epigenomics

3-MONTH REPORT

JANUARY 1 – MARCH 31

Q1 2012

QUARTERLY DEVELOPMENT OF KEY FIGURES (UNAUDITED)

in EUR thousand (unless stated otherwise)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Income Statement					
Revenue	621	364	257	195	243
Gross profit	472	264	204	140	194
EBIT	-2,740	-2,975	-5,032	-4,498	-2,301
EBITDA	-2,579	-2,789	-3,829	-1,742	-2,006
Net loss for the period	-2,890	-3,011	-4,816	-4,858	-2,338
Balance Sheet (at the respective reporting date)					
Non-current assets	5,471	5,598	5,352	4,042	3,735
Investments in non-current assets[1]	95	61	197	35	12
Current assets	25,712	22,693	19,395	15,421	12,815
Non-current liabilities	0	0	0	0	0
Current liabilities	2,615	2,700	4,126	3,277	2,541
Equity	28,568	25,591	20,621	16,186	14,009
Equity ratio in %	91.6	90.5	83.3	83.2	84.7
Total assets	31,183	28,291	24,747	19,463	16,550
Cash Flow Statement					
Cash flow from operating activities	-2,836	-2,416	-2,019	-1,840	-2,543
Cash flow from investing activities	-182	-388	-1,002	-1,270	-12
Cash flow from financing activities	-7	-2	-46	11	-25
Net cash flow	-3,025	-2,806	-3,067	-3,099	-2,580
Cash consumption	-3,018	-2,804	-3,021	-3,398	-2,555
Cash and cash equivalents at period's end	21,529	18,723	15,656	12,557	9,977
Stock[2]					
Weghted average number of shares issued	8,818,417	8,818,417	8,818,417	8,818,417	8,818,417
Earnings per share basic and diluted (in EUR)	-0.35	-0.35	-0.55	-0.52	-0.27
Share price (in EUR) at period's end	8.95	5.95	4.26	1.30	2.22
Number of employees at period's end	85	84	77	61	46

1 Excluding capitalized development costs.

2 In order to ensure comparability, the figures for Q1 2011 und Q2 2011 have been adjusted retroactively in a 5:1 ratio.

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EPIGENOMICS AG – INTERIM REPORT ON THE FIRST QUARTER OF 2012

DEAR SHAREHOLDERS,

During the first quarter of 2012, we have made further progress with our colorectal cancer screening assay, Epi proColon®. We have meanwhile initiated the FDA registration process, embarked on our final clinical study necessary for the submission and have also entertained an active and fruitful dialog with screening guideline setting groups and reimbursement authorities. A major accomplishment in this area has been the inclusion of Septin9 testing into the CPT coding document issued by the American Medical Association in 2012, where Septin9 testing is now explicitly included with its own code for possible future reimbursement. Furthermore, several studies with external academic collaborators have shown the utility and the potential of our DNA-methylation-based diagnostic product. At the same time, we remain encouraged to see that there is a growing market acceptance for our test in North America with more than 26,000 Septin9 tests being performed in 2011 by our license partners.

It remains Epigenomics' ultimate goal to introduce Epi proColon® as an IVD diagnostic test to the largest commercial market for molecular diagnostic products in the mid-term future. We therefore will keep taking all necessary steps to ensure that on Septin9-targeted detection of colorectal cancer is broadly introduced into markets – not only in North America, but worldwide – in order to bring the benefit of this convenient blood-based testing alternative to the benefit of doctors, patients and the healthcare system altogether. At the same time, this year will be a critical year to secure the future of our business, since the scarcity of funds might pose a threat to the execution of our plans. We are therefore currently evaluating all options available to the Company, including the possibility to secure additional financial resources through a capital market transaction.

Yours sincerely

Geert Walther Nygaard
CEO

Dr. Thomas Taapken
CFO

MAIN EVENTS DURING Q1/2012

FURTHER POSITIVE STEPS IN THE U.S. REGULATORY PROCESS FOR EPI PRO COLON®

Late last year, we initiated the process of gaining U.S. regulatory approval of our colorectal cancer (CRC) screening test Epi proColon® by submitting the first module of a modular PMA approval submission to the U.S. Food and Drug Administration (FDA). The first module of the submission included all required documentation on the manufacturing and quality controls section in relation to our product. The second module of our PMA submission was delivered to the agency in March 2012, including the sections in relation to the hardware and software validation of the instrumentation needed to run the test. The feedback from the FDA so far has been positive and the Company has meanwhile responded to additional questions and remarks brought forward by the FDA. The third module, relating to analytical validation, is scheduled to be submitted still in Q2 of 2012 and the final module, including all clinical data, is scheduled for submission in the second half of 2012.

As previously announced, a head-to-head comparative study with the goal of demonstrating non-inferiority of Epi proColon® to fecal immunochemical testing (FIT) will be an integral part of the clinical module. The design of the clinical study has been discussed with the FDA and upon finalization of the protocol, the study has meanwhile been initiated. After the reporting period, we announced the inclusion of the first study subject in April 2012. It is anticipated that this study will be completed in the second half of 2012. The clinical module of the PMA submission will encompass the results of this head-to-head comparative study, previously announced data from a clinical validation study in a cohort of prospectively collected samples and other clinical study results generated during the development of Epi proColon®.

On February 16, 2012, we announced the results from a study conducted in collaboration with Prof. Dr. Béla Molnár and his team from the Semmelweis University in Budapest, Hungary. In the study, the blood-based detection of methylated Septin9 in CRC cases was assessed in the left and right side of the colon. In this study with 184 patients, the observed overall sensitivity for the detection of colorectal cancer amounted to 96% for overall CRC detection at a specificity of 85%. Sensitivity for detection of left- and right-sided cases was 96% and 94% respectively, thus showing no significant difference between cancer detection in either side of the colon, whereas other methods like colonoscopy and fecal testing typically fall behind in the detection for right-sided cancerous lesions.

On March 6, 2012, we announced the results of a survey on CRC screening preferences conducted by Jennifer Taber et al. (Department of Psychology, University of Utah, Huntsman Cancer Institute, ARUP Laboratories). Given the performance of the ARUP Septin9 test (90% sensitive, 89% specific; Warren et al. 2011) at a price of USD 180 for this test, the survey indicated that two thirds of previously unscreened individuals would prefer a Septin9 blood test to other screening methods.

EPIGENOMICS BIOMARKER PREDICTS DRUG RESISTANCE IN COLORECTAL CANCER

On January 5, 2012, we announced the publication of a study authored by Prof. Dr. Matthias Ebert, Medical Faculty Mannheim of the University of Heidelberg, entitled "TFAP2E-DKK4 and Chemoresistance in Colorectal Cancer" in the January edition of "The New England Journal of Medicine". In this study, involving more than 200 patients in four independent cohorts of patients, Prof. Dr. Ebert and his team demonstrated that hypermethylation of the TFAP2E gene was correlated with non-responsiveness to the commonly used chemotherapeutic agent 5-fluorouracil (5-FU). This is one of the first studies to identify a methylation-based biomarker for resistance to chemotherapy, and may provide doctors with information to allow a more informed choice of 5-FU-based chemotherapy treatment selection for patients with colorectal cancer. We see this as a demonstration of the potential of biomarkers like TFAP2E identified by our DNA methylation discovery technologies in supporting clinical decision-making regarding therapeutic measures.

EPI PRO LUNG® BL ASSAY SHOWS STRONG PERFORMANCE AS CONFIRMATION TEST FOR LUNG CANCER DIAGNOSIS

On February 14, 2012, we announced the results from a clinical study conducted by Prof. Dr. Manfred Dietel and his team (Charité Universitätsmedizin Berlin, Germany). In the reported study, the clinical performance of the Epi proLung® BL assay (based on our proprietary SHOX2 biomarker) was evaluated in bronchial lavage from patients suspected of having lung carcinoma. The results of this study will be presented by Prof. Dr. Dietel at the Annual Meeting of the German Association of Pathologists at the end of May 2012 in Berlin. Based on the study results, which independently confirm the clinical utility of the Epi proLung® BL assay, Charité has announced that the assay will be introduced into its clinical practice as a routine aid in the diagnosis of lung cancer in patients with negative or suspicious cytological results.

EPIGENOMICS AG PLANS CHANGES IN THE COMPOSITION AND SIZE OF ITS SUPERVISORY BOARD

On March 16, 2012, we decided to propose to our shareholders to vote in favor of a reduction of the size of the Supervisory Board from six to three members. Furthermore, the longstanding Chairman of the Supervisory Board, Prof. Dr. Dr. h.c. Rolf Krebs, announced that for personal reasons, he will not stand for re-election at the Annual General Shareholders' Meeting (AGM) 2012. Therefore, the Supervisory Board resolved to propose Mr. Heino von Prondzynski (62) for election to the Supervisory Board by the AGM. This year's Annual General Shareholders' Meeting, which took place after the reporting period on May 2, 2012, voted with vast majority in favor of the proposed changes in size and composition of the Supervisory Board.

Prof. Dr. Dr. h.c. Rolf Krebs (72) has been a member of the Supervisory Board of Epigenomics AG since 2000 and its Chairman since 2003. During his term of office, the Company has evolved from a privately held start-up research company to a publicly listed worldwide commercial leader in the field of blood-based products for the early detection of cancer.

Mr. von Prondzynski is an internationally recognized expert and accomplished business leader in the field of molecular diagnostics with an extensive network of contacts in the United States and Europe among others. Mr. von Prondzynski has been CEO of the diagnostics division of F. Hoffmann-La Roche Ltd., Basel, Switzerland, for several years and a member of the group executive committee of Roche. He is intimately acquainted with Epigenomics and its environment, having been a member of its Supervisory Board from May 2007 until March 2010.

In addition to Mr. von Prondzynski, current members Ms. Ann Clare Kessler, Ph.D., and Prof. Dr. Günther Reiter were re-elected to the Supervisory Board with vast majorities at the AGM on May 2, 2012.

On March 23, 2012, we announced full-year results for the year ended December 31, 2011, and provided an outlook for 2012.

OUR STOCK

In order to ensure comparability, market data as shown below has been adjusted retroactively taking into account the 5:1 consolidation of shares in August 2011.

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 sponsors	ICF Kursmakler AG Wertpapierhandelsbank equinet AG
Analyst coverage	Edison Investment Research (Jacob Plieth, Robin Dawson) equinet AG/ESN (Edouard Aubery, Martin Possienke)

Market data	Mar 31, 2011	Jun 30, 2011	Sep 30, 2011	Dec 31, 2011	**Mar 31, 2012**
Number of shares outstanding	8,818,417	8,818,417	8,818,417	8,818,417	8,818,417
Closing price (in EUR)	8.95	5.95	4.26	1.30	2.22
Market capitalization (in EUR)	78,924,832	52,469,581	37,566,456	11,463,942	19,576,886

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	**Q1 2012**
Average daily trading volume (units)	18,909	9,103	6,536	13,483	32,733
Highest price (in EUR)	9.95	9.15	6.65	4.62	3.55
Lowest price (in EUR)	7.75	5.60	3.41	1.30	1.21

FINANCIALS

FINANCIAL POSITION AND CASH FLOW

Cash outflow from operating activities was EUR 2.5 million in Q1 2012 – a decrease of at least EUR 0.3 million compared to Q1 2011, although this outflow included another EUR 0.3 million payments related to the restructuring in 2011 and increasing payments in connection with our FDA approval process. In the absence of no mentionable cash outflows for investing and financing activities, our net cash outflow in Q1 2012 added up to EUR 2.6 million (Q1 2011: EUR 3.0 million).

RESULTS OF OPERATIONS

Revenue in Q1 2012 of EUR 0.2 million was significantly lower than the comparable number of the previous year (Q1 2011: EUR 0.6 million), which had included a significant one-off payment from Qiagen when they were granted an option to a ^{m}SEPT9 license from us. Product revenue in Q1 2012 decreased only slightly compared to Q1 2011, explainable by our strategic decision to move the sales focus in Europe towards select key accounts.

Therefore, product sales were still in line with our expectations at this stage while collaborative R&D income was lagging behind our plans. Gross margin improved slightly from 76% in Q1 2011 to 80% in Q1 2012.

Other income of EUR 0.5 million in Q1 2012 improved significantly compared to the first three months of the previous year (EUR 0.1 million). This rise was largely attributable to a reversal of provisions and accruals (mainly in connection with last year's restructuring), to income from the sale of assets and to exchange rate gains.

R&D costs were down to EUR 1.4 million in Q1 2012 from EUR 1.6 million in Q1 2011 as a consequence of our retreat from early-stage research activities. The restructuring measures in our marketing and sales departments were mainly the cause for the simultaneous year-over-year drop in our SG&A costs from EUR 1.6 million to now EUR 1.4 million in the three-month period of 2012.

Other expenses of EUR 0.1 million in the reporting period are mainly attributable to unscheduled amortization of development costs and late effects from the restructuring.

The negative EBIT of Q1 2012 amounts to EUR 2.3 million, equaling a 16.0% improvement compared with Q1 2011 (EUR -2.7 million) while the net loss of the reporting period added up to EUR 2.3 million – thus over EUR 0.5 million less than in the comparable period of 2011.

NET ASSETS POSITION

During Q1 2012, non-current assets decreased from EUR 4.0 million at December 31, 2011, to EUR 3.7 million at the reporting date due to scheduled and unscheduled depreciation and amortization without significant new capital expenditures at the same time. Simultaneously, current assets dropped from EUR 15.4 million at the end of 2011 to EUR 12.8 million at March 31, 2012. This decrease is mainly attributable to our cash consumption during the first three months of 2012. Therefore, total assets added up to EUR 16.6 million at the end of Q1 2012.

Total equity dropped to EUR 14.0 million on March 31, 2012 – down from EUR 16.2 million in our opening balance 2012 – as a result of our net loss for this reporting period. Current liabilities decreased from EUR 3.3 million at the end of 2011 to now EUR 2.5 million. This decrease is attributable to a reduced amount of trade payables at the reporting date on the one hand and a drop in other liabilities of more than EUR 0.4 million in the three-month period on the other, mainly due to settled accounts resulting from our restructuring measures in August 2011.

EMPLOYEES

	Berlin	Seattle	Total
Number of employees as of March 31, 2012	**40**	**6**	**46**
Number of employees as of December 31, 2011	51	10	61
Number of employees as of March 31, 2011	71	14	85

The total headcount of 46 at the reporting date comprises of 23 employees in the R&D departments and 23 employees in selling, general and administration including one apprentice.

SUPPLEMENTARY REPORT

After the end of the reporting period, on May 2, 2012, Epigenomics AG held its Annual General Shareholders' Meeting (AGM) in Berlin. All members of the Executive and the Supervisory Board were discharged from liability for the fiscal year 2011.

In addition, the AGM voted with vast majority for the reduction of the Supervisory Board from currently six to three members in the future and a corresponding amendment to the Articles of Association. The current members of the Supervisory Board, including longtime chairman Prof. Dr. Dr. h.c. Rolf Krebs as well as the former Supervisory Board members Joseph Anderson, Ph. D., Prof. Dr. Dr. Dr. h.c. Uwe Bicker and Günter Frankenne did not stand for re-election to the Supervisory Board. The Supervisory Board members Ann Clare Kessler, Ph.D., and Prof. Dr. Günther Reiter were confirmed by the AGM with large majorities for a further term. Mr. Heino von Prondzynski was also elected by a large majority as new member to the Supervisory Board. In its constitutive session immediately following the AGM, the newly elected Supervisory Board appointed Mr. von Prondzynski as its chairman.

All other topics proposed by the Company to the AGM were voted favorably with large majorities. Detailed information on this subject can be found on the Company's website *(www.epigenomics.com)*.

OPPORTUNITIES AND RISKS

Opportunities and risks in relation to the Company's business operations are described in detail in the consolidated management report published with the Annual Report 2011 which is available on the Company's website *(www.epigenomics.com)*.

PROGNOSIS REPORT FOR 2012

In line with our previous guidance, product sales from our IVD diagnostic products remained at a modest level during the first quarter of 2012. We continue to seek potential licensing and distribution partners as well as key account customers. We expect our product-derived revenue to maintain at low levels prior to the U.S. approval of Epi proColon® by the FDA, likely in the course of 2013. A major increase in revenue can only be expected once we are able to sell Epi proColon® directly in the U.S. market. While we expect EBIT and net loss to narrow in 2012 in comparison to 2011 due to the effect from the restructuring implemented in 2011, the necessity to invest into further clinical trials ahead of completion of our FDA submission will force us to secure additional resources to secure the continuation of our business. Our current financial resources are not sufficient to support the Company's operations for the next two years. Since at the current time it is not anticipated that we will be able to generate sufficient cash flows from licensing income or from product sales in the short term, we will diligently explore all strategic options also available to the Company. These options include a capital market transaction. Given the volatility of the financial markets and the development of Epigenomics share price, we will also have to explore other strategic options for the further development of the Group.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as of March 31, 2012

GROUP INCOME STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2012 (UNAUDITED)

EUR thousand	**Q1 2011**	**Q1 2012**
Revenue	621	243
Cost of sales	-149	-49
Gross profit	**472**	**194**
Gross margin in %	*76%*	*80%*
Other income	59	486
Research and development costs	-1,579	-1,447
Selling, general and administrative costs	-1,602	-1,385
Other expenses	-90	-149
Operating result (EBIT)	**-2,740**	**-2,301**
Interest income	55	41
Other financial result	-176	-42
Net loss for the period before taxes on income	**-2,861**	**-2,302**
Taxes on income	-29	-36
Net loss for the period	**-2,890**	**-2,338**
Earnings per share (basic and diluted) in EUR[1]	**-0.35**	**-0.27**

1 In order to ensure comparability, the earnings per share for Q1 2011 have been adjusted retroactively following the 5:1 consolidation of shares in connection with the Company's capital decrease in August 2011.

STATEMENT OF INCOME AND EXPENSES RECOGNIZED IN GROUP EQUITY
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2012 (UNAUDITED)

EUR thousand	**Q1 2011**	**Q1 2012**
Net loss for the period	**-2,890**	**-2,338**
Fair value adjustment of securities	141	114
Total income and expenses recognized in Group equity	**141**	**114**
Total comprehensive income	**-2,749**	**-2,224**

GROUP BALANCE SHEET
AS OF MARCH 31, 2012 (UNAUDITED)

ASSETS EUR thousand	**Dec 31, 2011**	**Mar 31, 2012**
Non-current assets		
Intangible assets	3,322	3,084
Tangible assets	506	460
Deferred taxes	214	191
Total non-current assets	**4,042**	**3,735**
Current assets		
Inventories	283	253
Trade receivables	211	204
Marketable securities	1,428	1,542
Cash and cash equivalents	12,557	9,977
Other current assets	942	839
Total current assets	**15,421**	**12,815**
Total assets	**19,463**	**16,550**

EQUITY AND LIABILITIES EUR thousand	**Dec 31, 2011**	**Mar 31, 2012**
Equity		
Subscribed capital	8,818	8,818
Capital reserve	22,212	22,259
Retained earnings	1,303	-14,272
Net loss for the period	-15,575	-2,338
Other comprehensive income	-572	-458
Total equity	**16,186**	**14,009**
Current liabilities		
Trade payables	1,228	850
Deferred income	0	6
Other liabilities	1,013	583
Provisions	1,036	1,102
Total current liabilities	**3,277**	**2,541**
Total equity and liabilities	**19,463**	**16,550**

GROUP CASH FLOW STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2012 (UNAUDITED)

EUR thousand	Q1 2011	Q1 2012
Cash and cash equivalents at the beginning of the period	**24,554**	**12,557**
Operating activities		
Net loss for the period before taxes on income	**-2,861**	**-2,302**
Corrections for:		
Depreciation on tangible assets	66	49
Amortization of intangible assets	95	246
Losses from the disposal of assets	0	1
Stock option expenses	22	47
Foreign currency exchange results	23	2
Interest income	-55	-41
Taxes	-10	-15
Operating result before changes in net current assets	**-2,720**	**-2,013**
Changes in trade receivables and other current assets	-2,141	138
Changes in inventories	56	30
Changes in current liabilities from operating activities	1,964	-712
Liquidity earned from operating activities	**-2,841**	**-2,557**
Interest received	5	14
Cash flow from operating activities	**-2,836**	**-2,543**
Investing activities		
Payments for investments in tangible assets	-56	-4
Proceeds from sales of tangible assets	5	0
Payments for investments in intangible assets	-16	-8
Additions to capitalized development costs	-115	0
Cash flow from investing activities	**-182**	**-12**
Financing activities		
Payments for lease financing	-7	0
Other financing-related payments	0	-25
Cash flow from financing activities	**-7**	**-25**
Cash flow total	**-3,025**	**-2,580**
Cash and cash equivalents at the end of the period	**21,529**	**9,977**

STATEMENT OF CHANGES IN GROUP EQUITY
AS OF MARCH 31, 2012 (UNAUDITED)

EUR thousand	Subscribed capital	Capital reserve	Retained earnings	Net loss for the period	Other comprehensive income	**Group equity**
Dec 31, 2010	**44,092**	**22,078**	**-22,494**	**-11,476**	**-905**	**31,295**
Total comprehensive income	**0**	**0**	**0**	**-2,890**	**141**	**-2,749**
Transfer of net loss for the year 2010 to retained earnings	0	0	-11,476	11,476	0	0
Stock-based compensation	0	22	0	0	0	22
March 31, 2011	**44,092**	**22,100**	**-33,970**	**-2,890**	**-764**	**28,568**
Dec 31, 2011	**8,818**	**22,212**	**1,303**	**-15,575**	**-572**	**16,186**
Total comprehensive income	**0**	**0**	**0**	**-2,338**	**114**	**-2,224**
Transfer of net loss for the year 2011 to retained earnings	0	0	-15,575	15,575	0	0
Stock-based compensation	0	47	0	0	0	47
March 31, 2012	**8,818**	**22,259**	**-14,272**	**-2,338**	**-458**	**14,009**

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 March 31, 2012, 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.

Amendments to the following Standards were mandatorily adopted during the reporting period:

- IFRS 1: *First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation, Fixed Dates;*
- IFRS 7: *Financial Instruments – Disclosures: Transfers of Financial Assets*
- IAS 12: *Income Taxes: Recovery of Underlying Assets.*

The adoption of these amendments 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, 2012, to March 31, 2012. The reporting currency is the euro (EUR).

The Group 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, 2011, 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, 2011. 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, 2011	Mar 31, 2012
EUR/USD	1.2939	1.3356
EUR/GBP	0.83530	0.83390
EUR/CAD	1.3215	1.3311

Average rates	Q1 2011	Q1 2012
EUR/USD	1.3911	1.3325
EUR/GBP	0.86580	0.83763
EUR/CAD	1.3666	1.3242

NOTES TO THE GROUP INCOME STATEMENT

REVENUE

Revenue source by revenue type:

	Q1 2011		Q1 2012	
	EUR thousand	in %	EUR thousand	in %
Product sales (own and third party)	155	24.9	125	51.2
Licensing income	455	73.2	114	47.0
R&D income	11	1.9	4	1.8
Total revenue	**621**	**100.0**	**243**	**100.0**

Revenue source by geographical market:

	Q1 2011		Q1 2012	
	EUR thousand	in %	EUR thousand	in %
Europe	454	73.1	137	56.3
North America	113	18.1	76	31.2
Rest of the world	54	8.8	30	12.5
Total revenue	**621**	**100.0**	**243**	**100.0**

OTHER INCOME

EUR thousand	Q1 2011	Q1 2012
Income from the reversal of provisions	0	382
Foreign currency exchange gains	6	43
Income from the sale of assets	9	41
Income from option exercises	6	18
Third-party research grants	29	0
Corrections of invoices of previous years	5	0
Other	4	2
Total other income	**59**	**486**

COST ANALYSIS

Q1 2011 EUR thousand	Cost of sales	R&D costs	SG&A costs	Total
Materials and consumables	77	160	11	248
Depreciation and amortization	3	132	26	161
Personnel costs	14	936	732	1,682
Other costs	55	466	833	1,354
Capitalized development costs	0	-115	0	-115
Total	**149**	**1,579**	**1,602**	**3,330**

Q1 2012 EUR thousand	Cost of sales	R&D costs	SG&A costs	Total
Materials and consumables	26	140	20	186
Depreciation and amortization	1	266	28	295
Personnel costs	4	541	742	1,287
Other costs	18	500	595	1,113
Capitalized development costs	0	0	0	0
Total	**49**	**1,447**	**1,385**	**2,881**

OTHER EXPENSES

EUR thousand	Q1 2011	Q1 2012
Unscheduled amortization	0	78
Corrections for former periods	0	33
Restructuring expenses	0	21
Foreign exchange rate losses	90	15
Other	0	2
Total other expenses	**90**	**149**

EARNINGS BEFORE INTEREST AND TAXES (EBIT) AND EBIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)

EUR thousand	Q1 2011	Q1 2012	Variance in %
EBIT	**-2,740**	**-2,301**	**16.0**
Depreciation	66	49	25.8
Amortization	98	246	-157.6
EBITDA	**-2,579**	**-2,006**	**22.2**

FINANCIAL RESULT

EUR thousand	Q1 2011	Q1 2012
Interest and related income	55	41
Total financial income	**55**	**41**
Other financial expenses	-176	-42
Total financial expenses	**-176**	**-42**
Total financial result	**-121**	**-1**

TAXES ON INCOME

EUR thousand	Q1 2011	Q1 2012
Current tax expenses	12	21
Deferred tax expenses	17	15
Total taxes on income	**29**	**36**

EARNINGS PER SHARE[2]

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.

	Q1 2011	Q1 2012
Net loss for the period in EUR thousand	-2,890	-2,338
Weighted-average number of shares issued	8,818,417	8,818,417
Earnings per share (basic and diluted) in EUR	-0.35	-0.27

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 8,818,417 (March 31, 2011: 8,818,417).

2 In order to ensure comparability, the number of shares and consequently the earnings per share for Q1 2011 have been adjusted retroactively following the 5:1 consolidation of shares in August 2011.

NOTES TO THE GROUP BALANCE SHEET

NON-CURRENT ASSETS

EUR thousand	Dec 31, 2011	Mar 31, 2012
Software	173	165
Licenses, patents	296	283
Development costs	2,853	2,636
Total intangible assets	**3,322**	**3,084**
Fixtures	7	7
Technical equipment	462	418
Other fixed assets	37	35
Total tangible assets	**506**	**460**
Deferred tax assets	**214**	**191**
Total non-current assets	**4,042**	**3,735**

CURRENT ASSETS

EUR thousand	Dec 31, 2011	Mar 31, 2012
Inventories	**283**	**253**
Trade receivables	**211**	**204**
Marketable securities	**1,428**	**1,542**
Cash and cash equivalents	**12,557**	**9,977**
Prepaid expenses	576	522
Receivables from tax authorities	205	170
Interest receivables	27	54
Claims based on granted projects	84	51
– thereof: claims against public authorities	*84*	*51*
Advance payments	8	0
Other	42	42
– thereof: with a maturity > 1 year	*38*	*38*
Total other current assets	**942**	**839**
Total current assets	**15,421**	**12,815**

EQUITY

Equity decreased in the first three months by EUR 2.2 million, mainly due to the net loss for the period. As of March 31, 2012, the subscribed capital of EUR 8,818,417 remained unchanged compared to the year-end 2011.

CURRENT LIABILITIES

Deferred income

EUR thousand	Dec 31, 2011	Mar 31, 2012
Payments received for commercial collaborations	0	6
Total deferred income	**0**	**6**

There are no repayment obligations for the Company resulting from deferred income.

Other liabilities

EUR thousand	Dec 31, 2011	Mar 31, 2012
Payables due to staff	390	177
Accrued audit fees	105	124
Payables due to tax authorities	218	81
Payables for onerous rental agreements	251	63
Accrued Supervisory Board fees	4	43
Liabilities from derivative instruments	2	43
Down payments received	35	30
Payables due to social security institutions	2	19
Other	6	3
Total other liabilities	**1,013**	**583**

Payables due to staff of EUR 177 thousand as of March 31, 2012, include restructuring-related payment obligations in the amount of EUR 8 thousand.

Provisions

EUR thousand	Dec 31, 2011	Mar 31, 2012
Provisions for onerous rental agreements	704	672
Other contract-related provisions	188	188
Payroll provisions	97	178
Provision for Annual General Shareholders' Meeting	40	59
Other provisions	7	5
Total provisions	**1,036**	**1,102**

Provisions for onerous rental agreements of EUR 672 thousand were set up in connection with the Company's restructuring plans.

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.

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	Dec 31, 2011	Mar 31, 2012
Cash flow from operating activities	-2,836	-2,543
Cash flow from investing activities	-182	-12
Net proceeds from transactions in securities	0	0
Cash consumption	**-3,018**	**-2,555**

OTHER INFORMATION

INFORMATION ON OTHER TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties took place during Q1 2012.

SHAREHOLDINGS OF BOARD MEMBERS IN EPIGENOMICS AG (AS OF MARCH 31, 2012)

(all numbers of shares and stock options were adjusted to the share capital after the capital decrease)

	Number of shares	Number of stock options
Executive Board	**14,000**	**217,000**
Geert Walther Nygaard	12,000	137,000
Dr. Thomas Taapken	2,000	80,000
Supervisory Board	**2,800**	**0**
Ann Clare Kessler, Ph.D.	2,800	0

CHANGES IN STOCK OPTIONS

A total number of 60,000 stock options each was granted to the Company's Executive Board members Geert Walther Nygaard and Dr. Thomas Taapken in Q1 2012. Another 80,000 stock options were granted to employees of the Company in the reporting period. No stock options were exercised during the first three months of 2012. The total number of stock options held by the members of the Executive Board as of March 31, 2012, amounted to 217,000 and the total number of stock options held by other beneficiaries amounted to 297,356.

This interim report has been approved and cleared for publication by the Executive Board of the Company on May 2, 2012.

Berlin, May 2, 2012

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.

CORPORATE CALENDAR 2012

6-Month Report 2012
January 1 – June 30 ..... Wednesday, August 8, 2012

9-Month Report 2012
January 1 – September 30 ..... Wednesday, November 7, 2012

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