 2007. The reporting currency is the euro.

The income statement has been prepared using the cost of sales method.

Consolidation group. The consolidation group remained unchanged compared to the one as of December 31, 2006, and comprises the two companies Epigenomics AG (Berlin, Germany) and Epigenomics, Inc. (Seattle, U.S.A.).

Consolidation, accounting and valuation principles. The presented interim consolidated financial statements should be read in connection with the audited consolidated financial statements of Epigenomics AG for the year ended December 31, 2006. The consolidation, accounting and valuation principles presented in those statements were still valid during the reporting period unless explicitly mentioned otherwise below.

Intercompany results, revenue, expenses, profits, receivables and payables between the Group companies are eliminated.

Currency translation. The exchange rate of the U.S. dollar, the only major foreign currency in the interim consolidated financial statements, changed during the reporting period as follows:

REPORTING DATE RATES

	Mar 31, 2007	Dec 31, 2006
EUR / USD	1.3318	1.3170

AVERAGE RATES

	Q1 2007	Q1 2006
EUR / USD	1.3161	1.2032

NOTES TO THE GROUP INCOME STATEMENT

Revenue. Revenue in Q1 2007 of EUR 820 thousand (Q1 2006: EUR 468 thousand) stems from the following activities:

EUR thousand	Q1 2007	in % of total	Q1 2006	in % of total
Diagnostics	498	60.8	290	62.0
Clinical Solutions	260	31.7	129	27.5
Outlicensing	61	7.5	13	2.8
Other	0	0.0	36	7.7
Total	**820**	**100.0**	**468**	**100.0**

Cost of sales. Cost of sales include the material and personnel expenses, IP costs, depreciation and amortization that can be directly allocated to the sales revenue as well as pro rata overheads.

Gross profit/Gross margin. The gross profit in 3M 2007 of EUR 463 thousand (Q1 2006: EUR -810 thousand) equals a gross margin of 56.5% (Q1 2006: -173%).

Other income

EUR thousand	Q1 2007	Q1 2006
Third-party research grants	95	356
Income from liquidation of provisions	50	84
Exchange gains from currency conversion	43	0
Recoveries and refunds	21	51
Other	5	6
Total	**214**	**497**

Research and development costs. The following are recorded as research and development costs:
- the direct personnel and material expenses of the R&D divisions;
- the depreciation and amortization of the R&D divisions;
- the other direct expenses of the R&D divisions;
- the pro rata overheads of the R&D divisions.

Marketing and business development costs. The following are recorded as marketing and business development costs:
- the direct personnel and material expenses of the M&BD divisions;
- the depreciation and amortization of the M&BD divisions;
- the other direct expenses of the M&BD divisions;
- the pro rata overheads of the M&BD divisions.

General and administrative costs. The following are recorded as general and administrative costs:
- the direct personnel and material expenses of the administrative divisions;
- the depreciation and amortization of the administrative divisions;
- the other direct expenses of the administrative divisions;
- the pro rata overheads of the administrative divisions;
- the Company's statutory costs,

if the costs listed are not carried forward as internal services. The administrative divisions comprise the business departments and the systems administration.

Cost analysis

Q1 2007

EUR thousand	Cost of sales	R&D costs	M&BD costs	G&A costs	Total
Materials / consumables	99	338	0	0	437
Depreciation and amortization	29	267	0	38	334
Staff costs	55	1,379	307	557	2,298
Other costs	173	530	167	498	1,367
Total	**356**	**2,514**	**474**	**1,092**	**4,436**

Q1 2006

EUR thousand	Cost of sales	R&D costs	M&BD costs	G&A costs	Total
Materials / consumables	349	303	0	0	652
Depreciation and amortization	52	181	27	41	301
Staff costs	529	1,087	265	413	2,294
Other costs	348	353	303	569	1,573
Total	**1,278**	**1,924**	**595**	**1,023**	**4,820**

The increase in the general and administrative staff costs from EUR 413 thousand in 3M 2006 to EUR 557 thousand in 3M 2007 is mainly attributable to increased expenses for stock options as well as one-off expenses.

Personnel expenses and headcount

EUR thousand	Q1 2007	Q1 2006
Wages and salaries	1,852	1,900
Stock option compensation expenses	164	61
Social security expenses	282	333
Total personnel expenses	**2,298**	**2,294**

The number of employees at March 31, 2007, amounted to 121 (December 31, 2006: 145).

Operating result (EBIT) and EBITDA. The operating result (EBIT) of Q1 2007 amounted to EUR -3,404 thousand, a 15% improvement compared to Q1 2006 (EUR -4,010 thousand). EBITDA of Q1 2007 was EUR -3,070 thousand (Q1 2006: EUR -3,708 thousand).

Financial result

EUR thousand	Q1 2007	Q1 2006
Interest and related income	203	331
Interest and related expenses	−8	−8
Other financial income	10	7
Other financial expenses	−18	−117
Total financial result	**187**	**213**

Taxes on income. Income taxes of EUR 41 thousand had to be recorded exclusively for the U.S. subsidiary Epigenomics, Inc. in Q1 2007 (Q1 2006: EUR 91 thousand). The amount comprised U.S. federal (deferred) taxes of EUR 30 thousand as well as state and local taxes of EUR 11 thousand.

Earnings per share. The earnings per share (basic) are calculated by dividing the Group's net loss for the period by the weighted-average number of shares issued in the respective periods.

	Q1 2007	Q1 2006
Net loss for the period in EUR thousand	−3,258	−3,888
Weighted-average number of shares issued	16,916,125	16,421,428
Earnings per share (basic and diluted) in EUR	**−0.19**	**−0.24**

The outstanding stock options granted by the Company are antidilutive according to IAS 33.41 and 33.43. Therefore, the earnings per share (diluted) equal the earnings per share (basic). The number of shares issued as of the balance sheet date amounted to 16,916,125.

NOTES TO THE GROUP BALANCE SHEET

Non-current assets. Non-current assets decreased during Q1 2007 by EUR 357 thousand. Net capital expenditures in Q1 2007 amounted to EUR 4 thousand (Q1 2006: EUR 69 thousand) and were overcompensated by depreciation and amortization of EUR 333 thousand (Q1 2006: EUR 301 thousand).

Deferred tax assets decreased to EUR 955 thousand (Dec 31, 2006: EUR 985 thousand). This effect is attributable to the consumption of tax loss carryforwards of the U.S.-based subsidiary Epigenomics, Inc.

Current assets. Current assets decreased during the reporting period by EUR 3,863 thousand. This decrease mainly mirrors the Group's consumption of liquid assets in Q1 2007 of EUR 3,658 thousand.

Trade and other receivables listed in the amount of EUR 240 thousand (Dec 31, 2006: EUR 319 thousand) are comprised predominantly of trade receivables due from customers. There were no reasons for value adjustments of individual receivables at the balance sheet date.

Equity. The increase in capital reserve to EUR 25,458 thousand at March 31, 2007, (Dec 31, 2006: EUR 25,294 thousand) was due to stock option expenses.

Current liabilities. Current liabilities decreased significantly as of March 31, 2007, to EUR 2,868 thousand (Dec 31, 2006: EUR 3,935 thousand). This decrease is mainly due to a strong decrease in trade payables and the recognition of deferred income.

Deferred income decreased to EUR 548 thousand at March 31, 2007, (Dec 31, 2006: EUR 912 thousand) and includes income from commercial R&D collaborations amounting to EUR 347 thousand and income from granted projects amounting to EUR 201 thousand.

Notes to the stock option plans. In the reporting quarter, 450,000 new stock options were granted to members of the Company's Executive Board and 197,000 new stock options to its employees. No stock options have been exercised. During Q1 2007, 1,835 options forfeited. The number of all outstanding options as of March 31, 2007, increased to 1,224,546.

Option holder	Options issued as of Dec 31, 2006	Options issued in Q1 2007	Options forfeited in Q1 2007	Options exercised in Q1 2007	Options issued as of Mar 31, 2007
Geert Walther Nygaard	0	180,000	0	0	180,000
Dr. Kurt Berlin	56,613	90,000	0	0	146,613
Christian Piepenbrock	56,613	90,000	0	0	146,613
Oliver Schacht, Ph.D.	69,363	90,000	0	0	159,363
Total Executive Board	**182,589**	**450,000**	**0**	**0**	**632,589**
Other	396,792	197,000	1,835	0	591,957
Total options	**579,381**	**647,000**	**1,835**	**0**	**1,224,546**
Average exercise price (in EUR)	**5.00**	**4.50**	**4.53**	**–**	**4.74**

Details of stock options granted in 3M 2007:

Expiry date	Feb 26, 2014	Feb 26, 2014	Total 2014
Number	43,000	604,000	647,000
Share price at grant date (in EUR)	4.09	4.09	4.09
Exercise price (in EUR)	4.50	4.50	4.50
Historical volatility at grant date	58.63%	58.63%	58.63%
Risk-free interest rate	4.02%	3.87%	3.88%
Aggregate proceeds if shares are issued (in EUR)	193,457	2,717,396	2,910,853

Terms of options outstanding:

Expiry date	Exercise price in EUR	Mar 31, 2007 number	Dec 31, 2006 number
2008	1.76	12,750	12,750
	1.94	2,703	2,703
	4.53	17,179	17,179
2009	4.53	30,910	30,910
2010	4.53	47,334	47,334
2011	4.53	266,270	268,105
	7.15	4,500	4,500
2012	7.29	22,340	22,340
	8.13	3,680	3,680
2013	4.05	50,940	50,940
	5.30	18,940	18,940
	6.93	100,000	100,000
2014	4.50	647,000	0
Total		**1,224,546**	**579,381**

NOTES TO THE GROUP CASH FLOW STATEMENT

Operating activities. Cash flow from operating activities is derived indirectly on the basis of the net loss for the period before taxes on income. Cash comprises bank deposits and cash in hand. Cash equivalents are defined as instruments being convertible on a short-term basis to a known amount of cash and carrying a very low risk of changes in value.

Investing activities. Cash flow from investing activities is ascertained in respect of payment.

Financing activities. Cash flow from financing activities is ascertained in respect of payment.

Corporate Calendar

May 29, 2007
Annual General Shareholders' Meeting in Berlin

August 2, 2007
6-Month Report, January 1 – June 30, 2007

October 31, 2007
9-Month Report, January 1 – September 30, 2007

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This interim report is also available in German.