epigenomics

6-MONTH REPORT

JANUARY 1 – JUNE 30

H1 2013

QUARTERLY DEVELOPMENT OF KEY FIGURES (UNAUDITED)

in EUR thousand except where indicated	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Statement of Profit or Loss					
Revenue	156	272	368	355	343
Gross profit	131	193	229	244	227
EBIT	-3,442	-3,688	-2,692	-1,712	-1,607
EBITDA	-3,230	-3,478	-2,486	-1,509	-1,407
Net loss for the period	-3,386	-3,693	-2,780	-1,716	-1,639
Balance Sheet (at the respective reporting dates)					
Non-current assets	3,526	3,331	3,053	2,832	2,621
Investments in non-current assets	4	50	21	0	0
Current assets	10,226	7,168	3,825	6,342	4,593
Current liabilities	3,112	3,576	2,720	2,210	1,850
Equity	10,640	6,923	4,158	6,964	5,364
Equity ratio in %	77.4	65.9	60.5	75.9	74.4
Total assets	13,752	10,499	6,878	9,174	7,214
Cash Flow Statement					
Cash flow from operating activities	-2,207	-2,764	-3,370	-1,762	-2,014
Cash flow from investing activities	-6	967	5	0	-1
Cash flow from financing activities	-159	-125	-113	4,555	0
Net cash flow	-2,372	-1,922	-3,478	2,793	-2,015
Cash consumption	-2,214	-2,796	-3,365	-1,762	-2,015
Cash and cash equivalents at the end of the period	7,605	5,683	2,205	4,998	2,983
Stock					
Weighted-average number of shares issued	8,818,417	8,818,417	8,818,417	10,918,038	11,967,847
Earnings per share basic and diluted in EUR	-0.38	-0.42	-0.32	-0.16	-0.14
Share price in EUR at the end of the period	1.52	1.22	2.10	1.59	1.57
Number of employees at the end of the period	44	45	39	33	32

CONTENTS

EPIGENOMICS AG – INTERIM REPORT ON THE FIRST HALF OF 2013

DEAR SHAREHOLDERS,

In the second quarter of 2013, we have continued to focus on the U.S. approval of our convenient blood-based colorectal cancer (CRC) test, Epi proColon®, and proceeded on the regulatory path as planned. In the meantime, a series of facility inspections by the U.S. Food and Drug Administration (FDA) have been conducted and open topics addressed. We now await feedback from the agency on the review process and news regarding the expected FDA advisory board panel meeting date. We remain confident and anticipate the approval decision regarding our lead product within the second half of this year.

Epi proColon® sales have furthermore gained ground, demonstrating the growing acceptance of our product in the market. Sales through some of our largest established laboratory customers have strengthened and especially the recent collaboration with our Chinese partner Bio-Chain Institute got off to a good start. To maintain this growth path, we keep working closely with our laboratory customers and partners to ensure the commercial success of Epi proColon®.

In May 2013, results of the head-to-head comparative study between Epi proColon® and fecal immunochemical testing (FIT) were presented at a workshop of the World Endoscopy Organization (WEO) during the Digestive Disease Week (DDW) Conference in Orlando, Florida, U.S.A. The presentation was very well attended and helped to further raise the profile of both Epigenomics and the blood-based test among the scientific community in our core market. Importantly for our focused U.S. strategy, Prof. David Johnson noted alongside the meeting, that blood-based tests have the potential to increase patient acceptance of CRC screening significantly. Prof. Johnson is one of the leading gastroenterologists in the United States and co-author of several CRC screening guidelines including those of the U.S. Multi-Society Task Force and the American College of Gastroenterology.

In July 2013, and thus after the current reporting period, we announced the establishment of a Level 1 American Depositary Receipt (ADR) program in order to broaden our shareholder base in the United States. Epigenomics' ADRs can now be traded on the OTC (over-the-counter) market in the United States under the ticker symbol EPGNY. We are seeing a growing interest from U.S. investors ahead of the upcoming FDA decision, and the ADR program will provide these investors an easy way to trade our shares.

We are proud to note that in the last few months, there has been a pick-up of analyst coverage for Epigenomics, which has placed us on the radar of many more international investors. Based on the expected approval decision for Epi proColon® in the United States, the analysts from Kempen & Co., Nomura Code Securities and First Berlin Equity Research have initiated coverage of Epigenomics with "buy" recommendations and valuations ranging between EUR 2.80 and EUR 4.30 per share.

Both the ADR program and the increased awareness of the Company in the investment community support our financing strategy.

It is an exciting and pivotal time for Epigenomics. In April 2013, Dr. Uwe Staub was appointed to the Executive Board of the Company as Chief Operating Officer. Together with the entire Epigenomics team, we reiterate the promise to work extremely hard to achieve our shared vision of developing Epigenomics into a commercial success story.

In a disease where early detection is the most crucial element of a succesful healing, limited compliance with current screening methods is resulting in a significant proportion of the at-risk population still exposed to the fatal consequences of this disease. As the first effective and convenient blood-based test, Epi proColon® has the potential to address this large untested group and through improved screening compliance, help physicians save lives and reduce overall treatment costs.

Yours sincerely,

Dr. Thomas Taapken
(CEO/CFO)

Dr. Uwe Staub
(COO)

OUR STOCK

Epigenomics AG – Common shares	Frankfurt Stock Exchange, Regulated Market (Prime Standard)
ISIN	DE000A1K0516
Security code number	A1K051
Stock exchange abbreviation	ECX
Reuters	ECXG.DE
Bloomberg	ECX:GR
Designated sponsor	equinet Bank AG
Analyst coverage	Nomura Code Securities (Michael King) Kempen & Co. N.V. (Sachin Soni, Mark Pospisilik) First Berlin Equity Research GmbH (Jens Hasselmeier) equinet AG (Marietta Miemietz)

Market data (Frankfurt)	June 30, 2012	Sept 30, 2012	Dec 31, 2012	Mar 31, 2013	**June 30, 2013**
Number of shares outstanding	8,818,417	8,818,417	8,818,417	11,967,847	11,967,847
Closing price (in EUR)	1.52	1.22	2.10	1.59	1.57
Market capitalization (in EUR)	13,403,994	10,758,469	18,518,676	19,028,877	18,789,520

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	**Q2 2013**
Average daily trading volume (units)	13,823	12,449	50,348	43,781	12,448
Highest price (in EUR)	2.30	1.85	2.25	2.30	1.98
Lowest price (in EUR)	1.40	1.17	0.83	1.59	1.56

At July 9, 2013, a Sponsored Level 1 American Depositary Receipt (ADR) program has been established in the United States. ADRs are depositary receipts traded in the U.S. American market instead of local shares.

Epigenomics AG – American Depositary Receipts (ADRs)	**OTC Trading**
Structure	Sponsored Level 1 ADR
Ratio	1 ADR = 5 Shares
Ticker symbol	EPGNY
CUSIP	29428N102
ISIN	US29428N1028
Depositary Bank	The Bank of New York Mellon
Investment Bank PAL	Maxim Group, LLC

FINANCIALS

FINANCIAL POSITION AND CASH FLOW

Cash outflow from operating activities was EUR 3.8 million in H1 2013 – a decrease of EUR 1.0 million compared to H1 2012 (EUR 4.8 million). This outflow included subsequent payments in connection with our FIT comparison study finished at the end of Q4 2012 and was further affected by the ongoing FDA approval process. In this context, payments were mainly made for consulting and regulatory services. Cash flow from investing activities amounted to EUR -1 thousand in H1 2013 (H1 2012: EUR -18 thousand). The essential effect for our liquidity in H1 2013 was our successful capital increase in Q1 2013, when we recorded a net cash inflow of EUR 4.6 million by issuing 3.1 million new shares. Therefore, total net cash flow in the first six months of 2013 added up to EUR 0.8 million (H1 2012: EUR -5.0 million).

RESULTS OF OPERATIONS

In Q2 2013, we recognized revenue in the amount of EUR 343 thousand – a remarkable increase of 120% compared to Q2 2012 (EUR 156 thousand). This increase was mainly driven by a strong product revenue of EUR 164 thousand (up 125%) and R&D service fees of EUR 120 thousand. For the six-month period, revenue amounted to EUR 698 thousand, an increase of 75% compared to EUR 399 thousand in the first six months of 2012. Cost of sales increased from EUR 25 thousand in Q2 2012 to EUR 116 thousand in Q2 2013. The decrease of the gross margin from 84% in Q2 2012 to 66% in Q2 2013 is attributable to a lower share of high-margin licensing income.

Other income of EUR 148 thousand in Q2 2013 (Q2 2012: EUR 157 thousand) was mainly attributable to the correction of liabilities (EUR 101 thousand) and to recognized income from third-party research grants (EUR 24 thousand).

Our R&D costs in Q2 2013 dropped to EUR 1,047 thousand from EUR 2,138 thousand in the comparable quarter of the previous year. This drop is mainly attributable to the clinical trial (i.e. FIT study) which was finished at the end of 2012 and had significantly affected the 2012 numbers. Furthermore, this decrease mirrors our reduction in headcount from 44 employees at the end of Q2 2012 to 32 at the reporting date; an effect which also played a major role in the drop of our selling, general and administrative costs (SG&A costs) from EUR 1,515 thousand to EUR 912 thousand quarter on quarter. Personnel costs decreased by 40% in Q2 2013 compared to Q2 2012.

Other expenses of EUR 23 thousand in the reporting quarter are mainly attributable to foreign exchange rate losses.

Altogether, we reduced our operating costs in H1 2013 to EUR 4.3 million, down from EUR 6.8 million in the first half of 2012.

Correspondingly to this cost cutback, EBIT for Q2 2013 amounted to EUR -1,607 thousand (Q2 2012: EUR -3,442 thousand) and net loss for Q2 2013 amounted to EUR 1,639 thousand (Q2 2012: EUR 3,386 thousand) – an improvement of 53.3% and 51.6%, respectively, compared to the second quarter of the previous year. Thus, net loss per share was significantly reduced to EUR 0.14 for Q2 2013 (Q2 2012: EUR 0.38) and to EUR 0.29 for the six-month period (H1 2012: EUR 0.65).

NET ASSETS POSITION

In the first six months of 2013, total non-current assets decreased to EUR 2.6 million in the reporting period (Dec 31, 2012: EUR 3.1 million). Simultaneously, current assets increased from EUR 3.8 million at the end of 2012 to EUR 4.6 million at the reporting date due to the capital increase by the issuance of new shares in January 2013 with a net cash inflow of EUR 4.6 million.

The issuance of new shares was as well the cause for the increase in subscribed capital (up by EUR 3.1 million) and the capital reserve (up by EUR 1.3 million), improving our equity ratio to 74.4% at the reporting date from 60.5% at year-end 2012.

Current liabilities decreased from EUR 2.7 million at December 31, 2012, to EUR 1.9 million at June 30, 2013, mainly driven by a reduction of trade payables.

EMPLOYEES

The total headcount of 32 at the reporting date comprises 17 employees in R&D.

	Berlin	Seattle	**Total**
Number of employees as of June 30, 2013	**28**	**4**	**32**
Number of employees as of Dezember 31, 2012	32	7	39
Number of employees as of June 30, 2012	37	7	44

OPPORTUNITIES AND RISKS

Opportunities and risks in relation to the Company's business operations are described in detail in the management report published with the consolidated financial statements 2012 which are available on the Company's website *(www.epigenomics.com)*. There were no significant changes in the current reporting period.

An updated assessment of the situation regarding our financial risks from today's perspective can be found in the prognosis report below.

PROGNOSIS REPORT FOR 2013

With regard to the financial prognosis for the current business year, there are no significant changes compared to the statements in our consolidated management report for 2012.

The transformation of Epigenomics into a commercially driven molecular diagnostics company with growing revenue from product sales remains the goal for the medium and long term.

The most significant milestone for us over the next months to come is the expected approval for our product by the FDA to be able to start the commercialization of Epi proColon® in the most relevant market of the world – the United States of America. The future value of the Company and its financial situation are heavily dependent on achieving this milestone.

Regarding the financial projections for the current business year – based on the half-year results provided herein – we see a moderate increase of our revenue compared to last year. EBIT and net loss are expected to be at significantly lower levels than in 2012, consistent to our earlier prognosis in a range between EUR 6.5 million and EUR 7.5 million. However, this prognosis is still depending on the progress of our FDA approval process for Epi proColon®. Our cost base has been reduced successfully which will help us to reach our forecasted earnings target. The expected net loss per share for 2013 will likely be in the range of EUR 0.54 to EUR 0.64 and therefore also significantly reduced compared to the net loss per share of 2012 (EUR 1.38). Apart from currently unforeseeable extra expenses in connection with the FDA approval process, cash consumption for 2013 should be around the EUR 7 million mark (2012: EUR 10.9 million), so that our liquidity is projected to reach into early 2014.

In order to be able to secure the continuity of our business operations, sufficient liquidity has to be available beyond the end of 2013 and this has to be safeguarded in the months to come. We continuously rely on the capital markets to raise equity and debt financing as needed and we expect having to make use of this option again in the near future. In order to not having to rely exclusively on a capital market financing of our business, we will continue to evaluate other reasonable strategic options for our further development.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as of June 30, 2013

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)

EUR thousand	**Q2 2012**	**Q2 2013**	**H1 2012**	**H1 2013**
Revenue	156	343	399	698
Cost of sales	-25	-116	-73	-226
Gross profit	**131**	**227**	**326**	**472**
Gross margin in %	*84*	*66*	*82*	*68*
Other income	157	148	643	296
Research and development costs	-2,138	-1,047	-3,585	-2,097
Selling, general and administrative costs	-1,515	-912	-2,900	-1,926
Other expenses	-77	-23	-226	-64
Operating result (EBIT)	**-3,442**	**-1,607**	**-5,742**	**-3,319**
Interest income	33	5	74	10
Other financial result	50	-5	7	22
Net loss for the period before taxes on income	**-3,359**	**-1,607**	**-5,661**	**-3,287**
Taxes on income	-27	-32	-63	-67
Net loss for the period	**-3,386**	**-1,639**	**-5,724**	**-3,354**
Items that may be reclassified subsequently to profit or loss:				
Fair value adjustment of available-for-sale securities	-30	50	84	73
Other comprehensive income for the period	**-30**	**50**	**84**	**73**
Total comprehensive income for the period	**-3,416**	**-1,589**	**-5,640**	**-3,281**
Earnings per share (basic and diluted) in EUR	**-0.38**	**-0.14**	**-0.65**	**-0.29**

GROUP BALANCE SHEET
AS OF JUNE 30 (UNAUDITED)

ASSETS EUR thousand	Dec 31, 2012	June 30, 2013
Non-current assets		
Intangible assets	2,589	2,253
Tangible assets	358	307
Deferred taxes	106	61
Total non-current assets	**3,053**	**2,621**
Current assets		
Inventories	31	224
Trade receivables	314	276
Marketable securities	509	582
Cash and cash equivalents	2,205	2,983
Other current assets	766	528
Total current assets	**3,825**	**4,593**
Total assets	**6,878**	**7,214**

EQUITY AND LIABILITIES EUR thousand	Dec 31, 2012	June 30, 2013
Equity		
Subscribed capital	8,818	11,968
Capital reserve	22,299	23,637
Retained earnings	-14,272	-26,469
Net loss for the period	-12,197	-3,354
Other comprehensive income	-491	-418
Total equity	**4,158**	**5,364**
Current liabilities		
Trade payables	1,681	804
Deferred income	306	262
Other liabilities	357	317
Provisions	376	467
Total current liabilities	**2,720**	**1,850**
Total equity and liabilities	**6,878**	**7,214**

GROUP CASH FLOW STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)

EUR thousand	H1 2012	H1 2013
Cash and cash equivalents at the beginning of the period	**12,557**	**2,205**
Operating activities		
Net loss for the period before taxes on income	**-5,661**	**-3,287**
Corrections for:		
Depreciation of tangible assets	93	67
Amortization of intangible assets	414	336
Losses from the disposal of non-current assets	1	0
Stock option expenses	94	-11
Foreign currency exchange results	-5	-1
Interest income	-74	-10
Taxes	-34	-21
Operating result before changes in net current assets	**-5,172**	**-2,927**
Changes in trade receivables and other current assets	154	267
Changes in inventories	181	-193
Changes in current liabilities from operating activities	21	-942
Liquidity earned from operating activities	**-4,816**	**-3,795**
Interest received	66	19
Cash flow from operating activities	**-4,750**	**-3,776**
Investing activities		
Payments for investments in tangible assets	-9	-1
Payments for investments in intangible assets	-9	0
Cash flow from investing activities	**-18**	**-1**
Financing activities		
Proceeds from the issue of new shares	0	4,976
Payments for the creation of new shares	0	-421
Other financing-related payments	-184	0
Cash flow from financing activities	**-184**	**4,555**
Total net cash flow	**-4,952**	**778**
Cash and cash equivalents at the end of the period	**7,605**	**2,983**

At the balance sheet date, an amount of EUR 85 thousand of cash and cash equivalents was restricted cash.

STATEMENT OF CHANGES IN GROUP EQUITY
AS OF JUNE 30 (UNAUDITED)

EUR thousand	Subscribed capital	Capital reserve	Retained earnings	Net loss for the period	Other comprehensive income	**Group equity**
December 31, 2011	**8,818**	**22,212**	**1,303**	**-15,575**	**-572**	**16,186**
Total comprehensive income	**0**	**0**	**0**	**-5,724**	**84**	**-5,640**
Transfer of net loss for the year 2011 to retained earnings	0	0	-15,575	15,575	0	0
Stock option expenses	0	94	0	0	0	94
June 30, 2012	**8,818**	**22,306**	**-14,272**	**-5,724**	**-488**	**10,640**
December 31, 2012	**8,818**	**22,299**	**-14,272**	**-12,197**	**-491**	**4,158**
Total comprehensive income	**0**	**0**	**0**	**-3,354**	**73**	**-3,281**
Capital increase from the issue of shares	3,150	0	0	0	0	3,150
Premium from the issue of shares	0	1,827	0	0	0	1,827
Costs for the creation of new shares	0	-478	0	0	0	-478
Transfer of net loss for the year 2012 to retained earnings	0	0	-12,197	12,197	0	0
Stock option expenses	0	-11	0	0	0	-11
June 30, 2013	**11,968**	**23,637**	**-26,469**	**-3,354**	**-418**	**5,364**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

BASIC INFORMATION, PRINCIPLES AND METHODS

GENERAL PRINCIPLES

The presented unaudited interim consolidated financial statements of Epigenomics AG were 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 June 30, 2013, as mandatory applicable in the European Union. Further, these statements are in accordance with German Accounting Standards (GASs) under consideration of GAS 16 *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 Group has mandatorily applied the following new and amended standards during the reporting period:

- *Amendments to IFRSs: Annual Improvements to IFRSs 2009–2011 Cycle, except for the amendment to IAS 1*
- *Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- *IFRS 10: Consolidated Financial Statements*
- *IFRS 11: Joint Arrangements*
- *IFRS 12: Disclosure of Interests in Other Entities*
- *Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance*
- *IFRS 13: Fair Value Measurement*
- *IAS 19 (as revised in 2011): Employee Benefits*
- *IAS 27 (as revised in 2011): Separate Financial Statements*
- *IAS 28 (as revised in 2011): Investments in Associates and Joint Ventures*
- *IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine*

The adoption of these new or amended standards did not have a material impact on the Group's accounting.

The reporting period as defined in these interim consolidated financial statements is the period from January 1, 2013, to June 30, 2013. The reporting currency is the euro (EUR).

The Group Statement of Profit or Loss has been prepared using the cost of sales method.

CONSOLIDATION GROUP

The consolidation group remained unchanged compared to the one as of December 31, 2012, and comprises the two companies Epigenomics AG, Berlin, Germany, and Epigenomics, Inc., Seattle, WA, U.S.A.

CONSOLIDATION, ACCOUNTING AND VALUATION PRINCIPLES

The presented unaudited interim consolidated financial statements should be read in connection with the audited consolidated financial statements of Epigenomics AG for the year ended December 31, 2012. The consolidation, accounting and valuation principles presented in those statements were still valid during the reporting period unless explicitly mentioned otherwise below.

All intercompany transaction results, revenue, expenses, profits, receivables, and payables between the Group companies were eliminated in full upon consolidation.

CURRENCY TRANSLATION

Applied foreign currency exchange rates in the reporting period:

Reporting date rates	Dec 31, 2012	June 30, 2013
EUR/USD	1.3194	1.3080
EUR/GBP	0.81610	0.85720
EUR/CAD	1.3137	1.3714

Average rates	H1 2012	H1 2013
EUR/USD	1.3030	1.3107
EUR/GBP	0.82209	0.85346
EUR/CAD	1.3057	1.3403

NOTES TO THE GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REVENUE

Revenue source by revenue type:

	Q2 2012		Q2 2013	
	EUR thousand	in %	EUR thousand	in %
Product sales (own and third-party)	73	46.8	164	47.8
Licensing income	83	53.2	59	17.1
R&D income	0	0.0	120	35.1
Total revenue	**156**	**100.0**	**343**	**100.0**

	H1 2012		H1 2013	
	EUR thousand	in %	EUR thousand	in %
Product sales (own and third-party)	198	49.5	327	46.9
Licensing income	197	49.4	125	17.9
R&D income	4	1.1	246	35.2
Total revenue	**399**	**100.0**	**698**	**100.0**

Revenue source by geographical market:

	Q2 2012		Q2 2013	
	EUR thousand	in %	EUR thousand	in %
Europe	115	73.5	233	67.8
North America	41	26.5	43	12.6
Rest of the world	0	0.0	67	19.6
Total revenue	**156**	**100.0**	**343**	**100.0**

	H1 2012		H1 2013	
	EUR thousand	in %	EUR thousand	in %
Europe	252	63.0	523	74.9
North America	117	29.3	93	13.4
Rest of the world	30	7.7	82	11.7
Total revenue	**399**	**100.0**	**698**	**100.0**

OTHER INCOME

EUR thousand	Q2 2012	Q2 2013	H1 2012	H1 2013
Correction of liabilities	0	101	0	108
Recoveries and refunds	21	4	22	86
Third-party research grants	36	24	36	48
Foreign exchange rate gains	58	1	101	36
Income from the reversal of provisions	41	15	423	15
Income from the sale of assets	1	0	42	0
Income from option exercises	0	0	18	0
Other	0	3	1	3
Total other income	**157**	**148**	**643**	**296**

COST ALLOCATION BY FUNCTION

Q2 2012

EUR thousand	Cost of sales	R&D costs	SG&A costs	Other expenses	Total
Materials and consumables	10	356	19	0	385
Depreciation and amortization	1	185	26	0	212
Personnel costs	0	506	684	0	1,190
Other costs	14	1,091	786	77	1,968
Total	**25**	**2,138**	**1,515**	**77**	**3,755**

Q2 2013

EUR thousand	Cost of sales	R&D costs	SG&A costs	Other expenses	Total
Materials and consumables	54	26	6	0	86
Depreciation and amortization	1	178	21	0	200
Personnel costs	43	287	388	0	718
Other costs	18	556	497	23	1,094
Total	**116**	**1,047**	**912**	**23**	**2,098**

H1 2012

EUR thousand	Cost of sales	R&D costs	SG&A costs	Other expenses	Total
Materials and consumables	36	496	40	0	572
Depreciation and amortization	2	451	54	78	585
Personnel costs	4	1,047	1,426	0	2,477
Other costs	31	1,591	1,380	148	3,150
Total	**73**	**3,585**	**2,900**	**226**	**6,784**

H1 2013

EUR thousand	Cost of sales	R&D costs	SG&A costs	Other expenses	Total
Materials and consumables	95	28	7	0	130
Depreciation and amortization	2	359	42	0	403
Personnel costs	90	633	891	0	1,614
Other costs	39	1,077	986	64	2,166
Total	**226**	**2,097**	**1,926**	**64**	**4,313**

PERSONNEL COSTS

EUR thousand	Q2 2012	Q2 2013	H1 2012	H1 2013
Personnel remuneration	1,017	652	2,126	1,422
Stock option expenses	47	-12	94	-11
Social security expenses	126	78	257	203
Total personnel costs	**1,190**	**718**	**2,477**	**1,614**

OTHER EXPENSES

EUR thousand	Q2 2012	Q2 2013	H1 2012	H1 2013
Foreign exchange rate losses	35	17	50	57
Bad debt allowance	0	6	0	6
Unscheduled amortization	0	0	78	0
Restructuring expenses	42	0	62	0
Corrections for former periods	0	0	33	0
Other	0	0	3	1
Total other expenses	**77**	**23**	**226**	**64**

OPERATING RESULT/EARNINGS BEFORE INTEREST AND TAXES (EBIT)/ EBIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)

EUR thousand	Q2 2012	Q2 2013	H1 2012	H1 2013
Operating result/EBIT	-3,442	-1,607	-5,742	-3,319
Depreciation of tangible assets	44	32	93	67
Amortization of intangible assets	168	168	414	336
EBITDA	-3,230	-1,407	-5,235	-2,916

FINANCIAL RESULT

EUR thousand	Q2 2012	Q2 2013	H1 2012	H1 2013
Interest from available-for-sale securities	0	4	0	9
Interest from cash and cash equivalents	33	1	74	1
Total interest income	**33**	**5**	**74**	**10**
Interest from available-for-sale securities	50	0	50	0
Fair value adjustment for derivative instruments	0	0	0	27
Other financial income	*50*	*0*	*50*	*27*
Fair value adjustment for derivative instruments	0	-5	0	-5
Other finance costs	0	0	-43	0
Other financial expenses	*0*	*-5*	*0*	*-5*
Total other financial result	**50**	**-5**	**7**	**22**
Total financial result	**83**	**0**	**81**	**32**

TAXES ON INCOME

EUR thousand	Q2 2012	Q2 2013	H1 2012	H1 2013
Current tax expenses	13	7	34	21
Deferred tax expenses	14	25	29	46
Total taxes on income	**27**	**32**	**63**	**67**

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 and admitted to trading in the respective period.

	Q2 2012	Q2 2013
Net loss for the period in EUR thousand	-3,386	-1,639
Weighted-average number of shares issued	8,818,417	11,967,847
Earnings per share (basic and diluted) in EUR	-0.38	-0.14

	H1 2012	H1 2013
Net loss for the period in EUR thousand	-5,724	-3,354
Weighted-average number of shares issued	8,818,417	11,442,943
Earnings per share (basic and diluted) in EUR	-0.65	-0.29

The outstanding stock options granted by the Company are anti-dilutive 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 reporting date amounted to 11,967,847 (June 30, 2012: 8,818,417).

NOTES TO THE GROUP BALANCE SHEET

NON-CURRENT ASSETS

EUR thousand	Dec 31, 2012	June 30, 2013
Software	128	96
Licenses, patents	241	215
Development costs	2,220	1,942
Total intangible assets	**2,589**	**2,253**
Technical equipment	332	285
Other fixed assets	26	22
Total tangible assets	**358**	**307**
Deferred tax assets	**106**	**61**
Total non-current assets	**3,053**	**2,621**

CURRENT ASSETS

EUR thousand	Dec 31, 2012	June 30, 2013
Inventories	**31**	**224**
Trade receivables	**314**	**276**
Marketable securities	**509**	**582**
Cash and cash equivalents	**2,205**	**2,983**
Prepaid expenses	362	248
Receivables from tax authorities	260	167
Claims based on projects granted by public authorities	54	39
Deposits	33	12
Interest receivables	10	0
Advance payments	8	8
Other	39	54
- thereof with a maturity of > 1 year	*38*	*38*
Total other current assets	**766**	**528**
Total current assets	**3,825**	**4,593**

EQUITY

Equity increased in the first six months of 2013 by EUR 1.2 million, mainly due to the capital increase by the issuance of 3.1 million new shares, partly compensated by the net loss for the period of EUR 3.4 million. As of June 30, 2013, the subscribed capital amounted to EUR 11,967,847.

CURRENT LIABILITIES

Deferred income

Deferred income in the amount of EUR 262 thousand at June 30, 2013 (Dec 31, 2012: EUR 306 thousand), comprised predominantly of payments received in advance for projects granted by public authorities (EUR 258 thousand; Dec 31, 2012: EUR 306 thousand). As of the balance sheet date, there are no repayment obligations for the Company resulting from deferred income.

Other liabilities

EUR thousand	Dec 31, 2012	June 30, 2013
Payables due to staff	149	139
Accrued Supervisory Board fees	1	71
Accrued audit fees	55	55
Payables due to financial/tax authorities	98	37
Down payments received	9	9
Payables due to social security institutions	17	5
Liabilities from derivative instruments	25	0
Other	3	1
Total other liabilities	**357**	**317**

Provisions

EUR thousand	Dec 31, 2012	June 30, 2013
Payroll provisions	77	254
Contract-related provisions	188	188
Statutory provisions	70	18
Other provisions	41	7
Total provisions	**376**	**467**

NOTES TO THE GROUP CASH FLOW STATEMENT

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.

OPERATING ACTIVITIES

Cash flow from operating activities is derived indirectly on the basis of the net loss for the period before taxes on income.

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.

In January 2013, the Company completed a capital increase by way of a rights issue and a subsequent private placement. A total number of 3,149,430 new shares were subscribed at a subscription price of EUR 1.58 each, resulting in gross proceeds of EUR 5.0 million. Simultaneously, a cash outflow of EUR 0.4 million was recorded in connection with costs incurred for this rights issue.

CASH CONSUMPTION

The total of cash flow from operating activities and cash flow from investing activities less transactions in securities is monitored by the Company as ”cash consumption“ key figure.

EUR thousand	**H1 2012**	**H1 2013**
Cash flow from operating activities	-4,750	-3,776
Cash flow from investing activities	-18	-1
Net proceeds from transactions in securities	0	0
Cash consumption	**-4,768**	**-3,777**

OTHER INFORMATION

INFORMATION ON OTHER TRANSACTIONS WITH RELATED PARTIES

In the first half of 2013, the Company closed a consulting agreement with the Chairman of its Supervisory Board, Mr. Heino von Prondzynski. According to this agreement, Mr. von Prondzynski shall consult the Company due to his particular experience in different business areas especially in the evaluation and the development of product concepts with regard to future business opportunities. These consulting services have a significantly broader scope than his regular duties as a member of the Supervisory Board. The agreement has a term until September 30, 2013. Mr. von Prondzynski will provide his services at arm’s length conditions and is entitled to charge an amount of up to EUR 40 thousand to the Company for his services. During the first six months of 2013, Mr. von Prondzynski has rendered and invoiced services under this agreement in an amount of EUR 20 thousand to the Company.

INFORMATION ON SHARE TRANSACTIONS AND STOCK OPTIONS

Changes in shareholdings of the Board members of Epigenomics AG ("Directors' Dealings") in the reporting period:

Date	Board member	Transaction type	Number of shares	Share price (in EUR)	Transaction value (in EUR)
January 30, 2013	Dr. Thomas Taapken	Purchase	20,000	1.58	31,600
January 30, 2013	Heino von Prondzynski	Purchase	78,000	1.58	123,240

(Dr. Thomas Taapken is the CEO/CFO of the Company and Heino von Prondzynski is the Chairman of the Company's Supervisory Board.)

Changes in stock options

In the reporting period, no stock options were granted. No stock options were exercised during H1 2013. The total number of stock options outstanding as of June 30, 2013, amounted to 330,587.

Share and stock option holdings of the Board members of Epigenomics AG:

	Number of shares Mar 31, 2013	Number of shares June 30, 2013	Number of stock options Mar 31, 2013	Number of stock options June 30, 2013
Dr. Thomas Taapken (CEO/CFO)	25,000	25,000	80,000	40,000
Dr. Uwe Staub (COO)	0	0	38,800	38,800
Executive Board	**25,000**	**25,000**	**118,800**	**78,800**
Heino von Prondzynski (Chairman)	90,100	90,100	0	0
Ann Clare Kessler, Ph. D.	2,800	2,800	0	0
Supervisory Board	**92,900**	**92,900**	**0**	**0**

This interim report has been approved and cleared for publication by the Executive Board of the Company on July 31, 2013.

Berlin, July 31, 2013

The Executive Board

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report 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 in the remaining months of the current fiscal year.

Berlin, July 31, 2013

The Executive Board

DISCLAIMER

This interim report expressly or implicitly contains certain forward-looking statements concerning Epigenomics AG and its business. Such statements are not historical facts and sometimes are expressed by the words "will", "believe", "expect", "predict", "plan", "want", "assume" or similar expressions. Forward-looking statements are based on current plans, estimates, prognoses and expectations of the Company and on certain assumptions, and they involve certain known and unknown risks, uncertainties and other factors which could cause the actual results, financial condition, performance or achievements of Epigenomics AG to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Readers of this interim report are explicitly warned not to inadequately trust these forward-looking statements, which are only valid as of the date of this interim report. Epigenomics AG does not intend to and will not undertake to update any forward-looking statements contained in this interim report as a result of new information, future events or otherwise.

REVIEW REPORT

To Epigenomics Aktiengesellschaft, Berlin

We have reviewed the interim consolidated financial statements (short form) – comprising the Group Balance Sheet, the Group Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Group Equity, Group Cash Flow Statement and selected explanatory notes to the financial statements – and the interim consolidated management report (short form) of Epigenomics AG for the period from January 1 to June 30, 2013 which are part of half-year financial report in accordance with Article 37w of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). The preparation of the interim consolidated financial statements (short form) in accordance with IFRS for interim reporting as adopted by the EU, and of the interim consolidated management report in accordance with the provisions of the WpHG applicable to interim consolidated management report is the responsibility of Epigenomics Aktiengesellschaft´s management. Our responsibility is to issue a review report on the interim consolidated financial statements (short form) and on the interim consolidated management report based on our review.

We conducted our review of the interim consolidated financial statements (short form) and the interim consolidated management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the review to obtain a certain level of assurance that nothing has come to our attention that causes us to believe that the interim consolidated financial statements (short form) are not presented fairly, in all material aspects, in accordance with the IFRS to interim reporting as adopted by the EU, and that the interim consolidated management report is not presented fairly, in all material aspects, in accordance with the provisions of the WpHG applicable to interim Group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and thus does not provide the assurance for an affirmative audit opinion obtainable from an audit of financial statements. In accordance with our engagement, we have not performed a financial statement audit and, accordingly, cannot express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements (short form) are not presented fairly, in all material aspects, in accordance with the IFRS for interim reporting as adopted by the EU, or that the interim consolidated management report is not presented fairly, in all material aspects, in accordance with the provisions of the WpHG applicable to interim consolidated management reports.

Furthermore, not intended to qualify our review, we point out that the interim consolidated financial statements (short form) are prepared on a going concern basis of the Group. However, based on the current budget and projected income the available liquidity at June 30, 2013 is not sufficient to sustain the Group's operations over the following 24 months. According to the company's detailed financial and earnings plan fresh funds must be raised no later than in the first quarter 2014 to avoid illiquidity according to the company's plans. In case this required fund raising would not be realised by that time, it might be necessary for the Epigenomics AG to file for insolvency at the latest in the first quarter of 2014.

In this regard, we refer to the explanations regarding financial risks in the consolidated management report of the business year at December 31, 2012, in particular to the sections "Financial Opportunities and Risks" and "Outlook on the financial situation". In consideration of available liquidity (cash, cash equivalents and marketable securities) in the amount of EUR 3.6 million at June 30, 2013 and an estimated cash consumption in 2013 in a range between EUR 6.5 and EUR 7.5 million, the liquid resources will be consumed by the first quarter 2014 at the latest.

Berlin, July 31, 2013

UHY Deutschland AG

Wirtschaftsprüfungsgesellschaft

(ppa. Kulla)	(Dr. Peters)
Wirtschaftsprüferin	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

CORPORATE CALENDAR 2013

9-Month Report 2013
January 1 – September 30, 2013 .... Wednesday, November 6, 2013

CONTACT

Epigenomics AG
Antje Zeise, CIRO
Manager Investor Relations

Phone: +49 30 24345-0
Fax: +49 30 24345-555
ir@epigenomics.com

This interim report is also available on the Company's website *(www.epigenomics.com)* in both a German and an English version.