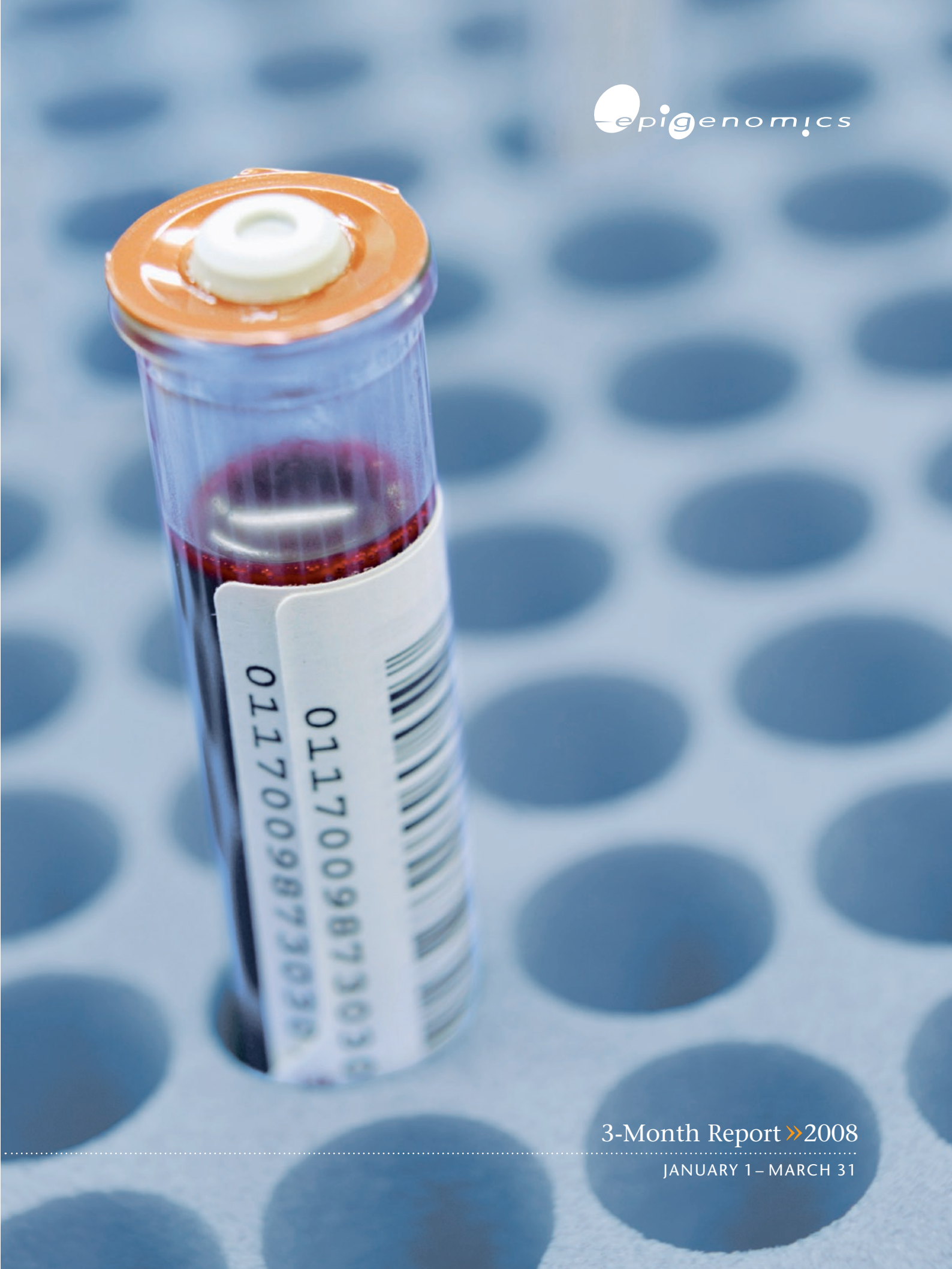


3-Month Report »2008

JANUARY 1 – MARCH 31

Group Key Figures

EUR thousand (unless stated otherwise)	Q1 2007 (unaudited)	**Q1 2008 (unaudited)**
Revenue	820	916
Research and development costs	-2,514	-2,404
Earnings before interest and taxes (EBIT)	-3,404	-2,954
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-3,070	-2,696
Net loss for the period	-3,258	-2,867
Weighted-average number of shares issued (notional par value: EUR 1)	16,916,125	23,891,532
Earnings per share (basic and diluted) in EUR	-0.19	-0.12
Cash flow from operating activities	-3,580	-1,736
Cash flow from investing activities	478	997
Cash flow from financing activities	0	12,030
Cash flow total	-3,102	11,291

EUR thousand (unless stated otherwise)	Dec 31, 2007 (audited)	**Mar 31, 2008 (unaudited)**
Liquid assets at balance sheet date (incl. marketable securities)	10,016	21,226
Total equity at balance sheet date	17,821	26,275
Equity ratio in %	77.8	82.8
Total assets at balance sheet date	22,914	31,714
Share price at balance sheet date in EUR (Xetra)	1.95	1.76
Number of employees at balance sheet date	112	104

Management Discussion & Analysis as of March 31, 2008

The First Quarter of 2008 – Overview

Successful capital increase; strategy execution to focus on screening tests; new deals signed with Quest Diagnostics, OncoMethylome Sciences, and DxS; revenue growth and improved EBIT

During the first quarter of 2008, we successfully executed on our nonexclusive partnering strategy. Signing a strategic deal with Quest Diagnostics Inc. is a key step towards commercialization of Epigenomics' colorectal cancer blood test based on our proprietary biomarker Septin 9. The focus of our R&D strategy has been further refined and we concentrated even more on our key value drivers, the cancer screening tests. We significantly advanced the development of our screening products, especially our colorectal cancer screening test.

A key event in the first quarter of 2008 was the successful closing of a financing transaction. The funds raised now provide the financial framework for the execution of our strategy and significantly strengthened our cash position. On February 6, 2008, we successfully completed the placement of 8,458,062 new ordinary bearer shares as part of a rights issue representing the entire authorized capital available. The new shares were placed at a subscription price of EUR 1.60 each, resulting in gross proceeds of about EUR 13.5 million.

The subscription rate in the transaction was 39.2% equalling 3,314,657 new shares. The remaining unsubscribed 5,143,405 new shares were sold at the subscription price to Federated Kaufmann, a leading U.S.-based institutional investor.

On February 19, 2008, we signed a nonexclusive licensing agreement with Quest Diagnostics for our proprietary DNA methylation biomarker Septin 9. Quest Diagnostics has obtained rights to the use of the Septin 9 DNA methylation biomarker to develop a molecular-based laboratory test that can help physicians to detect colorectal cancer based on a patient's blood specimen. Colorectal cancer is the second-leading cause of cancer-related deaths in the U.S.A. Epigenomics has demonstrated that methylated DNA of the Septin 9 gene in blood plasma indicates the presence of colorectal cancer in early stages. Quest Diagnostics plans to develop the Septin 9 DNA methylation test to act as a supplement to conventional methods of colorectal cancer screening, including colonoscopy and fecal occult blood tests (FOBTs).

Quest Diagnostics is the first commercial laboratory in the U.S.A. to nonexclusively license the Septin 9 biomarker from Epigenomics. Quest Diagnostics was granted exclusivity for an undisclosed period in the U.S.A. In return for the Septin 9 rights, we received an upfront payment and will receive milestone payments as well as royalties on Quest Diagnostics' sales of its Septin 9 laboratory-developed test.

The agreement with Quest Diagnostics on the commercialization of a laboratory-developed test to aid in the early detection of colorectal cancer is a further step in Epigenomics' nonexclusive commercialization strategy for its proprietary Septin 9 biomarker for colorectal cancer. This step complements our licensing agreement with Abbott Molecular Inc. closed in September 2007 for worldwide nonexclusive IVD rights.

Epigenomics continues to focus on its key value driver, the colorectal cancer screening test. To that end, Epigenomics is in preparation of its PRESEPT study. The PRESEPT study is a multicenter study to characterize Septin 9's clinical performance and health economic benefit in a U.S. CRC screening guideline-eligible population. One of the main study objectives is to demonstrate performance characteristics in population screening and health economic benefit. Through this, we strive to support our IVD partners with patient samples and data obtained under GCP (Good Clinical Practice) conditions. The PRESEPT study is based on individuals who have an average and increased risk according to U.S. guidelines and who have undergone a colonoscopy. With a study size of up to 7,500 individuals, we expect to include about 50 colorectal cancer cases.

The success criteria will be that Septin 9 satisfies latest U.S. screening guideline requirements. A measure will be to detect the majority of cancers in this asymptomatic screening population and to demonstrate health economic benefit. We have designed our PRESEPT study in Q1 2008 and have finished our study protocol. Initial site qualification is underway. Final results are expected to be presented in late 2009.

At the beginning of the reporting quarter, we signed a broad technology licensing agreement with OncoMethylome Sciences S.A. Under the terms of the agreement, OncoMethylome obtained worldwide nonexclusive rights to several of Epigenomics' proprietary core technologies such as its MethyLight portfolio for the sensitive and quantitative detection of DNA methylation for in vitro diagnostic product development and commercialization. Further, OncoMethylome obtained rights to the HeavyMethyl® technology plus certain microarray-based technologies for DNA methylation analysis.

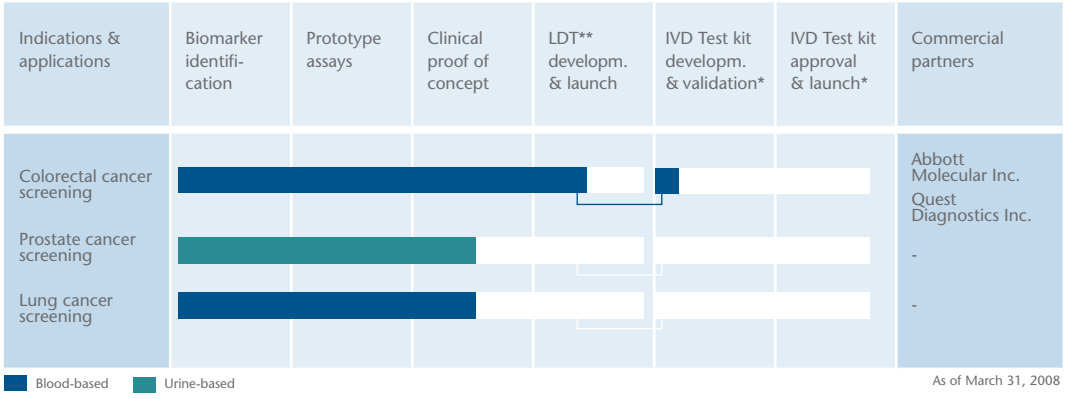
In January 2008, Epigenomics and DxS Ltd signed a strategic cross-licensing agreement. Under the terms of this agreement, Epigenomics obtains worldwide nonexclusive rights to DxS' proprietary Scorpions® technology for R&D use and research kits as well as an option to expand the license to the in vitro diagnostics (IVD) field. We intend to use this technology in certain research kits. DxS in return received an option for a worldwide nonexclusive license and further options to certain Epigenomics IP covering the use of the Scorpions® technology for DNA methylation applications. Both Epigenomics and DxS have acquired options to sublicensing rights for the respective technologies.

In January 2008, we expanded our Medical Advisory Board (MAB) for colorectal cancer screening with the appointment of Richard Wender, M.D., Alumni Professor and Chair of the Department of Family and Community Medicine at Thomas Jefferson University in Philadelphia, PA. The MAB advises Epigenomics on important aspects of the clinical development and commercialization process of the colorectal cancer screening test in the United States.

Our product pipeline

Overall, our efforts have been focused more than ever on our blood-based colorectal cancer screening test development as well as on our prostate and lung cancer screening programs.

By the end of Q1 2008, this is reflected in our product development pipeline. The pipeline has been focused even further on the clinically most advanced blood-based colorectal cancer screening test. Also, Epigenomics continues to develop its programs in prostate and lung cancer screening. Following the inclusion of blood-based monitoring applications into the Quest Diagnostics licensing deal, Epigenomics has discontinued the development of its own colorectal cancer monitoring test. Whilst we expect to complete a final clinical study of our tissue test for the molecular classification of prostate cancer later in 2008, we have decided to leverage this product via partnering or outlicensing and have discontinued efforts to build our own commercial organization for it. This increased level of focus is aligned with our financial means post financing and ensures highest priority, and focus is put on our major opportunities in cancer screening.



* By Epigenomics' commercial partners
** Laboratory-developed test

In Q1 2008, revenue amounted to EUR 0.9 million, a 12% increase over the EUR 0.8 million during the same quarter in 2007. EBIT for Q1 2008 of EUR -3.0 million showed a 13% improvement over EBIT for Q1 2007 of EUR -3.4 million. Due to our financing in the first quarter of 2008, short-term liquidity as of March 31, 2008, amounted to EUR 21.2 million, a net increase of EUR 11.2 million from the EUR 10.0 million at year-end 2007.

Our Stock

Shares outstanding increased from 18.25 million to 26.71 million

Trading volume in Epigenomics' stock stayed virtually constant during Q1 2008, averaging just over 34,000 shares a day, compared to approx. 33,000 per day in Q1 2007. The share price decreased by almost 10% during Q1 2008 with the closing price on March 31, 2008, at EUR 1.76 per share on Xetra against to EUR 1.95 at year-end 2007. Despite a very challenging capital markets environment, the stock price has developed positively since the successful completion of our rights issue in February. Volatility in Q1 2008 remained unchanged compared to the same period in 2007.

During Q1 2008, 8,458,062 new shares were issued from Authorized Capital 2007 due to our capital increase, which has been realized as of February 6, 2008.

Key data on Epigenomics´ stock (as of March 31, 2008)

Ticker	ECX
Stock exchange	Frankfurter Wertpapierbörse, Amtlicher Markt (Prime Standard)
Security code number	A0BVT9
ISIN	DE000A0BVT96
Shares outstanding	26,710,886
Price range in Q1 2008	EUR 1.58 – 2.11 (Xetra closing prices)
Analyst Coverage	DZ Bank: Dr. Patrick Fuchs
	First Berlin: Christian Orquera
	Midas: Thomas Schiessle
	Morgan Stanley: Karl Bradshaw, Ph.D.
	Close Brothers Seydler Research AG*: Dr. Martin Schnee

* initiated as of April 21, 2008

Financials

Revenue growth by 12%; EBIT improved by 13%; liquidity increased up to EUR 21.2 million at end of Q1 2008

Financial position and cash flow

In the first quarter of 2008, Epigenomics' cash flow and financial position was strengthened through the successful capital increase completed in February 2008. Due to this financing, the continued net cash consumption from our operations was overcompensated. In sum, the financial position has improved in line with expectations with liquid assets amounting to EUR 21.2 million as of March 31, 2008, compared to EUR 10.0 million as of December 31, 2007.

Total net cash flow in Q1 2008 was positive at EUR 11.3 million, due to the gross proceeds of EUR 13.5 million resulting from the capital increase. Cash outflow from operating activities in Q1 2008 amounted to EUR 1.7 million.

Results of operations

In Q1 2008, revenue increased by 12% to EUR 916 thousand from EUR 820 thousand in the comparable quarter of 2007. This increase was due to higher licensing revenue and reimbursements, which are a result of our new partnerships closed in Q1 2008, and the successful execution of several ongoing R&D collaborations. Our diagnostics business generated revenue of EUR 106 thousand (Q1 2007: EUR 498 thousand), while Biomarker Solutions contributed EUR 190 thousand (Q1 2007: EUR 260 thousand) and our licensing business saw revenue of EUR 620 thousand (Q1 2007: EUR 61 thousand) at the end of Q1 2008.

Cost of sales amounted to EUR 160 thousand in the reporting period (Q1 2007: EUR 357 thousand) and a more than 63% higher gross profit of EUR 756 thousand (Q1 2007: EUR 463 thousand) was generated.

Other income dropped to EUR 139 thousand in Q1 2008 compared to EUR 214 thousand in Q1 2007, mainly due to reduced activities for granted research projects.

R&D costs decreased from EUR 2,514 thousand in the first three months of 2007 to EUR 2,404 thousand in Q1 2008, a decrease of 4% compared to Q1 2007. The focus of our R&D activities was to implement the PRESEPT study and to optimize the workflow/assay procedure for the colorectal cancer screening test and all further body-fluid-based tests. Also, there was continued R&D effort to finalize development of the Prostate MCT tissue test.

Marketing and business development costs decreased from EUR 474 thousand in Q1 2007 to EUR 225 thousand in Q1 2008. This was due to our streamlined strategy.

General and administrative costs of EUR 917 thousand decreased by 16% compared to EUR 1,092 thousand in Q1 2007.

Other expenses increased to EUR 303 thousand in Q1 2008 from EUR 1 thousand in Q1 2007, mainly due to foreign exchange rate effects.

In Q1 2008, EBIT amounted to -2,954 thousand, 13% better than the Q1 2007 EBIT of EUR -3,404 thousand.

Our net loss for the first three months in 2008 has been reduced by 12% from Q1 2007 (EUR 3,258 thousand) to EUR 2,867 thousand. The difference can mainly be explained by the decrease in operating costs, which resulted from the continued strict financial discipline.

Net assets position

Epigenomics' balance sheet total increased from EUR 22.9 million as of December 31, 2007, to a total of EUR 31.7 million as of March 31, 2008. Due to the financing transaction, which took place in February 2008, cash and cash equivalents increased and overcompensated net consumption of liquidity by operations.

Total non-current assets decreased during the reporting period from EUR 9.1 million to EUR 8.0 million at the end of March 2008, for the most part as a result of a contractual premature repayment of long-term financial assets.

Total current assets increased from EUR 13.8 million to EUR 23.7 million, due to the cash inflow from the successful capital increase of EUR 13.5 million.

As of March 2008, our subscribed capital amounted to EUR 26.7 million, a result of issuing 8.5 million new shares as part of the capital increase. The equity ratio rose from 77.8% to 82.8%, due to the aforementioned capital increase.

Employees

	Berlin	Seattle	Total
Number of employees as of March 31, 2008	**76**	**28**	**104**
Number of employees as of March 31, 2007	85	36	121

The Epigenomics Group employed a total staff of 104 as of March 31, 2008. At the end of the first quarter of 2008, at Epigenomics AG in Berlin, 76 people and 28 in our Epigenomics, Inc. subsidiary in Seattle were employed. Due to the inclusion of a number of temporary employees in the 2007 number for Seattle, the number in 2008 is not entirely comparable. A comparable figure as of March 2007 would be 31, temporary employees were counted in a different way. The decrease in Berlin is partly attributable to the restructuring process started in late 2006, which was finally completed in Q2 2007.

Research and Development

During Q1 2008, our R&D effort focused on conducting studies of several hundred blood plasma samples in our colorectal cancer screening program. The studies were successfully completed early in Q2 2008 and final results were presented in Q2 2008. These studies used our new and considerably improved assay procedure and workflow. The presented results indicated that we have successfully achieved clinical performance results that are statistically equivalent to the December 2006 study data.

Another key area in Q1 2008 was the planning, design and protocol approval for our large, multicenter PRESEPT study. The study design was discussed and vetted with our Medical Advisory Board. It has also been discussed with our collaboration partners and the FDA. Execution of the PRESEPT study, site selection, identification of principal investigators, sample collection, preparation for the sample measurements and all associated activities will be a major focus throughout 2008 and into 2009.

During Q1 2008, Epigenomics also progressed its prostate and lung cancer screening programs. Marker identification, assay development, initial smaller clinical studies and marker panel optimization are well underway. Clinical results from body fluid studies are expected for the second half of 2008.

Also, the preparation for a final clinical study in our prostate cancer molecular classification tissue testing program progressed well during Q1 2008. Furthermore, we have conducted biomarker R&D services for several commercial partners such as Centocor, Johnson & Johnson, Pharmion and Pfizer.

Supplementary Report

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

Effective April 30, 2008, Christian Piepenbrock, cofounder and COO of Epigenomics AG, has decided to resign from his Executive Board position and leave Epigenomics to pursue other career opportunities. As part of our initiative "Epi 2010" and the increased focus on screening programs in our pipeline, Dr. Kurt Berlin, CSO, has assumed overall responsibility for all R&D operations with immediate effect. The termination has no financial effect on the Q1 2008 financials.

On April 21, 2008, Epigenomics announced that it successfully validated a technically improved assay and an enhanced testing algorithm for its colorectal cancer biomarker Septin 9 in two independent clinical case control studies. The studies confirmed that the assay optimized for routine molecular diagnostic laboratory use detects colorectal cancer in blood plasma statistically equivalent to the previously used research assay.

The first prospective case control study (269 subjects) tested blood samples from 97 patients with, and 172 individuals without colorectal cancer as confirmed by colonoscopy. The new assay detected 72 of 97 cancer cases (74% sensitivity) and only 14 of 172 individuals without disease (false positive rate of 8% or 92% specificity). The second case control study, composed of an entirely independent set of blood plasma samples from 249 subjects, confirmed the performance observed in the first study. In this study the new, optimized assay identified 63 of 91 colorectal cancer patients of all stages (69% sensitivity) and only 17 of 158 patients without colorectal cancer (89% specificity). In these two independent studies, the performance of the new assay was statistically equivalent to the performance of the research assay previously used in a 2006 study of over 300 subjects, which demonstrated a sensitivity of 72% at a specificity of 90%.

On April 14, 2008, Epigenomics presented data on novel prostate cancer biomarkers at AACR. The study included tissue samples from patients with prostate cancer, benign prostate conditions, and age-matched normal controls. Biomarkers discovered by DMH were subsequently validated by real-time PCR technology in an independent sample set. A total of 26 novel biomarkers was successfully validated in this study, a number of which specifically discriminate prostate cancer from benign prostate conditions such as BPH (benign prostatic hyperplasia). These biomarkers have the potential to augment diagnostic specificity of the best-characterized prostate cancer methylation biomarker, GSTP1. The discrimination of prostate cancer from benign prostate conditions is one of the major shortfalls of PSA (prostate specific antigen) testing, the current standard in prostate cancer screening. Epigenomics will now further optimize analytical PCR assay performance and validate the most promising candidate biomarkers in a clinical study on urine samples.

On April 1, 2008, Epigenomics AG together with TIB MOLBIOL GmbH launched the first in a series of research products at Analytica 2008, the leading industry trade fair in Munich. The products include real-time PCR kits for Epigenomics' proprietary biomarkers and reference assay kits produced under the brand name LightMix® by TIB MOLBIOL under license from Epigenomics. Initially, Epigenomics will be the sole distributor of the product line in Europe and other regions excluding the U.S.A.

With the launch of the LightMix® kits, Epigenomics addresses the increasing demand by medical researchers and specialty diagnostics laboratories primarily in Europe interested in using Epigenomics' proprietary biomarkers for applications in cancer detection and cancer classification. By providing research kits for high-quality DNA methylation analysis, Epigenomics aims at supporting ancillary academic and clinical research into the biology and further applications of its proprietary biomarkers. Furthermore, opinion leaders and early adopters can now gather first-hand experience with those biomarkers Epigenomics together with its diagnostics industry partners expects to launch as in vitro diagnostic products for cancer molecular diagnostics. As a first product, Epigenomics and TIB MOLBIOL have launched the LightMix® kit GSTP1 for DNA methylation analysis of the GSTP1 gene.

Corporate Governance

The following section on Corporate Governance should be read in connection with our consolidated management report to the audited consolidated financial statements for the year ended December 31, 2007, especially with the respective section therein.

In December 2007, the Executive Board and the Supervisory Board issued a new declaration of conformity pursuant to Sec. 161 of the German Stock Corporation Act (AktG), which is included in the corporate governance report of the Company's annual report and is also permanently made accessible to shareholders on its website. In its declaration, the Company has committed itself to the German Corporate Governance Code, and only in some cases adopted company-specific principles deviating from these recommendations.

During the reporting quarter, the Executive Board of the Company made use of its authority to issue new shares according to the terms of the Authorized Capital 2007. On February 6, 2008, Epigenomics successfully completed the placement of 8,458,062 new ordinary bearer shares within a rights offering representing the entire authorized capital available. The new shares were placed at the subscription price of EUR 1.60 each resulting in gross proceeds of about EUR 13.5 million.

Directors' dealings

Declared securities transactions during the reporting period:

Members of the Executive Board	Transaction date	Type	Total number of shares traded	Transaction value in EUR
Oliver Schacht, Ph.D. Chief Financial Officer, Seattle, WA (U.S.A.)	Jan 28, 2008	buy	12,500	20,000
Geert Walther Nygaard Chief Executive Officer, Berlin (D)	Jan 29, 2008	buy	20,000	33,841
Members of the Supervisory Board				
Ann Clare Kessler, Ph.D. Rancho Santa Fe, CA (U.S.A.)	Jan 25, 2008	buy	14,000	23,800

Opportunities and Risks

The Company's opportunities and risks have not changed significantly compared to the situation described in the Annual Report 2007. Moreover, the financial position improved significantly due to our capital increase, which has been realized on February 6, 2008, and therefore our financial risk could be mitigated. For a comprehensive overview on all risk factors reference is made to the prospectus published as part of our rights issue.

Prognosis Report for 2008

Quest Diagnostics to launch Septin 9 LDT; presentation of clinical data in key screening programs; enter into IVD partnership; execute PRESEPT study; initiative "Epi 2010" to extend cash reach

We expect to make our most advanced colorectal cancer blood test and key value driver available to patients and doctors. We have successfully licensed the underlying Septin 9 biomarker to Quest Diagnostics, the leading centralized reference laboratory in the U.S.A., and anticipate them launching a laboratory-developed test (LDT) in the second half of 2008.

During Q2 2008, we plan to present new clinical data on Septin 9 using our new assay procedure at conferences in Philadelphia and Boston, U.S.A.

We plan to get our PRESEPT study up and running and late in 2008, we anticipate beginning to analyze first samples of this study. Final results are expected to be presented later in 2009.

There are discussions with potential future IVD partners and therefore we also expect to close another IVD licensing and partnering deal in 2008.

The clinical study for prostate cancer tissue test validation will be completed.

Through 2008, additional clinical data on our prostate and lung cancer screening test development programs will be provided. Apart from the focus on our screening products, we anticipate to close further deals with biotechnology and pharmaceutical partners.

As announced during our press conference on March 31, 2008, we have defined the initiative “Epi 2010”. Its goal is to secure adequate funding for the market launch of our first products. To achieve this, we aim at further reducing our cash burn and thereby extending our cash position until 2010.

The focus on our cancer screening products will be further increased; that means to discontinue the colorectal cancer surveillance test after licensing the application to Quest Diagnostics and to leverage the value of our prostate cancer tissue test through licensing or partnering rather than through own commercialization. We will continue to review operations and options to leverage assets outside our clear cancer screening focus and plan to implement those potential measures throughout 2008.

Management expects full-year 2008 revenue to grow to EUR 3 – EUR 4 million compared to 2007 revenue of EUR 2.6 million. EBIT for 2008 is also expected to improve and range between EUR -11.5 to EUR -12.5 million compared to 2007 EBIT of EUR -13.5 million. Net cash consumption for 2008 is expected to range below EUR 10 million and thus be significantly better than the 2007 cash burn of EUR 12 million.

Overall, Epigenomics is very excited about the progress it has made in terms of product development and commercial partnerships. We remain committed to delivering on our goals and milestones, and, in the process, to building shareholder value.

Interim Consolidated Financial Statements as of March 31, 2008

Group Income Statement

for the period from January 1 to March 31, 2008

EUR thousand	Q1 2007 (unaudited)	Q1 2008 (unaudited)
Revenue	**820**	**916**
Cost of sales	-357	-160
Gross profit	**463**	**756**
Other income	214	139
Research and development costs	-2,514	-2,404
Marketing and business development costs	-474	-225
General and administrative costs	-1,092	-917
Other expenses	-1	-303
Operating result (EBIT)	**-3,404**	**-2,954**
Financial result	187	140
Net loss for the year before taxes on income	**-3,217**	**-2,814**
Taxes on income	-41	-54
Net loss for the period	**-3,258**	**-2,867**
Earnings per share (basic and diluted) in EUR	**-0.19**	**-0.12**

Group Balance Sheet
as of March 31, 2008

ASSETS EUR thousand	Dec 31, 2007 (audited)	Mar 31, 2008 (unaudited)
Non-current assets		
Intangible assets	6,084	6,250
thereof: goodwill	*2,625*	*2,625*
Tangible assets	1,208	1,061
Financial assets	1,000	0
Deferred taxes	778	735
Total non-current assets	**9,070**	**8,046**
Current assets		
Inventories	237	90
Trade and other receivables	439	220
Marketable securities	3,370	3,289
Cash and cash equivalents	6,646	17,937
Other current assets	3,152	2,132
Total current assets	**13,844**	**23,668**
Total assets	**22,914**	**31,714**

EQUITY AND LIABILITIES EUR thousand	Dec 31, 2007 (audited)	Mar 31, 2008 (unaudited)
Equity		
Subscribed capital	18,253	26,711
Capital reserve	13,712	16,655
Retained earnings	-13,151	-13,151
Net loss for the year	0	-2,867
Other comprehensive income	-993	-1,073
Total equity	**17,821**	**26,275**
Current liabilities		
Trade payables	1,562	1,580
Deferred income	637	2,070
Other liabilities	2,354	1,028
Provisions	540	761
Total current liabilities	**5,093**	**5,439**
Total equity and liabilities	**22,914**	**31,714**

Group Cash Flow Statement

for the period from January 1 to March 31, 2008

EUR thousand	Q1 2007 (unaudited)	Q1 2008 (unaudited)
Cash and cash equivalents at the beginning of the period	**12,566**	**6,646**
Operating activities		
Net loss for the year before taxes on income	**-3,217**	**-2,814**
Corrections for:		
Depreciation on tangible assets	226	145
Amortization of intangible assets	108	112
Stock-based compensation	164	60
Interest income	-202	-141
Interest expenses	8	8
Taxes	-108	-51
Operating result before changes in net current assets	**-3,021**	**-2,681**
Decrease in trade receivables and other current assets	109	1,239
Decrease in inventories	96	147
Decrease in current liabilities	-1,007	-583
Liquidity earned from operating activities	**-3,823**	**-1,878**
Interest received	243	142
Cash flow from operating activities	**-3,580**	**-1,736**
Investing activities		
Payments for investments in tangible assets	0	-3
Payments for investments in intangible assets	-20	0
Proceeds from the divestment in financial assets	0	1,000
Proceeds from the sale of marketable securities	498	0
Cash flow from investing activities	**478**	**997**
Financing activities		
Payments for the creation of new shares	0	-1,503
Proceeds from the issue of new shares	0	13,533
Cash flow from financing activities	**0**	**12,030**
Cash flow	**-3,102**	**11,291**
Cash and cash equivalents at the end of the period	**9,464**	**17,937**

Statement of Changes in Group Equity
as of March 31, 2008

EUR thousand (unaudited)	Subscribed capital	Capital reserve	Retained earnings	Net loss for the period	Other compreh. income	Group equity
December 31, 2007	**18,253**	**13,712**	**-13,151**	**0**	**-993**	**17,821**
Net loss for 3M 2008	0	0	0	-2,867	0	-2,867
Fair value adjustments of securities	0	0	0	0	-80	-80
Total comprehensive income	**0**	**0**	**0**	**-2,867**	**-80**	**-2,947**
Stock-based compensation	0	60	0	0	0	60
Capital increase from the issue of shares	8,458	0	0	0	0	8,458
Premium from the issue of shares	0	5,075	0	0	0	5,075
Financing costs	0	-2,192	0	0	0	-2,192
March 31, 2008	**26,711**	**16,655**	**-13,151**	**-2,867**	**-1,073**	**26,275**

EUR thousand (unaudited)	Subscribed capital	Capital reserve	Retained earnings	Net loss for the period	Other compreh. income	Group equity
December 31, 2006	**16,916**	**25,294**	**-15,402**	**0**	**-610**	**26,198**
Net loss for 3M 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
March 31, 2007	**16,916**	**25,458**	**-15,402**	**-3,258**	**-668**	**23,046**

Notes to the Q1/3M 2008 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, 2008, 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 auditors.

In the reporting period, the Group has not adopted new or revised standards and interpretations issued by the IASB.

The reporting period as defined in these consolidated financial statements is the period from January 1, 2008, to March 31, 2008. 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, 2007, 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, 2007. 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	Dec 31, 2007	Mar 31, 2008
EUR/USD	1.4721	1.5812

Average rates	3M 2007	3M 2008
EUR/USD	1.3161	1.5253

Notes to the Group Income Statement

Revenue

Revenue in 3M 2008 of EUR 916 thousand (3M 2007: EUR 820 thousand) stems from the following revenue categories:

EUR thousand	3M 2007	in % of total	3M 2008	in % of total
R&D payments	710	86.6	371	40.5
Royalty income	72	8.8	355	38.8
Reimbursements	38	4.6	190	20.7
Total	**820**	**100.0**	**916**	**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 2008 of EUR 756 thousand (3M 2007: EUR 463 thousand) equals a gross margin of 82.5% (3M 2007: 56.5%).

Other income

EUR thousand	3M 2007	3M 2008
Third-party research grants	95	43
Income from liquidation of provisions	50	26
Recoveries and refunds	21	19
Income from the sale of assets	2	19
Exchange gains from currency conversion	43	14
Other	3	18
Total	**214**	**139**

Research and development (R&D) costs

The following are recorded as research and development (R&D) costs:

- the direct personnel and material expenses of the R&D departments;
- the depreciation and amortization of the R&D departments;
- the other direct expenses of the R&D departments;
- the pro rata overheads of the R&D departments.

Marketing and business development (M&BD) costs

The following are recorded as marketing and business development costs:

- the direct personnel and material expenses of the M&BD departments;
- the depreciation and amortization of the M&BD departments;
- the other direct expenses of the M&BD departments;
- the pro rata overheads of the M&BD departments.

General and administrative (G&A) costs

The following are recorded as general and administrative costs:

- the direct personnel and material expenses of the administrative departments;
- the depreciation and amortization of the administrative departments;
- the other direct expenses of the administrative departments;
- the pro rata overheads of the administrative departments;
- the Company's statutory costs,

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

Cost analysis

Q1 2008

EUR thousand	Materials/ consumables	Depreciation and amortization	Staff costs	Other costs	Capitalized development costs	Total
Cost of sales	12	10	60	78	0	160
R&D costs	316	229	1,285	657	-83	2,404
M&BD costs	0	3	135	87	0	225
G&A costs	0	16	451	450	0	917
Total	**328**	**258**	**1,931**	**1,272**	**-83**	**3,706**

Q1 2007

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

In the first quarter of 2008, development costs for our product development in the amount of EUR 83 thousand were capitalized according to IAS 38 because all requirements were fulfilled.

Personnel expenses and headcount

EUR thousand	3M 2007	3M 2008
Wages and salaries	1,852	1,612
Stock-based compensation	164	60
Social security expenses	282	259
Total personnel expenses	**2,298**	**1,931**

The number of employees at March 31, 2008, amounted to 104 (December 31, 2007: 112).

Operating result (EBIT) and EBITDA

The operating result (EBIT) of 3M 2008 amounted to EUR -2,954 thousand, a 13% improvement compared to 3M 2007 (EUR -3,404 thousand). EBITDA amounted to EUR -2,696 thousand in 3M 2008 (3M 2007: EUR -3,070 thousand).

Financial result

EUR thousand	3M 2007	3M 2008
Interest and related income	203	140
Interest and related expenses	-8	-7
Other financial income	10	8
Other financial expenses	-18	-1
Total financial result	**187**	**140**

Taxes on income

Income taxes of EUR 54 thousand had to be recorded exclusively for the U.S. subsidiary Epigenomics, Inc. in 3M 2008 (3M 2007: EUR 41 thousand). The amount comprised U.S. federal (deferred) taxes of EUR 43 thousand (3M 2007: EUR 30 thousand) as well as state and local taxes of EUR 11 thousand (3M 2007: EUR 11 thousand).

Earnings per share

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

	3M 2007	3M 2008
Net loss for the period in EUR thousand	-3,258	-2,867
Weighted-average number of shares issued	16,916,125	23,891,532
Earnings per share (basic and diluted) in EUR	-0.19	-0.12

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 26,710,886.

Notes to the Group Balance Sheet

Non-current assets

As of March 31, 2008, non-current assets decreased by EUR 1,023 thousand; this was mainly due to the contractual premature repayment of long-term financial assets in the amount of EUR 1,000 thousand. Intangible assets increased by EUR 166 thousand, whereas tangible assets decreased by EUR 147 thousand.

Deferred tax assets decreased during 3M 2008 to EUR 735 thousand (Dec 31, 2007: EUR 778 thousand). This effect is attributable to reduced tax loss carryforwards of the U.S.-based subsidiary Epigenomics, Inc.

Current assets

Current assets significantly increased during the reporting period to EUR 23,668 thousand (Dec 31, 2007: EUR 13,844 thousand). This is mirrored by the increase of cash and cash equivalents; a result of the rights issue successfully completed in February 2008.

Trade and other receivables listed in the amount of EUR 220 thousand (Dec 31, 2007: EUR 439 thousand) are comprised predominantly of trade receivables due from customers. Trade receivables include an allowance for bad debts in the amount of EUR 99 thousand.

Equity

Capital reserve increased to EUR 16,655 thousand at March 31, 2008, (Dec 31, 2007: EUR 13,712 thousand) entirely due to the capital increase, which was realized in February 2008, when 8,458,062 new shares at a price of EUR 1.60 each were placed.

Current liabilities

Current liabilities increased to EUR 5,439 thousand as of March 31, 2008, (Dec 31, 2007: EUR 5,093 thousand). This rise is mainly due to the increase of deferred income.

Deferred income grew to EUR 2,070 thousand at March 31, 2008, (Dec 31, 2007: EUR 637 thousand) and includes income from commercial R&D collaborations amounting to EUR 1,976 thousand and income from granted projects amounting to EUR 94 thousand.

Notes to the stock option plans

In the reporting quarter, no stock options were issued and no stock options have been exercised. The total number of outstanding options as of March 31, 2008, decreased to 1,091,037 due to forfeitures and cancellations.

Details of options granted:

	Options issued as of Dec 31, 2007	Options forfeited in Q1 2008	Options cancelled in Q1 2008	**Options issued as of Mar 31, 2008**
Option holder				
Geert Walther Nygaard	180,000	0	0	180,000
Dr. Kurt Berlin	146,613	0	0	146,613
Christian Piepenbrock	146,613	0	0	146,613
Oliver Schacht, Ph.D.	159,363	0	0	159,363
Total Executive Board	**632,589**	**0**	**0**	**632,589**
Other option holders	463,077	1,295	3,334	458,448
Total options	**1,095,666**	**1,295**	**3,334**	**1,091,037**
Weighted-average exercise price in EUR	4.66	7.17	4.50	4.66

In the first quarter of 2008, no stock options have been granted and no options were exercised.

Terms of options outstanding:

	Weighted-average exercise price in EUR as of Dec 31, 2007	Dec 31, 2007 number	**Weighted-average exercise price in EUR as of Mar 31, 2008**	**Mar 31, 2008 number**
2008	3.20	27,655	3.20	27,655
2009	4.53	21,772	4.53	21,772
2010	4.53	47,334	4.53	47,334
2011	4.58	246,005	4.57	244,880
2012	7.31	26,020	7.31	25,850
2013	5.57	121,880	5.57	121,880
2014	4.48	605,000	4.48	601,666
Total		**1,095,666**		**1,091,037**

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 2008

» Tuesday, June 3, 2008
Annual General Shareholders' Meeting 2008 in Berlin

» Tuesday, August 5, 2008
6-Month Report 2008

» Tuesday, November 4, 2008
9-Month Report 2008

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This interim report is also available in German.