



Report as of
Third Quarter
2012

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I. Management report of the first nine months of 2012

ACTION PLAN 2016 – GAINING MOMENTUM

EVOTEC REPORTS 8% REVENUE GROWTH AND A POSITIVE OPERATING RESULT OF €2.9 M IN THE FIRST NINE MONTHS OF 2012

RECENT HIGHLIGHTS

- **Profitable growth trend continues**
 - Nine months revenues +8% to €64.2 m
 - Positive nine months operating result of €2.9 m
 - Gross margin trend continues to improve over H1 2012
 - Strong liquidity of €55.9 m
- **EVT Execute: Continued trend towards outsourcing services for biotech and Pharma; important multi-year NIH contract awarded**
 - NIH awards major contract to Evotec to manage and operate a small molecule repository
 - Evotec extends ongoing collaboration with CHDI Foundation (after period-end)
- **EVT Integrate: Significant milestone achievements and new strategic multi-target alliance with Bayer**
 - €2.5 m milestone payment as part of the collaboration with Boehringer Ingelheim

- Milestone achieved in drug discovery collaboration with Novartis
- Five-year, multi-target collaboration with the goal of developing three clinical candidates for the treatment of endometriosis with Bayer (after period-end)
- **EVT Innovate: Good progress in development partnerships and significant new collaboration with Janssen for CureBeta**
 - DiaPep277 completed patient recruitment in its Phase III clinical trial for Type 1 diabetes
 - Roche starts Phase II clinical trial with EVT 302 in Alzheimer's disease
 - Strategic advisory agreement with Aspireo to partner Somatoprim
 - CureBeta: Evotec enters strategic alliance with Janssen Pharmaceuticals to license a portfolio of small molecules and biologics developed under the collaboration between Evotec and Harvard University
- **COO, CSO and CFO extend contracts until 2016**
- **Evotec CEO awarded 'Turnarounder of the Year 2012'**
- **Operating result guidance for 2012 adjusted; revenue and liquidity targets confirmed**
 - Operating result now expected to be below 2011 but positive
 - Double-digit revenue growth to €88 m to 90 m and year end liquidity above €60 m confirmed

1. OPERATIONAL PERFORMANCE

Strong growth trend continues

Total Group revenues for the nine months of 2012 increased by 8% to €64.2 m (2011: €59.7 m). Growth was driven by an increase in revenues within the Company's drug discovery alliances, significant milestone revenue from Andromeda/Teva, Boehringer Ingelheim and Novartis, revenues from upfront payments from the CureBeta partnership with Janssen and contributions from acquisitions of Evotec Munich and Evotec San Francisco. The third quarter 2012 reported revenues of €22.2 m, a decrease of 16% compared to the prior period. Revenues in Q3 of the prior year were extraordinarily high as a result of a €6.9 m upfront payment from Roche in context of the new development partnership in Alzheimer's Disease. Without this upfront payment in Q3 2011, Evotec's revenues for the third quarter 2012 would have increased by 14% over the same period of the previous year. The operating income for the first nine months of 2012 was positive at €2.9 m (2011: €9.5 m). Liquidity including cash, cash equivalents and investments at the end of September 2012 amounted to €55.9 m. The outstanding milestone payments, including DiaPep277 from Andromeda/Teva (€3.9 m), were not included in this amount.

2. EVOTEC ACTION PLAN 2016 – INNOVATION EFFICIENCY

UPDATE ON DISCOVERY ALLIANCES, DEVELOPMENT PARTNERSHIPS AND STATUS OF PRE-CLINICAL PROGRAMMES

A. EVT Execute: Continued trend towards outsourcing services for biotech and Pharma; important multi-year NIH contract awarded

The need to improve R&D productivity is increasing pressure on pharmaceutical companies to outsource drug discovery and development. There is a clear trend towards large, multi-year contracts. EVT Execute delivers the latest science, and globally the best-in-class technology infrastructures to Evotec's partners in long-term relationships. The goal is to optimise the capital and innovation efficiency of the resources dedicated to each target that our partners are working on.

NIH awards major contract to Evotec to manage and operate a small molecule repository

In the third quarter Evotec achieved an important milestone in its compound management business. In September 2012, the Company signed a multi-year agreement with the National Institutes of Health (NIH) for the operation of a Small Molecule Repository (SMR). The NIH SMR contract will continue to provide services initiated previously under contract N01MH41001. The contract resource will support NIH-supported screening centres to acquire, store, maintain, and distribute the current library collection and the library will also be made available to select outside collaborators. The contract is funded in its entirety by NIH, covers a period of up to ten years and has a total estimated value of up to €60 m (approx. \$75 m). This long-term contract will be managed through Evotec's San Francisco subsidiary. The Company is exploring options to expand its compound management capabilities into the East Coast of the USA and also into Europe.

Evotec extends ongoing collaboration with CHDI Foundation (after period-end)

In October 2012, Evotec has extended its collaboration with CHDI Foundation, Inc. (CHDI), a privately-funded not-for-profit research organisation dedicated to developing therapies for Huntington's disease (HD), until the end of 2015. This contract extension could be worth up to \$41 m in research payments for Evotec.

The collaboration takes full advantage of Evotec's integrated drug discovery platform and its proficiency in neurological research, including its expertise in medicinal chemistry, *in vitro* and *in vivo* pharmacology, and compound management.

Evotec and CHDI entered into this alliance in March 2006, and since then the collaborative relationship has grown significantly. The extension of this collaboration further validates Evotec's broad expertise in CNS drug discovery and development.

B. EVT Integrate: Significant milestone achievements and new strategic multi-target alliance with Bayer

Evotec is one of the few drug discovery businesses that can execute a comprehensive outsourcing strategy. EVT Integrate represents the most comprehensive and systematic integrated drug discovery process for drug targets in Evotec's key areas of expertise, including metabolic disease, pain, oncology, and CNS. In this process, Evotec does not simply lower costs for its customers; most importantly, the Company significantly reduces the time to go/no-go decision points for these projects. In these integrated approaches, Evotec shares some discovery risks with its partners in exchange for future returns.

€2.5 m milestone payment as part of the collaboration with Boehringer Ingelheim

In September 2012, Evotec announced that its research alliance with Boehringer Ingelheim has reached a milestone triggering a payment of €2.5 m to Evotec. The milestone was for the transition of an oncology programme into pre-clinical profiling. This is the seventeenth milestone achieved as part of this alliance.

Milestone achieved in drug discovery collaboration with Novartis

In October 2012, Evotec announced that it has received a pre-clinical milestone from its drug discovery collaboration with Novartis that started in 2008. This is further recognition of Evotec's track record in advancing compounds towards the clinic with its collaborators.

Five-year, multi-target collaboration with the goal of developing three clinical candidates for the treatment of endometriosis with Bayer (after period-end)

In October 2012, Evotec announced it had entered into a five-year, multi-target collaboration with Bayer Pharma AG, with the goal of developing three clinical candidates for the treatment of endometriosis. Because endometriosis affects women in childbearing age, there is an incredible need for new, non-surgical treatments that will preserve fertility and alleviate pain.

Both parties will contribute drug targets and high quality technology infrastructures and will share the responsibility for early research and pre-clinical characterisation of potential clinical candidates. Bayer will be responsible for any subsequent clinical development and commercialisation. Evotec will receive €12 m as an immediate upfront payment. In total, Evotec may receive pre-clinical, clinical and sales milestones of potentially up to approximately €580 m, plus potential royalties of up to low double digit percentages of net sales, depending on which party brought the compound to the collaboration and the successful development and approval of potential drug candidates.

C. EVT Innovate: Good progress in development partnerships and significant new collaboration with Janssen for CureBeta

Evotec is committed to delivering solutions for some of the largest and most pressing global medical needs. With EVT Innovate the Company brings forward the most promising scientific ideas to make a difference in key medical areas. In its research initiatives, Evotec is progressing its pre-clinical assets to potential entry points for drug discovery alliances and partners those to pharmaceutical companies for upfront payments, on-going research fees and milestones and royalties. Through this strategy Evotec is building a pipeline without bearing the extensive financial risk normally involved in such projects.

To reduce Evotec's risk further the Company also continues to seek strategic product development partnerships to fund the further development of its clinical assets. Evotec's current clinical stage portfolio comprises several development partnerships fully funded by its partners.

DiaPep277 completed patient recruitment in its Phase III clinical trial in diabetes Type 1

In September 2012, Andromeda Biotech announced that it has completed patient recruitment in a double blind, placebo controlled confirmatory Phase III clinical trial using DiaPep277 for the treatment of Type 1 diabetes. The study includes 475 patients and is being conducted at 130 medical centres in the USA, Europe, Canada, South America, and Israel. Patients recruited to the study include adults (20-45 years old) within 6 months from diagnosis with residual insulin secreting cells. The primary outcome of the study is the ability of DiaPep277 to maintain insulin secretion. Results of this trial are expected at the end of 2014.

DiaPep277 is a novel approach in diabetes treatment modulating natural pathways to slow the destruction of insulin producing beta cells. This study is intended to confirm the encouraging results of a previous Phase III trial, in which DiaPep277 met its primary and secondary endpoints. Subjects in the treatment arm receiving DiaPep277 subcutaneously, on top of their regular insulin injections, maintained adequate diabetic control, reported reduced insulin requirements and reduced hypoglycemic events.

Roche starts Phase II clinical trial with EVT 302 in Alzheimer's disease

Roche has started a Phase II clinical trial with RG1577 (EVT302) to assess

the efficacy and safety of this compound in patients with moderate severity Alzheimer's disease (AD).

EVT302 is a novel, potent inhibitor of monoamine oxidase type B (MAO-B), an enzyme that breaks down the chemical messenger dopamine in the brain and contributes to the production of free radicals. Free radicals are known to cause oxidative stress, which may contribute to pathogenesis of AD. For these reasons, EVT302 is targeted to treat AD symptoms and potentially slow disease progression. Under the terms of Evotec's agreement with Roche Evotec could receive development and commercial milestone payments of up to \$820 m as well as tiered double-digit royalties on sales.

Strategic advisory agreement with Aspireo to partner Somatoprim

In September 2012, Evotec and Aspireo Pharmaceuticals Ltd. announced that they entered into a strategic advisory agreement for support in the development and partnering of Aspireo's Somatoprim, a new molecular entity somatostatin analogue (SSA) with a unique, potentially best-in-class, pharmacological profile currently in phase I of clinical development. SSAs have been approved for the treatment of Acromegaly, carcinoid tumours, and Cushing's disease but also have demonstrated significant potential in Diabetic Retinopathy.

Under the terms of the agreement, Evotec will provide Aspireo with strategic and operational advice on the partnering of Somatoprim. In addition, Evotec will consult Aspireo on matters of clinical and pre-clinical development. In return, Evotec will retain advisory fees as well as participate in the economic success of Somatoprim.

This agreement marks a new business model for asset centric biotech companies who want to combine capital efficiency with access to Evotec's high quality and often highly specialised pre-clinical, clinical, regulatory expertise and reach into the pharmaceutical industry.

CureBeta: Evotec enters strategic alliance with Janssen Pharmaceuticals to license a portfolio of small molecules and biologics developed under the collaboration between Evotec and Harvard University

In July 2012, Evotec announced that it has licensed to Janssen Pharmaceuticals, Inc. a portfolio of small molecules and biologics designed to trigger the regeneration of insulin-producing beta cells.

The small molecules and biologics were identified in collaboration with Dr Douglas Melton's laboratory at Harvard University and further developed in collaboration with scientists from Evotec, as part of the CureBeta research and development programme.

The agreement between Evotec and Janssen triggered an upfront payment of US \$8 m. This amount will be recognised straight-line over the three year term of the collaboration agreement. Upon achievement of certain pre-clinical, clinical, regulatory and commercial goals, Janssen would make future milestone payments, of up to US \$300 m per product. In addition, Janssen will pay royalties on future sales of any products that result from this collaboration. The upfront, milestone and royalty payments will be shared by Evotec and Harvard according to pre-agreed terms. Evotec receives ongoing research support for discovery and early development work that is conducted in collaboration with Janssen.

This new collaboration is an excellent example of successfully joining forces across traditional academic and industrial boundaries to rapidly advance ground-breaking science into medicines.

3. GUIDANCE

Evotec adjusts operating result guidance for the financial year 2012; revenue and liquidity targets confirmed

Due to a shift in revenues from milestones from Q4 2012 into 2013, Evotec corrected its operating result guidance published in Evotec's 2011 Annual Report (page 64) on 20 March 2012. The operating result before impairment and changes in contingent consideration for the fiscal year 2012 is now expected to be less than that achieved in 2011. Original guidance was for the adjusted operating result in 2012 to be greater than 2011 (€5.8 m).

The 2012 revenue and liquidity targets remained unchanged: Evotec forecasts double-digit growth of Group revenues to reach €88 to 90 m. R&D expenses are expected to remain broadly in line with 2011 levels at approximately €10 m and up to €10 m are planned to be invested in the long-term upgrading of Evotec's capacities. On that basis, the Company expects to maintain its liquidity above €60 m at the end of 2012 at constant year-end 2011 currencies, excluding any potential cash outflow for M&A transactions and related payments.

A. OPERATIONS

CHANGES IN GROUP STRUCTURE, CORPORATE STRATEGY AND OBJECTIVES, PRODUCT OFFERING AND BUSINESS ACTIVITIES

During the first nine months of 2012, Evotec's **Group structure** remained largely unchanged. The Company made no new acquisitions during this period. However, several changes were made in the legal entity structure in order to reduce administrative expenses and to optimise the Group for corporate tax purposes. Main changes were Evotec, Inc. was dissolved and Evotec (Göttingen) was merged with Evotec NeuroSciences to form Evotec International GmbH. Other than effects on taxes, these changes do not have any impact on the financial situation of the Evotec Group.

During the first nine months of 2012, the Company continued to be managed in line with the **corporate objectives and strategy** described in Evotec's Annual Report 2011 on pages 30 and 31. The implementation of Evotec Action Plan 2016 is progressing according to plan and updates on the individual building blocks (EVT Execute, EVT Integrate, EVT Innovate) are described in detail in the highlights section on pages 2 to 5 of this quarterly report.

During the first nine months of 2012, Evotec continued to strengthen its integrated drug discovery **product offering**, establishing a new high content screening platform for early antibody functionality testing in collaboration with 4-Antibody AG (see press release, 9 May 2012) and adding Agilent Technologies' RapidFire Mass Spectrometry analysis capabilities (see press release, 16 May 2012), thereby maintaining leadership in Evotec's best-in-class high throughput screening platform.

In addition, Evotec continued to invest in its significant infrastructure upgrading programme. In 2011, Evotec started the initiative at all of its sites, spent €8.1 m during the year and now targets to invest a similar amount in 2012. The goal is to expand into new areas of instrumentation to keep Evotec at the cutting edge of scientific innovation and to upgrade equipment to ensure that Evotec's customers have access to the best-in-class instrumentation.

For updates on the **research and development activities** please refer to the highlights section (EVT Innovate) on page 4 to 5 of this report.

B. REPORT ON THE FINANCIAL SITUATION AND RESULTS

Note: The 2011 and 2012 results are not fully comparable. The difference results from the acquisitions of Kinaxo Biotechnologies GmbH (Evotec Munich) effective 18 April 2011 and of Compound Focus, Inc. (Evotec San Francisco) effective 1 June 2011.

While the results of Evotec Munich and Evotec San Francisco are fully included in the accompanying consolidated interim statements of operation for the first nine months of 2012, they were only partially included in the comparable period of the previous year.

COMPARISON OF NINE MONTHS 2012 FINANCIAL RESULTS WITH FORECAST

Evotec is not providing forecasts on a quarterly basis. For the Company's annual performance please refer to the Financial Outlook on page 13 of this report.

1. RESULTS

Revenues

Evotec's **revenues** for the first nine months of 2012 increased 8% over the same period of the previous year to €64.2 m (2011: €59.7 m). Growth was driven by an increase in revenues within the Company's drug discovery alliances, significant milestone revenue from Andromeda/Teva, Boehringer Ingelheim and Novartis, revenues from upfront payments from the CureBeta partnership with Janssen, contributions from acquisitions, as well as foreign currency effects. At constant 2011 foreign exchange rates the first nine months 2012 revenues would have amounted to €61.0 m primarily due to the US dollar being significantly stronger versus the Euro in 2012.

The total amount of milestone, upfront and license payments achieved in Evotec's partnerships was €16.0m and decreased in comparison with last year's level (€21.3 m). Revenue contribution from the acquired businesses of Evotec Munich and Evotec San Francisco amounted to €8.0m (2011: €4.4 m), leading to a like-for-like revenue growth of 2%.

Revenues in the third quarter 2012 decreased by 16% compared to the prior period mainly due to an extraordinarily upfront payment of €6.9 m in the third quarter 2011 in context of the new development partnership with Roche in Alzheimer's Disease. Without this upfront payment in Q3 2011, Evotec's revenues for the third quarter 2012 would have increased by 14% over the same period of the previous year.

Geographically, 40% of revenues were generated with customers in Europe, 42% in the US, and 18% in Japan and the rest of the world. This compares to 58%, 30% and 12%, respectively, in the same period of the previous year. Growth came primarily from the US due to an increase of the EVT Execute business (compound management and a large counter screening initiative with a pharmaceutical company). The higher contribution of Japan and the rest of the world revenues to the Group revenues primarily reflects the contribution from the DiaPep277 milestone from Andromeda/Teva. The lower contribution of European revenues to Group revenues resulted primarily from prior year recognition of the upfront payment for EVT302 and the remainder of the upfront payment for the EVT100 compound family from Roche.

Operating cost structure

Costs of revenue for the first nine months of 2012 amounted to €40.8 m

(2011: €30.8 m) yielding a **gross margin** of 36.4% (2011: 48.4%). The gross margin in the third quarter amounted to 38.9%. As planned, the margin level improved over the low level in H1 2012 and this trend is expected to be maintained.

The margin difference in 2012 compared to 2011 is mainly attributable to the decrease in revenues of milestones, upfronts and licenses which have high margin contribution as a percentage of total revenues. The Q3 2011 margin was extraordinarily high as a result of a €6.9 m upfront payment from Roche.

In addition, the ramp-up of capacities in EVT Execute, lower margin compound management revenues following the acquisition of the Evotec San Francisco business and the move into the new "Manfred Eigen Campus" in Hamburg at the start of 2012 reduced gross margin.

Overall, the Company's revenue mix will lead to a lower level of gross margin in 2012 and beyond compared to previous years. In addition, gross margins in the future may continue to be volatile, and significantly depend on the amount and timing of potential milestone and out-licensing revenues.

R&D expenditure for the first nine months of 2012 amounted to €6.1 m (2011: €6.8 m). The difference is mainly due to expenses in the first half of 2011 for the continuation of a study with the EVT100 series after the termination of the Roche collaboration, supporting the future out-licensing of this compound, and for the manufacture of EVT501. R&D expenditures for the third quarter of 2012 were on last year's level at €2.2 m (2011: €2.1 m).

SG&A expenses for the first nine months of 2012 increased by 7% to €12.3 m (2011: €11.5 m). This is primarily due to the higher cost base following the acquisitions of Evotec Munich and Evotec San Francisco, an increase in the size of the Business Development team as well as foreign currency effects.

In the first nine months of 2012, **amortisation** increased to €2.0 m from €1.2 m in the previous year primarily due to the amortisation of the customer list of Evotec San Francisco.

Other operating income and expenses, net in the first nine months 2012 of €0.2 m (2011: €1.4 m) resulted primarily from three effects:

1. Parallel rental for the old facility in Hamburg and the new "Manfred Eigen Campus" in Hamburg and the resulting planned underutilisation of parts of those buildings during the transition period. This resulted in an operating expense of approximately €1.8 m.
2. Income of €0.5 m relating to the fair value adjustment in the context of the contingent consideration (earn out) due to the sellers of Evotec (Göttingen). An amount of €0.8 m was booked in the third quarter.
3. Income of €1.0 m relating to the fair value adjustment in the context of the contingent consideration (earn out) due to the sellers of Evotec San Francisco. This position remained unchanged over the end of the first half of 2012.

Evotec's **operating income** for the first nine months of 2012 was positive at €2.9 m (2011: €9.5 m). The prior year period included a €1.5 m reversal of an impairment of intangible assets triggered by the signing of a license and collaboration agreement of EVT401 in animal health in the third quarter. The operating result before impairment and changes in contingent consideration amounted to €1.4 m (2011: €8.0 m). Profitability in the third quarter of 2011 was particularly strong as a result of new product partnering with Roche.

Financial results

Cash flow and liquidity

Net income in the first nine months of 2012 amounted to €7.5 m (2011: €9.2 m). In the third quarter of 2012, deferred tax income of €5.9 m had a positive effect on net income. Thereof €5.8 m was due to the merger of Evotec (Göttingen) with Evotec NeuroSciences. As a result of the merger losses carried forward of Evotec NeuroSciences could be used to a higher level than anticipated at the end of 2011. In the prior year period, the net income was positively impacted by a foreign exchange gain of €1.0 m in accordance with IAS 21 as a result of the reduction in the capital reserve of one subsidiary due to the payment of a dividend to Evotec AG.

Earnings per share for the first nine months of 2012 were €0.06 (2011: €0.08).

2. FINANCING AND FINANCIAL POSITION

Cash provided by operating activities for the first nine months of 2012 amounted to €0.3 m compared to €9.1 m in the same period of 2011. This reduction resulted primarily from an increase in working capital. The change in working capital was driven by a significant increase in trade accounts receivables for milestones invoiced but not yet paid by the end of the third quarter 2012.

The line item in the cash flow statement "adjustments to reconcile net loss to net cash used in operating activities" amounting to €1.8 m consisted mainly of depreciation of property, plant and equipment (€3.9 m), amortisation (€2.0 m) and non cash compensation expenses (€1.1 m) partly off-set by deferred tax income (€6.6 m).

Cash provided by investing activities for the first nine months of 2012 was €14.0 m. The proceeds from the sale of current investments amounted to €60.6 m and Evotec purchased current investments in the amount of €36.4 m. Capital expenditures for its infrastructure upgrade and capacity expansion programme (see page 6) amounted to €6.3 m. In addition, Evotec paid a €2.0 m license fee for access to 4-Antibody's high throughput antibody selection technology as well as €2.0 m for the earn out of Kinaxo.

Cash provided by financing activities for the first nine months of 2012 was €2.8 m mainly as a result of a loan taken by Evotec and proceeds from options exercised.

Liquidity, which includes cash and cash equivalents (€35.5 m) and investments (€20.4 m) at the end of September 2012 amounted to €55.9 m (31 December 2011: €62.4 m). The outstanding milestone payments, including DiaPep277 from Andromeda/Teva (€3.9 m), were not included in this amount.

3. ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY

During the first nine months of 2012, Evotec made no new acquisition. Consequently, as of 30 September 2012, Evotec's **capital structure** remained mainly unchanged compared to the end of 2011. The total number of ordinary shares outstanding increased to 118,473,796 due to the exercise of stock options.

The material changes of assets and liabilities during the first nine months of 2012 are mentioned below. More details are described in the Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

Assets

Trade accounts receivables increased significantly to €17.2 m (31 December 2011: €10.4 m). As of 30 September 2012, the milestone

payments from Boehringer Ingelheim, Novartis and from Andromeda/Teva for DiaPep277 for a total amount of €7.8 m were invoiced but not yet received. Prepaid expenses and other current assets increased to €4.7 m (31 December 2011: €3.0 m) mainly due to the current portion of prepaid expenses for the collaboration with Harvard University initiated by the upfront payment from Janssen Pharmaceuticals. Those prepaid expenses will be recognised straight-line over the three year term of the Janssen collaboration agreement. The relating cash payment will be made in Q4 2012. This is also the reason for the increase in other non-current assets. The increase in property, plant and equipment to €27.3 m (31 December 2011: €24.9 m) was the result of the high capital investments in the context of Evotec's infrastructure upgrading programme. Deferred tax asset increased to €3.8 m (31 December 2011: €2.4 m). Due to the merger of Evotec (Göttingen) with Evotec NeuroSciences tax losses carried forward of Evotec NeuroSciences could be used to a higher level than anticipated at the end of 2011.

The changes in the **liquidity** position are explained in "Financing and Financial Position" above. The Company is not involved in any off-balance sheet financing transactions.

Liabilities

As of 30 September 2012, trade accounts payable remained almost unchanged at €10.2 m (31 December 2011: €10.1 m). They mainly decreased in 2012 due to the payment of invoices in connection with the move to the new Manfred Eigen Campus, and increased due to the share of the upfront payment from Janssen Pharmaceuticals that was not yet paid by Evotec to Harvard. Current and non-current provisions decreased in total to €23.0 m (31 December 2011: €25.7 m) mainly due to the fair value accounting of the Compound Focus and DeveloGen earn outs, resulting in a €0.7 m net decrease, as well as the payment of a Kinaxo earn out of €2.0 m. Current and non-current deferred revenues increased to €9.6 m (31 December 2011: €5.9 m) mainly as a result of the upfront payment received in Q3 2012 from Janssen Pharmaceuticals partly offset by the revenue recognition of an upfront payment received from MedImmune in 2011. Long-term loans increased to €4.2 m (31 December 2011: €2.4 m) mainly due to a loan taken by Evotec. The deferred tax liabilities decreased to €4.9 m (31 December 2011: €9.9 m) mainly due to the merger of Evotec (Göttingen) with Evotec NeuroSciences which resulted in the use of Evotec NeuroSciences tax loss carry forwards to cover parts of the deferred tax liability.

Evotec's equity ratio as of 30 September 2012 continued to be high at 69.6% (31 December 2011: 71.5%).

4. HUMAN RESOURCES

Employees and Management

At the end of September 2012, 619 people were employed within the Evotec Group (31 December 2011: 610 employees).

The COO, CSO and CFO extended their contracts to 2016.

Stock-based compensation

In the first nine months of 2012, no **stock options** were granted to Evotec employees and a total of 634,639 options were exercised. As of 30 September 2012, the total number of options available for future exercise amounted to 6,495,930 (approximately 5% of shares in issue). Options have been accounted for under IFRS 2 using the fair value at the measurement date.

To further incentivise executives via variable long-term incentive compensation, the 2012 Annual Meeting in June approved the contingent capital necessary to support the so called Share Performance Plan 2012 (SPP 2012). Under this plan **Share Performance Awards** may be granted to a level that may result in up to 4,000,000 bearer shares of the Company being issued at maturity to members of the Management Board and other key employees. During the third quarter of 2012, a total of 901,990 awards were granted to the Management Board and key employees. These awards could result in a maximum of 1,803,980 bearer shares being issued at maturity.

This is because each Share Performance Award grants up to two subscription rights to company shares, each of which in turn entitle the holder to the subscription of one company share. The holder has to contribute €1.00 per share at the date of issue. Share Performance Awards can only be exercised, if, when and to the extent that key performance indicators are achieved. Key performance indicators for each individual tranche of awards are determined by the Supervisory Board. For further information please see the translation of the AGM 2012 agenda published on Evotec's website at Investors – Annual Meeting 2012.

In connection with the acquisition of Renovis, Evotec issued shares to a trust. These shares were meant to replace outstanding options and similar share-based compensation arrangements for Renovis employees. In the first quarter of 2012, these shares were released from the trust and are now available for other uses. In the first nine months of 2012 a total of 476,707 of these shares were used to support the stock option plans of Evotec and at the end of September 2012 a total of 851,917 shares were remaining.

Directors' Holdings of Evotec AG

Number of shares

	1 Jan 12	Additions	Sales	30 Sept 12
Management Board				
Dr Werner Lanthaler	496,494	20,000	0	516,494
Colin Bond	0	0	0	0
Dr Cord Dohrmann	27,226	0	0	27,226
Dr Mario Polywka	60,000	0	0	60,000
Supervisory Board				
Dr Flemming Ørnskov	32,954	8,784	0	41,738
Dr Walter Wenninger	23,131	12,851	0	35,982
Dr Hubert Birner	41,711	8,567	0	50,278
Roland Oetker	17,427,355	2,330	0	17,429,685
Prof Dr Andreas Pinkwart	0	2,330	0	2,330
Mary Tanner	68,005	2,928	0	70,933

Number of share options

	1 Jan 12	Additions	Exercise	30 Sept 12
Management Board				
Dr Werner Lanthaler	1,540,000	0	0	1,540,000
Colin Bond	390,000	0	0	390,000
Dr Cord Dohrmann	390,000	0	0	390,000
Dr Mario Polywka	1,195,000	0	0	1,195,000
Supervisory Board				
Dr Flemming Ørnskov	0	0	0	0
Dr Walter Wenninger	0	0	0	0
Dr Hubert Birner	0	0	0	0
Roland Oetker	0	0	0	0
Prof Dr Andreas Pinkwart	0	0	0	0
Mary Tanner	0	0	0	0

Number of Share Performance Awards

	1 Jan 12	Additions	Exercise	30 Sept 12
Management Board				
Dr Werner Lanthaler	0	209,877	0	209,877
Colin Bond	0	76,190	0	76,190
Dr Cord Dohrmann	0	76,190	0	76,190
Dr Mario Polywka	0	83,036	0	83,036
Supervisory Board				
Dr Flemming Ørnskov	0	0	0	0
Dr Walter Wenninger	0	0	0	0
Dr Hubert Birner	0	0	0	0
Roland Oetker	0	0	0	0
Prof Dr Andreas Pinkwart	0	0	0	0
Mary Tanner	0	0	0	0

Pursuant to §15a of the German Securities Trading Act (Wertpapierhandelsgesetz), the above tables lists separately for each member of our Management and Supervisory Board, the number of Company shares held, and rights for such shares granted to each board member as of 30 September 2012.

C. RISKS AND OPPORTUNITIES REPORT

The risks and opportunities described in Evotec's 2011 Annual Report on pages 59 to 62 and on page 65 remain unchanged.

At present, no risks have been identified that either individually or in combination could endanger the continued existence of Evotec AG.

D. TRANSACTIONS WITH RELATED PARTIES

Except for the transactions described in the 2011 Annual Report on page 101, no other material transactions with related parties have been entered into in the first nine months of 2012.

E. BUSINESS ENVIRONMENT**GLOBAL ECONOMY AND OUTLOOK**

The third quarter 2012 saw a significant improvement in the stock markets of the developed world. However, significant uncertainty remained in the underlying economy with business sentiment in Germany relatively

unchanged from previous months. In fact, the Ifo Business Climate Index for German industry and trade continued to fall in September 2012, marking its fifth successive decline. From August to September the index fell 0.9 points to 101.4, its lowest reading since February 2010, mainly due to deterioration in the manufacturing and construction sectors. The fall shows that German companies are expecting the business climate to deteriorate over the next six months. Also, on a six-month time horizon economic expectations for Central and Eastern Europe including Turkey (CEE region) worsened in September. The respective indicator dropped by 5.3, according to the Center for European Economic Research survey in mid September.

HEALTHCARE ENVIRONMENT AND OUTLOOK

Globally, biotech ended the third quarter having experienced a multi-quarter positive increase due to a consistent flow of positive news from the sector's biggest companies. In the first nine months of 2012, the DAX posted gains of 22% and in the third quarter advanced 11%. The German stock market subsector Biotechnology index climbed 39% in the first nine months including a gain of 14% in the third quarter. The outlook for the fourth quarter 2012 looks positive at this time and investors appear to be cautiously optimistic that the sector will benefit from investors' increased appetite for investments further down the market cap league tables. Such an appetite might convince buyers not to consolidate their gains during a quarter with relatively few major catalysts. In addition, in the quarter there are 98 Phase III or regulatory milestone events expected, which could help sustain the positive sentiment (Source: BioCentury, October 1, 2012).

In the third quarter, the big increase in valuations was primarily due to US investors; in particular the large cap biotechs posted a 7% gain in a quarter in which every market cap segment finished with an increase, although barely for the micro-cap stocks. For the second successive quarter the smallest market cap companies underperformed, although the group's 0.1% increase in Q3 2012 compares very favourably with the 15% decrease in Q2 2012. Going forward, investors appear to be cautiously optimistic that the sector will benefit from investors' increased appetite for beta. Even the smaller cap biotechs could benefit, as investors look to reinvest cash from recent acquisitions like Amylin Pharmaceuticals Inc., Human Genome Sciences Inc. and Pharmasset Inc., and bigger companies with robust valuations but thin pipelines look to enhance their portfolios via M&A. It is evident that investors continue to be happier putting their money into revenue growth companies rather than pure research plays.

Given this focus, Evotec is well positioned with a value proposition based on a growing alliance business and an exciting proprietary pipeline supported by funding from partners, including the partnerships with Janssen Pharmaceuticals and CureBeta with Harvard University. Furthermore, there continues to be clear evidence that Pharma's R&D strategies include outsourcing; AstraZeneca, Merck, Pfizer, Roche and GlaxoSmithKline have already cut back on internal R&D costs and improved efficiency through external partnerships. Importantly, there is a clear trend towards large, multi-year contracts within a full-service outsourcing model.

F. FINANCIAL OUTLOOK

Evotec adjusts operating result guidance for the financial year 2012; revenue and liquidity targets confirmed

Due to a shift in revenues from milestones from Q4 2012 into 2013, Evotec corrected on the 19th October 2012 its operating result guidance that was published in Evotec's 2011 Annual Report (page 64) on 20 March 2012. The operating result before impairment and changes in contingent consideration

*2012 financial guidance
adjusted*

for the fiscal year 2012 is now expected to be less than that achieved in 2011. Original guidance was for the adjusted operating result in 2012 to be greater than 2011 (€5.8 m).

The 2012 revenue and liquidity targets remain unchanged: Evotec forecasts double-digit growth of Group revenues to reach €88 to 90 m. R&D expenses are expected to remain broadly in line with 2011 levels at approximately €10 m and up to €10 m are planned to be invested in the long-term upgrading of Evotec's capacities. On that basis, the Company expects its liquidity to be above €60 m at the end of 2012 at constant year-end 2011 currencies, excluding any potential cash outflow for M&A transactions and related payments.

The statements on **business direction and strategy, expected research and development, business opportunities and dividends** continue to be valid as published in Evotec's 2011 Annual Report on pages 63 to 65.

G. SHARE PRICE PERFORMANCE AND FINANCIAL CALENDAR

PERFORMANCE OF EVOTEC SHARES OVER THE PAST TWELVE MONTHS



While Evotec's stock price developed broadly in line with the German technology index TecDAX for the first seven months of the past twelve months period, it fell back in May and underperformed in comparison to both the NASDAQ Biotech index and the TecDAX. This was potentially driven by investors being disappointed by the slight loss Evotec reported early May for the first quarter of 2012, although the Company regularly explained that operating result varies significantly between quarters as a result of the specific timing of performance-based milestones and partnering events. From July 2012 onwards Evotec's stock reversed this trend due to the strong positive news flow, climbing more than 32.9% in the third quarter.

FINANCIAL CALENDER 2013

2012 Annual Report: 26 March 2013

Q1 2013 Interim Report: 14 May 2013

Annual Stockholders' Meeting 2013: 12 June 2013

Q2 2013 Interim Report: 08 August 2013

Q3 2013 Interim Report: 12 November 2013

II. Consolidated Interim Financial Statements

Evotec AG and Subsidiaries -

Condensed consolidated interim income statement for the period from 1 January to 30 September 2012

	<i>Nine months ended 30 September 2012</i>	<i>Nine months ended 30 September 2011</i>	<i>Three months ended 30 September 2012</i>	<i>Three months ended 30 September 2011</i>
<i>in T€ except share and per share data</i>				
Revenues	64,201	59,712	22,155	26,347
Costs of revenue	40,805	30,835	13,547	11,913
Gross profit	23,396	28,877	8,608	14,434
Operating expenses (income)				
Research and development expenses	6,091	6,781	2,167	2,116
Selling, general and administrative expenses	12,274	11,497	4,248	3,937
Amortisation of intangible assets	1,997	1,152	780	603
Impairment of intangible assets	-	(1,501)	-	(1,501)
Other operating income	(2,505)	(1,283)	(933)	(249)
Other operating expenses	2,669	2,705	809	923
Total operating expenses	20,526	19,351	7,071	5,829
Operating income	2,870	9,526	1,537	8,605
Other non-operating income (expense)				
Interest income	357	223	49	132
Interest expense	(1,498)	(1,259)	(390)	(519)
Other income from financial assets	397	300	1	300
Other expense from financial assets	-	(96)	-	(76)
Foreign currency exchange gain (loss), net	(536)	1,219	(539)	391
Other non-operating income	347	259	101	(38)
Total non-operating income (expense)	(933)	646	(778)	190
Income before taxes	1,937	10,172	759	8,795
Current tax income (expense)	(994)	(1,277)	(799)	(676)
Deferred tax income (expense)	6,590	277	5,894	259
Net income	7,533	9,172	5,854	8,378
thereof attributable to:				
Shareholders of Evotec AG	7,533	9,271	5,854	8,420
Non-controlling interest	-	(99)	-	(42)
Weighted average shares outstanding	117,170,597	115,691,964	117,459,556	116,982,351
Net income per share (basic)	0.06	0.08	0.05	0.07
Net income per share (diluted)	0.06	0.08	0.05	0.07

**Evotec AG and Subsidiaries -
Consolidated statements of comprehensive income for the period from 1 January to 30 September 2012**

<i>in T€</i>	<i>Nine months ended 30 September 2012</i>	<i>Nine months ended 30 September 2011</i>	<i>Three months ended 30 September 2012</i>	<i>Three months ended 30 September 2011</i>
Net income	7,533	9,172	5,854	8,378
Other comprehensive income (loss)				
Foreign currency translation	2,227	(1,448)	229	1,889
Revaluation and disposal of available-for-sale securities	(328)	-	57	-
Other comprehensive income (loss)	1,899	(1,448)	286	1,889
Total comprehensive income (loss)	9,432	7,724	6,140	10,267
Thereof attributable to:				
Shareholders of Evotec AG	9,432	7,823	6,140	10,309
Non-controlling interest	-	(99)	-	(42)

Evotec AG and Subsidiaries -
Consolidated interim statement of financial position as of 30 September 2012

<i>in T€ except share data</i>	<i>footnote reference</i>	<i>as of 30 Sep. 2012</i>	<i>as of 31 Dec. 2011</i>
ASSETS			
Current assets:			
Cash and cash equivalents		35,567	17,777
Investments		20,378	44,651
Trade accounts receivables	6	17,195	10,393
Inventories		4,443	3,556
Current tax receivables		225	201
Other current financial assets		1,082	1,355
Prepaid expenses and other current assets	7	4,693	2,965
Assets classified as held for sale		-	62
Total current assets		83,583	80,960
Non-current assets:			
Long-term investments		10	10
Property, plant and equipment		27,320	24,946
Intangible assets, excluding goodwill	8	67,836	67,652
Goodwill		43,147	42,202
Deferred tax asset	9	3,791	2,373
Other non-current financial assets		70	70
Prepaid expenses and other non-current assets	10	1,815	-
Total non-current assets		143,989	137,253
Total assets		227,572	218,213
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current loan liabilities		13,623	13,174
Current portion of finance lease obligations		4	32
Trade accounts payable		10,194	10,134
Advanced payments received		355	782
Provisions	11	8,191	11,045
Deferred revenues	13	5,996	5,875
Current income tax payables		741	492
Other current financial liabilities		689	1,147
Other current liabilities		360	152
Total current liabilities		40,153	42,833
Non-current liabilities:			
Non-current loan liabilities		4,223	2,359
Long-term finance lease obligations		-	1
Deferred tax liabilities	12	4,894	9,904
Provisions	11	14,824	14,618
Deferred revenues	13	3,629	9
Other non-current financial liabilities		1,426	1,244
Total non-current liabilities		28,996	28,135
Stockholders' equity:			
Share capital		118,474	118,316
Treasury shares		-	(1)
Additional paid-in capital		665,407	663,820
Accumulated other comprehensive income		(24,096)	(25,995)
Accumulated deficit		(601,362)	(608,895)
Equity attributable to shareholders of Evotec AG		158,423	147,245
Non-controlling interest		-	-
Total stockholders' equity		158,423	147,245
Total liabilities and stockholders' equity		227,572	218,213

**Evotec AG and Subsidiaries -
Condensed consolidated interim statement of cash flows for the nine months ended
30 September 2012**

<i>in T€</i>	<i>Nine months ended 30 September 2012</i>	<i>Nine months ended 30 September 2011</i>
Cash flows from operating activities:		
Net income	7,533	9,172
Adjustments to reconcile net income to net cash used in operating activities	1,790	3,523
Change in assets and liabilities	(8,996)	(3,625)
Net cash provided by (used in) operating activities	327	9,070
Cash flows from investing activities:		
Purchase of current investments	(36,364)	(50,190)
Purchase of long-term investments	(2,000)	(12,479)
Purchase of property, plant and equipment	(6,270)	(6,127)
Purchase of intangible assets	(2,000)	-
Cash acquired in connection with acquisitions	-	283
Proceeds from sale of property, plant and equipment	43	562
Proceeds from sale of current investments	60,608	64,720
Net cash provided by investing activities	14,017	(3,231)
Cash flows from financing activities:		
Proceeds from option exercise	623	298
Proceeds from issuance of loans	2,446	396
Purchase of treasury shares	(113)	-
Repayment of loans	(141)	(1,462)
Net cash provided by (used in) financing activities	2,815	(768)
Net increase in cash and cash equivalents	17,159	5,071
Exchange rate difference	631	154
Cash and cash equivalents at beginning of year	17,777	21,091
Cash and cash equivalents at end of the period	35,567	26,316

**Evotec AG and Subsidiaries -
Consolidated interim statements of changes in stockholders' equity
for the nine months ended 30 September 2012**

	Share capital		Accumulated other comprehensive income							
<i>In T€ except share data</i>	Shares	Amount	Additional paid-in capital	Treasury shares	Foreign currency translation	Revaluation reserve	Accumulated deficit	Equity attributable to shareholders of Evotec AG	Non-controlling interest	Total stockholders' equity
Balance at 1 January 2011	115,595,729	115,596	658,888	-	(33,634)	6,955	(615,644)	132,161	476	132,637
Capital increase	2,597,403	2,597	5,325	-	-	-	-	7,922	-	7,922
Exercised stock options	122,732	123	175	-	-	-	-	298	-	298
Stock option plan	-	-	624	-	-	-	-	624	-	624
Total comprehensive income (loss)					(1,448)	-	9,271	7,823	(99)	7,724
Balance at 30 September 2011	118,315,864	118,316	665,012	-	(35,082)	6,955	(606,373)	148,828	377	149,205
Balance at 1 January 2012	118,315,864	118,316	663,820	(1)	(33,350)	7,355	(608,895)	147,245	-	147,245
Exercised stock options	157,932	158	465	-	-	-	-	623	-	623
Stock option plan	-	-	1,122	-	-	-	-	1,122	-	1,122
Purchase of treasury shares	-	-	-	(113)	-	-	-	(113)	-	(113)
Transfer of treasury shares	-	-	-	114	-	-	-	114	-	114
Total comprehensive income (loss)					2,227	(328)	7,533	9,432	-	9,432
Balance at 30 September 2012	118,473,796	118,474	665,407	-	(31,123)	7,027	(601,362)	158,423	-	158,423

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated interim financial statements of Evotec have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) in conjunction with IAS 34. The consolidated financial statements have been prepared on the cost basis except for derivative financial instruments as well as available-for-sale financial instruments, which are measured at fair value. The accounting policies used to prepare interim information are the same as those used to prepare the audited consolidated financial statements for the year ended 31 December 2011. Income tax expense is recognised in interim periods based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The interim consolidated financial statements do not include all of the information and footnotes required under IFRS for complete financial statements according to IAS 1. As a result, these interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2011.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

2. BASIS OF CONSOLIDATION

Evotec acquired all shares in Compound Focus, Inc., South San Francisco, US as of 1 June 2011 as well as all shares in Kinaxo Biotechnologies GmbH, Munich as of 18 April 2011. Both acquisitions were fully consolidated from the respective closing dates onwards. Due to those acquisitions the consolidated interim financial statements for the nine months periods 2011 and 2012 are not fully comparable. With respect to the impact of both transactions on Evotec's financial statements we refer to the 2011 Annual Report on pages 84 to 85 as well as to the third quarter report 2011 on pages 20 to 23.

3. BASIS OF ESTIMATION

In the consolidated interim financial statements for the nine months ended 30 September 2012, the Company has used the same estimation processes as those used to prepare the audited consolidated financial statements for the year ended 31 December 2011.

4. SEGMENT INFORMATION

Pursuant to IFRS 8 Evotec does not report segment information (see page 95 of Evotec's 2011 Annual Report).

5. ACQUISITIONS

Evotec acquired the remaining 0.6% of the shares of Evotec (Göttingen) AG (formerly DeveloGen AG) effective 8 November 2011 due to the vote of the Evotec (Göttingen) AG shareholders in favour of the squeeze out.

Effective 5 October 2011, Evotec acquired the remaining 30% interest in Evotec (India) Private Limited for T€ 1,700. Evotec (India) was already fully consolidated before this transaction therefore the acquisition of the remaining 30% interest was not a business combination and had only an impact on equity.

6. TRADE ACCOUNTS RECEIVABLES

The increase in trade accounts receivable from 31 December 2011 to 30 September 2012 primarily relate to the invoiced milestones in the amount of T€ 2,975 as of 31 December 2011 compared to T€ 7,827 as of 30 September 2012.

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of 30 September 2012 consist primarily of prepaid expenses in the amount of T€ 3,478 (31 December 2011: T€ 2,092). The increase in prepaid expenses mainly relates to prepaid expenses which will be paid in Q4 2012 for the collaboration with Harvard University initiated by the upfront payment from Janssen Pharmaceuticals.

8. INTANGIBLE ASSETS

In Q1 2012, the milestone for DiaPep277 was reached which was included in the net present value model of the developed technology from the acquisition of DeveloGen. Based on this milestone the Company reviewed in the first quarter 2012 the relating developed technologies for impairment and concluded that no impairment has to be recorded in the first nine months of 2012.

In the second quarter 2012, one of the defined earn outs relating to the Compound Focus acquisition that was included in the net present value model of the goodwill was not achieved. Based on this event the Company reviewed the relating goodwill for impairment and concluded that no impairment has to be recorded in the first nine months of 2012.

In the third quarter 2012, the Company reviewed one of the developed technologies from the acquisition of DeveloGen for impairment. The reason for this is that one phase of the research period was extended resulting in a reduction and postponement of future development milestones. The Company concluded that no impairment of this developed technology has to be recorded in the first nine months 2012.

9. DEFERRED TAX ASSET

The deferred tax asset in the amount of T€ 2,373 due to the release of tax loss carry forwards from the valuation allowance as of 31 December 2011 is now classified as non-current asset. The prior year classification was changed accordingly.

Due to the merger of Evotec (Göttingen) into Evotec NeuroSciences to form Evotec International GmbH the expected taxable income of this German entity increased, which resulted in a release from the valuation allowance on deferred tax assets. Therefore, the deferred tax asset increased by T€ 1,418 in the third quarter 2012.

10. PREPAID EXPENSES AND OTHER NON-CURRENT ASSETS

The prepaid expenses and other non-current assets consist of prepaid

expenses which will be paid in Q4 2012 relating to the collaboration with Harvard initiated by the upfront payment from Janssen Pharmaceuticals which relate to periods after 12 months.

11. PROVISIONS

The provisions as of 30 September 2012 decreased in comparison to 31 December 2011 mainly due to the earn out provisions relating to the business combinations with Evotec (Göttingen), Evotec San Francisco and Evotec Munich. The earn out provision relating to Evotec Munich decreased due to the payment of T€ 2,000 after achievement of a defined earn out milestone in the second quarter 2012. The fair value of the Evotec San Francisco earn out decreased by T€ 1,000 because a defined earn out milestone was not achieved. The Evotec (Göttingen) earn out increased by a net amount of T€ 245, due to a fair value decrease of T€ 519 and an unwind of discount in the amount of T€ 764. Earn out liabilities totalling T€ 14,019 are estimated to be due after twelve months and T€ 2,778 are estimated to be due in the next 12 months.

12. DEFERRED TAX LIABILITIES

The deferred tax liabilities as of 30 September 2012 decreased to T€4,894 (31 December 2011: T€ 9,904) mainly due to the merger of Evotec (Göttingen) with Evotec NeuroSciences which resulted in the use of parts of Evotec NeuroSciences tax loss carry forwards to cover the deferred tax liability of Evotec (Göttingen).

13. DEFERRED REVENUES

The non-current deferred revenues relate to the upfront payment received from Janssen Pharmaceuticals. Additionally, there is an amount of T€ 2,076 included in the current deferred revenues relating to this upfront payment. Those amounts will be recognised straight-line over the three year term of the collaboration agreement.

14. TRANSACTIONS WITH RELATED PARTIES

Except for the transactions described in the 2011 Annual Report on page 101, no other material transactions with related parties have been entered into in the first nine months of 2012.

15. SUBSEQUENT EVENTS

In October 2012, Evotec received notice that the partnering agreement of EVT401 with an animal health company was terminated following a portfolio review. This development requires the fair value of the asset to be recalculated on the basis of the ongoing collaboration with Conba and future partnering prospects in Q4 2012.

FORWARD-LOOKING STATEMENTS

Information set forth in this report contains forward-looking statements, which involve a number of risks and uncertainties. The forward-looking statements contained herein represent the judgement of Evotec as of the date of this report. Such forward-looking statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, and which could cause actual results to differ materially from those contemplated in these forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.