epigenomics

9-MONTH REPORT

JANUARY 1 – SEPTEMBER 30

Q3 2011

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GROUP KEY FIGURES

EUR thousand (unless stated otherwise)	Q3 2010 (unaudited)	Q3 2011 (unaudited)	9M 2010 (unaudited)	9M 2011 (unaudited)
Revenue	363	257	1,336	1,242
Research and development costs	-1,648	-1,120	-5,220	-4,127
Earnings before interest and taxes (EBIT)	-3,010	-5,032	-8,443	-10,748
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-2,861	-3,829	-7,988	-9,199
Net loss for the period	-2,974	-4,816	-8,358	-10,717
Weighted-average number of shares issued (notional par value: EUR 1.00 each)[1]	8,818,417	8,818,417	7,838,593	8,818,417
Earnings per share (basic and diluted) in EUR[1]	-0.35	-0.55	-1.05	-1.22
Cash flow from operating activities			-6,578	-7,271
Cash flow from investing activities			-118	-1,572
Cash flow from financing activities			30,422	-55
Cash flow total			23,726	-8,898

EUR thousand (unless stated otherwise)	Dec 31, 2010 (audited)	Sept 30, 2011 (unaudited)
Liquid assets at balance sheet date (incl. marketable securities)	26,369	17,386
Total equity at balance sheet date	31,295	20,621
Equity ratio in %	92.5	83.3
Total assets at balance sheet date	33,838	24,747
Share price at balance sheet date in EUR (Xetra)[1]	10.25	4.26
Number of employees at balance sheet date	82	77

1 In order to ensure the comparability, the share figures for Q3 2010 and 9M 2010 have been adjusted retroactively following the consolidation of shares in August 2011.

INTERIM CONSOLIDATED MANAGEMENT REPORT

THIRD QUARTER OF 2011 – OVERVIEW

Epigenomics went through a turbulent third quarter of 2011. The incidence of a new worldwide crisis on the capital markets sent stock prices across the board to the lowest levels for more than two years and also had a severe impact on Epigenomics' share price. Furthermore, our announcement of a restructuring plan in connection with the publication of mid-year results in August and the implementation of the previously announced reverse stock split aggravated this negative trend. At the same time, we made significant progress in the development of our second generation product for the blood-based detection of colorectal cancer (CRC) with positive results of a clinical validation study being published in September, which triggered the initiation of another final, clinical validation study for regulatory purposes in the United States. Operationally, the Company remains on track to submit its application for Epi *pro*Colon® product approval to the U.S. Food and Drug Administration (FDA) still in 2011.

As product sales in the self-payer segment are ramping up slower than expected, we have adapted our marketing and sales strategy in Europe to a key account approach. Directly and increasingly through distributors, we will mainly target payers and large institutional customers (e.g. health maintenance organizations) with deep reach into the healthcare system in select markets in Europe and beyond.

With the announcement of the restructuring plan, we noticeably highlighted the increased future focus on the key U.S. market. Our partner Quest Diagnostics, Inc. ("Quest") has taken first encouraging steps, which demonstrate the potential of the commercial opportunity of our main product in the United States. Starting in Q1 2011 with virtually no sales, Quest currently has reached a situation of high volume growth, currently performing thousands per month of their version of the test based on our license. We are encouraged to see the early adoption rates.

At the same time, research and development (R&D) efforts will be shifted towards existing and near-term product opportunities, while putting longer-term opportunities on hold for the time being. The restructuring measures are expected to further sharpen the focus of the organization and comprise of:

- planned reduction of total workforce from 84 employees at the end of H1 2011 to approximately 45 employees not later than Q1 2012;
- implementation of a commercialization approach targeting key accounts for Epi *pro*Colon® and Epi *pro*Lung®, aimed at institutions such as healthcare providers, health insurers and other large institutional customers;
- scale down of direct marketing and sales efforts in the European self-payer segment;
- discontinuation of all early-stage research projects and technology research activities;
- relocation of U.S. headquarters from Seattle, WA, to the U.S. East Coast from 2012 onwards.

These restructuring activities will have a measurable impact on our 2011 financial statements. While the current 9M 2011 financial statements already largely reflect these measures, there will also be an impact on the financial statements for the fourth quarter of 2011.

Going forward, we expect to realize annual savings on a comparable operational cost basis of approximately EUR 3.5 to 4.0 million. One-time restructuring costs are expected to amount up to EUR 3.3 million, of which approximately only EUR 1.5 million will affect liquidity as additional cash outflow. The measures in connection with the restructuring plan will therefore accelerate cash outflows in 2011. However, net cash outflow in 2012 will decrease accordingly. We expect to end the year with around EUR 13 million in liquid assets and expect that the existing liquid assets will fund the Company's operations well into 2013.

As approved by the Annual General Shareholders' Meeting in June 2011, a 5:1 reverse split of our share capital has been implemented during the third quarter of the year. As of August 8, 2011, five old Epigenomics shares (security code number A0BVT9) were replaced by one new Epigenomics share (security code number A1K051). Therefore, the share capital was reduced from the previous total of EUR 44,092,085.00 to now EUR 8,818,417.00, allocated to 8,818,417 shares outstanding. All key financial figures on a "per share" basis for 2010 and for the first nine months of 2011 in this report have been adjusted accordingly on a pro forma basis.

On the operational side, the main focus of the organization remained on the development of the second generation blood-based Epi *pro*Colon® 2.0 test with the goal to submit a Premarket Approval (PMA) application to the FDA still in 2011 and on the improved test as a CE-marked IVD product as launched shortly after the end of the reporting period in October 2011. We continue to work intensively with our partners in assisting them with commercialization efforts for their own Septin9-based CRC tests.

In September 2011, we released encouraging data from a clinical validation study for this second generation test (Epi *pro*Colon® 2.0). In this study, 98 patients with colorectal cancer and 149 patients with no evidence of disease as verified by colonoscopy were tested with the Epi *pro*Colon® 2.0 test. The test accurately identified 95% of the cancer cases (i.e. 95% sensitivity) at specificity of 85%. Most importantly, for stage I and II cancers, for which therapeutic interventions have the greatest likelihood of curing the patient from the disease, the combined sensitivity was 91%. These results demonstrate a very significant improvement over the performance of the first generation Epi *pro*Colon® test.

This study provides the clinical evidence as required for CE-marking of Epi *pro*Colon® 2.0 as launched in the European market shortly after the end of the reporting period in October 2011. Furthermore, it paves the way for the second validation study that is required for a submission of the test to the FDA. This pivotal clinical trial will be conducted at three external laboratories, which will test blood samples from a prospectively collected cohort of about 8,000 study subjects. The testing at all laboratories has already begun in September 2011 and is expected to be completed in time for a submission of the data to the FDA before year-end 2011.

The new test version, optimized for maximum specificity for CRC, demonstrated an accuracy of detecting CRC that is unmatched by any other non-invasive method of CRC detection. In particular, the positive predictive value (PPV) of the test – a commonly used measure for the likelihood of actually having cancer when a test is positive – was found to be 45% in a large study evaluating its performance when compared to the PPV of only 10% reported for the most widely used stool tests for CRC screening. To specifically meet market requirements in many European countries, the new product minimizes the number of false positive results while maintaining excellent sensitivity in CRC detection.

Thus, Epi *pro*Colon® 2.0 CE – configured as high-specific test – detects more than 80% of all CRCs at 99% specificity. With this high level of performance, the new test provides a reliable and convenient alternative to conventional methods of CRC screening such as stool tests.

Earlier in Q3 2011, we also announced the results of a joint survey by Epigenomics and europacolon – a major European non-profit initiative of colon cancer patients – demonstrating patients' preference for blood-based cancer detection tests towards other diagnostic methods. Of the participants in the survey, more than 50% had previously heard of the possibility of CRC blood testing and more than 70% thought that using a blood test would encourage more people to participate in regular screening for colorectal cancer. Some of the most often mentioned reasons that survey participants gave for preferring blood tests were ease of use and simplicity, not having to handle stool samples as necessary for conventional non-invasive testing, and overall fit with other routine blood tests.

Independent of the europacolon survey, in June 2011, our partner Quest announced in collaboration with the U.S. non-profit organization Colon Cancer Alliance the results of a jointly conducted U.S. national telephone survey of more than 1,300 men and women 50 years of age and older. The results of this survey demonstrate widespread lack of adherence to national screening guidelines in the United States, which recommend regular screening by colonoscopy in combination with other CRC tests for all men and women aged 50 and older. When asked about the option of a blood test, 75% of the participants said that they were more likely to get screened more frequently if a blood test was offered to them.[2]

RESEARCH AND DEVELOPMENT (R&D)

During the third quarter of 2011, the ongoing development of the improved second generation Epi *pro*Colon® 2.0 product remained the key objective of our R&D activities. Following the successful completion of the clinical validation study for the European market and the product launch in Europe shortly after this reporting period in October, we initiated the pivotal clinical validation study for Epi *pro*Colon® 2.0 for the submission to the U.S. regulatory bodies.

2 The survey results were presented during the Colon Cancer Alliance's national conference "Family Matters: What You and Your Family Need to Know about Colon Cancer," which was held on June 23–25, 2011, in Denver, CO, U.S.A.
See also: http://www.questdiagnostics.com/hcp/cancerdiagnostics/colorectalcancer/docs/CCA_Quest_colon_cancer_study.pdf

While the new test measures the same epigenetic information within the SEPT9 gene that is analyzed by the already marketed first generation Epi *pro*Colon® test, we have implemented design changes to the assay based on the findings in the more recent studies performed by Epigenomics and our partners. We also took into consideration the feedback from customers in Europe and implemented improvements based on market surveys conducted in the United States.

The new test has been developed with the key U.S. market in mind and uses reagents manufactured under cGMP (current Good Manufacturing Practice) standard while it is performed on a real-time PCR platform that has previously been cleared by the FDA for use with other diagnostic assays. Performing the assay requires fewer components and handling steps and results can be generated within a typical laboratory work shift of eight hours. Furthermore, the new assay is more readily amenable to automation.

In a clinical validation study published in September for CE marking purposes, the improved assay had overall sensitivity for colorectal cancer of 95% at 85% specificity. In this study, the test was able to identify 24 out of 27 stage I cancer cases (89%) and 27 out of 29 stage II cases (93%). This is particularly relevant, as early clinical interventions are effective in improving survival of the concerned persons. Patients with CRC in stages I and II, upon appropriate treatment, have a combined five-year survival rate of about 90%.

After the end of this reporting period, Epi *pro*Colon® 2.0 was officially launched in Europe. The new test version, optimized for maximum specificity for CRC, demonstrated an accuracy of detecting CRC that is unmatched by any other non-invasive method of CRC detection. In particular, the positive predictive value (PPV) of the test – a commonly used measure for the likelihood of actually having cancer when a test is positive – was found to be 45% in a large study evaluating its performance when compared to the PPV of only 10% reported for the most widely used stool tests for CRC screening. To specifically meet market requirements in many European countries, the new product minimizes the number of false positive results while maintaining excellent sensitivity in CRC detection. Thus, Epi *pro*Colon® 2.0 CE – configured as high-specific test – detects more than 80% of all CRCs at 99% specificity. With this high level of performance, the new test provides a reliable and convenient alternative to conventional methods of CRC screening such as stool tests.

The increased clinical performance of the test now lends itself to create differentiated product versions of our Epi *pro*Colon® 2.0 test for high sensitivity or high specificity, targeting the individual needs of specific markets or customers to be addressed.

Most importantly and despite recent changes undergone by the organization, Epi *pro*Colon® 2.0 development for the United States remains on track and we still expect to submit an application for Premarket Approval to the FDA before the end of this year.

Our second product, Epi *pro*Lung® BL Reflex Assay, targeting the ^{m}SHOX2 biomarker and used to test bronchial lavage samples, is marketed by us in Europe as a CE-marked IVD test. Several clinical studies are currently ongoing with academic partners in order to drive market acceptance. Results of the ongoing studies are expected to become available throughout 2012. We remain interested in finding appropriate partners to help us promoting this test in the target community of pneumologists and pathologists.

In connection with the restructuring measures announced in August, we have significantly focussed our activities in the area of research and development. All projects which would only lead to commercial products in more than three years have currently been put on hold. As a consequence of now being a commercial organization with marketed products, the current emphasis of our R&D mainly lies in improving the currently available tests, most notably ^{m}SEPT9-based CRC screening products. More specifically, projects involving the implementation of automation solutions, test differentiation for specific markets and in general, the adaptation of the product to satisfy potential customer requests is a key objective. In medical affairs, the focus of clinical studies to be performed going forward lies on studies required for regulatory purposes and studies that help drive acceptance with customers in attractive markets.

Despite of the restructuring implemented, we have retained the ability to work on customer projects in the area of biomarker solutions. We keep an active out-licensing approach to non-core biomarkers and technologies. Through these efforts, we strive to retain our technology leadership and to drive acceptance of methylation markers in the industry. This includes the support of current licensees to different markers like ^{m}PITX2 or ^{m}GSTP1 for prostate cancer detection and prognosis assessment.

KEY FINANCIAL DEVELOPMENT

REVENUE

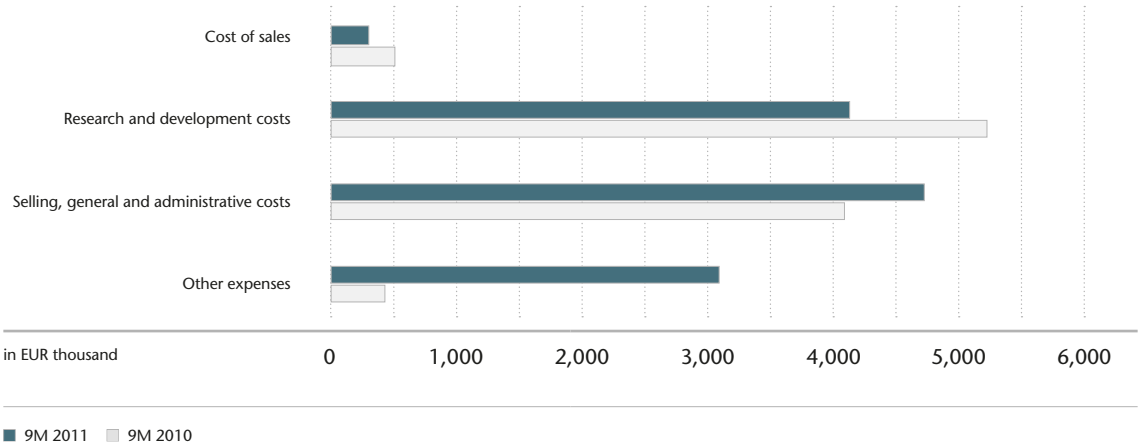
Revenue for the first nine months of 2011 of EUR 1.2 million remained on a similar level to the comparable period in 2010 (EUR 1.3 million). Revenue was generated from product sales of our Epi *pro*Colon® kits as well as from collaborations and licensing agreements in the form of R&D payments, licensing fees and royalty income.

OPERATING COSTS

Operating costs during the first nine months of 2011 amounted to EUR 12.2 million (9M 2010: EUR 10.2 million), noticeably impacted by restructuring costs of EUR 2.8 million. While R&D costs decreased by 20.9%, general and administrative costs (SG&A costs) increased significantly by more than 16% from EUR 4.1 million to EUR 4.7 million. This was mainly a result of increased market preparatory efforts for the U.S. market.

A detailed overview of our operating costs can be found in the graph below.

OPERATING COSTS



EBIT/NET LOSS

EBIT for 9M 2011 amounted to EUR -10.7 million, driven by the aforementioned restructuring costs and thus deteriorated by approximately 27% compared to EBIT for the corresponding period in 2010 of EUR -8.4 million. The net loss of the reporting period increased simultaneously to EUR 10.7 million (9M 2010: EUR 8.4 million).

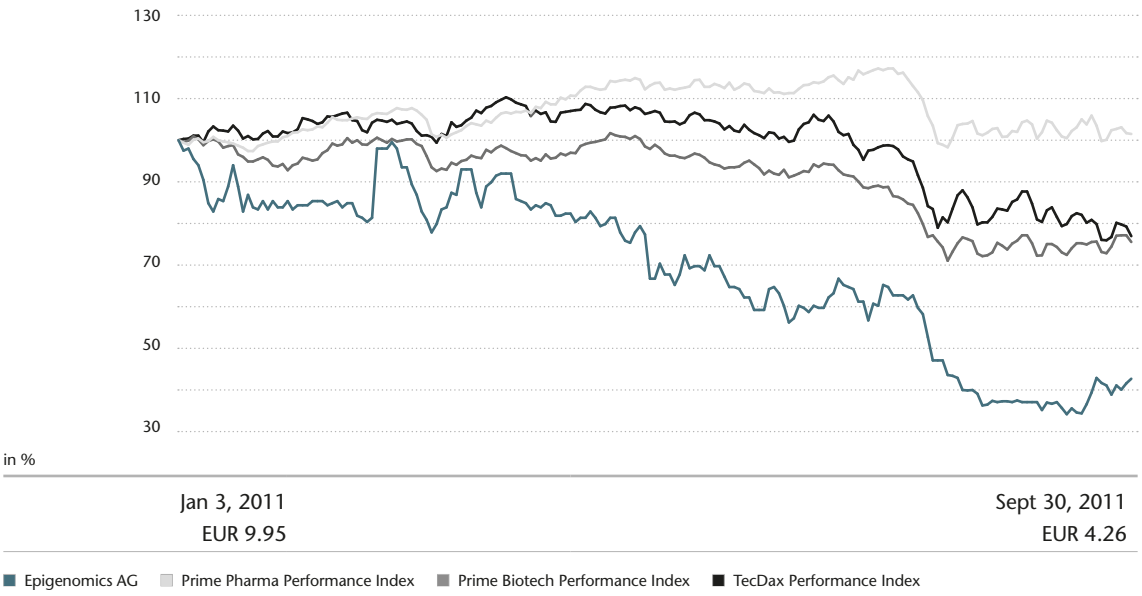
SHORT-TERM LIQUIDITY/CASH CONSUMPTION

Short-term liquidity as of September 30, 2011, amounted to EUR 17.4 million, a decrease of EUR 9.0 million from the EUR 26.4 million at year-end 2010 due to net cash consumption for operating and investing activities. Cash consumption in 9M 2011 amounted to EUR 8.8 million, a substantial increase compared to previous year's EUR 7.2 million in the same period, as 9M 2010 had been influenced by a significant cash inflow from a collaboration partner.

OUR STOCK[3]

Epigenomics' stock performance is shown in the chart below.

EPIGENOMICS' STOCK PERFORMANCE



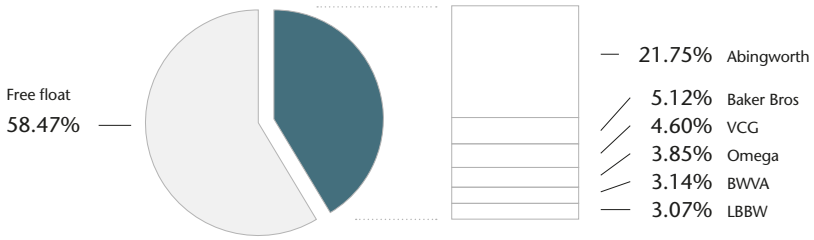
Average trading volume in our stock during Q3 2011 amounted to approximately 7,550 shares per trading day accompanied by a high volatility of the share price caused by our own flow of information on the one hand and the strong general market turbulences on the other. The share price closed at EUR 4.26 (Xetra) on September 30, 2011, with a peak price of EUR 6.75 per share in the first half of July and a low of EUR 3.25 in the middle of September.

3 The following indications and illustrations concerning the share price and its development have been adjusted accordingly with regard to the capital decrease by a consolidation of shares in August 2011.

KEY DATA ON EPIGENOMICS' STOCK (JANUARY 1 – SEPTEMBER 30, 2011)

ISIN	DE000A1K0516
Security code number	A1K051
Stock exchange abbreviation	ECX
Reuters	ECXG.DE
Bloomberg	ECX.GR
Stock exchange	Frankfurt Stock Exchange Regulated Market (Prime Standard)
1st day of trading	July 19, 2004
Designated sponsors	ICF Kursmakler AG Wertpapierhandelsbank equinet Bank AG
Analyst coverage	Edison Investment Research (Jacob Plieth, Robin Davison) Vara Research (Thomas Schießle) equinet Bank AG/ESN (Edouard Aubery, Martin Possienke)
Number of shares	8,818,417
Average daily trading volume (in shares) (January 1 – September 30, 2011)	11,509
Weighted average number of shares issued	8,818,417
Market capitalization (September 30, 2011)	EUR 37,566,456.42
Price at the beginning of the year	EUR 9.95
Closing price at the end of the period	EUR 4.26
Highest price (2011)	EUR 9.95
Lowest price (2011)	EUR 3.25

SHAREHOLDER STRUCTURE*



in %

** as per the latest shareholder notification by the individual investors*

FINANCIALS

FINANCIAL POSITION AND CASH FLOW

During the first nine months of 2011, our financial position was affected by the still ongoing cash consumption from operating and investing activities. However, the cash outflow for operating and investing activities in 9M 2011 has developed according to plan and liquid assets amounted to EUR 17.4 million as of September 30, 2011, compared to EUR 26.4 million as of December 31, 2010.

Cash outflow for operating activities in 9M 2011 totaled EUR 7.3 million. The cash outflow for investing activities of EUR 1.6 million comprised EUR 1.3 million in payments related to the development of our Epi *pro*Colon® 2.0 product. Cash outflow for financing activities amounted to EUR 55 thousand. Overall, net cash flow in the first nine months of 2011 added up to EUR -8.9 million compared to a net cash flow of EUR 23.7 million in the corresponding period of 2010, which had been strongly affected by the capital increase in March 2010.

RESULTS OF OPERATIONS

Revenue

In the third quarter of 2011, revenue decreased significantly by 29% from EUR 363 thousand to EUR 257 thousand compared with Q3 2010. During Q3 2011, our product sales and commercial R&D activities contributed EUR 107 thousand to revenue, whereas revenue of EUR 150 thousand was generated from out-licensing activities.

Cost of sales

Cost of sales in Q3 2011 decreased sharply by 73% to EUR 53 thousand from EUR 195 thousand in the corresponding period of 2010. Gross profit amounted to EUR 204 thousand in Q3 2011, an increase of 21% compared to EUR 168 thousand in Q3 2010. Our gross margin rose from 46.3% in Q3 2010 to around 79.6% in Q3 2011.

Other income

Other income of EUR 151 thousand in Q3 2011 remained nearly stable compared to the same quarter in 2010 (EUR 153 thousand). It mainly comprised currency exchange gains, income from research grants as well as recoveries and refunds.

Research and development (R&D) costs

In the third quarter of 2011, R&D costs decreased from EUR 1,648 thousand in Q3 2010 to EUR 1,120 thousand. This decrease is mainly attributable to the capitalization of development costs in accordance with IFRS standards. The vast majority of the remaining R&D expenditure in the reporting period was once again spent on our CRC programs as well as for the maintenance of our own and in-licensed intellectual property portfolio.

Sales, general and administrative (SG&A) costs

SG&A costs increased slightly by 5% from EUR 1,317 thousand in Q3 2010 to EUR 1,383 thousand in Q3 2011, mainly due to intensified activities connected to the preparation of the U.S. market with regard to the expected FDA approval for our Epi *pro*Colon® 2.0 test.

Other expenses

In the reporting period, other expenses amounted to EUR 2,884 thousand (Q3 2010: EUR 366 thousand) and were mainly attributable to the restructuring of the Company in August 2011. The restructuring expenses of EUR 2,812 thousand comprised depreciation and amortization (EUR 1,013 thousand), rent and related expenses (EUR 945 thousand), staff costs (EUR 796 thousand) and other costs (EUR 58 thousand).

EBIT

EBIT decreased by 67% in Q3 2011 compared to Q3 2010 and amounted to EUR -5,032 thousand (Q3 2010: EUR -3,010 thousand).

Financial result

The financial result in Q3 2011 of EUR 300 thousand is attributable to a large extent to valuation gains from derivative hedging instruments, offsetting parts of the corresponding losses in the first two quarters of 2011. Interest income of EUR 59 thousand improved by 32% compared to Q3 2010 (EUR 45 thousand).

Profit/loss for the period

Net loss for the period increased by 61% from EUR 2,974 thousand in Q3 2010 to EUR 4,816 thousand in Q3 2011. The increase can completely be explained by the restructuring costs occured in the reporting quarter.

NET ASSETS POSITION

Assets

The total value of non-current assets has decreased slightly during the first nine months of 2011 from EUR 5.5 million at the year-end 2010 to EUR 5.4 million at the end of September 2011. In Q3 2011, significant amounts of extraordinary depreciation and amortization were recorded for licenses on intellectual property rights (EUR 657 thousand), development costs for Epi *pro*Lung® (EUR 332 thousand) and to a lower extent for fixed assets (EUR 24 thousand). These costs mirror the impairment losses of certain inlicensed technologies and capitalized product development costs due to our change of strategy announced in connection with our restructuring.

During 9M 2011, total current assets decreased from EUR 28.4 million as of December 31, 2010, to EUR 19.4 million, mainly due to the cash outflow of EUR 8.9 million.

Total assets

Epigenomics' total assets declined from EUR 33.8 million as of December 31, 2010, to EUR 24.7 million as of September 30, 2011, almost exclusively a consequence of the net cash consumption by operations.

Equity

As of September 30, 2011, our subscribed capital amounted to EUR 8,818 thousand after the capital decrease in August 2011. It remained unchanged on a pro-forma basis compared to year-end 2010 (EUR 44,092 thousand). Total equity at September 30, 2011, was EUR 20,621 thousand and therefore down EUR 10,673 thousand compared to December 31, 2010.

The equity ratio dropped from 92.5% at the end of 2010 to 83.3% as of September 30, 2011.

EMPLOYEES

	Berlin	Seattle	Total
Number of employees as of September 30, 2011	**67**	**10**	**77**
Number of employees as of December 31, 2010	69	13	82
Number of employees as of September 30, 2010	66	15	81

The Berlin headcount of 67 comprised 39 employees in the R&D departments and 28 employees in commercial and general administration including one apprentice.

The Seattle headcount of 10 comprised 7 employees in R&D functions and 3 employees in commercial and general administration.

The announced restructuring of the organization will reduce the number of employees presumably to 64 by year-end 2011 and further down to 45 by the end of Q1 2012.

For the first nine months of 2011, the Group's personnel costs totaled EUR 5.7 million, compared to EUR 5.1 million during the corresponding period in 2010. This increase can be explained by one-off costs of EUR 0.8 million due to the aforementioned restructuring of the organization. The total number includes personnel remuneration of EUR 5.0 million (9M 2010: EUR 4.3 million), social security expenses of EUR 0.6 million (9M 2010: EUR 0.6 million) and stock option expenses of EUR 0.1 million (9M 2010: EUR 0.2 million).

CORPORATE GOVERNANCE

All resolutions taken at our Annual General Shareholders' Meeting in June 2011 have been registered with the commercial register (Handelsregister) on August 3, 2011. This includes amongst others the registration of the reduction of our Share Capital, the new Authorized Capital 2011/I and 2011/II, respectively, and the new Conditional Capital VIII.

OPPORTUNITIES AND RISKS

Opportunities and risks in relation to our operations, as described in detail in the management report published with the consolidated financial statements 2010, fall into the following categories:

- business-related opportunities and risks;
- opportunities and risks related to own and in-licensed intellectual property rights;
- regulatory opportunities and risks;
- financial opportunities and risks;
- other opportunities and risks.

The disappointing development of our commercial activities in the first months of 2011 and the resulting effect on the cash situation have increased the financial risks we are exposed to. Furthermore, our share price has decreased by nearly 60% since the beginning of the year. Uncertainness about the worldwide economic prospects and the highly volatile situation on the global capital markets might be unfavorable to address potential future equity financing needs. Although the development activities for the Epi *pro*Colon® 2.0 test are on track as scheduled, we more than ever depend on a swift FDA review process and timely approval of Epi *pro*Colon® 2.0. This approval is seen as a main success factor and near-term value driver for Epigenomics by our investors.

As a reaction to this aggravated risk situation, we implemented far-reaching restructuring measures in Q3 2011. Realignment of our operations with a clear focus on the U.S. market has increased our dependency on the regulatory and commercial success of Epi *pro*Colon® 2.0 in the United States even more. Epi *pro*Colon® 2.0 remains the most valuable asset and the Company's value almost fully relies on the sales potential of this product, especially in the North American market.

The reduction in workforce has made us more dependent on key employees with less backup solutions in place. However, being aware of this challenge, we have implemented appropriate incentive schemes to keep Epigenomics recognizable as an attractive employer for its staff.

All other opportunities and risks as described in the consolidated financial statements 2010 have not changed significantly.

PROGNOSIS REPORT FOR 2011

Our main strategic goal remains to further drive market acceptance and sales of our own and our partners' ^{m}SEPT9-based CRC tests on a worldwide basis. To gain access to the key U.S. market, the development of Epi *pro*Colon® 2.0 needs to be completed and a Premarket Approval (PMA) application to the FDA to be filed.

In order to accomplish this key goal, the ongoing clinical validation study needs to be completed successfully and all necessary supplemental material to submit a PMA application to the FDA needs to be compiled. We will also assist our partner Abbott in completing their clinical trial required to file with the FDA for approval of their own version of an IVD kit for the U.S. market.

Through the increasing success of our partner Quest in entering the market with their own version of the ^{m}SEPT9 test based on a license to our technology, it has been demonstrated that there is a significant commercial opportunity in the U.S. market. We remain optimistic that upon the striven-for PMA approval of our product, we will be able to convert all current lab partners into customers for our products. This would allow us to start own commercialization efforts on the basis of an already existing customer base.

As a result of the lower than expected level of sales of Epigenomics' products in the European self-payer segment so far, we have re-adjusted our approach towards commercialization outside of the United States. In the future, we – directly and increasingly through distributors – will mainly target payers and large institutional customers with deep reach into the healthcare system in select markets in Europe and beyond. The availability of Epi *pro*Colon® 2.0 as a CE-marked product for the European market as from Q4 2011 will pose the opportunity to re-enter the European market with a dramatically improved product. Through our key account approach to commercialization, we expect to be able to sign up first accounts in the near- to mid-term future, which should then lead to a more sustainable revenue stream going forward.

Another element for the successful implementation of our corporate strategy for broad market penetration will be to enter into additional non-exclusive licensing agreements for ^{m}SEPT9 as well as for further biomarkers and technologies in the future. This will be a cornerstone of our business development efforts going forward whilst, simultaneously, we will take great care to optimize the value of our assets through careful timing of such additional collaborations.

As a consequence of now being a commercial organization with marketed products, our R&D efforts will especially focus on improvements of the currently available tests, most notably ^{m}SEPT9-based CRC screening products with the goal to develop future generations of our current lead product with even higher performance. Furthermore, projects involving the implementation of automation solutions, test differentiation for specific markets and in general, the adaptation of products to satisfy potential customer requests are key objectives for the future. Longer-term projects with a time to market of more than 2 to 3 years have been put on hold for the time being.

We keep an active out-licensing approach to non-core biomarkers and technologies and have maintained our ability to work on customer projects in the area of biomarker solutions. Through these efforts, we strive to retain our technology leadership and to drive acceptance of methylation markers in the industry.

The financial result for fiscal year 2011 is expected to be impacted by the restructuring plan announced in August. Beyond the EUR 2.8 million one-time charges reported herein, we expect an additional EUR 0.2 million of restructuring-related costs to be reported in Q4 2011 and a residual amount of EUR 0.3 million in 2012. Additional cash outflows related to the announced restructuring will be about EUR 0.7 million in Q4 2011 and EUR 0.8 million in 2012.

We still anticipate 2011 revenue from sales of our own products and from partnering activities in diagnostics at a similar level compared to 2010. Key drivers of revenue should be our Epi *pro*Colon® IVD kit sales in Europe as well as the growing royalty income from our current partners' sales of Septin9-based tests worldwide (Abbott, Quest, ARUP, Warnex) and from prospective additional licensing partners.

For 2011 as a whole, EBIT is expected to be between EUR -13.5 million and EUR -14.0 million.

Cash consumption is closely monitored and is expected to amount to around EUR 13.0 million to EUR 13.5 million for 2011, taking into account the one-time effects due to the implementation of the restructuring plan. Cash consumption should decrease in 2012 due to the restructuring effects, although some of the impact of the measures will lead to cash outflows only in 2012. From 2013 onwards, revenue growth is expected to have a positive impact on cash flow from operations. Considering the current liquidity position of EUR 17.4 million and management estimates on the development of revenue, it is expected that our liquidity is secured well into 2013. This excludes any significant third-party payments in the context of collaborative agreements, which would have a further positive effect on the liquidity position. Hence, the expected cash consumption in the following two years from now exceeds presumably our current liquid resources. To continue our operations beyond that timeframe, we are reliant on additional cash inflows from financing transactions and/or operating activities.

Given current and potential future losses and the currently unsatisfactory revenue development, even after the announcement of the restructuring plan, management is exerting increased fiscal discipline and is evaluating adjustments to further reduce costs and resource deployment on an ongoing basis.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as of September 30, 2011

GROUP INCOME STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2011 (UNAUDITED)

EUR thousand	Q3 2010	Q3 2011	9M 2010	9M 2011
Revenue	**363**	257	**1,336**	**1,242**
Cost of sales	-195	-53	-505	-301
Gross profit	**168**	**204**	**831**	**941**
Other income	153	151	457	279
Research and development costs	-1,648	-1,120	-5,220	-4,127
Selling, general and administrative costs	-1,317	-1,383	-4,085	-4,753
Other expenses	-366	-2,884	-426	-3,088
Earnings before interest and taxes (EBIT)	**-3,010**	**-5,032**	**-8,443**	**-10,748**
Interest income	45	59	120	168
Other financial result	-1	241	-8	28
Net loss for the period before taxes on income	**-2,966**	**-4,732**	**-8,331**	**-10,552**
Taxes on income	-8	-84	-27	-165
Net loss for the period	**-2,974**	**-4,816**	**-8,358**	**-10,717**
Earnings per share (basic and diluted) in EUR[4]	**-0.35**	**-0.55**	**-1.05**	**-1.22**

STATEMENT OF INCOME AND EXPENSES RECOGNIZED IN GROUP EQUITY
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2011 (UNAUDITED)

EUR thousand	Q3 2010	Q3 2011	9M 2010	9M 2011
Net loss for the period	**-2,974**	**-4,816**	**-8,358**	**-10,717**
Fair value adjustment of securities	133	-197	250	-85
Total income and expenses recognized in Group equity	**133**	**-197**	**250**	**-85**
Total comprehensive income	**-2,841**	**-5,013**	**-8,108**	**-10,802**

4 In order to ensure the comparability the share figures for Q3 2010 and 9M 2010 have been adjusted retroactively following the consolidation of shares in August 2011.

GROUP BALANCE SHEET
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

ASSETS EUR thousand	**Dec 31, 2010**	**Sept 30, 2011**
Non-current assets		
Intangible assets	4,498	4,485
– thereof: goodwill	*2,625*	*2,625*
Tangible assets	544	590
Deferred taxes	421	277
Total non-current assets	**5,463**	**5,352**
Current assets		
Inventories	162	362
Trade receivables	476	319
Marketable securities	1,815	1,730
Cash and cash equivalents	24,554	15,656
Other current assets	1,368	1,328
Total current assets	**28,375**	**19,395**
Total assets	**33,838**	**24,747**

EQUITY AND LIABILITIES EUR thousand	**Dec 31, 2010**	**Sept 30, 2011**
Equity		
Subscribed capital	44,092	8,818
Capital reserve	22,078	22,206
Retained earnings	-22,494	1,304
Net loss for the period	-11,476	-10,717
Other comprehensive income	-905	-990
Total equity	**31,295**	**20,621**
Current liabilities		
Trade payables	1,134	1,241
Liabilities from leasing contracts	9	0
Deferred income	240	86
Other liabilities	890	1,258
Provisions	270	1,541
Total current liabilities	**2,543**	**4,126**
Total equity and liabilities	**33,838**	**24,747**

GROUP CASH FLOW STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2011 (UNAUDITED)

EUR thousand	9M 2010	9M 2011
Cash and cash equivalents at the beginning of the period	**3,954**	**24,554**
Operating activities		
Net loss before taxes on income	**-8,331**	**-10,552**
Corrections for:		
Depreciation on tangible assets	202	272
Amortization of intangible assets	253	1,277
Losses from the disposal of assets	1	25
Stock option expenses	217	128
Foreign currency exchange results	-22	10
Interest income	-120	-168
Taxes	-49	-26
Operating result before changes in net current assets	**-7,849**	**-9,034**
Changes in trade receivables and other current assets	-4,482	198
Changes in inventories	61	-201
Changes in current liabilities from operating activities	5,576	1,615
Liquidity earned from operating activities	**-6,694**	**-7,422**
Interest received	116	151
Cash flow from operating activities	**-6,578**	**-7,271**
Investing activities		
Payments for investments in tangible assets	-166	-288
Proceeds from the sale of tangible assets	0	5
Payments for investments in intangible assets	-162	-32
Additions to capitalized development costs	-290	-1,257
Proceeds from the sale of marketable securities	500	0
Cash flow from investing activities	**-118**	**-1,572**
Financing activities		
Payments for the creation of new shares	-2,627	-46
Proceeds from the issue of new shares	33,069	0
Payments for lease financing	-20	-9
Cash flow from financing activities	**30,422**	**-55**
Cash flow total	**23,726**	**-8,898**
Cash and cash equivalents at the end of the period	**27,680**	**15,656**

STATEMENT OF CHANGES IN GROUP EQUITY
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

EUR thousand	Subscribed capital	Capital reserve	Retained earnings	Net loss for the period	Other comprehensive income	**Group equity**
Dec 31, 2009	**29,395**	**6,227**	**-22,494**	**0**	**-1,044**	**12,084**
Total comprehensive income	**0**	**0**	**0**	**-8,358**	**250**	**-8,108**
Stock-based compensation	0	217	0	0	0	217
Capital increase from issue of shares	14,697	0	0	0	0	14,697
Premium from issue of shares	0	18,372	0	0	0	18,372
Financing costs	0	-2,811	0	0	0	-2,811
Sept 30, 2010	**44,092**	**22,005**	**-22,494**	**-8,358**	**-794**	**34,451**
Dec 31, 2010	**44,092**	**22,078**	**-22,494**	**-11,476**	**-905**	**31,295**
Total comprehensive income	**0**	**0**	**0**	**-10,717**	**-85**	**-10,802**
Transfer of net loss for the year 2010 to retained earnings	0	0	-11,476	11,476	0	0
Stock-based compensation	0	128	0	0	0	128
Capital decrease/reverse stock split	-35,274	0	35,274	0	0	0
Sept 30, 2011	**8,818**	**22,206**	**1,304**	**-10,717**	**-990**	**20,621**

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 September 30, 2011, 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.

During the reporting period, Amendments to IAS 1: *Presentation of Financial Statements*, IAS 24: *Related Party Disclosures*, IAS 34: *Interim Financial Reporting*, IFRS 1: *First-time Adoption of International Financial Reporting Standards*, IFRS 7: *Financial Instruments: Disclosures*, have become effective on January 1, 2011. The adoption of these amendments does 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, 2011, to September 30, 2011. 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, 2010, 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, 2010. 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, 2010	Sept 30, 2011
EUR/USD	1.3362	1.3503
EUR/GBP	0.86075	0.86665
EUR/CAD	1.3320	1.4105

Average rates	9M 2010	9M 2011
EUR/USD	1.3140	1.4183
EUR/GBP	0.85612	0.87676
EUR/CAD	1.3683	1.3871

NOTES TO THE GROUP INCOME STATEMENT

REVENUE

	Q3 2010		Q3 2011	
	EUR thousand	in %	EUR thousand	in %
Licensing and royalty income	231	63.6	150	58.4
Product sales and other	103	28.4	83	32.3
R&D payments	29	8.0	24	9.3
Total revenue	**363**	**100.0**	**257**	**100.0**

	9M 2010		9M 2011	
	EUR thousand	in %	EUR thousand	in %
Licensing and royalty income	939	70.3	802	64.6
Product sales and other	303	22.7	273	22.0
R&D payments	94	7.0	167	13.4
Total revenue	**1.336**	**100.0**	**1.242**	**100.0**

COST OF SALES / GROSS PROFIT / GROSS MARGIN

EUR thousand	Q3 2010	Q3 2011	9M 2010	9M 2011
Revenue	363	257	1,336	1,242
Cost of sales	195	53	505	301
Gross profit	**168**	**204**	**831**	**941**
Gross margin in %	46.3	79.6	62.2	75.8

OTHER INCOME

EUR thousand	Q3 2010	Q3 2011	9M 2010	9M 2011
Currency exchange gains	41	92	224	131
Third-party research grants	32	33	102	80
Recoveries and refunds	2	25	5	28
Income from the sale of assets	7	1	7	17
Income from option exercises	67	2	67	8
Corrections of invoices of previous periods	0	0	45	7
Income from the reversal of provisions	2	-3	2	6
Other	2	1	5	2
Total other income	**153**	**151**	**457**	**279**

COST ANALYSIS

Q3 2010

EUR thousand	Cost of sales	R&D costs	SG&A costs	Total
Materials and consumables	48	94	6	148
Depreciation and amortization	39	92	18	149
Personnel costs	45	842	658	1,545
Other costs	63	620	661	1,344
Capitalized development costs	0	0	-26	-26
Total	**195**	**1,648**	**1,317**	**3,160**

Q3 2011

EUR thousand	Cost of sales	R&D costs	SG&A costs	Total
Materials and consumables	13	459	25	497
Depreciation and amortization	4	143	43	190
Personnel costs	10	789	710	1,509
Other costs	26	570	605	1,201
Capitalized development costs	0	-841	0	-841
Total	**53**	**1,120**	**1,383**	**2,556**

9M 2010

EUR thousand	Cost of sales	R&D costs	SG&A costs	Total
Materials and consumables	94	529	25	648
Depreciation and amortization	112	295	48	455
Personnel costs	90	3,000	2,056	5,146
Other costs	209	1,721	1,995	3,925
Capitalized development costs	0	-325	-39	-364
Total	**505**	**5,220**	**4,085**	**9,810**

9M 2011

EUR thousand	Cost of sales	R&D costs	SG&A costs	Total
Materials and consumables	104	715	48	867
Depreciation and amortization	20	415	101	536
Personnel costs	48	2,660	2,226	4,934
Other costs	129	1,594	2,378	4,101
Capitalized development costs	0	-1,257	0	-1,257
Total	**301**	**4,127**	**4,753**	**9,181**

OTHER EXPENSES

EUR thousand	Q3 2010	Q3 2011	9M 2010	9M 2011
Restructuring expenses	0	2,812	0	2,812
– thereof: depreciation and amortization	*0*	*1,013*	*0*	*1,013*
– thereof: staff costs	*0*	*796*	*0*	*796*
– thereof: rent and additional property expenses	*0*	*945*	*0*	*945*
– thereof: other	*0*	*58*	*0*	*58*
Currency exchange losses	366	49	424	251
Other	0	23	2	25
Total other expenses	**366**	**2,884**	**426**	**3,088**

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

EUR thousand	Q3 2010	Q3 2011	Change in %
EBIT	**-3,010**	**-5,032**	**-67.2**
Depreciation	65	137	-110.8
Amortization	84	1,066	-1,169.0
EBITDA	**-2,861**	**-3,829**	**-33.8**

EUR thousand	9M 2010	9M 2011	Change in %
EBIT	**-8,443**	**-10,748**	**-27.3**
Depreciation	202	272	-34.7
Amortization	253	1,277	-404.8
EBITDA	**-7,988**	**-9,199**	**-15.2**

FINANCIAL RESULT

EUR thousand	Q3 2010	Q3 2011	9M 2010	9M 2011
Interest and related income	45	59	120	168
Total financial income	**45**	**59**	**120**	**168**
Other financial income	0	242	0	242
Other financial expenses	-1	-1	-8	-214
Total financial expenses	**-1**	**241**	**-8**	**28**
Total financial result	**44**	**300**	**112**	**196**

Other financial income of EUR 242 thousand and other financial expenses of EUR 214 thousand in the nine-month period of 2011 are attributable to valuation adjustments for a currency forward contract.

TAXES ON INCOME

EUR thousand	Q3 2010	Q3 2011	9M 2010	9M 2011
Current tax expenses	8	10	27	29
Deferred tax expenses	0	74	0	136
Total taxes on income	**8**	**84**	**27**	**165**

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.

	Q3 2010	Q3 2011	9M 2010	9M 2011
Net loss for the period in EUR thousand	-2,974	-4,816	-8,358	-10,717
Weighted-average number of shares issued	44,092,085	8,818,417	39,192,965	8,818,417
Earnings per share (basic and diluted) in EUR	-0.07	-0.55	-0.21	-1.22

Due to the capital decrease by a 5:1 reverse stock split, the total number of shares has been reduced accordingly in the reporting quarter. In order to ensure the comparability, the share figures for Q3 2010 and 9M 2010 have been adjusted retroactively in the second table.

	Q3 2010	Q3 2011	9M 2010	9M 2011
Net loss for the period in EUR thousand	-2,974	-4,816	-8,358	-10,717
Weighted-average number of shares issued	8,818,417	8,818,417	7,838,593	8,818,417
Earnings per share (basic and diluted) in EUR	-0.35	-0.55	-1.05	-1.22

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 (Sept 30, 2010: 44,092,085).

NOTES TO THE GROUP BALANCE SHEET

NON-CURRENT ASSETS

EUR thousand	Dec 31, 2010	Sept 30, 2011
Software	203	188
Licenses, patents	1,098	310
Goodwill	2,625	2,625
Development costs	572	1,362
Total intangible assets	**4,498**	**4,485**
Fixtures, leasehold improvements	9	7
Technical equipment	496	545
Other fixed assets	39	38
Total tangible assets	**544**	**590**
Deferred tax assets	**421**	**277**
Total non-current assets	**5,463**	**5,352**

The decrease in the net book value of licenses and patents from EUR 1,098 thousand to EUR 310 thousand in the nine-month period of 2011 is mainly attributable to extraordinary amortization in the amount of EUR 657 thousand due to the Company's restructuring in Q3 2011. During the nine-month period development costs for the second generation of the Epi *pro*Colon® test of EUR 1,257 thousand were capitalized. Simultaneously, regular amortization of the capitalized development costs in the amount of EUR 137 thousand were recorded as well as an extraordinary amortization of the development costs for the Epi *pro*Lung® test in the amount of EUR 332 thousand due to an assumed impairment in connection with the Company's restructuring.

CURRENT ASSETS

EUR thousand	Dec 31, 2010	Sept 30, 2011
Inventories	**162**	**362**
Trade receivables	**476**	**319**
Marketable securities	**1,815**	**1,730**
Cash and cash equivalents	**24,554**	**15,656**
Prepaid expenses	901	935
Receivables from tax authorities	233	191
Claims based on granted projects	89	84
– thereof: claims against public authorities	*89*	*84*
Interest receivables	38	45
Advance payments	9	31
Excess payments	13	0
Other	85	42
– thereof: with a maturity of > 1 year	*38*	*38*
Total other current assets	**1,368**	**1,328**
Total current assets	**28,375**	**19,395**

EQUITY

The capital decrease as approved by the Annual General Shareholder's Meeting of the Company in Q2 2011 has been accomplished in Q3 2011 in the form of a 5:1 reverse stock split. The share capital of the Company, which before the decrease amounted to EUR 44,092,085.00 divided into 44,092,085 no-par value bearer shares, has been reduced by EUR 35.3 million to EUR 8,818,417.00, now divided into 8,818,417 no-par value bearer shares. The reduction of the share capital has been performed in accordance with the provisions on simplified capital reduction pursuant to Sections 229 et seqq. of the German Stock Corporation Act and was designated to offset impairments and cover other losses. Therefore, the aforementioned reduction amount has been used completely to offset the Company's retained losses, which amounted to EUR 34.0 million at the date of the registration of the capital decrease in the Commercial Register.

Based on the balance sheet of the Company as of September 30, 2011, the capital decrease had therefore the following impact on equity:

EUR thousand	Sept 30, 2011 before capital decrease	Capital decrease	Sept 30, 2011 after capital decrease
Subscribed capital	44,092	-35,274	8,818
Capital reserve	22,206	0	22,206
Retained earnings	-33,970	35,274	1,304
Net loss for the period	-10,717	0	-10,717
Other comprehensive income	-990	0	-990
Total equity	**20,621**	**0**	**20,621**

Equity decreased in the first nine months of 2011 to EUR 20.6 million, mainly due to the net loss for the period. As of September 30, 2011, the share capital of EUR 8,818,417 remained unchanged compared on a pro-forma basis to the year-end 2010.

CURRENT LIABILITIES

Deferred income

EUR thousand	Dec 31, 2010	Sept 30, 2011
Payments from commercial partners	214	86
Payments for granted projects	26	0
Total deferred income	**240**	**86**

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

Other liabilities

EUR thousand	Dec 31, 2010	Sept 30, 2011
Payables due to staff	384	727
Liabilities from derivative instruments	144	151
Accrued Supervisory Board fees	17	124
Accrued audit fees	107	117
Payables due to tax authorities	196	88
Payables due to social security institutions	26	36
Down payments received	3	0
Other	13	15
Total other liabilities	**890**	**1,258**

Payables due to staff of EUR 727 thousand as of September 30, 2011, include restructuring-related payment obligations in the amount of EUR 489 thousand.

Provisions

EUR thousand	**Dec 31, 2010**	**Sept 30, 2011**
Provisions for onerous rental agreements	0	700
Payroll provisions	4	608
Contract-related provisions	188	188
Provision for Annual General Shareholder's Meeting	40	23
Other provisions	38	22
Total provisions	**270**	**1,541**

Provisions for onerous rental agreements of EUR 700 thousand were set up in connection with the Company's restructuring plans. These plans account as well for payroll provisions in the amount of EUR 124 thousand.

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	9M 2010	9M 2011
Cash flow from operating activities	-6,578	-7,271
Cash flow from investing activities	-118	-1,572
Net proceeds from transactions in securities	-500	0
Cash consumption	**-7,196**	**-8,843**

The significant increase in cash consumption in 9M 2011 compared to 9M 2010 can be explained to a large extent by a major cash inflow from collaborations in the previous year's nine month period and the lack of equivalent payments in 9M 2011.

OTHER INFORMATION

INFORMATION ON OTHER TRANSACTIONS WITH RELATED PARTIES

Except for the transactions described below in "Directors' dealings", no other transactions with related parties took place.

THE FOLLOWING DECLARED SECURITIES TRANSACTIONS TOOK PLACE AND WERE PUBLISHED DURING Q3 2011:

Members of the Executive Board	Transaction Date	Transaction Type	Total number of shares traded	Transaction value in EUR
Dr. Thomas Taapken	September 29, 2011	Buy	1,000	3,990
Dr. Thomas Taapken	September 29, 2011	Buy	800	3,271

SHAREHOLDINGS OF THE BOARDS OF EPIGENOMICS AG (AS OF SEPTEMBER 30, 2011)

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

	Number of shares	Number of stock options
Executive Board	**14,000**	**97,000**
Geert Walther Nygaard	12,000	77,000
Dr. Thomas Taapken	2,000	20,000
Supervisory Board	**2,800**	**0**
Ann Clare Kessler, Ph.D.	2,800	0

CHANGES IN STOCK OPTIONS

A total number of 20,000 stock options was granted to the Company's CEO Geert Walter Nygaard in Q3 2011. No stock options were exercised during this reporting period. The total number of stock options held by the members of the Executive Board as of September 30, 2011, amounted to 97,000 and the total number of stock options held by other beneficiaries amounted to 221,760.

This interim report has been approved and cleared for publication by the Executive Board of the Company on October 31, 2011.

Berlin, October 31, 2011

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.

FINANCIAL CALENDAR

Annual Report 2011
January 1 – December 31, 2011 ..... Friday, March 23, 2012

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This interim report is also available
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