OncoMethylome SCIENCES

Registration document 2008

Early Cancer Detection & Personalized Medicine

Registration Document 2008

This document is a Registration Document within the meaning of Article 28 of the Belgian law of June 16, 2006 on public offering of investment instruments and on the admission of investment instruments to listing on a regulated market *("Loi du 16 juin 2006 relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés" / "Wet van 16 juni 2006 op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt").*
On March 17, 2009, the Belgian Banking, Finance, and Insurance Commission (CBFA) approved the English version of this document in accordance with Article 23 of the above-mentioned law.

Language of this Registration Document

OncoMethylome prepared this Registration Document in English and it has been translated into French. Both the English and French versions are legally binding. OncoMethylome has verified the consistency between the English and French versions and assumes responsibility for the translation.

Responsibility for this Registration Document

The board of directors of OncoMethylome, represented by all its members referred to in Chapter 3, assumes the responsibility for the contents of this Registration Document. The board of directors declares that, having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Forward-Looking Statements

This prospectus contains forward-looking statements and estimates with respect to the anticipated future performance of OncoMethylome and the market in which it operates. Certain of these statements and estimates can be recognized by the use of words such as, without limitation, "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will" and "continue" and similar expressions. Actual events are difficult to predict and may depend upon factors that are beyond the Company's control. Therefore, actual results, the financial condition, performance or achievements of OncoMethylome, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements and estimates.

Given these uncertainties, the public is cautioned not to place any undue reliance on such forward-looking statements. Furthermore, these forward-looking statements and estimates are made only as of the date of the prospectus. OncoMethylome disclaims any obligation to update any such forward-looking statement or estimates to reflect any change in the Company's expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement or estimate is based, except to the extent required by Belgian law.

Availability of the Registration Document

The Registration Document is available to the public free of charge upon request to:

OncoMethylome Sciences SA
Attention: Investor Relations
Tour 5 GIGA Niveau +3
Avenue de l'Hôpital 11
4000 Liège, Belgium
Email: ir@oncomethylome.com

An electronic version of the Registration Document is also available on OncoMethylome's website (www.oncomethylome.com).

Posting this Registration Document on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. Other information on the website of the Company or on any other website does not form part of the Registration Document.

Other Available Information

The Company must file its (restated and amended) articles of association and all other deeds that are to be published in the annexes to the Belgian Official Gazette with the clerk's office of the Commercial Court of Liège (Belgium), where they are available to the public. A copy of the articles of association is also available on the Company's website (www.oncomethylome.com).

In accordance with Belgian law, the Company must prepare annual audited statutory and consolidated financial statements. The annual statutory and consolidated financial statements and the reports of the board of directors and statutory auditor relating thereto are filed with the Belgian National Bank, where they are available to the public. Furthermore, the Company has to publish summaries of its annual and semi-annual financial statements, as well as interim management statements in accordance with the Belgian Royal Decree of November 14, 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market. These documents will be available on the Company's website.

The Issuer will also have to disclose price sensitive information and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, such information and documentation will be made available through the Issuer's website, press release and the communication channels of Euronext Brussels.

Contents

Risks Related to the Business

Prospective investors should carefully read the entire registration document and should pay particular attention to the risk factors set forth below. Additional risks and uncertainties of which OncoMethylome is not currently aware of or which OncoMethylome does not currently deem to be material could also materially and adversely impact its business, its financial situation or its results.

Intellectual Property Risks

OncoMethylome's success is dependent on the continuous and effective protection of its own and in-licensed intellectual property. If OncoMethylome fails to protect its intellectual property, OncoMethylome will be unable to prevent third parties from using its technologies and such third parties will be able to compete more effectively against OncoMethylome. It is not certain that any of OncoMethylome's currently pending or future patent applications will result in issued patents, or that any patents issued or licensed to OncoMethylome will not be challenged, invalidated or held unenforceable. Issued patents may not be broad enough to provide any meaningful protection. Furthermore, OncoMethylome cannot rule out that the U.S. may not acquire, under its so-called march-in rights, a non-exclusive, irrevocable, paid-up license under any of OncoMethylome's patent rights. March-in rights allow the U.S. government, under certain conditions, to revoke the exclusivity of patents which are based on research funded by the U.S. federal government.

Its current or future intellectual property claims may be challenged, and new patents of third parties may affect OncoMethylome's freedom to operate. OncoMethylome may incur substantial costs to protect and enforce its patents and its in-licensed rights. In order to protect or enforce its patent rights, OncoMethylome may initiate actions against third parties. Third parties may initiate actions against OncoMethylome. Any actions regarding patents could be financially costly, could divert the management and key personnel from its business, and they could put OncoMethylome's patents at risk of being invalidated or interpreted narrowly.

OncoMethylome also relies on trade secret protection and contractual restrictions to protect its proprietary technology. This only provides limited protection and may not adequately protect OncoMethylome's rights. In most instances, OncoMethylome requires its employees and third parties to sign confidentiality agreements and employees to also sign agreements assigning to OncoMethylome all intellectual property arising from their work for OncoMethylome. Nevertheless, these measures may not be effective in protecting OncoMethylome's intellectual property rights.

Reliance on Commercial Partners

OncoMethylome's rights to use technologies licensed from third parties are conditional on compliance with certain requirements. When OncoMethylome in-licenses or acquires technology from third parties, it (i) is required to abide by certain terms and conditions in order to maintain its rights to the technology and (ii) is dependent on the protection, prosecution, maintenance and enforcement of the intellectual property rights by the licensors. Failure by OncoMethylome to respect such terms and conditions may result in loss of the exclusivity on the technology or loss of rights to the technology which could prevent it from developing, manufacturing or selling its products or it could allow competition to access the technology and thereby limit or prevent OncoMethylome from developing, manufacturing or selling products utilizing that technology.

OncoMethylome does not currently own or operate manufacturing facilities nor does it have its own sales and marketing infrastructure, its own assay platform and as such, relies on third party commercial partners to develop, obtain regulatory approval, manufacture, supply, market, and distribute its products for commercialization. If OncoMethylome is unable to establish and maintain strong business relationships with quality commercial partners (such as clinical reference and service laboratories, diagnostic kit distributors, and pharmaceutical or diagnostic companies) then market penetration and revenue growth is unlikely to take place.

OncoMethylome has entered, and intends to continue to enter, into partnership agreements with companies such as Schering-Plough, Veridex LLC, Laboratory Corporation of America, Qiagen NV and Millipore Corporation's BioScience Division. If certain of these companies were to fail to use or commercialize, or delay the usage or commercialization of the licensed technology or the products of OncoMethylome, this could hurt the profitability of OncoMethylome significantly. If Ortho-Clinical Diagnostics were to grant sub-licenses of certain technology and markers, dating back to before 2003 and licensed from Johns Hopkins University, to certain third parties or use the technology and these key markers itself, then this could hinder the competitive position of OncoMethylome.

OncoMethylome has entered, and may enter into additional partnership agreements with companies such as Exact Sciences Inc., to combine components of technologies from the various partners into one or more joint products. Difficulties encountered by one or more of the partners may adversely impact the joint product or products, even if such difficulties are unrelated to the joint product or products.

Market Acceptance

Upon commercialization, OncoMethylome's tests may not or with a substantial delay gain acceptance by patients, physicians and other healthcare professionals. If OncoMethylome's tests fail to gain market acceptance, it may have a material adverse impact on OncoMethylome's ability to generate revenues and achieve profitability. Market acceptance and speed of market penetration of OncoMethylome's products will depend on, among other things, sensitivity, specificity, safety, cost-effectiveness, convenience and ease of administration, reimbursement, non-invasive aspect of test, ease of handling and shipping of the samples as well as its other advantages over other tests. Additionally, OncoMethylome's ability to promote, market and distribute its products and its ability to obtain sufficient coverage or reimbursement from third-party payors such as Medicaid and Social Security may impact the commercial success of its products. In case of the commercialization of OncoMethylome products via CLIA laboratories, legally OncoMethylome will not be able to promote its products by itself. The success will be entirely dependent on the use of the tests by CLIA laboratories. In case of the sale of diagnostic kits, OncoMethylome may also to a large extent depend on the marketing efforts undertaken by its commercial partners.

OncoMethylome faces significant competition on two levels: product and technology. With respect to product competition, some of the cancer segments targeted by OncoMethylome are served by traditional diagnostics, such as the PSA tests for the prostate cancer market and the FOBT tests for the colon cancer market. Such traditional diagnostics tests are often widely used, relatively inexpensive and reimbursed. OncoMethylome's products and tests may take time to or may not be able to change traditional medical behaviour and tests. With respect to technology competition, other molecular technologies already exist for cancer screening, such as DNA mutation analysis, RNA expression analysis, and proteomics. Furthermore, other companies are also developing products that detect aberrant gene methylation in cancer. In addition, new services or products using new technologies developed by other companies could adversely affect the demand for OncoMethylome's products.

If medical practitioners do not order its tests, OncoMethylome will likely not be able to create demand for its products in sufficient volume for OncoMethylome to become profitable. To generate demand, OncoMethylome will need to continue to make oncologists, surgeons and pathologists aware of the benefits of OncoMethylome's products, through published papers, presentations at scientific conferences and one-on-one education by OncoMethylome's potential sales force or of its partners. Furthermore, the commercial success of OncoMethylome will depend in part on the degree to which OncoMethylome's products are reimbursed by public health administrations, private health insurers, managed care organizations and other organizations. There is uncertainty around the reimbursement status of OncoMethylome's products and the possibility of sufficient reimbursement. Finally, OncoMethylome will to a large extent depend on its commercial partners to create market awareness for, and market acceptance of, its products and tests. OncoMethylome has no control over these parties who may change their priorities and may not give its products the attention that they need to penetrate the market and generate revenue for OncoMethylome.

Product Development

OncoMethylome is at an early stage of its development. It was founded in January 2003 and has a limited operating history. To date, OncoMethylome is developing several products, some of which are still in the early stages of development. Although OncoMethylome has entered into commercial partnership agreements for certain products that are in a late stage of development, it is not certain when and if commercialization to all market segments and in a mass market manner will take place for any of the products that OncoMethylome is presently developing. At present, Laboratory Corporation of America is commercializing three products in North America that incorporate technology from OncoMethylome. None of OncoMethylome's products have been commercially launched elsewhere.

When developing its products, OncoMethylome is dependent on the results of clinical studies to demonstrate the efficiency of its technologies. The results of clinical studies may not show that OncoMethylome products add value compared to existing methods, which could necessitate significant financial and other resources for further research and development, and commercialization of products could be delayed or may never occur.

When running its clinical studies, OncoMethylome relies on certain doctors, medical centers, companies, and researchers to supply it or its collaborators with human samples, from cancerous and non-cancerous individuals. If OncoMethylome or its collaborators are unable to access sufficient and adequate patient samples, then this could have a detrimental effect on the research and development plans of OncoMethylome, on the regulatory approval of OncoMethylome's products, and on the eventual commercialization of the products. Furthermore, OncoMethylome and its collaborators abide by regulations for

the collection of human samples. These regulations include obtaining patient consent, maintaining the confidentiality of the patient identification, obtaining approval of clinical trials of institutional (hospital) review boards and/or ethical committees, and obtaining any necessary insurance protection. If OncoMethylome and its collaborators were to fail to abide by such regulations or if the regulations were to change in an unfavorable way, this could hinder OncoMethylome's research and development plans and activities.

Reliance on Key Personnel and Collaborators

OncoMethylome depends on its ability to recruit and retain key personnel, and failure to do so may impact its ability to execute its business strategy. If OncoMethylome is not able to retain its key managers and scientists, this may delay its research and development activities and may adversely impact the ability of OncoMethylome to implement its business strategy. As OncoMethylome advances its programs and expands its business, it may seek to recruit additional personnel with expertise in areas such as clinical testing, regulatory affairs, reimbursement, and sales and marketing. If recruitment and retention efforts are unsuccessful, OncoMethylome may not be able to achieve its objectives in a timely manner, if at all.

OncoMethylome also relies on and expects to continue to rely on clinical collaborators to perform a substantial portion of its marker discovery, marker validation and clinical trial functions. If any of OncoMethylome's collaborators were to breach or terminate their agreement with OncoMethylome or otherwise fail to conduct their collaborative activities successfully and in a timely manner, the research, development or commercialization of the products contemplated by the collaboration could be delayed or terminated.

OncoMethylome's relationships with leading scientists and research institutions are necessary to establish OncoMethylome's tests as the future standard of care for cancer testing and treatment. If any of OncoMethylome's key collaborators determine that OncoMethylome tests are not superior to available tests or that alternative technologies would be more effective in the early detection or personalized treatment of cancer, it may be difficult to continue the necessary relationships with leading scientists and research institutions and to establish OncoMethylome's products as the future standard of care for cancer testing. This would limit OncoMethylome's revenue growth and profitability.

Regulatory Risk

OncoMethylome must obtain in Europe CE Marking and may in some cases need marketing approval from the European Medicine Agency (EMEA), and must obtain in the United States approval from the Food and Drug Administration (FDA) or regulatory authorities in other jurisdictions before it can commercialize its product candidates as diagnostic kits in a given market. Each regulatory agency may impose its own requirements and may refuse to grant approval or may require additional data before granting marketing approval even if marketing approval has been granted by other agencies. Changes in regulatory approval policies or enactment of additional regulatory approval requirements may delay or prevent the Company from obtaining marketing approval for its diagnostic kits.

OncoMethylome intends to try and generate early revenues through the introduction of its technology in U.S. clinical reference laboratories. Beginning in 2008, Laboratory Corporation of America is commercializing three products in North America that incorporate technology from OncoMethylome. Introduction of other assays could be delayed or never occur due to changes in the regulatory environment.

The regulatory approval process is expensive and time consuming and the timing of marketing approval is difficult to predict. OncoMethylome has not yet applied for marketing approval for any of its diagnostic kits and may lack the necessary experience to efficiently and successfully conduct such proceedings. Even after regulatory approval, products may be subject to post-marketing or vigilance studies or may be subject to limitations on their indicated uses and may be withdrawn from the market if they are shown to be unsafe or ineffective.

OncoMethylome is, or may become, subject to numerous ongoing regulatory regulations, such as environmental, health and safety laws and privacy laws. The costs of compliance with applicable regulations, requirements or guidelines could be substantial, and failure to comply could result in sanctions, including fines, injunctions, civil penalties, denial of applications for marketing approval of its diagnostic kits, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly increase OncoMethylome's costs, delay the development and commercialization of its product candidates and substantially impair its ability to generate revenues and achieve profitability.

Loss Making Company

OncoMethylome has incurred operating losses since inception, and expects to continue to incur losses for the foreseeable future. Since its inception, OncoMethylome has incurred losses and has paid no dividends. OncoMethylome may never realize revenues from planned products and services, achieve or sustain profitability, reduce future operating losses, or pay dividends.

OncoMethylome uses the Euro currency for financial reporting purposes. However, OncoMethylome has a significant portion of its operating costs in U.S. Dollars and has had and expects to have a large share of its future revenues in U.S. Dollars. Unfavorable fluctuations in the exchange rate between the Euro and the U.S. Dollar could have a material negative impact on the financial results of OncoMethylome.

OncoMethylome expects to grow and expand the scope of its business, including expansion of its research and development efforts. Future growth will require OncoMethylome to implement and improve its managerial, operational and financial systems and procedures. OncoMethylome may also need to secure additional adequate lab and office facilities for its future growth. If OncoMethylome is not able to manage its growth effectively, it may be difficult to implement its business strategy and earn revenue.

Liability Risk

The use or misuse of OncoMethylome's products in testing, and the sale, marketing and use of future products based thereon may expose OncoMethylome to liability claims. The assertion of liability claims against OncoMethylome could result in a substantial cost to, and diversion of efforts and management attention by, OncoMethylome. If OncoMethylome cannot successfully defend itself against product liability claims, it may incur substantial liabilities or be required to limit or cancel the commercialization of its products.

Furthermore, OncoMethylome's collaborators may face similar liability claims. Any assertion of such claims against OncoMethylome's collaborators could adversely affect OncoMethylome's collaborations with such parties. While under certain circumstances OncoMethylome may be entitled to be indemnified against losses by its corporate collaborators, indemnification may not be available or adequate for OncoMethylome should any claim arise. Furthermore, although OncoMethylome currently has a product liability insurance policy, there is no guarantee that the coverage is sufficient or that OncoMethylome will be able to maintain such insurance in the future or that it will be able to find alternative insurance coverage on reasonable terms.

For clinical and other patient trials, OncoMethylome and its collaborators may face liability claims from patients participating in or supplying samples for the trials. Although OncoMethylome currently has liability insurance policies for its trials, there is no guarantee that the coverage is sufficient or that OncoMethylome will be able to maintain such an insurance in the future or that it will be able to find alternative insurance coverage on reasonable terms.

Availability of Capital

OncoMethylome may require additional funding to take advantage of new business opportunities. OncoMethylome's future financing needs will also depend on many factors, including the progress, costs and timing of its research and development activities, the costs and timing of obtaining regulatory approval, the costs of obtaining, maintaining and enforcing its patents and other intellectual property rights, the costs and timing of maintaining or obtaining manufacturing for its products, the costs and timing of establishing sales and marketing capabilities and the terms and timing of establishing collaborations, license agreements and other partnerships.

OncoMethylome's ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which it may have no or limited control, and OncoMethylome cannot guarantee that additional funds will be available to it when necessary on commercially acceptable terms, if at all. OncoMethylome may need to raise funds through the issue of equity securities, which may substantially dilute its shareholders. OncoMethylome may need to seek funds through collaborations and licensing arrangements, which may require it to relinquish significant rights to its product-generating platforms or to grant licenses on terms which are not favorable to OncoMethylome. If adequate funds are not available on commercially acceptable terms when needed, OncoMethylome may be forced to delay, reduce or terminate the development or commercialization of its products or it may be unable to take advantage of future business opportunities.

1. Key Financials

Years ended December 31
in '000 €

Consolidated Income Statement Data	2008	2007	2006
Revenues	**3 ,024**	**2,641**	**2,771**
Gross profit	2,781	2,191	2,716
Research and development expenses	10,999	10,699	8,648
Selling, general and administrative expenses	3,107	2,463	1,896
Other operating income/expenses	1	0	14
Operating Profit/(Loss) (EBIT)	**(11,326)**	**(10,971)**	**(7,842)**
Financial income	1,143	1,049	658
Financial expenses	9	53	184
Income taxes	0	0	0
Net profit / (Loss)	**(10,192)**	**(9,975)**	**(7,368)**

Consolidated Balance Sheet Data	2008	2007	2006
ASSETS			
Total non-current assets	4,660	3,427	2,102
Total current assets	34,392	36,477	34,674
Of which cash and cash equivalents	30,601	33,103	32,809
Total assets	**39,052**	**39,904**	**36,776**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Total equity	32,643	34,122	31,980
Non-current liabilities	1,252	1,344	654
Current liabilities	5,157	4,438	4,142
Total liabilities and shareholders' equity	**39,052**	**39,904**	**36,776**

Consolidated Cash Flow Statement	2008	2007	2006
Operating cash flow	(9,313)	(11,301)	(5,181)
Investing cash flow	(1,619)	275	(553)
Financing cash flow	8,475	11,274	29,124
Net change in cash and cash equivalents	**(2,459)**	**248**	**23,390**
Cash and cash equivalents at end of period	30,601	33,103	32,809

2. Activities of OncoMethylome

2.1 COMPANY OVERVIEW AND HISTORY

OncoMethylome is a molecular diagnostics company developing gene methylation tests that address the shortcomings of cancer healthcare. Specifically, OncoMethylome develops :

- **Diagnostic tests** to assist physicians in detecting cancer and cancer recurrence at an early stage of its development with a high level of accuracy, and
- **Personalized treatment tests** to assist physicians in predicting a patient's response to cancer therapy or the likelihood of cancer recurrence.

OncoMethylome boasts a broad product development pipeline spanning a number of prevalent cancers such as colorectal, prostate, and lung cancer. The Company's research and clinical development activities are often carried out in collaboration with numerous leading cancer research institutes. OncoMethylome's commercial strategy is to bring its products to the market in cooperation with commercial partners.

OncoMethylome was founded in January 2003 and has significantly advanced its product pipeline since then. The company has out-licensed several products and technologies to companies such as Veridex LLC (Johnson&Johnson Group) and to Laboratory Corporation of America ("LabCorp"). OncoMethylome has also been collaborating with several pharmaceutical companies in the area of personalized medicine, such as Schering-Plough, Abbott, and GSK Biologicals. In 2008, LabCorp began commercializing 3 products in North America which include OncoMethylome technology: (i) the MGMT personalized medicine test, (ii) the ColoSure stool-based test for the screening of colorectal cancer, and (iii) the GSTPi test for the detection of prostate cancer.

OncoMethylome is headquartered in Liège, Belgium. In addition, the Company has facilities in Leuven, Belgium, in Amsterdam, The Netherlands, and in Durham, North Carolina, U.S. At the end of 2008, the Company employed 65 people.

2.2 ACTIVITIES

2.2.1 Molecular Cancer Diagnostics

OncoMethylome aims to develop products that can set a new standard for early and accurate detection of cancer. The Company's technology detects a few cancer cells in a large background of normal cells found in tissue and in various types of bodily fluids such as urine and blood. Therefore, the technology is well suited to detect cancer in its earliest stages of development, allowing for earlier, and therefore more successful, treatment.

OncoMethylome is developing diagnostic products for a breath of clinical needs. **Screening** refers to the routine testing for cancer of seemingly healthy people who are at risk for developing the illness. These people are at risk due to exposure to carcinogens or simply due to their age. On the other hand, **early detection** tests are tests that complement the existing diagnostic process when existing tests are not able to accurately diagnose cancer.

OncoMethylome's broad diagnostic product pipeline is made up of tests for six different cancer types. Two products, a tissue test for prostate cancer detection, plus a urine test for prostate cancer screening, are licensed for commercialization to Veridex LLC, a Johnson & Johnson company. In 2008, LabCorp began to commercialize in North America the tissue test for prostate cancer detection. In the same year, LabCorp began to commercialize a colorectal cancer screening test based on stool samples and on the use of OncoMethylome's technology. In addition, five other diagnostic tests, targeting high-need cancers are well positioned to fuel the future growth of OncoMethylome. Among these, the most advanced are further stool and blood tests for colorectal cancer screening, as well as a urine-based test for early detection and recurrence monitoring of bladder cancer.

PRODUCT PIPELINE: DIAGNOSTIC PRODUCTS

Commercially partnered
Not yet partnered

	DEVELOPMENT STAGE				COMMERCIALIZATION		
	Marker identification	Marker & Assay Development	Clinical Verification	Service Lab & Kit Development	Service Lab Sales	Kit Regulatory Review	Kit Sales
Prostate Cancer Early diagnostic (tissue) Screening (urine)							
Colorectal Cancer Screening : stool-based test Screening : blood-based test							
Bladder Cancer Early diag. & monitoring							
Lung Cancer Screening							
Cervical Cancer Early diagnostic							
Breast Cancer Early diagnostic							

2.2.2 Personalized Treatment Solutions

OncoMethylome's personalized treatment solutions are designed to help doctors most effectively treat cancer. Today, when a patient is diagnosed with cancer, the treating physician generally follows a standard treatment protocol, assigning the treatment that gives a favorable response in the largest proportion of patients. The physician will typically switch to an alternative treatment only once he or she observes that the patient is not responding to the standard treatment. OncoMethylome's personalized treatment products analyze the molecular make-up of a patient's tumor and are designed to provide treating physicians with additional and valuable information about a patient's cancer at the time of diagnosis. In other words, these tests provide the physician with useful information to help the physician "personalize" the treatment of each individual patient.

- **Companion Diagnostic Tests** predict whether a drug treatment is likely to be effective for a specific patient.
- **Recurrence Prediction Tests** assess whether cancer is likely to recur after initial surgery.

OncoMethylome's most advanced personalized treatment product is a test for predicting patient response to alkylating agents, a class of chemotherapy drugs. The test assesses the methylation status of the MGMT gene, which is correlated with response to drug therapy. A landmark study published in *The New England Journal of Medicine* in March 2005 reported on the methylation status of MGMT in tumor tissues from patients with brain tumors. In this study, and others, the MGMT methylation status demonstrated a correlation with response to alkylating agent drugs. OncoMethylome is in the process of confirming these studies in a multi-center brain cancer clinical trial. Furthermore, through its collaboration with Schering-Plough, OncoMethylome is also exploring the impact of MGMT methylation on cancer treatment in a number of other cancer indications beyond brain cancer. In 2008, LabCorp began to commercialize the MGMT test in North America. Several pharmaceutical companies, such as Merck KGaA, are using the MGMT test in their clinical trials.

By applying its high-throughput biomarker identification platform, OncoMethylome is helping various pharmaceutical companies, such as Abbott and GlaxoSmithKline Biologicals, to evaluate methylation biomarkers for use in the personalization of cancer treatments.

PRODUCT PIPELINE: PERSONALIZED TREATMENT PRODUCTS

Commercially partnered
Not yet partnered

	DEVELOPMENT STAGE				COMMERCIALIZATION		
	Marker identification	Marker & Assay Development	Clinical Verification	Service Lab & Kit Development	Service Lab Sales	Kit Regulatory Review	Kit Sales
MGMT Companion diagnostic test							
Undiscl. Therapeutics Companion diagnostic test							
Lung Cancer Recurrence prediction test							

2.3 SALES AND MARKETING STRATEGY

OncoMethylome intends to bring its products to the market, in cooperation with global diagnostic companies, initially via testing services performed by commercial CLIA-approved laboratories in the United States and subsequently through the sale of diagnostic kits worldwide. Historically, OncoMethylome commercially partnered its products after completing the "clinical verification" phase of product development. In this manner two products for prostate cancer have been licensed to Veridex, and a further three products or technologies have been licensed to LabCorp. In exchange for such licenses, OncoMethylome typically receives milestone payments up-front, as well as royalty and milestone payments for future product sales. For certain products and for certain geographic markets, OncoMethylome may bring the product to the market itself and with regional distributors.

2.4 STRATEGIC PARTNERS

2.4.1 Corporate Partners

VERIDEX LLC, A JOHNSON & JOHNSON COMPANY
OncoMethylome entered into its first license agreement with Veridex LLC in 2004, for a prostate cancer assay for diagnostic testing of prostate biopsy tissue. In 2006, OncoMethylome entered into its second license agreement with Veridex LLC, for a urine-based prostate cancer test. Under both agreements, Veridex received an exclusive global license from OncoMethylome to commercialize the diagnostic test. In return, OncoMethylome received upfront payments, R&D milestone payments, and is still entitled to receive, subject to certain conditions, sales milestone payments and royalties on Veridex' sales of the assays. Veridex has granted a sub-license to the prostate biopsy tissue product to Laboratory Corporation of America which began commercializing the test in North America in 2008.

These license grants to Veridex were the result of an agreement between OncoMethylome and Ortho-Clinical Diagnostics, Inc (a Johnson & Johnson Company) that was entered into in 2003, when OncoMethylome acquired certain methylation markers and technology from Tibotec-Virco, a Johnson & Johnson company. Under the terms of this agreement, OncoMethylome agreed to first offer to OCD the exclusive right to license, at commercially reasonable terms, any product in the human in vitro diagnostics field that contains those technology components that were once owned by Tibotec-Virco.

LABORATORY CORPORATION OF AMERICA (LABCORP)
In 2008, OncoMethylome granted to LabCorp a royalty bearing sublicense to the MGMT test for the North American market and entered into an agreement to supply reagents to LabCorp for its colorectal cancer screening test (ColoSure). In 2007, Veridex LLC granted a sub-license to LabCorp for a prostate diagnostic test that includes OncoMethylome technology. In 2008, LabCorp began to commercialize the 3 afore-mentioned tests in North America.

SCHERING-PLOUGH CORPORATION
In 2005, OncoMethylome entered into a collaboration and license agreement with Schering-Plough Corporation. Under the license, Schering-Plough received a worldwide, non-exclusive right from OncoMethylome to use the results of the OncoMethylome MGMT assay to evaluate the methylation status of the MGMT gene in patients treated or to be treated with temozolomide or other Schering-Plough products. Under the terms of the agreement, the rights to the MGMT assay are retained by OncoMethylome. OncoMethylome received an upfront license payment, a milestone payment and is entitled, subject to certain conditions, to further milestone payments and sample processing fees from Schering-Plough.

Under the collaboration, OncoMethylome provides MGMT testing services for certain of Schering-Plough's clinical trials involving temozolomide, including a multi-center, international, phase III clinical trial for brain cancer, as well as other clinical trials outside of brain cancer.

EXACT SCIENCES CORPORATION (EXACT)
In 2007, OncoMethylome entered into a license and supply agreements with EXACT Sciences Corporation for stool-based screening of colorectal cancer. In the supply agreement OncoMethylome agreed to sell reagents for detecting certain methylation markers to EXACT's North American commercial partners. Via the non-exclusive license agreement, OncoMethylome obtained DNA isolation technology from EXACT for stool-based colorectal cancer screening services in Europe. The goal of the agreements was to advance stool-based colorectal cancer screening services in North America and Europe. In 2008, LabCorp began to commercialize in North America the ColoSure colorectal cancer screening test based on technology from Exact Sciences and OncoMethylome.

SEROLOGICALS CORPORATION (MILLIPORE GROUP)
In 2003, OncoMethylome granted to Serologicals Corporation (Millipore Group) a royalty bearing sublicense to methylation technologies for use in the scientific research market only. OncoMethylome receives a royalty fee on all current and future sales by Serologicals Corporation for this market segment.

QIAGEN N.V.
In 2008, OncoMethylome granted to Qiagen N.V. a royalty bearing sublicense to methylation technologies for use in the scientific research market only. OncoMethylome receives a royalty fee on all current and future sales by Qiagen N.V. for this market segment.

OTHER PHARMACEUTICAL COMPANIES
Periodically, OncoMethylome collaborates with certain pharmaceutical companies in the area of personalized treatment. Often the collaborations are focused on the identification and development of biomarkers for potential use as companion diagnostics for their therapeutic drugs or vaccines. OncoMethylome usually derives revenues from providing testing services and R&D services to these partners. The identity of these partners is not always disclosed. In 2008, OncoMethylome collaborated in this manner with companies such as Abbott and GlaxoSmithKline Biologicals.

2.4.2 Academic and Clinical Collaborators

OncoMethylome collaborates for research and clinical development with many of the world's leading cancer research institutes. These important relationships provide the Company with additional resources and expertise for clinical marker validation as well as access to patient samples for testing. The large number of academic and government medical centers and organizations in the U.S. and Europe with which OncoMethylome collaborates on a regular basis include the Johns Hopkins University Medical Institutions (U.S.), University of Colorado Medical Center (U.S.), Lovelace Respiratory Research Institute (U.S.), Duke University Medical Center (U.S.), the GROW Institute at the University Hospital of Maastricht (The Netherlands), Free University Medical Center (The Netherlands), University of Liège (Belgium), and The University Hospital of Groningen (The Netherlands).

2.5 IP AND TRADEMARKS

OncoMethylome's diagnostic and personalized treatment solutions detect methylation in human DNA. Gene methylation is a control mechanism that regulates gene expression. It occurs when a methyl group is added to a cytosine, which is one of the four building blocks of DNA. Abnormal or excessive gene methylation in the regulatory region of an active gene, blocks the production of the protein that would normally be produced by that gene. Such abnormal methylation of relevant oncology genes, such as those that code for tumor suppressor proteins, is associated with the presence and development of most cancers. The proprietary components of OncoMethylome's molecular tests consist of a methylation technology platform for sensitive detection of methylation in DNA (known as "MSP" or "Methylation-Specific-PCR"), as well as a number of cancer specific methylation markers.

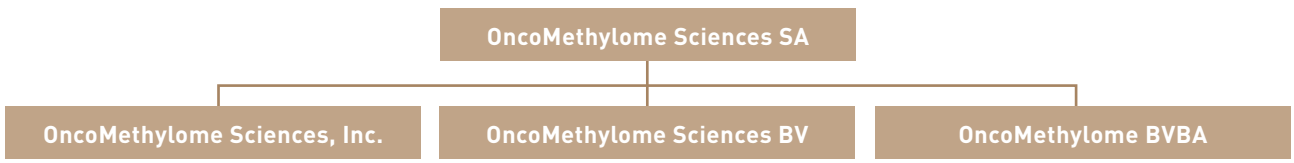
Methylation Markers
Methylation markers are genes that are known to be abnormally methylated in cancer. OncoMethylome has a portfolio of owned or in-licensed methylation markers. Many of these markers have been shown to be highly sensitive and specific in oncology applications and were, in many instances, described in peer-reviewed journals. OncoMethylome currently owns over 40 patent families covering methylation profiling application as well as over 250 methylation markers for cancer diagnosis and prognosis. Granted patents have so far been obtained for the OncoMethylome patent families in the USA, Europe, and Japan covering key methylation markers.

Detection Technology – Methylation-Specific PCR (MSP)
OncoMethylome's process for detecting methylation in DNA, called Methylation-Specific PCR, was invented at Johns Hopkins University. The detection technology is extremely sensitive, which is necessary when looking for early-stage cancer, as only one to ten tumor cells may be present in a sample containing thousands of healthy cells. Patents on the MSP technology have been granted in key markets such as Europe, United States, Canada, and Japan. In addition, the OncoMethylome methylation technology portfolio comprises patent families on variant forms of MSP technology, with patents granted for the nested MSP in Europe and the United States.

OncoMethylome considers patent protection of the technologies on which its products are based to be a critical key factor to its success. The intellectual property portfolio of OncoMethylome is managed by an in-house intellectual property manager, who works in close collaboration with qualified external patent attorneys both in Europe and the United States.

2.6 GROUP STRUCTURE/ SUBSIDIARIES

OncoMethylome has three subsidiaries: (i) OncoMethylome Sciences BV, a fully owned company, incorporated under the laws of The Netherlands, with registered office at Meibergdreef 59, 1105 BA Amsterdam, The Netherlands, (ii) OncoMethylome Sciences Inc., a fully owned company, incorporated under the laws of Delaware, U.S., with registered office at 2505 Meridian Parkway, Suite 310, Durham, NC 27713, U.S. and (iii) OncoMethylome BVBA, a fully owned company, incorporated under the laws of Belgium, with registered office at Bio-Incubator, Gaston Geenslaan 1, 3001 Leuven, Belgium.



2.7 HUMAN RESOURCES

On December 31, 2008, OncoMethylome had 65 employees, 77% of whom contributed to research and development activities. OncoMethylome selects talented people to participate and drive its development programs. The Company's scientific staff has expertise in molecular biology, PCR and oncology amongst other disciplines.
34% of the research & development personnel hold PhD degrees.

OncoMethylome recognizes that the Company's success largely depends on its human capital. It provides retention incentives to employees, including an employee stock option program. More than 80% of OncoMethylome's employees are participants in the Company's stock option plan.

Total Headcount Evolution	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Total	**65**	**57**	**56**

Headcount Evolution by Education Level	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
PhD	17	17	17
University Degree	26	29	27
Higher Education/ Non-University	22	11	12
High School Level	0	0	0
Total	**65**	**57**	**56**

Headcount Evolution by Department	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Research & Development	50	46	45
Sales, General, and Administrative	15	11	11
Total	**65**	**57**	**56**

Headcount Evolution by Group Entity	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
OncoMethylome Sciences SA (Belgium)	24	26	35
OncoMethylome bvba (Belgium)	16	12	
OncoMethylome Sciences BVBA (The Netherlands)	15	11	13
OncoMethylome Sciences, Inc. (USA)	10	8	8
Total	**65**	**57**	**56**

2.8 LEGAL PROCEEDINGS

To date, OncoMethylome is not involved in any legal proceeding.

2.9 GOVERNMENT REGULATION

2.9.1 Health, Safety and Environment

Each OncoMethylome office and laboratory is governed by the local laws on health, safety, and the environment. OncoMethylome makes it a priority to ensure the health and safety of its employees, and to minimize its impact on the environment. As such, the Company is in compliance in all material respects of health, safety and environmental legislation and has obtained all necessary permits to conduct its current business.

2.9.2 Product Regulation

OncoMethylome intends to bring its products to the market, in cooperation with global diagnostic companies, initially via testing services performed by commercial CLIA-approved laboratories in the United States and subsequently through the sale of diagnostic kits worldwide.

Commercialization of testing services in service laboratories in the United States is governed by quality system provisions outlined in the congressional Clinical Laboratory Improvement Amendments CLIA. When tests are commercialized as diagnostic kits in the United States, they require regulatory approval by the Food and Drug Administration (FDA). In Europe, diagnostic test kits must bear the regulatory CE-mark, which is an assertion that the product is in conformance with the European Union In-Vitro Diagnostics Directive.

It is OncoMethylome's intention to seek the necessary approval either directly, or via the commercial partner. For example, in the case of the prostate cancer urine-based product licensed to Veridex LLC, the license agreements stipulate that OncoMethylome's commercial partner Veridex LLC will be responsible for the regulatory filings.

2.10 FACILITIES

LIÈGE

OncoMethylome's registered and main administrative office and assay development facility is based in Liège, Belgium. OncoMethylome currently leases 887 m² of research and office space in the Giga tower of the Liège University Hospital site (Centre Hospitalier Universitaire, "CHU").

LEUVEN

The Company's personalized treatment and marker discovery services are handled in Leuven, Belgium. The laboratory facilities and office space are leased from the Catholic University Leuven (Katholieke Universiteit Leuven, "KUL"). The facilities are located in a bio-incubator building, with the address Gaston Geenslaan 1 in Leuven, and have a surface of 362 m².

THE NETHERLANDS

OncoMethylome Sciences BV leases 962 m² of laboratory facilities and office space from the Academic Medical Center (AMC) in Amsterdam. As of 2007, OncoMethylome Sciences BV subleases approximately one third of the facilities to a third party.

UNITED STATES

OncoMethylome Sciences, Inc., the Company's U.S. subsidiary, leases 319 m² of office facilities, located at Suite 310, 2505 Meridian Parkway, Durham, North Carolina 27713, United States.

2.11 INVESTMENT POLICY

OncoMethylome has not made firm commitments on material investments.

2.12 RECENT TRENDS

There are no significant recent trends between end of the fiscal year 2008 and the printing of this registration document.

With regard to trends that are reasonably likely to have a material effect on OncoMethylome in 2009, OncoMethylome believes the following can be noted:

- Revenues are expected to increase due to new commercial deals and an expansion of the personalized medicine activities.
- R&D expenses will increase due mainly to the expansion of clinical trials for various products.
- SG&A expenses will increase due mainly to extra business development activities and support services for the expanded activities.
- The new product in development that will significantly impact 2009 costs and revenues is the colorectal screening test (blood-based). In 2009, the Company expects to perform larger clinical trials for this test and to partner the test with a diagnostic kit company.

3. Corporate Governance

3.1 GENERAL PROVISIONS

This chapter 3 summarizes the main rules and principles of OncoMethylome's Corporate Governance Charter. The complete charter is available on the OncoMethylome website, at www.oncomethylome.com.

The Company's corporate governance charter was adopted in accordance with the recommendations set out in the Belgian Code for Corporate Governance, issued on December 9, 2004 by the Belgian Corporate Governance Committee. The Code is based on a "comply or explain" system. OncoMethylome complies with the principles of Belgian Code for Corporate Governance, but believes that certain deviations from its provisions are justified in view of the Company's particular situation. These deviations are explained in this Chapter 3.

3.1.1 Board of Directors

The board of directors' role is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The board of directors acts as a collegiate body. Pursuant to the Company's articles of association, the board of directors of the Company is to be composed of at least 3 directors. Pursuant to the Company's corporate governance charter at least 3 directors are independent directors, and to the extent possible, at least half of the directors are non-executive directors. The directors of the Company are appointed by the general shareholders' meeting.

Throughout 2008 the board of directors met six times, and the overall attendance rate by directors was greater than 95%. The Belgian Code on Corporate Governance provides that the individual attendance record of directors should be disclosed. The Company decided not to comply with this provision, based on the consideration that the board of directors is a collegial body, and deliberates and makes decisions as collegial body. The greater than 95% global 2008 attendance rate guarantees decision-making in compliance with the articles of association and in the interest of the Company.

3.1.2 Chairman

The chairman of the board of directors is responsible for the leadership of the board of directors. The chairman takes the necessary measures to develop a climate of trust within the board of directors, contributing to open discussion, constructive dissent and support for the decisions of the board of directors. The chairman promotes effective interaction between the board and the executive management. The chairman establishes a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO. The board of directors appoints a chairman amongst the non-executive directors.

3.1.3 Independent Directors

Effective as of January 8, 2009, new rules entered into force for Belgian publicly-listed companies with respect to the criteria for the independence of directors (Article 526ter of the Belgian Company Code).

The four independent OncoMethylome directors listed in table 3.1.4 meet these new definitions for independence which include the following criteria:

1. have not held a position as an executive member of an administrative body, as a member of the executive committee or as a person charged with the daily management of the company or one of its affiliates during the five-year period preceding their election;
2. have not exercised more than three successive mandates as non-executive director of the company, with a maximum of twelve years;
3. have not been members of the executive management of the company or one of its affiliates, during the three-year period preceding their election;
4. have not received a compensation or other significant advantage of a financial nature from the company or one of its affiliates, with the exception of the tantièmes and the compensation they may receive or have received as nonexecutive member of the administrative body or member of the supervisory body;
5. do not own any rights relating to shares representing 10% or more of the total share capital or of a class of shares of the company. If they own less than 10%: (i) such rights, together with other rights held by companies controlled by the director concerned may not equal or exceed 10%, or (ii) the disposal of such shares or the exercise of the rights attached thereto may not be subject to any contractual arrangement or unilateral undertaking from the independent directors;
6. do not represent a shareholder that satisfies the criteria set forth under point 5;
7. have not or have not had during the past fiscal year a significant business relationship with the company or one of its affiliates, directly or as shareholder, member of the administrative body or the executive management of a company or person who has such a relationship;

8. have not been a shareholder or employee of the current or previous statutory auditor of the company or one of its affiliates during the three-year period preceding their election;
9. are not an executive member of the administrative body of another company in which an executive director of the company is a non-executive member of the administrative body or member of the supervisory body, and have no other important ties with executive directors of the company through positions with other companies or bodies; and
10. do not have a close family member (meaning a spouse or legal partner or relative up to the second degree) who is a member of the administrative body or the executive committee, who is charged with the daily management or who is a member of the executive management of the company or one of its affiliates, or who does not comply with any of the other criteria mentioned in points 1 to 9 above.

3.1.4 Composition of the Board of Directors

The table below describes the composition of the Board of Directors as of the date of this report.

The following paragraphs contain brief biographies of each of the directors or in case of corporate identities being director, their permanent representatives, with an indication of other mandates as member of administrative, management or supervisory bodies in other companies during the previous five years (with the exception of the subsidiaries of the Company):

Name	Age on Dec. 31, 2008	Position	Term Start[1]	Term End [2]	Professionnal Address
Herman Spolders BVBA, represented by **Drs. Herman Spolders**	62	executive director, CEO	2003	2009	Tour 5 GIGA, Av. de l'Hôpital 11, 4000 Liège, Belgium
Dr. Robert Timmins	75	chairman, non-executive, independent director	2003	2009	Tour 5 GIGA, Av. de l'Hôpital 11, 4000 Liège, Belgium
Dr. Karin Louise Dorrepaal	47	non-executive, independent director	2007	2009	Tour 5 GIGA, Av. de l'Hôpital 11, 4000 Liège, Belgium
Dr. Herbert Michael (Bob) Pinedo	63	non-executive, independent director	2007	2009	Tour 5 GIGA, Av. de l'Hôpital 11, 4000 Liège, Belgium
Edmond de Rothschild Investment Partners, represented by **Mr. Raphaël Wisniewski**	38	non-executive director	2005	2009	Rue du Faubourg Saint-Honoré 47, 75008 Paris, France
ING Belgium NV/SA, represented by **Mr. Denis Biju-Duval**	52	non-executive director	2003	2009	Marnixlaan 24, 1000 Brussels, Belgium
SOGAM SA, represented by **Mr. Alain Parthoens**	49	non-executive director	2003	2009	Marnixlaan 24, 1000 Brussels, Belgium
Mr. Gérard Vaillant[3]	67	non-executive, independent director	2009	2009	Tour 5 GIGA, Av. de l'Hôpital 11, 4000 Liège, Belgium

(1) All directors were appointed or re-appointed by the ordinary general shareholders' meeting held on May 30, 2008 for a term of one year, with the exception of Mr. Gérard Vaillant who replaced the Board director position of Mr. Christian Schneider for the remaining period of his one-year term (see note 3 below).
(2) The term of the mandates of the directors will expire immediately after the annual general shareholders' meeting held on May 29, 2009.
(3) Mr. Gérard Vaillant became a Board Director on February 19, 2009 in replacement of Dr. Christian Schneider who resigned his Board Director position on January 6, 2009.

Drs. Herman Spolders is the permanent representative of Herman Spolders BVBA, *Chief Executive Director.* Drs. Herman Spolders has more than 30 years of experience in the biotech industry in Europe and the U.S. Most recently, from 2000 until 2002, Drs. Herman Spolders was vice-president business development and operations of Tibotec-Virco, director of Virco NV (Belgium), Virco United Kingdom and Virco Central Virological Lab Ltd (Ireland). After that he founded OncoGenome Sciences, which later became OncoMethylome Sciences. From 1998 to 2000 Drs. Spolders was vice-president business development of Devgen. Drs. Spolders currently serves on the supervisory board of Signature Diagnostics AG. Referral is made to section 3.2.3 for a further detailed biography of Drs. Herman Spolders.

Dr. Robert Timmins, *Chairman, non-executive, independent director.* Dr. Robert S. Timmins, Sc.D. has served as a director and as chairman of the board of directors since 2003. He has been a senior executive in the health care industry for over 30 years with Abcor, Cobe Laboratories and most recently with Organon Teknika where he held the position of president and chief executive officer. Dr. Timmins currently serves as chairman of the North Carolina Biotechnology Center and as general partner in Timmins Family Limited Partnership. In the past, Dr. Robert Timmins was also director of TriVirix, Biosciences Investment Fund, and Amplistar.

Dr. Karin Louise Dorrepaal, *non-executive, independent director.* Dr. Dorrepaal received her Ph.D. in medicine from the Free University of Amsterdam and her MBA from the Erasmus University Rotterdam School of Management. Until 2004, Dr. Dorrepaal was a vice president of Booz and Company, Management Consultants, where she specialized in the pharmaceutical industry and advised on issues regarding strategy, sales, marketing and supply chain. From 2004 until 2006 Dr. Dorrepaal served on the executive board of Schering AG, where she was responsible for Schering's Global Business Unit Diagnostic Imaging as well as its Supply Chain and Procurement. Dr. Dorrepaal is currently a supervisory board member of Ergo Versicherungsgruppe and on the advisory committees of Triton Private Equity and Quintel Strategy Consulting.

Dr. Herbert Pinedo, *non-executive, independent director.* Herbert Pinedo, M.D., Ph.D. has over thirty five years of extensive oncology experience in medical practice and research and he continues to be a thought leader to both the medical and research communities. Dr. Pinedo is professor emeritus of medical oncology at the Vrije University Medical Center (VUmc) and former director of the VUmc Cancer Center Amsterdam (VUmc CCA). Dr. Pinedo's work focuses on translational research, in particular, drug resistance, angiogenesis and immunology. He is a member of the British Royal Society of Medicine and The Royal Dutch Academy of Science and Arts, where he was chairman of the board of the medical division. Dr. Pinedo founded the New Drug Development Office (NDDO) - Oncology, which coordinates early clinical trials with anticancer agents internationally. He was the first president of the Federation of European Cancer Societies (FECS), and past president to the European Society of Medical Oncology (ESMO). Dr. Pinedo is the co-founder of the Annals of Oncology and The Oncologist and is the co-editor of Current Opinion in Anticancer Drugs. He serves on numerous editorial boards including Clinical Cancer Research, and Journal of Clinical Oncology. Dr. Pinedo has authored more than 650 peer-reviewed international publications and more than 120 chapters, invited papers or proceedings. Dr. Pinedo currently serves on the board of directors of OSI Pharmaceutics Inc., Jennerex Biotherapeutics and Pam Gene. Dr. Pinedo has received many international awards including the prestigious Josef Steiner award and has been decorated by H.M. Queen Beatrix of the Netherlands with the prestigious Knight of the Order of the Netherlands Lion and Commander of the Order of Oranje Nassau.

Mr. Raphaël Wisniewski is the permanent representative of Edmond de Rothschild Investment Partners (EDRIP), *non-executive director.* Mr. Raphaël Wisniewski has served as a director of the Company since 2005. Mr. Wisniewski is a partner in the life sciences team at EDRIP and participates in investments in European life sciences companies. Prior to joining EDRIP Mr. Wisniewski worked in investment banking at Goldman Sachs and Salomon Smith Barney advising clients in the healthcare sector. Mr. Wisniewski, a French citizen, is a graduate from HEC School of Management in Paris. At present, Mr. Raphaël Wisniewski is also the representative of EDRIP at the board of directors or supervisory board of the following companies: Biospace Lab, Biospace Med, BT Pharma, Novagali Pharma, Pangenetics, Pamgene and Implanet. In the past, Mr. Raphael Wisniewski also served on the board of Androclus Therapeutics, Nautilus Biotech and Theraptosis.

Mr. Alain Parthoens is the permanent representative of Sogam SA, *non-executive director.* Mr. Alain Parthoens is manager of Vesalius BioCapital Partners Sàrl, a European venture capital firm specialized in life sciences. Previously, Mr. Parthoens was the director of the ING life sciences corporate investments division. Mr. Parthoens has 20 years professional experience in the food and life sciences sector in Europe and the U.S. Mr. Parthoens is a bio-engineer from UCL (Belgium), holds an MSc in human and computer sciences from ULB (Belgium) and a management degree from the Solvay Business School (CEPAC). In the past Mr. Alain Parthoens has also been the representative of ING Belgium SA or Sogam SA at the board of directors of the following companies: Devgen, Tibotec Virco NV, Maize Technologies International, Tigenix NV, Bienca SA, and Crop Design NV. Presently he represents Sogam SA on the board of directors

of Unibioscreen SA. Mr. Alain Parthoens is also a director and chairman of the Belgian Venture and Private Equity Association (BVA) as well as manager of AQ Invest BVBA, his private consulting company.

Mr. Denis Biju-Duval is the permanent representative of ING Belgium NV/SA, *non-executive director.* Mr. Denis Biju-Duval has an engineering degree in chemical engineering from INSA Lyon and an MBA from HEC-ISA. He has extensive experience in strategic consulting at Boston Consulting Group, in management at Chargeurs, and more than 15 years in the private equity industry both in France and in Belgium. He is presently head of Corporate Investments for ING Belgium and a board member representing either Sogam or ING Belgium in the following companies: Bienca, BNLfood Investments, Elysée GNI Finance, Environnement, Immupharma, Marnix Invest, Numeca, Roller Grill, Sodir, Sogam, and Surf. In the past, Mr. Biju-Duval also represented ING Belgium as director in Bioalliance Pharma (2003-2008) and Devgen (2003-2006).

Mr. Gérard Vaillant *non-executive, independent director.* Mr. Vaillant has held numerous management positions within the J&J Group where he worked from 1970-2004, including serving as Group Chairman and CEO of Ortho-Clinical Diagnostics Inc., Veridex Inc., and Therakos Inc. He has managed the development, manufacturing, and commercialization of numerous healthcare products throughout the world. Mr. Vaillant has a Masters Degree & Superior Certificate in Biochemistry & Industrial Chemistry from Paris University of Sciences in France and a Degree in Marketing from the Ecole Superieure de Commerce de Paris. He currently is a Board member of Luminex Corporation (US), Tecan AG (CH), IntegraGen SA (F), Vivacta Ltd. (UK), and Sensors for Medicine and Science, Inc. (US).

LITIGATION STATEMENT CONCERNING THE DIRECTORS OR THEIR PERMANENT REPRESENTATIVES

At the date of this registration document, none of the directors, or in case of corporate entities being director, none of their permanent representatives, of the Company, other than those indicated in the paragraph below, has for at least the previous five years:

- any conviction in relation to fraudulent offenses;
- held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation, or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body), except for Mr. Alain Parthoens who was the permanent representative of ING Belgium SA at the board of directors of Maize Technologies International which company was liquidated in the course of 2007;
- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

3.1.5 Committees of the Board of Directors

The board of directors of OncoMethylome has set up two permanent committees, the audit committee and the remuneration and nomination committee. The committees are advisory bodies only and the decision-making remains within the collegial responsibility of the board of directors.

AUDIT COMMITTEE

Effective as of January 8, 2009, new rules entered into force for Belgian publicly-listed companies with respect to (i) the establishment and tasks of the audit committee, (ii) the criteria for the independence of directors (see section 3.1.3), and (iii) the appointment of and dismissal of statutory auditors (see section 3.6).

With respect to the new rules covering the establishment of the audit committee, the following is applicable to OncoMethylome:

- OncoMethylome has had an Audit Committee in place since the company's inception.
- According to the new rules, OncoMethylome would meet the size criteria in order to operate without a separate Audit Committee, but the Company has chosen to continue operating with a separate Audit Committee.
- The new rules require that the Audit Committee be composed of non-executive directors. This is and has always been the case for OncoMethylome's Audit Committee.
- The new rules require that the Audit Committee be composed of at least one independent director with the necessary competence in auditing and accounting. This is and has always been the case for OncoMethylome's Audit Committee.
  - Dr. Karin Dorrepaal meets the criteria of independence:
    - She is in her second consecutive 1-year mandate on the Board of OncoMethylome and has never held any Executive management position with the company.
    - She owns no shares in the company and is the beneficiary of some company warrants as disclosed in section 3.3.
    - She fulfills the other criteria of independence as listed in section 3.1.3.
  - Dr. Karin Dorrepaal meets the criteria of necessary competence in auditing and accounting:
    - She holds an MBA degree.
    - She has served many years on the Executive Board of a German DAX-30 company (Schering AG) while being responsible for the entire Diagnostics Imaging division

and financial results.
- She headed up the financial services practice of the company Booz Allen Hamilton in the Netherlands and led the European HealthCare practice focusing on the financial results of a number of leading European companies.

The audit committee must be composed of at least three members and is limited to non-executive directors. The committee appoints a chairman amongst its members. The chairman of the board of directors should not chair the committee.

The role of the audit committee is to assist the board of directors in fulfilling its financial, legal and regulatory monitoring responsibilities. The committee reports regularly to the board of directors on the exercise of its duties, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken. The audit review and the reporting on that review cover the Company and its subsidiaries as a whole. The specific tasks of the audit committee are outlined in the Company's governance charter and include the following:

- To monitor the financial reporting process.
- To monitor the effectiveness of the company's internal control and risk management systems.
- To monitor the company's internal control and risk management.
- To monitor the internal audit (where applicable) and related activities.
- To monitor the statutory audit of the annual statutory and consolidated financial statements, including the follow-up of questions and recommendations by the statutory auditor and, as the case may be, the auditor responsible for the audit of the consolidated financial statements.
- To review and monitor the independence of the statutory auditor, and, as the case may be, the auditor responsible for the audit of the consolidated financial statements, and in particular the provision of additional services to the company.

The following directors are currently members of the audit committee: Edmond de Rothschild Investment Partners, represented by Mr. Raphaël Wisniewski, non-executive director; ING Belgium NV/SA, represented by Mr. Denis Biju-Duval, non-executive director; and Dr. Karin Louise Dorrepaal, independent director. Mr. Raphaël Wisniewski is acting as the committee chairman.

The audit committee is a collegial body, and deliberates and makes decisions as such. Based on this consideration, the Company decided not to reveal the individual attendance at the audit committee meetings as provided in the Belgian Code on Corporate Governance. The attendance at the audit committee meetings, as presented below, guarantees decision-making in compliance with the articles of association and in the interest of the Company. The audit committee met two times in 2008. The overall attendance rate was 100%.

NOMINATION AND REMUNERATION COMMITTEE

The nomination and remuneration committee must be composed of at least three members and must be composed exclusively of non-executive directors. To the extent possible, at least a majority of its members shall be independent directors. The composition of the committee may deviate from the above if, in the reasonable opinion of the board of directors, a different composition can bring more relevant experience and expertise to the committee. The committee appoints a chairman amongst its members.

The chairman of the board of directors can chair the committee, but should not chair the committee when dealing with the designation of his successor. The CEO should participate to the meetings of the committee when it deals with the remuneration of other executive managers.

The role of the nomination and remuneration committee is to make recommendations to the board of directors with regard to the election of directors, the remuneration policy for non-executive directors and the resulting proposals to be submitted to the shareholders' meeting, the remuneration policy for executive management, and to review and periodically update an overall remuneration policy for all personnel and directors of the Company. The committee's tasks are further described in the Company's corporate governance charter.

The following directors are members of the nomination and remuneration committee: Dr. Robert Timmins, independent director; Dr. Bob Pinedo, independent director; and ING Belgium NV/SA, represented by Mr. Denis Biju-Duval, non-executive director. Dr. Robert Timmins is acting as the chairman of the committee.

The nomination and remuneration committee is a collegial body, and deliberates and makes decisions as such. Based on this consideration, the Company decided not to reveal the individual attendance at the nomination and remuneration committee meetings as provided in the Belgian Code on Corporate Governance. The attendance at the nomination and remuneration committee meetings, as presented below, guarantees decision-making in compliance with the articles of association and in the interest of the Company.

The nomination and remuneration committee met 3 times in 2008. The overall attendance rate was 100%.

3.2 EXECUTIVE MANAGEMENT

The board of directors has appointed the executive management of the Company. The terms of reference of the executive management have been determined by the board of directors in close consultation with the CEO.

The key management positions are illustrated below:

3.2.1 Chief Executive Officer

The CEO is appointed, and can be removed, by the board of directors of the Company.

The CEO is charged by the board of directors with the day-to-day management of the Company and is therefore also managing director of the Company. In this function, the CEO has the following general responsibilities:

- the implementation of the decisions of the board of directors, within the strategy, planning, values and budgets approved by the board of directors,
- overseeing the different central departments and business units of the Company, and reporting to the board of directors on their activities,
- The development of proposals for the board of directors relating to strategy, planning, finances, operations, human resources and budgets, and other matters that are to be dealt with at the level of the board of directors.

The specific tasks of the CEO are further described in the Company's corporate governance charter.

3.2.2 Other Members of Executive Management

The other members of the executive management, being the heads of the main activities and central departments (and their divisions) of OncoMethylome, are appointed and removed by the CEO in close consultation with the board of directors of the Company.

The main tasks of the executive management are to organize their department in accordance with the guidelines determined by the CEO and to report to the CEO on the operation and activities of their department.

3.2.3 Composition of the Executive Management

The composition of the Executive Management is set out below and reflects the situation at the date of this report.

Name	Position	Age on Dec. 31, 2008
Herman Spolders BVBA	Chief Executive Officer (CEO)	62
Katja Bierau	Vice-President Laboratory Operations	34
Philip Devine	Chief Financial Officer (CFO)	42
Jim DiGuiseppi	Chief Technology Officer (CTO)	54
Joost Louwagie	Vice-President Product Development	44
Gert-Jan Renardel	Chief Operating Officer (COO)	48
Harry Schrickx	Vice-President Business Development & Marketing	51
Luc Segers	Senior Director Business Development	48
Joe Sollee	Group Legal Counsel	44
Wim Van Criekinge	Vice-President Biomarker and Pharmacogenomics Research	37

The executive management will not constitute an executive committee *(comité de direction / directiecomité)* within the meaning of Article 524bis of the Belgian Company Code.

Following are biographies of the executive management

Herman Spolders BVBA, Chief Executive Officer (CEO – since 2003). Drs. Spolders has 30 years of experience in the biotech industry in Europe and the U.S. Throughout his career, Drs. Spolders has been instrumental in forging large pharma-biotech collaborations, growing research and development organizations, defining new product opportunities, and protecting intellectual property. In addition to direct management experience, Drs. Spolders has served on the board of Organon Teknika (Akzo Nobel) and numerous international biotech companies. From 1999-2001, Drs. Spolders managed business development and operations of Tibotec-Virco, which matured into a leading HIV/AIDS therapeutics and diagnostics company until its acquisition by Johnson & Johnson. Prior to joining Tibotec-Virco, Drs. Spolders served as vice-president of business development at Devgen, where he planned and negotiated its first licensing deals which have since become Devgen's core activity. From 1993 to 1998, Drs. Spolders was vice-president of business development of IGEN International, and participated in its initial public offering.

Dr. Katja Bierau, Vice-President Laboratory Operations (since 2003). Dr. Bierau joined OncoMethylome from PamGene International in The Netherlands, where she was group leader of ADMET, developing gene-based high-throughput screening assays used for pre-clinical drug development. Dr. Bierau earned her Ph.D. degree in cancer studies from Birmingham University in the UK, and her MSc degree in Biotechnology from University of Rheinland/Pfalz in Germany.

Mr. Philip Devine, Chief Financial Officer (CFO – since 2003). Prior to joining OncoMethylome, Mr. Devine served as chief financial officer of Tibotec-Virco, where he managed its sale to Johnson & Johnson. Previously, he was a manager at the management consulting firm McKinsey & Company and an auditor at Deloitte & Touche, where he conducted numerous mergers and acquisitions, led initial public offerings, and developed the growth plans of various companies. Mr. Devine, an American citizen, holds a CPA license, an MBA degree from INSEAD, an MSA degree from Bentley College, and a BA degree from Dartmouth College.

Dr. Jim DiGuiseppi, Chief Technology Officer (CTO – since 2005). Dr. DiGuiseppi has held several senior scientific and managerial posts with Organon Teknika Corp. and bioMerieux, including senior vice-president positions in research and development, global marketing and strategic development. He was most recently vice-president of process development and operations for biopharmaceutical products with Diosynth-RTP. Under Dr. DiGuiseppi's leadership, multiple diagnostic products have been developed and successfully sold. Dr. DiGuiseppi is based in OncoMethylome's Liège office.

Dr. Joost Louwagie, Vice-President Product Development (since 2005). Dr. Louwagie was the group manager of the diagnostic research and development activities of Innogenetics where he worked for over 10 years in several research and development management positions in their profitable diagnostics division. He was a post-doc at the Henry M. Jackson Foundation in the United States, holds a PhD in Biochemistry, and holds an MBA degree.

Mr. Gert-Jan Renardel de Lavalette, Chief Operating Officer (COO – since 2009). Prior to joining OncoMethylome in the beginning of 2009, Mr. Renardel de Lavalette held several management functions in the group of Pharma Companies of Akzo Nobel, both in diagnostics and pharmaceuticals, including General Management positions in several countries. He was recently Vice President Marketing and Sales for API/Biotech products for Schering-Plough (formerly Organon). Mr. Renardel de Lavalette, a Dutch citizen, holds a Master's degrees in Law and Business Administration.

Mr. Harry Schrickx, Vice-President Business Development & Marketing (since 2003). Mr. Schrickx joined OncoMethylome after 20 years of experience at Organon Teknika (Akzo Nobel) and bioMérieux, where he held a number of senior management positions and managed product introductions and business development projects in the diagnostics market. His positions included business manager of hemostasis and molecular biology monodetection and senior vice-president of North America commercial operations. Mr. Schrickx is based in OncoMethylome's Durham, North Carolina, office. He is also President of the US group entity, OncoMethylome Sciences, Inc.

Mr. Luc Segers, Senior Director Business Development (since 2006). Mr. Segers joined OncoMethylome after 15 years of experience at Innogenetics, where he held senior management positions in sales and marketing. He developed and managed the global commercial organization for the Innogenetics' molecular diagnostic products. Before that, Mr. Segers spent 5 years in international marketing at Organon Teknika. Mr. Segers holds a Master degree in Biochemical engineering.

Mr. Joseph Sollee, Group Legal Counsel (since 2008). Prior to joining OncoMethylome, Mr. Sollee led the Life Sciences Practice Group at the law firm of Kennedy Covington. He has more than 20 year experience in corporate finance and law, with the last 10 years focused in the biotech industry, including management positions at TherapyEdge and Triangle Pharmaceuticals. Previously, he was in the corporate law group at the Washington D.C. firm Swidler & Berlin and in the investment banking group at Smith Barney, New York. Mr. Sollee holds a Juris Doctorate and a Masters in International Law from Duke University, a BA degree from Harvard University, and NY, DC and NC bar licenses.

Dr. Wim Van Criekinge, Vice-President Biomarker and Pharmacogenomics Research (since 2005).
Dr. Van Criekinge is a leading specialist in bioinformatics. He is a part-time professor at the University of Ghent where he is head of the laboratory for computational genomics and bioinformatics (Biobix) in the department of molecular biotechnology. In 1997, he was co-founder and a director of Devgen. He worked as a consultant for various biotech companies such as Galapagos and he founded Bioinformatrix, where he remains a partner.

LITIGATION STATEMENT CONCERNING THE MANAGEMENT
The Company is not aware of any conviction of any member of the executive management in the previous five years for fraud or indictable offences, or of any involvement in bankruptcy, late payment, or forced liquidation. Each executive management team member has represented that he or she has not been convicted in the previous five years for fraud or indictable offences, or of any involvement in bankruptcy, late payment, or forced liquidation.

3.2.4 Remuneration of Directors and Executive Management

REMUNERATION OF DIRECTORS
The board of directors proposes to the general shareholders' meeting each year an aggregate remuneration package that corresponds to market practice and expectations for small, listed companies in the biotechnology field.

The remuneration package approved at the annual general shareholders' meeting of May 30, 2008 is as follows: € 3,000 per attendance at a board or committee meeting by the chairman of the board, € 2,000 per attendance of a board or committee meeting for independent directors and € 1,000 per attendance at a board or committee meeting for any other director. The chairman of the audit committee shall receive € 2,500 per attendance at a meeting of the audit committee. The above-mentioned amounts are on a full day basis. Apart from the above remuneration, directors will be entitled to a reimbursement of out-of-pocket expenses actually incurred to participate to board meetings. Travel expenses will be reimbursed at economy class rate, except where pre-approved otherwise.

The directors' mandate may be terminated "ad nutum" (at any time) without any form of compensation. OncoMethylome has not made any loans to the members of the board of directors.

The total remuneration and benefits paid to the directors in 2008, 2007, and 2006 was € 518,000, € 469,000 and € 543,000 respectively (gross amount, excluding VAT and stock based compensation).

On May 23, 2006, the board of directors decided, with application of Article 523 of the Belgian Company Code, that the Company will indemnify the directors against any claim by a third party based on directors' liability, except in the event of gross negligence and willful misconduct. Therefore the Company has taken out directors' liability insurance. The insurance policy was renewed in 2008.

REMUNERATION OF EXECUTIVE MANAGEMENT

Herman Spolders BVBA is currently remunerated by the Company for the performance of services as managing director and CEO of the Company. The remuneration of Herman Spolders BVBA as managing director and CEO is determined by the board of directors upon recommendation by the nomination and remuneration committee. The remuneration of the other members of the executive management is also determined by the board of directors upon recommendation by the nomination and remuneration committee, after recommendation by the CEO to such committee.

The remuneration of the executive management is designed to attract, retain and motivate executive managers. The level and structure of the remuneration are subject to an annual review by the nomination and remuneration committee to take into account market practice. The annual review does not provide mechanisms for automatic adjustments, except for changes that are legally required.

The remuneration of the members of the executive management consists of the following elements:

- Each member of the executive management is entitled to a basic fixed remuneration designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions.
- The Company pays a variable remuneration dependent on the executive management member meeting individual and/or team objectives.
- Each member of the executive management may be offered the possibility to participate in a stock based incentive scheme, in accordance with the recommendations set by the nomination and remuneration committee, after recommendation by the CEO to such committee.
- Each member of the executive management who is a salaried employee may be entitled to a number of fringe benefits, which may include participating in a defined contribution pension or retirement scheme, disability insurance, a company car, a mobile telephone, internet access and/or a laptop computer according to general Company policy, and other collective benefits (such as hospitalization insurance and meal vouchers).

All the members of the executive management (excluding the CEO) are engaged on the basis of an employment contract. The employment contracts are generally for an indefinite term, with a trial period. The employment contracts may be terminated at any time by the Company, subject to a severance payment in line with market standards. The employment contracts include, where appropriate, non-competition undertakings, as well as confidentiality and IP transfer undertakings (that will try to seek maximum protection of the Company's interests, under applicable laws and subject to the employee's agreement).

The CEO is engaged on the basis of a service arrangement. This service contract can be terminated at any time, subject to certain pre-agreed notice periods or compensations. Executive members who are engaged on the basis of a services contract do not receive fringe benefits, except that they may be provided with a mobile phone and laptop computer according to general Company policy, and they qualify for reimbursement of expenses incurred while carrying out their professional responsibilities.

The total remuneration and benefits paid to the ten executive management team members in 2008, 2007 and 2006 was € 1.97 million, € 1.65 million and € 1.58 million, respectively (gross amount, excluding VAT and stock based compensation). In the aforementioned figures, the service fees and board fees of the CEO are included with the salaries of the other management team members. The figures of 2008 represent the figures of the management team composition as defined at the date of this report.

Contrary to the Belgian Code on Corporate Governance, the board of directors has currently opted not to disclose the individual remuneration of the CEO, due to privacy reasons and as the board of director believes that the remuneration of the CEO is set at reasonable market standards.

3.3 SHARES AND WARRANTS HELD BY DIRECTORS AND EXECUTIVE MANAGEMENT

The tables below provide an overview of the shares and warrants held by the non-executive directors and by executive management.

While some of the institutional shareholders also serve as a board members (see sections 3.1.4 and 4.8), none of their respective permanent representatives own any shares or warrants in the Company. As far as is known by the Company, the non-executive directors hold the following financial instruments in OncoMethylome:

As at Dec. 31, 2008	Shares		Warrants		Total shares and warrants	
	Number	% of total shares outstanding	Number	% of fully diluted shares	Number	% of fully diluted shares
Dr. Bob Pinedo	0	0.00 %	15,000	0.11 %	15,000	0.11 %
Dr. Robert Timmins	22,500	0.17 %	0	0.00 %	22,500	0.17 %
Dr. Karin Dorrepaal	0	0.00 %	15,000	0.11 %	15,000	0.11 %
Total	**22,500**	**0.17 %**	**30,000**	**0.22 %**	**52,500**	**0.39 %**

The table below provides an overview of the shares and warrants held by the executive management, including the executive directors.

As at Dec. 31, 2008	Shares		Warrants		Total shares and warrants	
	Number	% of total shares outstanding	Number	% of fully diluted shares	Number	% of fully diluted shares
Herman Spolders BVBA, represented by **Drs. Herman Spolders**[1]	432,500	3.29 %	50,000	0.37 %	482,500	3.55 %
Other members of the executive management[2]	135,950	1.03 %	163,690	1.21 %	299,640	2.21 %
Total	**568,450**	**4.32 %**	**213,690**	**1.57 %**	**782,140**	**5.76 %**

(1) Herman Spolders BVBA does not own any shares in the Company, but does hold some warrants in the Company. All shares and some warrants are held by Drs. Herman Spolders in his own name.
(2) The other members of the executive management are identified in section 3.2.3 above.

3.4 CONFLICTS OF INTEREST AND RELATED PARTIES

Article 523 of the Belgian Company Code provides for a special procedure within the board of directors in the event of a possible conflict of interest of one or more directors with one or more decisions or transactions by the board of directors. In the event of a conflict of interest, the director concerned has to inform his fellow directors of his conflict of interest in advance of the conflict and must act in accordance with relevant rules of the Company Code. For an overview of the various conflicts of interest, please refer to the statutory report of the board of directors (section 6.4).

Article 524 of the Belgian Company Code provides for a special procedure that applies to intra-group or related party transactions with affiliates. The procedure applies to decisions or transactions between the Company and affiliates of the Company that are not a subsidiary of the Company. It also applies to decisions or transactions between any of the Company's subsidiaries and such subsidiaries' affiliates that are not a subsidiary of the Company. The procedure does not apply to decisions or transactions in the ordinary course of business at customary market conditions, and transactions or decisions with a value of less than 1 % of the consolidated net assets of the Company. Such transactions have not occurred.

3.5 DEALING CODE

The rules and procedures that apply when board members and executive management members deal in OncoMethylome securities are defined in the Company's Dealing Code. The code prohibits board members and executive management members from dealing with OncoMethylome securities during periods prohibited by applicable laws and regulation or during specific closed periods announced by the Company. The dealing code is available in its entirety on the Company's website (www.oncomethylome.com).

3.6 STATUTORY AUDITOR

BDO Atrio Bedrijfsrevisoren / Réviseurs d'entreprises CVBA/ SCRL, a civil company, having the form of a cooperative company with limited liability *(société coopérative à responsabilité limitée/ coöperatieve vennootschap met beperkte aansprakelijkheid)* organized and existing under the laws of Belgium, with registered office at Da Vincilaan 9, 1935 Zaventem, Belgium, represented by Mr. Luc Annick (who has been the statutory auditor since January 1, 2003) was re-appointed on May 23, 2006 as the statutory auditor of the Company for a term of 3 years ending immediately after the closing of the annual shareholder's meeting to be held May 29, 2009.

The proposal of the board of directors to elect the auditor is submitted to the general shareholders' meeting upon proposal by the audit committee.

The statutory auditor and, as the case may be, the auditor responsible for the audit of the consolidated financial statements, confirms annually in writing to the audit committee his or her independence from the company, discloses annually to the audit committee any additional services provided to the company, and discusses with the audit committee the threats to his or her independence and the safeguards applied to mitigate those threats as documented by him or her.

4. The Company, Its Shares and Shareholders

4.1 NAME, REGISTERED OFFICE AND INCORPORATION

OncoMethylome Sciences SA was incorporated on January 10, 2003 for an unlimited duration. The Company has the legal form of a public limited liability company (société anonyme - SA / naamloze vennootschap - NV) organized and existing under the laws of Belgium. Pursuant to the Belgian Company Code, the liability of the shareholders is limited to the amount of their respective committed contribution to the capital of the Company.

The Company's registered office is located at Tour 5 GIGA, Avenue de l'Hôpital 11, B-4000 Liège, Belgium.

The Company is registered with the Registry of Legal Persons *(registre des personnes morales - RPM / rechtspersonenregister – RPR)* under company number RPM/RPR 0479.292.440 (Liège).

4.2 COMPANY PURPOSE

The corporate purpose of OncoMethylome is set forth in article 3 of its articles of association and reads as follows:

The Company's corporate purpose is to engage in Belgium and abroad, in its own name and on behalf of third parties, alone or in collaboration with third parties, in the following activities:

- all forms of research and development on or involving biological cells and organisms (including gene methylation) and chemical compounds, as well as the industrialization and commercialization of the results thereof;
- the research and development of biotechnological or derivative products that could have a market value in applications related to human and animal healthcare, diagnostics, pharmacogenomics and therapeutics, based amongst other things on the technology of genetics, genetic engineering and detection, chemistry and cell biology;
- the commercialization of the aforementioned products and application domains;
- the acquisition, disposal, exploitation, commercialization and management of intellectual property, property and usage rights, trade marks, patents, drawings, licenses and any other form of know how.

The Company is also authorized to engage into all commercial, industrial, financial and real estate transactions, which are directly or indirectly related to, or that may be beneficial to the achievement of, its corporate purpose.

It can, by means of subscription, contribution, merger, collaboration, financial participation or otherwise, take interests or participate in any company, existing or to be incorporated, undertakings, businesses and associations in Belgium or abroad.

The Company can manage, re-organize or sell these interests and can also, directly or indirectly, participate in the board, management, control and dissolution of companies, undertakings, business and associations in which it has an interest or a participation.

The Company can provide guarantees and security interests for the benefit of these companies, undertakings, businesses and associations, act as their agent or representative, and grant advances, credit, mortgages or other securities.

4.3 HISTORY OF SHARE CAPITAL

At the end of 2008, the issued capital of OncoMethylome amounted to € 53,900,693.70 represented by 13,161,074 common shares without nominal value.

The table below provides an overview of the history of the Company's share capital since its incorporation in 2003.

Date	Transaction	Number of shares issued	Issue price per share (€)	Issue price per share post stock-split (€)	Capital increase (€)	Share capital after transaction (€)	Share Issuance Premium after transaction (€)	Aggregate number of shares after capital increase
Incorporation								
Jan. 10, 2003	Incorporation (1)	202,975	0.30	0.06	61,500.00	61,500.00	0.00	202,975
Phase I Financing Round December 20, 2002 (Preferred A Shares)								
Feb. 7, 2003	Capital increase in cash (2)	197,025	20.00	4.00	3,940,500.00	4,002,000.00	0.00	400,000
Jun. 30, 2003	Capital increase in cash (3)	33,333	20.00	4.00	666,660.00	4,668,660.00	0.00	433,333
Sep. 30, 2003	Capital increase in cash (4)	218,139	22.31	4.46	4,866,681.09	9,535,341.09	0.00	651,472
Jun. 20, 2004	Capital increase in cash (5)	195,504	23.87	4.77	4,666,680.48	14,202,021.57	0.00	846,976
Phase II Financing Round October 19, 2005 (Preferred B Shares)								
Oct. 28, 2005	Capital increase in cash (6)	375,000	24,00 (7)	4,80 (7)	9,000,000.00	23,202,021.57	0.00	1,221,976
Mar. 31, 2006	Capital increase in cash (8)	193,548	31.00	6.20	5,999,988.00	29,202,009.57	0.00	1,415,524
Stock Split								
May 23, 2006	Stock split 5:1	/	/	/	/	/	0.00	7,077,620
Initial Public Offering and Exercise of Over-Allotment Warrants								
Jun. 30, 2006	Capital increase in cash (9)	2,933,334	7.50	7.50	22,000,005.00	51,202,014.57	0.00	10,010,954
Jun. 30, 2006	Capital decrease (10)	/	/	/	(10,217,809.00)	40,984,205.57	0.00	10,010,954
Jun. 30, 2006	Capital increase through exercise of warrants (11)	440,000	7.50	7.50	1,817,200.00	42,801,405.57	1,482,800.00	10,450,954
Exercise of Warrants								
Apr. 18, 2007	Capital increase through exercise of warrants (12)	182,560	4.70	4.70	747,666.16	43,549,071.73	1,593,731.31	10,633,514
Private Placement								
Oct. 19, 2007	Capital increase in cash (13)	1,063,351	10.00	10.00	4,354,954.02	47,904,025.75	7,872,287.29	11,696,865
Exercise of Warrants								
Oct. 25, 2007	Capital increase through exercise of warrants (14)	50,837	4.73	4.73	208,202.93	48,112,228.68	7,904,487.77	11,747,702
Exercise of Warrants								
Apr. 24, 2008	Capital increase through exercise of warrants (15)	61,120	4.59	4.59	250,316.96	48,362,545.64	7,934,871.81	11,808,822
Nov.5 , 2008	Capital increase through exercise of warrants (16)	19,375	4.73	4.73	79,350.31	48,441,895.95	7,947,140.25	11,828,197
Private Placement								
Dec. 18, 2008	Capital increase in cash (17)	1,332,877	6.29	6.29	5,458,797.75	53,900,693.70	10,872,138.83	13,161,074

Current Situation			
Per statutory accounts	53,900,693.70	10,872,138.83	13,161,074
Per IFRS consolidated accounts (18)	50,988,770.43	10,872,138.83	13,161,074

Notes

(1) The shares were subscribed to by BBL NV/SA (ING Belgium NV/SA) (202,974 shares) and PolyTechnos Venture Fund II GmbH & Co KG (1 share). On January 30, 2003, 200,000 shares were transferred to the management and consultants of the Company. Of these 200,000 shares, 199,999 shares were transferred by BBL NV/SA (ING Belgium NV/SA) and 1 share was transferred by PolyTechnos Venture Fund II GmbH & Co KG.

(2) The shares were subscribed to by BBL NV/SA (ING Belgium NV/SA) (97,025 shares), PolyTechnos Venture Fund II GmbH & Co KG (11,833 shares), PolyTechnos Venture Fund II LP (47,500 shares), PolyTechnos Venture Fund Beteiligungs GmbH (6,667 shares), PolyTechnos Partners & Team GmbH (667 shares), Technowal SA (16,667 shares), Société d'Investissement du Bassin Liégois (SIBL) SA (8,333 shares) and Société de Développement et de Participation du Bassin de Liège (Meusinvest) SA (8,333 shares). At the same occasion, two different classes of shares were created, i.e., the common shares and the preferred A shares. All shares issued at this occasion and 2,975 shares issued at incorporation were reclassified as preferred A shares. The remaining 200,000 shares are common shares.

(3) The shares were all subscribed to by Life Sciences Partners II BV.

(4) The shares were subscribed to by ING Belgium NV/SA (89,646 shares), PolyTechnos Venture Fund II GmbH & Co KG (4,997 shares), PolyTechnos Venture Fund II LP (20,062 shares), PolyTechnos Venture Fund Beteiligungs GmbH (2,816 shares), PolyTechnos Partners & Team GmbH (281 shares), Technowal SA (14,940 shares), SIBL SA (7,471 shares), Meusinvest SA (7,471 shares), Life Sciences Partners II BV (61,490 shares) and Mr. Pierre Hochuli (8,965 shares).

(5) The shares were subscribed to by ING Belgium NV/SA (83,787 shares), PolyTechnos Venture Fund II GmbH & Co KG (7,435 shares), PolyTechnos Venture Fund II LP (29,850 shares), PolyTechnos Venture Fund Beteiligungs GmbH (4,190 shares), PolyTechnos Partners & Team GmbH (419 shares), Technowal SA (13,965 shares), SIBL SA (6,982 shares), Meusinvest SA (6,982 shares) and Life Sciences Partners II BV (41,894 shares).

(6) The shares were subscribed to by ING Belgium NV/SA (105,658 shares), PolyTechnos Venture Fund II GmbH & Co KG (9,376 shares), PolyTechnos Venture Fund II LP (37,641 shares), PolyTechnos Venture Fund Beteiligungs GmbH (5,284 shares), PolyTechnos Partners & Team GmbH (528 shares), Technowal SA (19,484 shares), Meusinvest SA (9,742 shares), Life Sciences Partners II BV (58,453 shares), Mr. Pierre Hochuli (3,834 shares), BioDiscovery II FCPR (100,000 shares), Innovation Discovery 3 FCPI (10,500 shares), Sogé Innovation Evolution 2 FCPI (9,750 shares) and Sogé Innovation Evolution 4 FCPI (4,750 shares).

(7) The issue price was € 24.00 (or € 4.80 after stock split), being € 16.77 (or € 3.35 after stock split), being the fractional value of the shares, increased with € 7.23 (or € 1.45 after stock split), being the issue premium, per share. The total amount of the issue premium was immediately incorporated in the share capital of the Company.

(8) This capital increase was executed pursuant to and in accordance with the terms and conditions of an agreement entered into on October 19, 2005 with respect to the Phase II financing round. The shares were subscribed to by ING Belgium NV/SA (54,533 shares), PolyTechnos Venture Fund II GmbH & Co KG (2,420 shares), PolyTechnos Venture Fund II LP (9,714 shares), PolyTechnos Venture Fund Beteiligungs GmbH (14,996 shares), PolyTechnos Partners & Team GmbH (137 shares), Technowal SA (10,056 shares), Meusinvest SA (5,028 shares), Life Sciences Partners II BV (30,169 shares), Mr. Pierre Hochuli (1,979 shares), BioDiscovery II FCPR (51,613 shares), Innovation Discovery 3 FCPI (5,419 shares), Sogé Innovation Evolution 2 FCPI (5,032 shares) and Sogé Innovation Evolution 4 FCPI (2,452 shares).

(9) On May 23, 2006, the general shareholders' meeting of the Company decided to increase the Company's share capital with the issuance of new shares in connection with an initial public offering. The capital increase was completed on June 30, 2006. At the same time, all existing shares of the Company were converted into ordinary shares.

(10) On May 23, 2006, the general shareholders' meeting of the Company decided to decrease the Company's share capital with an amount of € 10,217,808.78 through incorporation of losses. The capital decrease was completed on June 30, 2006.

(11) On May 23, 2006, the general shareholders' meeting of the Company decided to create an over-allotment warrant. The over-allotment warrant was granted to ING Belgium NV/SA and Fortis Bank NV/SA to cover over-allotments in connection with the initial public offering by the Company. On June 30, 2006, the share capital was increased through exercise of 440,000 over-allotment warrants and the issuance of 440,000 new ordinary shares.

(12) On April 18, 2007, the share capital was increased through exercise of (i) 9,937 warrants issued by the extraordinary general shareholders' meeting of May 12, 2004 (Warrants 2004) at an exercise price of € 22.31 per warrant, (ii) 6,900 warrants issued by the board of directors on July 12, 2005 (Warrants 2005) at an exercise price of € 23.87 per warrant, and (iii) 19,675 warrants issued by the extraordinary general shareholders' meeting of March 22, 2006 (Warrants 2006) at an exercise price of € 24.00 per warrant. Pursuant to the stock split decided upon by the general shareholders' meeting of May 23, 2006, each Warrant 2004, Warrant 2005 and Warrant 2006 entitles the holder thereof to five shares of the Company. The issue share prices in the above table indicate the weighted average price of the exercised warrants. For a further description of the main terms and conditions of these warrants, reference is made to Section 4.9 below.

(13) On October 15, 2007, the board of directors decided to increase the Company's share capital in connection with a private placement with qualified institutional investors. The capital increase was completed on October 19, 2007.

(14) On October 25, 2007, the share capital was increased through exercise of (i) 2,680 warrants issued by the extraordinary general shareholders' meeting of May 12, 2004 (Warrants 2004) at an exercise price of € 22.31 per warrant, (ii) 3,000 warrants issued by the board of directors on July 12, 2005 (Warrants 2005) at an exercise price of € 23.87 per warrant, (iii) 4,425 warrants issued by the extraordinary general shareholders' meeting of March 22, 2006 (Warrants March 2006) at an exercise price of € 24 per warrant, (iv) 187 warrants issued by the board of directors on November 8, 2006 (Warrants November 2006) at an exercise price of € 7.72 per warrant and (v) 125 warrants issued by the board of directors on April 18, 2007 (Warrants January 2007) at an exercise price of € 10.87 per warrant. Pursuant to the stock split decided upon by the general shareholders' meeting of May 23, 2006, each Warrant 2004, Warrant 2005 and Warrant 2006 entitles the holder thereof to five shares of the Company. The issue share prices in the above table indicate the weighted average price of the exercised warrants. For a further description of the main terms and conditions of these warrants, reference is made to Section 4.9 below.

(15) On April 24, 2008, 61,120 new shares were issued for an aggregate issue price of € 280,701.00 with respect to the exercise of warrants in March 2008. The exercised warrants were vested warrants related to the Warrant Plans of 2004 and March 2006 which had been granted to employees and consultants.

(16) On November 5, 2008, 19,375 new shares were issued for an aggregate issue price of € 91,618.75 with respect to the exercise of warrants in September 2008. The exercised warrants were vested warrants related to the Warrant Plans of 2004, 2005 and March 2006 which had been granted to employees and consultants.

(17) On December 18, 2008, 1,332,877 new shares were issued for an aggregate issue price of € 8,383,796.33 with respect to a private placement of new shares with institutional and qualified investors.

(18) For the consolidated IFRS accounts, the IPO expenses of June 30, 2006 (€ 2,174,000) and the expenses of the private placement of October 2007 (€ 457,000) and December 2008 (€ 281,000) were recorded as a reduction in the share capital, whereas they were recorded as an expense for the statutory accounts.

4.4 AUTHORIZED CAPITAL

By decision of the extraordinary general shareholders' meeting of the Company dated May 30, 2008, the board of directors was granted certain powers in the framework of the authorized capital, as published by excerpt in the Annexes to the Belgian Official Gazette of June 19, 2008 under number 08093584.

In the framework of the authorized capital, the board of directors is authorized to increase the share capital of the Company in one or more transactions for a maximum amount of € 48,112,228.68, for a period of five (5) years as of the publication of this authorization in the Annexes to the Belgian Official Gazette.

In the framework of the authorized capital, the board of directors is authorized to issue shares, with or without voting rights, warrants or convertible bonds. The authorization granted to the board of directors cannot only be used for capital increases to be subscribed for in cash by the existing shareholders through the exercise of their preferential subscription rights, but also for capital increases in kind and capital increases in cash with a restriction or cancellation of the preferential subscription rights of the existing shareholders, even for the benefit of persons that are not employees of the Company or of any of its subsidiaries.

The board of directors can use the above powers for any purpose or type of transaction that the board of directors shall believe appropriate or necessary in the interest of the Company in one or more transactions with a maximum amount that cannot exceed 50% of the Company's share capital.

If the board of directors has already used its powers under the authorized capital to increase the Company's share capital with an amount of 50% of the Company's share capital, any further use of the powers under the authorized capital shall be subject to the approval by at least two thirds of the votes validly cast by the directors and shall further only be allowed for the following transactions:

- The issuance of stock based remuneration or incentive plans, such as stock option plans, stock purchase plans or other plans, for directors, consultants and personnel of the Company and its subsidiaries.
- The issuance of financial instruments in consideration of the acquisition of shares, assets and liabilities or combinations of shares, assets and liabilities of companies, undertakings, businesses and associations.
- The issuance of financial instruments in consideration of the acquisition of licenses, intellectual property rights or other rights on intellectual property (whether registered or unregistered intellectual property rights, or applications therefore), such as patents, copyrights, data base rights and design rights, and know-how or trade secrets.
- The issuance of financial instruments in consideration of entering into partnerships or other business associations.

When using its powers under the authorized capital, the board of directors can issue shares, with or without voting rights, warrants, convertible bonds or combinations thereof or other securities. The board of directors can increase the Company's share capital through contributions in cash by existing shareholders using their preferential subscription right, as well as through contributions in kind and contributions in cash with a limitation or cancellation of the preferential subscription right of the existing shareholders, even for the benefit of individuals who are not an employee of the Company or its subsidiaries. The capital can also be increased through incorporations of reserves or issuance premiums.

Up to this day, the board of directors has used its powers under the authorized capital once, on the occasion of a share capital increase which was enacted on December 18, 2008 for an amount of € 5,458,797.75. Accordingly, at present, the share capital of the Company can still be increase for an amount of € 42,653,430.93 under the authorized capital authorization.

The board of directors was further authorized to issue up to 10% new shares following receipt of a notification that a take-over bid has been launched on the shares of the Company. This authorization is valid for a period of three years as of the publication thereof in the annexes to the Belgian Official Gazette, i.e. as of June 19, 2008.

4.5 RIGHTS ATTACHED TO SHARES

4.5.1 Dividend Rights

All shares participate in the same manner in the Company's profits (if any). Pursuant to the Belgian Company Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual general shareholders' meeting, based on the most recent audited statutory financial statements, prepared in accordance with the generally accepted accounting principles in Belgium and based on a (non-binding) proposal of the Company's board of directors. The Company's articles of association also authorize the board of directors to issue interim dividends on profits of the current financial year subject to the terms and conditions of the Belgian Company Code.

Dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory financial statements (i.e., the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all as prepared in accordance with Belgian accounting rules), decreased with the non-amortized costs of incorporation and extension and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital, increased with the amount of non-distributable reserves. In addition, prior to distributing dividends, 5 % of the net profits must be allotted to a legal reserve, until the legal reserve amounts to 10 % of the share capital.

In relation to physical bearer shares, the Belgian Act of July 24, 1921, provides that, in the event the payment of dividends on bearer shares has not been claimed by the legal holder thereof, the Company has the right to deposit those dividends with the *Deposito en Consignatiekas / Caisse de Dépots et Consignations*. The right to demand the distribution of dividends so deposited expires after thirty years, at which time the related dividends become the property of the Belgian State. With regard to registered shares, the right to payment of dividends expires five years after the board of directors declared the dividend payable.

4.5.2 Preferential Subscription Rights

In the event of a capital increase in cash with issue of new shares, or in the event of an issue of convertible bonds or warrants, the shareholders have a preferential right to subscribe to the new shares, convertible bonds or warrants, pro rata of the part of the share capital represented by the shares that they already have. The general shareholders' meeting can decide to limit or cancel this preferential subscription right, subject to special reporting requirements. Such decision needs to satisfy the same quorum and majority requirements as the decision to increase the Company's share capital.

The shareholders can also decide to authorize the board of directors to limit or cancel the preferential subscription right within the framework of the authorized capital, subject to the terms and conditions set forth in the Belgian Company Code.

4.5.3 Voting Rights

Each shareholder of the Company is entitled to one vote per share. There are no different categories of shares. Voting rights can be suspended in relation to shares:

- Which were not fully paid up, notwithstanding the request thereto of the board of directors of the Company.
- To which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right.
- Which entitle their holder to voting rights above the threshold of 3 %, 5 %, or any multiple of 5 % of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant general shareholders' meeting, except in the event where the relevant shareholder has notified the Company and the CBFA at least 20 days prior to the date of the general shareholders' meeting on which he or she wishes to vote of its shareholding exceeding the thresholds above.
- Of which the voting right was suspended by a competent court or the CBFA.

4.5.4 Rights to Participate and Vote at Shareholder's Meetings

ANNUAL GENERAL SHAREHOLDERS' MEETING

The annual general shareholders' meeting is held at the registered office of the Company or at the place determined in the notice convening the shareholders' meeting. The meeting is held every year on the last Friday of May at 10 a.m. At the annual general shareholders' meeting, the board of directors submits the audited statutory and consolidated financial statements and the reports of the board of directors and of the statutory auditor with respect thereto to the shareholders. The shareholders' meeting then decides on: the approval of the statutory financial statements; the proposed allocation of the Company's profit or loss; the discharge from liability of the directors and the statutory auditor, and, when applicable, the (re-)appointment or resignation of the statutory auditor and/or of all or certain directors and their remuneration; if relevant the filing of claim for liability against directors; if relevant, decisions relating to the dissolution, merger and certain re-organization of the Company; and, if relevant the approval of amendments to the articles of association.

SPECIAL AND EXTRAORDINARY GENERAL SHAREHOLDERS' MEETINGS

The board of directors or the statutory auditor can, at any given time when the interest of the Company so requires, convene a special or extraordinary general shareholders' meeting. Such shareholders' meeting must also be convened every time one or more shareholders holding at least 20% of the Company's share capital so demand. Shareholders that do not hold at least 20% of the Company's share capital do not have the right to have the general shareholders' meeting convened. Shareholders that hold at least 5% of the Company's share capital can, however, submit to the board of directors proposals to add or amend agenda items for the general shareholders' meeting. Such proposals must be submitted sufficiently in advance to the convening of the general shareholders' meeting.

NOTICES CONVENING THE GENERAL MEETING

The notice convening the general shareholders' meeting must indicate the agenda, place, date, and time of the meeting, and the proposed resolutions that will be submitted to the meeting. The meeting cannot deliberate and vote on items that are not mentioned on the agenda, unless all shareholders are present or represented and decide unanimously to place such items on the agenda. The notice must be published in (i) the annexes to the Belgian Official Gazette, (ii) a newspaper with nationwide distribution in Belgium and The Netherlands and (iii) the Daily Official List at least 24 days prior to the meeting. A publication in the annexes to the Belgian Official Gazette and in the Daily Official List suffices for notices convening the annual general shareholders' meeting if such meeting takes place in Liège and on the place, date and hour referred to above and if the agenda is limited to the submission of the financial statements, the reports of the board of directors and statutory auditor relating thereto, and the discharge from liability of the directors and statutory auditor. The holders of registered shares, warrants and bonds are personally notified by letter at least 15 days prior to the meeting.

FORMALITIES TO ATTEND THE GENERAL MEETING

All holders of shares, warrants or bonds (if any) issued by the Company can attend shareholders' meetings. Only shareholders, however, can vote at shareholders' meetings. In order to attend the general shareholders' meeting, holders of dematerialized instruments must deposit a certificate issued by a recognized account holder with the clearing agency for the financial instruments concerned or the clearing agency itself, confirming the number of financial instruments that have been registered in the name of the holder concerned and stating that these financial instruments are blocked until after the date of the general meeting. The certificate must be deposited at the Company's registered office or any other place indicated in the notice convening the shareholders' meeting at the latest four business days prior to the meeting. Holders of bearer instruments in physical form must deposit their financial instruments at the Company's registered office or any other place indicated in the notice convening the shareholders' meeting within the same term. Holders of registered instruments must be registered in the relevant register book and, where applicable, can be requested to inform the board of directors at the latest four business days prior to the shareholders' meeting whether they will attend the shareholders' meeting.

REGISTRATION DATE

The articles of association also allow the board of directors to specify a registration date in the notice convening the shareholders' meeting. If the board of directors decides to set a registration date in the notice, only shareholders who have shares at 24:00 hours (Central European Time, GMT+1) on the registration date may participate and vote with such shares at the shareholders' meeting, regardless of the number of shares that they hold on the actual date of the shareholders' meeting. The specified registration date

can be no earlier than 15 calendar days, and no later than five business days, before the date of the shareholders' meeting. If the board of directors decides to set a registration date, the notice convening the shareholders' meeting must be published (i) in the annexes to the Belgian Official Gazette, (ii) a newspaper with nationwide distribution in Belgium and The Netherlands and (iii) the Daily Official List at least 24 days prior to the registration date (or, if a second meeting is required and if the date of the second meeting was mentioned in the notice convening the first meeting, at least 17 days prior to the registration date for the second meeting).

POWER OF ATTORNEY

Each shareholder has the right to attend a general shareholders' meeting and to vote at the general shareholders' meeting in person or through a proxy holder. The proxy holder does not need to be a shareholder. The board of directors can request the participants to the meeting to use a model of power of attorney (with voting instructions), which must be deposited at the Company's registered office at least four business days prior to the meeting.

QUORUM AND MAJORITIES

In general, there is no quorum requirement for a general shareholders' meeting and decisions are generally passed with a simple majority of the votes of the shares present and represented. Capital increases not decided by the board of directors within the framework of the authorized capital, decisions with respect to the Company's dissolution, mergers, de-mergers and certain other reorganizations of the Company, amendments to the articles of association (other than an amendment of the corporate purpose), and certain other matters referred to in the Belgian Company Code do not only require the presence or representation of at least 50 % of the share capital of the Company but also the approval of at least 75 % of the votes cast. An amendment of the Company's corporate purpose, requires the approval of at least 80 % of the votes cast at a general shareholders' meeting, which in principle can only validly pass such resolution if at least 50 % of the share capital of the Company and at least 50 % of the profit certificates, if any, are present or represented. In the event where the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second general shareholders' meeting can validly deliberate and decide regardless of the number of shares present or represented.

4.6 ANTI-TAKEOVER PROVISIONS

4.6.1 Takeover bids

Public takeover bids on OncoMethylome's shares and other voting securities (such as warrants or convertible bonds, if any) are subject to the supervision by the CBFA. Public takeover bids must be made for all of OncoMethylome's voting securities, as well as for all other securities that entitle the holders thereof to the subscription to, the acquisition of or the conversion in new voting securities. Prior to making a bid, a bidder must issue and disseminate a prospectus, which must be approved by the CBFA. The bidder must also obtain approval of the relevant competition authorities, where such approval is legally required for the acquisition of OncoMethylome.

In addition, as soon as a person or group of persons acting in concert, holding more than 30 % of the voting securities issued by OncoMethylome would (whether through an acquisition or a subscription etc.) be holding more than 30 % of the voting right bearing securities, the outstanding voting rights bearing or voting rights conferring securities of OncoMethylome will become subject to a takeover bid, at a price compliant with the provisions of the Belgian takeover legislation.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose important shareholdings (see under Section 4.7 below) and merger control, that may apply to OncoMethylome and which may make an unfriendly tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the company's shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

In addition, the board of directors of Belgian companies may in certain circumstances, and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (within the framework of the authorized capital – see Section 4.4 above) or through share buy-backs (i.e., purchase of own shares).

Normally, the authorization of the board of directors to increase the share capital of the company within the authorized capital through contributions in cash with cancellation or limitation of the preferential right of the existing shareholders is suspended as of the notification to the company by the CBFA of a public takeover bid on the securities of the company. The general shareholders' meeting can, however, authorize the board of directors to increase the share capital by issuing shares in an amount of not more than 10 % of the existing shares of the company at the time of such a public takeover bid. Such authorization has been granted to the board of directors of the company by decision of the extraordinary shareholders' meeting on May 30, 2008.

The board of directors of OncoMethylome was not granted the authorization to purchase own shares in case of a threatening serious disadvantage to the company.

4.6.2 Squeeze out

Pursuant to Article 513 of the Belgian Company Code, or the regulations promulgated thereunder, a person or entity, or different persons or entities acting alone or in concert, who, together with the company, own 95 % of the securities conferring voting rights in a public company, can acquire the totality of the securities conferring (potential) voting rights in that company following a squeeze-out offer. The shares that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the offer, the company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value as to safeguard the interests of the transferring shareholders.

4.6.3 Sell-out Right

Holders of securities conferring (potential) voting rights may require an offeror who, acting alone or in concert, following a takeover bid, owns 95 % of the voting capital or 95 % of the securities conferring voting rights in a public company to buy their securities at the price of the bid, upon the condition that the offeror has acquired, through the bid, securities representing at least 90 % of the voting capital subject to the takeover bid.

4.7 NOTIFICATION OF IMPORTANT PARTICIPATION

The Belgian Company Code and the Company's articles of association provide that every natural person or legal entity acquiring shares or other financial instruments of a listed company that entitle the holder thereof to voting rights, whether or not these financial instruments represent the Company's share capital (such as warrants, stock options, or automatic convertible bonds, if any), must notify the Company and the CBFA of the total number of financial instruments that he or she holds each time, as a result of the acquisition, if the total number of voting rights attached to his financial instruments exceeds a threshold of 3 %, 5 %, 10 % or 15 % (or every subsequent multiple of 5 %) of the total number of voting rights attached to the financial instruments of the Company at the moment of the acquisition. If the number of voting financial instruments held by him is equal to or in excess of 20 %, the notification must also contain a description of the policy in the framework of which the acquisition or transfer takes place, as well as how many voting financial instruments have been acquired over the last 12 months, and in which manner.

All persons acting individually must make the notification. It must also be made by affiliated persons or persons acting in concert with respect to the holding, acquisition or transfer of voting financial instruments. In that event, the voting financial instruments of the affiliated persons or persons acting in concert must be combined for the purpose of determining whether a threshold is passed. The forms to make the aforementioned disclosures, as well as further explanations can be found on the website of the CBFA (www.cbfa.be).

The CBFA and the commercial court can suspend voting rights attached to voting financial instruments that have not been disclosed in accordance with the foregoing provisions. In addition, the president of the commercial court can also order the sale of the financial instruments to a third party. In any event, shareholders cannot vote at shareholders' meetings with more voting rights than they have notified in accordance with the above rules at least 20 days prior to a shareholders' meeting.

4.8 SHAREHOLDERSHIP

The table below provides an overview of the shareholders that have notified the Company of their ownership of OncoMethylome securities. The overview is based on the most recent transparency declarations submitted to the Company.

Shareholder (or Party representing shareholders)	Number of shares	% of outstanding shares	Situation as of	Notification received
AGF Private Equity	794,912	6.04 %	Dec. 18, 2008	Dec. 18, 2008
Stichting Pensioenfonds ABP	576,844	4.38 %	Dec. 18, 2008	Dec. 18, 2008
ING Investment Management	1,506,556	11.45 %	Mar. 13, 2009	Mar. 16, 2008
Life Sciences Partners II BV	1,411,195	10.72 %	Sep. 1, 2008	Oct. 17, 2008
Edmond de Rothschild Investment Partners	1,263,915	9.60 %	Dec. 18, 2008	Dec. 18, 2008
ING Belgium NV/SA (private equity dept)	2,147,610	16.32 %	Dec. 18, 2008	Dec. 18, 2008
Mr. Herman Spolders	432,500	3.29 %	Sep. 1, 2008	Oct. 17, 2008
Fortis Investment Management	481,539	3.66 %	Mar. 13, 2009	Mar. 16, 2008
Total of Notified Shares	**8,615,071**	**65.46 %**		
Total Outstanding Shares	**13,161,074**	**100.00 %**		

4.9 WARRANTS

This section provides an overview of the outstanding warrants as of December 31, 2008. The warrants were created within the context of stock based incentive plans for employees, directors and consultants of the Company.

On May 12, 2004, the shareholders' meeting of the Company issued 30,000 warrants pursuant to a stock option plan. According to this stock option plan, the warrants are granted for free to employees, directors and independent service providers of the Company and its subsidiaries. Each warrant entitles its holder to subscribe to one common share of the Company at a subscription price equal to the subscription price paid at the occasion of the most recent capital increase preceding the issuance of the warrants. The warrants have a term of 5 years. They become exercisable in cumulative tranches of 25 % per year, i.e., 25 % as of their issuance, 50 % as of the first anniversary date, 75 % as of the second anniversary date and 100 % as of the third anniversary date of the issuance, provided that the beneficiary has provided at least one year of service. 29,750 of these warrants have been granted to the beneficiaries under the stock option plan. The 250 remaining warrants became null and void on June 30, 2004. In the course of 2006, 500 warrants (out of the 29,750 that were granted) were moreover cancelled (technically, have become definitively unexercisable) following the departure of an employee of OncoMethylome Sciences BV, bringing the total of outstanding warrants under this stock option plan to 29,250 at December 31, 2006. In the course of 2007, 12,617 of these warrants were exercised, bringing the total of outstanding warrants under this stock option plan to 16,633 at December 31, 2007. In the course of 2008, 8,125 of these warrants were exercised, bringing the total of outstanding warrants under this stock option plan to 8,508 at December 31, 2008. No warrants remain grantable under this stock option plan.

On July 12, 2005, the Company's board of directors issued an additional 15,000 warrants in the framework of the authorized capital. All these warrants were granted for free to employees, directors and independent service providers of the Company and its subsidiaries. The warrants have the same terms and conditions as the warrants issued by the shareholders' meeting of May 12, 2004. During the course of 2007, 9,900 of these warrants were exercised, bringing the total of outstanding warrants under this stock option plan to 5,100 at December 31, 2007. In the course of 2008, 2,500 of these warrants were exercised, bringing the total of outstanding warrants under this stock option plan to 2,600 at December 31, 2008. No warrants remain grantable under this stock option plan.

On March 8, 2006, the board of directors of the Company approved an additional stock option plan providing for the

issuance of up to 66,700 warrants of the Company. The warrants are granted for free to employees, directors and independent service providers of the Company and its subsidiaries. Each warrant entitles its holder to subscribe to one common share of the Company at a subscription price equal to the subscription price paid at the occasion of the most recent capital increase preceding the issuance of the warrants. The warrants have a term of 10 years. They become exercisable in cumulative tranches of 25% per year, i.e., 25% as of their issuance, 50% as of the first anniversary date, 75% as of the second anniversary date and 100% as of the third anniversary date of the issuance, provided that the beneficiary has provided at least one year of service. The shareholders' meeting of the Company has issued 66,700 warrants pursuant to this stock option plan on March 22, 2006. All these 66,700 warrants have been granted to the beneficiaries under the stock option plan. During the course of 2007, 2,000 of these warrants were cancelled (technically, have become definitively unexercisable) following the departure of the beneficiaries prior to the vesting of the warrants. Also during the course of 2007, 24,100 of these warrants were exercised, bringing the total of outstanding warrants under this stock option plan to 40,600 at December 31, 2007. During the course of 2008, 1,337 additional warrants were cancelled and 5,474 were exercised, bringing the total of outstanding warrants under this stock option plan to 33,789 at December 31, 2008. No warrants remain grantable under this stock option plan.

At the shareholders' meeting of **May 23, 2006,** it was decided that, as a result of the stock-split, each existing warrant at that date, upon the exercise thereof, would entitle the owner thereof to five (5) new shares.

On November 8, 2006, the board of directors issued 47,500 warrants under the framework of the authorized capital for the benefit of the employees of the Company and its subsidiaries. Each warrant entitles its holder to subscribe to one share of the Company. The warrants are granted for free and can be exercised at a price equal to the average closing price of the Company's shares as listed on Eurolist by Euronext Brussels during a term of 30 days prior to the date of their grant, or any other price determined by the board of directors. The exercise price can, however, never be lower than the fractional value of the shares. The warrants have a term of 10 years and become exercisable in cumulative tranches of 25% per year, provided that the beneficiary has provided at least one year of service. All 47,500 warrants have been granted and accepted. During the course of 2007, 938 of these warrants were cancelled (technically, have become definitively unexercisable) following the departure of the beneficiaries prior to vesting of the warrants. Also during the course of 2007, 187 of these warrants were exercised, bringing the total of outstanding warrants under this stock option plan to 46,375 at December 31, 2007. During the course of 2008, no further warrants were cancelled nor exercised, leaving the total of outstanding warrants unchanged at 46,375 at December 31, 2008. No warrants remain grantable under this stock option plan.

On April 18, 2007, the board of directors issued 55,100 warrants under the framework of the authorized capital for the benefit of the employees of the Company and its subsidiaries. Each warrant entitles its holder to subscribe to one share of the Company. The warrants are granted for free and can be exercised at a price equal to the average closing price of the Company's shares as listed on Eurolist by Euronext Brussels during a term of 30 days prior to the date of their grant. The warrants have a term of 10 years and become exercisable in cumulative tranches of 25% per year, provided that the beneficiary has provided at least one year of service. All 55,100 warrants have been granted and accepted. During the course of 2007, 125 of these warrants were exercised, bringing the total of outstanding warrants under this stock option plan to 54,975 at December 31, 2007. During the course of 2008, 3,812 warrants were cancelled, bringing the total of outstanding warrants to 51,163 at December 31, 2008. No warrants remain grantable under this stock option plan.

On May 25, 2007, the shareholders' meeting of the Company issued 50,000 warrants to directors and a consultant of the Company pursuant to a stock option plan. Each warrant entitles its holder to subscribe to one share of the Company. The warrants are granted for free and can be exercised at a price equal to the average closing price of the Company's shares as listed on Eurolist by Euronext Brussels during a term of 30 days prior to the date of their grant. The warrants have a term of 5 years and become exercisable in cumulative tranches of 25% per year, provided that the beneficiary has provided at least one year of service. All 50,000 warrants have been granted and accepted. The total outstanding warrants under this stock option plan were 50,000 at December 31, 2008. No warrants remain grantable under this stock option plan.

On May 30, 2008, the board of directors issued 61,000 warrants under the framework of the authorized capital for the benefit of the employees of the Company and its subsidiaries. Each warrant entitles its holder to subscribe to one share of the Company. The warrants are granted for free and can be exercised at a price equal to the average closing price of the Company's shares as listed on Eurolist by Euronext Brussels during a term of 30 days prior to the

date of their grant. The warrants have a term of 10 years and become exercisable in cumulative tranches of 25% per year, provided that the beneficiary has provided at least one year of service. 49,000 warrants have been granted and accepted. The remaining 12,000 warrants became null and void on May 30, 2008. During the course of 2008, 875 of these warrants were cancelled, bringing the total of outstanding warrants under this stock option plan to 48,125 at December 31, 2008. No warrants remain grantable under this stock option plan.

The table below gives an overview (as at December 31, 2008) of the stock option plans described above. The table should be read together with the notes referred to below.

Grant	Issue date	Grant date	Term (years)	Number of warrants issued[1]	Number of warrants granted [1]	Number of warrants exercised[1]	Exercice price (€) [2]	Cancelled warrants [3]	Outstanding warrants
2004	May 12	May 12	5	150,000	148,750	103,710	4.46	2,500	42,540
2005	July 12	July 12	5	75,000	75,000	62,000	4.77	0	13,000
2006(I)	March 22	March 22	10	333,500	333,500	147,870	4.80	16,685	168,945
2006 (II)	Nov. 8	October 2	10	47,500	47,500	187	7.72	938	46,375
2007 (I)	April 18	January 4	10	55,100	55,100	125	10.87	3,812	51,163
2007 (II)	May 25	May 25	5	50,000	50,000	0	11.42	0	50,000
2008	May 30	May 30	10	61,000	49,000	0	9.10	875	48,125
Total				**772,100**	**758,850**	**313,892**		**24,810**	**420,148**

(1) For easy reference, the number of warrants has already been multiplied by five (5) to take into account the 5-for-1stock split impacting only warrants granted and created before May 2006. As a consequence of the stock split, one (1) warrant will entitle the owner thereof to five (5) shares.
(2) For easy reference, the exercise price has already been divided by five (5) to take into account the 5-for-1stock split impacting only warrants granted and created before May 2006.
(3) Cancelled due to non-grant of certain warrants or due to departure of beneficiary prior to vesting of warrants.

4.10 OUTSTANDING FINANCIAL INSTRUMENTS

The table below provides an overview of the issued and outstanding voting financial instruments at December 31, 2008. The numbers below take into account the stock split (shares and warrants) decided upon by the shareholders' meeting of May 23, 2006.

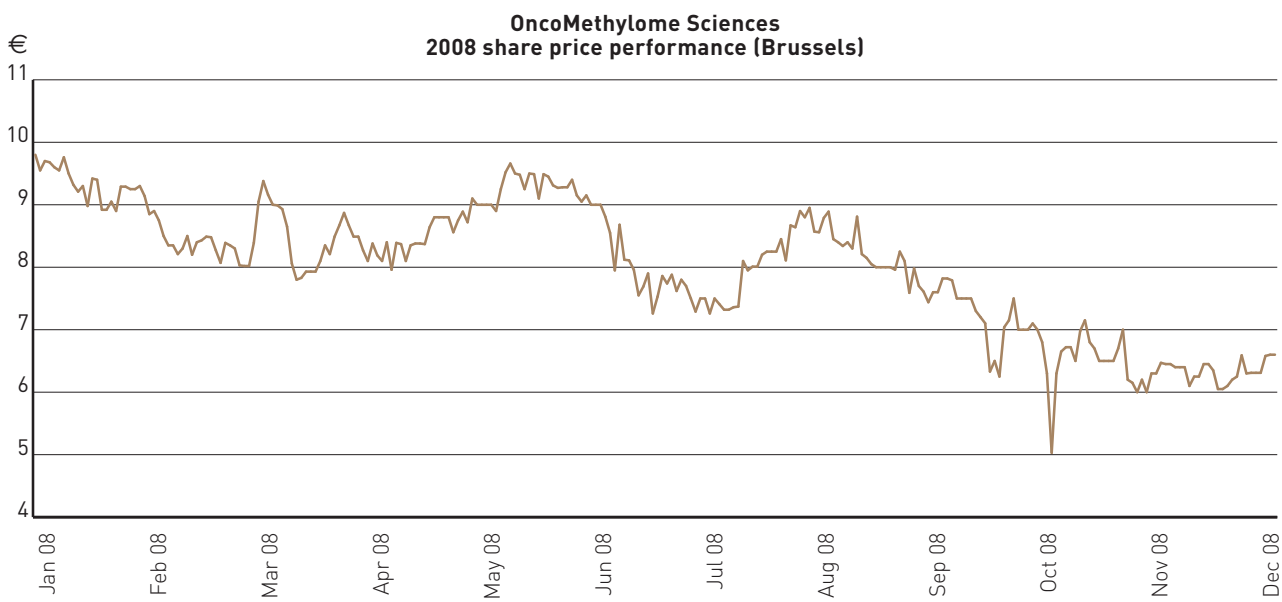
	Number of voting rights
A. Actual voting rights attached to:	
Shares issued prior to April 25, 2008	11,747,702
Shares issued at exercise of warrants April 25, 2008	61,120
Shares issued at exercise of warrants November 5, 2008	19,375
Shares issued at capital increase of December 18, 2008	1,332,877
Total A	**13,161,074**
B. Potential future voting rights attached to shares representing the share capital to be issued upon the exercise of warrants that have already vested:	
Warrants issued on May 12, 2004	42,540
Warrants issued on July 12, 2005	13,000
Warrants issued on March 22, 2006	97,255
Warrants issued on November 8, 2006	23,125
Warrants issued on April 18, 2007	23,544
Warrants issued on May 25, 2007	18,750
Warrants issued on May 30, 2008	3,875
Total B	**222,089**
Total (A) + (B)	**13,383,163**
C. Potential future voting rights attached to shares representing the share capital to be issued upon the exercise of warrants that have not yet vested and are still conditional:	
Warrants issued on May 12, 2004	0
Warrants issued on July 12, 2005	0
Warrants issued on March 22, 2006	71,690
Warrants issued on November 8, 2006	23,250
Warrants issued on April 18, 2007	27,619
Warrants issued on May 25, 2007	31,250
Warrants issued on May 30, 2008	44,250
Total C	**198,059**
Total (A) + (B) + (C)	**13,581,222**

4.11 PAYING AGENT SERVICES

The financial service for the shares of the Company is provided in Belgium by ING Bank. In the Netherlands, the financial service is provided by Fortis Bank. Shareholders should inform themselves about the costs that other financial intermediaries may charge in connection with paying agency services.

4.12 SHARE PRICE EVOLUTION

OncoMethylome share price evolution in 2008.



The table below depicts the highest and lowest quarterly share price and the average daily volume in 2008.

Onco Sc (Brussels + Amsterdam)	1Q08	2Q08	3Q08	4Q08	FY08
High Price	9.80 €	9.70 €	9.00 €	7.80 €	9.80 €
Low Price	7.80 €	7.60 €	7.00 €	5.00 €	5.00 €
Average daily volume	7,529	3,842	7,382	4,818	5,893

5. Audited Consolidated Financial Statements

5.1 CONSOLIDATED ANNUAL ACCOUNTS

The following consolidated accounts are drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU. The accounting policies and notes are an integral part of these consolidated financial statements. The following consolidated accounts differ from the statutory annual accounts of the Company, which have been prepared in accordance with Belgian GAAP.

5.1.1 Consolidated income statement

Thousands of € except per share amounts	Notes	Years ended December 31		
		2008	2007	2006
Product and service income		1,403	841	1,676
Government grant income		1,621	1,800	1,095
Revenues		**3,024**	**2,641**	**2,771**
Cost of goods & services sold		243	450	55
Gross profit		**2,781**	**2,191**	**2,716**
Research and development expenses	5.1.5.3.	10,999	10,699	8,648
Selling, general and administrative expenses	5.1.5.3.	3,107	2,463	1,896
Other operating income		0	9	0
Other operating expenses		1	9	14
Total operating charges		**14,107**	**13,162**	**10,558**
Operating Profit (EBIT)		**(11,326)**	**(10,971)**	**(7,842)**
Financial income	5.1.5.5.	1,143	1,049	658
Financial expenses	5.1.5.5.	9	53	184
Profit/(Loss) before taxes		**(10,192)**	**(9,975)**	**(7,368)**
Income taxes		0	0	0
Net Profit/(Loss)		**(10,192)**	**(9,975)**	**(7,368)**
Basic and diluted earnings per share (EPS) €	5.1.5.7.			
Using weighted average number of shares		(0.86)	(0.92)	(0.86)
Using end of period number of shares		(0.77)	(0.85)	(0.71)

5.1.2 Consolidated balance sheet

ASSETS

Thousands of €	Notes	Years ended December 31		
		2008	2007	2006
ASSETS				
Intangible assets	5.1.5.8.	1,644	73	172
Property plant and equipment	5.1.5.9.	1,429	1,748	1,502
Financial assets	5.1.5.10.	500		
Grants receivable (> 1 year)	5.1.5.12.	1,087	1,606	428
Non-current assets		**4,660**	**3,427**	**2,102**
Grants receivable (< 1 year)	5.1.5.12.	2,412	1,517	1,058
Trade receivables	5.1.5.11.	369	459	59
Prepaid expenses and other current assets	5.1.5.11.	1,010	1,398	748
Cash and cash equivalents	5.1.5.13.	30,601	33,103	32,809
Current assets		**34,392**	**36,477**	**34,674**
TOTAL ASSETS		**39,052**	**39,904**	**36,776**

LIABILITIES & SHAREHOLDERS' EQUITY

Thousands of €	Notes	Years ended December 31		
		2008	2007	2006
EQUITY AND LIABILITIES				
Share capital	5.1.5.15.	50,989	45,481	40,627
Issuance premium		10,872	7,905	1,483
Accumulated profit/(loss)		(20,650)	(10,675)	(3,308)
Result of the year		(10,192)	(9,975)	(7,368)
Share-based compensation	5.1.5.19.	1,633	1,352	555
Translation reserves		(9)	34	(9)
Total equity		**32,643**	**34,122**	**31,980**
Grants payable (> 1 year)		1,088	1,343	652
Advance on royalties		164		
Long-term lease debt	5.1.5.16.	0	1	2
Non-current liabilities		**1,252**	**1,344**	**654**
Current portion of lease debt	5.1.5.16.	1	2	3
Trade payables	5.1.5.17.	2,524	2,659	2,817
Grants payable (< 1 year)		1,953	1,415	921
Other current liabilities	5.1.5.17.	679	362	401
Current liabilities		**5,157**	**4,438**	**4,142**
TOTAL EQUITY AND LIABILITIES		**39,052**	**39,904**	**36,776**

5.1.3 Consolidated cash flow statement

Thousands of €	Years ended December 31		
	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Profit/(Loss)	**(11,326)**	**(10,971)**	**(7,842)**
Depreciation, amortization and impairment results	1,004	576	377
Share-based compensation	281	797	133
Gain/(Loss) on fixed assets disposals	0	0	(4)
Interest paid	(3)	(2)	(18)
Income taxes	0	0	0
(Increase)/decrease in accounts receivable [1]	102	(2,688)	1,677
Increase/(decrease) in account payable [2]	629	987	496
Total adjustments	2,013	(330)	2,661
Net cash provided by/(used in) operating activities	**(9,313)**	**(11,301)**	**(5,181)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in financial assets	(500)	0	0
Interest received	1,075	1,049	626
Other financial profit/(loss)	62	(52)	(134)
Purchase of property, plant and equipment	(223)	(722)	(1,045)
Purchase of intangible assets	(2,033)	0	0
Net cash provided by/(used in) investing activities	**(1,619)**	**275**	**(553)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long-term leases	(2)	(2)	(8)
Proceeds from fixed assets disposals	0	0	6
Proceeds from issuance of shares (net of issue costs)	8,475	11,276	29,126
Net cash provided by/(used in) financing activities	**8,473**	**11,274**	**29,124**
Net increase/(decrease) in cash and cash equivalents	**(2,459)**	**248**	**23,390**
Cash and cash equivalents at beginning of year	33,103	32,809	9,421
Effect on Exchange rate changes	(43)	46	(2)
Cash and cash equivalents at end of period	**30,601**	**33,103**	**32,809**

(1) = long term grants receivable + short term grants receivable + trade receivables + prepaid expenses and other current assets
(2) = advance on royalties + long term grants payable + trade payables + short term grants payable + other current liabilities

5.1.4 Consolidated statement of changes in shareholders' equity

		Attributable to equity holders of the Company				
Thousands of €	Number of shares	Share capital & issuance premium	Retained earnings	Share-based compensation	Translation reserves	Total equity
Balance at January 1, 2006	**1,221,976**	**23,202**	**(13,526)**	**422**	**(9)**	**10,089**
Issuance of shares	193,548	6,000				6,000
Stock split 5:1	7,077,620					
Issuance of shares at IPO	3,373,334	25,300				25,300
Absorption accumulated loss		(10,218)	10,218			0
IPO costs against capital		(2,174)				(2,174)
Net Profit/(Loss)			(7,368)			(7,368)
Share-based compensation				133		133
Translation reserves						0
Balance at December 31, 2006	**10,450,954**	**42,110**	**(10,676)**	**555**	**(9)**	**31,980**
Balance at January 1, 2007	**10,450,954**	**42,110**	**(10,676)**	**555**	**(9)**	**31,980**
Issuance of shares	1,296,748	11,733				11,733
SPO costs against capital		(457)				(457)
Net Profit/(Loss)			(9,975)			(9,975)
Share-based compensation				797		797
Translation reserves			1		43	44
Balance at December 31, 2007	**11,747,702**	**53,386**	**(20,650)**	**1,352**	**34**	**34,122**
Balance at January 1, 2008	**11,747,702**	**53,386**	**(20,650)**	**1,352**	**34**	**34,122**
Issuance of shares	1,413,372	8,756				8,756
SPO costs against capital		(281)				(281)
Net Profit/(Loss)			(10,192)			(10,192)
Share-based compensation				281		281
Translation reserves					(43)	(43)
Balance at December 31, 2008	**13,161,074**	**61,861**	**(30,842)**	**1,633**	**(9)**	**32,643**

5.1.5 Notes to consolidated financial statements

5.1.5.1 GENERAL INFORMATION

OncoMethylome Sciences SA is a limited liability company incorporated in Belgium.

OncoMethylome is a biotechnology company founded in 2003 which is focused on using a novel and proprietary molecular technology for developing and commercializing products and services for (1) earlier and more accurate detection of cancer and (2) improved and personalized treatment of cancer patients. The Company has in-licensed, discovered and patented an extensive portfolio of technologies and genetic markers which it uses to develop molecular diagnostic products and pharmacogenomic tests for the oncology market. The research and development work is done both in-house and through collaboration agreements with an extensive international network of leading oncology experts and medical centers. The molecular technology used by the Company is known as "DNA Methylation" and has been widely confirmed by the Company and many independent scientists, doctors, and journals throughout the world.

OncoMethylome either licenses out its technology for specific applications to third-party commercial laboratories or to diagnostic kit companies for them to distribute the product or OncoMethylome retains the products for its own eventual distribution.

The OncoMethylome group of companies has its parent company, headquarters, and main laboratory in Belgium, but also operates via three wholly-owned subsidiaries in the United States, Belgium and The Netherlands. The consolidated financial statements are presented in Euro because that is the currency of the primary economic environment in which the Company operates.

5.1.5.2 ACCOUNTING POLICIES

BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, as adopted by the European Union up to December 31, 2008. The Group did not apply any European carve-outs from IFRS, meaning that the financial statements fully comply with IFRS. The Group has not applied any new IFRS requirements that are not yet effective in 2008. The principle accounting policies adopted when preparing these consolidated financial statements are set out below.

The financial statements have been prepared on the historical cost basis. Any exceptions to the historical cost convention are disclosed in the valuation rules described hereafter.

The financial statements have been established assuming the Company is a going concern. The Company has generated losses since its inception, which is inherent to the current stage of the Company's business life cycle as a biotech company. To date, the Company has ended each year with cash, investments available for sale or committed funding that exceeded more than one year of cash needs. Based on the current cash availability, the Company believes that the future research programs and company activities can be guaranteed for more than one year.

STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE CURRENT PERIOD

During the current year, the Company has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the accounting period commencing on January 1, 2008.

The following interpretation issued by the International Financial Reporting Interpretations Committee is effective for the current period:
IFRIC 14 IAS19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of this Interpretation has not led to any changes in the Company's accounting policies.

STANDARDS AND INTERPRETATIONS NOT YET APPLIED BY THE COMPANY

The Company elected not to early adopt the following new or revised Standards and Interpretations, which are not yet mandatory as per December 31, 2008:

IFRS	1	First Time Adoption of IFRS
IFRS	2	Share-based payment
IFRS	5	Non-current Assets Held for Sale and Discontinued Operations
IAS	1	Presentation of Financial Statements
IAS	19	Employee Benefits
IAS	20	Government Grants and Disclosure of Government Assistance
IAS	23	Borrowing Costs
IAS	32	Financial Instruments: Presentation

IAS 39 Financial Instruments: Recognition and Measurement
IFRIC 13 Customer Loyalty Programmes

The directors anticipate that all of the above Standards and Interpretations will be adopted in the Group's financial statements for the period commencing 1 January 2009 and that the adoption of those Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of OncoMethylome Sciences SA (Belgium legal entity), OncoMethylome Sciences BV (Netherlands legal entity), OncoMethylome BVBA (Belgian legal entity) and OncoMethylome Sciences Inc. (United States legal entity) made up to December 31, each year. OncoMethylome Sciences SA (Belgium) incorporated OncoMethylome Sciences Inc. (U.S.) as a wholly-owned subsidiary in 2003, OncoMethylome Sciences BV (Netherlands) in 2004, and OncoMethylome BVBA in 2007. These subsidiaries are included following the full consolidation method. All intra-group transactions, balances, income and expenses are eliminated in consolidation.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency:

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

Transactions and balances:

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, the monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.
On consolidation, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any are classified as income or as expense in the period in which the operation is disposed of.

SEGMENT INFORMATION

The Company does not distinguish different segments, neither business nor geographical segments.

REVENUE RECOGNITION

Substantially all of the Company's revenues are generated from technology out-licensing deals, product and service sales or royalties on such sales, research and development service fees, and government grants. Most commercial agreements include up-front fees, milestone fees, and royalty fees.

License fees are recognized when the Company has fulfilled all conditions and obligations. The license fee will not be recognized if the amount cannot be reasonably estimated and if the payment is doubtful. License up-front (signature fees) and non-refundable fees for access to prior research results and databases are recognized when earned, if the Company has no continuing performance obligations and all conditions and obligations are fulfilled (this means after the delivery of the required information).

If the Company has continuing performance obligations towards the fees, the fee will be recognized on a straight line basis over the contractual performance period.
Milestone fees are recognized as revenue when the amount of the milestone fee is determinable and the earning process and measures relative to the milestone have been fully completed.

Royalties will be generated by the sales by third parties of products or services which incorporate the Company's proprietary technology. Royalties are recognized as revenue once the amounts due can be reliably estimated based on the sale of the underlying products and services and when the collection of the royalties can be reasonably assured. In situations where there is adequate financial information on sales, royalties are recorded based on the reports received from the licensee or based on reliably estimated sales if the information has not been received.

Research and development service fees are recognized as revenue over the life of the research agreement as the required services are provided and costs are incurred. These services are usually in the form of a defined number of full-time equivalents (FTE) at a specified rate per FTE.

Government grants are recognized as revenue over the life of the grant as the required or planned activities are performed and the related costs incurred and when there is reasonable assurance that the Company will comply with the conditions of the grant. The grants are usually in the form of periodic progress payments. Grants related to assets are deducted from the assets acquired. The grants are recognized as income, over the useful life of the related asset, starting from

the moment the asset is used by the Company, by way of a reduced depreciation charge.

Deferred revenue represents amounts received prior to revenue being earned.

RESEARCH & DEVELOPMENT COSTS

The Company considers that the regulatory and clinical risks inherent to the development of its products preclude it from capitalizing development costs. Development costs are capitalized to the extent that all conditions for capitalization have been satisfied. In the consolidated IFRS financial statements of the Company, no research and development costs have been capitalized. In the statutory accounts (Belgian GAAP accounts) of the Belgian entity of the OncoMethylome group of companies, certain research and development costs have been capitalized.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Repair and maintenance costs are charged to the income statement as incurred. Gains and losses on the disposal of property, plant and equipment are included in other income or expenses. Depreciation is charged so as to write off the cost or valuation of assets over their useful lives, using the straight-line method, on the following basis:

- Equipment: 5 years;
- IT hardware and software: 3 years;
- Furniture: 5 years;
- Vehicles: 5 years;
- Leasehold improvements: in line with the lease agreement period.

INTANGIBLE ASSETS

Acquired patents and software licenses are measured internally at purchase cost and are amortized on a straight-line basis over their estimated useful lives on the following basis:
Patents: shorter of 5 years or the remaining patent life.
Software: shorter of 5 years or the software license period.

Costs related to patents which are in-licensed are expensed as incurred. Costs related to the filing, maintenance and defense of patents are expensed as incurred. Internal and external research and development program costs are expensed as incurred.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At each balance sheet date and at each interim reporting date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and at each interim reporting date, and whenever there is an indication that the asset might be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash generating unit is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at re-valued amount, in which case the impairment is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at re-valuated amount, in which case the reversal of the impairment is treated as a revaluation increase.

INVENTORIES
Inventories are stated at the lower of cost and net realizable value. Cost comprises merely purchase costs, as the inventory consists solely of raw materials. Raw materials are not ordinarily interchangeable and they are as such accounted for using the specific identification of their individual cost.

The Company does not account for work in progress and finished products, as the production process is very short and finished goods are shipped to customers immediately, thereafter resulting in no such items on the balance sheet at year-end for any of the periods reported.

TRADE RECEIVABLES
Trade receivables do not carry any interest and are stated at their minimal value as reduced by appropriate allowances for irrecoverable amount.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits held on call with banks, other short highly liquid investments and bank overdrafts. In the balance sheet, bank overdrafts, if any, are included in borrowings in current liabilities.

TAXATION
Deferred income tax is provided in full using the "balance sheet liability method", on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner or realization of settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets relating to tax losses carried forward are recognized to the extent that it is probable that the related tax benefits will be realized.

TRADE PAYABLES
Trade payables are not interest bearing and are stated at their nominal value.

EQUITY INSTRUMENTS
Equity instruments issued by the Company are recorded in the amount of the proceeds received, net of direct issue costs.

DERIVATIVE INSTRUMENTS
The Company has not used any derivative financial instruments.

FINANCIAL ASSETS
Investments classified as available for sale financial assets, are current and non current investments comprising unlisted equity shares. They are stated at fair value, except where fair value cannot be established reliably in which case the securities are carried at cost. Any resultant gain or loss on investments measured at fair value is recognized in a revaluation reserve in equity with the exception of impairment losses which are recognized directly in profit and loss. These investments are held with the objective of realizing a capital gain from a future sale. All purchase and sale of funds are recognized at the date of settlement. Investments are reviewed periodically and revalued by the Directors on a case by case basis.

Financial assets are assessed for indicators of impairment at each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impaired. For unlisted shares classified as available for sale a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

RETIREMENT BENEFIT SCHEMES AND EMPLOYEE SAVINGS SCHEMES
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments to defined contribution employee savings schemes are charged as an expense as they fall due. The Company does not offer nor operate any defined benefit schemes for its employees.

SHARE-BASED COMPENSATION PLANS FOR PERSONNEL
The Company has share-based compensation plans for personnel, directors and business associates. The fair value of the employee services received for the granted compensation plans are measured as an expense. The corresponding credit is recorded directly into equity.

The total cost to be charged as an expense over the vesting period is measured at the fair value of the granted compensation plans. The estimate of the number of compensation plans which will be vested is revised at each reporting date. The change in estimates will be recorded as expense with a corresponding correction in equity.

The received amount, less directly attributable transaction costs, will be recorded as share capital and share premium when the compensation plans are exercised.

5.1.5.3 OPERATING RESULT

Result from operations has been arrived at after charging:

RESEARCH AND DEVELOPMENT EXPENDITURES

Thousands of €	Years ended December 31		
	2008	2007	2006
Personnel costs	3,549	3,821	2,461
Lab consumables	831	741	430
External research and development collaborator fees	4,242	3,765	3,725
Patent and license fees	247	849	762
Depreciation	1,000	580	378
Other expenses	1,129	943	892
Total	**10,999**	**10,699**	**8,648**

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Thousands of €	Years ended December 31		
	2008	2007	2006
Personnel costs	1,599	1,222	903
Depreciation	4	0	0
Professional fees	891	1,004	682
Other expenses	613	237	311
Total	**3,107**	**2,463**	**1,896**

5.1.5.4 PERSONNEL COSTS

The number of employees at the end of the year was (executive directors included):

Thousands of €	Years ended December 31		
	2008	2007	2006
Management Headcount	10	10	10
Laboratory staff Headcount	44	40	38
SG&A staff Headcount	11	7	8
Total	**65**	**57**	**56**
Their aggregate remuneration comprised			
Wages and salaries	3,658	3,070	2,386
Social security costs	502	504	371
Pension costs	149	114	86
Other costs	839	1,355	521
Total	**5,148**	**5,043**	**3,364**

Social security costs decreased in 2008 despite the increase in headcount due to reductions allowed by the Dutch and Belgian governments for social security charges on personnel involved in R&D. Other personnel costs decreased in 2008 due to the one-time and normal warrant plan costs recorded in 2007 of € 797,000 versus only normal warrant costs of € 281,000 in 2008. This higher amount in 2007 is due to the implementation of a new calculation methodology in that year, and to the increase in the number of warrants issued. Before 2007, the warrant costs were recognized over 4 years on a straight line basis whereas since 2007 they are recognized in greater part during the initial years of the vesting period.

5.1.5.5 FINANCE INCOME/(COSTS)

Thousands of €	Years ended December 31		
	2008	2007	2006
Interest on bank deposits	79	75	222
Interest on commercial paper	373	446	124
Gain on sales of liquid assets	623	528	260
Foreign exchange gain/(loss)	68	(46)	(127)
Other financial costs	(9)	(7)	(5)
Total financial results	**1,134**	**996**	**474**

For the years ended December 31, 2008, 2007, and 2006, the gain on sales of liquid assets arose from gains on a money-market account. The money-market account is invested in short-term interest bearing and publicly-traded obligations with high ratings. For accounting purposes, these liquid assets are considered as a cash equivalent on the balance sheet and in the cash flow statements as generating cash flows from investing activities in terms of interest income.

5.1.5.6 TAXES

There is no current tax accounted for in any of the periods presented. The following table provides a reconciliation of the deferred taxes to the profit and loss statement.

	Balance at	Income Statement			Balance at
	Dec. 31, 2008	2008	2007	2006	Jan. 01, 2006
Tax losses carried forward	(45,587)	(12,433)	(12,833)	(9,831)	(10,489)
Purchase of intangible assets	(6,445)	(530)	(810)	(936)	(4,170)
Depreciation of intangible assets	4,395	850	1,106	901	1,538
Government grant NL	0	(38)	0	0	38
Total deductible temporary difference	(47,637)	(12,151)	(12,537)	(9,866)	(13,083)
Deferred taxes @ 34 %	16,192	4,131	4,261	3,353	
Unrecognized opening balance of deferred tax asset		12,061	7,800	4,447	
Deferred tax of the year		4,131	4,261	3,353	
Deferred taxes at December 31	16,192	16,192	12,061	7,800	4,447

The Company has not recorded deferred net tax assets on the basis that at December 31, 2008, 2007 and 2006 no profits were realized and the lack of guarantees that it will generate profits in the future which could be offset against current losses.

The deferred taxes are calculated on the following items:

- Tax losses as per tax return. The financial figures under IFRS are not necessarily the same as the local GAAP financial figures used for tax declarations. Tax losses as per tax return refers to accounting rules of the tax authorities which in certain cases differ from IFRS accounting rules.
- In the statutory accounts the costs related to certain research and development are capitalized and amortized on a straight-line basis over a period of 5 years, starting at January 1, 2003. In the IFRS statements development costs are capitalized to the extent that all conditions for capitalization have been satisfied (currently no R&D is capitalized in the Company's IFRS accounts).
- In the statutory accounts the part of the Dutch government grant related to the year 2005 has been kept as a liability. In the IFRS statements it has been recorded as income in 2005, and reversed in 2008.

5.1.5.7 LOSS PER SHARE

Basic loss per share is calculated by dividing the net result attributable to shareholders by the weighted average number of shares outstanding during the year.

Thousands of €	Years ended December 31		
	2008	2007	2006
Result for the purpose of basic loss per share, being net loss	(10,192)	(9,975)	(7,368)
Number of shares *Weighted average number of shares for the purpose of basic loss per share (assuming stock split in all periods)*	11,840,177	10,805,051	8,579,149
Basic loss per share (in Euro (€)	(0.86)	(0.92)	(0.86)

At December 31, 2008, 2007 and 2006, the Company has dilutive potential shares in the form of warrants.
Under IAS 33, no disclosure is required of the diluted result per share, since as long as the Company is reporting a net loss, the warrants have an anti-dilutive effect rather than a dilutive effect.

5.1.5.8 INTANGIBLE ASSETS

Thousands of €	Years ended December 31		
	2008	2007	2006
Gross value			
At January 1	493	493	493
Additions	2,033		
Subsidy			
Impairment			
Gross value at December 31	2,526	493	493
Accumulated amortization			
At January 1	(420)	(321)	(222)
Additions	(465)	(103)	(103)
Disposals			
Related to subsidy	3	4	4
Impairment			
Accumulated amortization at December 31	(882)	(420)	(321)
Net value at December 31	**1,644**	**73**	**172**

The intangible asset consists of intellectual property rights and software licenses.
The gross additions of € 2.033 million is 2008 are composed of investments in new intellectual property rights (as announced by the company on January 14, 2008) and software licenses for its operations. These investments are being amortized on a straight-line basis over 3-5 years.

5.1.5.9 TANGIBLE ASSETS

Thousands of €	Laboratory equipment	Furniture	IT equipment	Leasehold improvements	Leasing	TOTAL
Gross value						
At January 1, 2006	479	66	278	5	29	857
Opening currency exchange rate	0	(2)	(3)	0	0	(5)
Additions	1,123	41	93	8	0	1,265
Disposals	0	0	0	0	(29)	(29)
Gross value at December 31, 2006	1,602	105	368	13	0	2,088
Accumulated amortization						
At January 1, 2006	(125)	(18)	(163)	(1)	(20)	(327)
Opening currency exchange rate	0	0	1	0	0	1
Additions	(196)	(19)	(92)	(2)	0	(309)
Related to subsidy	15	2	12	0	0	29
Disposals	0	0	0	0	(20)	(20)
Accumulated amortization at December 31, 2006	(306)	(35)	(242)	(3)	0	(586)
Net value at December 31, 2006	**1,296**	**70**	**126**	**10**	**0**	**1,502**

Thousands of €	Laboratory equipment	Furniture	IT equipment	Leasehold improvements	Leasing	TOTAL
Gross value						
At January 1, 2007	1,602	105	368	13	0	2,088
Opening currency exchange rate	0	(2)	1	(1)	0	(2)
Additions	419	84	76	145	0	724
Disposals	0	0	0	0	0	0
Gross value at December 31, 2007	2,021	187	445	157	0	2,811
Accumulated amortization						
At January 1, 2007	(306)	(35)	(242)	(3)	0	(586)
Opening currency exchange rate	0	2	2	1	0	5
Additions	(373)	(33)	(84)	(14)	0	(504)
Related to subsidy	15	2	5	0	0	22
Disposals	0	0	0	0	0	0
Accumulated amortization at December 31, 2007	(664)	(66)	(317)	(16)	0	(1,063)
Net value at December 31, 2007	**1,357**	**121**	**128**	**141**	**0**	**1,748**

Thousands of €	Laboratory equipment	Furniture	IT equipment	Leasehold improvements	Leasing	TOTAL
Gross value						
At January 1, 2008	2,021	187	445	157	0	2,811
Opening currency exchange rate	0	0	(3)	0	0	(3)
Additions	113	9	104	4	0	229
Disposals	(6)	(1)	0	0	0	(7)
Gross value at December 31, 2008	2,128	195	546	161	0	3,030
Accumulated amortization						
At January 1, 2008	(664)	(66)	(317)	(16)	0	(1,063)
Opening currency exchange rate	0	(1)	0	0	0	(1)
Additions	(403)	(46)	(76)	(29)	0	(554)
Related to subsidy	12	1	2	0	0	15
Disposals	1	1	0	0	0	2
Accumulated amortization at December 31, 2008	(1,054)	(111)	(391)	(45)	0	(1,601)
Net value at December 31, 2008	**1,074**	**84**	**155**	**116**	**0**	**1,429**

5.1.5.10 FINANCIAL ASSETS

On January 30, 2008, the Company took a minority equity stake in Signature Diagnostics AG (SD), a privately-held diagnostics start-up company using RNA-based technologies. The financial assets are recorded on the balance sheet at the price paid by OncoMethylome for the shares issued by SD. SD issued other shares to other third-party professional investors in the course of 2008 at the same price per share as the investment made by OncoMethylome. SD is a privately-held company and there is no active market for its shares. No impairment losses are identified.

5.1.5.11 TRADE AND OTHER RECEIVABLES

TRADE RECEIVABLES

	Years ended December 31		
Thousands of €	2008	2007	2006
Trade accounts receivable	369	459	59
Total trade accounts receivable	**369**	**459**	**59**

Trade receivables mainly consist of fees due from the customers of the Company.
The trade accounts receivable balance end-2008 was composed mainly of services provided to pharmaceutical companies in the fourth quarter of 2008.

OTHER RECEIVABLES

	Years ended December 31		
Thousands of €	2008	2007	2006
Prepayments	304	428	290
Deposits	27	21	5
Recoverable VAT	555	878	408
Inventories	99	58	17
Other	25	13	28
Total other accounts receivable	**1,010**	**1,398**	**748**

The Company considers that the carrying amount of trade and other receivables approximates their fair value.

5.1.5.12 GRANTS RECEIVABLE

	Years ended December 31		
Thousands of €	2008	2007	2006
BE Wallonia: Training subsidy	0	20	0
BE Wallonia: Lung cancer subsidy Extension	1,180	0	0
BE Wallonia: Lung cancer subsidy	0	133	133
BE Wallonia: BioWin	1,191	2,179	0
BE Flanders: IWT	103	430	0
NL SenterNovem: Colon cancer subsidy	361	361	1,353
NL SenterNovem: EuroTransBio – Colon	375	0	0
NL CTMM Airforce – Lung / Head & Neck	100	0	0
NL CTMM Dec.ode – Colon	189	0	0
Total grants receivables	**3,499**	**3,123**	**1,486**
More than one year	1,087	1,606	428
Less than one year	2,412	1,517	1,058
Total grants receivables	**3,499**	**3,123**	**1,486**

In 2008, the Company received grants from the Walloon region for lung cancer research (extension of the first grant received in 2005) and from the Dutch government for several projects: for colon cancer R&D for which the Company received two grants, and one grant for a combination of lung and the head & neck cancer R&D.

5.1.5.13 CASH AND CASH EQUIVALENTS

	Years ended December 31		
Thousands of €	2008	2007	2006
Cash at bank and in hand	30,601	33,103	32,809
Total cash and cash equivalents	**30,601**	**33,103**	**32,809**

In 2008, the Company raised a net amount of € 8.5 million in new funds from the issuance of new shares (after deduction of costs of € 0.3 million). The Company has historically kept its cash in interest-bearing accounts.

The bank balances and cash held by the Company and short-term bank deposits have an original maturity of less than 3 months. The carrying amount of these assets approximates their fair value. These cash and cash equivalents have no restriction upon them.

5.1.5.14 FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT

The company manages its capital with the aim of ensuring that the company can continue to operate in continuity.

Credit risk

The limited number of the group's customers subjects the Company to concentrations of credit risk. In 2007, more than 90 % of non-grant related revenue was generated with three customers. (Veridex, Schering Plough and Abbott). In 2008, the number of customers has increased (eight customers generated more than 90 % of the turnover).

Customer's compliance with agreed credit terms is monitored regularly and closely. No overdue trade accounts receivable are identified and the year-end balance was € 369 K.

Receivables related to research grants from the Dutch and Belgian government (€ 3,499 K) are recognized when there is a reasonable assurance that the company will comply with the conditions attached to them and the grant will be received. The company considers the overall recognition criteria being met when an award letter has been received, the related project costs have been incurred, and grant specific milestones have been achieved or are assumed to be reliably achieved in the future;

The credit risk on cash and cash equivalents (€ 30,601 K) is limited given that the counterparties are banks with high credit scores attributed by international rating agencies

Interest risk

The group is not subject to material interest risk. All leases have fixed interest rates.

Currency risk

The group may be subject to material currency risk. The group has cash outflows in U.S. Dollars for the operations of its U.S. wholly-owned subsidiary and for numerous external research and development projects it carries out with U.S.-based medical centers. The company has material commercial revenues denominated in U.S. Dollars. The group reports in Euro and has tried to match foreign currency inflows with foreign cash outflows. The Company has not engaged in hedging of the foreign currency risk via derivative instruments.

The monetary items at December 31, 2008 in USD are composed of cash on hand of $1,229,621.
For compliance with the IFRS 7 rule, the Company discloses a sensitivity analysis of an increase/decrease of exchange rate of operations in USD of 10 %.

The exposure of operations to the currency risk is limited to the net amount of $2.3 million ($ 1.8 million revenue and $ 4.1 million costs), giving a potential loss of € 176k in case of an increase of the USD/EUR exchange rate by 10 %, and a potential gain of € 144k in case of an decrease of the exchange rate by 10 %.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The company has no borrowing arrangements at December 31, 2008 and has no derivative instruments.

5.1.5.15 SHARE CAPITAL AND RESERVES

At December 31, the Company's share capital was represented by the following number of shares (units). The increase in 2006 is due to the issuance of new shares and the 5-for-1 stock split. In 2006, all shares were converted into common shares and only one class of shares remained at December 31, 2006. In 2008 and 2007, some further new Common shares were issued.

	Years ended December 31		
	2008	2007	2006
Common shares	13,161,074	11,747,702	10,450,954
Total outstanding shares	**13,161,074**	**11,747,702**	**10,450,954**

The capital stock and the issuance premium at December 31 amounted to the following:

	Years ended December 31		
Thousands of €	2008	2007	2006
Share Capital as per statutory accounts	53,901	48,112	42,801
IPO Costs & Capital Increase costs	(2,912)	(2,631)	(2,174)
Share capital under IFRS	50,989	45,481	40,627
Issuance premium	10,872	7,905	1,483
Share capital and issuance premium	61,861	53,386	42,110

The table below provides an overview of the history of the Company's share capital since its incorporation in 2003. The overview should be read together with the notes set out below the table.

Date	Transaction	Number (and class) of shares issued	Issue price per share (€)	Issue price per share (€) post-stock split	Capital increase ('000 €)	Share capital after transaction
INCORPORATION						
Jan. 10, 2003	Incorporation	202,975	0.30	0.06	62	62
PHASE I FINANCING ROUND DECEMBER 20, 2002 (PREFERRED A SHARES)						
Feb. 7, 2003	Capital increase in cash	197,025 (preferred A)	20.00	4.00	3,941	4,002
June 30, 2003	Capital increase in cash	33,333 (preferred A)	20.00	4.00	667	4,669
Sept. 30, 2003	Capital increase in cash	218,139 (preferred A)	22.31	4.46	4,867	9,535
June 30, 2004	Capital increase in cash	195,504 (preferred A)	23.87	4.77	4,667	14,202
PHASE II FINANCING ROUND OCTOBER 19, 2005 (PREFERRED B SHARES)						
Oct. 28, 2005	Capital increase in cash	375,000 (preferred B)	24.00	4.80	9,000	23,202
Mar 31, 2006	Capital increase in cash	193,548 (preferred B)	31.00	6.20	6,000	29,202
STOCK SPLIT AND CONVERSION OF ALL SHARES TO COMMON SHARES						
May 23, 2006	7,077,620	-	-	-	-	29,202
IPO						
June 30, 2006	Capital increase in cash	2,933,334 (ordinary)	7.50	7.50	22,000	51,202
ABSORPTION OF LOSSES						
June 30, 2006	Absorption of losses	-	-	-	(10,218)	40,984
EXERCISE OF OVER-ALLOTMENT WARRANTS						
June 30, 2006	Capital increase through exercise of over-allotment warrants	440,000 (ordinary)	7.50	7.50	1,817	42,801 (as per statutory accounts)
DEDUCTION OF IPO COSTS (Under IFRS)						
June 30, 2006	Deduction of IPO costs	-	-	-	(2,174)	40,627 (under IFRS)
EXERCISE OF WARRANTS						
April 18, 2007	Capital increase in cash	182,560 (ordinary)	4.70	4.70	748	41,375

Date	Transaction	Number (and class) of shares issued	Issue price per share (€)	Issue price per share (€) post-stock split	Capital increase ('000 €)	Share capital after transaction
SECONDARY OFFERING OF SHARES						
October 19, 2007	Capital increase in cash	1,063,510 (ordinary)	10.00	10.00	4,355	45,730
EXERCISE OF WARRANTS						
October 25, 2007	Capital increase in cash	50,837 (ordinary)	4.73	4.73	208	45,938
DEDUCTION OF Secondary Offering Fees (Under IFRS)						
December 31, 2007	Deduction of SPO costs	-	-	-	(457)	45,481 (under IFRS)
EXERCISE OF WARRANTS						
April 24, 2008	Capital increase in cash	61,120 (ordinary)	4.59	4.59	250	45,731
EXERCISE OF WARRANTS						
November 5, 2008	Capital increase in cash	19,375 (ordinary)	4.73	4.73	80	45,811
SECONDARY OFFERING OF SHARES						
December 18, 2008	Capital increase in cash	1,332,877 (ordinary)	6.29	6.29	5,459	51,270
DEDUCTION OF Secondary Offering Fees (Under IFRS)						
December 31, 2008	Deduction of SPO costs	-	-	-	(281)	50,989 (under IFRS)

At incorporation, on January 10, 2003, the Company issued 202,975 common shares in consideration for a contribution in cash of € 61,500. On January 30, 2003, 200,000 of these shares were transferred to the Company's management and consultants.

The extraordinary shareholders' meeting of February 7, 2003 approved the issuance of 197,025 new series A preferred shares in consideration for a contribution in cash of € 3,940,500. At the same occasion, two different classes of shares were created, i.e., the ordinary or common shares and the series A preferred shares. All shares issued at this occasion and 2,975 of the shares issued at incorporation were re-classified as series A preferred shares. The remaining 200,000 shares are ordinary or common shares.

At the same shareholders' meeting 100 series A anti-dilution warrants were also issued to the owners of the existing series A preferred shares.

The extraordinary shareholders' meeting of June 30, 2003 approved the issuance of 33,333 new series A preferred shares in consideration for a contribution in cash of € 666,660. At the same time, 20 new series A anti-dilution warrants were issued to the subscriber to the newly issued series A preferred shares.

The extraordinary shareholders' meeting of September 30, 2003 approved the issuance of 218,139 new series A preferred shares in consideration for a contribution in cash of € 4,866,681.

The extraordinary shareholders' meeting of May 12, 2004 approved the issuance of 30,000 warrants and authorized the issuance of an additional 15,000 warrants by the board of directors in the framework of the authorized capital pursuant to the terms of the approved stock option plan for employees, consultants and directors. In May 2004, 29,750 warrants were granted to beneficiaries under the stock option plan and 250 warrants were never granted and became null and void on June 30, 2004 in accordance with the terms and conditions of the stock option plan.

The extraordinary shareholders' meeting of June 30, 2004 approved the issuance of 195,504 new series A preferred shares in consideration for a contribution in cash of € 4,666,680.

On July 12, 2005, the board of directors approved the issuance of 15,000 warrants in the framework of the authorized capital pursuant to the terms of the stock option plan approved in 2004. All these warrants were granted to beneficiaries under the stock option plan.

The extraordinary shareholders' meeting of October 28, 2005 approved the issuance of 375,000 new series B preferred shares in consideration for a contribution in cash of € 9,000,000. At the same time, the 120 existing series A anti-dilution warrants were cancelled and 160 new series A anti-dilution warrants were issued to the owners of the series A and series B preferred shares.

The extraordinary shareholders' meeting of March 31, 2006 approved the issuance of 193,548 new series B preferred shares in consideration for a contribution in cash of € 5,999,988.

The annual general shareholders' meeting of May 23, 2006 approved the split of all outstanding shares at a conversion rate of 5-for-1 and the conversion of all types of shares into a single class of common shares.

On May 23, 2006, the general shareholders' meeting of the Company decided to increase the Company's share capital through issuance of new shares in connection with an initial public offering. The capital increase with an amount of € 22,000,005 was completed on June 30, 2006. At the same time, all existing shares of the Company were converted into ordinary shares.

On May 23, 2006, the general shareholders' meeting passed a resolution to make a formal capital reduction, upon the listing of the Company's shares on Euronext, through the incorporation of the Company's Belgian statutory account losses through the period ended December 31, 2005 (for a total amount of € 10,217,809) without cancellation of any shares. The capital decrease was completed on June 30, 2006.

On May 23, 2006, the general shareholders' meeting of the Company decided to create an over-allotment warrant. The over-allotment warrant was granted to ING Belgium NV/SA and Fortis Bank NV/SA to cover over-allotments in connection with the initial public offering by the Company. On June 30, 2006, the share capital was increased with an amount of € 1,817,200 through exercise of 440,000 over-allotment warrants and the issuance of 440,000 new ordinary shares. An amount of € 1,482,800 was allocated to the Company's issuance premium account.

In accordance with IFRS and general industry practice, the Company decided in 2006 to record the costs associated with the IPO in 2006 as direct reduction of the share capital in the equity account of the balance sheet rather than as an expense in the income statement.

On April 18, 2007, the share capital was increased through exercise of (i) 9,937 warrants issued by the extraordinary general shareholders' meeting of May 12, 2004 (Warrants 2004) at an exercise price of € 22.31 per warrant, (ii) 6,900 warrants issued by the board of directors on July 12, 2005 (Warrants 2005) at an exercise price of € 23.87 per warrant, and (iii) 19,675 warrants issued by the extraordinary general shareholders' meeting of March 22, 2006 (Warrants 2006) at an exercise price of € 24.00 per warrant. The issue share prices in the above table indicate the weighted average price of the exercised warrants. Pursuant to the stock split decided upon by the general shareholders' meeting of May 23, 2006, each Warrant 2004, Warrant 2005 and Warrant 2006 entitles the holder thereof to five shares of the Company.

On October 15, 2007, the board of directors decided to increase the Company's share capital in connection with a private placement with qualified institutional investors. The capital increase with an amount of € 4,354,954.02 was completed on October 19, 2007.

On October 25, 2007, the share capital was increased through exercise of (i) 2,680 warrants issued by the extraordinary general shareholders' meeting of May 12, 2004 (Warrants 2004) at an exercise price of € 22.31 per warrant, (ii) 3,000 warrants issued by the board of directors on July 12, 2005 (Warrants 2005) at an exercise price of

€ 23.87 per warrant, (iii) 4,425 warrants issued by the extraordinary general shareholders' meeting of March 22, 2006 (Warrants March 2006) at an exercise price of € 24 per warrant, (iv) 187 warrants issued by the board of directors on November 8, 2006 (Warrants November 2006) at an exercise price of € 7.72 per warrant and (v) 125 warrants issued by the board of directors on April 18, 2007 (Warrants January 2007) at an exercise price of € 10.87 per warrant. The issue share prices in the above table indicate the weighted average price of the exercised warrants. Pursuant to the stock split decided upon by the general shareholders' meeting of May 23, 2006, each Warrant 2004, Warrant 2005 and Warrant 2006 entitles the holder thereof to five shares of the Company.

On April 25, 2008, the share capital was increased through exercise of (i) 7,500 warrants issued by the extraordinary general shareholders' meeting of May 12, 2004 (Warrants 2004) at an exercise price of € 22.31 per warrant, and (ii) 4,724 warrants issued by the extraordinary general shareholders' meeting of March 22, 2006 (Warrants 2006) at an exercise price of € 24.00 per warrant. The issue share prices in the above table indicate the weighted average price of the exercised warrants. Pursuant to the stock split decided upon by the general shareholders' meeting of May 23, 2006, each Warrant 2004, Warrant 2005 and Warrant 2006 entitles the holder thereof to five shares of the Company.

On November 5, 2008, the share capital was increased through exercise of (i) 625 warrants issued by the extraordinary general shareholders' meeting of May 12, 2004 (Warrants 2004) at an exercise price of € 22.31 per warrant, (ii) 2,500 warrants issued by the board of directors on July 12, 2005 (Warrants 2005) at an exercise price of € 23.87 per warrant, and (iii) 750 warrants issued by the extraordinary general shareholders' meeting of March 22, 2006 (Warrants 2006) at an exercise price of € 24.00 per warrant. The issue share prices in the above table indicate the weighted average price of the exercised warrants. Pursuant to the stock split decided upon by the general shareholders' meeting of May 23, 2006, each Warrant 2004, Warrant 2005 and Warrant 2006 entitles the holder thereof to five shares of the Company.

On December 18, 2008, the board of directors decided to increase the Company's share capital in connection with a private placement with qualified institutional investors. The capital increase for an amount of € 5,458,797.75 and the issuance of 1,332,877 new common shares was completed on December 18, 2008.

Voting rights – Each share is entitled to one vote.

Dividends – The Company has never declared or paid any dividends on its shares and does not anticipate paying any dividends in the foreseeable future. Under Belgian law, the Company is required to allocate at least 5% of its net profits during each financial year to the legal reserve until such reserve has reached an amount equal to 10% of the Company's share capital. At December 31, 2008, there were no profits available for distribution under Belgian law.

Preferential subscription rights – On the occasion of any capital increase or issue of warrants, the Company's shareholders have a preferential subscription right. Such preferential subscription right is proportionate to the shareholder's participation in the Company's capital at the time of the capital increase or issue of warrants.

Authorized capital – On May 30, 2008, the extraordinary shareholders' meeting authorized the board of directors to increase the Company's share capital in one or more transactions with a maximum amount that cannot exceed the amount of the Company's share capital.

The board of directors can use the above powers for any purpose or type of transaction that the board of directors shall believe appropriate or necessary in the interest of the Company in one or more transactions with a maximum amount that cannot exceed 50% of the Company's share capital. If the board of directors has already used its powers under the authorized capital to increase the Company's share capital with an amount of 50% of the Company's share capital, any further use of the powers under the authorized capital shall be subject to the approval by at least two thirds of the votes validly cast by the directors and shall further only be allowed for certain transactions.

This authorization is valid during a term of 5 years as of publication of the authorization in the Belgian Official Gazette (i.e. as of June 19, 2008).

5.1.5.16 FINANCE LEASE OBLIGATIONS AND OTHER LEASE OBLIGATIONS

Thousands of €	Years ended December 31 2008	2007	2006
Amounts payable under finance lease			
Within one year	1	1	2
In the second to fifth year	0	2	3
After five years	0	0	0
Total	**1**	**3**	**5**
Less future finance charges	0	0	0
Present value of lease obligations	1	3	5
Outstanding commitments for future minimum rent payments, which fall due as follows:			
Within one year	858	743	671
In the second to fifth year	778	1,593	1,094
After five years	0	0	0

The fair value of the Company's lease obligations approximated their carrying value. Outstanding commitments for future minimum rent payments include rental fees related to leased facilities and vehicles. These lease contracts can be terminated early with certain indemnity fees. All figures shown assume that the lease contracts will not be terminated early.

5.1.5.17 ACCOUNTS PAYABLE

TRADE ACCOUNTS PAYABLE

Thousands of €	Years ended December 31 2008	2007	2006
Trade accounts payable	1,585	1,249	1,286
Accruals for invoices to be received	939	1,410	1,531
Total trade accounts payable	**2,524**	**2,659**	**2,817**

OTHER CURRENT LIABILITIES

Thousands of €	Years ended December 31 2008	2007	2006
Payroll	530	333	373
Other accruals	149	29	28
Total other current liabilities	**679**	**362**	**401**

5.1.5.18 RETIREMENT BENEFIT SCHEMES

The Company operates defined contribution systems for all its qualifying employees. The assets of the schemes are held separately from those of the Company in designated funds.

A total cost of € 149,000 in 2008 (€ 114,000 in 2007 and € 86,000 in 2006) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

The employees of the Company in Belgium are members of a state-managed retirement benefit scheme operated by the government (i.e., legal pension) and are members of a bank-operated private pension scheme. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit scheme is to make the specified contributions.

5.1.5.19 WARRANT PLANS

The Company has created several pools of warrants for grant to employees, directors, and consultants.

When the annual general shareholders' meeting of May 23, 2006 decided to have a 5-for-1 stock split for all outstanding shares, it also decided to modify all warrants outstanding prior to that date. The exercise price of the warrants was left unchanged but each warrant became convertible into 5 common shares upon their exercise, rather than just 1 share.

The table below provides an overview as per December 31, 2008 of the warrants that have been created, granted and that are still exercisable.

Warrant data as of December 31, 2008							
Date	Total number created	Total number granted	Total terminated	Total exercised	Total outstanding	Total exercisable	Exercise price (€)
May 12, 2004	30,000	29,750	500	20,742	8,508	8,508	22.31
July 12, 2005	15,000	15,000	0	12,400	2,600	2,600	23.87
Mar. 22, 2006	66,700	66,700	3,337	29,574	33,789	19,451	24.00
Nov. 8, 2006	47,500	47,500	938	187	46,375	23,125	7.72
April 18, 2007	55,100	55,100	3,812	125	51,163	23,544	10.87
May 25, 2007	50,000	50,000	0	0	50,000	18,750	11.42
May 30, 2008	61,000	49,000	875	0	48,125	3,875	9.10
	325,300	**313,050**	**9,462**	**63,028**	**240,560**	**99,853**	

The table below presents the same data as the above table, except it provides the number of common shares and the exercise price of the warrants in order to obtain a single common share.

Warrant data as of December 31, 2008 reflecting potential number of common shares underlying the warrants							
Date	Total potential shares from warrants created	Total potential shares from warrants granted	Total potential shares from warrants terminated	Total shares issued from exercised warrants	Total potential shares from outstanding warrants	Total potential shares from exercisable warrants	Exercise price per potential share (€)
May 12, 2004	150,000	148,750	2,500	103,710	42,540	42,540	4.46
July 12, 2005	75,000	75,000	0	62,000	13,000	13,000	4.77
Mar. 22, 2006	333,500	333,500	16,685	147,870	168,945	97,253	4.80
Nov. 8, 2006	47,500	47,500	938	187	46,375	23,125	7.72
April 18, 2007	55,100	55,100	3,812	125	51,163	23,544	10.87
May 25, 2007	50,000	50,000	0	0	50,000	18,750	11.42
May 30, 2008	61,000	49,000	875	0	48,125	3,875	9.10
	772,100	**758,850**	**24,810**	**313,892**	**420,148**	**222,087**	

The table below presents the outstanding warrants and their exercise price at the end of December of each year:

	Warrants	Weighted average exercise price (€)	Potential shares from exercise of warrants	Weighted average exercise price per potential share (€)
Outstanding 31 December 2004	29,750	22.31	148,750	4.46
Granted in 2005	15,000	23.87	75,000	4.77
Outstanding 31 December 2005	44,750	22.83	223,750	4.57
Granted in 2006	114,200	17.23	381,000	5.16
Outstanding 31 December 2006	158,450	18.80	602,250	4.94
Granted in 2007	105,100	11.13	105,100	11.13
Outstanding 31 December 2007	213,683	14.01	463,015	6.47
Granted in 2008	49,000	9.10	49,000	9.10
Outstanding 31 December 2008	240,560	12.41	420,148	7.11
Exercisable at 31 December 2008	99,853	14.05	222,087	6.31

A. WARRANT POOL OF 2004 FOR EMPLOYEES, DIRECTORS, AND CONSULTANTS

By a decision of the extraordinary shareholders' meeting of May 12, 2004, the Company issued 30,000 warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant.
The warrants were granted to selected beneficiaries by decision of the remuneration committee and the board of directors. Under this plan, 25 % of the warrants become exercisable during each year following the date of the grant, it being understood however that no warrants are exercisable unless the beneficiary has provided as least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 5 years from the date of the creation of the warrants. Warrants that have not been exercised within 5 years of their creation become null and void.

29,750 of the 30,000 warrants in this warrant pool have been granted. The 250 non-granted warrants were cancelled. A further 500 of the granted warrants were terminated in 2006. The annual general shareholders' meeting of May 23, 2006 modified the warrants of this pool so that they become convertible into 5 common shares upon exercise rather than just 1 share. This was done at the same time as all outstanding shares were split 5-for-1.

B. WARRANT POOL OF 2005 FOR EMPLOYEES AND DIRECTORS

By a decision of the extraordinary shareholders' meeting of July 12, 2005, the Company issued 15,000 additional warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant. The warrants were granted to selected beneficiaries by decision of the remuneration committee and the board of directors. Under this plan, 25 % of the warrants become exercisable during each year following the date of the grant, it being understood however that no warrants are exercisable unless the beneficiary has provided as least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 5 years from the date of the creation of the warrants. Warrants that have not been exercised within 5 years of their creation become null and void.

All warrants in this warrant pool have been granted. The annual general shareholders' meeting of May 23, 2006 modified the warrants of this pool so that they become convertible into 5 common shares upon exercise rather than just 1 share. This was done at the same time as all outstanding shares were split 5-for-1.

C. WARRANT POOL OF MARCH 2006 FOR EMPLOYEES, DIRECTORS, AND CONSULTANTS

By a decision of the extraordinary shareholders' meeting of March 22, 2006, the Company issued 66,700 additional warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant. The warrants were granted to selected beneficiaries by decision of the remuneration committee and the board of directors. Under this plan, 25 % of the warrants become exercisable during each year following the date of the grant, it being understood however that no warrants are exercisable unless the beneficiary has provided as least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 10 years from the date of the creation of the warrants. Warrants that have not been exercised within 10 years of their creation become null and void.

All warrants in this warrant pool have been granted. In 2007, 2,000 of these warrants were cancelled due to the fact that the warrant beneficiaries ceased providing services to the Company, and a further 1,337 warrants were also cancelled in 2008. The annual general shareholders' meeting of May 23, 2006 modified the warrants of this pool so that they become convertible into 5 common shares upon exercise rather than just 1 share. This was done at the same time as all outstanding shares were split 5-for-1.

D.WARRANT POOL OF NOVEMBER 2006 FOR EMPLOYEES

By a decision of the board of directors' meeting of November 8, 2006, the Company issued 47,500 additional warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant. The warrants were granted to selected beneficiaries by decision of the remuneration committee and the board of directors. Under this plan, 25 % of the warrants become exercisable during each year following the date of the grant (on a straight-line basis, or 6.25 % per quarter) it being understood however that no warrants are exercisable unless the beneficiary has provided as least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 10 years from the date of the creation of the warrants. Warrants that have not been exercised within 10 years of their creation become null and void. All warrants in this warrant pool have been granted. In 2007, 938 of these warrants were cancelled due to the fact that the warrant beneficiaries ceased providing services to the Company.

E. WARRANT POOL OF APRIL 2007 FOR EMPLOYEES

By a decision of the board of directors' meeting of April 18, 2007, the Company issued 55,100 additional warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant. The warrants were granted to selected beneficiaries by decision of the remuneration committee and the board of directors. Under this plan, 25 % of the warrants become exercisable during each year following the date of the grant (on a straight-line basis, or 6.25 % per quarter) it being understood however that no warrants are exercisable unless the beneficiary has provided as least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 10 years from the date of the creation of the warrants. Warrants that have not been exercised within 10 years of their creation become null and void. All warrants in this warrant pool have been granted. In 2008, 3,812 of these warrants were cancelled due to the fact that the warrant beneficiaries ceased providing services to the Company.

F. WARRANT POOL OF MAY 2007 FOR DIRECTORS AND CONSULTANTS

By a decision of the extraordinary shareholders' meeting of May 25, 2007, the Company issued 50,000 additional warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant. The warrants were granted to selected beneficiaries by decision of the remuneration committee and the board of directors. Under this plan, 25 % of the warrants become exercisable during each year following the date of the grant (on a straight-line basis, or 6.25 % per quarter) it being understood however that no warrants are exercisable unless the beneficiary has provided as least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 5 years from the date of the creation of the warrants. Warrants that have not been exercised within 5 years of their creation become null and void.

G. WARRANT POOL OF MAY 2008 FOR EMPLOYEES

By a decision of the board of directors' meeting of May 30, 2008, the Company issued 61,000 additional warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant. The warrants were granted to selected beneficiaries by decision of the remuneration committee and the board of directors. Under this plan, 25 % of the warrants become exercisable during each year following the date of the grant (on a straight-line basis, or 6.25 % per quarter) it being understood however that no warrants are exercisable unless the beneficiary has provided as least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 10 years from the date of the creation of the warrants. Warrants that have not been exercised within 10 years of their creation become null and void. All warrants in this warrant pool have been granted. In 2008, 875 of these warrants were cancelled due to the fact that the warrant beneficiaries ceased providing services to the Company.

The following table provides an overview of the outstanding warrants per personnel category at December 31, 2008:

Category	Number of warrants
Executive directors	50,000
Non-executive directors (independent directors)	30,000
Management team	171,690
Other employees and consultants	168,458
Total outstanding at December 31, 2008	**420,148**

H. ACCOUNTING FOR SHARE-BASED PAYMENT

The warrants have been accounted for in accordance with International Financial Reporting Standard 2 Share-based payment. IFRS 2 takes effect for all warrants.

The share-based compensation expense recognized in the income statements as such is given below as is the cumulated balance sheet amount:

	Years ended December 31		
Thousands of €	2008	2007	2006
Share-based compensation	281	797	133
Cumulated Share-based compensation	1,633	1,352	555

The Cumulated Share-based compensation amount is part of the Total Shareholders' Equity on the balance sheet. This amount is presented on the balance sheet for both exercised and non-exercised warrants.

The fair value of each warrant is estimated on the date of grant using the Black Scholes methodology with the following assumptions:

	Warrants 2008	Warrants 2008	Warrants 2007	Warrants 2007	Warrants 2007	Warrants 2007	Warrants 2006
After Stock Split 5:1	Granted 30 May 2008	Granted 30 May 2008	Granted 25 May 2007	Granted 25 May 2007	Granted 4 January 2007	Granted 4 January 2007	Granted 2 October 2006
	to Belgian beneficiaries	to other beneficiaries	to Belgian beneficiaries	to other beneficiaries	to Belgian beneficiaries	to other beneficiaries	to Belgian beneficiaries
Number of warrants granted	12,000	37,000	15,000	35,000	22,100	23,000	19,500
Exercise price (€)	9.10	9.10	11.42	11.42	10.87	10.87	7.72
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%
Expected stock price volatility	52.30%	52.30%	65%	65%	65%	65%	65%
Risk-free interest rate	4.92%	4.92%	4.41%	4.41%	4.41%	4.41%	4.41%
Expected duration (months)	82.1	61.1	55.3	37.2	87.0	68.9	84.0

	Warrants 2006	Warrants 2006	Warrants 2006	Warrants 2005	Warrants 2005	Warrants 2004	Warrants 2004
After Stock Split 5:1	Granted 2 October 2006	Granted 21 March 2006	Granted 21 March 2006	Granted 12 July 2005	Granted 12 July 2005	Granted 12 May 2004	Granted 12 May 2004
	to other beneficiaries	to Belgian beneficiaries	to other beneficiaries	to Belgian beneficiaries	to other beneficiaries	to Belgian beneficiaries	to other beneficiaries
Number of warrants granted	28,000	201,250	132,250	50,000	25,000	28,750	120,000
Exercise price (€)	7.72	4.80	4.80	4.77	4.77	4.46	4.46
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%
Expected stock price volatility	65%	51%	51%	51%	51%	51%	51%
Risk-free interest rate	4.41%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Expected duration (months)	72.0	88.4	54.4	43.7	40.7	51.7	48.1

The weighted average risk-free interest rates used are based on Belgian Sovereign Strips at the date of grant with a term equal to the expected life of the warrants.

5.1.5.20 RELATED PARTIES

Transactions between OncoMethylome Sciences SA, OncoMethylome Sciences Inc., OncoMethylome BVBA and OncoMethylome Sciences BV, which are related parties, have been eliminated in consolidation and are not disclosed in this note. The intercompany services between the four OncoMethylome entities relate to R&D services carried out by the subsidiary companies on behalf of the parent company and to administrative services carried out by the parent company for the subsidiaries. In 2008, the services charged by the subsidiaries to the parent company amounted to € 3.8 million (€ 2 million from OncoMethylome Sciences BV, € 0.5 million from OncoMethylome BVBA and € 1.3 million from OncoMethylome Sciences Inc.) and the services charged by the parent company to the subsidiaries amounted to € 0.5 million (€ 0.2 to OncoMethylome BVBA and € 0.3 to OncoMethylome Sciences BV).

Transactions between the Company and its employees, consultants or directors are disclosed below.
There were no other related party transactions.

Remuneration of key management personnel
At December 31, 2008, the management team comprised 10 members:

- Chief Executive Officer and executive director, Herman Spolders BVBA (represented by Drs. Herman Spolders)
- Chief Technology Officer, Dr. James DiGuiseppi
- Group Legal Counsel, Mr. Joseph Sollee
- Chief Financial Officer, Mr. Philip Devine
- Vice-President Business Development & Marketing, Mr. Harry Schrickx
- Vice-President Clinical Development, Mr. Joseph Bigley
- Vice-President Laboratory Operations, Dr. Katja Bierau
- Vice-President Biomarker and Pharmacogenomics Research, Dr. Wim van Criekinge
- Vice-President Product Development, Dr. Joost Louwagie
  Senior Director Business Development, Luc Segers

Their combined remuneration package, including employer taxes, amounted to the following (all warrant and share data for all years reflect the May 23, 2006 5-for-1 stock split and related change to the warrant plans):

	Years ended December 31		
Thousands of €	2008	2007	2006
Number of management members and executive directors	10	10	10
Short-term employee benefits	€ 1,697	€ 1,326	€ 1,257
Post-employment benefits	€ 39	€ 37	€ 29
Other employment costs	€ 237	€ 283	€ 297
Total benefits	€ 1,973	€ 1,646	€ 1,583
Number of warrants offered	25,000	45,000	230,500
Cumulative outstanding warrants	221,690	229,750	295,500
Exercisable warrants	121,068	58,754	88,126
Exercised warrants	27,935	110,750	0
IFRS share-based compensation expense	€ 140	€ 225	€ 149
Outstanding receivables from persons	0	0	0
Outstanding payables to persons	0	0	€ 57
Shares owned	648,450	666,006	805,000

The CEO provides his services full time for the Company. His remuneration includes all costs for the Company.

No loans, quasi-loans or other guarantees are outstanding with members of the executive management team.

TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS

The non-executive directors receive a fee for attending and preparing for board meetings and they receive reimbursement for expenses directly related to the board meetings. In 2008, 2007 and 2006, respectively € 33,000, € 51,000 and € 27,000 was paid as fees and reimbursement for expenses to these non-executive members of the board of directors.

The independent directors receive a fee for attending and preparing meetings of the board of directors and they receive reimbursement for expenses directly related to the board meetings. In 2008, 2007 and 2006, respectively € 100,000, € 62,000 and € 48,000 was paid as fees and expense reimbursement to independent members of the board of directors.

In 2008, the Company has paid a € 197,000 fee to ING Corporate Finance in relation to the management and selling services provided for the Secondary Offering of shares on December 18, 2008. These expenses are part of the € 0.3 million deducted from the equity as issuance costs. In 2007, the company has paid a € 85,000 fee to ING Corporate Finance in relation to the services provided for the Secondary Offering of shares on October 2007.

5.1.5.21 SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

A. COLLABORATIVE RESEARCH AGREEMENTS AND CLINICAL RESEARCH AGREEMENTS

The Company has entered into numerous agreements with universities, medical centers and external researchers for research and development work and for the validation of the Company's technology and products. These agreements typically have durations of one to three years. The Company must pay fixed fees to the collaborators and in exchange receives access and rights to the results of the work.

B. INTELLECTUAL PROPERTY IN-LICENSING AGREEMENTS

The Company has entered into numerous agreements with universities and companies for in-licensing intellectual property. These agreements typically require the Company to pay an up-front fee, annual maintenance fees and/or minimum annual royalty fees, legal fees related to the patents, and certain milestone and royalty fees if the patents are eventually used in a commercialized product. In addition, the Company must provide the licensor with periodic reports.

C. COMMERCIAL AND INTELLECTUAL PROPERTY SUB-LICENSING AGREEMENTS

The Company has entered into numerous sub-licensing agreements.

Ortho-Clinical Diagnostics, Inc.(OCD) – On January 30, 2003, the Company received certain technologies previously licensed by Tibotec-Virco, a Johnson & Johnson company and entered into a sub-license agreement with another Johnson & Johnson company, Ortho-Clinical Diagnostics, Inc. Under the terms of this agreement, OncoMethylome agreed to first offer to OCD the exclusive right to license, at commercially reasonable terms, any product in the human in vitro diagnostics field that contains those technology components that were once owned by Tibotec-Virco.

Serologicals Corporation, Inc. (Millipore) – On September 26, 2003 the Company entered into a sub-license agreement allowing Serologicals Corporation, Inc. (and its subsidiary Chemicon, Inc.) to commercialize products using certain of the Company's intellectual property to the worldwide "research" market. In return, the Company receives royalties on the sales realized by Serologicals Corporation, Inc. which use the intellectual property of the Company.

Veridex LLC. – On December 17, 2004, the Company entered into a license agreement with Veridex LLC (a Johnson & Johnson company) allowing Veridex LLC to use certain of the Company's intellectual property on an exclusive basis for certain prostate cancer diagnostic tests. In return, the Company receives an up-front fee, milestone fees, and royalty fees if products are sold by Veridex using such intellectual property.

Schering-Plough Corporation – On November 7, 2005, the Company entered into a sub-license and collaboration agreement with Schering-Plough for pharmacogenomic applications using certain intellectual property of the Company. In return, the Company receives an up-front fee, milestone fees, and commercialization rights of the eventual pharmacogenomic tests.

Exact Sciences – On June 12, 2007, OncoMethylome entered into commercial supply agreement with EXACT Sciences Corporation to supply methylation-related reagents for colorectal cancer stool-based tests in North America to Exact Sciences or its commercial partners. As part of the agreement, OncoMethylome received 100,000 restricted shares of Exact Sciences. These shares are still held by OncoMethylome but have not been reflected in the financial statements as the shares are restricted and their value is not certain. The restricted shares are not in tradable format, cannot be freely sold by OncoMethylome while they are restricted, and OncoMethylome does not control the timing of when the shares can become non-restricted. On the same date, the companies also entered into a non-exclusive license agreement allowing OncoMethylome to use certain Exact Sciences stool-based technologies for the eventual commercialization of a colorectal stool-based test in Europe. In exchange, OncoMethylome would pay a royalty to Exact Sciences on any eventual European sales of the related products. These agreements contain a change of control clause.

Laboratory Corporation of America (LabCorp) - In 2008, OncoMethylome granted to LabCorp a royalty bearing sublicense to the MGMT test for the North American market and entered into an agreement to supply reagents to LabCorp for its colorectal cancer screening test (ColoSure). In 2007, Veridex LLC granted a sub-license to LabCorp for a prostate diagnostic test that includes OncoMethylome technology. In 2008, LabCorp began to commercialize the 3 afore-mentioned tests in North America.

Qiagen N.V. - In 2008, OncoMethylome granted to Qiagen N.V. a royalty bearing sublicense to methylation technologies for use in the scientific research market only. OncoMethylome receives a royalty fee on all current and future sales by Qiagen N.V. for this market segment.

D. LITIGATION

Since the incorporation of the Company, the Company has not incurred any claims by third parties nor filed any claims against third parties. As a result, the Company has no provisions for litigation at this time.

E. GRANTS

Since its incorporation, OncoMethylome has been awarded multiple grants from the Belgian regional governments, from the European Union, and from the Dutch government.

To date, OncoMethylome has been approved for a total of € 8.4 million in grants and has received grant payments for a total of € 4.9 million. A total of € 5.2 million has already been recognized as revenues in the period 2004-2008. If the Company respects the conditions of the already approved grants, the Company stands to receive a further € 3.5 million in grant payments.

The main active grants are the following:

(1) Name (2) Source (3) Description (4) Applicability	Start Date	End Date	€ Amount Approved	€ Amount Received	Main Conditions
(1) IWT - PharmacoMethylomic (2) Belgian government (3) research into companion diagnostic markers (4) covers part of personnel/lab costs, and overheads	1/11/06 (awarded in 2007)	31/10/08	730,554.00	600,000.00	Respect plans and budget. 150K paid at beginning, 150K paid after 6 months, 150K after 12 months & evaluation, 150K after 18 months and remainder at end.
(1) BIOWIN project (2) Belgian government – Marshall Plan (3) research into early cancer detection test (4) covers part of personnel/lab costs, collaborator costs, and sample collection costs	1/7/2007	31/12/10	2,179,378.00	988,716.57	Respect plans and budget. 311K to be paid during initial period, rest at end of each semi-annual period, except last 15% paid at end
(1) Lung Cancer Detection - Extension (2) Belgian government (3) research into early lung cancer detection test (4) covers part of personnel/lab costs, collaborator costs, and sample collection costs	1/10/2008	31/12/09	1,180,467.40	0	Respect plans and budget. 472k to be paid at the start, rest at end of each semi-annual period.
(1) MECCAD project (2) Dutch government – SenterNovem (3) research and development into early colon cancer detection test (4) covers part of personnel/lab costs, collaborator costs, and sample collection costs	1/8/2005	31/07/09	1,803,464.00	1,442,771.00	Respect plans and budget. 25% paid at start of each semi-annual period, except last period paid at end
(1) CTMM Decode (2) Dutch government – SenterNovem (3) research and development into colon cancer detection test (4) covers part of personnel/lab costs, equipment costs, and sample collection costs	1/9/2008	31/08/13	189,016.00	0	Respect plans and budget.
(1) CTMM Airforce (2) Dutch government – SenterNovem (3) research and development into lung cancer and head & neck cancer detection test (4) covers part of personnel/lab costs, equipment costs, and sample collection costs	1/10/2008	30/09/13	100,000.00	0	Respect plans and budget.
(1) Eurotransbio (2) Dutch government – SenterNovem (3) research and development into colon cancer detection test (4) covers part of personnel/lab costs, equipment costs, and sample collection costs	1/1/2009	31/12/10	499,500.00	124,878.00	Starts on January 1, 2009

The grants are subject to periodic reporting on the status of the projects and on the costs incurred to date by the project. The approved amounts are the maximum amounts the Company stands to receive. If the Company spends less on the projects than the original budget or deviates from the plans without consent, then it risks receiving lower grant payments than the amounts that were initially approved.

When a government grant is allocated, the Company books the full amount as both a receivable and a payable. No income is recognized when the grant is approved, but is fully deferred at that point. When it is received, the receivable is reduced by the amount. When the grant is recognized as income, the payable is reduced by the amount. The grant is only recorded as a payable/receivable when (i) the grant has been approved by the granting party, (ii) the amounts are measurable, and (iii) the Company believes it will meet the conditions necessary to be able to receive/use the grant.

5.1.5.22 SUBSEQUENT EVENTS

By a decision of the board of directors' meeting of January 27, 2009, the Company issued 120,500 additional warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant. The warrants were granted to selected beneficiaries (only employees of the Group) by decision of the remuneration committee and the board of directors. Under this plan, 25% of the warrants become exercisable during each year following the date of the grant (on a straight-line basis, or 6.25% per quarter) it being understood however that no warrants are exercisable unless the beneficiary has provided at least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 10 years from the date of the creation of the warrants. Warrants that have not been exercised within 10 years of their creation become null and void. 116,600 warrants in this warrant pool have been granted on January 2, 2009 and have been accepted. The remaining 3,900 warrants have been cancelled.

On January 6, 2009, Dr. Christian Schneider resigned from his position as a non-independent Board Director. On January 22, 2009, Mr. Gérard Vaillant was nominated as a new independent Board Director until the Annual General Shareholders' meeting of May 29, 2009.

On March 16, 2009, Merck KGaA began using OncoMerthylome's MGMT gene promoter methylation testing in a recently started Phase II clinical trial (CORE trial) for cilengitide in newly diagnosed brain tumors (glioblastoma). In addition, testing is also being performed in a Phase III clinical trial (CENTRIC trial) in newly diagnosed glioblastoma that has been running since last year. For these trials, OncoMethylome will provide MGMT gene promoter methylation testing services. Patient selection for those trials is based on the MGMT gene promoter methylation status of their tumor tissue. OncoMethylome signed a licensing and testing partnership with Merck KGaA in June 2008.

5.1.5.23 RECONCILIATION BETWEEN THE CONSOLIDATED FINANCIAL STATEMENTS UNDER LOCAL GAAP AND IFRS

The Company presents the financial statements under IFRS for the previous three years. The date of transition for the Company is as such January 1, 2003. The board of directors decided to start preparing and filing the Company's consolidated financial statements under IFRS as of December 31, 2005 and thereafter.

The statutory annual accounts presented under section 6 are prepared on a non-consolidated basis and under local (Belgian) GAAP.

EQUITY RECONCILIATION AND PROFIT & LOSS RECONCILIATION BETWEEN LOCAL GAAP AND IFRS (ON A CONSOLIDATED BASIS)

	2008		2007		2006	
Thousands of €	Equity	Loss of the year	Equity	Loss of the year	Equity	Loss of the year
Under Belgian GAAP	34,709	(10,463)	36,459	(9,945)	34,627	(9,378)
Purchase of intangible assets	(6,445)	(530)	(5,915)	(810)	(5,105)	(936)
Depreciation of intangible assets	4,394	850	3,544	1,105	2,439	901
Deferred taxes assets elimination NL	(15)	(11)	(4)	15	(19)	4
Government grant	0	(38)	38	0	38	0
Share-based compensation		(281)		(797)		(133)
Deduction of IPO costs		281		457		2,174
Total restatements	(2,066)	271	(2,337)	(30)	(2,647)	2,010
Under IFRS	32,643	(10,192)	34,122	(9,975)	31,980	(7,368)

- In the statutory accounts the costs related to the research and development are capitalized and amortized on a straight-line basis over a period of 5 years, starting at January 1, 2003. In the IFRS statements all costs are recorded directly to the profit and loss accounts when they were incurred.
- In the statutory accounts the part of the government grant related to the year 2005 has been kept as a liability. In the IFRS statements it has been recorded as income and reversed during 2008.
- The Dutch subsidiary of the Company (OncoMethylome Sciences BV) has recorded in 2004 and 2005 a deferred tax asset on its tax loss carry forward. It is not probable that sufficient taxable profits would exist in the future against which the unused tax losses can be utilized. In the IFRS statements, no deferred tax assets are recorded.
- Under Belgian GAAP no employee benefit expense is recognized for stock offered to employees and other beneficiaries. Under IFRS 2 Share-based Payment, the entity shall measure a compensation expense for the fair value of the services received from employees and others providing similar services by reference to the fair value of the equity instruments granted. There is no net impact on equity as for equity-settled share-based payment transactions under IFRS 2, the compensation expense is recorded by a corresponding increase in equity.

5.1.5.24 DISCLOSURE UNDER ARTICLE 114 OF THE ROYAL DEC.REE DATED JANUARY 30, 2001 IMPLEMENTING THE BELGIAN COMPANY CODE

SUBSIDIARIES

The Company has three wholly-owned subsidiaries, as follows:

OncoMethylome Sciences Inc.	
Address	2505 Meridian Parkway, suite 310, Durham, NC 27713, USA
Incorporation Date	April 14, 2003
Number of employees	10 at December 31, 2008: 5 employees engaged in research and development and 5 employees engaged in sales, general and administrative functions.
	8 at December 31, 2007: 4 employees engaged in research and development and 4 employees engaged in sales, general and administrative functions.
	8 at December 31, 2006: 4 employees engaged in research and development and 4 employees engaged in sales, general and administrative functions.

OncoMethylome Sciences BV	
Address	Meibergdreef 59, 1105 BA Amsterdam Zuidoost, The Netherlands
Incorporation Date	March 16, 2004
Number of employees	15 at December 31, 2008: 13 employees engaged in research and development and 2 employees engaged in sales, general and administrative functions.
	11 at December 31, 2007: 10 employees engaged in research and development and 1 employee engaged in sales, general and administrative functions.
	12 at December 31, 2006: 11 employees engaged in research and development and 1 employee engaged in sales, general and administrative functions.

OncoMethylome BVBA	
Address	Bio-incubator, Gaston Geenslaan 1, 3001 Leuven, Belgium
Incorporation Date	May 25, 2007
Number of employees	16 at December 31, 2008: 13 employees engaged in research and development and 3 employees engaged in sales, general and administrative functions.
	12 at December 31, 2007: 11 employees engaged in research and development and 1 employee engaged in sales, general and administrative functions.

REMUNERATION OF THE BOARD

The total remuneration of the board of directors in 2008, 2007 and 2006 was € 518,000, € 469,000 and € 543,000 respectively (excluding VAT and excluding stock-based compensation). No advances or credits have been granted to any member of the board of directors. None of the members of the board of directors have received any non-monetary remuneration other than warrants as disclosed above.

5.2 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion pertains to the consolidated financial statements of the Company which have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB). The financial statements can be found in section 5.1 of this document.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2008 COMPARED TO YEAR ENDED DECEMBER 31, 2007

Revenues

Total revenues increased from € 2,641,000 in 2007 to € 3,024,000 in 2008, an increase of 15%.

Substantially all of the Company's revenues have been derived from commercial license agreements and from government grants. The commercial revenues are mainly up-front fees and milestone fees, and thus are irregular in terms of the timing and amounts.

The Company has been awarded € 8.4 million in grants and subsidies since its inception of which € 1,621,000 have been recorded as revenues in 2008. Grants recorded in 2008 represent 51 % of total revenues and were received from the Belgian and Dutch governments primarily for development work on lung and colon cancer diagnostic products. Grants awarded generally take the form of refunds of specific expenses incurred in connection with approved scientific research activities. The Company expects to receive all or most of the € 3.5 million remaining funds available under approved grants and subsidies in 2009 through 2013.

Cost of goods and services sold

The costs of goods include royalties OncoMethylome must pay to third parties and the costs associated with providing testing services to third parties. The cost of goods were lower in 2008 than in 2007 despite increasing revenues from service testing due to the increased use in 2008 of the Company's internal laboratories for providing the services rather than using third party and more expensive labs for such service testing.

Research and development expenses

Research and development expenses were € 10,999,000 in 2008 compared to € 10.699,000 in 2007, an increase of 3 %. The decrease in the personnel-related costs is explained by high costs for stock-based compensation expenses in 2007 for € 533K compared to lower costs of € 179k in 2008. External research and development collaborations increased significantly mainly due to new and larger clinical trials launched in 2008 for new products in the Company's product pipeline. The large negative variation in the Patents and licenses expenses is due to a reclassification for a part of them under SG&A (other expenses). Other research and development expenses increased primarily as a result of extra laboratory facilities initiated in 2007. The detail of the research and development expenses is as follows.

	Years ended December 31	
Thousands of €	2008	2007
Personnel costs	3,549	3,821
Lab consumables	831	741
External research and development collaborators	4,243	3,765
Patents and licenses	247	849
Depreciation	1,000	580
Other expenses	1,129	943
Total	**10,999**	**10,699**

Selling, general and administrative expenses

In 2008, selling, general and administrative expenses amounted to € 3,107,000 compared to € 2,463,000 in 2007, an increase of 26 %. The increase in costs is largely due to (i) more administrative personnel, (ii) more Business Development personnel, (iii) more legal costs linked to new commercial and corporate deals, and (iv) starting in 2008, the re-class from Research & Development costs to other Selling, General, & Administrative costs of legal costs linked to the filing of the company's own patents. The detail of the administrative and selling expenses is as follows:

	Years ended December 31	
Thousands of €	2008	2007
Personnel costs	1,599	1,222
Depreciation	4	0
Professional fees	891	1,004
Other expenses	613	237
Total	**3,107**	**2,463**

Financial results

In 2008, the Company ended the year with a net financial gain of € 1,134,000 while it recorded a net financial gain of € 996,000 in 2007. The net "financial income" increased in 2008 due to the extra funds the Company generated from the capital increases since 2006. The average cash on hand in 2008 was about € 27 million on which the Company obtained financial income of approximately 4 % on the average cash balance. OncoMethylome earned over € 1,075K of interest income in 2008, and this was increased by foreign exchange gains of approx. € 59K due to the foreign exchange differences between the dollar and euro throughout 2008.

Net loss

Net loss was € 10,192,000 in 2008 compared to € 9,975,000 in 2007, an increase of 2 %. Increased operating costs for the research and development of new products were offset by increased revenues.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2007 COMPARED TO YEAR ENDED DECEMBER 31, 2006

Revenues

Total revenues decreased from € 2,771,000 in 2006 to € 2,641,000 in 2007, a decrease of 5%.

Substantially all of the Company's revenues have been derived from commercial license agreements and from government grants. The commercial revenues are mainly up-front fees and milestone fees, and thus are irregular in terms of the timing and amounts.

The Company has been awarded € 6.5 million in grants and subsidies since its inception of which € 1,800,000 have been recorded as revenues in 2007. Grants recorded in 2007 represent 68% of total revenues and were received from the Belgian and Dutch governments primarily for development work on lung and colon cancer diagnostic products. Grants awarded generally take the form of refunds of specific expenses incurred in connection with approved scientific research activities. The Company expects to receive all or most of the remaining funds available under approved grants and subsidies in 2008 through 2010.

Cost of goods and services sold

The costs of goods include royalties OncoMethylome must pay to third parties and the costs associated with providing testing services to third parties. The cost of goods were higher in 2007 than in 2006 due to the fact that revenues from service testing were expanded in 2007 and such revenues typically have higher costs associated with them.

Research and development expenses

Research and development expenses were € 10,699,000 in 2007 compared to € 8,648,000 in 2006, an increase of 24%. 67% of this increase was due to personnel-related costs as the Company expanded its laboratory operations in Belgium and The Netherlands through a large increase in hiring in the second half of 2006, leading to a full-year cost in 2007. The personnel-related costs also include stock-based compensation expenses of € 533K related to company stock options. The extra personnel was used not only to develop new tests but increasingly to validate OncoMethylome's tests by processing samples of cancerous and non-cancerous patients explaining the increase in the laboratory consumables. External research and development collaborations slightly increased, explaining 2% of the total increase. Other research and development expenses increased primarily as a result of extra laboratory facilities. The detail of the research and development expenses is as follows.

	Years ended December 31	
Thousands of €	2007	2006
Personnel costs	3,821	2,461
Lab consumables	741	430
External research and development collaborators	3,765	3,725
Patents and licenses	849	762
Depreciation	580	378
Other expenses	943	892
Total	**10,699**	**8,648**

Selling, general and administrative expenses

In 2007, selling, general and administrative expenses amounted to € 2,463,000 compared to € 1,896,000 in 2006, an increase of 30%. The increase in costs is largely due to (i) more administrative personnel , (ii) more Business Development personnel, (iii) more legal costs, and (iv) more support services for the growing organization. The detail of the administrative and selling expenses is as follows:

	Years ended December 31	
Thousands of €	2007	2006
Personnel costs	1,222	903
Depreciation	0	0
Professional fees	1,004	682
Other expenses	237	311
Total	2,463	1,896

Financial results

In 2007, the Company ended the year with a net financial gain of € 996,000 while it recorded a net financial gain of € 474,000 in 2006. The net "financial income" increased in 2007 due to the extra funds the Company generated from the capital increases and IPO in 2006, and also in 2007. OncoMethylome earned over € 1,049K of interest income in 2007, but this was offset by foreign exchange differences of approx. € 46K due to the lower value of the dollar throughout 2007.

Net loss

Net loss was € 9,975,000 in 2007 compared to € 7,368,000 in 2006, an increase of 35%. The loss increased primarily due to the additional operating costs linked to the expansion of the R&D activities of the Company.

LIQUIDITY, WORKING CAPITAL, AND CAPITAL RESOURCES FOR THE YEARS ENDED DECEMBER 31, 2008, 2007, AND 2006

Year ended December 31, 2008
At December 31, 2008, the cash and cash equivalents of OncoMethylome amounted to € 30.6 million compared to € 33.1 million at the end of 2007.

In 2008, net cash used in operating activities amounted to € 9.3 million and net cash used by investing activities were € 1.6 million. Net cash provided by financing activities amounted to € 8.5 million. Overall, the cash position of OncoMethylome decreased by € 2.5 million in 2008.

The operating cash flow was mainly impacted by the net result. The decrease in accounts receivable was mainly due to the large collection of subsidies amounts and to VAT reimbursement from the Dutch authorities.

The 2008 investing cash flows were mainly impacted by (i) a decrease in the purchase of tangible assets for the purchase of equipment compared to 2007 and (ii) an increase in the purchase of intangible assets with the license acquired from Epigenomics in January 2008.

The cash flows from financing activities were mainly impacted by the Secondary Offering of shares on Euronext and the issuance of new shares in 2008 related to the exercise of stock options which together generated € 8.5 million of net proceeds for OncoMethylome.

Year ended December 31, 2007
At December 31, 2007, the cash and cash equivalents of OncoMethylome amounted to € 33.1 million compared to € 32.8 million at the end of 2006.

In 2007, net cash used in operating activities amounted to € 11.3 million and net cash provided by investing activities were € 0.3 million. Net cash provided by financing activities amounted to € 11.3 million. Overall, the cash position of OncoMethylome increased by € 0.3 million in 2007.

The operating cash flow was mainly impacted by the net result. The increase in accounts receivable was mainly due to the fact that two news subsidies have been granted in 2007 for a total of € 2.9 million. Subsidies that are granted but not yet used are recorded as receivables.

The 2007 investing cash flows were mainly impacted by (i) a decrease in capital expenditures for the purchase of equipment compared to 2006 and (ii) an increase in interest income derived from the supplemental interest-bearing funds following the capital increases of the Company in 2006 and 2007.

The cash flows from financing activities were mainly impacted by the Secondary Offering of shares on Euronext and the issuance of new shares in 2007 related to the exercise of stock options which together generated € 11.3 million of net proceeds for OncoMethylome.

Year ended December 31, 2006
At December 31, 2006, the cash and cash equivalents of OncoMethylome amounted to € 32.8 million compared to € 9.4 million at the end of 2005.

In 2006, net cash used in operating activities amounted to € 5.2 million and net cash used in investing activities € 0.6 million. Net cash provided by financing activities amounted to € 29.1 million. Overall, the cash position of OncoMethylome increased by € 23.4 million in 2006.

The operating cash flow was mainly impacted by the net result. The decrease in accounts receivable was mainly due to the fact that in 2005 large commercial revenues were made in December 2005 but only collected in January 2006 whereas in 2006 the major commercial revenues were made and collected in the same period. The increase in accounts payable in 2006 is linked to the expansion of the R&D activities of the Company.

The 2006 investing cash flows were mainly impacted by (i) an increase in capital expenditures for the purchase of equipment for the expanded R&D facilities and (ii) an increase in interest income derived from the supplemental interest-bearing funds following the capital increases of the Company in 2006.

The cash flows from financing activities were mainly impacted by the IPO and the issuance of new shares in 2006, which generated € 29.1 million of net proceeds for OncoMethylome.

5.3 REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

The following report has been established by the Board of Directors on March 11, 2009 for submission to the Annual General Shareholders' Meeting of May 29th, 2009.

Dear OncoMethylome Sciences Shareholder,

We are pleased to present to you the consolidated financial statements for the year ended December 31, 2008.

5.3.1 DISCUSSION AND ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS OF 2008, 2007, AND 2006

The consolidated financial statements have been prepared in accordance with IFRS and have been approved for issue by the Board of Directors on March 11, 2009.

Revenues

Substantially all of the Company's revenues have been derived from commercial license agreements and from government grants. The commercial revenues are mainly up-front fees, milestone fees and service testing revenues, and thus are irregular in terms of the timing and amounts. Total revenues in 2008, 2007, and 2006 were € 3.0 million, € 2.6 million, € 2.8 million respectively. The commercial revenues were primarily generated from deals with Schering-Plough Corporation in 2006, 2007, and 2008, with Veridex LLC, a Johnson & Johnson company in 2006, 2007, and 2008, with Abbott in 2007 and 2008, and with LabCorp in 2008. The government grants include primarily Belgian and Dutch government grants for colon and lung cancer R&D projects.

EBITDA, EBIT, and net loss were € -10.3 million, € -11.3 million, and € -10.2 million in 2008 compared to € -10.4 million, € -11 million, and € -10 million in 2007. The increased loss is due to the expansion of the R&D activities and clinical trials.

The cash position of OncoMethylome decreased from € 33.1 million in 2007 to € 30.6 million at December 31, 2008 due to a cash use of € 10.9 million for operating and investing activities compensated by three capital increases for a net amount of € 8.5 million.

Operating charges

'000 € for year ended Dec. 31	2008	2007	2006
Research & development expenses	10,999	10,699	8,648
Selling, general and administrative expenses	3,107	2,453	1,896
Other operating expenses	1	0	14
Total Operating Charges	**14,107**	**13,162**	**10,558**

Total operating charges increased by 7% from € 13.2 million in 2007 to € 14.1 million in 2008, mainly due to a headcount increase and to the launch of numerous clinical trials for new products in the Company's product pipeline. As a consequence, R&D expenses increased by 3% from € 10.7 million in 2007 to € 11 million in 2008. SG&A expenses increased by 24% from € 2.5 million in 2007 to € 3.1 million in 2008, mainly due to an expanded business development team and to extra administrative personnel and services for handling the overall expansion of the Company.

Net results

The net loss increased by € 0.2 million in 2008 to reach € 10,192k. Increased operating costs for the research and development of new products were largely offset by increased revenues.

Cash Flow

The net cash balance decreased by € 2.5 million in 2008 due to (i) the continued loss from operations (mainly extra trial costs), (ii) a € 2 million investment in intangible assets (technology patents and software), and (iii) a € 0.5 million investment for a minority equity stake in the molecular diagnostics company Signature Diagnostics, all of which were partially offset by 3 capital increases for a total of € 8.5 million.

The cash used by operations decreased from € 11.3 million in 2007 to € 9.3 million in 2008 due mainly to:

- A decrease in accounts receivable of € 2.8 million, and
- by a increase in accounts payable of € 0.5 million.

The cash provided by investing activities decreased from a net source of cash of € 0.3 million in 2007 to a use of cash of € 1.6 million in 2008 due mainly to a € 2 million investment in intangible assets (technology patents and software), and a € 0.5 million investment for a minority equity stake in the molecular diagnostics company Signature Diagnostics.

Balance Sheet

The balance sheet at December 31, 2008 remained strong as evidenced by the following key ratios:

for the year ended Dec. 31	2008	2007	2006
Cash & cash equivalents as a % of total assets	78 %	83 %	89 %
Working capital as a % of total assets	75 %	81 %	83 %
Solvency ratio (equity/total assets)	84 %	86 %	87 %
Gearing ratio (Financial debt/ equity)	0 %	0 %	0 %

Cash and cash equivalents of € 30.6 million account for 78 % of total assets at December 31, 2008. The other major assets are intangible assets (€ 1.6 million or 4 % of total assets) and property plant and equipment (€ 1.4 million or 4 % of total assets) which is primarily composed of equipment purchased in 2006 and 2007, and grants awarded to the Company and receivable over the period 2009-2013 (€ 3.5 million or 9 % of total assets).

Total equity of € 32.6 million accounts for 84 % of the total balance sheet at December 31, 2008. The other major liabilities are trade payables (€ 2.5 million or 6 % of total assets), and deferred revenues related to the grants already awarded to the Company and which cover the period 2009-2013 (€ 3.0 million or 8 % of total assets).

Taxation

The losses of the Company in the last three years imply that no income taxes are payable for these years. On December 31, 2008, the Company had net tax losses carried forward amounting to € 47.6 million, implying a potential deferred tax asset of € 16.2 million. Due to the uncertainty surrounding the Company's ability to realize taxable profits in the near future, the Company did not recognize any deferred tax assets on its balance sheet.

5.3.2 CAPITAL INCREASES AND ISSUANCE OF FINANCIAL INSTRUMENTS

The following capital increases occurred in 2008:

- April 24, 2008 exercise of options from the March 2008 exercise period – € 280,701 raised; 61,120 shares issued;
- November 5, 2008 exercise of options from the September 2008 exercise period – € 91,618.75 raised; 19,375 shares issued;
- December 18, 2008 – Private placement of new shares with qualified institutional investors – € 8,383,796.33 raised; 1,332,877 shares issued: paid bank fees (€ 197K) + legal fees and other fees (€ 84K) (note: in OncoMethylome Science SA statutory accounts these fees are expensed in the P&L whereas in the consolidated IFRS accounts these fees are directly deducted from equity in the balance sheet).

The gross proceeds from these capital increases were € 8,8 million, the overall issuance costs were € 0.3 million, and the net proceeds were € 8.5 million.

In 2008, the following additional warrants were created and granted:

- On May 30, 2008 the Company issued 49,000 new warrants to employees. The warrants vest straight-line over 4 years (in quarterly installments), have a duration of 10 years, and have an exercise price of € 9.10.

5.3.3 RISKS

In 2008, the Company was potentially subjected to the following risks:

- The Company is dependent on intellectual property rights which could be challenged and the Company could be affected by new patents of third parties.
- The Company must comply with many conditions in order to maintain the intellectual property rights which it in-licenses from third parties.
- The enforcement of the Company's intellectual property rights could involve significant costs and could impact the commercial freedom of the Company in certain areas.
- The Company's performance could be hindered by the way its commercial partners utilize certain of its technologies.
- The Company's success is dependent upon factors such as its ability to access samples, work with or obtain the support of certain scientific or medical partners, recruit and retain key personnel, generate positive clinical study results, obtain regulatory approval of its products and comply with ongoing regulations, partner with third parties for the manufacture and sale of its products, get the market to accept and use its products, obtain reimbursement of its products for patients.

- The Company operates in markets in which the competition and regulatory environment may change and thus impact the Company's products and strategy.
- The Company is subject to product liability risks
- The Company is at an early stage of development and may encounter difficulties in its growth and expansion of activities.
- Losses have been incurred since the inception of the Company, further losses are expected in the foreseeable future, and further funding may be needed.
- Foreign exchange rate fluctuations could impact the results of the Company.

In 2008, financial risk management involved primarily the following:

- **Credit risk:** the small number of customers exposes the Company to credit risk. In 2008, the Company had 8 major customers but the credit risk was reduced by the fact that all of them are leading international companies with strong credit ratings.
- **Interest risk:** The Company is not currently subject to material interest risk since it has almost no financial debt
- **Currency risk:** The Company is not currently subject to material currency risk. The Company reports in euros, but generates the majority of its commercial revenues in dollars. To date, the Company's operating costs in dollars have exceeded its revenues in dollars. No hedging instruments have been used so far.
- **Liquidity and investment risk:** The Company has invested all of its cash and cash equivalents in highly-rated and highly-liquid bank savings or money market accounts. The company has not invested in any derivative instruments or CDOs.

5.3.4 SERVICES PERFORMED BY THE AUDITOR

The Company paid € 72,000 in fees (including the statutory audit fee of € 31,000 for the parent company) to the auditor in 2008. The fees are broken down as follows:

- statutory audit fee of € 67,000 (includes audit of all group legal entities and the consolidated IFRS accounts)
- other missions related to special reports needed for the stock option plans (€ 5,000)

5.3.5 SUBSEQUENT EVENTS

By a decision of the board of directors' meeting of January 27, 2009, the Company issued 120,500 additional warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant. The warrants were granted to selected beneficiaries (only employees of the Group) by decision of the remuneration committee and the board of directors. Under this plan, 25% of the warrants become exercisable during each year following the date of the grant (on a straight-line basis, or 6.25% per quarter) it being understood however that no warrants are exercisable unless the beneficiary has provided at least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 10 years from the date of the creation of the warrants. Warrants that have not been exercised within 10 years of their creation become null and void. 116,600 warrants in this warrant pool have been granted on January 2, 2009 and have been accepted. The remaining 3,900 warrants have been cancelled.

On January 6, 2009, Dr. Christian Schneider resigned from his position as a non-independent Board Director to focus on his work at a new European venture capital fund. The Board thanks Dr. Schneider for his extensive support and contribution to the company since 2003. Based on his extensive and worldwide experience in the diagnostics and healthcare industry, on January 22, 2009, Mr. Gérard Vaillant was nominated as a new independent Board Director until the Annual General Shareholders' meeting of May 29, 2009. The Board welcomes Mr. Vaillant to the Board.

On March 16, 2009, Merck KGaA began using OncoMerthylome's MGMT gene promoter methylation testing in a recently started Phase II clinical trial (CORE trial) for cilengitide in newly diagnosed brain tumors (glioblastoma). In addition, testing is also being performed in a Phase III clinical trial (CENTRIC trial) in newly diagnosed glioblastoma that has been running since last year. For these trials, OncoMethylome will provide MGMT gene promoter methylation testing services. Patient selection for those trials is based on the MGMT gene promoter methylation status of their tumor tissue. OncoMethylome signed a licensing and testing partnership with Merck KGaA in June 2008.

5.3.6 RESEARCH & DEVELOPMENT

The Company is developing several cancer diagnostic products and several personalized medicine tests for different types of cancers. The products on which the most spending was done in 2008 are the following:

- **Colorectal cancer:** The Company is performing R&D in order to develop a stool and a blood-based test for the screening of colon cancer.
- **Bladder cancer:** The Company is performing R&D in order to develop a urine-based test for the detection of bladder cancer.

- **Lung cancer:** The Company is performing R&D in order to develop a blood or sputum-based test for the screening of lung cancer.

The most advanced products include the following:

- **Prostate cancer:** The Company has developed 2 prototype products for prostate cancer detection and screening. These 2 products have been licensed exclusively to Veridex LLC, a Johnson & Johnson company, for eventual manufacture and sales. The prostate tissue-based test began to be commercialized in North America in 2008 by Laboratory Corporation of America (LabCorp) who received a sub-license for the test from Veridex LLC.
- **Personalized medicine for alkylating agent medication**: The Company has developed a test to predict cancer patient response to alkylating agent medication. The test is being used by Schering Plough for a multi-center Phase III clinical trial for brain cancer medication and is being used for R&D in other cancers. The MGMT tissue-based test began to be commercialized in North America in 2008 by Laboratory Corporation of America (LabCorp).
- **Colorectal cancer:** In 2008, the Company began supplying reagents for the ColoSure colorectal cancer screening stool-based test which began to be commercialized in North America in 2008 by Laboratory Corporation of America (LabCorp).

The Company also has other projects in its R&D, such as:

- **Lung cancer recurrence test:** The Company is seeking to predict which Stage I lung cancer patients will have a recurrence of the cancer after initial surgery. First study results of this new test were published in *The New England Journal of Medicine* in 2008.
- **Breast cancer:** The Company is seeking to detect breast cancer based on DNA extracted from blood or other bodily fluids.
- **Cervical cancer:** The Company is seeking to detect cervical cancer based on DNA collected by the gynecologist in routine procedures.
- **Personalized medicine:** The Company is working on several tests to determine which patients will respond to certain drugs for particular cancers. This is often done in partnership with pharmaceutical companies such as Abbott and GSK Biologicals.

The Company also performs extensive research for the discovery of novel methylated genes associated with cancer.

5.3.7 DISCLOSURES WITHIN THE FRAMEWORK OF THE TAKEOVER DIRECTIVE (SEE ALSO SECTION 4.5 AND 4.6 OF THE REGISTRATION DOCUMENT)

CAPITAL STRUCTURE

At the end of 2008, the issued capital of OncoMethylome Sciences SA amounted to € 53,900,693.70 represented by 13,161,074 shares without nominal value. All shares have the same rights and obligations and participate equally in the profits of OncoMethylome Sciences SA.

RESTRICTIONS CONCERNING THE TRANSFER OF SECURITIES

The Company's articles of association do not impose any restrictions on the transfer of securities in addition to the restrictions provided for in the Belgian Company Code.

HOLDERS OF SECURITIES WITH SPECIAL CONTROL RIGHTS

The Company has not granted any special control rights to the holders of its securities.

MECHANISM FOR CONTROL OF SHARE PLANS FOR EMPLOYEES

There are no shares or similar plans for employees in addition to the stock option plans disclosed elsewhere in this document.

RESTRICTIONS CONCERNING THE EXERCISE OF THE VOTING RIGHT

Each shareholder of OncoMethylome Sciences SA is entitled to one vote per share. There are no different categories of shares. Voting rights can be suspended, amongst others, in relation to shares:

- Which were not fully paid up, notwithstanding the request thereto of the board of directors of the Company.
- To which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right.
- Which entitle their holder to voting rights above the threshold of 3%, 5%, or any multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant general shareholders' meeting, except in the event where the relevant shareholder has notified the Company and the CBFA at least 20 days prior to the date of the general shareholders' meeting on which he or she wishes to vote of its shareholding exceeding the thresholds above.
- Of which the voting right was suspended by a competent court or the CBFA.

AGREEMENTS BETWEEN SHAREHOLDERS WHICH ARE KNOWN TO THE ISSUER AND MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SECURITIES AND/OR EXERCISE OF VOTING RIGHTS

There are no declared or known agreements between shareholders.

RULES FOR THE APPOINTMENT AND THE REPLACEMENT OF DIRECTORS AND THE AMENDMENT OF THE ARTICLES OF ASSOCIATION

Pursuant to the Company's articles of association, the board of directors of the Company is to be composed of at least 3 directors. The Company's corporate governance charter requires that the board of directors is, to the extent possible, composed of at least five directors, of which at least 3 directors are independent directors, and to the extent possible, at least half of the directors are non-executive directors. The directors of the Company are appointed by the general shareholders' meeting. However, in accordance with the Belgian Company Code, if the mandate of a director becomes vacant due to his death or resignation, the remaining directors have the right to appoint temporarily a new director to fill the vacancy until the first general shareholders' meeting after the mandate became vacant. The new director completes the term of the director whose mandate became vacant. The corporate governance charter provides that directors can be appointed for a maximum (renewable) term of four years.

Amendments to the articles of association (other than an amendment of the corporate purpose) require the presence or representation of at least 50 % of the share capital of the Company and the approval of at least 75 % of the votes cast. An amendment of the Company's corporate purpose, requires the approval of at least 80 % of the votes cast at a general shareholders' meeting, which in principle can only validly pass such resolution if at least 50 % of the share capital of the Company and at least 50 % of the profit certificates, if any, are present or represented. In the event where the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second general shareholders' meeting can validly deliberate and decide regardless of the number of shares present or represented.

POWERS OF DIRECTORS, IN PARTICULAR THE POWER TO ISSUE OR BUY BACK SHARES

The board of directors of OncoMethylome Sciences SA has the broadest powers to manage and represent the company, except to the extent provided otherwise by applicable law or the company's articles of association.

By decision of the extraordinary general shareholders' meeting of the Company dated May 30, 2008, the board of directors was granted certain powers in the framework of the authorized capital, as published by excerpt in the Annexes to the Belgian Official Gazette of June 19, 2008 under number 08093584.

In the framework of the authorized capital, the board of directors is authorized to increase the share capital of the Company in one or more transactions for a maximum amount of € 48,112,228.68, for a period of five (5) years as of the publication of this authorization in the Annexes to the Belgian Official Gazette.

The board of directors can use the above powers for any purpose or type of transaction that the board of directors shall believe appropriate or necessary in the interest of the Company in one or more transactions with a maximum amount that cannot exceed 50 % of the Company's share capital. If the board of directors has already used its powers under the authorized capital to increase the Company's share capital with an amount of 50 % of the Company's share capital, any further use of the powers under the authorized capital shall be subject to the approval by at least two thirds of the votes validly cast by the directors and shall further only be allowed for the transactions listed in Article 6 of the Company's articles of association.

Up to this day, the board of directors has used its powers under the authorized capital once, on the occasion of a share capital increase which was enacted on December 18, 2008 for an amount of € 5,458,797.75. Accordingly, at present, the share capital of the Company can still be increased for an amount of € 42,653,430.93 under the authorized capital authorization.

The board of directors was further authorized to issue up to 10 % new shares following receipt of a notification that a take-over bid has been launched on the shares of the Company. This authorization is valid for a period of three years as of the publication thereof in the annexes to the Belgian Official Gazette, i.e. as of June 19, 2008. It is proposed that the powers of the board of directors in the framework of the authorized capital, as set forth above, be renewed at the occasion of the annual general shareholders' meeting.

SIGNIFICANT AGREEMENTS WHICH TAKE EFFECT, ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF THE ISSUER FOLLOWING A TAKEOVER BID

According to the terms and conditions of the warrants issued by OncoMethylome, non-vested warrants become exercisable in case of a change of control of the company (see also Section 5.1.5.19 of the Registration Document). In addition, material agreements with EXACT Sciences (as further described in Section 5.1.5.21 of the Registration Document) include change of control clauses.

AGREEMENTS WITH DIRECTORS OR EMPLOYEES PROVIDING FOR COMPENSATION IF THEY RESIGN OR ARE MADE REDUNDANT WITHOUT VALID REASON OR IF THEIR EMPLOYMENT CEASES BECAUSE OF A PUBLIC TAKEOVER BID

There are individual agreements between the Company and certain Members of the Management Committee that provide a severance payment of up to 12 months, should this agreement be terminated due to the Company's change of control.

Done on March 11, 2009
On behalf of the Board of Directors

5.4 STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF ONCOMETHYLOME ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

In accordance with the legal requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the consolidated financial statements as well as the required additional statements.

Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements for the year ended as at December 31, 2008, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which show a balance sheet total of €39,052 K and a loss for the year of €10,192 K.

Management is responsible for the preparation and the fair presentation of these consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting principles and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement, as to whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the group's accounting system, as well as its internal control procedures. We have obtained from management and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the appropriateness of the accounting principles and consolidation principles, the reasonableness of the significant accounting estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that these procedures provide a reasonable basis for our opinion.

Zaventem, March 12, 2009
BDO Atrio
Bedrijfsrevisoren/Réviseurs d'Entreprises Soc. Civ. SCRL
Represented by
Luc Annick
Statutory Auditor

6. Statutory Financial Statements

The statutory financial statements as filed with the Belgian National Bank are based upon Belgian GAAP. An unqualified audit opinion will be issued by the statutory auditor.

The information included in this section is an extract from the statutory accounts that will be filed with the Belgian National Bank and do not include all information as required by articles 98 and 100 of the company laws. The full statutory accounts have not yet been filed with the Belgian National Bank as of the date of this document. Once filed with the Belgian National Bank, the full statutory accounts will also be made available in the investors section of OncoMethylome's website (www.oncomethylome.com).

6.1 STATUTORY INCOME STATEMENT

STATUTORY INCOME STATEMENT	Year ended December 31		
Thousands of €	2008	2007	2006
I. Operating income	**2,819**	**3,035**	**2,620**
A. Turnover	1,401	837	1,676
D. Other operating income	1,418	2,198	944
II. Operating charges	**12,825**	**13,094**	**12,437**
A. Purchase of goods and materials	(40)	(41)	(17)
B. Services and other goods	9,511	9,315	9,130
C. Remuneration, social security costs, pensions	1,677	2,206	1,997
D. Depreciation & amounts written off fixed assets	1,672	1,603	1,274
G. Other operating charges	5	11	53
III. Operating profit/(loss)	**(10,006)**	**(10,059)**	**(9,817)**
IV. Financial income	**1,116**	**1,092**	**666**
A. Income from financial assets	420	500	365
C. Other	696	592	301
V. Financial charges	**15**	**135**	**175**
A. Debt charges	11	18	13
C. Other	4	117	162
VI. Current profit/(loss) before taxes	**(8,905)**	**(9,102)**	**(8,326)**
VII. Extraordinary income	**0**	**0**	**0**
VIII. Extraordinary charges	**2**	**0**	**4**
A. Extraordinary depreciations & amounts written off fixed assets	2	0	4
IX. Profit/(loss) before taxes	**(8,907)**	**(9,102)**	**(9,330)**
X. Income taxes	**0**	**0**	**0**
XI. Profit/(loss) for the year after taxes	**(8,907)**	**(9,102)**	**(9,330)**

APPROPRIATION ACCOUNT	Year ended December 31		
Thousands of €	2008	2007	2006
A. Loss to be appropriated			
A1. Loss for the period available for appropriation	(8,907)	(9,102)	(9,330)
A2. Loss brought forward	(18,432)	(9,330)	(10,218)
B. Transfer from capital and reserves			
B1. From capital and share premium account			
C. Transfer to equity			
C1. To capital			10,218
D. Result to be carried forward			
D2. Loss to be carried forward	27,339	18,432	9,330

6.2 STATUTORY BALANCE SHEET

STATUTORY BALANCE SHEET AFTER APPROPRIATIONS	Year ended December 31		
Thousands of €	2008	2007	2006
ASSETS	**8,064**	**6,749**	**4,536**
I. Formation expenses	**2**	**5**	**89**
II. Intangible assets	**3,691**	**2,441**	**2,755**
III. Tangible fixed assets	**797**	**1,292**	**1,165**
B. Plant, machinery and equipment	747	1,175	1,103
C. Furniture and vehicles	50	117	62
IV. Financial assets	**3,574**	**3,011**	**526**
A. Affiliated enterprises	3,565	3,008	523
A1. Investments	3,565	2,669	169
A2. Amounts receivable	0	339	354
C. Other financial assets	9	3	3
C2. Amounts received and cash guarantee	9	3	3
CURRENT ASSETS	**34,000**	**36,202**	**33,993**
V. Amounts receivable after one year			
VI. Stocks and contracts in progress	**99**	**58**	**17**
VII. Amounts receivable within one year	**4,107**	**4,843**	**1,105**
A. Trade debtors	1,172	1,785	793
B. Other amounts receivable	2,935	3,058	312
VIII. Investments	**28,497**	**30,772**	**10,029**
B. Other investments and deposits	28,497	30,772	10,029
IX. Cash at bank and in hand	**1,172**	**244**	**22,602**
X. Deferred charges and accrued income	**125**	**285**	**240**
TOTAL ASSETS	**42,064**	**42,951**	**38,529**

STATUTORY BALANCE SHEET AFTER APPROPRIATIONS	Year ended December 31		
Thousands of €	2008	2007	2006
CAPITAL AND RESERVES	**37,440**	**37,609**	**35,004**
I. Capital	**53,901**	**48,112**	**42,801**
A. Issued capital	53,901	48,112	42,801
II. Share premium account	**10,872**	**7,905**	**1,483**
III. Revaluation surpluses			
IV. Reserves			
V. Accumulated profit/(loss)	**(27,339)**	**(18,432)**	**(9,330)**
VI. Investment grants	**6**	**24**	**50**
VII. Provisions and postponed taxes			
A. Provisions for liabilities and charges			
A4. Other liabilities & charges			
AMOUNTS PAYABLE	4,624	5,342	3,525
VIII. Debts payable after 1 year			
A. Financial debts			
A3. Leasing and other similar rights			
A4. Credit institutions			
IX. Debts payable within 1 year	**2,300**	**3,452**	**3,008**
A. Current portion of debts after one year			
B. Financial debts			
B1. Credit institutions			
C. Trade debts	2,110	3,268	2,785
C1. Suppliers	2,110	3,268	2,785
E. Taxes, remuneration & social security	190	184	223
E1. Taxes			
E2. Remuneration & social security	190	184	223
F. Other amounts payables			
X. Accrued charges and deferred income	**2,324**	**1,890**	**517**
TOTAL LIABILITIES	**42,064**	**42,951**	**38,529**

6.3 ACCOUNTING POLICIES (BELGIAN GAAP)

The valuation rules have been prepared in accordance with the provisions of Chapter II of the Royal Dec.ree of January 30, 2001 relating to the implementation of the Belgian Company Code.

FORMATION EXPENSES AND COSTS RELATING TO CAPITAL INCREASES

These are recognized as assets and are amortized by 20 % annually. During the financial year, the costs related to capital increases are recognized as expenses in the profit and loss statement.

INTANGIBLE ASSETS

Research and development costs

Certain external R&D costs are capitalized if the project is already likely to generate a profitable product. These assets are capitalized at purchase price or at actual costs incurred or, if lower, at their useful value.
These assets are amortized on a straight-line basis over a period of 5 years. In the event that research and development costs are exceptionally depreciated over a period exceeding 5 years, this needs to be justified.

Patents, licenses and similar rights

These assets are capitalized at purchase price or, if lower, at their useful value. These assets are depreciated on a straight-line basis over a period of 5 years.

TANGIBLE FIXED ASSETS

These assets (which are detailed below on a line-by-line basis) are capitalized as follows:

At purchase price

Depreciation	Method L/D* Other	Basis NR/R**	Depreciation Rate	
			Principal Min - Max	Accessory Costs Min - Max
Industrial, administrative or commercial buildings [a]	L	NR		
Other buildings	L	NR		
Installations and equipment [a]	L	NR	20 % – 33.33 %	20 % - 33.33 %
Vehicles [a]	L	NR	20 % - 20 %	20 % - 20 %
Office equipment and furniture [a]	L	NR	10 % – 20 %	10 % - 20 %

* L: Linear D: Degressive
** NR: Not revalued R: revalued
(a): including leased assets

In the event where the accounting value exceeds the useful value (or the realized value for the assets that are no longer used), the Company should perform additional or exceptional depreciations.

The Company applies an accelerated depreciation plan in agreement with the relevant tax authorities. In such a case, the amount of the tax deductible and excessive accelerated depreciation compared to the economically justifiable depreciations is to be mentioned.
- Excessive amount of the financial year;
- Excessive cumulated amount.

The tangible fixed assets, of which the life-time is not limited in time, are reduced in value in case of depreciation or lasting value reduction.

FINANCIAL ASSETS

These assets are capitalized at purchase price excluding any miscellaneous fees.

The shares and participations are reduced in value in case of depreciation or lasting reduction in value, as a result of the situation, the profitability or perspective of the company in which the shares or the participations are held.

Reductions in value of amounts receivable included in the financial fixed assets are recorded when the payment thereof or part thereof at their due date is uncertain or has become compromised.

AMOUNTS RECEIVABLE (AFTER ONE YEAR – WITHIN ONE YEAR)

The amounts receivable that are represented by fixed revenue instruments are capitalized at purchase price excluding any miscellaneous fees.

Other amounts receivable (commercial and other amounts receivable that are not represented by fixed revenue instruments) are capitalized at their nominal value.

This capitalization is accompanied by the recording thereof in the regularization accounts on the liabilities side and of the *pro rata temporis* booking of the results of:

- The interests contractually included in the nominal value of the amounts receivable;
- The difference between the purchase cost and the nominal value of the amounts receivable;
- The advances of payable amounts receivable at a date of more than 1 year, that are not subject to interest or that are subject to an interest rate that is abnormally low. These advances are calculated at the applicable market rate for such amounts receivable at the time they enter into the Company's estate.

TREASURY PLACEMENTS AND AVAILABLE CASH

Placements with financial institutions are capitalized at their nominal value.
The titles are capitalized at purchase cost excluding miscellaneous fees.

Reductions in value are recorded in the event where the realization value at the date of the closing of the financial year is below the purchase cost.

PROVISIONS FOR RISKS AND CHARGES

The provisions for risks and charges are individualized taking into account the corresponding risks and charges they are intended to cover.

The provisions for risks and charges can only be maintained provided that they exceed, as per the date of the closing of the financial year, an actual appreciation of depreciations, charges and risks for which they have been established.

DEBTS (PAYABLE AFTER ONE YEAR - PAYABLE WITHIN ONE YEAR)

All debts are capitalized at their nominal value at the date of the closing of the financial year.

The valuation rules applicable to amounts receivable are also applicable for debts, with the difference however that the implicit *pro rata* interests are recorded in the regularization accounts on the assets side.

At the date of the closing of the financial year, all charges to be paid in relation to the financial year concerned and the previous financial years are taken into account.

REGULARIZATION ACCOUNTS

Regularization accounts on the assets side

These accounts include:

- The pro rata parts of the charges incurred during the financial year or during a previous financial year but that are related to one or more subsequent financial years.
- The pro rata parts of the proceeds that will only be received during a subsequent financial year but that relate to a previous financial year.

Regularization accounts on the liabilities side

These accounts include:

- The *pro rata* parts of the charges that will only be paid during a subsequent financial year but that relate to a previous financial year.
- The *pro rata* parts of the proceeds received during the financial year or a previous financial year but that relate to one or more subsequent financial years.
- The commercial contract revenue fees which are not linked to a completed or unique event are spread over the remaining term of the agreement.

CURRENCIES

The amounts receivable and debts in currencies are converted at the applicable exchange rate at the date of the closing of the financial year.

Currency losses are recorded in the statement of results.

Unrealized currency gains are reported as proceeds to be recorded on the regularization accounts on the liabilities side.

6.4 REPORT OF THE BOARD OF DIRECTORS ON THE STATUTORY FINANCIAL STATEMENTS

The following report has been established by the Board of Directors on March 11, 2009 for submission to the Annual General Shareholders' Meeting of May 29, 2009.

Dear OncoMethylome Sciences Shareholder,

We are pleased to present to you the statutory financial statements for the year ended December 31, 2008.

Pursuant to the provisions of the Belgian Company Code (C.C.) and the articles of association of the company, we report on the situation of your company for the fiscal year of the company closed on 31 December 2008.

Comments on the annual accounts

We submit for your approval the annual accounts for the fiscal year closed on 31 December 2008. The annual accounts give a true and fair view of the course of affairs of the company during the past fiscal year. From the annual accounts you can derive the following:

RESULTS OF THE FISCAL YEAR

The company has closed its annual accounts with respect to the past fiscal year with a loss of € 8,907,510.59

This loss results mainly from the costs related to the research and development of new products, two of which began to be commercialized in the US market in 2008 via Laboratory Corporation of America (LabCorp). A third product began to be commercialized in the US in 2008 via LabCorp for which OncoMethylome supplies reagents.

STATUTORY AND NON-DISTRIBUTABLE RESERVES

The company has a corporate capital of EUR 53,900,693.70. The company has no statutory reserve.

As the company has closed its annual accounts with respect to the past fiscal year with a loss, the company is not legally obliged to reserve additional amounts.

ALLOCATION OF THE RESULTS

We propose to carry forward the loss to the next fiscal year.

Material events that took place since the end of the fiscal year

By a decision of the board of directors' meeting of January 27, 2009, the Company issued 120,500 additional warrants giving the beneficiaries the right to purchase common shares of the Company. The warrants were granted with an exercise price equal to the fair market price of the underlying common shares at the date of grant. The warrants were granted to selected beneficiaries (only employees of the Group) by decision of the remuneration committee and the board of directors. Under this plan, 25% of the warrants become exercisable during each year following the date of the grant (on a straight-line basis, or 6.25% per quarter) it being understood however that no warrants are exercisable unless the beneficiary has provided at least 1 full year of services to the Company. Non-exercisable warrants become exercisable in case of a change of control of the Company. All warrants were granted for free. The duration of the warrants is 10 years from the date of the creation of the warrants. Warrants that have not been exercised within 10 years of their creation become null and void. 116,600 warrants in this warrant pool have been granted on January 2, 2009 and have been accepted. The remaining 3,900 warrants have been cancelled.

On January 6, 2009, Dr. Christian Schneider resigned from his position as a non-independent Board Director to focus on his work at a new European venture capital fund. The Board thanks Dr. Schneider for his extensive support and contribution to the company since 2003. Based on his extensive and worldwide experience in the diagnostics and healthcare industry, on January 22, 2009, Mr. Gérard Vaillant was nominated as a new independent Board Director until the Annual General Shareholders' meeting of May 29, 2009. The Board welcomes Mr. Vaillant to the Board.

On March 16, 2009, Merck KGaA began using OncoMerthylome's MGMT gene promoter methylation testing in a recently started Phase II clinical trial (CORE trial) for cilengitide in newly diagnosed brain tumors (glioblastoma). In addition, testing is also being performed in a Phase III clinical trial (CENTRIC trial) in newly diagnosed glioblastoma that has been running since last year. For these trials, OncoMethylome will provide MGMT gene promoter methylation testing services. Patient selection for those trials is based on the MGMT gene promoter methylation status of their tumor tissue. OncoMethylome signed a licensing and testing partnership with Merck KGaA in June 2008.

Circumstances which could significantly affect the development of the company

During the past fiscal year no circumstances occurred which significantly affected the development of the company.

Activities in the field of research and development

The company performed research and development on several potential products for use in cancer detection and treatment.

Branches of the company

The company has no branch.

Justification to Continue using the same accounting rules

Despite cumulated losses, the Board has decided to continue to apply the same accounting rules. This decision is justified by (i) several new commercial deals/testing services agreements, (ii) two capital increases realized in April and November 2008 for the warrants exercise by personnel (€ 372,319.75) and the private placement of new shares with listing on Euronext Brussels and Amsterdam in December 2008 (€ 8,383,796.33), (iii) success of the technology of the company in various areas and publications, (iv) increased interest in the company's technology, (v) new patents and (vi) the launch of the first products on the US market in 2008.

Financial risks (article 96 8° C.C.)

Virtually all of the Company's currency risk currently relates to U.S. Dollars. Almost all revenues, except for government grants, have been in U.S. Dollars. Despite this situation, the company does not use hedging instruments to cover the exchange rate risk, but currently mostly matches dollar income with dollar expenses.

Risk factors (article 96 1° C.C.)

In 2008, the Company was potentially subjected to the following risks:

- The Company is dependent on intellectual property rights which could be challenged and the Company could be affected by new patents of third parties
- The Company must comply with many conditions in order to maintain the intellectual property rights which it in-licenses from third parties
- The enforcement of the Company's intellectual property rights could involve significant costs and could impact the commercial freedom of the Company in certain areas
- The Company's performance could be hindered by the way its commercial partners utilize certain of its technologies
- The Company's success is dependent upon factors such as its ability to access samples, work with or obtain the support of certain scientific or medical partners, recruit and retain key personnel, generate positive clinical study results, obtain regulatory approval of its products and comply with ongoing regulations, partner with third parties for the manufacture and sale of its products, get the market to accept and use its products, and obtain reimbursement of its products for patients
- The Company operates in markets in which the competition and regulatory environment may change and thus impact the Company's products and strategy
- The Company is subject to product liability risks
- The Company is at an early stage of development and may encounter difficulties in its growth and expansion of activities
- Losses have been incurred since the inception of the Company, further losses are expected in the foreseeable future, and further funding may be needed
- Foreign exchange rate fluctuations could impact the results of the Company

In 2008, financial risk management involved primarily the following:

- **Credit risk:** the small number of customers exposes the Company to credit risk. In 2008, the Company had several major customers but the credit risk was reduced by the fact that all are leading international companies with strong credit ratings.
- **Interest risk:** The Company is not currently subject to material interest risk since it has almost no financial debt
- **Currency risk:** The Company is not currently subject to material currency risk. The Company reports in euros, but generates the majority of its commercial revenues in dollars. To date, the Company's operating costs in dollars have exceeded its revenues in dollars. No hedging instruments have been used so far.

- **Liquidity and investment risk:** The Company has invested all of its cash and cash equivalents in highly-rated and highly-liquid bank savings or money market accounts. The company has not invested in any derivative instruments or CDOs.

Performance by the statutory auditor of exceptional activities or execution of special instructions (Article 134 C.C.)

During the past fiscal year, in addition to their usual activity, the statutory auditor performed additional activities on behalf of the Company mainly for the issuance of special reports related to warrant plans and for participation to the audit committees. The total amount paid for these additional activities is € 5,000.00.

Conflicts of interest (Article 523 C.C.)

In accordance with Article 523 of the Belgian Company Code, the board of directors clearly stated each time they experienced an interest of a patrimonial nature potentially departing from the interests of the Company. The following conflicts of interest have been reported in 2008:

BOARD OF DIRECTORS DECEMBER 12, 2008 AND APPROVAL OF THE PRIVATE PLACEMENT OF DECEMBER 18, 2008

Certain members of the board of directors and representatives of ING Belgium NV/SA provided further explanations with respect to the private placement. Thereupon but prior to the deliberations ING Belgium NV/SA and Sogam SA informed the other directors that they potentially have an interest of a patrimonial nature that conflicts with the interests of the company in connection with the proposed issuance of the new shares and, more particularly, with the assistance to be provided in connection therewith by ING Corporate Finance, as follows:

ING Belgium NV/SA is both director and shareholder of the company and, through its ING Corporate Finance department, to be entrusted with providing assistance in connection with the private placement in accordance with the terms and conditions of the engagement letter to be entered into between the company and ING Belgium NV/SA. In that capacity, ING Belgium NV/SA, through its ING Corporate Finance department, will receive a compensation/ fee as set forth in the engagement letter (and as further described below). ING Belgium NV/SA is thus directly concerned by the private placement and its success.

Sogam SA is a subsidiary controlled by ING Belgium NV/SA. In that capacity, Sogam SA could equally be regarded as concerned by the private placement. Thus, Sogam SA would also like to inform the board of directors, to the extent so required, that in respect of the private placement it may have an interest of a patrimonial nature that potentially conflicts with the interests of the company.

Therefore, considering that ING Belgium SA and Sogam SA have an interest of a patrimonial nature that potentially conflicts with the interests of the company in relation to the envisaged private placement, these directors would like to in casu, to the extent so required, apply Article 523 of the Belgian Company Code.

The financial consequences of the aforementioned conflict of interest for the company relate to the fee / compensation to be paid by the company to ING Belgium NV/SA (through its Corporate Finance department) and depend on the success of the private placement and the amounts invested in the company by investors identified and attracted by ING Corporate Finance. The financial consequences were that the Company raised EUR 8,383,796.33 in proceeds from the offering of new shares and paid ING Belgium NV/SA (its sole financial advisor in this transaction) a fee of EUR 196,866 for its services in this transaction (a fee of 2.3 % of the proceeds).

The directors concerned will inform the statutory auditor of the company of the above-described declaration.

Subsequently, ING Belgium SA and Sogam SA left the meeting.

BOARD OF DIRECTORS DECEMBER 12, 2008: MANAGEMENT AND EMPLOYEE REMUNERATION

Mr Herman Spolders, permanent representative of Herman Spolders BVBA, informed the other directors that it has an interest of a patrimonial nature that conflicts with the interests of the company in connection with the proposed increase of its annual consulting fees and the bonus to be paid out to it in accordance with the recommendations made by the remuneration & nomination committee and that it would like to in casu apply Article 523 of the Belgian Company Code.

The financial consequences of the aforementioned conflict of interest for the company are directly linked to the amount of the proposed increase of the annual consulting fee and the bonus to be paid to Herman Spolders BVBA.

Herman Spolders BVBA confirms that it will inform the statutory auditor of the company of the above-described declaration.

Subsequently, Herman Spolders BVBA left the meeting.

After deliberation it was subsequently resolved that the management and employee compensation, as recommended by the nomination and remuneration committee and amended by the board, is hereby approved. The financial consequence of this decision was that the company Herman Spolders bvba will be paid an extra € 1,725 in fixed fees per month , all costs included, starting in January 2009 for providing its services to the Company. In addition, Herman Spolders bvba was awarded a one-time bonus of € 60,000 for its performance in 2008.

Disclosures within the framework of the takeover directive (see also section 4.5 and 4.6 of the Registration Document)

CAPITAL STRUCTURE

At the end of 2008, the issued capital of OncoMethylome Sciences SA amounted to € 53,900,693.70 represented by 13,161,074 shares without nominal value. All shares have the same rights and obligations and participate equally in the profits of OncoMethylome Sciences SA.

RESTRICTIONS CONCERNING THE TRANSFER OF SECURITIES

The Company's articles of association do not impose any restrictions on the transfer of securities in addition to the restrictions provided for in the Belgian Company Code.

HOLDERS OF SECURITIES WITH SPECIAL CONTROL RIGHTS

The Company has not granted any special control rights to the holders of its securities.

MECHANISM FOR CONTROL OF SHARE PLANS FOR EMPLOYEES

There are no shares or similar plans for employees in addition to the stock option plans disclosed elsewhere in this document.

RESTRICTIONS CONCERNING THE EXERCISE OF THE VOTING RIGHT

Each shareholder of OncoMethylome Sciences SA is entitled to one vote per share. There are no different categories of shares. Voting rights can be suspended, amongst others, in relation to shares:

- Which were not fully paid up, notwithstanding the request thereto of the board of directors of the Company.
- To which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right.
- Which entitle their holder to voting rights above the threshold of 3 %, 5 %, or any multiple of 5 % of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant general shareholders' meeting, except in the event where the relevant shareholder has notified the Company and the CBFA at least 20 days prior to the date of the general shareholders' meeting on which he or she wishes to vote of its shareholding exceeding the thresholds above.
- Of which the voting right was suspended by a competent court or the CBFA.

AGREEMENTS BETWEEN SHAREHOLDERS WHICH ARE KNOWN TO THE ISSUER AND MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SECURITIES AND/OR EXERCISE OF VOTING RIGHTS

There are no declared or known agreements between shareholders.

RULES FOR THE APPOINTMENT AND THE REPLACEMENT OF DIRECTORS AND THE AMENDMENT OF THE ARTICLES OF ASSOCIATION

Pursuant to the Company's articles of association, the board of directors of the Company is to be composed of at least 3 directors. The Company's corporate governance charter requires that the board of directors is, to the extent possible, composed of at least five directors, of which at least 3 directors are independent directors, and to the extent possible, at least half of the directors are non-executive directors. The directors of the Company are appointed by the general shareholders' meeting. However, in accordance with the Belgian Company Code, if the mandate of a director becomes vacant due to his death or resignation, the remaining directors have the right to appoint temporarily a new director to fill the vacancy until the first general shareholders' meeting after the mandate became vacant. The new director completes the term of the director whose mandate became vacant. The corporate governance charter provides that directors can be appointed for a maximum (renewable) term of four years.

Amendments to the articles of association (other than an amendment of the corporate purpose) require the presence or representation of at least 50 % of the share capital of the Company and the approval of at least 75 % of the votes cast. An amendment of the Company's corporate purpose, requires the approval of at least 80 % of the votes cast at a general shareholders' meeting, which in principle can only validly pass such resolution if at least 50 % of the share capital of the Company and at least 50 % of the profit certificates, if any, are present or represented. In the event where the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second general shareholders' meeting can validly deliberate and decide regardless of the number of shares present or represented.

POWERS OF DIRECTORS, IN PARTICULAR THE POWER TO ISSUE OR BUY BACK SHARES

The board of directors of OncoMethylome Sciences SA has the broadest powers to manage and represent the company, except to the extent provided otherwise by applicable law or the company's articles of association.

By decision of the extraordinary general shareholders' meeting of the Company dated May 30, 2008, the board of directors was granted certain powers in the framework of the authorized capital, as published by excerpt in the Annexes to the Belgian Official Gazette of June 19, 2008 under number 08093584.

In the framework of the authorized capital, the board of directors is authorized to increase the share capital of the Company in one or more transactions for a maximum amount of € 48,112,228.68, for a period of five (5) years as of the publication of this authorization in the Annexes to the Belgian Official Gazette.

The board of directors can use the above powers for any purpose or type of transaction that the board of directors shall believe appropriate or necessary in the interest of the Company in one or more transactions with a maximum amount that cannot exceed 50 % of the Company's share capital. If the board of directors has already used its powers under the authorized capital to increase the Company's share capital with an amount of 50 % of the Company's share capital, any further use of the powers under the authorized capital shall be subject to the approval by at least two thirds of the votes validly cast by the directors and shall further only be allowed for the transactions listed in Article 6 of the Company's articles of association.

Up to this day, the board of directors has used its powers under the authorized capital once, on the occasion of a share capital increase which was enacted on December 18, 2008 for an amount of € 5,458,797.75. Accordingly, at present, the share capital of the Company can still be increased for an amount of € 42,653,430.93 under the authorized capital authorization.

The board of directors was further authorized to issue up to 10 % new shares following receipt of a notification that a take-over bid has been launched on the shares of the Company. This authorization is valid for a period of three years as of the publication thereof in the annexes to the Belgian Official Gazette, i.e. as of June 19, 2008. It is proposed that the powers of the board of directors in the framework of the authorized capital, as set forth above, be renewed at the occasion of the annual general shareholders' meeting.

SIGNIFICANT AGREEMENTS WHICH TAKE EFFECT ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF THE ISSUER FOLLOWING A TAKEOVER BID

According to the terms and conditions of the warrants issued by OncoMethylome, non-vested warrants become exercisable in case of a change of control of the company (see also Section 5.1.5.19 of the Registration Document). In addition, material agreements with EXACT Sciences (as further described in Section 5.1.5.21 of the Registration Document) include change of control clauses.

AGREEMENTS WITH DIRECTORS OR EMPLOYEES PROVIDING FOR COMPENSATION IF THEY RESIGN OR ARE MADE REDUNDANT WITHOUT VALID REASON OR IF THEIR EMPLOYMENT CEASES BECAUSE OF A PUBLIC TAKEOVER BID

There are individual agreements between the Company and certain Members of the Management Committee that provide a severance payment of up to 12 months, should this agreement be terminated due to the Company's change of control.

After deliberation and decision upon the annual accounts, the shareholders' meeting shall be requested to release the directors and the statutory auditor from liability for the execution of their mandate during the past fiscal year.

Done on March 11, 2009
On behalf of the Board of Directors

7. Business Glossary

Alkylating agents	A class of oncology therapeutic drugs. Alkylating agents stop tumor growth by making DNA strands unable to uncoil and separate, a necessary step in DNA replication and tumor growth.
Assay	A term for a single experiment or a diagnostic test incorporating the required markers to analyze a clinical specimen.
Bioinformatics	The use of techniques from applied mathematics, informatics, statistics, and computer science to solve biological problems and identify significant correlations.
Biopsy	A procedure where a tumor tissue sample is removed from the body for laboratory examination to determine whether or not cancer or some other disease is present. A biopsy can be performed using a needle to extract a small amount of cells or as a surgical procedure to remove a larger piece of tissue.
Biotechnology	Biotechnology is a technology based on or influencing biological processes, especially when used in agriculture, food science, and medicine.
Cancer	Cancer is a type of disease caused by genetic instability and characterized by uncontrolled division of cells and the ability of these cells to invade other organs.
Cell	The basic unit of a living organism. Each cell is surrounded by a membrane and has a nucleus containing a set of genes that provide it with the information necessary to operate and divide.
Chemotherapy	Drug treatment that destroys cancer cells. Chemotherapy may be used in addition to surgery and is sometimes used in combination with other therapies such as radiation.
CLIA	The U.S. Clinical Laboratory Improvement Amendments (CLIA) establishes quality standards for all laboratory testing to ensure the accuracy, reliability and timeliness of patient test results.
Clinical sample	A sample taken from the body (ex. blood, urine, tissue) and analyzed in order to gain information about a person's medical state.
Clinical trial	A research study, usually in diseased patients, to test drugs, procedures, or testing technologies to determine how well they work compared to other practices or the natural course of the disease.
Clinical verification	A product development stage that consists of testing a product prototype on a set of clinical samples.
Cytosine	Cytosine is one of the 5 main nucleotides of DNA and RNA used in storing and transporting genetic information.

Diagnosis	Identification of a condition or disease (ex. breast cancer), by its signs, symptoms, and the results of laboratory or histopathological tests.
DNA (Deoxyribonucleic Acid)	DNA is a nucleic acid polymer, usually in the form of a double helix, of which the genes are made and code for life processes.
Freedom to operate (FTO)	FTO, within an intellectual property setting, refers to the ability of a company to commercially produce, market and use a new product, process or service without infringing the intellectual property rights of others.
Gene	A unit of genetic information. Genes are encoded in a cell's DNA and the proteins they express control the physical development and behavior of the cell or the whole organism.
Gene expression	Gene expression is a multi-step process by which a gene's DNA sequence is converted into proteins.
In-Vitro Diagnostics (IVD)	IVDs are tests performed outside the human body on clinical samples such as blood, urine, or biopsy tissue.
Kit (diagnostic kit)	In-vitro diagnostic test that is packaged in a box which that can be shipped to end-user laboratories.
Marker	A substance native to the organism, whose presence is indicative of a particular medical condition.
Marker ID	A product development stage that consists of identifying and prioritizing promising markers.
Marker & Assay Development	A product development stage that consists of testing promising markers on clinical samples (to establish initial sensitivity and specificity for a defined clinical indication), and consequently developing a robust and reproducible assay for the marker in question.
Methylation	Control mechanism that regulates gene expression in DNA without causing a permanent genetic alteration.
Methylation-Specific PCR (MSP)	A technology for detecting gene methylation.
PCR	The polymerase chain reaction is a technique for the in vitro amplification of specific DNA sequences by the simultaneous primer extension of complementary strands of DNA.
Pharmacogenomics	The study and application of DNA and RNA based biomarkers to predict how an individual's genes affect the body's response to a therapeutic drug.
Recurrence	A return of cancer after treatment.
Screening	The testing of a population for disease.

Sensitivity	A measure of a diagnostic test's accuracy. Sensitivity measures the percentage of people with a certain medical condition that produces a positive test result. Tests with good sensitivity produce few false negative results.
Service laboratory	Laboratory that provides medical testing services.
Service lab and kit development	The final stages of product development that are specific to the underlying product's indented distribution channel (service laboratories or diagnostic kit companies)
Specificity	A measure of a diagnostic test's accuracy. Specificity measures what percentage of people without a medical condition the test result is negative. Tests with good specificity produce few false positive results.
Temozolomide	An approved alkylating chemotherapeutic drug marketed by Schering-Plough corporation.
Tumor	Tissue growth where the cells that make up the tissue have multiplied uncontrollably. A tumor can be benign (non-cancerous) or malignant (cancerous).

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