UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________to __________

Commission file number: 333-136424

WaferGen Bio-systems, Inc.
(Exact Name of Registrant as Specified in its Charter)

Nevada	**90-0416683**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
7400 Paseo Padre Parkway, Fremont, CA	**94555**
(Address of principal executive offices)	(Zip Code)

(510) 651-4450
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The Registrant had 33,882,895 shares of common stock outstanding as of May 14, 2010.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

WAFERGEN BIO-SYSTEMS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Balance Sheets (Unaudited)

	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 3,655,212	$ 5,953,639
Accounts receivables	180,789	258,855
Inventories	—	39,970
Prepaid expenses and other current assets	347,071	138,712
Total current assets	4,183,072	6,391,176
Property and equipment, net	638,358	441,996
Other assets	58,204	57,982
Total assets	$ 4,879,634	$ 6,891,154
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 995,753	$ 1,240,397
Accrued rent	5,728	10,493
Accrued payroll	275,061	241,586
Accrued severance pay	238,460	371,596
Accrued vacation	146,527	117,619
Accrued other expenses	385,562	157,699
Current portion of capital lease obligations	12,684	21,663
Total current liabilities	2,059,775	2,161,053
Capital lease obligations, net of current portion	5,587	8,852
Warrant derivative liabilities	4,682,798	2,778,191
Redeemable Convertible Preference Shares in subsidiary	3,597,588	3,290,994
Commitments and contingencies	—	—
Stockholders' equity (deficit):		
Preferred Stock, $0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common Stock, $0.001 par value; 300,000,000 shares authorized; 33,569,399 and 33,387,857 shares issued and outstanding at March 31, 2010 and December 31, 2009, respectively	33,569	33,388
Additional paid-in capital	29,402,111	29,017,578
Accumulated deficit	(35,057,071)	(30,462,283)
Accumulated other comprehensive income	155,277	63,381
Total stockholders' equity (deficit)	(5,466,114)	(1,347,936)
Total liabilities and stockholders' equity (deficit)	$ 4,879,634	$ 6,891,154

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WAFERGEN BIO-SYSTEMS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009 (As restated, See Note 13)	Period From October 22, 2002 (Inception) to March 31, 2010
Revenue	$ 389,785	$ 41,838	$ 1,685,292
Cost of Revenue	135,855	15,832	740,795
Gross margin	253,930	26,006	944,497
Operating expenses:			
Sales and marketing	249,806	135,848	3,032,065
Research and development	1,542,268	959,888	17,380,741
General and administrative	1,043,905	732,166	12,817,141
Total operating expenses	2,835,979	1,827,902	33,229,947
Operating loss	(2,582,049)	(1,801,896)	(32,285,450)
Other income and (expenses):			
Interest income	5,158	3,072	265,016
Interest expense	(607)	(2,832)	(322,061)
Unrealized gain (loss) on fair value of warrants, net	(1,886,692)	13,743	(2,450,814)
Miscellaneous income (expense)	(65,075)	23,856	(194,790)
Total other income and (expenses)	(1,947,216)	37,839	(2,702,649)
Net loss before provision for income taxes	(4,529,265)	(1,764,057)	(34,988,099)
Provision for income taxes	—	—	—
Net loss	(4,529,265)	(1,764,057)	(34,988,099)
Cumulative effect of reclassification of warrants	—	—	368,627
Accretion on Redeemable Convertible Preference Shares in Subsidiary	(65,523)	(35,000)	(281,601)
Accretion on Series B Preferred Stock	—	—	(155,998)
Net loss applicable to common stockholders	$ (4,594,788)	$ (1,799,057)	$ (35,057,071)
Net loss per share - basic and diluted	$ (0.14)	$ (0.07)	
Shares used to compute net loss per share - basic and diluted	33,503,316	24,830,932	

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Condensed Consolidated Statements of Series B Preferred Stock and Stockholders' Equity (Deficit) (Unaudited)

	Series B Preferred Stock		Series A Preferred Stock		Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balances as of October 22, 2002	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —
Net loss	—	—	—	—	—	—	—	—	—
Balances as of December 31, 2002	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —

	Series B Preferred Stock		Series A Preferred Stock		Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balances as of January 1, 2003	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —
Net loss	—	—	—	—	—	—	—	(533,985)	(533,985)
Balances as of December 31, 2003	—	$ —	—	$ —	—	$ —	$ —	$ (533,985)	$ (533,985)

	Series B Preferred Stock		Series A Preferred Stock		Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balances as of January 1, 2004	—	$ —	—	$ —	—	$ —	$ —	$ (533,985)	$ (533,985)
Issuance of Common Stock in June for cash	—	—	—	—	2,483,610	2,484	(2,024)	—	460
Stock-based compensation	—	—	—	—	—	—	1,242	—	1,242
Net loss	—	—	—	—	—	—	—	(1,124,360)	(1,124,360)
Balances as of December 31, 2004	—	$ —	—	$ —	2,483,610	$ 2,484	$ (782)	$ (1,658,345)	$ (1,656,643)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WAFERGEN BIO-SYSTEMS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Statements of Series B Preferred Stock and Stockholders' Equity (Deficit) (Unaudited)

	Series B Preferred Stock		Series A Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances as of January 1, 2005	—	$ —	—	$ —	2,483,610	$ 2,484	$ (782)	$ (1,658,345)	$ (1,656,643)
Issuance of Series A Preferred Stock in February upon conversion of notes payable and accrued interest	—	—	5,915,219	592	—	—	3,134,481	—	3,135,073
Issuance of Common Stock in September for cash	—	—	—	—	917,856	918	(748)	—	170
Stock-based compensation	—	—	—	—	—	—	8,575	—	8,575
Net loss	—	—	—	—	—	—	—	(1,494,449)	(1,494,449)
Balances as of December 31, 2005	—	$ —	5,915,219	$ 592	3,401,466	$ 3,402	$ 3,141,526	$ (3,152,794)	$ (7,274)

	Series B Preferred Stock		Series A Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances as of January 1, 2006	—	$ —	5,915,219	$ 592	3,401,466	$ 3,402	$ 3,141,526	$ (3,152,794)	$ (7,274)
Issuance of Common Stock in January for cash	—	—	—	—	4,049	4	(3)	—	1
Issuance of Series B Preferred Stock in February for cash	2,052,552	1,559,942	—	—	—	—	—	—	—
Issuance of restricted shares in March for services	—	—	—	—	24,296	24	(24)	—	—
Issuance of Common Stock in June for cash	—	—	—	—	8,099	8	(7)	—	1
Issuance of restricted shares in July for services	—	—	—	—	10,798	11	(11)	—	—
Issuance of restricted shares in August for services	—	—	—	—	16,197	16	(16)	—	—
Issuance of Common Stock in August for cash	—	—	—	—	17,007	17	(14)	—	3
Accretions on Series B Preferred Stock	—	104,000	—	—	—	—	—	(104,000)	(104,000)
Issuance of restricted shares in November for services	—	—	—	—	5,399	5	(5)	—	—
Issuance of Common Stock in November for cash	—	—	—	—	8,639	9	(7)	—	2
Stock-based compensation	—	—	—	—	—	—	642,076	—	642,076
Net loss	—	—	—	—	—	—	—	(2,686,451)	(2,686,451)
Balances as of December 31, 2006	2,052,552	$ 1,663,942	5,915,219	$ 592	3,495,950	$ 3,496	$ 3,783,515	$ (5,943,245)	$ (2,155,642)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WAFERGEN BIO-SYSTEMS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Statements of Series B Preferred Stock and Stockholders' Equity (Deficit) (Unaudited)

	Series B Preferred Stock		Series A Preferred Stock		Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balances as of January 1, 2007	2,052,552	$ 1,663,942	5,915,219	$ 592	3,495,950	$ 3,496	$ 3,783,515	$ (5,943,245)	$ (2,155,642)
Issuance of Common Stock in January for cash	—	—	—	—	26,996	27	473	—	500
Issuance of restricted shares in January for services	—	—	—	—	134,979	135	(135)	—	—
Issuance of Series A Preferred Stock in February for cash	—	—	471,698	47	—	—	65,990	—	66,037
Issuance of WaferGen Bio-systems, Inc. Common Stock to WaferGen, Inc.'s Preferred shareholders in May	(2,052,552)	(1,715,940)	(6,386,917)	(639)	4,556,598	4,557	1,712,022	—	1,715,940
Issuance of Units for cash and notes payable in May and June, net of offering costs of $1,917,956	—	—	—	—	8,008,448	8,008	10,086,704	—	10,094,712
WaferGen Bio-systems, Inc. shares outstanding	—	—	—	—	11,277,782	11,278	(11,278)	—	—
Common Stock cancelled in May in accordance with Split-Off Agreement	—	—	—	—	(4,277,778)	(4,278)	4,278	—	—
Issuance of warrants in May and June to a placement agent	—	—	—	—	—	—	66,319	—	66,319
Issuance of warrants with debt in January, February and March	—	—	—	—	—	—	171,053	—	171,053
Stock-based compensation	—	—	—	—	—	—	648,988	—	648,988
Accretions on Series B Preferred Stock	—	51,998	—	—	—	—	—	(51,998)	(51,998)
Common Stock cancelled in July	—	—	—	—	(5,129)	(5)	—	—	(5)
Net loss	—	—	—	—	—	—	—	(5,957,664)	(5,957,664)
Balances as of December 31, 2007	—	$ —	—	$ —	23,217,846	$ 23,218	$ 16,527,929	$ (11,952,907)	$ 4,598,240

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WAFERGEN BIO-SYSTEMS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Income (Loss) (Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Capital	Deficit	Income	Total
Balances as of January 1, 2008	—	$ —	23,217,846	$ 23,218	$ 16,527,929	$ (11,952,907)	$ —	$ 4,598,240
Issuance of Units for cash in May, net of offering costs of $88,743	—	—	1,585,550	1,586	3,477,158	—	—	3,478,744
Issuance of Common Stock in May for cash	—	—	27,536	27	4,052	—	—	4,079
Stock-based compensation	—	—	—	—	388,650	—	—	388,650
Net loss	—	—	—	—	—	(8,041,437)	—	(8,041,437)
Accretion on Redeemable Convertible Preference Shares in Subsidiary	—	—	—	—	—	(37,916)	—	(37,916)
Translation adjustment	—	—	—	—	—	—	13,566	13,566
Balances as of December 31, 2008	—	$ —	24,830,932	$ 24,831	$ 20,397,789	$ (20,032,260)	$ 13,566	$ 403,926
Total comprehensive income (loss)						$ (8,041,437)	$ 13,566	$ (8,027,871)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WAFERGEN BIO-SYSTEMS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Income (Loss) (Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Capital	Deficit	Income	Total
Balances as of January 1, 2009	—	$ —	24,830,932	$ 24,831	$ 20,397,789	$ (20,032,260)	$ 13,566	$ 403,926
Cumulative effect of reclassification of warrants	—	—	—	—	(468,071)	368,627	—	(99,444)
Balances as of January 1, 2009, as adjusted	—	—	24,830,932	24,831	19,929,718	(19,663,633)	13,566	304,482
Issuance of Common Stock in June for cash upon exercise of warrants	—	—	71,041	71	100,097	—	—	100,168
Issuance of Units for cash in June and August, net of offering costs of $781,122	—	—	5,009,000	5,009	4,489,117	—	—	4,494,126
Common Stock cancelled in June	—	—	(266)	—	—	—	—	—
Issuance of Common Stock in August, net of 4 shares forfeited in cashless exercise	—	—	10,794	11	(9)	—	—	2
Restricted Stock issued in July, August, September, October, November and December	—	—	130,000	130	(130)	—	—	—
Issuance of Units for cash in December, net of offering costs of $534,028	—	—	3,308,335	3,308	3,582,802	—	—	3,586,110
Issuance of warrants in December for services	—	—	—	—	37,085	—	—	37,085
Issuance of Common Stock in December for cash	—	—	28,021	28	39,946	—	—	39,974
Stock-based compensation	—	—	—	—	838,952	—	—	838,952
Net loss	—	—	—	—	—	(10,620,488)	—	(10,620,488)
Accretion on Redeemable Convertible Preference Shares in Subsidiary	—	—	—	—	—	(178,162)	—	(178,162)
Translation adjustment	—	—	—	—	—	—	49,815	49,815
Balances as of December 31, 2009	—	$ —	33,387,857	$ 33,388	$ 29,017,578	$ (30,462,283)	$ 63,381	$ (1,347,936)
Total comprehensive income (loss)						$ (10,620,488)	$ 49,815	$ (10,570,673)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WAFERGEN BIO-SYSTEMS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Income (Loss) (Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Capital	Deficit	Income	Total
Balances as of January 1, 2010	—	$ —	33,387,857	$ 33,388	$ 29,017,578	$ (30,462,283)	$ 63,381	$ (1,347,936)
Issuance of Units for cash in January, net of offering costs of $77,299	—	—	82,000	82	29,904	—	—	29,986
Restricted Stock issued in January, February and March			85,000	85	(85)	—	—	—
Issuance of Common Stock in March for cash	—	—	14,542	14	15,768	—	—	15,782
Stock-based compensation	—	—	—	—	338,946	—	—	338,946
Net loss	—	—	—	—	—	(4,529,265)	—	(4,529,265)
Accretion on Redeemable Convertible Preference Shares in Subsidiary	—	—	—	—	—	(65,523)	—	(65,523)
Translation adjustment	—	—					91,896	91,896
Balances as of March 31, 2010	—	$ —	33,569,399	$ 33,569	29,402,111	$ (35,057,071)	$ 155,277	$ (5,466,114)
Total comprehensive income (loss)						(4,529,265)	91,896	(4,437,369)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WAFERGEN BIO-SYSTEMS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009 (As restated, See Note 13)	Period From October 22, 2002 (Inception) to March 31, 2010
Cash flows from operating activities:			
Net loss	$ (4,529,265)	$ (1,764,057)	$ (34,988,099)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	71,631	90,125	985,291
Non cash miscellaneous income	—	—	(5)
Stock-based compensation	338,946	103,203	2,867,429
Issuance of warrants for services	—	—	37,085
Unrealized loss (gain) on fair value of warrants, net	1,886,692	(13,743)	2,450,814
Exchange loss on issuance of Redeemable Convertible Preference Shares in Subsidiary	3,005	—	21,034
Provision for excess and obsolete inventory	—	—	130,478
Equipment expensed as research & development costs	—	—	123,998
Issuance of Series A Preferred Stock for legal services	—	—	50,000
Issuance of Series A Preferred Stock for interest owed	—	—	107,494
Amortization of debt discount	—	—	171,053
Change in operating assets and liabilities:			
Accounts receivable	78,066	23,061	(180,789)
Inventories	39,970	(4,892)	(130,478)
Prepaid expenses and other current assets	(208,135)	48,493	(346,840)
Other assets	—	—	(58,004)
Accounts payable	(245,795)	57,319	997,013
Accrued rent	(5,066)	(6,137)	5,868
Accrued payroll	33,475	1,362	275,061
Accrued severance pay	(133,136)	—	238,460
Accrued vacation	28,273	10,728	145,851
Accrued other expenses	227,513	119,010	384,090
Net cash used in operating activities	(2,413,826)	(1,335,528)	(26,713,196)
Cash flows from investing activities:			
Purchase of property and equipment	(260,686)	(131,240)	(1,500,002)
Net cash used in investing activities	(260,686)	(131,240)	(1,500,002)
Cash flows from financing activities:			
Advances from (repayments to) related party, net	—	—	61,588
Repayment of capital lease obligations	(12,244)	(12,585)	(227,155)
Proceeds from issuance of notes payable	—	—	3,665,991
Net proceeds from issuance of Redeemable Convertible Preference Shares in Subsidiary	238,066	—	3,294,953
Repayments on notes payable	—	—	(510,000)
Proceeds from issuance of Series A Preferred Stock	—	—	66,037
Proceeds from issuance of Series B Preferred Stock	—	—	1,559,942
Proceeds from issuance of Common Stock and warrants, net of offering costs	63,683	—	23,803,679
Net cash provided by (used in) financing activities	289,505	(12,585)	31,715,035
Effect of exchange rates on cash	86,580	(53,568)	153,375
Net increase (decrease) in cash and cash equivalents	(2,298,427)	(1,532,921)	3,655,212
Cash and cash equivalents at beginning of the period	5,953,639	2,597,413	—
Cash and cash equivalents at end of the period	$ 3,655,212	$ 1,064,492	$ 3,655,212

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NOTE 1. The Company

General – WaferGen Bio-systems, Inc. and subsidiaries (the "Company") are engaged in the development, manufacture and sales of systems for gene expression, genotyping and stem cell research for the life sciences, pharmaceutical drug discovery and biomarker discovery and diagnostic products industries. The Company's products are aimed at professionals who perform genetic analysis and cell biology, primarily at pharmaceutical and biotech companies, academic and private research centers, and diagnostics companies involved in biomarker research. Through the SmartChip and SmartSlide™ products, the Company plans to provide new performance standards with significant savings of time and cost for professionals in the field of gene expression research facilitating biomarker discovery, toxicology, and clinical research.

Wafergen, Inc. was incorporated in the State of Delaware on October 22, 2002.

Scuttlebutt Yachts, Inc. was incorporated in the state of Nevada on August 4, 2005. On June 20, 2006, its name was changed to La Burbuja Café, Inc. On January 1, 2007, its name was changed to WaferGen Bio-systems, Inc.

Merger – On May 31, 2007, Wafergen, Inc. was acquired by WaferGen Bio-systems, Inc. In the transactions, Wafergen, Inc. merged with a subsidiary of WaferGen Bio-systems, Inc. and became a wholly owned subsidiary of WaferGen Bio-systems, Inc. (the "Merger"). The officers and board members of WaferGen Bio-systems, Inc. resigned and were replaced by officers of Wafergen, Inc. along with newly elected board members.

Concurrent with the closing of the Merger, WaferGen Bio-systems, Inc. consummated a private offering (the "Offering") of 7,178,444 units of its securities (the "Units"), at a purchase price of $1.50 per Unit, consisting of an aggregate of 7,178,447 shares of common stock and warrants to purchase an aggregate of an additional 2,153,533 share of common stock for a period of five years at an exercise price of $2.25 per share (the "Investor Warrants"), which Investor Warrants are callable by the Company under certain circumstances.

On June 12, 2007, WaferGen Bio-systems, Inc. sold an additional 830,000 Units on the same terms consisting of an aggregate of 830,000 shares of common stock and warrants to purchase an aggregate of 249,000 shares of common stock.

Wafergen, Inc. had issued notes payable to a stockholder, our Chief Executive Officer, in the aggregate amount of $750,000. Rather than accepting cash consideration for Units acquired by the same individual, the Company agreed to issue at the first closing 160,000 Units at a rate of one Unit for each $1.50 of debt in consideration of his cancellation of $240,000 of existing notes payable.

A summary is as follows:

Gross proceeds from initial offering	$ 10,767,668
Gross proceeds from additional offering	1,245,000
Gross proceeds	12,012,668
Offering costs:	
Paid	(1,851,637)
Issuance of warrants to placement agent	(66,319)
Total offering costs	(1,917,956)
Gross proceeds less offering costs	10,094,712
Issuance of warrants to placement agent	66,319
Cancellation of debt	(240,000)
Net proceeds	$ 9,921,031

We filed a registration statement (the "Registration Statement") registering for resale (i) the shares of common stock included in the units sold in the offering, (ii) the shares of common stock underlying the warrants included in the units sold and (iii) the shares of common stock underlying the warrants issued to the Placement Agent in connection with the offering, consistent with the terms and provisions of the Registration Rights Agreement from the offering, which Registration Statement became effective on January 18, 2008.

The exercise price and number of shares of our common stock issuable on exercise of the warrants may be adjusted in certain circumstances, including in the event of a stock dividend, or our recapitalization, reorganization, merger or consolidation.

The warrants, at the option of the holder, may be exercised by cash payment of the exercise price or by "cashless exercise." A "cashless exercise" means that in lieu of paying the aggregate purchase price for the shares being purchased upon exercise of the warrants in cash, the holder will forfeit a number of shares underlying the warrants with a "fair market value" equal to such aggregate exercise price. WaferGen Bio-systems, Inc. will not receive additional proceeds to the extent that warrants are exercised by cashless exercise.

Contemporaneously with the closing of the Merger, WaferGen Bio-systems, Inc. executed a Split-Off Agreement with certain of its shareholders whereby all the assets and liabilities of WaferGen Bio-systems, Inc. just prior to the Merger were assigned to such shareholders in exchange for their surrender of 4,277,778 shares of common stock of WaferGen Bio-systems, Inc. In addition, all of Wafergen, Inc.'s existing Series A Preferred Stock, Series B Preferred Stock, and common stock was converted into common stock of WaferGen Bio-systems, Inc. pursuant to the terms of the merger agreement based on an exchange ratio of .53991522 for 1.

A summary of the common stock outstanding of WaferGen Bio-systems, Inc. subsequent to the above was as follows:

WaferGen Bio-systems, Inc. shares outstanding prior to the Merger	11,277,782
Shares issued to Wafergen, Inc. shareholders	8,214,523
Shares issued in the offering	8,008,448
Shares cancelled in accordance with the Split-off Agreement	(4,277,778)
Total shares outstanding	23,222,975

WaferGen Bio-systems, Inc. also assumed all of Wafergen, Inc.'s outstanding stock options and warrants with proportionate adjustments to the number of underlying shares and exercise prices based on an exchange ratio of .53991522 for 1.

The transactions between WaferGen Bio-systems, Inc. and Wafergen, Inc. have been treated as a reverse merger and recapitalization of Wafergen, Inc. for reporting purposes. Wafergen, Inc. is the acquirer for accounting purposes. WaferGen Bio-systems, Inc. is the issuer. The historical financial statements for periods prior to the acquisition become those of the acquirer, Wafergen, Inc. In a recapitalization, historical stockholders' equity of the acquirer prior to the merger is retroactively restated for the equivalent number of shares received in the merger after giving effect to any difference in par value of the issuer's and acquirer's stock with an offset to additional paid-in capital. Accumulated deficit of the acquirer is carried forward after the acquisition. Operations prior to the merger are those of the accounting acquirer. Earnings per share for the periods prior to the merger are restated to reflect the equivalent number of shares outstanding.

On January 24, 2008, the Company formed a new subsidiary in Kulim Hi-Tech Park, Kedah, Malaysia. The subsidiary, WaferGen Biosystems (M) Sdn. Bhd., will launch various initiatives to support a number of the Company's ongoing development and commercialization goals. The Company owns 100% of the common stock and none of the preferred stock of this entity. See Note 6 below.

On December 23, 2009, the Company completed the first closing under a private placement offering (the "December 2009 Offering") with certain accredited investors, pursuant to which the Company sold an aggregate of 2,878,333 units at a price of $1.50 per unit, with each unit consisting of one share of the Company's common stock and a warrant to purchase 25% of one share of the Company's common stock at an exercise price of $2.50 per whole share. At initial issuance, the fair value of the 719,583 warrants was determined to be $759,900 (as determined pursuant to the Monte Carlo Simulation approach, as described in Note 2). On December 30, 2009, the Company sold an additional 430,002 units in a second closing, including 107,502 warrants with a fair value of $82,408. On January 6, 2010, the Company sold a further 82,000 units in a third closing, including 20,500 warrants with a fair value of $15,715. Each unit in the second and third closing was sold at the same price, and with the same terms and conditions, as those sold in the first closing.

In total, the Company sold an aggregate of 3,390,335 shares of common stock and warrants to purchase 847,585 shares of common stock for $2.50 in the December 2009 Offering, and received aggregate gross proceeds of $5,085,500. Of these totals, the Company sold 82,000 shares of common stock and 20,500 warrants for gross proceeds of $123,000 in the three months ended March 31, 2010.

The warrants issued in the December 2009 Offering have a term of five years and are subject to weighted average anti-dilution protection in the event the Company subsequently issues its shares of common stock, or securities convertible into shares of common stock, for a price per share less than the exercise price of the warrants. The warrants are immediately exercisable. In connection with the closing of the private placement, the Company entered into registration rights agreements with the investors purchasing units in the offering.

The Company retained a selling agent in connection with this private placement offering, and pursuant to the terms of a selling agency agreement, the Company issued the selling agent warrants to purchase 100,742, 15,050 and 2,870 shares of common stock at an exercise price of $2.50 per whole share on the first, second and third closing, respectively. At initial issuance, the Company determined the total allocated fair value of the warrants to be $120,123 (of which $2,200 relates to warrants issued in the three months ended March 31, 2010). The warrants issued to the selling agent have the same terms as the warrants issued to the investors in the December 2009 Offering.

Management's Plan – The Company has incurred operating losses and negative cash flows from operations since its inception. Management expects that revenues will increase as a result of current and future product releases. However, the Company also expects to incur additional expenses for the development and expansion of its products, marketing campaigns, and operating costs as it expands its operations. Therefore, the Company expects operating losses and negative cash flows to continue for the foreseeable future and anticipates that losses will increase from current levels as the Company continues to grow and develop. It is management's plan to obtain additional working capital through additional financings. The Company believes that it will be successful in expanding operations, gaining market share, and raising additional funds. However, there can be no assurance that in the event the Company requires additional financing, such financing will be available at terms which are favorable, or at all. Failure to generate sufficient cash flows from operations or raise additional capital could have a material adverse effect on the Company's ability to achieve its intended business objectives. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Going Concern – The Company's condensed consolidated financial statements have been presented on a basis that contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company continues to face significant risks associated with the successful execution of its strategy given the current market environment for similar companies and failure to generate sufficient revenues or raise additional capital could have a material adverse effect on the Company's ability to continue as a going concern and to achieve its intended business objectives. These facts raise substantial doubt about the Company's ability to continue as a going concern, and there can be no assurance that the Company will be successful in its efforts to enhance its liquidity situation. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2. Summary of Significant Accounting Policies

Basis of Presentation – The Company has prepared the accompanying condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to these rules and regulations. These condensed consolidated financial statements should be read in conjunction with our audited financial statements and footnotes related thereto for the year ended December 31, 2009 included in our Form 10-K/A filed with the SEC. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the Company's financial position and the results of its operations and cash flows.

The results of operations for such interim periods are not necessarily indicative of the results to be expected for the full year.

Basis of Consolidation – The condensed consolidated financial statements include the financial statements of WaferGen Bio-systems, Inc. and its subsidiaries. All significant transactions and balances between the WaferGen Bio-systems, Inc. and its subsidiaries have been eliminated in consolidation.

Use of Estimates – Preparing condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results and outcomes could differ from these estimates and assumptions.

Foreign Currencies – Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment, where that local currency is the functional currency, are translated into U.S. dollars at the exchange rate on the balance sheet date. Revenues and expenses are translated at the average rates of exchange prevailing during each reporting period. Remeasurement adjustments resulting from this process are charged or credited to other comprehensive income (loss).

Concentration of Credit Risk – Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company places its cash in commercial banks. Accounts in the United States are secured by the Federal Deposit Insurance Corporation. Accounts in Malaysia are also guaranteed by the Malaysian government. The Company's total deposits at commercial banks usually exceed the balances insured.

The Company generally requires no collateral from its customers.

At March 31, 2010, two customers accounted for 71% and 28%, respectively, of accounts receivable. At December 31, 2009, four different customers accounted for 30%, 29%, 28% and 12% of accounts receivable.

For three months ended March 31, 2010, three customers accounted for 67%, 19% and 13%, respectively, of total revenues. For three months ended March 31, 2009, two different customers accounted for 68% and 25%, respectively, of total revenues.

Stock-Based Compensation – The Company measures the fair value of all stock-based awards to employees, including stock options, on the grant date and records the fair value of these awards, net of estimated forfeitures, to compensation expense over the service period. The fair value of awards to consultants is measured on the dates on which performance of services is completed, with interim valuations recorded at balance sheet dates while performance is in progress. The fair value of options is estimated using the Black-Scholes valuation model, and of restricted stock is based on the Company's closing share price on the measurement date.

There were no options granted in the three months ended March 31, 2010. The weighted average fair value of options granted in the three months ended March 31, 2009 was $0.36. The following assumptions were used to estimate the fair value of option grants during the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
Risk-free interest rate	2.28%	1.55%
Expected term	4.75 Years	4.75Years
Expected volatility	41.74% - 41.78%	40.04% - 41.49%
Dividend yield	0%	0%

Risk-free interest rate. This is the United States Treasury rate for the day of the grant having a term equal to the expected term of the option. An increase in the risk-free interest rate will increase the fair value and the related compensation expense.

Expected term. This is the period of time over which the award is expected to remain outstanding and is based on management's estimate, taking into consideration the vesting terms, the contractual life, and historical experience. An increase in the expected term will increase the fair value and the related compensation expense.

Expected volatility. This is a measure of the amount by which the stock price has fluctuated or is expected to fluctuate. Since the Company's stock has not been traded for as long as the expected term of the options, the Company uses a weighted-average of the historic volatility of four comparable companies over the retrospective period corresponding to the expected life of the Company's own options on the grant date. Extra weighting is attached to those companies most similar in terms of size and business activity. An increase in the expected volatility will increase the fair value and the related compensation expense.

Dividend yield. The Company has not made any dividend payments nor does it have plans to pay dividends in the foreseeable future. An increase in the dividend yield will decrease the fair value and the related compensation expense.

Forfeiture rate. This is a measure of the amount of awards that are expected to not vest. An increase in the estimated forfeiture rate will decrease the related compensation expense.

Warrant Derivative Revaluation – The Company, beginning effective as of January 1, 2009, recognizes the fair value of warrants with anti-dilution provisions as liabilities. Warrants are valued when initially issued, and the liability is offset against additional paid in capital. Warrants are also revalued at each reporting date, and the change in their respective fair values is recorded as an unrealized gain or loss within other income and expenses in the statement of operations. The cumulative effect of the change in accounting for these instruments was recognized as an adjustment to the opening balance of accumulated deficit at January 1, 2009, and the transfer of the fair value of derivative warrant instruments as of January 1, 2009 from additional paid-in capital to warrant derivative liability. The Company determines the fair values of these securities using a Monte Carlo Simulation approach, with key input variables provided by management.

Fair values at measurement dates during the three months ended March 31, 2010 and 2009 were estimated using the following assumptions:

	Three Months Ended March 31,	
	2010	**2009**
Risk-free interest rate	1.29% - 2.16%	1.16% - 1.19%
Expected remaining term	2.51 - 4.00 Years	3.31 - 3.50 Years
Expected volatility	43.83% - 49.78%	44.15% - 49.78%
Dividend yield	0%	0%
Private Placement discount to stock price	15%	15%

Risk-Free Interest Rate. This is the United States Treasury rate for the measurement date having a term equal to the expected remaining term of the warrant. An increase in the risk-free interest rate will increase the fair value and the associated derivative liability.

Expected Remaining Term. This is the period of time over which the warrant is expected to remain outstanding and is based on management's estimate, taking into consideration the remaining contractual life, and historical experience. An increase in the expected remaining term will increase the fair value and the associated derivative liability.

Expected Volatility. This is a measure of the amount by which the stock price has fluctuated or is expected to fluctuate. Since the Company's stock has not been traded for as long as the expected remaining term of the warrants, the Company uses a weighted-average of the historic volatility of four comparable companies over the retrospective period corresponding to the expected remaining term of the warrants on the measurement date. Extra weighting is attached to those companies most similar in terms of size and business activity. An increase in the expected volatility will increase the fair value and the associated derivative liability.

Dividend Yield. The Company has not made any dividend payments nor does it have plans to pay dividends in the foreseeable future. An increase in the dividend yield will decrease the fair value and the associated derivative liability.

Private Placement Discount to Stock Price. This is the percentage amount by which future stock offerings are expected to be priced at a discount from the trading price of our common stock at the offering closing dates, and is based on management's estimate, taking into consideration future expectations and historical experience. An increase in the expected discount to stock price will increase the fair value and the associated derivative liability.

Net Loss Per Share – Basic net loss per share to common stockholders is calculated based on the weighted-average number of shares of common stock outstanding during the period, excluding those shares that are subject to repurchase by the Company. Diluted net loss per share attributable to common stockholders would give effect to the dilutive effect of potential common stock consisting of stock options, warrants, and preferred stock. Dilutive securities have been excluded from the diluted net loss per share computations as they have an antidilutive effect due to the Company's net loss.

The following outstanding stock options, warrants, and preferred stock (on an as-converted into common stock basis) were excluded from the computation of diluted net loss per share attributable to holders of common stock as they had antidilutive effects for the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	**2009**
Shares issuable upon exercise of common stock options	2,103,121	522,955
Shares issuable upon exercise of common stock warrants	1,493,586	—
Shares issuable upon conversion of RCPS	1,436,204	888,888
Total common share equivalents excluded from denominator for diluted EPS computation	5,032,911	1,411,843

Recent Accounting Pronouncements

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements". This guidance requires additional disclosures about fair value measurements, including information about purchases, sales, issuances and settlements in Level 3 (as described in Note 10). This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2010, and will become effective for us on January 1, 2011. The Company expects the adoption of this guidance will not have a material impact on its consolidated financial condition or results of operations, but will require the Company to make additional disclosures. We adopted FASB ASU 2010-09, "Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements" in February 2010. This guidance requires SEC filers to evaluate subsequent events through the date on which the financial statements are issued, and was effectively immediately. The adoption of this guidance did not have a material impact on our consolidated financial condition or results of operations.

The Company adopted ASU 2010-09, "Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements" in February 2010. This guidance requires SEC filers to evaluate subsequent events through the date on which the financial statements are issued, and was effective immediately. The adoption of this guidance did not have a material impact on the Company's consolidated financial condition or results of operations.

The Company adopted ASU 2009-17, "Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities" on January 1, 2010, the first day of the Company's 2010 fiscal year. This guidance 1) replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity ("VIE") with an approach that is primarily qualitative, 2) requires ongoing assessments of whether an enterprise is the primary beneficiary of a VIE, and 3) requires additional disclosures about an enterprise's involvement in VIEs. The adoption of this guidance did not have a material impact on the Company's consolidated financial condition or results of operations, as the Company has not engaged in transactions with VIEs.

The Company adopted ASU 2009-16, "Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets" on January 1, 2010, the first day of the Company's 2010 fiscal year. This guidance requires enhanced disclosures about transfers of financial assets and a company's continuing involvement in transferred assets. The adoption of this guidance did not have a material impact on the Company's consolidated financial condition or results of operations, since the Company has not engaged in transfers of financial assets.

NOTE 3. Inventories

Inventories consisted of the following at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
Finished goods	$ 130,478	$ 170,448
Less allowance for excess and obsolete inventory	(130,478)	(130,478)
Inventories, net	$ —	$ 39,970

NOTE 4. Property and Equipment, net

Property and equipment, net consisted of the following at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
Equipment	$ 1,260,701	$ 1,154,406
Tools and molds	73,067	72,437
Leasehold improvements	130,679	63,470
Furniture and fixtures	141,714	42,570
Total property and equipment	1,606,161	1,332,883
Less accumulated depreciation and amortization	(967,803)	(890,887)
Property and equipment, net	$ 638,358	$ 441,996

Depreciation and amortization expense totaled $71,631 and $90,125 for the three months ended March 31, 2010 and 2009, respectively, and $985,291 for the period from inception to March 31, 2010.

Equipment includes the following amounts under capital leases:

	March 31, 2010	December 31, 2009
Cost	$ 47,162	$ 178,712
Accumulated depreciation	(41,267)	(168,886)
Total	$ 5,895	$ 9,826

NOTE 5. Capital Lease Obligation

The Company leases equipment under a capital lease that expires in August 2011. Aggregate future obligations under the capital lease in effect as of March 31, 2010 are as follows:

	Capital Lease
Year ending March 31,	
2011	$ 13,675
2012	5,698
Total minimum lease obligations	19,373
Less amounts representing interest	(1,102)
Present value of future minimum lease payments	18,271
Less current portion of capital lease obligation	(12,684)
Capital lease obligation, less current portion	$ 5,587

Interest expense related to capital leases totaled $434 and $2,202 for the three months ended March 31, 2010 and 2009, respectively, and $23,793 for the period from inception to March 31, 2010.

NOTE 6. Redeemable Convertible Preference Shares in Subsidiary

On July 18, 2008, the Company's Malaysian subsidiary, WaferGen Biosystems (M) Sdn. Bhd. ("WGBM"), received $1,000,000, less 3% issuance costs, in exchange for the issuance of Series A Redeemable Convertible Preference Shares ("RCPS") of WGBM in a private placement to Malaysian Technology Development Corporation Sdn. Bhd. ("MTDC"), a venture capital and development firm in Malaysia. WGBM sold 444,444 Series A RCPS in this private placement at the U.S. dollar equivalent of $2.25 per share. A second closing occurred on November 27, 2008, and proceeds of $1,000,000, less 3% issuance costs, from the sale of an additional 444,444 shares of Series A RCPS were received.

On June 8, 2009, WGBM received $250,000, less an exchange loss of $18,029 and issuance costs totaling $19,393, in exchange for the issuance of 111,111 Series B RCPS to Expedient Equity Ventures Sdn. Bhd. ("EEV"), in a private placement at the U.S. dollar equivalent of $2.25 per share. On March 9, 2010, WGBM received $250,000, less an exchange loss of $3,005 and issuance costs totaling $8,929, in exchange for the issuance of a further 111,111 Series B RCPS to EEV, in a private placement at the U.S. dollar equivalent of $2.25 per share. On September 23, 2009, WGBM received $500,000, less issuance costs totaling $7,500, in exchange for the issuance of 222,222 Series B RCPS to Prima Mahawangsa Sdn. Bhd. ("PMSB"), in a private placement at the U.S. dollar equivalent of $2.25 per share. These transactions represent the full subscription by EEV, and the first of two equal tranches by PMSB, under a Share Subscription Agreement dated April 3, 2009 ("SSA") to sell 444,444 and 222,222 Series B RCPS to PMSB and EEV, respectively, both venture capital and development firms in Malaysia. See Note 12 for additional information.

On September 18, 2009, WGBM received $423,128, less issuance costs totaling $11,319, in exchange for the issuance of 188,057 Series B RCPS to Kumpulan Modal Perdana Sdn. Bhd. ("KMP"), in a private placement at the U.S. dollar equivalent of $2.25 per share. This represents the full amount receivable under an SSA dated July 1, 2009 to sell Series B RCPS to KMP, a venture capital and development firm in Malaysia.

Under the terms of a Deed of Adherence dated April 3, 2009, certain rights of the holders of the Series A RCPS were modified; also, the use of funds raised through the issuance of both Series A and Series B RCPS was restricted, requiring at least 60% of the total to be utilized for the Company's operations in Malaysia.

Following these modifications, the rights of the holders of RCPS include, but are not limited to, the right:

(a) to put to the Company their RCPS (or ordinary shares in WGBM received on conversion of those RCPS under paragraph (c) below) at any time during the year 2011 that the share price of the Company's common stock is below $2.25, to redeem for cash (or, for Series A, at the Company’s option, and for Series B, at the holder’s option, shares of Company common stock of equivalent value) the amount originally invested in USD plus a premium of 6% (for Series A) or 8% (for Series B), compounded annually, with yearly rests;

(b) to cause the Company to exchange their RCPS for common stock of the Company at an exchange rate of US$2.25 per share of common stock, provided, in the case of Series B RCPS, that commencing on August 1, 2010, if during the 10-day trading period immediately prior to the holder’s conversion notice the average closing price of the Company’s common stock is less than US$2.647, then the holder’s RCPS shall convert at an exchange rate equal to 85% of such 10-day average closing price. This option expires on May 8, 2013 for MTDC’s Series A RCPS, on April 3, 2014 for EEV's and PMSB’s Series B RCPS and on July 1, 2014 for KMP’s Series B RCPS;

(c) to convert their RCPS into ordinary shares of the subsidiary, WGBM, at any time, at a conversion rate of 3 ordinary shares per $100 invested in RCPS;

(d) to cause the subsidiary, WGBM, to redeem the RCPS in whole or in part at any time after December 31, 2011 for the principal paid plus a premium of 20% per annum, not compounding, from funds legally available for distribution (i.e. retained earnings; there is presently an accumulated deficit in WGBM of approximately $1.5 million);

(e) until December 31, 2010, to put to Alnoor Shivji, our CEO and President, their Series B RCPS (the Series A RCPS put rights expired on May 15, 2009) for $5.625 in cash per share in the event that Mr. Shivji (a) transfers, in one or more transactions, more than 2,603,425 shares of Common Stock, approximating 80% of his stockholding, to one or more persons other than his affiliates or relatives or (b) voluntarily resigns from the board of directors of the Company if such resignation is not approved by, or is not pursuant to a restructuring of the Company or the Malaysian Subsidiary approved by, holders of a majority of the outstanding Series A RCPS at the time of such resignation;

(f) of first offer on any transfers or new issuance of subsidiary shares (for Series A only); and

(g) for each of Series A and Series B RCPS, to appoint one of the seven directors of the subsidiary.

WGBM is authorized to issue 200,000,000 RCPS with a par value of RM0.01. There were 1,521,389 and 1,410,278 RCPS issued and outstanding at March 31, 2010 and December 31, 2009, respectively.

The balance in RCPS comprises the following at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
SERIES A		
Proceeds from issuance of RCPS	$ 2,000,000	$ 2,000,000
Issuance costs	(60,000)	(60,000)
Accretion of issuance costs	30,416	25,416
Accretion of redemption premium	186,250	154,450
Total Series A RCPS	2,156,666	2,119,866
SERIES B		
Proceeds from issuance of RCPS	1,402,094	1,155,099
Issuance costs	(47,141)	(38,212)
Exchange loss on issuance	21,034	18,029
Accretion of issuance costs	8,631	4,538
Accretion of redemption premium	56,304	31,674
Total Series B RCPS	1,440,922	1,171,128
Total RCPS	$ 3,597,588	$ 3,290,994

NOTE 7. Stock Awards

In 2003, Wafergen, Inc.'s Board of Directors adopted the 2003 Incentive Stock Plan (the "2003 Plan"). The 2003 Plan authorized the Board of Directors to grant incentive stock options and non-statutory stock options to employees, directors, and consultants for up to 1,500,000 shares of common stock. Under the Plan, incentive stock options and nonqualified stock options could be granted. Incentive stock options were to be granted at a price that is no less than 100% of the fair value of the stock at the date of grant. Options vest over a period according to the Option Agreement, and are exercisable for a maximum period of ten years after date of grant. Options granted to stockholders who own more than 10% of the outstanding stock of WaferGen at the time of grant must be issued at an exercise price no less than 110% of the fair value of the stock on the date of grant. In November 2006, WaferGen increased the aggregate number of shares of Common Stock that may be issued under the 2003 Plan to a total authorized reserve of 2,500,000 shares, a 1,000,000 share increase. The 2003 Plan was frozen when the 2007 Plan was adopted, resulting in no further options available for grant.

In January 2007, the Company's Board of Directors and stockholders adopted the 2007 Stock Option Plan (the "2007 Plan"). The purpose of the 2007 Plan was to provide an incentive to retain the employment of directors, officer, consultants, advisors and employees of the Company, persons of training, experience and ability, to attract new directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage the sense of proprietorship, and to stimulate the active interest of such persons into the Company's development and financial success. Under the 2007 Plan, the Company was authorized to issue incentive stock options intended to qualify under Section 422 of the Code, non-qualified stock options and restricted stock. The 2007 Plan was frozen when the 2008 Plan was adopted, resulting in no further options available for grant.

On June 5, 2008, the Company's stockholders adopted the 2008 Stock Incentive Plan (the "2008 Plan") following approval of the 2008 Plan by the Board of Directors. The 2008 Plan initially authorized the issuance of up to 2,000,000 shares of common stock pursuant to the terms of the 2008 Plan. On December 4, 2009, the Company's stockholders approved an amendment to the 2008 Plan, adding an additional 1,500,000 shares, bringing the total to 3,500,000 shares of our common stock available for issuance under the 2008 Plan. Notwithstanding the foregoing, no more than 1,750,000 shares of our common stock may be granted pursuant to awards of restricted stock and restricted stock units. The number of shares of our common stock available under the 2008 Plan will be subject to adjustment in the event of a stock split, stock dividend or other extraordinary dividend, or other similar change in our common stock or our capital structure. The purpose of the 2008 Plan is to provide an incentive to retain the employment of directors, officers, consultants, advisors and employees of the Company, to attract new personnel whose training, experience and ability are considered valuable, to encourage the sense of proprietorship, and to stimulate the active interest of such persons in the Company's development and financial success. Under the 2008 Plan, the Company is authorized to issue incentive stock options intended to qualify under Section 422 of the Code, non-qualified stock options and restricted stock. Awards may vest over varying periods, as specified by the Company's Board of Directors for each grant, and have a maximum term of seven years from the grant date. The 2008 Plan is administered by the Company's Board of Directors.

The Company has issued both options and restricted stock under these Plans. Restricted stock grants afford the recipient the opportunity to receive shares of common stock, subject to certain terms, whereas options give them the right to purchase common stock at a set price. Both the Company's options and restricted stock issued to employees generally have vesting restrictions that are eliminated over a four-year period, although vesting may be over a shorter period, or may occur on the grant date, depending on the terms of each individual award.

A summary of stock option and restricted stock transactions in the three months ended March 31, 2010 is as follows:

		Stock Options		Restricted Stock	
	Shares Available for Grant	Number of Options Outstanding	Weighted Average Exercise Price	Number of Shares Outstanding	Weighted Average Grant-Date Fair Value
Balance at January 1, 2010	1,437,979	4,149,402	$ 1.4246	8,208	$ 1.1055
Granted	(85,000)	—	$ —	85,000	$ 2.3841
Exercised	—	(14,542)	$ 1.0852	—	$ —
Vested	—	—	$ —	(88,544)	$ 2.3290
Forfeited	8,458	(18,458)	$ 1.7726	—	$ —
Cancelled	24,000	(59,000)	$ 2.0471	—	$ —
			$		$
Balance at March 31, 2010	1,385,437	4,057,402	$ 1.4152	4,664	$ 1.1803

There were no options granted during the three months ended March 31, 2010. The weighted average fair value of options granted in the three months ended March 31, 2009 was $0.36. The fair value of shares vested in the three months ended March 31, 2010 and 2009, was $120,008 and $82,827, respectively.

The aggregate intrinsic value of options outstanding and exercisable at March 31, 2010 was $6,024,492 and $4,109,726, respectively. Aggregate intrinsic value is the total pretax amount (i.e., the difference between the Company's stock price and the exercise price) that would have been received by the option holders had all their in-the-money options been exercised.

The Company received $15,782 for the 14,542 options exercised during the three months ended March 31, 2010, which had an intrinsic value of $23,058. There were no options exercised during the three months ended March 31, 2009.

The following table summarizes information concerning outstanding options as of March 31, 2010:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding as of March 31, 2006	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price	Number Exercisable as of March 31, 2010	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price
$ 0.0002 - $0.0185	191,668	4.06	$ 0.0064	191,668	4.06	$ 0.0064
$ 0.1482 - $0.4630	429,234	6.61	$ 0.3561	412,645	6.62	$ 0.3621
$ 0.6000 - $1.0000	260,000	5.62	$ 0.9385	163,771	5.66	$ 0.9023
$ 1.1000 - $1.6500	1,882,000	6.50	$ 1.4063	1,044,890	6.73	$ 1.4487
$ 1.7800 - $2.2500	1,294,500	6.94	$ 2.0836	860,827	6.91	$ 2.1283
	4,057,402	6.48	$ 1.4152	2,673,801	6.51	$ 1.3630

The amounts expensed for stock-based compensation totaled $338,946 and $103,203 for the three months ended March 31, 2010 and 2009, respectively, and $2,867,429 for the period from inception to March 31, 2010. The sum expensed in the three months ended March 31, 2010 includes $202,650 for restricted stock awards to consultants.

At March 31, 2010, the total stock-based compensation cost not yet recognized, net of estimated forfeitures, was $615,598. This cost is expected to be recognized over an estimated weighted average amortization period of 2.43 years. No amounts related to stock-based compensation costs have been capitalized. The tax benefit and the resulting effect on cash flows from operating and financing activities related to stock-based compensation costs were not recognized as the Company currently provides a full valuation allowance for all of its deferred taxes.

NOTE 8. Warrant Derivative Liabilities

The Company has incurred liabilities for the estimated fair value of derivative warrant instruments. The estimated fair value of the derivative warrant instruments has been calculated using a Monte Carlo Simulation approach, with key input variables provided by management, as of each issuance date, with the valuation offset against additional paid in capital, and at each reporting date, with changes in fair value recorded as unrealized gains or losses in non-operating income (expense).

During the three months ended March 31, 2010, a $1,886,692 increase in the fair value of the warrant derivative liability was recorded as an unrealized loss on the fair value of warrants, net.

The fair value of warrants ranged from $1.17 to $1.46 at March 31, 2010, and from $0.52 to $0.97 at December 31, 2009.

A summary of activity in warrant derivative liabilities is included in Note 10.

A summary of outstanding common stock warrants as of March 31, 2010 is as follows:

Securities Into Which Warrants are Convertible	Warrants Outstanding	Warrants Subject to Anti-Dilution	Exercise Price	Expiration Date
Common Stock	44,401	—	$ 1.41	March 2012
Common Stock	1,795,062	1,795,062	$ 1.95	June and August 2014
Common Stock	2,916,461	—	$ 2.25	May and June 2012
Common Stock	966,247	966,247	$ 2.50	December 2014 and January 2015
Common Stock	752,040	752,040	$ 2.53	May 2013
Common Stock	150,000	—	$ 3.00	November 2015
Common Stock	50,000	—	$ 3.25	December 2014
Total	6,674,211	3,513,349		

The warrants expiring in June and August 2014 were originally issued in June and August 2009 with an exercise price of $2.00 and entitled the holders thereof to purchase an aggregate of 1,750,185 shares. As a result of anti-dilution adjustments with respect to such warrants pursuant to their terms, such warrants, as of the March 31, 2010, had an exercise price of $1.95 and entitled the holders thereof to purchase an aggregate of 1,795,062 shares.

The warrants expiring in May 2013 were originally issued in May 2008 with an exercise price of $3.00 and entitled the holders thereof to purchase an aggregate of 634,220 shares. As a result of weighted-average anti-dilution adjustments with respect to such warrants pursuant to their terms, such warrants, as of the March 31, 2010, had an exercise price of $2.53 and entitled the holders thereof to purchase an aggregate of 752,040 shares.

NOTE 9. Cash Flow Information

Cash paid during the three months ended March 31, 2010 and 2009 and the period from inception to March 31, 2010 is as follows:

	Three Months Ended March 31,		Period From October 22, 2002 (Inception) to
	20010	2009	March 31, 2010
Interest	$ 973	$ 2,484	$ 43,514
Income taxes	$ —	$ —	$ —

Supplemental disclosure of non-cash investing and financing activities for the three months ended March 31, 2010 and 2009 and the period from inception to March 31, 2010 is as follows:

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Period From October 22, 2002 (Inception) to March 31, 2010
Accretion on Series B Preferred Stock	$ —	$ —	$ 155,998
Accretion on Redeemable Convertible Preference Shares	$ 65,523	$ 35,000	$ 281,601
Conversion of due to a stockholder to notes payable	$ —	$ —	$ 61,588
Issuance of warrants with notes payable	$ —	$ —	$ 171,053
Conversion of debt to Common Stock	$ —	$ —	$ 240,000
Conversion of debt to Series A Preferred Stock	$ —	$ —	$ 2,977,579
Deposit in equipment in 2007 lapsed in 2008	$ —	$ —	$ 51,446
Property and equipment acquired with capital leases	$ —	$ —	$ 256,326
Issuance of warrants to agents with private placement	$ 2,200	$ —	$ 354,834
Cumulative effect of reclassification of warrants	$ —	$ 99,444	$ 99,444

NOTE 10. Fair Value of Financial Instruments

Fair value measurements are determined under a three-level hierarchy for fair value measurements that prioritizes the inputs to valuation techniques used to measure fair value, distinguishing between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs").

Fair value is the price that would be received to sell an asset or would be paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, we primarily use prices and other relevant information generated by market transactions involving identical or comparable assets ("market approach"). We also consider the impact of a significant decrease in volume and level of activity for an asset or liability when compared with normal activity to identify transactions that are not orderly.

The highest priority is given to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The three hierarchy levels are defined as follows:

Level 1 – Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Credit risk adjustments are applied to reflect the Company's own credit risk when valuing all liabilities measured at fair value. The methodology is consistent with that applied in developing counterparty credit risk adjustments, but incorporates the Company's own credit risk as observed in the credit default swap market.

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2010:

	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash and cash equivalents	$ 3,655,212	$ —	$ —	$ 3,655,212
Financial Liabilities:				
Warrant derivative liabilities	$ —	$ —	$ 4,682,798	$ 4,682,798

The following table sets forth a reconciliation of changes in the three months ended March 31, 2010 in the fair value of warrant derivative liabilities classified as level 3 in the fair value hierarchy:

Balance at January 1, 2010	$ 2,778,191
Additions - fair value of warrants issued in January 2010	17,915
Change in unrealized (gains) losses, net (1)	1,886,692
Transfers	—
Balance at March 31, 2010	$ 4,682,798

(1) Reported in other income and expenses in the Condensed Consolidated Statement of Operations.

NOTE 11. Contingencies

From time to time we may be involved in claims arising in connection with our business. Although there can be no assurance as to the ultimate outcome, we generally have denied, or believe we have a meritorious defense and will deny, liability in all cases pending against the Company, including the matters described below, and we intend to defend vigorously each such case. Based on information currently available, we believe that the amount, or range, of reasonably possible losses in connection with the actions against us, including the matters described below, in excess of established reserves, in the aggregate, not to be material to our consolidated financial condition or cash flows. However, losses may be material to the Company's operating results for any particular future period, depending on the level of income for such period.

Vida Communication v. WaferGen. In July 2009, an action entitled Vida Communication, Inc. ("Vida") v. WaferGen Bio-systems, Inc. was filed in the San Francisco Superior Court. Vida, a company that had been providing investor relations services, is suing the Company for a total of $165,000. The case is in the discovery stage. The Company believes the claims are without merit, and intends to vigorously defend itself against such action.

In addition, we anticipate that we will expend significant financial and managerial resources to defend our intellectual property rights in the future if we believe that our rights have been infringed. We also anticipate that we will expend significant financial and managerial resources to defend against claims that our products and services infringe upon the intellectual property rights of third parties.

NOTE 12. Subsequent Events

The Company's management has evaluated its subsequent events through May 17, 2010, and has identified the following event:

On May 13, 2010, the Company's Malaysian subsidiary received $500,000, less issuance costs, in exchange for the issuance of Series B RCPS (See Note 6). WGBM sold 222,222 Series B RCPS in the private placement at the U.S. dollar equivalent of $2.25 per share to PMSB, completing the issuance of 666,666 Series B RCPS under the terms of the SSA dated April 3, 2009.

NOTE 13. Restatement of Consolidated Financial Statements

Correction of an Error in Accounting for Warrant Derivative Liabilities

Subsequent to the filing on March 22, 2010 of the Company's original Form 10-K for the year ended December 31, 2009, the Company concluded that warrants containing anti-dilution provisions to purchase 3,489,979 shares of the Company's common stock should be reclassified as liabilities in accordance with ASC 815-40. As a result, the Company subsequently filed an amendment to its Form 10-K on May 12, 2010 in order to restate its financial statements for the year ended December 31, 2009 and the interim periods within year ended December 31, 2009. Accordingly, unrealized loss on fair value of warrants, net, warrant derivative liabilities, additional paid in capital and accumulated deficit for the three months ended March 31, 2009 have been restated in this Form 10-Q.

The impact of the restatement on the consolidated statements of operations and cash flows for the three months ended March 31, 2009 (the prior fiscal year quarter) and comparison to the amounts originally reported are detailed in the tables below.

	Three Months Ended March 31, 2009		
	As Previously Reported	Adjustment	As Restated
Consolidated Statements of Operations Data:			
Revenue	$ 41,838	$ —	$ 41,838
Gross margin	26,006	—	26,006
Operating loss	(1,801,896)	—	(1,801,896)
Unrealized gain on fair value of warrants, net	—	13,743(1)	13,743
Total other income and (expenses)	24,096	13,743	37,839
Net loss	(1,777,800)	13,743	(1,764,057)
Net loss applicable to common stockholders	(1,812,800)	13,743	(1,799,057)
Net loss per share - basic and diluted	(0.07)	—	(0.07)
Consolidated Statements of Cash Flows Data:			
Net loss	(1,777,800)	13,743	(1,764,057)
Unrealized gain on fair value of warrants, net	—	(13,743)	(13,743)
Net cash used in operating activities	(1,335,528)	—	(1,335,528)

(1) Represents the net unrealized gain arising from the revaluation of outstanding warrants with anti-dilution provisions that arose in the three months ended March 31, 2009.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion highlights the principal factors that have affected our financial condition and results of operations as well as our liquidity and capital resources for the periods described.

The information contained in this Form 10-Q is intended to update the information contained in our annual report on Form 10-K for the year ended December 31, 2009, as amended, filed with the Security and Exchange Commission (the "Form 10-K"), and presumes that readers have access to, and will have read, the "Management's Discussion and Analysis of Financial Condition and Results of Operation," our audited consolidated financial statements and the notes thereto, and other information contained in the Form 10-K. The following discussion and analysis also should be read together with our condensed consolidated financial statements and the notes to the condensed consolidated financial statements and the notes thereto included elsewhere in this Form 10-Q.

Forward-Looking Statements

Information included in this Form 10-Q may contain forward-looking statements. Except for the historical information contained in this discussion of the business and the discussion and analysis of financial condition and results of operations, the matters discussed herein are forward looking statements. These forward looking statements include but are not limited to the Company's plans for sales growth and expectations of gross margin, expenses, new product introduction, and the Company's liquidity and capital needs. This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. In addition to the risks and uncertainties described in "Risk Factors" contained in the Form 10-K, these risks and uncertainties may include consumer trends, business cycles, scientific developments, changes in governmental policy and regulation, currency fluctuations, economic trends in the United States and inflation. Forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that any projections or other expectations included in any forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, we undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Company Overview and Background

Wafergen, Inc. was incorporated in the State of Delaware on October 22, 2002. WaferGen Bio-systems, Inc. and subsidiaries (the "Company") are engaged in the development, manufacture and sales of systems for gene expression, genotyping and stem cell research for the life sciences, pharmaceutical drug discovery and biomarker discovery and diagnostic products industries. The Company's products are aimed at professionals who perform genetic analysis and cell biology, primarily at pharmaceutical and biotech companies, academic and private research centers, and diagnostics companies involved in biomarker research. Through the SmartChip and SmartSlide™ products, the Company plans to provide new performance standards with significant savings of time and cost for professionals in the field of gene expression research facilitating biomarker discovery, toxicology, and clinical research.

The Company is in the early stages of commercializing the SmartChip Real-Time PCR System, and is currently offering the SmartChip System and the SmartChip Gene Expression Profiling Services as part of its revenue-generating Early-Access Program. The Company began to sell the System in the first quarter of 2010 to customers participating in the Early-Access Program. In addition to sales of the System, the Company expects to generate revenue in subsequent quarters in 2010 through fees charged by the Company for its SmartChip Gene Expression Profiling Services program.

The Company's revenue is subject to fluctuations due to the timing of sales of high-value products and service projects, the impact of seasonal spending patterns, the timing and size of research projects its customers perform, changes in overall spending levels in the life science industry and other unpredictable factors that may affect customer ordering patterns. Any significant delays in the commercial launch or any lack or delay of commercial acceptance of new products, unfavorable sales trends in existing product lines, or impacts from the other factors mentioned above, could adversely affect the Company's revenue growth or cause a sequential decline in quarterly revenue. Due to the possibility of fluctuations in the Company's revenue and net income or loss, the Company believes that quarterly comparisons of its operating results are not a good indication of future performance.

Since inception, the Company has incurred substantial operating losses. As of March 31, 2010, the Company's accumulated deficit was $35,057,071 and the total stockholders' deficit was $5,466,114. Losses have principally occurred as a result of the substantial resources required for the research, development, and manufacturing scale-up effort required to commercialize the Company's initial products and services. The Company expects to continue to incur substantial costs for research, development, and manufacturing scale-up activities for at least the next year. The Company will also need to increase its selling, general and administrative costs as it builds up its sales and marketing infrastructure to expand and support the sale of systems, other products, and services.

Results of Operations

The following table presents selected items in the condensed consolidated statements of operations for the three months ended March 31, 2010 and 2009, respectively:

	Three Months Ended March 31,	
	2010	**2009**
Revenue	$ 389,785	$ 41,838
Cost of revenue	135,855	15,832
Gross margin	253,930	26,006
Operating expenses:		
Sales and marketing	249,806	135,848
Research and development	1,542,268	959,888
General and administrative	1,043,905	732,166
Total operating expenses	2,835,979	1,827,902
Operating loss	(2,582,049)	(1,801,896)
Other income and (expenses):		
Interest income	5,158	3,072
Interest expense	(607)	(2,832)
Unrealized loss on fair value of warrants, net	(1,886,692)	13,743
Miscellaneous expense	(65,075)	23,856
Total other income (expense)	(1,947,216)	37,839
Net loss before provision for income taxes	(459,265)	(1,764,057)
Provision for income taxes	—	—
Net loss	$ (4,529,265)	$ (1,764,057)

Revenue

The following table presents our revenue for the three months ended March 31, 2010 and 2009, respectively:

Three Months Ended March 31,		
2010	**2009**	**% Change**
$ 389,785	$ 41,838	831.65%

For the three months ended March 31, 2010, revenue increased by $347,947, or 831.65%, as compared to the three months ended March 31, 2009. The increase is primarily due to the first sales of our SmartChip Real-Time PCR Systems to two early access customers, accounting for 67% of the total, and also due to an increase in revenue from SmartSlide™ products.

Cost of revenue

The following table presents the cost of revenue for the three months ended March 31, 2010 and 2009, respectively:

Three Months Ended March 31,		
2010	2009	% Change
$ 135,855	$ 15,832	758.10%

Cost of sales includes the cost of products paid to third party vendors and raw materials, labor and overhead for products manufactured internally.

For the three months ended March 31, 2010, cost of revenue increased by $120,023, or 758.10%, as compared to the three months ended March 31, 2009. The increase related primarily to the increase in revenues, primarily due to sales of our SmartChip Systems to early access customers.

Sales and Marketing

The following table presents the sales and marketing expenses for the three months ended March 31, 2010 and 2009, respectively:

Three Months Ended March 31,		
2010	2009	% Change
$ 249,806	$ 135,848	83.89%

Sales and marketing expenses consist primarily of compensation cost of our sales and marketing team, commissions, and the costs associated with various marketing programs.

For the three months ended March 31, 2010, sales and marketing expenses increased by $113,958, or 83.89%, as compared to the three months ended March 31, 2009. The increase resulted primarily from increases in salaries and wages due to an increase in the head count of sales and marketing employees, and increases in sales commissions and in promotion and advertising costs in conjunction with our SmartChip products. We expect selling expenses will continue to increase in the future as the Company increases its marketing activities for SmartChip, and as sales increase with the full commercialization of this product line.

Research and Development

The following table presents the research and development expense for the three months ended March 31, 2010 and 2009, respectively:

Three Months Ended March 31,		
2010	2009	% Change
$ 1,542,268	$ 959,888	60.67%

Research and development expenses consist primarily of salaries and other personnel-related expenses, laboratory supplies and other expenses related to the design, development, testing and enhancement of our products. Research and development expenses are expensed as they are incurred.

For the three months ended March 31, 2010, research and development expenses increased $582,380, or 60.67%, as compared to the three months ended March 31, 2009. The increase resulted primarily from an increase in activity related to development of the SmartChip System, including both payroll costs and equipment and supplies. We believe a substantial investment in research and development is essential in the long term to remain competitive and expand into additional markets, and in the short term to complete testing and establish the commercial viability of the SmartChip System. Accordingly, we expect our research and development expenses to remain at a high level of total expenditures as we grow.

General and Administrative

The following table presents the general and administrative expenses for the three months ended March 31, 2010 and 2009, respectively:

Three Months Ended March 31,		
2010	**2009**	**% Change**
$ 1,043,905	$ 732,166	42.58%

General and administrative expenses consist primarily of personnel costs for finance, human resources, business development, and general management, as well as professional fees, such as expenses for legal and accounting services.

For the three months ended March 31, 2010, general and administrative expenses increased $311,739, or 42.58%, as compared to the three months ended March 31, 2009. The increase was mostly due to higher mainly for senior management and consultants, including investor relations. We expect our general and administrative expenses to increase as the Company expands its staff, develops its infrastructure and incurs additional costs to support the growth in its business.

Interest Income

The following table presents the interest income for the three months ended March 31, 2009 and 2008, respectively:

Three Months Ended March 31,		
2010	**2009**	**% Change**
$ 5,158	$ 3,072	67.90%

The interest income is solely earned on cash balances held in interest-bearing bank accounts.

For the three months ended March 31, 2010, interest income increased $2,086, or 67.90%, as compared to the three months ended March 31, 2009. This increase was mainly due to an increase in the average cash invested in interest-bearing accounts, and a marginally higher interest rate.

Interest Expense

The following table presents the interest expense for the three months ended March 31, 2010 and 2009, respectively:

Three Months Ended March 31,		
2010	**2009**	**% Change**
$ 607	$ 2,832	(78.57)%

The interest expense for both periods was mostly incurred due to our capital lease obligations. For the three months ended March 31, 2010, interest expense decreased $2,225, or 78.57%, as compared to the three months ended March 31, 2009. The decrease was mostly due to a reduction in the balances outstanding on our capital leases.

Unrealized Gain (Loss) on Fair Value of Warrants, net

The following table represents our unrealized loss on fair value of warrants, net three months ended March 31, 2010 and 2009, respectively:

Three Months Ended March 31,		
2010	**2009**	**% Change**
$ (1,886,692)	$ 13,743	N/A

FASB ASC 815-40 "*Derivatives and Hedging – Contracts in Entity's own Equity*" became effective January 1, 2009 and required that derivative revaluations be recognized whenever the Company incurs a liability associated with the issuance of an equity-based instrument. The instrument is revalued for each reporting period until the liability is settled.

Net losses from warrant derivative revaluations for the three months ended March 31, 2010 were $1,886,692. The loss is attributed to revaluations of warrants and results primarily from an increase in the Company's stock price. In the three months ended March 31, 2009 there was a gain of $13,743, primarily attributable to a decrease in the Company's stock price. There were only 634,220 warrants accounted for as derivative instruments as at March 31, 2009. By March 31, 2010 the number had risen to 3,513,349. At this number of warrants, an increase in our share price of $0.10 would generate an unrealized loss of approximately $250,000; conversely, a decrease in our share price of $0.10 would generate an unrealized gain of approximately $250,000.

Miscellaneous Income (Expense)

The following table presents the miscellaneous income (expense) for the three months ended March 31, 2010 and 2009, respectively:

Three Months Ended March 31,		
2010	**2009**	**% Change**
$ (65,075)	$ 23,856	N/A

Miscellaneous income (expense) changed from income of $23,856 in the three months ended March 31, 2009 to an expense of $65,075 in the three months ended March 31, 2010. Miscellaneous income (expense) is the result of net foreign currency exchange gains and losses in our Malaysian subsidiary, WGBM, mainly due to revaluation of the intercompany account at the balance sheet date.

Headcount

Our consolidated headcount as of May 14, 2010 comprised 44 regular employees, 42 of whom were employed full-time, compared to 35 regular employees as of December 31, 2009, all of whom were employed full-time.

Liquidity and Capital Resources

From inception through March 31, 2010, the Company raised a total of $3,665,991 from the issuance of notes payable, $66,037 from the sale of Series A Preferred Stock, $1,559,942 from the sale of Series B Preferred Stock, $23,803,679, net of offering costs, from the sale of common stock and warrants, and $3,294,953, net of offering costs, from the sale of redeemable convertible preferred stock in its Malaysian subsidiary. As of March 31, 2010, we had $3,655,212 in cash and cash equivalents, and working capital of $2,123,297, with no additional capital resources presently available.

Net Cash Used in Operating Activities

The Company experienced negative cash flow from operating activities for the three months ended March 31, 2010 and 2009 in the amounts of $2,413,826 and $1,335,528, respectively. The cash used in operating activities in the three months ended March 31, 2010 was due to cash used to fund a net operating loss of $4,529,265, adjusted for non-cash expenses related to depreciation and amortization, stock-based compensation, unrealized loss on fair value of warrants and exchange loss of $2,300,274, and cash used by a change in working capital of $184,835. The cash used in operating activities in the three months ended March 31, 2009 was due to cash used to fund a net operating loss of $1,764,057, adjusted for non-cash expenses related to depreciation and amortization, stock-based compensation and unrealized gain on fair value of warrants of $179,585, as off-set by cash provided from a change in working capital of $248,944. The increase in cash used in the three months ended March 31, 2010 compared to 2009 was driven primarily by the increase in the net operating loss from $1,801,896 to $2,582,049.

Net Cash Used in Investing Activities

The Company used $260,686 in the three months ended March 31, 2010, and $131,240 (net of inventory capitalized) in the three months ended March 31, 2009, to acquire property and equipment.

Net Cash Provided by Financing Activities

Cash provided by financing activities in the three months ended March 31, 2010 was $289,505. In January 2010, the Company received net cash of $47,901 (after offering expenses of $65,874 and a selling agent commission of $9,225) from the final tranche of the sale in a private placement offering of 82,000 shares of common stock and warrants to purchase 20,500 shares of common stock with an exercise price of $2.50 per share. In March 2010, the Company's Malaysian subsidiary received $238,066, net of issuance costs and a currency exchange loss, in exchange for the issuance of 111,111 Series B RCPS. The Company also received $15,782 from the exercise of stock options in March 2010. This was offset by repayments of $12,244 on capital lease obligations.

Cash used in financing activities in the three months ended March 31, 2009 was $12,585, all related to repayments on capital lease obligations.

Availability of Additional Funds

The Company raised a further $490,000, net of issuance costs, from the sale of 222,222 redeemable convertible preference shares ("RCPS") in our Malaysian subsidiary in the second quarter of 2010 (see Note 12 to the Condensed Consolidated Financial Statements in Part I, Item 1).

We believe funds available at March 31, 2010, along with our revenue, cash received from the exercise of warrants and the net proceeds from the sale of Series B RCPS in our subsidiary, will fund our operations through July 2010. We expect we will need to raise further capital, through the sale of additional securities or otherwise, to support the Company's future operations. Our operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures. At the present time, we have no material commitments for capital expenditures. However, our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully commercialize our SmartChip products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings.

While we believe we have sufficient cash to fund our operating, investing, and financing activities in the near term, we expect that additional working capital will be needed to fund the commercialization and manufacture of our SmartChip products and services which are currently foreseen by management. We may be unable to raise sufficient additional capital when we need it or to raise capital on favorable terms. The conversion of RCPS in our subsidiary, and the sale of equity or convertible debt securities in the future, may be dilutive to our stockholders, and debt financing arrangements may require us to pledge certain assets and enter into covenants that could restrict certain business activities or our ability to incur further indebtedness, and may contain other terms that are not favorable to us or our stockholders. If we are unable to obtain adequate funds on reasonable terms, we may be required to curtail operations significantly or to obtain funds by entering into financing agreements on unattractive terms.

Principles of Consolidation

The consolidated financial statements of WaferGen Bio-systems, Inc. include the accounts of WaferGen, Inc. and WaferGen Biosystems (M) Sdn Bhd., a Malaysia subsidiary. All significant inter-company transactions and balances are eliminated in consolidation.

Critical Accounting Policies and Estimates

Deferred Tax Valuation Allowance.

We believe sufficient uncertainties exist regarding the future realization of deferred tax assets, and, accordingly, a full valuation allowance is required, amounting to approximately $8,324,000 at December 31, 2009. In subsequent periods, if and when we generate pre-tax income, a tax expense will not be recorded to the extent that the remaining valuation allowance can be used to offset that expense. Once a consistent pattern of pre-tax income is established or other events occur that indicate that the deferred tax assets will be realized, additional portions or all of the remaining valuation allowance will be reversed back to income. Should we generate pre-tax losses in subsequent periods, a tax benefit will not be recorded and the valuation allowance will be increased.

Inventory Valuation.

Inventories are stated at the lower of cost and market value. We perform a detailed assessment of inventory at each balance sheet date, which includes, among other factors, a review of demand requirements and product lifecycle. Inventory valuation provisions are assessed on the amount of inventory, on a line by line basis, for which quantities on hand exceed one year's projected demand. As a result of this assessment, we write down inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of the inventory and the estimated liquidation value based upon assumptions about future demand and market conditions. If actual demand and market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Stock-Based Compensation.

We measure the fair value of all stock option and restricted stock awards to employees on the grant date, and record the fair value of these awards, net of estimated forfeitures, as compensation expense over the service period. The fair value is estimated using the Black-Scholes valuation model. Amounts expensed were $338,946 and $103,203, net of estimated annual forfeitures of 6% and 5%, respectively, for the three months ended March 31, 2010 and 2009, respectively. The sum expensed in the three months ended March 31, 2010 includes $202,650 for restricted stock awards to consultants, for which the fair value is measured on the dates on which performance of services is completed.

There were no options granted in the three months ended March 31, 2010. The weighted average fair value of options granted in the three months ended March 31, 2009 was $0.36. The following assumptions were used to estimate the fair value of option grants during the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	**2009**
Risk-free interest rate	2.28%	1.55%
Expected term	4.75 Years	4.75 Years
Expected volatility	41.74% - 41.78%	40.04% - 41.49%
Dividend yield	0%	0%

Risk-free interest rate. This is the United States Treasury rate for the day of the grant having a term equal to the expected term of the option. An increase in the risk-free interest rate will increase the fair value and the related compensation expense.

Expected term. This is the period of time over which the award is expected to remain outstanding and is based on management's estimate, taking into consideration the vesting terms, the contractual life, and historical experience. An increase in the expected term will increase the fair value and the related compensation expense.

Expected volatility. This is a measure of the amount by which the stock price has fluctuated or is expected to fluctuate. Since the Company's stock has not been traded for as long as the expected term of the options, the Company uses a weighted-average of the historic volatility of four comparable companies over the retrospective period corresponding to the expected life of the Company's own options on the grant date. Extra weighting is attached to those companies most similar in terms of size and business activity. An increase in the expected volatility will increase the fair value and the related compensation expense.

Dividend yield. The Company has not made any dividend payments nor does it have plans to pay dividends in the foreseeable future. An increase in the dividend yield will decrease the fair value and the related compensation expense.

Forfeiture rate. This is a measure of the amount of awards that are expected to not vest. An increase in the estimated forfeiture rate will decrease the related compensation expense.

Warrant Derivative Liabilities.

We evaluate our warrants to determine whether they are indexed to our common stock, and if it is determined that they are not, they are treated as derivatives. We have determined that all of the warrants that we have issued which contain an anti-dilution provision are not indexed to our stock. We measure the fair value of these warrants at the dates of issuance, and at each period end, to determine the associated derivative liability.

At these measurement dates, we estimate the fair values of these securities using a Monte Carlo Simulation approach, using critical assumptions provided by management reflecting conditions at the valuation date. The fair value of warrants ranged from $1.17 to $1.46 at March 31, 2010, and from $0.52 to $0.97 at December 31, 2009.

Fair values at measurement dates during the three months ended March 31, 2010 and 2009 were estimated using the following assumptions:

	Three Months Ended March 31,	
	2010	**2009**
Risk-free interest rate	1.29% - 2.16%	1.16% - 1.19%
Expected remaining term	2.51 - 4.00 Years	3.31 - 3.50 Years
Expected volatility	43.83% - 49.78%	44.15% - 49.78%
Dividend yield	0%	0%
Private Placement discount to stock price	15%	15%

Risk-Free Interest Rate. This is the United States Treasury rate for the measurement date having a term equal to the expected remaining term of the warrant. An increase in the risk-free interest rate will increase the fair value and the associated derivative liability.

Expected Remaining Term. This is the period of time over which the warrant is expected to remain outstanding and is based on management's estimate, taking into consideration the remaining contractual life, and historical experience. An increase in the expected remaining term will increase the fair value and the associated derivative liability.

Expected Volatility. This is a measure of the amount by which the stock price has fluctuated or is expected to fluctuate. Since the Company's stock has not been traded for as long as the expected remaining term of the warrants, the Company uses a weighted-average of the historic volatility of four comparable companies over the retrospective period corresponding to the expected remaining term of the warrants on the measurement date. Extra weighting is attached to those companies most similar in terms of size and business activity. An increase in the expected volatility will increase the fair value and the associated derivative liability.

Dividend Yield. The Company has not made any dividend payments nor does it have plans to pay dividends in the foreseeable future. An increase in the dividend yield will decrease the fair value and the associated derivative liability.

Private Placement Discount to Stock Price. This is the percentage amount by which future stock offerings are expected to be priced at a discount from the trading price of our common stock at the offering closing dates, and is based on management's estimate, taking into consideration future expectations and historical experience. An increase in the expected discount to stock price will increase the fair value and the associated derivative liability.

Recent Accounting Pronouncements

See the "Recent Accounting Pronouncements" in Note 2 to the Condensed Consolidated Financial Statements in Part I, Item 1 for information related to the adoption of new accounting standards in the first quarter of 2010, none of which had a material impact on our condensed consolidated financial statements, and the future adoption of recently issued accounting pronouncements, which we do not expect will have a material impact on our condensed consolidated financial statements.

Item 4. Controls and Procedures

Management's Report on Internal Control over Financial Reporting

As of the end of the period covered by this Quarterly Report, management performed, with the participation of our principal executive officer and principal financial officer, an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the report we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's forms, and that such information is accumulated and communicated to our management including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosures. Based on the evaluation and the identification of the material weaknesses in internal control over financial reporting described in Item 9A(T) in our Amended Report on Form 10K/A for the year ended December 31, 2009, which continued to exist at March 31, 2010, our principal executive officer and principal financial officer concluded that, as of March 31, 2010, the Company's disclosure controls and procedures were not effective.

Changes in Internal Control over Financial Reporting

There was no material change in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we may be involved in claims arising in connection with our business. Although there can be no assurance as to the ultimate outcome, we generally have denied, or believe we have a meritorious defense and will deny, liability in all cases pending against the Company, including the matters described below, and we intend to defend vigorously each such case. Based on information currently available, we believe that the amount, or range, of reasonably possible losses in connection with the actions against us, including the matters described below, in excess of established reserves, in the aggregate, not to be material to our consolidated financial condition or cash flows. However, losses may be material to the Company's operating results for any particular future period, depending on the level of income for such period.

Vida Communication v. WaferGen. In July 2009, an action entitled Vida Communication, Inc. ("Vida") v. WaferGen Bio-systems, Inc. was filed in the San Francisco Superior Court. Vida, a company that had been providing investor relations services, is suing the Company for a total of $165,000. The case is in the discovery stage. The Company believes the claims are without merit, and intends to vigorously defend itself against such action.

In addition, we anticipate that we will expend significant financial and managerial resources to defend our intellectual property rights in the future if we believe that our rights have been infringed. We also anticipate that we will expend significant financial and managerial resources to defend against claims that our products and services infringe upon the intellectual property rights of third parties.

Item 1A. Risk Factors

There are no material changes from the risk factors set forth in Part I, Item 1A, in our Annual Report on Form 10K for the year ended December 31, 2009.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On December 23, 2009, the Company completed the first closing under a private placement offering (the "December 2009 Offering") with certain accredited investors, pursuant to which the Company sold an aggregate of 2,878,333 units at a price of $1.50 per unit, with each unit consisting of one share of the Company's common stock and a warrant to purchase 25% of one share of the Company's common stock at an exercise price of $2.50 per whole share. On December 30, 2009, the Company sold an additional 430,002 units in a second closing. On January 6, 2010, the Company sold a further 82,000 units in a third closing. Each unit in the second and third closing was sold at the same price, and with the same terms and condistions, as those sold in the first closing.

In total, the Company sold an aggregate of 3,390,335 shares of common stock and warrants to purchase 847,585 shares of common stock for $2.50 in the December 2009 Offering, and received aggregate gross proceeds of $5,085,500. Of these totals, the Company sold 82,000 shares of common stock and 20,500 warrants for gross proceeds of $123,000 in the three months ended March 31, 2010.

The warrants issued in the December 2009 Offering have a term of five years and are subject to weighted average anti-dilution protection in the event the Company subsequently issues its shares of common stock, or securities convertible into shares of common stock, for a price per share less than the exercise price of the warrants. The warrants are immediately exercisable. In connection with the closing of the private placement, the Company entered into registration rights agreements with the investors purchasing units in the offering.

The Company retained a selling agent in connection with this private placement offering, and pursuant to the terms of a selling agency agreement, the Company issued the selling agent warrants to purchase 100,742, 15,050 and 2,870 shares of common stock at an exercise price of $2.50 per whole share on the first, second and third closing, respectively. The warrants issued to the selling agent have the same terms as the warrants issued to the investors in the December 2009 Offering.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved]

Item 5. Other Information

Nomination of Directors

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors implemented since the filing of Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Item 6. Exhibits

Exhibit No.	Description
31.1*	Rule 13a-14(a)/15d-14(a) Certification of principal executive officer
31.2*	Rule 13a-14(a)/15d-14(a) Certification of principal financial officer
32.1*	Section 1350 Certification of principal executive officer (*This certification is being furnished and shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.)*
32.2*	Section 1350 Certification of principal financial officer (*This certification is being furnished and shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.)*

* Filed/furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WAFERGEN BIO-SYSTEMS, INC.

Dated: May 17, 2010

By: /s/ Alnoor Shivji
Alnoor Shivji
Chief Executive Officer
(principal executive officer)

EXHIBIT INDEX

Exhibit No.	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification of principal executive officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of principal financial officer
32.1	Section 1350 Certification of principal executive officer
32.2	Section 1350 Certification of principal financial officer

EXHIBIT 31.1

CERTIFICATION

I, Alnoor Shivji, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WaferGen Bio-systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 17, 2010

/s/ Alnoor Shivji
Alnoor Shivji
Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

CERTIFICATION

I, Hector Brush, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WaferGen Bio-systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 17, 2010

/s/ Hector Brush
Hector Brush
Treasurer
(principal financial officer)

EXHIBIT 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), I, Alnoor Shivji, certify that:

1. The Quarterly Report of WaferGen Bio-systems, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2010 (the “Report”) as filed with the Securities and Exchange Commission as of the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2010

/s/ Alnoor Shivji
Alnoor Shivji
Chief Executive Officer
(principal executive officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to WaferGen Bio-systems, Inc., and will be retained by WaferGen Bio-systems, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), I, Hector Brush, certify that:

1. The Quarterly Report of WaferGen Bio-systems, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2010 (the "Report") as filed with the Securities and Exchange Commission as of the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2010

/s/ Hector Brush
Hector Brush
Treasurer
(principal financial officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to WaferGen Bio-systems, Inc., and will be retained by WaferGen Bio-systems, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.