WILEX
Focused Cancer Therapies

Focused development.
Value-oriented growth.

Annual Report 2006

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KEY INDICATORS

	2006	2005	Change in %
Earnings key figures in EUR '000			
Other operating income	1,663	799	108.2
Operating expenses	(19,912)	(11,357)	(75.3)
of which research and development	(15,730)	(8,051)	(95.4)
Operating result	(18,249)	(10,558)	(72.8)
Earnings before tax	(18,637)	(11,115)	(67.7)
Net loss for the period	(18,660)	(11,125)	(67.7)
Earnings per share in EUR	(2.32)	(2.19)	(5.9)
Balance sheet key figures as at 30 November in EUR '000			
Total assets	59,707	23,581	153.2
Liquid funds	56,709	21,248	166.9
Shareholders' equity	47,720	8,679	449.8
Capital ratio[1)] in %	79.9	36.8	
Cash flow statement in EUR '000			
from operating activities	(15,942)	(8,926)	(78.6)
from investing activities	(382)	(71)	(436.8)
from financing activities	51,785	25,857	100.3
Employees			
Employees as at 30 November	46	41	12.2
Employees – annual average	44	40	10.0

1) Shareholders' equity / Total assets

MILESTONES 2006

March WILEX appoints a high-calibre Medical Advisory Board for the clinical development of RENCAREX® for the adjuvant therapy of clear cell renal cell carcinoma. It will provide strategic and medical advice, especially on the ongoing clinical Phase III trial (ARISER).

June Change in management: Peter Llewellyn-Davies is appointed acting Chief Financial Officer with effect from 8 June 2006. He has over 20 years of experience working for SMEs in the area of commercial and financial management. As at 1 September 2006, Peter Llewellyn-Davies is appointed Chief Financial Officer and member of the Executive Management.

July Positive trial results for WX-UK1: two Phase Ib clinical trials are successfully concluded. The serine protease inhibitor showed a good safety and tolerance profile in all doses tested in patients with advanced solid tumours as well as head and neck tumours.

August WILEX successfully completes the Phase I trial programme for orally administered WX-671 with healthy subjects and starts a Phase Ib trial. This involves administering the substance to patients with head and neck tumours before surgery. The aim of the study is to test the safety, tolerance and pharmacokinetics.

September The US Department of Defense increases the grant to WILEX as part of the Biotechnology Clinical Partnership Award by USD 1 million, on condition that WILEX bears the Phase II trial costs and additional costs related to the trial. The grant supports clinical development of WX-UK1 and WX-671 for treating breast cancer.

October The Phase II combination trial with RENCAREX® and low dosage Interferon alpha-2a shows a clear survival benefit with RENCAREX® with a two-year survival rate of 57%. The treatment and dose were well tolerated.

October A feasibility trial from the Ludwig Institute for Cancer Research shows 100% of positive predictive value in diagnosing of clear cell renal cell carcinoma for our new antibody-based imaging diagnostic procedure. For negative predictive value, an excellent precision rate of 90% was achieved.

November Successful IPO in the Prime Standard of the Frankfurt Stock Exchange. The four million WILEX shares offered are placed with domestic and international investors. The issue proceeds amount to around EUR 55.2 million and will primarily be used to finance clinical development over the coming years.

December WILEX signs an agreement to cooperate on a registration trial for CA9-SCAN with IBA, Molecular N.A. in Sterling, Virginia. IBA, a leading radiotherapy and diagnostic company, will radioactively label the WILEX antibody and supply it to the participating trial centres.

December WILEX receives approval from the Federal Institute for Drugs and Medical Products for a clinical Phase II trial for WX-671 in patients with advanced and inoperable non-metastatic pancreatic cancer. The trial will be carried out in combination with the chemotherapeutical drug, Gemzar® (Eli Lilly). 90 patients will be enrolled in about 30 centres.

STATEMENT

FOCUSED CANCER THERAPIES

Focusing on the essentials: this is our interpretation of patient-oriented clinical development and value-oriented growth. Our guiding principle of “focused cancer therapies” reflects this claim in three ways:

- We focus on indications with a high unmet medical need and a high patient benefit.
- Our innovative drugs and medical product candidates in development could provide focused and highly specific diagnosis and treatment of different cancers with minimum side effects.
- We focus on the value chain which provides the greatest benefit to our company and shareholders: clinical research, quality assurance and regulatory affairs.

The proceeds from our successful IPO enable us to drive forward the dynamic progress of our promising and mature development pipeline with three core research projects, while maintaining our focus.

FOREWORD BY THE EXECUTIVE MANAGEMENT

Dear Shareholders,

WILEX began the financial year 2006 as a privately financed company. Its pipeline was essentially attractive due to a single product, the monoclonal antibody, RENCAREX®. By the year-end, WILEX was a listed company with an expanded and mature portfolio, which we will continue to develop on the strength of a targeted and dynamic approach and backed by healthy capital resources.

RENCAREX® has impressively confirmed its potential in the targeted treatment of clear cell renal cell carcinoma. The Phase II combination trials with Interleukin and Interferon show that the survival rate appears to improve significantly with treatment. We are supported in our work by a high-calibre, international Medical Advisory Board. If progress continues to be in line with expectations for our multicentre, international Phase III trial, our chances of taking the first drug through to approval for adjuvant or supportive therapy to treat renal cell carcinoma are good. This indication represents an area of high unmet medical need since no drug has been approved to date.

"We achieved two major goals in 2006: we expanded and significantly enhanced the clinical development portfolio and we successfully completed an IPO, securing further strong growth."

CA9-SCAN, which is based on the same antibody as RENCAREX®, enhances our portfolio by an imaging diagnostic procedure with major sales potential. CA9-SCAN shows with high accuracy whether a renal mass is an aggressive clear cell renal cell carcinoma. This means that unnecessary surgery could be avoided, representing a significant advantage not only to patients, but also the cash-strapped healthcare system. In 2007, we intend to launch a registration trial for CA9-SCAN.

Seven Phase I trials with more than 140 patients have shown a good safety and tolerance profile of our drug candidates, WX-UK1 and WX-671. These are being developed to inhibit the uPA system, which could play a significant role in the metastasis of cancer. One Phase II trial has already been approved and is scheduled to start in the second quarter of 2007.

With a more mature portfolio of attractive drug and medical product candidates, commercial exploitation is also becoming part of the focus of our corporate strategy. In the second half of 2007, we are expecting results from a futility analysis, which might indicate whether the Phase III trial for RENCAREX® could be successful. Should its efficacy become apparent, commercialisation discussions will be intensified, whereby our declared goal would be to ensure sustained added value for our company and shareholders. The successful IPO, which generated around EUR 55.2 million, has put us in a position to drive forward and fund the development of our programmes over the coming years ourselves, only entering into partnerships once we can achieve substantial income from out-licensing. In addition, we plan to in-license other product candidates via our scientific network in order to further extend our portfolio.

Following a budgeted net loss of EUR 18.7 million for financial year 2006, the profit & loss statement will again show a clear deficit this year. We continue to invest strategically in long-term value added.

Despite the comfortable financial situation following the IPO, WILEX will continue its cost-sensitive approach and focus on candidates that fit the modern paradigm of targeted and highly specific cancer therapies ("target and control"). WILEX will also continue to handle the broad research and development programme with a streamlined and ambitious team of experts, concentrating on clinical research, quality assurance and regulatory affairs.

WILEX is a new player on the stock exchange and we are well aware of having to earn the respect of the capital markets. We have launched a number of measures with the aim of implementing the German Corporate Governance Code with few exceptions. We will report in detail on developments in terms of business performance and earnings within the deadlines specified by the Code.

Our focused approach continues. The key milestones we intend to achieve in the next few years are the submission of approval applications for CA9-SCAN and RENCAREX® and the successful implementation of a clinical Phase II trial for WX-671 in the indication of non-metastatic pancreatic cancer. We would appreciate your continued involvement as shareholders in this value-oriented growth and would like to thank you for the confidence you have shown in us so far.

Kind regards

Dr Paul Bevan **Professor Olaf G. Wilhelm** **Peter Llewellyn-Davies**

"OUR PIPELINE OFFERS HUGE POTENTIAL"

In 2007, WILEX will conduct registration trials of two candidates for the diagnosis and treatment of renal cell carcinoma. The Company will also take its uPA programme, which may result in an entirely new approach to cancer therapy, to Phase II. In this interview, the Executive Management discusses strategy, opportunities and the next milestones.

Professor Wilhelm, you have received around EUR 55 million in shareholder contributions. How are you going to use this money?
Wilhelm: EUR 7.7 million has been used for the early repayment of silent partnership loans to optimise our financing structure. The remainder is essentially earmarked for our three core projects in clinical development, RENCAREX®, CA9-SCAN and WX-671.

Will this be shared equally between the three projects or are there key areas that come first?
Llewellyn-Davies: It is in the nature of R&D that trials in advanced phases are more cost-intensive, because they involve far more medical centres and patients. In 2007, more than two-thirds of our budget will be allocated to RENCAREX® and CA9-SCAN.

RENCAREX® is your most advanced product and if the Phase III trial is successful, it could soon be approved. How do you assess the market potential? Although the orphan drug status of RENCAREX® grants you many years of exclusivity in the market, this could indicate that it is a niche product.
Wilhelm: It is true that only drugs with the potential of treating rare diseases are given this status. I would be wary of talking about a niche, though. Fortunately, with cancer the number of patients is always lower than those with cardiovascular diseases or arthropathy. However, with an estimated 144,000 to 173,000 newly diagnosed cases a year in our target indication, clear cell renal cell carcinoma, we are roughly approaching the maximum threshold of what is classified as an orphan drug. In addition, there is a high unmet medical need, because this type of cancer is particularly aggressive and often terminal, and there is no post-operative treatment available in the market at present. The target antigen, onto which RENCAREX® binds, is also expressed in other types of cancer, which means that other indications could be included.

The Phase II trials have been carried out in the indication of metastatic renal cell carcinoma. In Phase III, however, you are focusing on the adjuvant therapy after surgery. Why is this?
Bevan: In around three-quarters of cases where renal cell carcinoma is diagnosed, no metastases are detected. Nevertheless, after resection of the affected kidney, the disease often recurs. This is probably due to some cancer cells still being present but below the detection threshold. These are known as micrometastases. This is a serious medical problem which has not yet been solved, because no therapy has been approved for post-operative adjuvant treatment. Previous trials indicate that RENCAREX® binds to cancer cells that are still present, making them visible to the body's immune system; all this, with excellent safety and tolerance. This is an important argument, as information from urologists and oncologists tells us that patients feel healthy after surgery and are not prepared to tolerate serious side effects from post-operative treatment.

Llewellyn-Davies: The focus on adjuvant therapy also results in a potential financial benefit for WILEX. There are many projects in the area of metastatic renal cell cancer, but we consider there to be little competition in adjuvant therapy and accordingly, we believe that we are well ahead of the field.

"The dual strategy illustrates our philosophy of "target and control". Cancer could be controlled on a sustained basis like other chronic diseases."

It is a little unusual that you are working with the same antibody in therapy and diagnostics. Do you expect concrete synergies?

Wilhelm: The dual strategy illustrates our philosophy of "target and control" quite nicely. Our aim is to avoid surgery and the subsequent chemotherapy or radiotherapy with all the known side effects. These were the old "seek and destroy" methods. Now the focus is on controlling cancer on a sustained basis like other chronic diseases. The goal is to prevent metastasis in the long term. RENCAREX® and CA9-SCAN can therefore provide a meaningful combined diagnostic and therapeutic solution, if you like, an innovative form of "theragnostics".

Bevan: CA9-SCAN itself has a huge potential. Radioactively labelled antibody accumulates in the tumour tissue, allowing tomography-based diagnosis of clear cell renal cell carcinoma. I am not aware of any comparable specific technology.

Could you tell us about the potential of your third core project, the uPA programme?

Bevan: Development is still at an early stage, because we are just entering clinical Phase II. The potential is extraordinary, as it is known that the uPA system of the human body could play a major role in the metastasis of many types of cancer. If the system displays a high level of activity, this enables tumour cells to enter surrounding tissue and blood vessels. We have developed a serine protease inhibitor which is intended to stop such activity.

Llewellyn-Davies: It is an entirely new mechanism of action which could start something of a revolution in cancer treatment. If the potential of our programme is confirmed by the next trials, you can imagine the possible market volume involved.

Why are you focusing on oral administration of WX-671 for the time being and not pursuing intravenous application?

Wilhelm: Our aim is to inhibit the uPA system permanently in line with the principle of "target and control" to prevent metastasis. This is why our focus is on long-term treatment. And with long-term treatment, swallowing one capsule a day is preferable to intravenous administration, as far as patients are concerned.

"Recurrence and patient mortality rates following surgical resection of a renal cell carcinoma remain high, even in cases where no metastases were initially visible. However, a suitable adjuvant or supportive active immunotherapy has not yet been approved. RENCAREX® could cover this medical gap. The antibody has a good safety profile and in the previous Phase II trial, it substantially enhanced the survival rate of patients with few side effects reported – when administered alone, as well as when combined with low-dose cytokines. If this is confirmed by the ARISER study currently being carried out, there is the chance that the risk of relapse could be considerably lowered."

Professor Arie S. Belldegrun, MD, Professor of Urology and Head of Urological Oncology at the David Geffen School of Medicine at UCLA and Leading Clinical Investigator of the Phase III trial in the USA.

MARKET: HIGH DEMAND

Millions of people worldwide suffer from cancer. In the industrialised countries, tumour diseases are among the most frequent causes of death. Experts estimate that the number of patients will continue to rise, due to our ageing society and changing environmental conditions. Accordingly, there is a high unmet medical need for effective cancer therapies that are well tolerated.

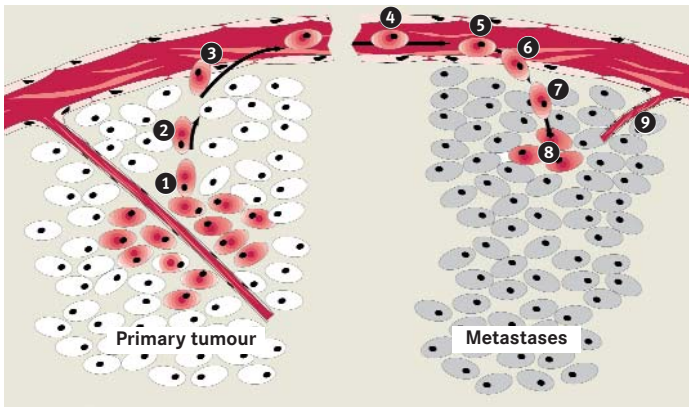
The term cancer describes diseases which are characterised by uncontrolled growth of malignant cells. These destructive cells spread in the patient's body and may eventually cause death.

The development of cancer into a malignant disease is complex and varied, depending on the type of tumour. Nevertheless, there are common features in the development of cancer, which apply to most known types of cancer. In the initial stages of cancer development, one or more minor changes (mutations) take place in the human genetic material. Such mutations are relatively frequent and usually harmless. When mutations affect genes that are active in the control of cell growth, it is possible that the affected cell no longer obeys the body's signals in terms of controlled cell growth. This is when a normal cell has mutated into a cancer cell.

The transformation from normal cells to cancer cells does not necessarily result in malignant disease. The body has a control instrument which often prevents further growth of malignant cells – the human immune system. This complex system of immune cells and soluble factors is capable of detecting malignant cells in the body and destroying them. This control system is known as "immune surveillance". Only once the body's immune system is not or is no longer in a position to recognise abnormal cells and eliminate them, does the disease progress. It is believed that cancer is almost always associated with a failure of the immune system.

In the early stages of the disease, the tumour is confined locally. In later stages, it gains access to blood vessels and/or the lymphatic system, securing its supply of nutrients. As the disease develops, individual cancer cells detach themselves from the primary tumour and travel into remote areas of the body where they grow into new tumours (metastases). These secondary growths in parts of the body other than the original tumour are responsible for most deaths caused by cancer.

Process of metastasis



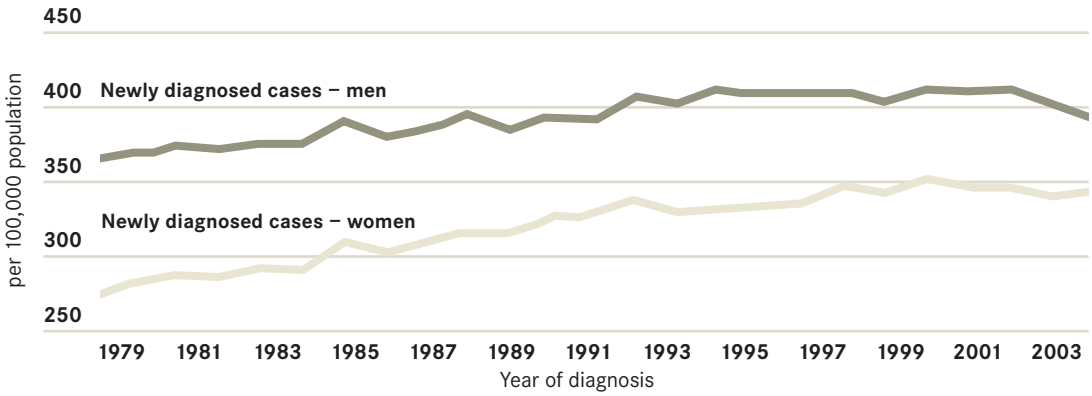
Malignant tumour cells can: ❶ detach themselves from the primary tumour ❷ enter adjacent tissue, ❸ blood vessels and lymphs. ❹ They are transported to remote areas of the body, ❺ attach themselves to the blood vessel wall, ❻ leave the blood vessel, ❼ enter the adjacent tissue ❽ and form new tumours (metastases) there. ❾ Newly-formed blood vessels (angiogenesis) promote the growth of the new tumour.

Current strategies to treat cancer, which WILEX is also pursuing, focus on the critical points where the cancer develops and spreads as well as on metastasis.

Global incidence of cancer on the increase

Cancer is a global health problem and will remain so in the foreseeable future. According to information from the World Health Organization (WHO), cancer causes more than seven million deaths each year, which represents 12.5% of all deaths worldwide. The most frequent cancers in the world in both men and women are lung cancer, cancer of the colon and stomach cancer. Among men alone, the most frequent types are lung and stomach cancer, while breast and endometrial cancer are the most frequent types among women. Every year, 11 million new cases of cancer are diagnosed, of which around 2.9 million are in Europe and 1.4 million in the USA. In the industrialised countries, cancer is the second most common cause of death after cardiovascular diseases. Based on the incidence rates available from the European Union, it is expected that one in three men and one in four women are affected directly by cancer by the time they reach the age of 75. And there is an upward trend: according to WHO estimates, the incidence of cancer worldwide is expected to rise to an estimated 16 million newly diagnosed cases each year by 2020.

Survival improved, but overall situation remains unsatisfactory



Increase in rate of cancer diagnosis

Example UK: in the 25 year period, the general age-adjusted incidence of cancer rose by 8% in men and 26% in women.

Source: Office for National Statistics (UK), 2006

In the industrial nations, in particular, the five-year survival rate for cancer has improved as a result of early detection and better treatment methods. In the USA, for example, five-year survival rates are achieved in 75% of cases or more for specific cancers, on the basis of surgery, radiotherapy, chemotherapy and hormone therapy. This data should not, however, hide the fact that the long-term survival rate for other malignant tumours has not improved significantly in recent decades. For example, the chances of survival for patients with lung, pancreatic and liver tumours remain minimal. The five-year survival rate for these cancers is less than 15%.

On the basis of incidence and survival data, it can be concluded that the diagnostic and therapeutic approach adopted to date will not satisfactorily solve the problem of cancer overall in the long term. It is therefore of great importance to explore new opportunities and develop innovative diagnostic and therapeutic methods in oncology. This is the WILEX strategy.

The goal: better diagnostics and therapy for renal cancer

WILEX is currently focusing its key activities on a specific type of cancer, renal cell carcinoma. With a proportion of one to two percent of all tumours, renal cancer is relatively rare, but represents the third most common disease in urology after prostate and bladder cancer. 80% to 90% of all renal tumours are renal cell carcinomas, which start from the outer tissue of the renal tubule. Clear cell renal cell carcinoma is the most common form with 80% to 85%. According to estimates, the number of newly diagnosed cases of renal cancer will be 225,000 in 2006, with 64% to 77% attributable to clear cell renal cell carcinoma.

The chances of or prognosis for recovery for patients with renal cell carcinoma and the choice of treatment depend on the stage of the disease and whether it has spread to other organs. For 20% to 30% of patients, metastases are detectable at the time of diagnosis. Treatment of these advanced stages of renal cell carcinoma is difficult. The life expectancy of patients is low. In 70% to 80% of patients, the cancer has attacked the tissue or blood vessels surrounding the kidney, but no metastases are detected. In such cases, the diagnosis is non-metastatic renal cell carcinoma. Currently, the standard therapy is resection of part or the complete kidney, which often results in full recovery in 60% of patients. In four out of ten patients, the disease recurs following surgery, because tumour cells have probably remained in the body and have not been detected with imaging procedures. Due to the significant rate of relapse following surgery, there is a high unmet medical need for adjuvant therapy of renal cell carcinoma. The goal is to reduce the risk of recurrence of the disease following surgery.

As no adjuvant therapy has been approved to date, WILEX is currently focusing its activities on developing a cancer therapy for this indication, which is highly effective and, at the same time, well tolerated. This is coupled with the development of a highly specific diagnostic system. The Company's most advanced drug candidate, the RENCAREX® antibody, enables targeted labelling of renal carcinoma cells and their selective destruction through natural killer cells (N_K cells) of the immune system. The imaging diagnostic procedure, CA9-SCAN, which is based on the same antibody as RENCAREX®, could facilitate diagnosis of renal cell carcinoma prior to surgery in future, considerably improving the treatment and follow-up care for renal cancer patients.

"The latest computer and magnetic resonance imaging tomography can be used to detect a small renal tumour, but it cannot determine with great accuracy whether it is benign or aggressively malignant. Operations are therefore performed, sometimes when they are not needed. The imaging diagnostic procedure CA9-SCAN, which is due to undergo tests as part of an approval trial, could provide for greater clarity in the preliminary stages. It attaches itself to the antigen on aggressive cancer cells, making them visible in the high-resolution PET/CT tomography images. The clinical data collected to date is extremely convincing: there is a high likelihood of being able to characterize aggressive kidney cancers. CA9-SCAN has the potential to significantly change the way surgery is performed for renal tumours."

Chaitanya Divgi, Professor of Radiology and Chief of Nuclear Medicine and Clinical Molecular Imaging at the University of Pennsylvania, and Principal Investigator of the CA9-SCAN proof-of-concept trial.

THE PARADIGM: TARGETED CONTROL

Cancer therapy is changing. The days when tumours were mainly treated with unspecific cell toxins in chemotherapy and/or radiotherapy are almost over. In the near future, cancer will be treated increasingly with targeted drugs, which are highly effective in fighting cancer cells, but largely spare healthy cells. These new products could make cancer a "normal" chronic disease treated on a long-term basis.

The most important conference for cancer specialists is the annual meeting of the American Society of Clinical Oncology (ASCO). It was here that, in May 2002, a change in paradigm in oncology was first mentioned. Andrew von Eschenbach, at the time Director of the National Cancer Institute in the USA, described this change with the key words of "target and control" instead of "seek and destroy". It means that the traditional approach of destroying cancer cells as extensively as possible by means of rather unspecific use of cell toxins and accepting severe side effects, is increasingly being supplemented with tumour-biological therapies which are well tolerated and tailored to the individual patient. WILEX follows this approach, which could revolutionise current cancer medicine.

Traditional therapies have shortcomings

In current cancer treatments, tumours are usually removed surgically. Where applicable, patients are subsequently treated with radiotherapy, chemotherapy or both. The aim of this therapeutic approach is to reach all cancer cells remaining in the body after surgery and eliminate them. The fact that such treatment also often affects healthy cells is accepted.

Although there is no question that traditional cancer therapies prolong the life of many patients and improve their quality of life, these treatments have shortcomings in terms of efficacy and tolerance:

- Surgical removal of tumours is no guarantee that all tumour cells present in the body have been discovered and removed.
- Radiotherapy has limited efficacy if metastases are widespread and can also cause serious side effects.
- Chemotherapy is comparatively unspecific and may also damage healthy cells in the body. It can also result in severe side effects, including nausea, vomiting, hair loss and life-threatening damage to the liver, heart, bone marrow and blood cells. Often chemotherapy only achieves temporary success in combating many types of cancer.

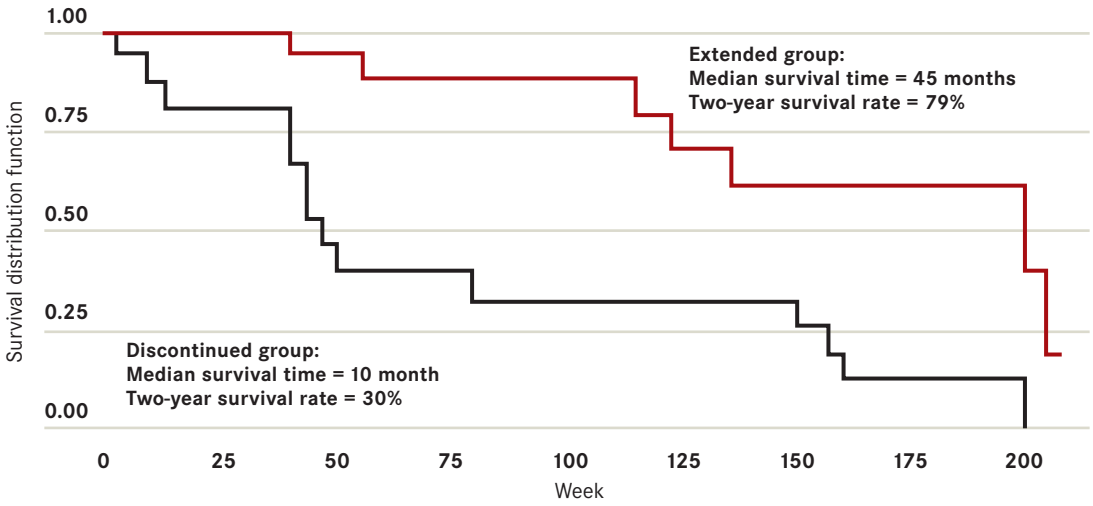
"Target and control" instead of "seek and destroy"

The new paradigm, which opens up the possibility of long-term therapy with better quality of life, has already yielded new "intelligent" drugs to combat cancer. Products already available on the market or in clinical development include, for example, therapeutic antibodies which block specific growth signals from the tumour cell to inhibit uncontrolled growth. Other drugs known as angiogenesis inhibitors are

aimed at preventing cancer cells from stimulating the formation of new blood vessels into the tumour to ensure their supply with nutrients.

According to WILEX, two therapeutic approaches are particularly promising in terms of target and control:

- A therapeutic approach which aims to make tumour cells previously not recognised by the body's immune system visible and so destroy them – supported by high precision imaging diagnostics.
- A therapeutic approach aimed at inhibiting the biological functions that enable a tumour to migrate to remote tissue and form metastases.



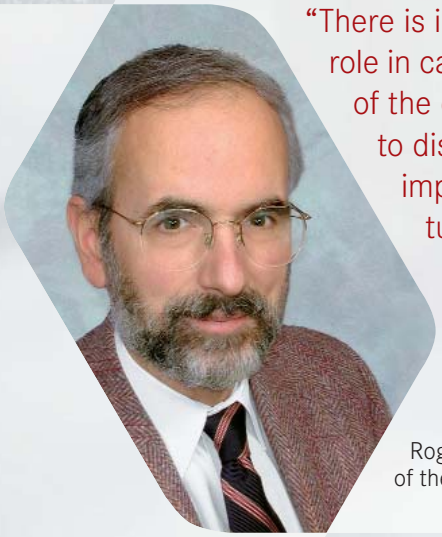
RENCAREX® could significantly enhance the survival rate of patients

Efficacy data from the Phase II combination trial with low-dose Interferon-alpha-2a: the median survival time of patients who received extended treatment was 45 months. The two-year survival rate totalled 79%. In contrast, the median survival time of patients whose treatment had been discontinued stood at just 10 months, while the two-year survival rate was 30%.

Source: WILEX

These are the two therapeutic approaches which WILEX is pursuing with its portfolio of drug and medical product candidates. The Company is focusing on the development of new, non cell-toxic drugs to treat malignant tumours on the basis of therapeutic antibodies and small molecule active ingredients. One product candidate (RENCAREX®) is already in the decisive Phase III trial. The CA9-SCAN imaging diagnostic procedure, which facilitates the precise differentiation of renal tumours, has completed a proof-of-concept trial with excellent results. The small molecules WX-UK1 and WK-671 inhibit the uPA system – a system relevant for metastasis formation. In principle, these drugs can be used in different types of tumours and have demonstrated a good safety and tolerance profile in all doses tested in seven successful Phase I and Phase Ib trials.

The laboratories of WILEX AG are certified under Good Laboratory Practice (GLP) and Good Manufacturing Practice (GMP) regulations required, for example, for quality assurance.



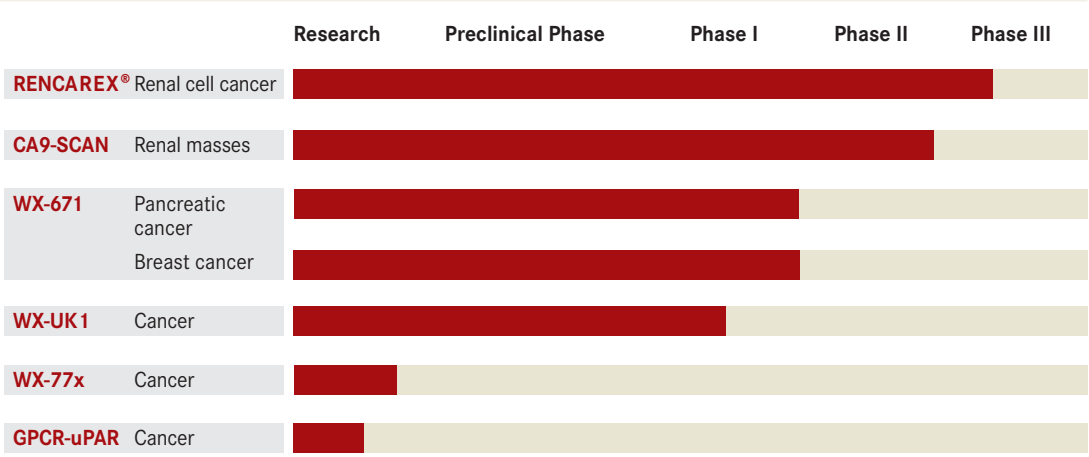
"There is increasing evidence to suggest that the uPA system plays an important role in cancer metastasis. A high level of uPA activity results in the degradation of the extracellular matrix and enables cancer cells to penetrate and migrate to distant tissues. Blocking this process in theory should have a major impact on cancer survival. The inhibitors developed by WILEX prevent tumour growth and the formation of metastases in animal models and display good safety and tolerance in clinical trials. Further successful clinical development could lead to the uPA programme being of major relevance for the long-term control of numerous types of cancer."

Roger B. Cohen, M.D., Fox Chase Cancer Center, Philadelphia, PA, Principal Investigator of the Phase I oncology trials in the USA.

THE PIPELINE: MATURE PORTFOLIO

With a mature and broad portfolio of innovative drug and medical product candidates, WILEX has created the basis for the patient-based cancer treatment of the future. The Company's activities currently focus on three areas: clinical development of a therapeutic antibody for adjuvant therapy of renal cell carcinoma, an imaging diagnostic procedure for identifying renal cell carcinoma and work on small molecules to inhibit metastasis of different types of cancer.

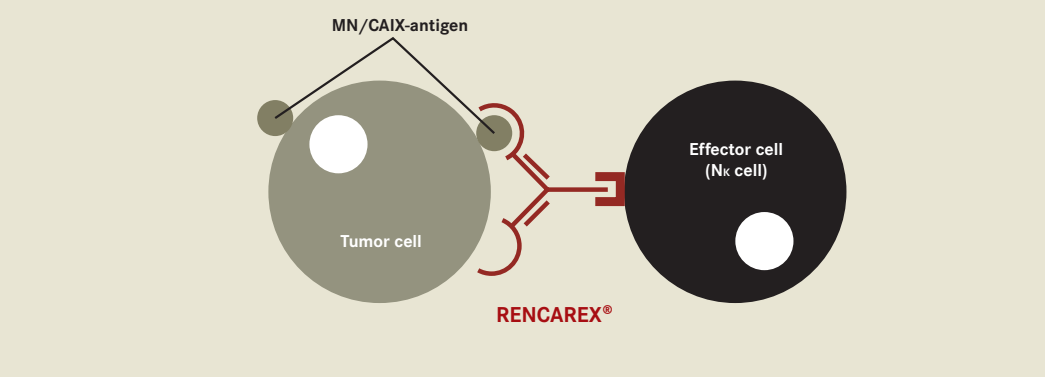
Clinical development portfolio



RENCAREX®: targeted treatment for renal cell carcinoma

The Company's most advanced drug candidate is RENCAREX® (WX-G250). This is a chimeric monoclonal antibody built from genetic sequences of humans and mice, which binds highly specifically to a target molecule on the surface of cancer cells. Carbonic anhydrase IX (also known as CA IX, MN or the G250 antigen, "MN/CA IX") is found in high titers on more than 90% of clear cell renal cell carcinomas, but is rarely present – and this is crucial – on normal, healthy renal tissue. MN/CA IX is also expressed on bladder, cervical, colon and breast cancer cells, which means that the antibody may also be suitable for treating other types of tumours. WILEX currently focuses on non-metastatic clear cell renal cell carcinoma.

By binding to the MN/CA IX antigen, RENCAREX® renders the renal cancer cell visible to the immune systems of cancer patients whose autoimmune system had previously been unable to identify the tumour cells as malignant and destroy them. The labelling of cancer cells with RENCAREX® guides killer cells (natural killer cells or N_K cells) from the patient's immune system to the tumour. Killer cells specialise in destroying malignant cells and are equipped with a range of suitable weapons. The actual destruction process is described by experts as antibody dependent cellular cytotoxicity (ADCC) and starts with the killer cell binding to certain elements of the RENCAREX® antibody on the surface of the cancer cell. This binding is the signal for the killer cell to classify the affected cell as malignant. The killer cell immediately begins to perforate the membrane of the cancer cell, causing significant damage to the cell. In addition,



Mechanism of RENCAREX®

Therapeutic antibodies are able to target a protein on the surface of cancer cells and to attach themselves to this. This labels the cancer cells and prompts the patient's autoimmune system to release killer cells, which should attack and destroy the malignant cells.

the killer cell ensures that a suicide programme is initiated in the cancer cell. This process is known as programmed cell death, or apoptosis, and destroys the cancer cell definitively. Certain immune system messengers, such as Interleukin-2 and Interferon-alpha-2a, increase the activity of killer cells and consequently, the efficiency of ADCC. This is why the messengers are often used in combination with therapeutic monoclonal antibodies to enhance therapeutic efficacy.

Previous trials show efficacy and tolerance

RENCAREX® is currently in a Phase III registration trial for supportive (adjuvant) immunotherapy for patients with clear cell renal cell carcinoma following complete or partial resection of a kidney provided that no metastases had been detected. As part of the Phase I and II clinical trial programmes, more than 100 patients with metastatic renal cancer were treated with RENCAREX®. The trial programme included two Phase I trials in patients with metastases. These trials examined the distribution of the drug in the body over time as well as the safety and tolerance of the antibody. Once RENCAREX® had been shown to be safe and well tolerated, three Phase II trials were carried out again on patients with metastatic renal cancer. In one trial, RENCAREX® was administered as a monotherapy and in the other two, in combination with the cytokines, Interleukin-2 or Interferon-alpha-2a, each in low dosages.

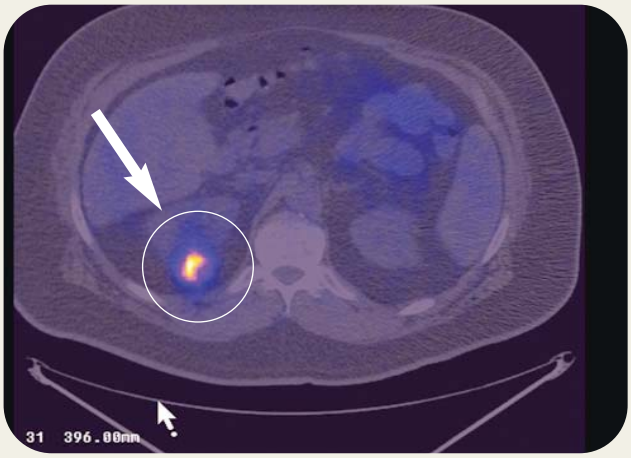
In all three Phase II trials, RENCAREX® showed high clinical activity with patients who had advanced-stage metastatic clear cell renal cell cancer that was difficult to treat. A total of more than 30 % of patients treated with the therapeutic antibody in these trials showed a clinical benefit (response to therapy, stabilisation for a minimum of six months of the previously rapidly advancing disease). In all three trials, the average survival time of the patients who received treatment with RENCAREX® for a longer period was significantly higher than that of the patients who had terminated the therapy after a maximum of 12 weeks. In the monotherapy trial, for example, the average survival time of the patients who received extended treatment with RENCAREX® was 39 months, whereas that of patients whose treatment had been discontinued was only ten months. After two years, 70 % of the patients in the extended therapy group were still alive, with only 26% of the patients, whose treatment had been discontinued, surviving. The combination trials provided comparable results. Patients who took part in the Phase II trials received regular check-ups in order to collect information about long-term survival.

ARISER - registration trial for RENCAREX®

Following successful completion of the Phase II trials, the therapeutic monoclonal antibody is now being tested in a placebo-controlled, double-blind Phase III trial. The ARISER trial (**A**djuvant **R**ENCAREX **I**mmunotherapy Phase III trial to **S**tudy **E**fficacy in non-metastatic **R**enal cell carcinoma) examines the effects of adjuvant therapy with the RENCAREX® antibody in comparison with a dummy drug (placebo) on renal cancer patients who are subject to high risk of relapse following surgical removal of the kidney. The goal of the trial is to establish the disease-free survival time, i.e. the time between surgery and recurrence of the disease, as well as the overall survival time of patients. The safety, toleration and quality of life of patients are also recorded.

WILEX opted to conduct the trial with patients with non-metastatic renal cell carcinoma following surgery, because no adjuvant therapy has currently been approved for clear cell renal cell carcinoma and the medical need is accordingly high. WILEX aims to be the first company worldwide to obtain approval for adjuvant therapy of renal cell carcinoma.

The trial is being carried out in over 150 trial centres in 15 countries and includes over 850 patients with clear cell renal cell carcinoma, for whom there was no indication of metastasis but who meet specific risk factors for recurrence of the disease. Patients are randomly divided into two groups (one treatment or verum group and one placebo group), with neither the doctor nor patient nor WILEX knowing to which group they belong. The verum patients are given an infusion of RENCAREX® once a week for 24 weeks, while placebo patients receive a dummy drug. If the ARISER trial is successful and results in a significant disease-free survival benefit for patients undergoing RENCAREX® therapy, WILEX plans to apply for



approval of the adjuvant therapy in Europe in 2008 (2009 in the USA) at the earliest. In the European Union and the USA, RENCAREX® has been given orphan drug status. This status is awarded by the Food and Drug Administration (FDA) and the European Medicines Evaluation Agency (EMEA) respectively. This gives WILEX exclusive distribution rights from the moment of approval for ten years within the EU and seven years in the USA.

CA9-SCAN: accurate identification of renal tumours

The CA9-SCAN medical product candidate in the WILEX pipeline is an imaging diagnostic procedure aimed at supporting doctors when diagnosing and planning the treatment of renal cell carcinoma. Even modern imaging procedures, such as computer tomography and magnetic resonance imaging, cannot currently provide a clear indication of whether a renal mass is aggressively malignant. Only histological examination following surgical removal of the kidney provides this information. There is a high unmet medical need for a diagnostic system which can provide this differentiation prior to surgery. This could prevent unnecessary surgery. CA9-SCAN technology could revolutionise the diagnostics relating to renal cell carcinoma in future.

CA9-SCAN is a radioactively labelled form of the G250 antibody, on which RENCAREX® is also based. This antibody binds excellently and highly specifically to the MN/CA IX antigen on the surface of renal cell cancer cells, labelling the cells radioactively and accumulating in the tumour tissue. In conjunction with positron emission tomography, primary renal cell carcinomas and metastases can be rendered visible with great precision and a high level of quality.

CA9-SCAN may change the planning of treatment for renal cancer patients fundamentally in future and considerably improve follow-up. Given that the diagnostic procedure can introduce and decisively influence therapeutic decisions, it can be assumed that diagnostics and therapy will dovetail with increasing precision.

CA9-SCAN: Clear predictive value could prevent unnecessary surgery

CA9-SCAN may facilitate positive or negative predictive value in diagnosing aggressive renal cell carcinoma. This means that CA9-SCAN could revolutionise the planning of treatment for renal cancer and improve follow-up of patients.

CA9-SCAN could be used, in particular:

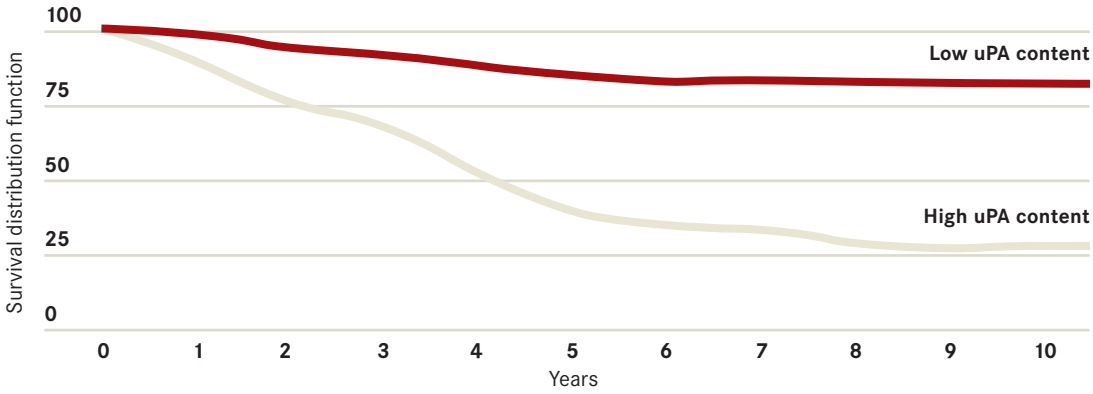
- to diagnose preoperatively whether a patient is suffering from clear cell renal cell carcinoma,
- to detect the formation of metastases at an earlier stage,
- to monitor the efficacy of therapies,
- to follow up patients after surgical removal of a renal cell carcinoma.

CA9-SCAN has already completed a proof-of-concept trial carried out by WILEX cooperation partners (Ludwig Institute for Cancer Research and the Memorial Sloane-Kettering Cancer Center, both in New York) with excellent results. In this trial, CA9-SCAN demonstrated a positive predictive value of 100% in clear cell renal cell carcinoma. On the basis of these results, WILEX has commenced preparations for a registration trial. If results are positive, an application for approval will be submitted in Europe and the USA in 2008 at the earliest. WILEX is primarily focusing on the development of CA9-SCAN as a diagnostic procedure for renal tumours. There are plans in place to check its application for other cancer indications as well.

Blocking the uPA system: effective metastasis inhibition

Given that most deaths caused by cancer result not from the primary tumour but from metastases, one of the objectives of forward-looking cancer therapies involves preventing tumour cells from migrating into remote tissue. Although the biological processes relating to metastasis have not yet been researched as a whole, many research projects have shown that the urokinase-specific plasminogen activator (uPA) system seems to play an important role here. With WX-UK1 and WX-671, WILEX has two drug candidates in its pipeline, which block the uPA system effectively and could therefore be pivotal in preventing the spread of tumours and ultimately significantly improving the chances of survival of patients.

The uPA system affects components of the extracellular matrix (ECM), a complex network of macromolecules which envelops the body's cells. In order to migrate from the primary tumour into remote tissue and blood vessels, tumour cells first need to degrade the ECM. The cancer cells achieve this with the help of the uPA system, a protein-degrading (proteolytic) enzyme system. Upon binding an enzyme (urokinase) to the relevant receptor on the surface of the tumour cell, plasminogen is activated and



The uPA system is possibly indicative for the prognosis of cancer

High uPA content in the tumours of patients with breast cancer correlates with low survival

Source: J. Natl Cancer Inst. 2002, Jan 16, 94 (2r 116-28, Oppenheim Research)

becomes plasmin. This then starts its protein-degrading activity and launches a cascade of events which culminates in the enzyme-based degradation of the ECM. This makes it easier for tumour cells to leave the primary tumour, enter adjacent tissue and form metastases. In addition, the degradation of the ECM releases growth factors, which promote tumour growth and the formation of new blood vessels into the tumour.

High uPA values in tumour tissue are accompanied by an unfavourable prognosis for patients. Accordingly, determining uPA content facilitates a prognosis as to whether the risk of relapse is high or low for the patient. This procedure is already used in diagnostics. uPA is not only an important clinical prognostic factor for cancers, but also an important therapeutic target. Two small molecule drug candidates in the WILEX pipeline may block the proteolytic enzyme system to treat cancer – a unique approach.

The synthetic small molecule, WX-UK1, is designed to block relevant serine proteases such as uPA, plasmin and thrombin, which favour the degradation of the ECM and therefore the spread of metastasis. The substance is administered intravenously. In various preclinical trials in animal models, WX-UK1 achieved a significant reduction in the number of metastases as well as inhibition of primary tumour growth. In addition, trial records showed inhibition of primary tumour growth. In a Phase I trial involving healthy subjects and in two Phase Ib trials with patients with different carcinomas at advanced stages, the good tolerance of WX-UK1 was highlighted along with its excellent safety profile. Another clinical Phase I trial is currently underway in which WX-UK1 is administered together with the chemotherapeutic drug Capecitabine to patients with metastatic breast cancer.

WX-671 is a substance in an orally administered capsule, which is converted into WX-UK1 in the body through cleavage of a chemical group. As a result, it works using the same mechanism as WX-UK1. In preclinical trials, WX-671 had inhibited tumour growth and the formation of metastases to an extent that was comparable to WX-UK1. WX-671 has also been tested for tolerability in two Phase I trials with healthy subjects. The trial data suggests that taking WX-671 once a day produces concentrations corresponding to the weekly WX-UK1 infusion. At present, a dose escalation trial is taking place in patients with malignant head and neck tumours.

As WX-671 is also safe and well tolerated and is better suited to long-term treatment of cancer patients because it is orally administered, WILEX has decided to examine the efficacy of WX-671, not of the intravenously administered WX-UK1, in two Phase II trials. Plans are in place for one trial with patients who have inoperable non-metastatic pancreatic cancer and another trial with patients with metastatic breast cancer. The Federal Institute for Drugs and Medical Products (BfArM) approved the pancreatic carcinoma trial in December 2006.

In addition to the drug candidates, WX-671 and WX-UK1, there are other selective, orally administered uPA inhibitors in the WILEX development pipeline. The WX-77x series of compounds is particularly promising. A project in cooperation with the University of Milan investigates whether the so-called split uPA receptor could be a suitable therapeutic target.

RESOURCES: EXPERTISE AND NETWORKS

Pooling the expertise of physicians and cancer researchers provides ideal conditions for developing patient-oriented therapies in indications where there is a high unmet medical need. This is precisely the case at WILEX. The Company was established in 1997 by a cross-disciplinary team at the Technical University of Munich. The Company's scientific foundations date back even further: at the time of incorporation, the founders had already gained more than 15 years of research experience, including uPA system-related research.

From the outset, the goal was to develop new and targeted cancer therapies based on antibodies and small molecules, which are aimed at preventing tumour growth and metastasis of malignant tumours. Today, the Company continues to reflect this focus and with its extensive and mature portfolio, it is on course to become a successful biopharmaceutical company.

The team of experts has expanded in line with the maturity of research projects. With 46 employees (30 November 2006), WILEX is still a streamlined company and uses external resources to process its projects which it manages efficiently. In future, WILEX will continue to concentrate on its core competences in clinical development and regulatory affairs and does not intend to develop a marketing infrastructure.




Other members of the Management (from top left): Dr Helga Grupe (Business Development), Charlotte Lohmann (Legal and Human Resources), Dr Gabriele Elbl (Regulatory Affairs) and Norman Neville (Clinical Research and Development).

Expertise on board

All key staff are of a high calibre. WILEX has secured expertise from international pharmaceutical companies with research activities and indepth experience of the regulatory affairs process. For example, Dr Paul Bevan is a member of the Executive Management and Head of Research and Development. His previous positions include Director of Development at Solvay Duphar and at the former Sandoz AG. Norman Neville, Vice President of Clinical Research and Development at WILEX, has in the past led clinical research teams in oncology, immunology and inflammatory diseases, most recently at Wyeth Research in Paris. Dr Gabriele Elbl, Vice President of Regulatory Affairs, has several years experience as Scientific Administrator at the EMEA. The Supervisory Board also combines comprehensive experience in biotechnology and the pharmaceutical industry.

Since its establishment, WILEX has promoted cooperation and partnerships with hospitals, academic institutes and other pharmaceutical organisations. An example of these close links with the scientific arena is the appointment of a Medical Advisory Board comprising renowned experts. It offers medical and strategic support to WILEX during the ongoing clinical Phase III ARISER trial of RENCAREX® as adjuvant therapy for non-metastatic clear cell renal cell cancer.

The Medical Advisory Board members are

- **Professor Arie Belldegrun** (Chairman of the Medical Advisory Board), David Geffen School of Medicine at the University of California in Los Angeles, USA
- **Professor Michael B. Atkins**, Harvard University, Boston, USA
- **Professor Michael L. Blute**, Mayo Clinic, Rochester, USA
- **Professor John Michael Fitzpatrick**, Misericordiae Hospital, Dublin, Ireland
- **Professor Adrian L. Harris**, Weatherall Institute of Molecular Medicine, St Hugh's College Oxford, UK
- **Professor Hakan Mellstedt**, Karolinska Cancer Center, Stockholm, Sweden
- **Professor James E. Montie**, University of Michigan in Ann Arbor, USA
- **Professor Pieter H. M. de Mulder**, Department of Oncology at the University of Nijmegen, Netherlands
- **Professor Jean-Jacques Patard**, University of Rennes, France
- **Professor Nicholas Vogelzang**, University of Nevada, Las Vegas/Reno, USA

Partnerships along the value chain

WILEX maintains numerous cooperation projects and licence agreements with academic and clinical organisations as well as pharmaceutical and biotechnology companies in Europe and North America. This network has enabled WILEX to acquire licences and patents and implement joint research projects and trials. Actual clinical development is therefore based on a strong and legally sound basis. However, cooperation is not only intended as a means to gain access more easily to new developments and drug candidates in innovative cancer therapies; it also represents a key element of the Company's marketing strategy (see page 25).

WILEX intends to continue to cooperate and establish and maintain partnerships with academic institutes and companies in the pharmaceutical and biotechnology sectors. To fully exploit the potential of its drug candidates in future, WILEX aims to set up strategic development and marketing partnerships with pharmaceutical companies.

MAJOR WILEX COOPERATIONS AND LICENCE AGREEMENTS

● In **June 1999**, Centocor Inc., Malvem, USA, transfers its global rights of the murine and chimeric G250 antibodies to WILEX. In return, Centocor is granted an option on the marketing rights for the USA. In 2004, WILEX acquires an option from Centocor on the exclusive marketing rights for the USA for products based on the G250 antibody. Use of the murine G250 antibody was originally licensed to Centocor by the University of Leiden.

● In **October 2001** WILEX signs a licence, sub-licence and option agreement with Bayer Corporation, Business Group Diagnostics, Tarrytown, NY, USA, in order to acquire certain rights to the MN patent portfolio. Under this agreement, WILEX receives specific usage rights for the G250 target structure.

● In **January 2002** WILEX enters into a research cooperation with Professor Francesco Blasi, Vita-Salute San Raffaele University of Milan, Italy. The aim of the project is further basic research in the field of the uPA system, specifically into the so-called "split uPA receptor" of the urokinase plasminogen activator (uPA) system. The split uPA receptor is a potential new target structure for tumour therapy.

● In **March 2002** WILEX enters into a partnership with the Fox Chase Cancer Center, Philadelphia, USA, with the aim of clinically testing the WILEX drug candidate WX-UK1 on breast cancer patients. In September 2003, WILEX and the Fox Chase Cancer Center receive the Biotechnology Clinical Partnership Award and grant from the US Department of Defense of around USD 4.0 million. The funds are used to finance two clinical trials with WX-UK1 and WX-671 involving breast cancer patients.

● In **August 2002** WILEX launches a cooperation project with the Erasmus Medical Center, Josephine Nefkens Institute, Rotterdam, Netherlands, for the implementation of preclinical tests of various drug candidates of the company.

● In **February 2003**, WILEX signs a licence and cooperation agreement with the San Raffaele Biomedical Science Park, Milan, Italy for the therapeutic and diagnostic exploitation of the split uPA receptor of the uPA system for use in cancer and inflammatory diseases.

● In **April 2004**, WILEX concludes a development and marketing partnership agreement with the pharmaceutical company, Laboratorios del Dr. Esteve S.A., Barcelona, Spain for the RENCAREX® antibody in southern Europe. As part of the agreement, Esteve is granted exclusive marketing rights for Spain, Italy, Portugal, Greece and Andorra. In turn, WILEX receives prepayments, milestone payments and licence fees.

● In **April 2005**, WILEX acquires five patent families from Pentapharm AG in Basel, Switzerland, which also relate to the WILEX substances, WX-UK1 and WX-671. This was settled outside the courts with the Swiss company, after Pentapharm had filed an action for vindication in December 2004. Following contract signature, Pentapharm dropped the action.

● In **February 2006**, WILEX acquires an option from Dendreon Corporation, Seattle, Washington, USA for the purchase of all of the company's patents and patent applications for uPA inhibitors.

● In **May 2006**, WILEX acquires a non-exclusive licence to the Cabilly II patent from Genentech, Inc., South San Francisco, California, USA. In the USA, this patent protects certain manufacturing methods for chimeric antibodies, including the G250 antibody.

● In **October 2006**, the WILEX cooperation partners – the Ludwig Institute for Cancer Research and the Memorial Sloane-Kettering Cancer Center – both based in New York, conclude a proof-of-concept trial on the identification of renal cell carcinoma using CA9-SCAN with excellent results. CA9-SCAN can significantly improve treatment planning for patients where renal cancer is suspected. A registration trial is in preparation on this basis. Cooperation with the Ludwig Institute started as early as 1999.





EXPERTISE ON BOARD













SOME EMPLOYEES
OF WILEX AG






VALUES

WILEX SHARES

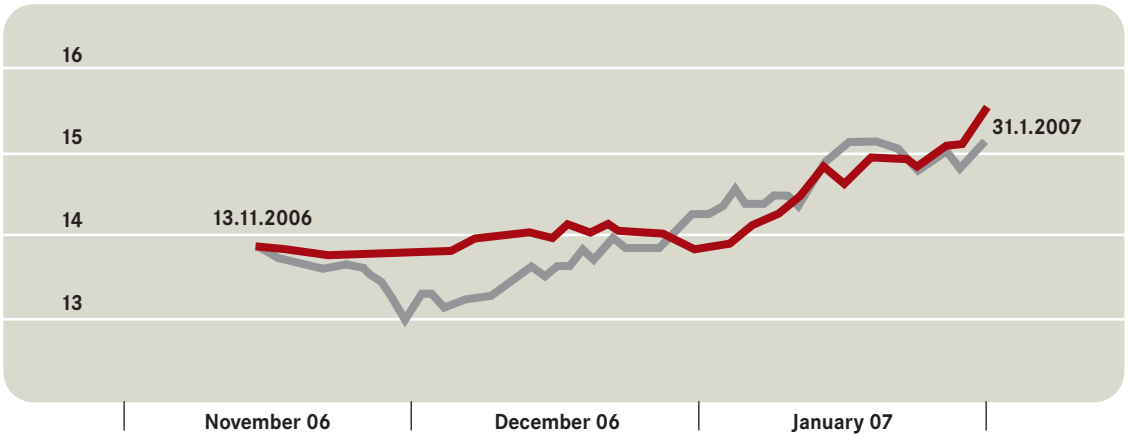
SHARE PRICE PERFORMANCE

In financial year 2006, WILEX successfully completed an IPO. Since 13 November 2006, WILEX has been listed in the Prime Standard segment of the official market of the Frankfurt stock exchange. WestLB, Düsseldorf acted as the sole lead manager and sole bookrunner, and Sal. Oppenheim, Cologne, as the co-lead manager for the transaction. As part of the offering, 4 million shares from a capital increase were placed with institutional investors in Europe. On the basis of the issue price of EUR 13.80 per share, WILEX generated gross proceeds amounting to approximately EUR 55.2 million and has therefore achieved the main goal of the Company to fund future clinical development over the coming years.

In the first four weeks following initial listing, the share price moved within a range of EUR 13.65 to EUR 13.80. On the back of positive news from the Company, including the approval of a Phase II trial of WX-671, the share price then climbed to EUR 15.60 as at 31 January 2007. This represents an increase of over 13% since the IPO. In the same period, the Prime Biotechnology Index, which is the benchmark index, rose 9.9% and the TecDAX by 16.5%. In relation to the full calendar year of 2006, the average performance of 19.1% of industrial shares in the biotechnology segment did not quite match the increase in the TecDAX (25.5%).

With a closing price as at 31 January 2007 of EUR 15.60, the market capitalisation of WILEX is valued at EUR 186.6 million. Of this, around 22.5%, or EUR 42.0 million, is in free float (see chart). The biggest single shareholder is HDP Beteiligungs GmbH (HDP) with a stake of 28.52%, followed by Apax (17.75%). Other major shareholders include TVM and Merlin. Existing shareholders did not sell any shares as part of the IPO.

WILEX shares enjoyed very strong trading in the first two weeks following the IPO. On the 55 trading days after initial listing, an average of 14,800 WILEX shares were traded, around 95% of which on XETRA. WestLB is the designated sponsor.

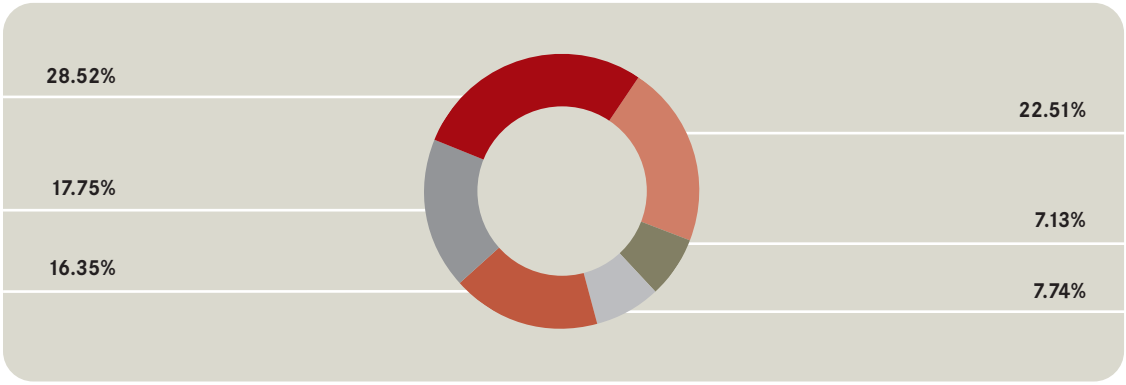


Performance of the WILEX share
in EUR

WILEX AG
Prime Biotech Performance Index[1)]

1) normalised to value of WILEX share

Shareholder structure



INVESTOR RELATIONS

Investor Relations activities in 2006 focused mainly on the IPO. As a listed company, WILEX maintains close relationships with institutional investors and analysts, as well as private investors. In addition to the obligatory annual analysts' meeting, plans are in place to take part in investor conferences, which focus on the biotechnology and technology sectors in general as well as on small to medium-sized listed companies. The presentation of our company at the German Equity Forum in Frankfurt/Main on 28 November 2006 was a first step in this direction. Roadshows for specific groups of investors are planned, while individual meetings with analysts have already taken place.

In terms of capital market communications, we are guided by the relevant corporate governance and accounting standards. We intend to publish our reports within the deadlines stipulated in the Corporate Governance Code.

Company reports, presentations and other investor information are available on the website at www.wilex.com.

Shares – data and key indicators

as at 31 January 2007

Securities identification number/ISIN code	661472/DE0006614720
Stock exchange code/Reuters/Bloomberg	WL6/WL6G.DE/WL6.GR
Stock exchange segment	Official market of the Frankfurt stock exchange (Prime Standard)
Number of admitted shares	11,962,754
Designated sponsor	WestLB AG
Opening price on 31 January 2007	EUR 13.80
Closing price on 31 January 2007	EUR 15.60
High (31 January 2007)	EUR 15.60
Low (17 November 2006)	EUR 13.65
Market capitalisation as at 31 January 2007	EUR 186.62 million
Average trading volume (daily turnover)	XETRA 14,076 Frankfurt 736 Total 14,812
Earnings per share (financial year 2006)	EUR – 2.32

CORPORATE GOVERNANCE AT WILEX AG

WILEX is committed to the principles of responsible corporate management. The Executive Management and Supervisory Board are guided by the high standards of the German Corporate Governance Code. We ensure that our shareholders are able to exercise their rights comprehensively and advise them promptly about the Company's performance. We implement the recommendations of the Code, with very few exceptions.

THE EXECUTIVE MANAGEMENT

The Executive Management currently comprises three members who, in line with the strategic focus of the Company, are of different nationalities. The Executive Management has responsibility for the management of WILEX AG. Its duties include first and foremost specifying the strategy for the Company and its management, as well as planning, implementing and monitoring the risk management system. The Chairman coordinates the work of the Executive Management.

The Executive Management works closely with the Supervisory Board. It provides comprehensive information to the Supervisory Board promptly and regularly about business performance, the financial and earnings situation, forecasts and target achievement as well as strategy and existing risks. Material decisions taken by the Executive Management require the consent of the Supervisory Board. Please refer to page 115 of this annual report for detailed information on the members of the Executive Management.

THE SUPERVISORY BOARD

The Supervisory Board currently comprises six members, who come from various countries as is the case of the members of the Executive Management. The last Supervisory Board elections were held in 2005. The Supervisory Board monitors and advises the Executive Management of WILEX AG as regards the management of the business. In addition, the Supervisory Board appoints the members of the Executive Management and is responsible for examining the annual financial statements.

Some Supervisory Board duties are carried out by the two Supervisory Board committees in place at present. As an advisory committee, the Audit Committee is responsible, in particular, for examining and preparing the annual financial statements, the management report and the proposed appropriation of profits. As a decision-making committee, the Compensation Committee is responsible, in particular, for deciding on staff matters and the remuneration of the members of the Executive Management.

In the Supervisory Board report, the Supervisory Board annually communicates its advisory and supervisory activities in relation to the Executive Management. The joint corporate governance report by the Supervisory Board and Executive Management provides information on developments regarding the standard of corporate governance in financial year 2006 and the implementation of the German Corporate Governance Code. It includes an outline of the remuneration system and the remuneration paid to members of the Executive Management and Supervisory Board in the reporting year.

SUPERVISORY BOARD REPORT

In financial year 2006, the Supervisory Board again worked closely with the Executive Management. The Supervisory Board regularly advised the Executive Management on the management of the Company and also monitored it in this regard. The Supervisory Board comprehensively fulfilled all duties incumbent upon it in accordance with legal provisions and the Articles of Association of WILEX AG.

The Executive Management presented all material strategic and operating measures to the Supervisory Board and agreed their implementation in advance with the Supervisory Board. The Supervisory Board obtained regular reports on the situation and development of the Company. The Supervisory Board also received regular, comprehensive and prompt information about all major business developments and basic issues relating to business policy, corporate management and planning. Without exception, all documents submitted to the Supervisory Board were examined. The parties providing the information, in particular the members of the Executive Management, were consulted on material matters.

The Supervisory Board also obtained information about all major events, which were of particular importance for the assessment of the situation, strategy implementation and target achievement, performance and management of WILEX. The Chairman of the Supervisory Board, in particular, discussed the strategy regularly with the CEO, reviewing the progress of business. The Supervisory Board Chairman was advised promptly of all important Executive Management resolutions and arranged for the discussion of important issues by the Supervisory Board or the Supervisory Board committees as required.

KEY EVENTS OF FINANCIAL YEAR 2006

In financial year 2006 (1 December 2005 to 30 November 2006), the Supervisory Board convened a total of eight ordinary meetings on 7 December 2005 and 17 January, 16 February, 14 March, 9 May, 7 June, 13 July and 11 September 2006. Supervisory Board member Dr Friedrich von Bohlen und Halbach was unable to attend more than half of the meetings. In addition, numerous conference calls were conducted as part of the regular monitoring of and advice to the Executive Management, at which the Supervisory Board and the Executive Management were present.

Discussion focused on research and development projects and the clinical trials run by WILEX, as well as partnership strategies for the Company's own development candidates and the financial and risk situation. At every meeting, the Supervisory Board received a detailed and up-to-date presentation on the above topics from the Executive Management and discussed different options for action with the Executive Management. The Supervisory Board agreed to several contractual arrangements including:

- A co-ownership agreement between WILEX AG and Curacyte AG, Leipzig, for a patent family relating to uPA inhibitors. This will enable the Company to comprehensively exploit the interlectual property rights of specific uPA inhibitors, especially for oral treatment and the prevention of tumours and metastases. In this way, it was possible to find an amicable solution to a legal dispute.

- A licence agreement with Genentech Inc., South San Francisco (USA), which enables the Company to manufacture and distribute drug and medical product candidates based on the G250 antibody, such as RENCAREX® and CA9-SCAN, in the USA and to export from the USA.

- An option agreement with Dendreon Corporation, Seattle (USA), giving WILEX AG the option of acquiring certain patents and patent applications for uPA inhibitors from Dendreon.

Other focal points of the advisory and monitoring function of the Supervisory Board in financial year 2006 included the preparation and completion of the IPO of WILEX AG. As part of this, the Executive Management resolved, with the consent of the Supervisory Board, to propose to the Shareholders' Meeting of the Company that the Company's share capital be increased by up to EUR 5 million in return for cash contributions. The relevant capital increase of EUR 4 million was carried out and entered in the commercial register of the district court of Munich on 10 November 2006. The Supervisory Board also approved the conclusion of a mandate agreement with WestLB AG, Düsseldorf, which acted as sole lead manager and sole book-runner for the IPO as well as an underwriting agreement between the Company and the syndicate banks. The IPO has significantly improved the capital resources of WILEX AG and created a solid basis for the financing of its research and development programmes.

The Supervisory Board also discussed the issue of stock options for the Executive Management and other WILEX AG employees at two meetings.

CORPORATE GOVERNANCE

In its meeting today, the Supervisory Board resolved to carry out the self-assessment of its efficiency required by the German Corporate Governance Code every two years. The first efficiency review is scheduled for 2008. The Supervisory Board will specify the method and central topics in advance.

The Supervisory Board also examined its independence and concluded that it comprises a sufficient number of independent members in accordance with section 5.4.2 of the German Corporate Governance Code.

The first joint declaration of compliance by the Executive Management and Supervisory Board of WILEX AG was resolved in today's meeting. It will be made available on the Company's website. Further details on this are provided in the Corporate Governance report.

ACTIVITIES OF THE COMMITTEES

In order to increase the efficiency of the work of the Supervisory Board when dealing with complex matters, the Supervisory Board assigned some of the issues to be discussed to specialist committees of the Supervisory Board established for this purpose some time ago.

The Compensation Committee (a decision-making committee) convened three meetings in financial year 2006. The main focus of these meetings related to determining performance targets for bonuses in the financial year completed and target achievement by Executive Management members for financial year 2005, as well as the issue of stock options to Executive Management members.

The Audit Committee (a preparatory committee) convened once in the reporting year, in order to discuss the annual financial statements for financial year 2005 with the auditors and to issue a recommendation for the decision to the plenary Supervisory Board.

The Supervisory Board established no other committees.

ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

The auditors, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Munich (PwC) have audited the annual financial statements and the management report of WILEX AG prepared by the Executive Management in accordance with HGB and IFRS, including the accounts for financial year 2006 on which these are based, and issued an unqualified audit certificate. On 11 September 2006, the Shareholders' Meeting appointed PwC as auditors and the Supervisory Board instructed PwC to carry out the audit. The documentation relating to both sets of annual financial statements and the auditors' reports was made available to all Supervisory Board members in good time. The auditors attended the meetings of the Audit Committee on 17 January 2007 and 26 February 2007 as well as today's Supervisory Board meeting, which focused on the adoption of the annual financial statements, and reported on the material results of the audit. The Audit Committee discussed the result in detail and proposed that the Supervisory Board approve both sets of annual financial statements.

The Supervisory Board also noted the audit result and itself examined both sets of annual financial statements and the management report as well as the proposed appropriation of profits in accordance with legal provisions. The Supervisory Board had no objections and therefore approved the annual financial statements in its meeting today. As a result, the annual financial statements in accordance with HGB for financial year 2006 have been adopted.

The auditors have also concluded that the risks are accurately presented in the management report and that the measures taken by the Executive Management in accordance with section 91 sub-section 2 of the German Stock Corporation Act (AktG) are appropriate for identifying at an early stage any developments which may jeopardise the Company's future.

PERSONNEL CHANGES IN THE EXECUTIVE MANAGEMENT

With effect from 15 June 2006, Niels Ackermann, the Chief Financial Officer, left the Executive Management. As at 1 September 2006, Peter Llewellyn-Davies, who had been working for the Company in an advisory capacity since 8 June 2006, was appointed as the new Chief Financial Officer. The Supervisory Board would like to take this opportunity to thank Mr Ackermann for his successful work in the interests of the Company.

RECOGNITION OF COMMITMENT

The Supervisory Board would also like to take this opportunity to thank the Executive Management and all employees of WILEX AG for the impressive commitment and initiative they have shown in financial year 2006. It is primarily thanks to their hard work that the Company has made significant progress with its research and development projects and that the IPO was carried out successfully.

Munich, 26 February 2007
The Supervisory Board

Dr David Ebsworth
Chairman

CORPORATE GOVERNANCE REPORT

Joint report by the Supervisory Board and Executive Management of WILEX AG in accordance with section 3.10 of the German Corporate Governance Code.

The corporate governance-related standards and measures of WILEX AG are based on the requirements of the German Corporate Governance Code (DCGK), which was last updated and supplemented on 12 June 2006. It is the Company's intention to implement the recommendations and suggestions of the DCGK with few exceptions, which are due in part to the Company's specific circumstances.

In financial year 2007, the Supervisory Board has issued internal regulations for the Supervisory Board and supplemented and amended the internal regulations for the Executive Management. The amended and supplemented sections of the internal regulations for the Executive Management relate, in particular, to the following:

- immediate disclosure to the Supervisory Board of conflicts of interest relating to Executive Management members (4.3.4 DCGK)
- approval granted to the Supervisory Board for Executive Management transactions of fundamental importance (3.3 DCGK).

A schedule of responsibilities regulates the responsibilities of the Chairman of the Executive Management and the other Executive Management members, as well as cooperation within the Executive Management.

Accordingly, the internal regulations for the Supervisory Board specify, in particular, that:

- the Supervisory Board is to ensure long-term succession planning together with the Executive Management (5.1.2 DCGK),
- conflicts of interest relating to any Supervisory Board member must be disclosed to the Supervisory Board and taken into account in its report to the Shareholders' Meeting (5.5.2 and 5.5.3 DCGK) and
- the efficiency of the Supervisory Board's work is to be checked regularly (5.6 DCGK).

However, it is not necessary to amend the Articles of Association from a corporate governance standpoint.

IMPLEMENTATION OF THE DCGK RECOMMENDATIONS

Up until its admission to the stock exchange on 10 November 2006, WILEX AG was not required to issue a declaration of compliance in accordance with section 161 of the German Stock Corporation Act (AktG). As a result, the Company has not issued declarations of compliance in the past. In our first declaration of compliance, issued on 26 February 2007, we have therefore chosen expressly not to refer to the time prior to the IPO of WILEX AG.

WILEX AG complies with the recommendations of the DCGK in its current version, with the following qualifications:

Section 3.8 clause 3 DCGK: no appropriate excess has been agreed in the D&O insurance for the Executive Management and Supervisory Board. According to the Executive Management and Supervisory Board of WILEX AG, an excess amount would not impact on the sense of responsibility and the loyalty with which the members of corporate bodies carry out the tasks and duties assigned to them. In addition, a significant excess amount, which would have to be the same for each member of the relevant body due to the fact that the principle of equality applies, would affect the members of the Executive Management and Supervisory Board very differently, depending on their private income and financial circumstances. However, the Executive Management and the Supervisory Board will discuss this issue in financial year 2007 and make a decision as to whether an excess amount should be provided for in the insurance policies and if so, what the sum should be.

Section 4.2.2 clause 1 DCGK: the Compensation Committee of the Supervisory Board discusses the Executive Management contracts and specifies the structure of the remuneration system. The full Supervisory Board is kept informed by the Compensation Committee. However, consultation regarding the structure of the remuneration system for the Executive Management and the associated regular review by the full Supervisory Board do not take place. The Executive Management and Supervisory Board of WILEX AG believe that these issues should be discussed by the Compensation Committee, which has been set up for this purpose and which has the required specialist expertise. According to the Supervisory Board and Executive Management, this system has proved successful in the past.

Section 4.2.3 sub-section 3 clause 2 DCGK: the stock option plan launched in 2005 prior to the stock exchange listing of WILEX AG does not relate to reference parameters, such as a share index. With regard to future stock option plans and similar systems, there will be a discussion as to whether and to what extent these should be based on relevant reference parameters which have been established beforehand.

Section 4.2.3 sub-section 3 clause 4 DCGK: the Supervisory Board has not agreed a cap on the stock option plan in the event of extraordinary and unforeseeable developments. For any future stock option plans and similar systems, there will be a discussion as to whether a cap should be agreed.

Section 5.1.2 clause 6 DCGK: no age restriction has been or will be agreed for members of the Executive Management. WILEX AG believes that such a regulation would not be in shareholders' interests, as rigid regulations on the retirement age may result in the Company having to forego the expertise of key staff.

Section 5.4.1 clause 2 DCGK: no age restriction has been or will be agreed for members of the Supervisory Board. WILEX AG believes that such a regulation would not be in shareholders' interests, as rigid regulations on the retirement age may result in the Company having to forego the expertise of key staff. In addition, an age limit for Supervisory Board members would also represent a restriction of the rights of the Company's shareholders in terms of electing their representatives to the Supervisory Board.

Section 5.4.3 clause 1 DCGK: the Supervisory Board elections are not carried out as individual elections. Due to the overall responsibility of this body and the current shareholder structure, WILEX AG does not consider this recommendation appropriate.

Section 5.4.7 clause 3 DCGK: in terms of the remuneration of Supervisory Board members, a distinction is made between the Chairman, the Deputy Chairman and the other Supervisory Board members. However, chairmanship and membership of committees are not taken into account in the remuneration. An overall review is currently taking place to assess whether the structure of the remuneration for Supervisory Board members is appropriate. Any changes will be proposed to the ordinary Shareholders' Meeting in 2007 for resolution.

Section 5.4.7 clause 4 DCGK: the Supervisory Board members do not receive performance-related remuneration in addition to their fixed remuneration. The remuneration of the Supervisory Board is described in the Company's Articles of Association. As part of the review of the remuneration for Supervisory Board members, an additional future incentive for the Supervisory Board in the form of a performance-related component will also be discussed. Any changes will be proposed to the ordinary Shareholders' Meeting in 2007 for resolution.

Although deviations from recommendations need only to be justified in accordance with the principle of "comply or explain", WILEX AG wishes to highlight the implementation of three recommendations expressly, which all relate to the composition of the Supervisory Board.

All members of the Supervisory Board are independent in accordance with the DCGK, since none of the members maintain a business or personal relationship with the Company or its Executive Management which would constitute a conflict of interest. This applies expressly also to Dr David Ebsworth, the Chairman of the Supervisory Board, with whom WILEX AG had concluded a consultancy agreement valid until 31 December 2006. In addition to the consent of the Supervisory Board to this consultancy agreement required by law, the Executive Management and Supervisory Board, in particular for corporate governance reasons, submitted this consultancy agreement to the Shareholders' Meeting on 11 September 2006 for approval. The Shareholders' Meeting gave its consent with no votes against the proposed agreement.

The agreement regulated consultancy services provided by Dr Ebsworth in addition to and beyond his Supervisory Board responsibilities. The services related to the evaluation of potential marketing partnerships for RENCAREX® and the possibility of in-licensing clinical development candidates. Dr Ebsworth's excellent network of contacts in the biotechnology and pharmaceutical sectors enabled WILEX AG to establish contact with possible partner companies. The consultancy agreement ended on 31 December 2006 and no further agreement was concluded.

Some members of the Supervisory Board also have mandates on supervisory bodies of other companies in the biotechnology and pharmaceutical sectors. None of these can be considered as major competitors of WILEX AG, which complies with the DCGK requirements.

Finally, Dr Georg Baur, Chairman of the Audit Committee, has specific knowledge and experience of applying accounting principles and internal management systems as required by the DCGK. Dr Baur was inter alia Managing Director and Treasurer at the JP Morgan bank in London and has also been employed as Managing Director of an asset management company.

IMPLEMENTATION OF THE DCGK SUGGESTIONS

WILEX AG also complies with most of the suggestions of the German Corporate Governance Code ("should" and "may" requirements).

REMUNERATION OF THE SUPERVISORY BOARD AND THE EXECUTIVE MANAGEMENT

Explanations regarding the remuneration system and remuneration of the members of the Executive Management and Supervisory Board as part of the corporate governance report:

EXECUTIVE MANAGEMENT REMUNERATION

The remuneration of the Executive Management is set by the Compensation Committee. It consists of a fixed component, other benefits (non-cash remuneration), a variable remuneration component and a stakeholder programme with long-term incentive and risk features.

In the event of the contractual end of an Executive Management member's activity for the Company, there is no entitlement to a settlement.

Fixed remuneration and benefits

The annual fixed remuneration of members of the Executive Management is set for the term of office and paid in twelve equal monthly instalments. It depends on the financial situation of WILEX AG and the level of remuneration paid by competitors.

In addition to the fixed remuneration, members of the Executive Management receive the following benefits:

As part of the non-cash benefits, in particular, a company car is made available to each Executive Management member.

WILEX AG additionally pays the premiums for a direct insurance up to the permissible maximum amount under Section 40b of the German Income Tax Act (EStG) and the premiums for an occupational disability insurance on behalf of Professor Dr Olaf G. Wilhelm, Chairman of the Executive Management. A pension commitment as part of a salary conversion was also granted to Professor Wilhelm in 1999 and accruals have been set up for this. The Company has no such obligations towards any other Executive Management members.

For the Executive Management member Dr Paul Bevan, the Company bears the costs of up to 24 economy class flights between Germany and the UK per calendar year.

Variable remuneration

Variable remuneration depends on the extent to which personal targets and WILEX AG performance targets are achieved. In 2006, the performance targets of WILEX AG included milestones in clinical development and the successful IPO.

The variable remuneration of Professor Dr Olaf G. Wilhelm amounts to a maximum of 75% of his fixed remuneration. For Dr Paul Bevan, this is a maximum of 33% of his fixed remuneration. In 2006, Peter Llewellyn-Davies received a bonus of EUR 50,000.00 for the successful IPO. From 2007 onwards, the variable remuneration of Peter Llewellyn-Davies will be a maximum of 33% of his fixed remuneration.

Incentive-based remuneration component with risk element

The incentive-based remuneration component with a risk element is based on the 2005 stock option plan, which was resolved by the Shareholders' Meeting on 8 September 2005. A maximum of 900,000 stock options can be granted to the Executive Management members under the plan. In financial year 2006, a total of 744,515 options were issued to Executive Management members (including Executive Management members who have left the Company). None of these options have lapsed. However, due to his leaving the Executive Management, Niels Ackermann returned 165,180 stock options to the Company. As at the reporting date of 30 November 2006, the members of the Executive Management held a total of 579,335 options.

Each of these options entitles the holder to the acquisition of one new share in return for payment of the option price. With regard to the above options, the price is EUR 5.52 per option.

The above options can only be exercised if the average closing price of WILEX shares during the preceding ten trading days prior to expiry of the waiting period (as described in the following paragraph) or for ten consecutive trading days at any other point in time following this date exceeds by a minimum of 10% the purchase price achieved by WILEX shares at the time of the last capital increase prior to granting of the options of EUR 6.90 per share.

The stock options can be exercised after an initial waiting period of two years.

Overall, the members of the Executive Management received the following fixed and variable remuneration as well as benefits and stock options in financial year 2006:

Executive Management member	Fixed remuneration*	Variable remuneration*/1)	Benefits2)	Stock options granted	Total* (excluding stock options)
Professor Dr Olaf G. Wilhelm	225,000	65,039	10,281	262,770	300,320
Dr Paul Bevan	200,000	20,000	13,344	175,180	233,344
Peter Llewellyn-Davies3)	50,000	0	2,229	131,385	52,229
Niels Ackermann4)	105,000	20,000	5,124	10,000	130,124

* Amounts in EUR.
1) Paid in 2006 for financial year 2005, in 2007 for 2006.
2) Value indicated in EUR.
3) Mr Llewellyn-Davies has been a member of the Company's Executive Management since 1 September 2006. He worked for WILEX AG in an advisory capacity from 8 June to 31 August 2006. The total fee paid to Mr Llewellyn-Davies during this period amounted to EUR 31.5 thousand plus expenses.
4) Mr Ackermann left the Executive Management of the Company at the end of the day on 15 June 2006.

The total value of stock options issued (i.e. to employees and members of the Executive Management of WILEX AG) and their value as at the reporting date for 2006 are specified from page 102 onwards of the notes.

SUPERVISORY BOARD REMUNERATION

The members of the Supervisory Board receive a fixed remuneration of EUR 15,000 for a full financial year of membership in accordance with the Company's Articles of Association. The Chairman of the Supervisory Board receives a fixed remuneration of EUR 35,000 and the Deputy Chairman EUR 25,000. The Supervisory Board remuneration is paid in four equal instalments on the last day of February and on 31 May, 31 August and 30 November of each financial year. In addition to expenses, the Company reimburses each Supervisory Board member for VAT payable on their remuneration and expenses.

The members of the Supervisory Board do not receive variable remuneration. No stock options or similar rights are granted to the members of the Supervisory Board. Supervisory Board members are not entitled to a settlement if they terminate their mandate.

The total remuneration paid by WILEX AG to the Supervisory Board for financial year 2006 amounted to EUR 105,000 (previous year: EUR 105,000) plus expenses. The table below shows the individual remuneration.

Supervisory Board member	Fixed remuneration*/1)
Dr David Ebsworth, Chairman	35,000
Dr Georg F. Baur, Deputy Chairman	25,000
Salvatore D'Orsa	15,000
Dr Alexandra Goll	15,000
Dr Jeremy Reffin	0[2)]
Dr Friedrich von Bohlen und Halbach	15,000

* Amounts in EUR.
1) The fourth instalment for financial year 2006 was paid after the end of financial year 2006.
2) Dr Reffin waived his remuneration for financial year 2006.

Remuneration of Supervisory Board members for activities outside their Supervisory Board remit

Dr Ebsworth, Chairman of the Supervisory Board, received a fee amounting to a total of EUR 68,500.00 plus expenses from WILEX AG as part of the consultancy agreement concluded in financial year 2006. The fee included in this amount for consultancy services provided in November 2006 was paid after the end of financial year 2006.

SHARES HELD BY THE EXECUTIVE MANAGEMENT AND SUPERVISORY BOARD

As at 30 November 2006, the Executive Management held 120,331 shares (representing 1.01% of the Company's share capital). As at the same date, the Supervisory Board held 99,347 shares (representing 0.83% of the company's share capital).

Munich, 26 February 2007

Dr David Ebsworth
Chairman of the
Supervisory Board

Professor Dr Olaf G. Wilhelm
Chairman of the
Executive Management

MANAGEMENT REPORT

The financial statements of WILEX AG have been prepared in accordance with International Financial Reporting Standards (IFRS), as applied in the EU, and will be disclosed in accordance with section 325 sub-section 2a HGB (German Commercial Code). This means that a management report must be prepared, which refers to the financial statements of the company to the extent required.

SIGNIFICANT DEVELOPMENTS IN FINANCIAL YEAR 2006

In financial year 2006 (1 December 2005 – 30 November 2006), WILEX AG moved considerably closer towards its vision of becoming a profitable biopharmaceutical company with a diversified portfolio of innovative drugs and medical products for treating cancer. WILEX has made significant progress in clinical development and at the same time, achieved an important milestone with its IPO towards the end of the financial year. With a more mature and broader portfolio and much improved capital resources, the Company has laid the foundation for accelerated growth and value-oriented development in the coming years.

After a successful monotherapy study, our most advanced drug candidate, RENCAREX®, has shown its specific activity in the treatment of metastatic renal cell carcinoma in two Phase II combination trials. The survival rate increased in combination with Interleukin-2 and Interferon alpha-2a. In the Phase III registration trial, which is currently underway, we are focusing on adjuvant therapy for patients with non-metastatic renal cell carcinoma following surgical removal of the tumour. There is a high unmet medical need in this area, because no post-operative treatment has been approved to date. In the financial year under review, we also appointed a high-calibre Medical Advisory Board to provide support for this study.

A proof-of-concept trial carried out by our cooperation partners on CA9-SCAN, our imaging diagnostic procedure which is based on the same antibody as RENCAREX®, has been completed with excellent results. Unlike traditional diagnostic procedures, CA9-SCAN shows with high accuracy whether an aggressive clear cell renal cell carcinoma exists. On the basis of these results, we have commenced preparations for a registration trial.

In seven Phase I trials with more than 140 patients, we have also been able to demonstrate the good safety and tolerance profile of our drug candidates, WX-UK1 and WX-671 for uPA system inhibition. Since the uPA system appears to support the formation of metastases in various cancers, the specific inhibition of this system may considerably improve the chances of patient survival.

CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

WILEX is a biopharmaceutical company, which focuses exclusively on the development of new cancer therapies. The Company was established by a team of doctors and cancer researchers at the Technical University of Munich. In 2001, WILEX was converted into a joint stock company under German law. Since November 2006, WILEX has been listed in the official market (Prime Standard segment) of the Frankfurt stock exchange.

BUSINESS ACTIVITIES

The object of the Company is to research and develop new drugs and diagnostic procedures, especially in oncology, as well as in-licensing and out-licensing of associated proprietary rights. WILEX focuses on two platform technologies – antibodies and small molecules. On this basis, we intend to clinically develop patient tailored, highly specific therapies with minimum side effects, taking them through to approval. Commercial exploitation will be via alliances and business partnerships to facilitate maximum value added within the Company.

Therapeutic antibodies can identify and bind specific proteins to the surface of tumour cells. This marks the tumour cells, stimulating the patient's own immune system to produce killer cells which attack the tumour cells and should destroy them. This mechanism is known as ADCC (Antibody Dependent Cellular Cytotoxicity).

Small molecule inhibitors act to inhibit the biological functions of tumour cells, which would otherwise enter the surrounding tissue and form metastases. The inhibitors prevent primary growth of the tumour as well as metastasis.

The scientific basis of our company is built on the experience of the founders, spanning 15 years of research into the uPA system, metastasis inhibitors and tumour growth.

WILEX owns the worldwide marketing rights for all drug and medical product candidates it is developing. Certain southern European countries are excluded, as the marketing rights for the drug candidate, RENCAREX®, which is now in Phase III, have been licensed to our cooperation partner, Laboratorios del Dr. Esteve S.A. (Esteve).

LOCATIONS AND PROPERTY OWNERSHIP

The Company's registered office is in Munich. WILEX does not own property. Administration and laboratories are located in rented premises.

MANAGEMENT AND CONTROL

The management and control of the Company is carried out by the Executive Management and Supervisory Board in line with the dual principle codified in Germany. In accordance with the Company's Articles of Association, the Executive Management may comprise one or more members. It works in close cooperation with the Supervisory Board, which advises and monitors the Executive Management regularly regarding the management of the Company. The Company's Supervisory Board comprises six members in accordance with the Articles of Association. In order to increase the efficiency of its work, there are two Supervisory Board committees, the Compensation Committee and the Audit Committee.

OUTLINE OF THE REMUNERATION SYSTEM

The Executive Management remuneration comprises three components. In addition to the fixed amount paid in 12 monthly instalments, the fixed remuneration component comprises non-cash benefits. Variable remuneration depends on the achievement of personal targets and the performance targets of the Company. The Company targets of WILEX AG in financial year 2006 included, in particular, achieving the milestones in clinical development and the Company's stock exchange listing. The remuneration component with long-term incentive and risk features is based on the 2005 stock option plan resolved by the Shareholders' Meeting on 8 September 2005. The stock options can be exercised for the first time after a holding period of two years. The option terms, including exercise thresholds, are described in detail in the notes.

In accordance with the Articles of Association, the members of the Supervisory Board receive fixed remuneration in addition to reimbursement of their expenses. The Company reimburses all Supervisory Board members for the VAT payable on their remuneration and expenses. The Supervisory Board members do not receive variable remuneration.

The remuneration system of the corporate bodies in financial year 2006 is described in detail on pages 115–116 of the notes. In addition, the Executive Management and Supervisory Board of WILEX AG have prepared a joint corporate governance report, which includes a detailed remuneration report. The corporate governance report is an integral part of the Annual Report 2006 and can also be downloaded from the Company's website.

DISCLOSURE

In application of section 325 sub-section 2a HGB (German Commercial Code), WILEX AG discloses its annual financial statements in accordance with International Financial Reporting Standards (IFRS).

PRODUCTS – MARKETS – COMPETITORS

The company has a balanced portfolio of drug and medical product candidates. At present, four candidates are in various clinical development phases, RENCAREX® (WX-G250), CA9-SCAN, WX-671 and WX-UK1. In addition, WILEX is pursuing two research projects, WX-77x and GPCR-uPAR.

RENCAREX®

RENCAREX® (WX-G250) is the company's drug candidate at the most advanced development stage. It is a monoclonal antibody based on genetic sequences from humans and mice, which binds to a tumour-specific antigen (MN/CA IX). This antigen is present in high concentration on the surface of renal cell carcinomas and also occurs in other forms of cancer. It is rarely found in healthy tissue. The binding process makes the tumour visible for the body's immune system and it can then be destroyed.

The drug candidate is currently undergoing a Phase III registration trial for the supportive (adjuvant) therapy of patients with clear cell renal cell carcinoma following complete or partial surgical removal of the affected kidney and if no metastases are detectable. RENCAREX® has been granted orphan drug status in the European Union and the USA. This status is awarded by the Food and Drug Administration (FDA) and the European Medicines Evaluation Agency (EMEA). This guarantees WILEX exclusive distribution rights from the moment of approval for ten years within the EU and seven in the USA.

According to the GLOBOCAN database, which contains an estimate of the number of cancer patients worldwide, around 210,000 new cases of renal cancer were diagnosed in 2002. Assuming a 2% p.a. increase in renal cancer, this figure will rise to approximately 225,000 new cases in 2006, with an estimated 64% to 77%, or 144,000 to 173,000 patients, presenting the clear cell renal cell carcinoma type. Around 50% of cases are recorded in the EU and North America. With 70% to 80%, the majority of patients have non-metastatic renal cell carcinoma when they are first diagnosed. 20% to 40% of these patients display risk factors which qualify them for inclusion in the current Phase III trial of RENCAREX®.

To date, no adjuvant therapy has been registered for clear cell renal cell carcinoma. A number of drug candidates previously developed for the indication of metastatic renal cell carcinoma are now also to be tested in adjuvant therapies. WILEX aims to be the first company to obtain approval for adjuvant therapy. Around 50 different preclinical and clinical studies based on various therapeutic approaches exist for the treatment of metastatic renal cell cancer.

CA9-SCAN

The medical product candidate, CA9-SCAN, is intended to be used as an imaging diagnostic product to support physicians in the diagnosis of renal tumours. Even modern imaging procedures, such as computer tomography and magnetic resonance imaging, cannot currently provide a clear indication of whether a tumour is benign or malignant. Only histological examination following surgical removal of the kidney provides this information at present. CA9-SCAN is a radioactively labelled form of the G250 antibody. It accumulates in tumour tissue, making it visible. The visualisation of this accumulation is effected by positron emission tomography (PET).

CA9-SCAN could significantly change the planning of treatment of patients with renal tumours and improve post-surgery monitoring. Application in the following areas could be explored:

- to diagnose preoperatively whether a patient is suffering from clear cell renal cell carcinoma,
- to detect the formation of metastases at an earlier stage,
- to monitor the efficacy of therapies,
- to follow up patients after surgical removal of a renal cell carcinoma.

In addition, CA9-SCAN could, in principle, also be suitable for the diagnosis of other types of tumour. In the renal cancer indication alone, the maximum sales volume of imaging procedures for diagnostic purposes is estimated to total up to USD 100 million (around EUR 75 million) per year.

WX-UK1

The urokinase-specific plasminogen activator (uPA) system appears to play an important role in the metastasis of tumour cells. uPA converts plasminogen into plasmin, which in turn acts as an additional serine protease and degrades certain components of the extracellular matrix (ECM). The result is that tumour cells enter the surrounding tissue and eventually also blood vessels, favouring the growth of tumours. This is why the uPA system might be a key target in therapies for cancer. With WX-UK1, WILEX has developed a serine protease inhibitor which blocks the activities of serine proteases that are relevant to the tumour, such as uPA, plasmin and thrombin. The substance is administered intravenously and aimed at inhibiting the spread of metastases and tumours.

WX-UK1 has provoked a reduction in the number of metastases and has inhibited growth of primary tumours in various preclinical trials. As part of clinical trials in conjunction with the Fox Chase Cancer Center in Philadelphia, a Phase I WX-UK1 combination study with the chemotherapy drug, Capecitabine (Xeloda®, Hoffmann-La Roche), has been carried out on patients with metastatic breast cancer. This cooperation has received support from the Biotechnology Clinical Partnership Award of the US Department of Defense (DoD) since August 2003.

WX-671

The orally administered drug candidate is converted into WX-UK1 in the body and accordingly has the same mechanism of action. To date, WX-671 has been tested for safety and tolerance in two Phase I trials involving healthy subjects. A dose escalation study is currently being conducted involving cancer patients with malignant head and neck tumours. WX-671 has proved safe and well tolerated by patients. As it is administered in capsules, WX-671 makes the long-term treatment of patients easier. We have therefore decided to test WX-671, and not WX-UK1, in two Phase II trials for its efficacy in pancreatic cancer and breast cancer.

The GLOBOCAN database estimates that around 1.15 million people were diagnosed with breast cancer in 2002, of which approximately 50% are in the EU and North America. Around 32% of patients presented with overexpression of the uPA system in the tumour tissue and can therefore be considered, in principle, for treatment with WX-UK1 or WX-671. To our knowledge, there are currently no clinical trials underway of further compounds for the specific inhibition of metastasis development through inhibition of the uPA system.

MANUFACTURING AND SUPPLY

WILEX owns the drug manufacturing licences for RENCAREX®, WX-UK1 and WX-671 in accordance with section 13 of the German Drug Act (Arzneimittelgesetz). The production, formulation and packaging of drug candidates is provided by accredited contractors including Avid BioServices, Inc., Bayer AG, Renschler Biotechnologie GmbH and Renschler Pharma GmbH. The production, formulation and packaging of the CA9-SCAN medical product candidate are provided by IBA Molecular, Inc. The WILEX laboratories are accredited to GLP (Good Laboratory Practice) standard. This is a prerequisite for recognition of preclinical and clinical data by national and international regulatory authorities. The Company also has an accreditation in accordance with the principles of Good Manufacturing Practice (GMP), which permits the testing or release of drugs for clinical trials in accordance with the analysis regulations put forward.

RESEARCH COOPERATION

WILEX has excellent contacts with scientists, clinics and research organisations. It maintains a number of long-term research and development cooperation projects with various university and clinical institutes in Europe and the USA. These include the Urology Department of the David Geffen School of Medicine at UCLA, the University of California in Los Angeles, the San Raffaele Biomedical Science Park in Italy, the Erasmus Medical Center in the Netherlands and the Ludwig Institute for Cancer Research in New York (LICR).

PATENTS

The platform technologies as well as the drug and medical product candidates of WILEX are protected by patents. The portfolio comprises 30 granted patents and more than 80 patent applications, which are divided into over 30 patent families and are mostly developed in-house. 90 patents and patent applications protect the different uPA inhibitors, with more than 10 patents and patent applications relating to the G250 programme.

LICENCE AGREEMENTS AND OTHER CONTRACTS

WILEX has concluded exclusive licence agreements, which are material to the business.

Several of these relate to the development and future commercial exploitation of the G250 antibody, on which RENCAREX® and CA9-SCAN are based. The antibody is licensed from Centocor, Inc. and the University of Leiden. Another licence has been granted by Bayer Corporation, which relates to the target antigen. In order to exclude any patent infringements, WILEX has also signed a licence agreement with Genentech Inc. As part of the agreements, WILEX must pay licence fees, which are essentially based on future sales.

An exclusive patent, expertise and brand licensing agreement for the distribution of RENCAREX® and an option on future G250 products in certain southern European countries is in place with our cooperation partner, Esteve. We have granted Esteve the distribution rights for Spain, Italy, Portugal, Greece and Andorra as well as an option on the Turkish market. In return, WILEX receives licence fees.

For our uPA programmes, we have acquired all five patent families and patent applications which are linked to WX-UK1 and WX-671 from Pentapharm AG. Alongside our own patents, this patent portfolio provides additional protection from imitation in the areas of composition and therapeutic application of the relevant serine protease inhibitors.

LEGAL AND ECONOMIC FACTORS

As a company focusing on oncology, WILEX operates in highly regulated markets. Drugs are subject to approval by the Food and Drug Administration (FDA) in the USA and the European Medicines Agency (EMEA) in the European Union as well as other national approval and regulatory authorities.

Drug approval requires comprehensive preclinical and clinical trials for every indication. These are based on stringent criteria. In the USA, clinical trials can only be carried out following approval of the Investigational New Drug (IND) status. In the European Union, an Investigational Medicinal Product Dossier (IMPD) for the drug must be submitted in accordance with the guidelines on clinical studies to obtain approval for clinical trials (Clinical Trial Application, CTA). Manufacturers and suppliers must be accredited in accordance with Good Manufacturing Practice regulations (GMP).

VALUE-ORIENTED CORPORATE STRATEGY

Our strategy is based on the interests of the major stakeholders – patients, shareholders and employees. We pursue a closed system of value-oriented management, which is reflected in all planning, management and control systems and we manage the capital entrusted to us responsibly.

Consistent and focused research and development activities are aimed at exploiting potential value added and breaking even within just a few years. The long-term goal is to establish with sustained success a biopharmaceutical company with a broad portfolio of novel drugs and medical products for the treatment of cancer.

IN-HOUSE CONTROL SYSTEM

As WILEX is not currently generating significant income, the use of relevant financial indicators such as return on capital employed (ROCE) for the purposes of management control are not meaningful at present. Instead, WILEX uses the cash burn rate, which represents the monthly net cash flow from operating and investing activities expressed as the average for the financial year. In 2006, this amounted to EUR 1,360 thousand per month. The ratio of burn rate to liquid funds indicates the number of months for which the cash held will be sufficient, assuming that there are no additional inflows of funds.

Patient-related indicators comprise clinical results regarding the efficacy, safety and tolerance of the candidates being developed. An example of an employee-related performance indicator is the number of patent applications submitted via the Patent Incentive Programme (see page 63). The methods WILEX uses to measure the efficiency of internal processes include the adherence to clinical trial schedules.

STRATEGIC MILESTONES

Our near term strategic goals are the submission for marketing approval of CA9-SCAN and RENCAREX® and the successful conclusion of a Phase II clinical trial for WX-671 in inoperable non-metastatic pancreatic cancer.

In terms of marketing our products, we intend to enter into strategic alliances with one or more pharmaceutical companies. The cooperation with Esteve represents the first step in this direction. We will extend our product portfolio to include innovative drug and medical product candidates for the treatment of cancer by working with academic and clinical institutes and, especially, through acquiring licences and patents.

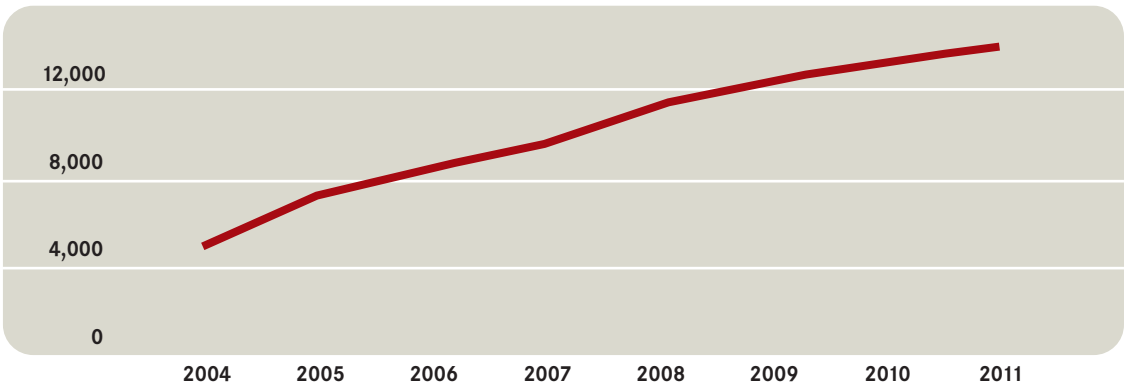
ECONOMIC CONDITIONS

Although WILEX does not market any of its products at present and therefore has no marketing activities, we monitor current economic conditions closely. They provide information about how the pharmaceutical and biotherapeutic sectors will develop between now and the planned market launch of our products.

Long-term trends have continued in the reporting year:

- according to the market survey entitled *The Future of Monoclonal Antibody Therapeutics*, which was carried out by Business Insights, the global sales volume achieved with therapeutic monoclonal antibodies in oncology rose by almost USD 1 billion in 2006 to over USD 8 billion. Based on expected new approvals, the survey assumes a market volume of almost USD 30 billion in 2011 for therapeutic monoclonal antibodies. Almost half of this will be attributable to therapies in oncology. This means that the oncology market remains one of the fastest growing segments in the pharmaceutical industry.
- market analyst Datamonitor expects that global sales achieved with small molecules will rise to around USD 13 billion by 2010.
- the World Health Organization (WHO) expects the number of new cases of cancer diagnosed world wide to total around 11 million a year. Cancer already accounts for around 7 million deaths, which corresponds to 12.5% of all deaths recorded in the WHO statistics. If this trend continues, cancer could replace cardiovascular diseases as the major cause of death.

In Germany, economic conditions are dominated by the Economic Optimisation of Pharmaceutical Care Act (AVWG). In accordance with the Act, manufacturers of non-patented drugs with equivalent drugs (which are eligible as generic drugs) must undertake to grant a mandatory discount of 10% on all drugs settled under the state healthcare system. Any price markups applied after 1 November 2005 have been declared null and void. Although WILEX's products will not be affected by such regulations after their planned market launch because market protection will be in place for several years following approval, the aim to reduce the cost of drugs highlights the difficult situation of state healthcare systems. In addition to efficacy and tolerance, new therapies will therefore have to be measurable in terms of economic efficiency. WILEX is confident that targeted therapies that are in line with the paradigm of target and control will also make a contribution towards reducing costs. The use of CA9-SCAN, for example, could prevent unnecessary surgery in future.



Global market volume of monoclonal antibodies in oncology
in USD million (estimated)

Source: Business Insights, 2006

RESEARCH AND DEVELOPMENT

In financial year 2006, WILEX significantly extended its portfolio of drugs and medical products in preclinical and clinical development stages. At the same time, the Company has matured and advanced its clinical trial programmes.

RENCAREX® (WX-G250)

Following the successful completion of two Phase II trials in the indication of metastatic clear cell renal cell carcinoma – one a monotherapy trial and one a combination trial with low-dose Interleukin-2 – we obtained survival data from a third Phase II trial in October 2006, which was a combination trial with low-dose Interferon alpha-2a. Of 32 patients, 16 responded clinically to the combination therapy and were admitted for further treatment. For these patients, the median survival time was 45 months compared with 10 months in the group that received no further treatment. There is an equally marked difference in the two-year survival rate, which stood at 79% in the group receiving further treatment and only 30% in the group receiving no further treatment.

Given the positive findings in the indication of metastatic renal cancer, we took the decision to develop RENCAREX® in the indication of post-operative non-metastatic renal cell carcinoma in financial year 2004. The background is that many patients relapse after surgical resection of the affected kidney, even where no metastases were initially identified. No suitable treatment to prevent disease recurrence exists at present. We intend to open up this medical market with RENCAREX®.

In the current Phase III trial under the acronym, ARISER (**A**djuvant **R**ENCAREX® **I**mmunotherapy trial to **S**tudy **E**fficacy in non-metastatic **R**enal cell carcinoma), we have increased the number of trial centres from 83 at the beginning of financial year 2006 to over 150. Patient recruitment has also been successful. Patients who have undergone partial or complete resection of an affected kidney and who fulfil the predefined criteria of being at high risk of relapse are eligible for the trial.

The trial design is multicentre, randomised and double-blind. In group I RENCAREX® is administered intravenously, while in group II patients are given a placebo. In principle, neither the patient, the doctor nor WILEX knows whether a patient has been given RENCAREX® or a placebo until the data is analysed. The study is successful if the diesease-free survival time of patients in group I differs positively and significantly in statistical terms from that of patients in group II. Initial findings will be available on completion of the futility analysis, which is scheduled to be carried out during 2007 once 100 patients have relapsed. An independent body will carry out this analysis and advise WILEX of its outcome. This will enable us to assess whether the trial is likely to produce the desired results.

CA9-SCAN

In collaboration with the Memorial Sloane-Kettering Cancer Center in New York, our cooperation partner, the Ludwig Institute for Cancer Research in New York, completed a proof-of-concept trial with excellent results in 2006. Based on the trial, CA9-SCAN can be used to assess with a high level of certainty positive or negative predictive value in diagnosing clear cell renal cell carcinoma. All patients with high uptake of CA9-SCAN in the tumour tissue could be diagnosed with clear cell renal cell carcinoma, as was evidenced by the subsequent histological examination. Negative results were also confirmed by the histological examination in nine out of ten cases. On the basis of these findings, we have started preparations for a registration trial.

WX-UK1

We have also successfully completed two Ib Phase clinical trials with the intravenously administered drug, WX-UK1, involving cancer patients. In both multicentre trials, safety, pharmacokinetics and biological activity were measured following increasing WX-UK1 doses. One trial was run as a monotherapy for patients with advanced solid tumours and the other as a monotherapy for patients with head and neck tumours. The substance showed a good safety and tolerance profile in all tested doses.

Another WX-UK1 Phase I combination trial with the chemotherapeutic drug, Capecitabine (Xeloda®Hoffmann-La Roche, Basle, Switzerland), is progressing according to plan. It is being carried out on patients with metastatic breast cancer in cooperation with the Fox Chase Cancer Center in Philadelphia. Up until September 2008, this cooperation will continue to be supported by the US Department of Defense as part of the Biotechnology Clinical Partnership Award. On condition of WILEX assuming the costs for the Phase II trial and the additional associated costs, an increase in the grant by USD 1.0 million to a total of around USD 5 million was approved on 26 September 2006. This funding supports clinical trials with WX-UK1 and WX-671.

WX-671

In August 2006, we launched a Phase Ib clinical trial for the candidate WX-671. The compound is administered orally to patients with head and neck tumours before surgery to determine its safety, tolerability and pharmacokinetics. During the previously completed Phase I trial, healthy subjects were given WX-671 in increasing doses. The treatment proved safe and well tolerated at all dose levels.

LICENCE AGREEMENTS AND PATENTS ACQUIRED IN 2006

In May 2006, we acquired a non-exclusive licence for the Cabilly II patent from Genentech. The patent protects certain manufacturing processes of chimeric antibodies in the USA, which include the G250 antibody. We have made an advance payment to Genentech for this and are committed to further milestone payments. In addition, licence fees will apply to future net sales of chimeric G250 products until the Cabilly II patent expires in 2018. The patent is currently being challenged by two parties in the USA. In a preliminary decision of August 2006, the US Patent and Trademark Office declared the object of the patent as not being novel and not an invention. In the event of the patent being declared invalid in the further proceedings, this may mean that WILEX is no longer obliged to make payments in relation to the patent in future.

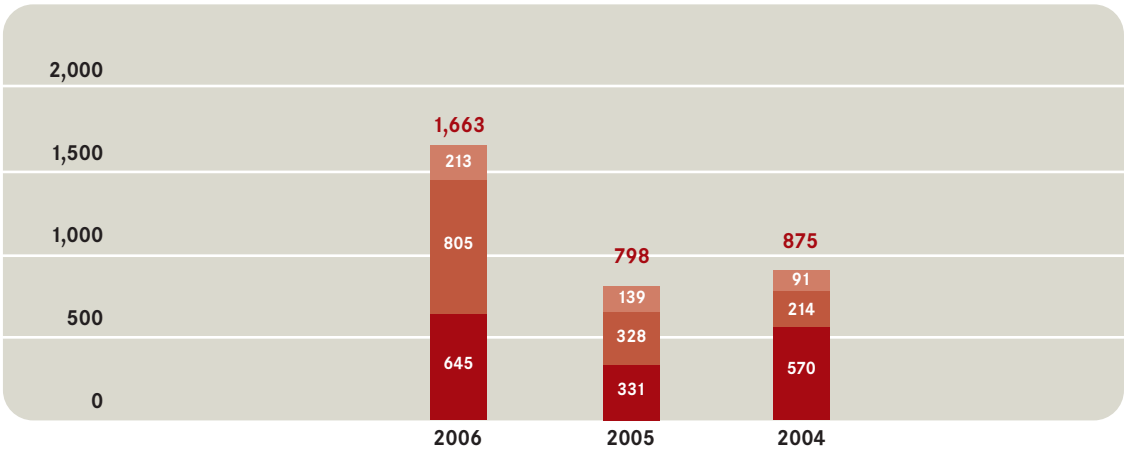
In February 2006, we acquired an option from Dendreon Corporation in Seattle for the purchase of all of the Company's patents and patent applications for uPA inhibitors. The expenses associated with the acquisition of the option are taken into account in the research and development costs for financial year 2006.

EARNINGS

Due to intensified efforts in research and development, especially regarding RENCAREX®, WILEX generated a net loss of EUR 18.7 million (previous year: EUR 11.1 million) in financial year 2006. This result is within expectations. Due to the higher number of shares, earnings per share were slightly down by 5.9% to EUR – 2.32 (previous year: EUR – 2.19).

OTHER OPERATING INCOME

As all products are still in research and development stages, WILEX is not yet generating sales revenues. Accordingly, the income side of the profit & loss statement consists mainly of other operating income. This emanates from licence fees payable by our cooperation partner, Esteve, and the development funds received from the US Department of Defense. In accordance with contractual agreements, both components can be drawn in line with progress on the relevant project. As a result of WILEX achieving significant milestones in the reporting year relating to the projects which are at clinical research stage, other operating income increased from EUR 0.8 million in the previous year to EUR 1.7 million.



Other operating income
in EUR '000

- Release of other debt / Other
- Income realisation Esteve
- Grant provided by the US Department of Defense

OPERATING EXPENSES

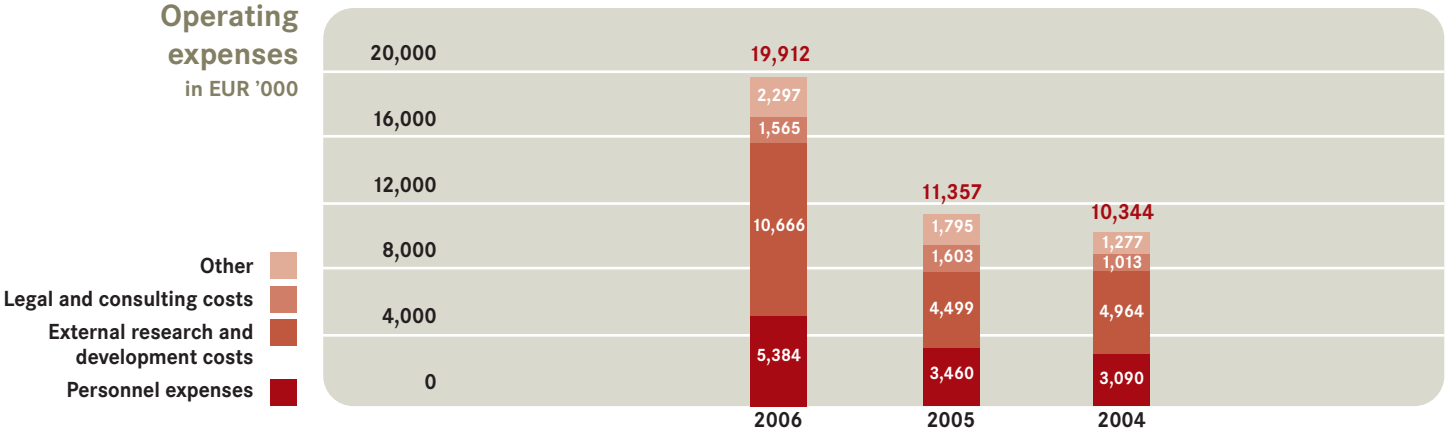
Operating expenses amounted to EUR 19.9 million in 2006 (previous year: EUR 11.4 million). Of this, EUR 15.7 million (previous year: EUR 8.1.million), or 78.9% (previous year: 71.1%) were attributable to research and development. A major proportion of the research and development costs resulted from the clinical development of RENCAREX®. This is due to the fact that the current Phase III clinical trial is particularly cost intensive, as is typical of Phase III trials, because it includes a large number of hospitals and research centres. Research costs for antibody development accounted for EUR 10.3 million, or 65.4% of total costs, and research and development in connection with small molecule compounds cost EUR 3.4 million, or 21.7%. The costs of other programmes were recorded as EUR 2.0 million, or 12.9%.

Quality assurance and control costs also increased in line with progress on clinical trials. After EUR 0.2 million in the previous year, these costs amounted to EUR 0.4 million in 2006. This cost block comprises expenses for documentation and checks carried out by contract research organisations (CRO).

General & Administrative costs totalled EUR 3.8 million, exceeding the figure for the previous year of EUR 3.1 million by 22.7%. The increase results from higher staff expenses due to a greater number of employees and the first-time inclusion of expenses relating to the revaluation of stock options, which amounted to EUR 1.3 million.

The net financial result improved by 30.2% to EUR – 0.4 million compared with the previous year (EUR – 0.6 million). Interest income reported in the net financial result is based on the interest accruing in less than 12 months on liquid funds, which have not yet been drawn for research purposes. The annual average for these liquid funds was higher than in the previous year. However, the early termination of silent partnerships, which were no longer required to finance our activities following the substantial inflow of funds from the IPO, have not yet impacted significantly on the net financial result in the reporting year. With the repayment of the silent partnerships, WILEX has created the basis for an increase in the net financial result in future financial years.

Operating expenses
in EUR '000



FINANCIAL SITUATION

SUCCESSFUL IPO

The successful IPO in November 2006 and associated capital increase represent a milestone in the history of the Company and have significantly enhanced its financial situation. Gross issue proceeds of around EUR 55.2 million provide a sound basis for value-oriented growth at WILEX, which is mainly financed from shareholders' equity. The Company is in a position to progress imminent cost-intensive studies in various clinical trial phases with internal funds. This means that WILEX will be able to choose the time for out-licensing in such a way that value added potential can be comprehensively exploited in the interests of shareholders. In addition, loans from silent partnerships totalling EUR 7.7 million including interest were repaid. This measure will have a positive impact on the net financial result in subsequent years.

As at the reporting date of 30 November 2006, subscribed capital was up from EUR 8.0 million to EUR 12.0 million following the placement of 4 million shares as part of the IPO. At the start of the financial year in December 2005, the share capital increased by around EUR 2.2 million with the final tranche of the fourth private round of financing through cash contributions. Overall, the subscribed capital of WILEX more than doubled in financial year 2006.

The financing of our ambitious projects in clinical development was never under threat in financial year 2006 and liquidity was sufficient at all times.

INVESTMENTS

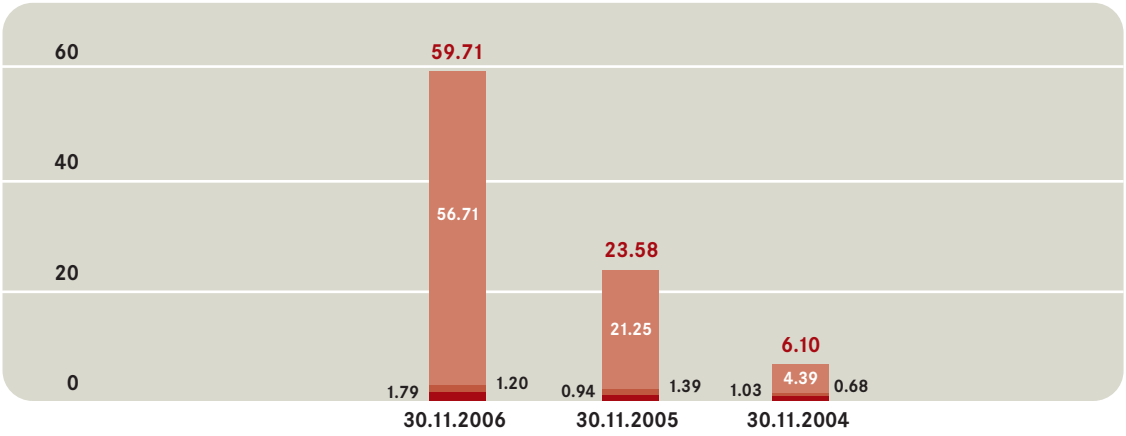
The funds used in connection with the continued development of the drug and medical product candidates are not capitalised but expensed as ongoing research and development costs. Accordingly, capital expenditures at WILEX were once again relatively low in financial year 2006. The additions to fixed assets amounted to EUR 0.3 million (previous year: EUR 0.1 million). Depreciation totalled EUR 0.1 million (previous year: EUR 0.1 million). The most significant individual transaction involved the acquisition of laboratory equipment for around EUR 0.3 million under a finance lease agreement, which was capitalised in accordance with the provisions of IFRS.

Additions to intangible assets amounted to EUR 0.7 million, compared to just EUR 6,000 in the previous year. The main item was the acquisition of a non-exclusive licence for the Cabilly II patent from Genentech for the RENCAREX® antibody. Amortisation of intangible assets totalled EUR 0.07 million (previous year: EUR 0.05 million).

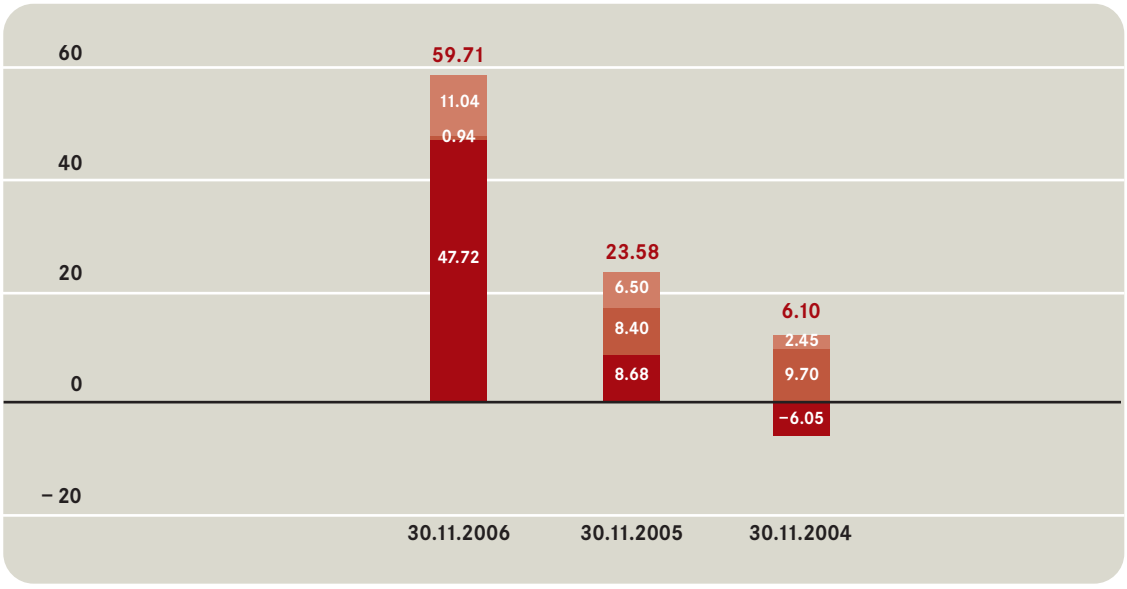
ASSETS AND FINANCING

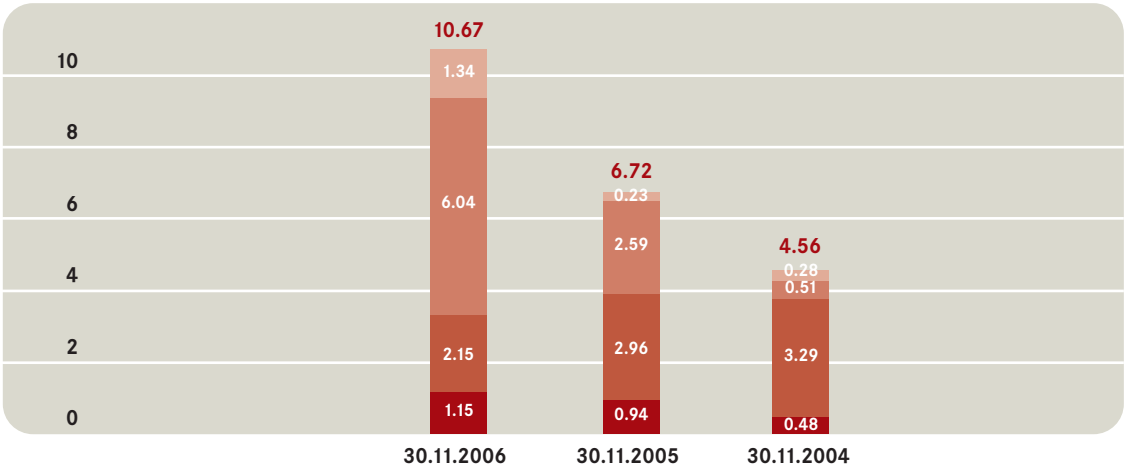
The inflow of funds from the two capital increases has considerably changed the balance sheet structure of WILEX. The marked rise in shareholders' equity to EUR 47.7 million (previous year: EUR 8.7 million) and the corresponding increase in liquid funds to EUR 56.7 million (previous year: EUR 21.2 million), based on cash positions and bank credit balances, have resulted in a clear increase in total assets of EUR 59.7 million (previous year: EUR 23.6 million). The liquidity ratio of WILEX amounted to 513.5% as at the reporting date, defined as the quotient of the total of cash positions and bank credit balances and current liabilities.

Balance sheet structure – total assets
in EUR million



Balance sheet structure – total liabilities
in EUR million





Other long-term and current debt
in EUR million

- Other
- Accruals
- Accrual Esteve
- Accrual US Department of Defense

The capital reserve increased to EUR 104.4 million (previous year: EUR 41.8 million), while accumulated losses arising from the research and development activities of WILEX to date amounted to EUR 68.7 million (previous year: EUR 50.0 million). As at the reporting date, the capital ratio was 79.9% (previous year: 36.8%).

WILEX has reduced long-term debt significantly from EUR 8.4 million to EUR 0.9 million. The fully repaid silent partnership loans, which amounted to EUR 7.1 million in the previous year, influenced this. Due to the acquisition of the laboratory equipment, WILEX reported liabilities under a lease agreement totalling EUR 0.19 million for the first time. Other long-term debt of EUR 0.8 million (previous year: EUR 1.3 million) was largely attributable to licence fees from Esteve, which have not yet been released in for the relevant development project.

Current debt rose to EUR 11.0 million (previous year: EUR 6.5 million). In particular, accruals increased to EUR 6.0 million (previous year: EUR 2.6 million), which were set up for future payments, for example to the contract research organisations. The rise in accruals to the US Department of Defense of EUR 1.1 million (previous year: EUR 0.9 million) resulted from lower costs in the period under review. As long as payments for the WX-UK1 study exceed the costs incurred, they will be reported in the balance sheet as debt. The reduction in accruals for Esteve from EUR 3.0 million in the previous year to EUR 2.2 million is due to project progress (see the information regarding other operating income).

Prepayments of almost EUR 1.1 million (previous year: EUR 1.2 million) relate essentially to payments to a service provider in connection with Phase III for RENCAREX®.

The long-term assets of WILEX have almost doubled to EUR 1.8 million (previous year: EUR 0.9 million), mainly as a result of the acquisition of a licence.

STOCK OPTIONS

WILEX has issued a total of 891,324 subscription rights to employees and Executive Management members under the stock option programme. As at the reporting date, 723,369 were outstanding. None of the options could be exercised to date.

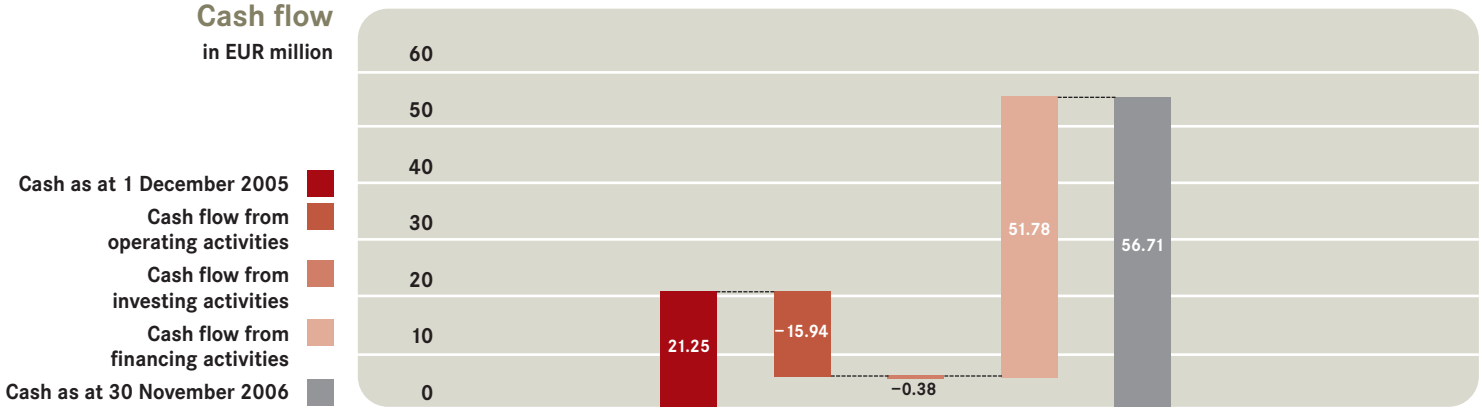
INTANGIBLE ASSETS

In addition to the intangible assets reported in the balance sheet, the Company value of WILEX is determined by a series of other intangibles. This includes primarily human capital, i.e. the expertise of employees and the management, and the value of our relationships with scientists and cooperation partners. These elements are decisive for the Company value of WILEX, as the value-oriented development of our portfolio depends as much on them as the opportunities of commercial exploitation and in-licensing of new and attractive development candidates.

CASH FLOW STATEMENT

The cash flow statement of WILEX was also significantly impacted by the capital increases carried out in the financial year. Operating cash flow of EUR – 15.9 million (previous year: EUR – 8.9 million) largely reflects the increased costs of research and development. Cash flow from investing activities stood at EUR – 0.4 million (previous year: EUR – 0.07 million). Net cash provided from financing activities rose to EUR 51.8 million (previous year: EUR 25.9 million) as a result of the capital increases.

Cash flow
in EUR million



OVERALL ASSESSMENT OF THE FINANCIAL SITUATION

Overall, the trend in earnings and the financial situation is in line with our expectations. Naturally, the development costs impact on the profit & loss statement, because WILEX does not generate significant income. The equity-based financing of the development programme is secured for the foreseeable future.

THREE-YEAR OVERVIEW

Key indicators relating to the financial situation of the Company are provided in the three-year overview below.

	2006	2005	2004
Profit & loss key figures in EUR '000			
Other operating income	1,663	799	875
Operating expenses	(19,912)	(11,357)	(10,344)
of which research and development costs	(15,730)	(8,051)	(7,875)
Operating result	(18,249)	(10,558)	(9,469)
Earnings before tax	(18,637)	(11,115)	(9,996)
Net loss for the period	(18,660)	(11,125)	(10,002)
Earnings per share in EUR	(2.32)	(2.19)	(0.92)
Balance sheet key figures as of 30 November in EUR '000			
Total assets	59,707	23,581	6,095
Liquid funds	56,709	21,248	4,388
Liquidity ratio[1] in %	513.5	326.8	179.4
Shareholders' equity	47,720	8,679	(6,054)
Capital ratio[2] in %	79.9	36.8	(99.3)
Cash flow statement in EUR '000			
from operating activities	(15,942)	(8,926)	(6,799)
from investing activities	(382)	(71)	(437)
from financing activities	51,785	25,857	(45)
Employees			
as at 30 November	46	41	40
annual average	44	40	40

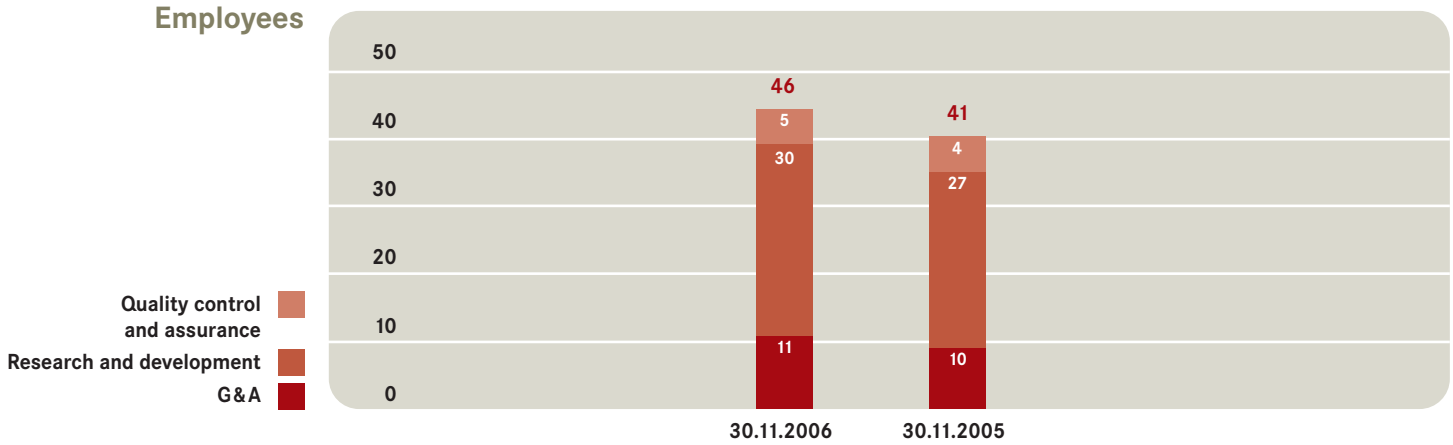
1) Cash and cash equivalents / Current debt
2) Shareholders' equity / Total assets

EMPLOYEES

The business activities of WILEX require a high-calibre team of professional experts in research and development, quality control and assurance, administration and regulatory affairs. As at 30 November 2006, we employed 46 staff following 41 in the previous year. 30 employees (previous year: 27) work in research and development and five (previous year: four) in quality control and assurance.

Employees receive performance-related remuneration and some are offered participation in the Company's success by acquiring stock options. Currently, 30 employees participate in the 2005 stock option programme. As at the reporting date, 144,034 stock options to employees were outstanding.

In addition, we offer bonuses as part of the Patent Incentive Programme for employee inventions that result in patent applications.



SUPPLEMENTARY REPORT

In December 2006, WILEX signed an agreement with IBA Molecular N.A., Sterling, Virginia, USA. IBA supplies radiopharmaceutical products and isotopes for radiotherapy and radiodiagnostics and is a global leader in this field. IBA will label the WILEX antibody WX-G250 radioactively with ^{124}Iodine and deliver it to the participating research centres as part of the registrational study for the CA9-SCAN imaging diagnostic procedure.

WILEX has also received approval from the Federal Institute for Drugs and Medical Products for the implementation of a clinical Phase II trial for the drug candidate, WX-671, in combination with the chemotherapeutic drug, Gemcitabine (Gemzar®, Eli Lilly and Company, Indianapolis, USA). This is a randomised, open Phase II trial involving patients with locally advanced, inoperable, non-metastatic pancreatic cancer.

No other significant events and material developments occurred after the reporting date.

RISK REPORT

RISK STRATEGY

Recording, assessing and efficiently managing strategic and operational risks are central tasks of the WILEX management. All material risks that may occur with reasonable probability are closely monitored. All material management decisions are taken following a comprehensive assessment of the associated risks.

As a company which focuses primarily on biopharmaceutical research and development and not yet achieving significant earnings, WILEX is naturally exposed to relatively high risks. These can affect many business functions and could have a significant negative impact on our earnings and financial situation as well as the company valuation.

The risk strategy is defined by the Executive Management and agreed with the Supervisory Board. At WILEX, the Chief Financial Officer is responsible for risk management and control. The Controlling department regularly reports to him on the latest risk management status.

RISK MANAGEMENT AND CONTROL

WILEX uses an IT-based risk management system for early identification of risks. The system complies with the requirements of the German Law on Control and Transparency of Companies (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich). The system is used to identify and assess risks as well as to monitor the measures taken to minimise these. The comprehensive quarterly monitoring of potential risks encompasses a total of 16 risk areas. All material risks form an integral part of a risk report, which is prepared on a fortnightly basis and submitted to the Executive Management. Where necessary, a report on particularly relevant risks is prepared at shorter intervals. All discernible risks are described in detail in a Risk Handbook which is revised on a regular basis.

GENERAL BUSINESS RISKS

WILEX is subject to the risks that are typical of the biotechnology sector and are linked to the development and manufacturing of drugs used in cancer therapies. It is a well known fact that the time from starting drug development to registration can take up to 15 years. The failure rate is high and there is the general risk that none of the drug candidates will succeed.

PRODUCT DEVELOPMENT RISKS

WILEX focuses on specific aspects of oncology, in particular the diagnosis and treatment of clear cell renal cell carcinoma. The pipeline comprises RENCAREX®, CA9-SCAN, WX-UK1 and WX-671, each of which is being developed independently by the Company or in cooperation with other organisations. Development can fail as a result of many risks. Difficulties can arise with regard to patient recruitment or in the cooperation with clinical test centres or contract research organisations. To date, none of the product candidates has

successfully completed all clinical trial phases and the regulatory approval procedure. Preclinical and early clinical trials do not provide certainty about the safety and efficacy of a candidate in a later trial. Even after a successful registration trial, a delay or objection in registering a candidate cannot be excluded. This could be the case if the documentation on the manufacturing process, quality control or analysis methods does not meet regulatory requirements.

SUBCONTRACTING RISKS

WILEX does not have its own production facilities and must therefore subcontract the manufacturing of its product candidates. There are inherent risks in this process, including potential quality and capacity problems as well as the possibility of discontinued supply following the termination of a contractual relationship.

RISKS RESULTING FROM COMPETITION AND TECHNOLOGICAL PROGRESS

WILEX's competitors include major pharmaceutical, chemical and biotechnology companies, which have access to extensive financial and technological resources and sales structures. Some biotechnology companies have also set up alliances with major established companies in order to intensify efforts related to the research, development and marketing of competitive products.

In addition, various research and scientific institutes operate in areas similar to those in which WILEX is active. Some competitors can concentrate on gaining market share. They are in a position to offer their technology to cooperation partners at a lower cost, or even free of charge. The first product to market generally has a clear competitive edge over products that are launched later, because subsequent market players need to substantiate that their products have improved features compared with the product already launched. WILEX operates with the risk that technologies and products developed by its competitors could prove safer, more efficient and more cost effective than its own technology and products. In addition, there is the risk that the technology is used to produce products that reach the market earlier and could be more successful than WILEX's drugs.

PRODUCT RISKS

The marketing and sales of antibody products and services for specific indications are subject to possible product liability risks. Liability actions against WILEX at a later stage cannot be excluded. There is no guarantee that insurance cover could be acquired at justifiable cost and acceptable terms, or that it would be sufficient to protect WILEX from lawsuits or losses.

RISKS AND DEPENDENCE RELATING TO HEALTHCARE PROVISIONING AND SPENDING BY THE PHARMACEUTICAL INDUSTRY

WILEX is dependent on different sources of income, in particular, charges, milestone payments and fees from licensees and cooperation partners. In addition, the state of public health authorities, research institutes, private health insurance providers and other organisations impact on the business activities of WILEX. Many cooperation and out-licensing agreements provide for milestones and fees that are due upon performance of specific criteria. WILEX has no influence on whether cooperation partners and licensees achieve these milestones, or if partners continue to develop a product at all. Competitors may also attempt in-licensing of products, which have progressed further than WILEX products. As a result, products in the WILEX pipeline might not reach a sufficiently advanced development stage to be of interest for a defined period. There is no guarantee that stable sales will result from existing or future partnerships.

ENVIRONMENTAL AND HEALTH RISKS

WILEX uses hazardous substances in its research and development programmes, including radioactive material. This is subject to legal provisions and regulations on health and safety and the environment. Non-compliance may result in financial losses.

LEGAL RISKS

There are no legal disputes at present.

FINANCING RISKS

WILEX will continue to have a substantial capital requirement after the IPO. This requirement depends on many factors, including the Company's ability to find licensees and enter into cooperation agreements as well as the success of such cooperations in terms of sales revenues resulting, for example, from licence fees, milestone payments and other fees. The costs of preclinical trials for WILEX products and technology and the costs registering, protecting and enforcing patent rights may exceed the return from these products. The Company may also find itself in the situation of having to raise additional financing in future. However, there is no guarantee that such funds would be available if required. In this event, WILEX would need to reduce expenditure on research and development, production and marketing. All of the above developments may affect the financial and earnings situation of WILEX.

FOREIGN EXCHANGE RISKS

WILEX works with several service providers at international level and is therefore exposed to exchange risks in connection with currency positions in US dollars and Swiss francs. Any revaluation of the US dollar or Swiss franc against the euro may therefore increase expenses reported in euros. In future, WILEX expects that a major proportion of sales and costs, including a share of the income from research and development cooperation agreements, will be reported in US dollars and Swiss francs. The effects of exchange rate fluctuations on the earnings and financial position of WILEX may therefore increase. No hedging transactions are currently concluded. As foreign currency transactions increase, possible hedging transactions will be considered.

DEPENDENCE ON EMPLOYEES

The Company mainly employs experts in clinical development and the development of antibodies. In the past, WILEX has never encountered a problem recruiting suitable managers and researchers. However, in terms of staff, WILEX is in competition with other companies, universities, public and private sector research institutes and other organisations. Success in the recruitment of employees also depends on the overall remuneration, including stock options. If the share price falls, WILEX could become less attractive as an employer for potential and existing employees. In the event of WILEX failing to recruit qualified staff in future, the implementation of the Company's business strategy could be delayed, which would significantly affect its business prospects.

OVERALL ASSESSMENT OF THE RISK SITUATION

Based on the information available at present, there are no discernible risks that may jeopardise the continued existence of the Company in 2007. Following the successful IPO and the inflow of issue proceeds, the Company is well placed to continue research and development, in particular that relating to RENCAREX®. According to the current planning status, liquid funds will be sufficient until at least the third quarter of 2008. The Executive Management assumes that by then, additional inflow of capital will be generated via partnership and cooperation agreements.

In the event of these plans not materialising and no new inflow of funds being generated, the medium or long-term existence of the Company could be jeopardised.

OUTLOOK

STRATEGY

WILEX will continue to focus on the value-oriented development of its candidates in the coming financial years and, in parallel, sound out opportunities of generating income from out-licensing following the successful completion of trials. However, such income is expected in financial year 2008 at the earliest. Moreover, WILEX plans to extend its product portfolio continually through the in-licensing of candidates in the preclinical and early clinical stages.

RESEARCH AND DEVELOPMENT

We expect that a futility analysis will be possible in the second half of financial year 2007 as part of the Phase III trial of RENCAREX®. This will provide initial information as to whether the trial could produce the expected findings. If the results of the futility analysis are positive, we intend to enter into intense negotiations regarding the further out-licensing of RENCAREX® for adjuvant post-operative treatment of renal cell carcinoma. These talks are not expected to lead to a commercially exploitable outcome before financial year 2008.

In financial year 2007, WILEX intends to start a registration trial for CA9-SCAN. The trial design is currently being agreed with the authorities. WILEX anticipates that the results of this registration trial will be available in 2008.

WILEX intends to proceed to clinical Phase II with WX-671.

With regard to the financial and legal conditions, we do not expect any changes which would materially affect our research and development activities or financial prospects.

EXPECTED EARNINGS

WILEX does not expect its earnings to change significantly in financial year 2007 compared with the previous year. As the Company will not yet be generating substantial sales and earnings, it will close financial year 2007 with a clear net loss for the year. Due to the continued focus on progressing research and development, this deficit is expected to exceed that of 2006. WILEX will also not break even in 2008. However, assuming successful clinical development, it is conceivable that earnings in 2008 will be considerably higher due to initial payments from licensees.

In 2007, other operating income will continue to be based mainly on licence fees paid by our cooperation partner, Esteve, and the development funds from the US Department of Defense. In accordance with contractual agreements, both components can be drawn in line with progress on the relevant project.

EXPECTED FINANCIAL SITUATION

Research and development costs as part of our growth strategy will once again be financed from shareholders' equity in financial year 2007. This corresponds to a decrease in liquid funds on the assets side. The application of funds will result in a marked decrease in total assets. In accordance with our financial planning, we will not assume material financial liabilities in future. The investment budget will remain at a comparatively low level, as development activities will generally continue to be charged directly to expenses.

ANNUAL FINANCIAL STATEMENTS

as at 30 November 2006

PROFIT & LOSS STATEMENT

in accordance with IFRS for the financial year ended 30 November 2006

	Note	2006 in EUR	2005 in EUR
Other operating income	15	1,662,802	798,514
Income		1,662,802	798,514
Operating expenses (incl. depreciation)			
Research and development costs	16	(15,729,796)	(8,051,060)
Quality control and assurance	16	(421,888)	(241,445)
G&A costs	16	(3,759,947)	(3,064,234)
Operating expenses		(19,911,630)	(11,356,739)
OPERATING RESULT		(18,248,829)	(10,558,225)
Finance income	19	539,252	150,866
Finance expenditure	19	(927,793)	(707,833)
Net financial result		(388,541)	(556,967)
EARNINGS BEFORE TAX		(18,637,369)	(11,115,192)
Income tax	21	(22,987)	(9,371)
NET LOSS FOR THE PERIOD		(18,660,356)	(11,124,563)
Earnings per share:			
Undiluted and diluted earnings per share	22	(2.32)	(2.19)
Average number of shares issued	22	8,040,898	5,080,131

BALANCE SHEET

in accordance with IFRS for the financial year ended 30 November 2006

	Note	30.11.2006 in EUR	30.11.2005 in EUR
ASSETS			
Property and equipment	5	509,537	311,198
Intangible assets	6	1,284,496	630,604
Long-term assets		1,794,033	941,802
Inventories	7	22,200	27,500
Other prepayments	8	1,069,638	1,235,194
Other receivables	8	112,217	128,032
Cash and cash equivalents	9	56,708,532	21,248,162
Current assets		57,912,588	22,638,888
TOTAL ASSETS		59,706,620	23,580,690
SHAREHOLDERS' EQUITY AND DEBT			
Subscribed capital	10	11,962,754	5,788,883
Capital reserve	10	104,426,653	41,841,728
Contributions for the capital increase resolved	10	0	11,057,188
Accumulated losses	10	(68,669,279)	(50,008,923)
Shareholders' equity		47,720,128	8,678,876
Silent participations	11	0	7,101,049
Pension accruals	13	21,094	20,340
Other long-term debt	14	817,939	1,279,000
Liabilities arising from leasing agreements	23	104,252	0
Long-term debt		943,285	8,400,389
Trade accounts payable	14	1,103,522	1,063,720
Liabilities arising from leasing agreements	23	83,568	0
Other current debt	14	9,856,118	5,437,705
Current debt		11,043,208	6,501,425
TOTAL SHAREHOLDERS' EQUITY AND DEBT		59,706,620	23,580,690

STATEMENT OF CHANGES IN EQUITY

in accordance with IFRS for the financial year ended 30 November 2006

	Note	Shares	Sub-scribed capital	Capital reserve	Contri-butions for the capital increase resolved	Accumu-lated losses	Treasury stock	Total
		Number	in EUR	in EUR	in EUR	in EUR	in EUR	in EUR
AS AT 1 DECEMBER 2004		10,845,000	10,870,000	21,961,099	0	(38,884,360)	(281)	(6,053,542)
Capital increase, taking into account								
capital procurement costs		6,521,649	6,521,649	8,278,144				14,799,793
capital reduction treasury stock			(25,000)	24,719			281	0
capital reduction (3:1)		(11,577,766)	(11,577,766)	11,577,766				0
Contributions not yet entered in the commercial register					11,057,188			11,057,188
Net income/loss for the year						(11,124,563)		(11,124,563)
Total net income/loss								(11,124,563)
AS AT 30 NOVEMBER 2005		5,788,883	5,788,883	41,841,728	11,057,188	(50,008,923)	0	8,678,876
Capital increase and proceeds from the IPO, taking into account capital procurement costs	10	6,173,871	6,173,871	61,275,042				67,448,913
Contributions not yet entered in the commerical register	10				(11,057,188)			(11,057,188)
Valuation of stock options	10			1,309,883				1,309,883
Net income/loss for the year						(18,660,356)		(18,660,356)
Total net income /loss								(17,350,473)
AS AT 30 NOVEMBER 2006		11,962,754	11,962,754	104,426,653	0	(68,669,279)	0	47,720,128

CASH FLOW STATEMENT

in accordance with IFRS for the financial year ended 30 November 2006

	Note	2006 in EUR	2005 in EUR
Cash flow from operating activities			
Cash provided by operating activities	20	(14,231,165)	(8,744,137)
Interest expenses	19	(2,250,479)	(332,321)
Interest income	19	539,252	150,866
NET CASH USED FOR OPERATING ACTIVITIES		(15,942,392)	(8,925,592)
Cash flow from investing activities			
Purchase of property and equipment	5	(65,567)	(64,854)
Purchase of intangible assets	6	(316,659)	(6,356)
NET CASH USED FOR INVESTING ACTIVITIES		(382,226)	(71,211)
Cash flow from financing activities			
Capital increase	10	59,142,522	25,856,981
IPO costs	10	(2,233,980)	0
Redemption of silent partnership loans (total participations)	11	(5,056,443)	0
Repayment finance leasing	23	(67,111)	0
NET CASH USED FOR FINANCING ACTIVITIES		51,784,989	25,856,981
NET INCREASE IN CASH AND CASH EQUIVALENTS		35,460,370	16,860,178
Cash and cash equivalents			
at beginning of period		21,248,162	4,387,984
at end of period		56,708,532	21,248,162

NOTES

1. GENERAL

WILEX AG (hereafter also referred to as "the Company" or "WILEX") was established in 1997 in Munich, Germany as WILEX Biotechnology GmbH by a team of doctors and cancer researchers at the Technical University of Munich. In accordance with the shareholders' resolution of 14 December 2000, amended on 28 February 2001, the Company changed its legal form to become a joint stock company called WILEX AG. The change of name was entered into the commercial register of the district court in Munich on 9 April 2001, under registration number HRB 136670. The Company's registered office is Grillparzerstrasse 16, D-81675 Munich, Germany. Since 13 November 2006, WILEX shares have been listed in the official market/Prime Standard of the Frankfurt stock exchange.

WILEX is a biopharmaceutical research company, which focuses on the research and development of new drugs and technology in cancer therapy. The Company has a balanced product pipeline of attractive cancer drug candidates in all stages, from research to advanced clinical trials. WILEX aims to develop new active ingredients for cancer therapy that are not cytotoxic, but instead target tumour-specific features which play a role in the formation and development of cancer. Innovative cancer therapies will be developed, which are more effective, better tolerated and more cost-effective than traditional therapies.

The present accounts were prepared by the Executive Management on 22 January 2007 and released for publication in accordance with IAS 10.

2. SUMMARY OF MATERIAL ACCOUNTING AND VALUATION METHODS

2.1. Basis of preparation

The accounts have been prepared in accordance with IFRS. IFRS 2 Share-based Payment has been applied for the first time. This standard stipulates that companies must take into account the effects of share-based remuneration transactions, including the costs arising from transactions in which stock options are granted to employees, when illustrating their assets and liabilities, financial position and earnings. IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment, has also been applied for the first time. However, this has no impact on the Company's accounts.

The following standards and interpretations have not been applied voluntarily in advance. It is not mandatory to apply these prior to the financial year commencing in 2006:

IFRS 6 Exploration for and Evaluation of Mineral Resources
IFRS 7 Financial Instruments: Disclosures
IFRS 8 Operating Segments/Segment Reporting
IFRIC 4 Determining whether an Arrangement Contains a Lease
IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8 Scope of IFRS 2
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 10 Interim Financial Reporting and Impairment

In addition, the amendments to IAS 1, 19, 21, 39 and amendments to IFRS 1, 4, 6 have not been applied for the above reasons.

Early application of the above standards and interpretations would not affect the accounts, as WILEX does not own such assets and the reported equity and debt capital would remain unchanged.

The preparation of the accounts is based on the historical cost or production costs, reduced by the revaluation of available-for-sale financial assets and financial assets and liabilities reported at the attributable fair value. Assuming continued operations, the Company realises its assets and liabilities in the normal course of business.

When preparing accounts in accordance with IFRS, certain critical estimates need to be made with regard to the accounting and valuation methods. Application of the accounting and valuation methods is at the discretion of the management. Note 4 explains which areas require a higher degree of assessment or complexity and which assumptions and estimates are relevant to the accounts.

In accordance with section 325 (2a) HGB (German Commercial Code), the Company publishes these IFRS accounts in the Bundesanzeiger (Federal Gazette).

2.2. Scope of the accounts

The Company has no subsidiaries or associated companies. All business activities are carried out by WILEX AG.

2.3. Segment reporting

Based on its internal management and organisational structure, the business activities carried out by WILEX do not differ significantly in their risk/reward profiles. Accordingly, the Company operates in one segment only and does not therefore prepare a segment report.

2.4. Currency translation

2.4.1. Functional currency and reporting currency

The accounts have been drawn up in euros. The euro is the functional and reporting currency used by the Company.

2.4.2. Transactions and balances

Currency transactions are converted into the functional currency at the exchange rate at the time of the transaction. Gains and losses resulting from the performance of such transactions and the conversion as at the reporting date of monetary assets and liabilities maintained in foreign currencies are reported in the profit & loss statement.

The Company's functional currency is the euro (EUR). In addition, the Company also carries out transactions in US dollars (USD), Swiss francs (CHF) and pound sterling (GBP).

2.5. Property and equipment

The Company does not own plots of land or buildings. All office and laboratory premises used at present are rented. Property and equipment consists mainly of laboratory and office equipment, which is reported at historical cost less depreciation. Depreciation is on a straightline basis, applying the following useful lives, which are reviewed annually and adjusted where necessary:

Laboratory equipment	5 to 14 years
Other office equipment	1 to 15 years

Expenses for repairs and maintenance and the replacement of subordinate items are charged to the profit & loss statement at the time they arise. Extensive replacements and new fixtures and fittings are shown on the assets side of the balance sheet where they create a future economic benefit. Replacements are depreciated according to the above useful lives. In the event of disposal, the acquisition costs and associated accumulated depreciation are deleted from the accounts. Any profits or losses occurring are shown in the profit & loss statement and impact on the net profit or loss for the financial year.

WILEX reviews every year whether there are any signs of impairment of property and equipment in addition to the scheduled depreciation. An impairment charge is recorded if the book value of the asset exceeds the recoverable amount. If there is a change in the estimates on the basis of which the recoverable amount was determined, the impairment charge is cancelled. WILEX has not ascertained any indication of value impairment.

The Company has not pledged any property or equipment as collateral for contingent liabilities.

2.6. Intangible assets

a) Licences

Licences are initially recorded at cost or production costs. They have specific useful lives and are reported at cost or cost of production less accumulated amortisation. They are amortised on a straightline basis to distribute the licence costs over the expected useful life (12.5 to 20 years).

b) Software

Software licences acquired are reported under assets on the basis of the costs incurred in connection with their acquisition and installation. These acquisition costs are amortised over the expected useful life of three years.

c) Research and development costs

In accordance with IFRS, the costs incurred for a drug during its development stage are only taken into account if the Company can substantiate the following:

- Technological feasibility of production of the intangible asset so that it will be available for use or sale;
- Its intention to complete production of the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will achieve the expected economic benefit in the future. The Company may, for example, provide proof of the existence of a market for the products resulting from the intangible asset or the intangible asset itself, or if it is to be used internally, the use of the intangible asset;
- The availability of sufficient technological, financial and other resources to complete development and enable facilitate the use or sale of the intangible asset;
- The Company's ability to assess reliably the costs attributable to the intangible asset during its development.

At present, all research and development costs are reported in the profit & loss statement for the financial year in which they arise.

WILEX has not pledged any intangible assets as collateral for contingent liabilities. The Company has no contractual obligations for the acquisition of intangible assets.

WILEX reviews every year whether there are any signs of impairment of intangible assets in addition to the scheduled amortisation. An impairment charge is recorded if the book value of the asset exceeds the recoverable amount. If there is a change in the estimates on the basis of which the recoverable amount was determined, the impairment charge is cancelled. WILEX has not ascertained any indication of value impairment.

2.7. Financial assets

WILEX reports loans and claims under financial assets. Allocation to loans and claims depends on the purpose for which the financial assets were acquired. The Executive Management determines how financial assets are classified when they are first valued and reviews this classification on each reporting date.

Loans and claims are non-derivative financial assets with fixed or specifiable payments, which are not listed in an active market. They arise when WILEX makes services directly available to a debtor without there being the intention of trading the claim. They are reported as current assets, with the exception of claims with a maturity of more than one year after the reporting date which are classified as long-term assets.

Excluding advance payments, loans and claims are reported at amortised cost, using the effective interest method. Prepayments to service providers are reported in the balance sheet and impact on net profit or loss in line with the degree of completion.

2.8. Public sector contributions

Public sector contributions are reported at their attributable fair value if there is sufficient certainty that the contribution will be granted and WILEX fulfils the conditions associated with the grant. The contributions arising in connection with expenses are amortised and reported in the profit & loss statement over the period required to offset the contributions reported as income with the development and projects costs to which they relate. The contributions received are initially stated in the balance sheet as current debt at the attributable fair value and subsequently reported under other operating income when the relevant project costs arise.

2.9. Inventories

Inventories are valued at the lower of cost or net realisable value. Acquisition costs are determined on the basis of the first-in first-out (FIFO) method and comprise the purchase price and any ancillary acquisition costs. Inventories comprise raw materials for research and development, and therefore mainly chemical substances and laboratory materials.

2.10. Other receivables, prepayments

Receivables are initially reported at the attributable fair value and subsequently at amortised cost, using the effective interest method, less any impairment charge. An impairment of trade receivables is applied if there is an objective, substantial indication that not all of the amounts due, according to the original contractual terms and conditions, are recoverable. The impairment corresponds to the difference between the book value of the asset and the cash value of the expected future cash flows, discounted by the current market interest rate. The impairment impacts on net profit or loss. Prepayments to service providers are either charged to the profit & loss statement in accordance with progess on the relevant order or offset against the final supplier invoice.

2.11. Cash and cash equivalents

Cash and cash equivalents comprise credit balances with banks and cash positions.

2.12. Securities

Securities include short-term, highly liquid financial investments such as money market funds and sight deposits with an original maturity of up to three months. WILEX held such securities for less than a year, but all had been sold by the reporting date. Realised profits of EUR 261 thousand (2005: EUR 14 thousand) were recognised as income under interest income. Where they exist, non-realised profits or losses are reported for a period of less than twelve months in the “Market valuation reserve and other reserves” under shareholders’ equity.

2.13. Shareholders’ equity

The shareholders’ equity of the Company consists of ordinary bearer shares. Additional costs directly attributable to the issue of new shares and the IPO are reported under shareholders’ equity as a deduction from the proceeds.

WILEX shows the differences between the attributable fair values of the available-for-sale financial assets for a period of less than twelve months as “Market valuation reserve and other reserves”.

The repurchase of own shares is reported in accordance with the historical cost method, with the total cost of shares purchased reported as own shares and offset against shareholders’ equity. These shares are issued in accordance with the FIFO method and profits and losses arising are included in the revenue reserves.

2.14. Silent partnership loans

In financial years 1998 to 2000, the Company signed several silent partnership agreements with Technologie Beteiligungs Gesellschaft mbH, Bonn, (TBG) and Bayern Kapital GmbH (Bayern Kapital) (see note 11). Originally, the loans matured on 30 December 2008 and 2009 respectively, with interest charged annually. In addition, the silent partners would have shared in the profits if the Company had achieved a specific profit threshold. Any profit participation paid out would have been deducted from the final payment. The agreements with Bayern Kapital also contained a repayment agreement in the event of an IPO. In connection with the WILEX IPO in November 2006, TBG had the option of converting the final payment relating to a portion of the loan into shares in the Company (equity kicker). The conversion rate would

have been calculated as the average of the price range achieved in the IPO, but limited to a maximum of 90% of the upper limit of the price range. Correspondingly, Bayern Kapital had the option of converting the final payment for a proportion of its loan into shares in the Company. The conversion rate would have resulted on the basis of 85% of the issue price. Both silent partners waived the option of conversion into shares in the run-up to the IPO.

WILEX stated the loans from the silent partners at their attributable fair value on each reporting date. The attributable fair value for each agreement was calculated by discounting all future payment obligations with the relevant effective interest, whereby the specific assumptions with regard to interest payments, final payments and profit participation rights arising under each agreement were taken into account.

As at the reporting date of 30 November 2006, all silent partnership loans were repaid by agreement, including the agreed final payments less a residual interest payment of EUR 43 thousand which is stated in the balance sheet under current debt.

2.15. Deferred income tax

Deferred income tax is stated on the basis of the liability method for temporary differences which arise between the taxable value of the assets and liabilities and their book value in the IFRS accounts. Deferred income tax is to be valued in accordance with the tax rates (and tax regulations) applicable as at the reporting date, or which have essentially been passed by law and are expected to be valid during the period in which an asset is realised or a debt settled.

Deferred tax assets are reported to the extent that it is probable that taxable profit will be available, against which the temporary differences can be applied. The Company reports deferred tax assets for tax loss carryforwards to the extent that it is probable that the benefit arising will be realised in future.

2.16. Earnings per share

Undiluted earnings per share are established as the proportion of net profit or loss for the year available to ordinary shareholders, which is divided by the weighted average number of shares in circulation during the period under review. The treasury stock method is used to calculate the effect of subscription rights. The proceeds assumed from the issue of potential ordinary shares with dilution effect must be calculated as if they had been used to repurchase shares at the attributable fair value. The difference between the number of shares issued and the number of shares which would have been issued at the attributable fair value must be treated as issue of ordinary shares for no consideration and is taken into account in the denominator when calculating diluted earnings per share. The profit/loss is not adjusted for the effects of stock subscripton rights. The calculation of diluted earnings per share is not carried out on the assumption that potential ordinary shares are exercised, for which dilution protection exists in relation to earnings per share.

2.17. Employee benefits

2.17.1. Share-based payment

In financial year 2006, the obligation on the part of WILEX vis-à-vis the employees with entitlements arising from the issue of stock options was reported in accordance with IFRS 2. The obligations are calculated on the basis of a binomial model (see note 17). The attributable fair value of the performance of employees as the service rendered in return for options granted is reported as expense. The total expense to be reported over the period of time up to non-expiry of the options results from the attributable fair value of the options granted, excluding the effects of non market-oriented exercise thresholds (e.g. profit and sales growth targets). Non market-oriented exercise thresholds are taken into account in the assumptions regarding the number of options which are expected to become exercisable. On each reporting date, the estimated number of options which are expected to become exercisable is checked. The effects of any changes to be taken into account regarding original estimates are included in the profit & loss statement and also as an adjustment to shareholders' equity.

The Shareholders' Meeting resolved a new stock option plan (Stock Option Plan 2005) for the employees and Executive Management members of WILEX on 8 September 2005 and created the corresponding new contingent capital 2005/1 of up to EUR 1,289,157. The number of options is limited to 1,289,157.

The extent to which options are granted to the individual beneficiaries depends, in part, on their years of service and post within the Company. The options have a term of up to ten years from the date they are granted.

After a maximum of four years of the date on which options are granted, all option rights issued become non-lapsable. Within the four-year period, non-expiry applies pro rata of the total number of stock options issued on each last calendar day of February as well as on 31 May, 31 August and 30 November of each financial year following the date on which the options were granted. In addition, 50% of all stock options issued as at the start of trading on the Frankfurt stock exchange on 13 November 2006 became non-lapsable after close of trading on the first trading day. Moreover, all option rights vest in the event of a change of control.

The conditions for exercising the stock options are that (i) the shares in the Company are listed on a stock exchange in or outside Germany and (ii) the average closing price for the Company's shares in the same class on this German or international stock exchange exceed the exercise price by at least 10% on the last ten trading days prior to expiry of the waiting period in accordance with section 4 sub-sections (1) and (2) of these option terms or subsequently, on ten consecutive trading days on this stock exchange (reference price). In deviation from this, in the event of stock options being issued prior to the first trading day, validity of the exercise of stock options depends on (i) a listing having taken place and (ii) the reference price, or in the event of a change of control the purchase price per share, exceeds the purchase price per share (lowest issue price plus premium under company law and the law of obligations) achieved in the last capital increase of the Company prior to the issue date by at least 10%.

The exercise price for acquiring shares in the Company corresponds, (i) in the event of stock options being issued before the first trading day, to 80% of the purchase price per share (lowest issue amount plus premium under company law and the law of obligations) achieved for the last capital increase of the Company prior to the issue date, or (ii) in the event of stock options being issued on or after the first trading day, to the arithmetic mean of the closing prices for shares in the Company of the same class on the last ten trading days on a German or international stock exchange where the Company's shares are traded prior to the issue date of the stock options (date of acceptance of the option offer from the Company by the beneficiary), no less, however, than the pro rata share capital attributable to one share.

In the reporting year, 891,324 new options were issued to employees (146,809 option rights) and Executive Management members (744,515 option rights in total) in five tranches under the Stock Option Plan 2005. The exercise price for these options amounts to EUR 5.52 per share. In February 2006, employees returned a total of 158,450 options (or 52,816 option rights, taking into account the stock consolidation in a ratio of 3:1 at an exercise price of EUR 21.09 per share) under the Stock Option Plan 2001. The Executive Management of WILEX had already returned 195,000 options in July 2005.

In the period under review, no options expired and 167,955 options were returned as a result of the departure of a member of the Executive Management and two employees. As at 30 November 2006, 723,369 options were in circulation (of which 579,335 for Executive Management members and former Executive Management members and 144,034 for employees).

2.17.2. Pension obligations

In 1999, the Company granted a pension commitment in the form of a one-off payment totalling EUR 15 thousand, to the then Managing Director and current Executive Management Chairman, Professor Olaf G. Wilhelm, through conversion of a portion of his salary. The pension obligation is stated in the amount of the value of the associated reinsurance policy. The Company is under no obligation to make further payments to the plan. No pension payments are expected in the coming five years.

2.17.3. Profit-sharing scheme

The Company reports liabilities and states expenses for bonus entitlements of the Executive Management and employees. Liabilities are reported if a contractual obligation exists, or if an obligation is assumed to have arisen as a result of past business practice.

2.18. Leases

The lease of equipment for which essentially all opportunities and risks associated with ownership are transferred to the Company is deemed to represent a finance lease agreement under IAS 17. Finance lease agreements are reported at the beginning of the lease agreement at the attributable fair value or the market value of the minimum lease payments, where this value is lower. Each lease payment is split into an interest and repayment portion, with a constant interest rate applying to the remaining debt. The relevant lease liabilities are contained in liabilities arising from lease agreements. The interest portion of the financing costs is charged to the profit & loss statement over the term of the lease agreement, using the effective interest method. If there is sufficient certainty that ownership will transfer to the lessee at the end of the term of the lease agreement, the object acquired under a finance lease agreement is written down over the expected useful life. Otherwise, the write-down is made over the shorter of the two periods, useful life of the asset or term of the lease agreement.

Lease agreements, where the risks and benefits associated with ownership remain essentially with the lessor, are deemed to be operating leases. Any payments made under operating lease agreements are charged to the profit & loss statement on a straightline basis over the term of the lease agreement.

2.19. Sales and income realisation

The Company reports income, which is valued at the attributable fair value of the services provided by the company less VAT, discounts and rebates. The consideration is usually in cash. If the underlying services are provided in deviation from the cash inflow, the cash amount received in advance is deferred and reported in line with completion over the period in which the service is to be provided.

Non-refundable prepayments and other non-refundable payments received in a certain period as part of specific research and development activities are reported as other operating income over the period in which these activities take place in terms of costs incurred in relation to the expected overall costs of the relevant activities. Interest income is reported in the profit & loss statement pro rata temporis, using the effective interest method.

2.20. Research and development

Research and development activities comprise all associated costs, including personnel expenses, consulting costs, material and production costs, third party services, laboratory costs and fees for legal advice. They are reported as expenses in the period in which they are incurred. Research and development equipment is carried as an asset and written down over its expected useful life.

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

Given its business activities, the Company is exposed to certain risks, in particular market risks (including currency risks, interest and price risks) and liquidity risks. The Company's risk management focuses on the imponderables associated with the financial markets and aims to minimise any negative effects on the Company's ability to finance its business activities. The Company does not use embedded derivatives or other derivative financial instruments to hedge against risks.

An effective risk management system has been implemented at the Company and compliance in accordance with the principles approved by the Supervisory Board is monitored by the Controlling department. The Risk Officer identifies, assesses and communicates financial and corporate risks in close cooperation with the Executive Management. The Executive Management specifies written principles for all risk management aspects.

a) Market risk

I. Currency risk

The Company works with several service providers worldwide and is therefore exposed to currency risks in connection with currency positions, mainly in US dollars and Swiss francs. Currency risks arise as a result of future transactions and assets and liabilities reported. Currency risks arise when future transactions and assets and liabilities reported are in a currrency, which is not the functional currency of the Company.

As the currency risk is limited overall, the Company has not yet concluded any hedging transactions but is attempting to achieve financial hedging by allocating fund inflows and outflows in the same currency.

II. Price risk

The Company is not exposed to risks from share price fluctuations relating to equity securities, since all financial investments are maintained in cash equivalents. The Company is not exposed to price fluctuations resulting from commodities.

b) Liquidity risk

Prudent liquidity management requires that sufficient cash funds and tradeable securities are available to finance the business activities of the Company. The Company has not undertaken any long-term financial investments. The Company has a detailed cash planning system, which is updated regularly.

c) Cash flow and fair value interest rate risk

The Company invests its liquid funds at interest in short-term securities and cash equivalent money market funds for periods of less than twelve months. Market rate fluctuations may therefore affect the Company's ability to generate sufficient interest income from these financial investments. The silent partner loans, which were repaid in November 2006, had fixed interest rates. Accordingly, the Company was exposed to a fair value interest rate risk.

3.2. Risk relating to continued operations

Following its successful IPO and the inflow of the proceeds from the IPO, the Company is in a position to drive forward research and development, especially that relating to its most advanced product, RENCAREX®. According to the current planning status, liquid funds will suffice at least until Q3 2008. The Executive Management assumes that by then, additional inflow of capital will be generated via partnerships and/or cooperation agreements.

3.3. Determining the attributable fair value

The attributable fair values of financial instruments, which are traded in an active market, are based on the stock exchange prices as at the reporting date. The attributable fair values of financial instruments, which are not traded in an active market, are determined using valuation methods, i.e. methods and assumptions that are based on the market conditions as at the relevant reporting date.

4. MATERIAL ESTIMATES AND DISCRETIONARY DECISIONS

Estimates and discretionary decisions are continually assessed and are based on historical values and other factors, including expected future events, which are deemed to be appropriate under the relevant conditions. The estimates and assumptions of the Company relate to the future. By their nature, the resulting estimates rarely reflect the exact subsequent circumstances. The estimates and assumptions which are associated with significant risk of triggering material changes in the book values of the assets and liabilities for the next financial year are explained in detail below.

Inclusion of other operating income
The Company has reported income from prepayments received from Spanish pharmaceutical company, Laboratorios del Dr. Esteve S.A. ("Esteve") and from the reimbursement of costs for the clinical Phase III trials for RENCAREX® (see note 15). Prepayments and reimbursement of costs are reported under other operating income in relation to total expected expenses for the clinical Phase III trials (percentage-of-completion method). In the event of the expected expenses changing over this period, WILEX would need to report these changes accordingly in future periods.

Expenses from the valuation of stock options
The Company reports expenses from the valuation of stock options under personnel expenses. For this purpose, future assumptions need to be made regarding the calculation parameters, such as expected volatility of the share price, expected dividend pay-out, risk-free interest rate during option terms and staff and Executive Management turnover. In the event of these assumptions changing, WILEX would need to adjust calculations accordingly and amend the personnel expenses item (see note 17).

5. PROPERTY AND EQUIPMENT

As at 30 November 2006 and 2005, property and equipment comprised the following:

	Laboratory equipment (owned)	Laboratory equipment (leased)	Other equipment	Total
	EUR '000	EUR '000	EUR '000	EUR '000
FINANCIAL YEAR 2004				
Cost	796	0	186	982
Accumulated depreciation	(468)	0	(153)	(621)
Net book value as at 30 November 2004	328	0	33	361
FINANCIAL YEAR 2005				
Opening book value	328	0	33	361
Additions	42	0	23	65
Depreciation	(97)	0	(18)	(115)
Net book value as at 30 November 2005	273	0	38	311
Cost	838	0	209	1,047
Accumulated depreciation	(565)	0	(171)	(736)
Net book value as at 30 November 2005	273	0	38	311
FINANCIAL YEAR 2006				
Opening book value	273	0	38	311
Additions	29	255	36	321
Depreciation	(82)	(16)	(24)	(122)
Net book value as at 30 November 2006	221	239	50	510
Cost	868	255	246	1,368
Accumulated depreciation	(647)	(16)	(196)	(858)
Net book value as at 30 November 2006	221	239	50	510

Depreciation totalling EUR 122 thousand (2005: EUR 115 thousand) was charged to the profit & loss statement as research and development costs (2006: EUR 98 thousand; 2005: EUR 97 thousand) and as General & Administrative costs (2006: EUR 24 thousand; 2005: EUR 18 thousand). Capital outflow from the purchase of property and equipment amounted to EUR 66 thousand as at the reporting date (2005: EUR 65 thousand).

6. INTANGIBLE ASSETS

As at 30 November 2006 and 2005, intangible assets comprised the following:

	Software EUR '000	Licences EUR '000	Total EUR '000
FINANCIAL YEAR 2004			
Cost	74	715	789
Accumulated depreciation	(62)	(56)	(118)
Net book value as at 30 November 2004	12	659	671
FINANCIAL YEAR 2005			
Opening book value	12	659	671
Additions	6	0	6
Depreciation	(8)	(39)	(47)
Net book value as at 30 November 2005	10	620	630
Cost	80	715	795
Accumulated depreciation	(70)	(95)	(165)
Net book value as at 30 November 2005	10	620	630
FINANCIAL YEAR 2006			
Opening book value	10	620	630
Additions	2	721	723
Depreciation	(6)	(63)	(69)
Net book value as at 30 November 2006	6	1,279	1,284
Cost	82	1,436	1,518
Accumulated depreciation	(76)	(157)	(234)
Net book value as at 30 November 2006	6	1,279	1,284

Depreciation amounting to EUR 69 thousand (2005: EUR 47 thousand) was charged to the profit & loss statement as research and development costs (2006: EUR 63 thousand; 2005: EUR 37 thousand) and as General & Administrative costs (2006: EUR 6 thousand; 2005: EUR 10 thousand). Capital outflow from the purchase of intangible assets stood at EUR 317 thousand as at the reporting date (2005: EUR 6 thousand).

WILEX signed a licence, sub-licence and option agreement for the acquisition of certain rights relating to the MN patent portfolio of Bayer with Bayer Corporation Business Group Diagnostics, Tarrytown, NY (USA) in 2001. "MN" (also known as CA IX) is a tumour associated antigen, which is expressed in a large number of cancers, including in almost all clear cell renal cell carcinomas. The agreement grants WILEX specific property rights for its G250 antibody. WILEX has reported the cost of acquisition of the licence from Bayer Corporation on the assets side of the balance sheet and will write down the licence over the period in which the underlying MN patent is used.

In October 2004, WILEX reported the costs of an option agreement with Centocor Inc., Malvern, PA (USA) on the assets side of the balance sheet. In accordance with this option agreement, which WILEX may exercise until the date of application for approval of RENCAREX® in the USA, the Company acquired the option to the exclusive marketing rights for the G250 antibody (RENCAREX®) in the USA. In 1999, WILEX acquired an exclusive licence for the G250 antibody from Centocor for the worldwide development and marketing outside the USA. At the time, Centocor retained the option for the marketing rights in the USA, which was to be exercisable until the date of application for approval of RENCAREX® in the USA. In accordance with the option agreement, Centocor has now received a prepayment and is entitled to further profit-related payments and licence fees from the sale of the drug in the USA, should WILEX exercise the option. The option agreement is reported at cost in the balance sheet and written down over the useful life of the underlying patent for the G250 antibody.

In June 2006, a new licence agreement was signed by WILEX and Genentech Inc., South San Francisco, CA (USA). Genentech has a patent protecting, along with other aspects, a process which is essential for the subsequent manufacturing of RENCAREX®. WILEX has therefore acquired a non-exclusive licence relating to the Cabilly II patent for the RENCAREX® antibody, with the right to issue sub-licences. The licence fee was reported as an intangible asset on the balance sheet for the amount of its cash value in June 2006 and will be written down on a straightline basis by December 2018, which is when the underlying patent (US Patent No. 6,331,415 originated on 18 December 2001) expires. The write-down is included in research and development costs. The licence fee is payable in several tranches. The payment obligations relating to the outstanding tranches are reported on the balance sheet under "other long-term debt" and "other current debt" (see note 14). With the American market approval by the FDA, a further obligation arises in the form of a milestone payment. This amount will increase the cost of the licence at the time of market approval and will be written down over the remaining useful life. In addition, profit shares based on the annual net sales of RENCAREX® have been agreed.

7. INVENTORIES

Inventories (2006: EUR 22 thousand; 2005: EUR 28 thousand) relate to raw materials for research and development, mainly chemical substances for the laboratory.

8. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments break down as follows:

	30.11.2006 EUR '000	30.11.2005 EUR '000
Insurance	107	81
Prepayments to service providers	900	1,058
Deferred withholding tax	62	93
Other	1	3
Prepayments	1,070	1,235

Prepayments to service providers include, in particular, payments to service providers in clinical research and contract producers.

In 2006 and 2005, WILEX reported deferred withholding tax. In April 2004, WILEX received a prepayment from Esteve, a percentage of which was withheld by the Spanish authorities. This deferred tax was reported in the balance sheet at cost and is stated as a tax expense in line with the income inclusion of the underlying prepayment.

The breakdown of other receivables is as follows:

	30.11.2006 EUR '000	30.11.2005 EUR '000
Tax refund claims vis à vis other EU countries	0	33
VAT claim	87	70
Withholding tax refund	3	2
Asset value of reinsurance	22	20
Other assets	0	3
Other receivables	112	128

As the Company has only incurred operating losses, the withholding tax was refunded. The asset value of insurance relates to the reinsurance for the pension commitment to Professor Olaf G. Wilhelm (see note 2.17.2). The insurance benefit will be paid out to the Company. However, the Company has concluded an agreement with Professor Olaf G. Wilhelm for assignment of the rights under the insurance to him. Provisions in the same amount of the asset value of reinsurance have been set up.

9. CASH, CASH EQUIVALENTS AND SECURITIES

	30.11.2006 EUR '000	30.11.2005 EUR '000
Cash and cash equivalents	56,709	21,248
Total	56,709	21,248

The increase in cash and cash equivalents compared with financial year 2005 resulted from the final part payment of the fourth financing round completed on 29 April 2005 and, in particular, the proceeds of the IPO in November 2006 (see note 10). As at the cut-off date, the Company reported only cash under this item.

10. SHAREHOLDERS' EQUITY

As at 30 November 2006, the share capital consisted of 11,962,754 (30 November 2005: 5,788,883) no par value bearer shares with an arithmetical proportion in the share capital of EUR 1 per share. The arithmetical nominal amount and any premium on the issue of shares are reported under "subscribed capital" and the "capital reserve" respectively.

The following shares have been issued since the Company was established:

Date	Commercial register entry	Number of shares	EUR '000
ON 30 NOVEMBER 2003		10,845,000[1)]	10,870,000
ON 30 NOVEMBER 2004		10,845,000	10,870,000
29 April 2005	31 May 2005	6,521,598	6,521,598
8 September 2005	10 November 2005		(25,000)
8 September 2005	10 November 2005	51	51
8 September 2005	10 November 2005	(11,577,766)	(11,577,766)
ON 30 NOVEMBER 2005		5,788,883	5,788,883
3 November 2005	21 December 2005	2,173,871	2,173,871
10 November 2006	10 November 2006	4,000,000	4,000,000
ON 30 NOVEMBER 2006		11,962,754	11,962,754

1) WILEX AG held an additional 25,000 no par shares without voting rights as treasury stock.

The share capital of WILEX changed in financial year 2006 as follows:

The Executive Management and Supervisory Board of the Company resolved unanimously on 3 November 2005 to increase the share capital of the Company of EUR 5,788,883 by EUR 2,173,871 for cash contributions to EUR 7,962,754 by implementing the second investment tranche of the fourth round of financing and through partial utilisation of the authorised capital 2005/1.

The second investment tranche of 2005 amounted to EUR 14,999,710. Of this, EUR 11,057,188 was paid in as at the accounting date of 30 November 2005. The Company received the remaining amount of EUR 3,942,522 in full by the end of December 2005. Of the total amount of EUR 14,999,710, EUR 2,173,871 has been used to increase the share capital to EUR 7,962,754. The remaining amount of EUR 12,825,839 has been transferred to the capital reserve, which increased to EUR 54,667,567.

On 11 September 2006, the Shareholders' Meeting of WILEX resolved the increase of the share capital in return for cash contributions by up to EUR 5,000,000. Of this, an increase of EUR 4,000,000 was carried out as part of the IPO in November 2006. In the subscription period from 7 to 9 November 2006, an issue price of EUR 13.80 per share was determined. The initial listing in the official market/Prime Standard of the Frankfurt stock exchange took place on 13 November 2006. The total issue proceeds amounted to EUR 55,200,000 and was received by the Company in full following deduction of the bank commission by the end of the financial year. The increase in the Company's share capital of EUR 4,000,000 to EUR 11,962,754 was entered in the commercial register of the district court in Munich on 10 November 2006. The remaining amount of the issue proceeds of EUR 51,200,000 was transferred to the capital reserve after deduction of the directly attributable costs of the capital increase and IPO of EUR 2,750,797 (of which EUR 2,234 thousand was paid by 30 November 2006). These costs, detailed below, have not been reported under expenses.

Direct IPO/capital increase costs in EUR '000

Bank commission	2,123
Legal and consultancy fees	463
Preparation of letter of comfort	110
Translation and printing of prospectus	42
Statutory notices	4
Other	8
Total	2,751

Since the mandatory application of IFRS 2 Share-based Payment (see note 2.1), the value of the capital reserve is changed every quarter in line with the additional operating expenses resulting from the share-based model. As at the reporting date of 30 November 2006, the capital reserve amounted to EUR 104,426,653. The accumulated losses since the start of the Company's business activities in 1997 totalled EUR 68,669,279 as at the end of the financial year.

11. SILENT PARTNERSHIP LOANS

On 22 June 1998, a loan agreement was signed with TBG (TBG-1) in the form of a silent partnership for EUR 1,023 thousand. In 1998, EUR 256 thousand was paid out to the Company (1999: EUR 256 thousand and 2000: EUR 511 thousand). On 28 February 2000, a loan agreement was signed with TBG (TBG-2) in the form of a silent partnership for EUR 477 thousand. The amount was paid out to the Company in full in 2000. On 28 February 2000, a loan agreement was signed with TBG (TBG-3) in the form of a silent partnership for EUR 1,000 thousand, of which EUR 800 thousand was paid out to the Company in 2000 and EUR 200 thousand in 2001.

On 8 December 1998, a loan agreement was signed with Bayern Kapital (BayernKap-1) in the form of a silent partnership for EUR 1,023 thousand. EUR 511 thousand was paid out to the Company in 1998 (2000: EUR 512 thousand). On 6 June 2000, a loan agreement was signed with Bayern Kapital (BayernKap-2) in the form of a silent partnership for EUR 1,534 thousand. Of this, EUR 511 thousand was paid out in 2000 and EUR 1,023 thousand in 2001.

Annual interest was payable on the loans. In addition, the agreements entitled the silent partners to shares of 8% and 9% in the profits. These profit shares would have been due had WILEX achieved a specified profit threshold. As the Company has not generated any profits, no profit shares were paid.

The loans from the silent partners comprised final interest payments of 30% and 35% of the principal, which were paid together with additional interest payments of 6% to 9% of the principal for each year following expiry of five years after the date of signing the agreement. These payments were due upon maturity. Any profit shares paid out would have been deducted from the final payment.

The loans from the silent partners were initially stated at their nominal value. Subsequent valuation was at amortised cost, with all changes in the amortised costs (using the effective interest method) of the underlying loan agreement included, with impact on net profit or loss, as interest expense (see note 19).

Annual interest was also reported under interest expense and paid every quarter or every six months (see note 19). Interest accrued was included in the attributable fair value of the silent partnership loans at the end of each financial year. The breakdown of loans from the silent partners is as follows:

Silent partnership loans	Total available loan	Paid out	Maturity rate	Annual interest rate	Profit share	Final payment	Additional annual interest rate	Annual effective interest rate until maturity date
	EUR '000	EUR '000		in %	in %	in %	in %	in %
TBG[1]–1	1,023	1,023	12-2008	6.00	9.00	30.00	6.00	10.81
TBG[1]–2	477	477	12-2009	5.00	9.00	30.00	6.00	9.83
TBG[1]–3	1,000	1,000	12-2009	7.00	9.00	35.00	7.00	12.47
BayernKap[2]–1	1,023	1,023	12-2008	6.75	8.00	35.00	9.00	12.80
BayernKap[2]–2	1,534	1,534	12-2008	6.75	9.00	35.00	9.00	12.93
Total loans	5,056	5,056						

1) TBG – Technologie-Beteiligungs-Gesellschaft mbH of Deutsche Ausgleichsbank, Bonn
2) BayernKap – Bayern Kapital GmbH, Landshut

Both silent partners had waived the equity kicker option (see note 2.14) in the run-up to the WILEX IPO, with their letters dated 16 August and 18 August 2006. All loans were therefore repaid by agreement including final payment, however, excluding income tax and the solidarity surcharge, by the reporting date of 30 November 2006 and the final payment was not converted into WILEX shares. The repayment amount totals EUR 6,951 thousand, of which EUR 5,056 thousand is accounted for by loans and EUR 1,895 thousand by pro rata final payment or final payment. In accordance with the agreement, WILEX pays the withholding tax on the final payment and the solidarity surcharge based on this direct to the competent tax office on behalf of the silent partners. This outstanding payment amounts to EUR 679 thousand and has been reported in the balance sheet under other short-term debt.

The liability for the attributable fair value, which was too high due to the early termination of the loan agreements, was written back against interest expense and recognised as income in the profit & loss statement. An outstanding payment for annual interest of EUR 43 thousand has been reported in the balance sheet under other current debt (see note 14).

12. GRANT FROM THE US DEPARTMENT OF DEFENSE

At the end of 2003, the Company received the first Clinical Partnership Award of the breast cancer research programme of the US Department of Defense. WILEX will use the grant amounting to around USD 4.0 million to finance the clinical development of WX-UK1 in two clinical trials carried out at the Fox Chase Cancer Center Philadelphia, PA (USA). The DoD also made a commitment in 2006 to pay a further USD 1.0 million for subsequent research projects relating to WX-671, in order to promote the development of the serine protease inhibitor. Payments will be made to WILEX every quarter until 2009. Until such time as the payments for the WX-UK1 trial are not yet reported as expenses, they are stated in the balance sheet under liabilities. Cost reimbursements are reported under other operating income in the profit & loss statement (see note 15).

13. PENSION OBLIGATIONS

In 1999, the Company granted a pension commitment to Professor Olaf G. Wilhelm, the Managing Director at the time and now Chairman of the Executive Management, as part of a salary conversion of a one-off benefit of EUR 15 thousand. The pension obligation is reported at market value and covered by the asset of the underlying insurance (see note 8). The Company is under no obligation to make further payments to the plan. No pension payments are expected in the coming five years.

14. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT DEBT

Liabilities are reported if a legal or factual obligation exists vis-à-vis third parties. Liabilities are stated at nominal value or market value where they represent long-term debt relationships. Trade accounts payable rose from EUR 1,064 thousand in financial year 2005 to EUR 1,104 thousand in financial year 2006 as a result of an expansion of the Company's operating activities.

Other current debt comprises the following:

	30.11.2006 EUR '000	30.11.2005 EUR '000
Supervisory Board fees	0	22
Accruals for holidays not taken	173	93
Accrual US department of Defense	1,145	939
Accrual Dr. Esteve S.A.	2,154	2,958
Social security and other taxes	758	119
Payment obligation to Genentech	406	0
Accruals	6,037	2,586
Total	10,674	6,717
thereof long-term	818	1,279
Current other debt	9,856	5,438

The increase in deferred income for the US Department of Defense is due to lower costs in the period under review. Payments are made to WILEX every quarter. As long as payments for the WX-UK1 trial exceed the costs, they are reported as liabilities (see note 15). The payment obligation to Genentech has resulted from the capitalisation of the licence fee, which is explained in detail in note 6.

The increase in liabilities relating to social security and other taxes is due to the outstanding payments for withholding tax on the interest income of the silent partners. These are paid direct by WILEX in accordance with the agreement (see note 11).

Following signature of the licence agreement on 14 April 2004, the Company received payments from Esteve. The payments are reported as income under other operating income in line with the degree of completion of the project (see note 15).

Accruals comprise the following:

	30.11.2006 EUR '000	30.11.2005 EUR '000
Invoices outstanding	4,009	1,554
Employee bonuses and profit-sharing bonuses	620	435
Legal and consulting costs	1,149	576
Interest outstanding – silent partners	43	0
Other	216	21
Total	6,037	2,586

WILEX reports accruals for invoices outstanding where the Company has a current obligation arising from the supply of goods and services received. Accruals were set up in the amount of the best possible estimate of the payment outflow required to fulfil the current obligation. Most obligations in this category comprise external research and development costs of service providers in connection with preclinical and clinical trials and activities, as well as the cost of production for the basic material. In addition, there are obligations towards various consulting firms, which have supported the Company in achieving capital market maturity.

The accruals for legal and consulting costs include expenses arising in connection with advice regarding capital increases and the IPO, support when concluding licence and cooperation agreements and accounting and audit costs.

Employee bonuses and profit-sharing bonuses are granted, depending on the performance of the Company and of individual employees, and are due for payment in the following financial year.

15. OTHER OPERATING INCOME

Other operating income comprises the following items:

	2006 EUR '000	2005 EUR '000
Grant provided by the US Department of Defense	645	331
Income realisation Dr. Esteve S.A.	805	328
Release of other debt	213	106
VAT compensation	0	33
Other operating income	1,663	799

On 14 April 2004, WILEX and the Spanish pharmaceutical company, Laboratorios del Dr. Esteve S.A. (Esteve), Barcelona concluded an exclusive licence agreement for southern Europe for the chimeric WILEX antibody, RENCAREX®. Esteve was granted the marketing rights for RENCAREX® in Spain, Italy, Portugal, Greece and Andorra. In addition, Esteve became the co-sponsor of the Phase III trial for RENCAREX® on non-metastatic renal cell cancer in Spain. WILEX is responsible for the clinical development and manufacture of RENCAREX® and the worldwide regulatory approval process. In accordance with the contractual terms and conditions, WILEX received milestone payments in 2004. These payments are recognised in the profit & loss statement under other operating income in line with the degree of completion. The degree of completion is established by calculating the proportion of the actual research and development costs incurred for the clinical Phase III trial for RENCAREX® in relation to the underlying budget for the total clinical costs. WILEX also has the right to receive further performance-related milestone payments and licence fees on sales revenue.

WILEX has received a grant from the US Department of Defense, which covers some of the clinical development costs for WX-UK1 and WX-671 in Phases I and II at the Fox Chase Cancer Center Philadelphia, PA (USA) (see note 12). WILEX receives quarterly payments until 2009. As long as payments for the WX-UK1 trial are not reported as expenses, they are stated in the balance sheet as liabilities. The reduction in these liabilities is shown in the profit & loss statement under other operating income.

The item, release of other debt includes, in particular, employee bonuses not paid out and bonuses for Executive Management members from previous years.

16. TYPES OF EXPENSES

The following expenses are reported in the profit & loss statement:

	2006 EUR '000	2005 EUR '000
Personnel expenses	5,384	3,460
Travel costs	408	222
Rental expenses	515	514
Laboratory and other internal costs	1,182	898
External research and development costs	10,666	4,499
Legal and consulting costs	1,565	1,603
Depreciation	191	162
Total	19,912	11,357

The valuation of stock options in accordance with IFRS 2 Share-based Payment (see note 2.17.1) generated significantly higher personnel expenses (EUR 1,309,883), which are explained in detail below.

17. PERSONNEL EXPENSES

The breakdown of personnel expenses is as follows:

	2006 EUR '000	2005 EUR '000
Wages and salaries	2,853	2,506
Social security	405	352
Bonuses	597	521
Expense from the valuation of stock options	1,310	0
Other	219	81
Total personnel expenses	5,384	3,460

The increase in the items, wages and salaries, social security and bonuses results from a higher number of employees compared with 2005 as well as salary rises and the promotion of employees with the associated higher levels of bonuses.

The increase in other personnel expenses is mainly due to higher accruals for holiday pay and increased recruitment costs.

In the comparative periods, WILEX employed the following number of staff on average:

	2006	2005
General & Administrative	11	9
Research and development	28	26
Quality control and assurance	5	5
Average number of employees	44	40

Type of arrangement	Stock-based remuneration for the Management Board, executives and employees (tranche 1)	Stock-based remuneration for the Management Board, executives and employees (tranche 2)	Stock-based remuneration for the Management Board, executives and employees (tranche 3)	Stock-based remuneration for the Management Board, executives and employees (tranche 4)	Stock-based remuneration for the Management Board, executives and employees (tranche 5)
Grant data	30 December 2005	31 January 2006	28 February 2006	28 April 2006	30 September 2006
Options outstanding at the beginning of the reporting period	0	0	0	0	0
Options granted in the reporting period	445,743	206,053	87,853	3,040	148,635
Options forfeited in the reporting period	127,355	37,825	2,775	0	0
Options exercised in the reporting period	0	0	0	0	0
Options expired in the reporting period	0	0	0	0	0
Options outstanding at the end of the reporting period	318,388	168,228	85,078	3,040	148,635
Stock options exercisable on 30 November 2006	0	0	0	0	0
Maximum period	10 years	10 years	10 years	10 years	10 years

Terms and conditions of exercise in accordance with the underlying option terms (SOP 2005):

(1) The stock options granted to individual beneficiaries cannot be exercised for a minimum of two years after the option allocation date (“waiting period”).

(2) In the event of a change of control, the waiting period does not need to be taken into account. Change of control means any acquisition of shares in the Company by a third party or several third parties acting together (non-shareholders or companies that do not represent related parties in respect of any shareholder), which would provide more than 50% of the votes, or acquisition of a controlling influence on the Company by any means whatsoever (e.g. as a result of a share exchange, merger, absorption, capital increase through contributions in kind etc.) by a third party or by several third parties acting together in some other way.

(3) The exercise of stock options is excluded in the period between the 16th of the last month in every quarter (i.e. February, May, August and November) of each financial year and the date of the subsequent publication of the preliminary quarterly results (inclusive in each case) and in the period between the date of notice of the ordinary Shareholders' Meeting and the date of the ordinary Shareholders' Meeting of the Company (inclusive in each case).

(4) After a maximum of four years of the date on which options are granted, option rights issued can no longer expire. Within the four-year period, non-expiry applies pro rata of the total number of stock options issued on each last calendar day of February as well as on 31 May, 31 August and 30 November of each financial year following the date on which the options were granted. In the case of stock options which were issued prior to the first trading day, 50% of all stock options issued at this time can no longer expire after the end of the first trading day. With regard to the remaining 50% of stock options issued, the general rules on non-expiry in accordance with clauses 1 and 2 above of this section (4) apply. As a result, the accelerated non-expiry of 50% of the stock options issued prior to the first trading day does not produce a delay in the start of the non-expiry period for the remaining 50% of stock options. Moreover, in the event of a change of control, no option rights expire.

(5) Periods of time during which the employment or provision of services is suspended (e.g. parental leave, military or civil service) are not counted towards the waiting period in accordance with section (1) above (where applicable) and/or towards the periods relevant to non-expiry in acccordance with section (4) above. This applies accordingly to periods of incapacity to work due to sickness of more than six (6) months. In deviation from the above basic principle, the Executive Management, in the event of the beneficiary being a member of the Executive Management, and the Supervisory Board are, however, entitled, at their discretion, to grant that times during which the employment or provision of services is suspended be counted towards the relevant periods in individual cases. A legally binding deviation from the above basic principle may be specified prior to the issue of stock options, in particular in the option offer, or at any subsequent point in time.

Stock options have been calculated on the basis of a binominal model. The attributable values are illustrated in the following. Settlement is in equity securities:

Tranche 1	Date of issue	Vesting Period	Option value (rounded) in EUR
Part 1	30 December 2005	24 months	2.42
Part 2	30 December 2005	27 months	2.52
Part 3	30 December 2005	30 months	2.68
Part 4	30 December 2005	33 months	2.90
Part 5	30 December 2005	36 months	3.02
Part 6	30 December 2005	39 months	3.33
Part 7	30 December 2005	42 months	3.58
Part 8	30 December 2005	45 months	3.73
Part 9	30 December 2005	48 months	3.78

Tranche 2	Date of issue	Vesting Period	Option value (rounded) in EUR
Part 1	31 January 2006	24 months	2.36
Part 2	31 January 2006	27 months	2.50
Part 3	31 January 2006	30 months	2.69
Part 4	31 January 2006	33 months	2.80
Part 5	31 January 2006	36 months	2.99
Part 6	31 January 2006	39 months	3.23
Part 7	31 January 2006	42 months	3.55
Part 8	31 January 2006	45 months	3.70
Part 9	31 January 2006	48 months	3.79

Tranche 3	Date of issue	Vesting Period	Option value (rounded) in EUR
Part 1	28 February 2006	25 months	2.44
Part 2	28 February 2006	28 months	2.58
Part 3	28 February 2006	31 months	2.75
Part 4	28 February 2006	34 months	2.86
Part 5	28 February 2006	37 months	3.03
Part 6	28 February 2006	40 months	3.27
Part 7	28 February 2006	43 months	3.59
Part 8	28 February 2006	46 months	3.74
Part 9	28 February 2006	49 months	3.83

Tranche 4	Date of issue	Vesting Period	Option value (rounded) in EUR
Part 1	28 April 2006	24 months	2.40
Part 2	28 April 2006	27 months	2.53
Part 3	28 April 2006	30 months	2.67
Part 4	28 April 2006	33 months	2.84
Part 5	28 April 2006	36 months	2.94
Part 6	28 April 2006	39 months	3.12
Part 7	28 April 2006	42 months	3.35
Part 8	28 April 2006	45 months	3.66
Part 9	28 April 2006	48 months	3.80

Tranche 5	Date of issue	Vesting Period	Option value (rounded) in EUR
Part 1	30 September 2006	24 months	2.48
Part 2	30 September 2006	27 months	2.60
Part 3	30 September 2006	30 months	2.66
Part 4	30 September 2006	33 months	2.83
Part 5	30 September 2006	36 months	2.91
Part 6	30 September 2006	39 months	3.08
Part 7	30 September 2006	42 months	3.26
Part 8	30 September 2006	45 months	3.37
Part 9	30 September 2006	48 months	3.63

The following model parameters and expected fluctuation figures have been used in the calculations:

Model parameter Tranche 1	Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	Part 7	Part 8	Part 9
Stock valuation upon issue of options	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90
Maximum term to issue of date	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected term of options in months	24	27	30	33	36	39	42	45	48
Exercise price as at expected exercise date	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate for the term	2.86%	2.88%	2.91%	2.93%	2.95%	2.97%	2.99%	3.00%	3.02%
Expected volatility for the term	42.54%	42.57%	44.77%	48.42%	49.48%	55.50%	59.79%	61.63%	60.42%
Expected fluctuation of option holders over the term	0%	0%	0%	0%	0%	0%	0%	0%	0%

Model parameter Tranche 2	Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	Part 7	Part 8	Part 9
Stock valuation upon issue of options	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90
Maximum term to issue date	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected term of options in months	24	27	30	33	36	39	42	45	48
Exercise price as at expected exercise date	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate for the term	2.97%	3.00%	3.04%	3.07%	3.10%	3.13%	3.15%	3.18 %	3.20%
Expected volatility for the term	40.40%	41.89%	44.92%	45.39%	48.25%	52.44%	58.73%	60.42 %	60.60%
Expected fluctuation of option holders over the therm	0%	0%	0%	0%	0%	0%	0%	0%	0%

Model parameter Tranche 3	Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	Part 7	Part 8	Part 9
Stock valuation upon issue of options	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90
Maximum term to issue date	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected term of options in months	25	28	31	34	37	40	43	46	49
Exercise price as at expected exercise date	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate for the term	3.06%	3.09%	3.11%	3.14%	3.17%	3.19%	3.21%	3.23%	3.25%
Expected volatility for the therm	41.69%	42.95%	45.52%	45.85%	48.49%	52.60%	58.77%	60.49%	60.70%
Expected fluctuation of option holders over the term	8.89%	10.97%	12.15%	13.32%	14.50%	15.67%	16.85%	18.02%	19.20%

The expected term of tranche 3 is one month longer than for the other tranches indicated, taking into account the blocking periods described in the following.

The exercise of stock options is excluded in the period between the 16th of the last month in every quarter (i.e. February, May, August and November) of each financial year and the date of the subsequent publication of the preliminary quarterly results (inclusive in each case) and in the period between the date of notice of the ordinary Shareholders' Meeting and the date of the ordinary Shareholders' Meeting of the Company (inclusive in each case).

Model parameter Tranche 4	Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	Part 7	Part 8	Part 9
Stock valuation upon issue of options	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90
Maximum term to issue date	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected term of options in month	24	27	30	33	36	39	42	45	48
Exercise price at expected exercise date	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate for the term	3.44%	3.48%	3.52%	3.55%	3.59%	3.62%	3.65%	3.67%	3.70%
Expected volatility for the term	40.61%	41.59%	42.88%	45.35%	45.72%	48.24%	52.16%	58.13%	59.80%
Expected fluctuation of option holders over the term	8.89%	10.97%	12.15%	13.32%	14.50%	15.67%	16.85%	18.02%	19.20%

Model parameter Tranche 5	Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	Part 7	Part 8	Part 9
Stock valuation upon issue of options	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90	EUR 6.90
Maximum term to issue date	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected term of options in months	24	27	30	33	36	39	42	45	48
Exercise price at expected exercise date	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52
Expected dividend yield	0%	0%	0%	0%	0 %	0%	0%	0%	0%
Risk-free interest rate for the term	3.56%	3.56%	3.56%	3.55%	3.55%	3.55%	3.56%	3.56%	3.56%
Expected volatility for the term	43.25%	43.95%	42.57%	45.23%	44.78 %	47.33%	49.83%	50.64%	55.56%
Expected fluctuation of option holders over the term	0%	0%	0%	0%	0%	0%	0%	0%	0%

The stock valuation upon issue of the options was carried out on the basis of the most recent company valuation of WILEX AG available at this date and represents the best price estimate in the unanimous view of the Supervisory Board and Executive Management of the Company, as WILEX AG was not yet listed on the stock exchange at the time. The stock valuation of EUR 6.90 for all tranches issued results as the historical value from the final financing round of WILEX AG, which was implemented in 2005.

The expected term of the options is based on the assumption that the stock options will be exercised as soon as possible. This is partly due to the tax treatment of any return on the exercise of stock options compared with the sale of shares after a one-year holding period.

The performance target of an increase in the share price of at least 10% of the exercise price has not been taken into account for the valuation, because the achievement of this target was expected by the Executive Management on the basis of detailed forecasts for the relevant issue dates. The condition for the validity of exercise of stock options is that the Company's shares are traded on a stock exchange in or outside Germany. This is now the case.

The vesting period of two years applies to all options which became non-lapsable by the date of the IPO, and to a further 50% of the stock options issued. For the remaining options, an evenly distributed vesting period of two to four years applies.

Future volatility during the expected term of the stock options was estimated on the basis of the historical volatility for matching maturities of a peer group of comparable companies in the biotechnology sector, taking into account the expected future share price performance of the Company. This method was used because the Company has only been listed since 13 November 2006 and no information about the historical volatility for stock options issued was available for the Company itself. The expected fluctuation is based on an estimate by the management and is adjusted on each reporting date on the basis of historical and current fluctuation data.

The vesting period was set as the period up to when the individual options become non-lapsable. In accordance with the terms and conditions of exercise described, accelerated non-expiry applies to 50% of the options and to the options which had already become non-lapsable at the time of the IPO.

The stock options had the following maximum contractual terms (in years) as at the reporting date:

	Date of issue	30.11.2006
Tranche 1	30 December 2005	9.08
Tranche 2	31 January 2006	9.17
Tranche 3	28 February 006	9.25
Tranche 4	28 April 2006	9.41
Tranche 5	30 September 2006	9.83

As at the reporting date, WILEX incurred the following expenses in connection with the stock option plan:

	30.11.2006
Total expenses from equity-based remuneration transaction settled with equity securities	1,310
Expenses for the period from equity-based remuneration transaction	1,310

18. NET CURRENCY GAINS/LOSSES

The Company achieved currency gains of EUR 25 thousand (2005: currency losses of EUR 6 thousand) in financial year 2006. There were no unrealised currency gains or losses in the financial years ended on 30 November 2006 and 2005.

19. NET FINANCIAL RESULT

	2006 EUR '000	2005 EUR '000
FINANCIAL EXPENDITURE		
Interest from leasing obligations and current liabilities to banks	(19)	(5)
Interest from licensing obligations	(8)	0
Interest from silent partnership loans	(328)	(328)
Change in amortised cost of silent partnership loans	(573)	(375)
	(928)	(708)
FINANCIAL INCOME		
Realised gains from the sale of securities	261	14
Interest income from bank accounts	278	137
	539	151
Net financial result	(389)	(557)

The improved net financial result compared with the previous financial year is mainly accounted for by the increase in interest income from bank accounts. This was realised as a result of higher liquidity following the IPO and a generally higher level of interest on cash deposits compared with the previous year. Capital outflow from interest payments including repayment of the loans from silent partners (see note 11) totalled EUR 2,250 thousand as at the reporting date (2005: EUR 332 thousand).

20. CASH FLOW FROM OPERATING ACTIVITIES

The table below shows the changes in cash flow from operating activities at WILEX:

	2006 EUR	2005 EUR
NET LOSS FOR THE YEAR	(18,660,356)	(11,124,563)
ADJUSTMENTS FOR:		
Valuation of stock options	1,309,883	0
Amortisation/depreciation	191,231	161,572
Increase in pension obligations	754	726
Interest expense	927,793	707,833
Interest income	(539,252)	(150,866)
Tax expense	22,987	9,371
	1,913,396	728,635
CHANGES IN NET WORKING CAPITAL:		
Inventories	5,300	100
Other receivables	15,815	(66,735)
Prepayments	165,556	(658,272)
Trade accounts payable	18,177	237,544
Other liabilities	2,310,948	2,139,154
	2,515,796	1,651,791
Outflow of funds from operating activities	(14,231,165)	(8,744,137)

21. INCOME TAX EXPENSE

Due to operating losses, no income tax applied in 2006 and 2005, excluding the following. The tax expense reported in the profit & loss statement for financial year 2005 relates to withholding tax. This withholding tax applied to a prepayment from Esteve. It has already been withheld and taken to the balance sheet as prepayment made. The tax has been recognised in the profit & loss statement in line with the amount stated under operating income from the Esteve agreement (see note 15).

Deferred income tax for financial years 2005 and 2006 relates to the following items:

	2006 EUR '000	2005 EUR '000
DEFERRED INCOME TAX ASSETS		
Deferred taxes on tax losses carried forward	26,336	17,283
Recognitions of inventories used for clinical tests	841	1,229
Adjustment of obligations from silent partnership loans	0	261
Deferred revenue	880	1,209
	28,056	19,982
Not valued	(27,901)	(19,817)
	155	165
DEFERRED INCOME TAX LIABILITIES		
Varying useful lives of property and equipment	19	19
Capitalisation of purchased licences	111	111
Other	25	35
	155	165
Net deferred income tax	0	0

Where deferred tax assets exceed deferred tax liabilities they have not been valued, as further losses are expected in the foreseeable future. Deferred tax assets and liabilities have been offset, since they exist vis-à-vis the same tax authority and arise in the same periods.

A composite tax rate of 40.86% was used to calculate deferred tax. It is based on a corporation tax rate of 25%, solidarity surcharge of 5.5% and trade tax of 19.68%. The deductibility of trade tax was taken into account when determining the composite tax rate.

The tax expense reported deviates from the expected tax expense, which would have resulted from application of the nominal tax rate (40.86%) to the result under IFRS. Reconciliation of the differences is shown in the table below.

	2006 EUR '000	2005 EUR '000
Earnings before tax	(18,660)	(11,125)
Expected tax revenue	(7,625)	(4,546)
Non-capitalisable losses carried forward in the period	9,053	5,153
Non-capitalised temporary differences	(969)	(616)
Non-deductible expenses for stock options	(535)	0
Non-deductible operating expenses/Other	76	9
Foreign capital gains tax	23	9
Recorded tax expense	23	9

The Company reported the following tax losses carried forward:

	2006 EUR '000	2005 EUR '000
For corporation tax	64,598	42,625
For trade tax	64,174	41,694

In accordance with the Corporation Tax Act, there is no restriction on carrying over tax losses carried forward. The deduction of existing losses carried forward is excluded if the Company carrying forward these losses loses its tax identity. Loss of tax identity of the Company is assumed if the two following criteria apply cumulatively: (i) more than 50% of the shares in the Company have been transferred and (ii) the Company continues its operations mainly with new assets or starts up again. The legal limit on deductibility of operating losses applies to corporation tax and trade tax. The Company has not been subject to a tax audit since it was established. Following the capital increases as part of the fourth financing round in April 2005 and the IPO in November 2006, the Company may have lost its loss carryforward.

22. EARNINGS PER SHARE

Undiluted

Undiluted earnings per share are calculated by producing the quotient of net profit for the year attributable to shareholders and the average number of shares issued during the financial year, excluding treasury stock which the Company itself retains.

	2006	2005
Net loss for the year available to common shareholders (in EUR '000)	(18,660)	(11,125)
Weighted average number of shares issued (in thousands)	8,041	5,080
Basic earnings per share (EUR per share)	(2.32)	(2.19)

The average number of shares issued as at 30 November 2006 takes into account accurately the capital increases and increase in the number of shares from the date of implementation (see note 10).

Diluted

The number of shares considered to calculate the undiluted and diluted earnings per share is the same for WILEX, because the conversion of common stock equivalents would counteract dilution.

23. LEASES, GUARANTEES & OBLIGATIONS

Finance lease agreements

The acquisition of new laboratory equipment was implemented in 2006 under a finance lease agreement over a period of 36 months, with capitalisation and continuous depreciation of the procurement value of EUR 255 thousand under property and equipment (see note 5). In the balance sheet, the outstanding repayment liabilities (EUR 188 thousand) are split between "long-term debt" (EUR 104 thousand) for liabilities exceeding one year and "current debt" (EUR 84 thousand) for liabilities of less than one year. The monthly interest portion is shown under "finance expenditure" in the profit & loss statement (EUR 10 thousand). The level of depreciation stood at EUR 16 thousand, with the residual book value as at the reporting date amounting to EUR 239 thousand and the repayment proportion totalling EUR 67 thousand in 2006.

In the coming reporting periods, WILEX has the following obligations under finance leases:

Obligations as at 30 November 2006	up to 1 year	1-5 years	more than 5 years	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Obligations from finance leases (laboratory equipment)	84	104	0	188
	84	104	0	188

Operating lease agreements, guarantees & obligations

The Company has also leased laboratory and office equipment under operating leases, which will expire at different times up to year end 2008. All office and laboratory premises used at present are rented up to September 2007. The cost of office and laboratory equipment as well as office and laboratory premises under the operating leases are reported as operating expenses in the profit & loss statement, together with the obligations under lease agreements for company cars:

Expenses from operating leases and tenancy agreements	EUR '000
2006	524
2005	503

WILEX has pledged a bank account with a balance of EUR 124 thousand as deposit for the lessor. No other guarantees exist.

The future minimum payments under tenancy agreements and leases are as follows:

Obligations as at 30 November 2006	up to 1 year	1-5 years	more than 5 years	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Rental obligations relating to laboratory and office premises	402	0	0	402
Obligations from operating leases (laboratory and office equipment, vehicles)	45	30	0	75
	447	30	0	477

In addition, obligations from the acquisition of licences amount to EUR 2.5 million and are due upon the achievement of specified milestones.

Obligations as at 30 November 2005	up to 1 year	1-5 years	more than 5 years	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Rental obligations relating to laboratory and office premises	477	402	0	879
Obligations from operating leases (laboratory and office equipment, vehicles)	41	55	0	96
	518	457	0	975

24. SUPERVISORY BOARD AND EXECUTIVE MANAGEMENT

Executive Management

The current Executive Management members of WILEX AG are:

Professor G. Olaf Wilhelm, Chairman of the Executive Management and CEO
Dr Paul Bevan, Executive Management member and Head of Research and Development
Peter Llewellyn-Davies, Executive Management member and CFO (since 1 September 2006)
Niels Ackermann, Executive Management member responsible for Finance (until 15 June 2006)

Remuneration was paid to the members of the Executive Management on 30 November 2006 and 2005 (comprising fixed remuneration and bonuses for the previous financial year, excluding benefits) amounting to EUR 685 thousand and EUR 730 thousand respectively. Active Executive Management members and one former Executive Management member held a total of 579,335 and 0 stock options respectively as at 30 November 2006 and 2005. No Executive Management member (neither an active nor former member) held a material interest in the Company of a minimum of 5% of the share capital (directly or indirectly) as at 30 November 2006.

One Executive Management member, Professor Olaf G. Wilhelm, is also the beneficiary of a pension commitment totalling EUR 21 thousand (see notes 8 and 13).

Overall, the Executive Management members received the following fixed and variable remuneration components, benefits and stock options in financial year 2006:

Executive Management member	Fixed remuneration	Variable remuneration[1]	Benefits	Stock options granted	Total amounts (excluding stock options)
	in EUR	in EUR	in EUR		in EUR
Professor Olaf G. Wilhelm	225,000	65,039	10,281	262,770	300,320
Dr Paul Bevan	200,000	20,000	13,344	175,180	233,344
Peter Llewellyn-Davies[2]	50,000	0	2,229	131,385	52,229
Niels Ackermann[3]	105,000	20,000	5,124	10,000	130,124

1) Paid in 2006 for financial year 2005. The bonus for 2006 will be paid in financial year 2007.
2) Mr Llewellyn-Davies joined the Executive Management of the Company on 1 September 2006. He worked for WILEX AG in an advisory capacity from 8 June to 31 August 2006. The total fee paid to Mr Llewellyn-Davies during this period amounted to EUR 31.5 thousand plus expenses.
3) Mr Ackermann left the Executive Management of the Company on 15 June 2006.

Supervisory Board

The current Supervisory Board members of WILEX AG are:

Dr David Ebsworth, Consultant (Chairman of the Supervisory Board)
Dr Georg F. Baur, Entrepreneur (Deputy Chairman of the Supervisory Board)
Salvatore D'Orsa, Investment Director, Merlin Biosciences Ltd.
Dr Alexandra Goll, General Partner, TVM Capital GmbH
Dr Jeremy Reffin, Partner, Apax Partners Worldwide LLP.
Dr Friedrich von Bohlen und Halbach, Managing Director, Dievini GmbH

Dr Ebsworth is also the Chairman or a member of the following bodies:

Company	Post
Renovo Group PLC, Manchester (UK)	Non-executive member of the Board of Directors
CuraGen Corporation, New Haven (Connecticut/USA)	Non-executive member of the Board of Directors
Intercell AG, Vienna (Austria)	Member of the Supervisory Board
SkyePharma Plc., London (UK)	Non-executive member of the Board of Directors
Curacyte AG, Leipzig	Chairman of the Supervisory Board
Xention Discovery Ltd., Pampisford (UK)	Non-executive chairman of the Board of Directors
Atani Ltd., London (UK)	Chairman of the Supervisory Board
A&D Pharma Holdings N.V., Delft (Netherlands)	Chairman of the Supervisory Board

Dr Baur is also the Chairman or a member of the following bodies:

Company	Post
LR-INTERNATIONAL Cosmetics & Marketing GmbH, Ahlen	Chairman of the Advisory Board
J.F. Müller & Sohn AG, Hamburg	Deputy Chairman of the Supervisory Board
Soda Club Enterprises NV, Curacao	Non-executive member of the Board of Directors
Franz Haniel & Cie. GmbH, Duisburg	Member of the Supervisory Board

Mr D'Orsa is also a member of the following bodies:

Company	Post
DeNovo Pharmaceuticals Limited, Cambridge (UK)	Non-executive member of the Board of Directors
PanTherix Limited, London (UK)	Non-executive member of the Board of Directors
Piramed Limited, Slough (UK)	Non-executive member of the Board of Directors

Dr Goll is also a member of the following bodies:

Company	Post
Addex Pharmaceuticals Ltd., Genova (Switzerland)	Member of the Supervisory Board
Arrow Therapeutics Ltd., London (UK)	Non-executive member of the Board of Directors
Biovertis AG, Vienna (Austria)	Member of the Supervisory Board
Newron Pharmaceuticals SpA, Milan (Italy)	Member of the Supervisory Board
Pharmasset Inc., Princeton (New Jersey/USA)	Non-executive member of the Board of Directors
Cardion GmbH, Erkrath	Member of the Supervisory Board

Dr Reffin is also a member of the following bodies:

Company	**Post**
Apax Europe VI Ltd, London (UK)	Non-executive member of the Board of Directors
Apax Partners Worldwide LLP, London (UK)	Non-executive member of the Board of Directors
Apax Scotland VI Co. Ltd, Edinburgh (UK)	Non-executive member of the Board of Directors
Microscience Ltd, Berkshire (UK; previously Microscience Holdings PLC)	Non-executive member of the Board of Directors
MolnIycke Acquisition Co. AB, Göteborg (Sweden)	Member of the Supervisory Board
MolnIycke Health Care Group AB, Göteborg (Sweden)	Member of the Supervisory Board

Dr von Bohlen und Halbach is also the Chairman or a member of the following bodies:

Company	**Post**
Apogenix GmbH, Heidelberg	Chairman of the Advisory Board
Cosmo S.p.A., Lainate (Italy)	Non-executive member of the Board of Directors
Cytonet GmbH & Co. KG, Weinheim	Member of the Advisory Board
Curacyte AG, Leipzig	Member of the Supervisory Board
CureVac GmbH, Tübingen	Chairman of the Advisory Board
Heidelberg Pharma GmbH, Ladenburg	Member of the Advisory Board
Life Biosystems AG, Basle (Switzerland)	Chairman of the Executive Management
LION bioscience AG, Heidelberg	Chairman of the Supervisory Board

The members of the Supervisory Board were paid remuneration of EUR 105 thousand on 30 November 2006 and on 30 November 2005. Individual remuneration is shown in the table below:

Supervisory Board member	Fixed remuneration[1]
	EUR
Dr David Ebsworth, Chairman	35,000
Dr Georg F. Baur, Deputy Chairman	25,000
Salvatore D'Orsa	15,000
Dr Alexandra Goll	15,000
Dr Jeremy Reffin	0[2]
Dr Friedrich von Bohlen und Halbach	15,000

1) The fourth instalment for financial year 2006 was paid after the end of financial year 2006.
2) Dr Reffin has waived the remuneration to which he was entitled in financial year 2005 and financial year 2006.

In addition to the regular Supervisory Board remuneration, Dr Ebsworth also worked for the Company in his capacity as consultant. The fee under the consulting agreement was reported as an expense and amounted to EUR 69 thousand and EUR 93 thousand in financial year 2006 an 2005 respectively. This consulting agreement ended as per the agreed term on 31 December 2006 and was not extended.

No Supervisory Board member (neither an active nor former member) held a material interest in the Company of a minimum of 5% of the share capital (directly or indirectly) as at 30 November 2006.

No other relationships to related parties exist.

25. EXPENSES FOR THE AUDITORS

In each of the ordinary Shareholders' Meetings of the Company on 11 September 2006 and 8 September 2005, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft were appointed as auditors. The following fees for services were reported as expenses in the periods under review:

	2006 EUR '000	2005 EUR '000
Annual financial statements	46	61
Preperation of letter of comfort	110	0
Tax consultancy	6	6
Other	9	52
Total expenses for auditors	170	119

The letter of comfort was prepared including the audited interim report as at 31 August 2006 in accordance with IAS 34 in the run-up to the IPO. Other expenses decreased, in particular, following the switch from US GAAP to IFRS accounting in financial year 2005.

26. DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 AKTG (GERMAN STOCK CORPORATION ACT)

In February 2007, the Executive Management will issue the annual declaration of compliance in accordance with section 161 AktG (German Stock Corporation Act) for the first time.

27. EVENTS AFTER THE REPORTING DATE

In December 2006, WILEX signed an agreement with IBA Molecular N.A., Sterling, Virginia, USA. IBA supplies radiopharmaceutical products and isotopes for radiotherapy and radiodiagnostics and is a global leader in this field. IBA will label the WILEX antibody, WX-G250, radioactively with ^{124}Iodine and deliver it to the participating research centres as part of the registration trial for the CA9-SCAN imaging diagnostic procedure.

WILEX has also received approval from the Federal Institute for Drugs and Medical Products for the implementation of a clinical Phase II trial for the drug candidate, WX-671, in combination with the chemotherapeutic drug, Gemcitabine (Gemzar®, Eli Lilly and Company, Indianapolis, USA). This is a randomised, open Phase II trial involving patients with locally advanced, inoperable non-metastatic pancreatic cancer.

No other significant events and material developments occurred after the reporting date.

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements prepared by Wilex AG, comprising the balance sheet, profit & loss statement, statement of changes in equity, cash flow statement and related notes, as well as the management report for the financial year started 1 December 2005 and ended 30 November 2006. The Executive Management of the Company is responsible for preparing the financial statements and management report in accordance with IFRS, as adopted by the EU, and the supplementary regulations under commercial law to be applied pursuant to section 325 sub-section 2a HGB (German Commercial Code). Our responsibility is to express an opinion on the financial statements and management report based on our audit.

We have conducted our audit of the financial statements in accordance with section 317 HGB (German Commercial Code), taking into account the German principles on proper auditing adopted by the Institut der Wirtschaftsprüfer (IDW, German Institute of Auditors). These standards require that the audit be planned and carried out so as to identify with reasonable assurance any misstatements and irregularities impacting materially on the presentation of the assets and liabilities, financial position and earnings in the financial statements, taking into account the applicable accounting regulations, and in the management report. When determining the audit procedure, knowledge about the business activities and the financial and legal environment of the Company are taken into account, as well as expected errors. As part of the audit, the effectiveness of the accounting-based internal control system and the evidence supporting the information in the financial statements and management report are examined, mainly on a test basis. The audit includes an assessment of whether the accounting principles applied are appropriate and of the significant estimates made by the Executive Management, and an evaluation of the overall presentation of the financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not given rise to any qualification.

In our opinion, based on the findings of our audit, the financial statements comply with the IFRS, as adopted by the EU, and the supplementary regulations under commercial law to be applied pursuant to section 325 sub-section 2a HGB (German Commercial Code), and give a true and fair view of the Company's assets and liabilities, financial position and earnings, taking into account these regulations. The management report is consistent with the financial statements, gives an accurate overall picture of the state of affairs of the Company and provides an accurate presentation of the risks and opportunities relating to future developments.

In line with our duty, we point out that the Company's continued existence is subject to risks, which are presented in the risk report section of the management report. The medium and long-term existence of the Company is dependent on generating additional capital inflow, for example by entering into partnership and cooperation agreements.

Munich, 25 January 2007
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(McMahon) Auditor

(ppa. Botzenhardt) Auditor

GLOSSARY

ADCC
Antibody Dependent Cellular Cytotoxicity – the destruction of target cells by immune cells via antibodies

Adjuvant therapy
Supportive therapy

Antibody
Proteins which are produced by the immune system with the aim of identifying and destroying foreign substances that cause disease, such as viruses and bacteria

Antigen
Structure onto which an antibody specifically binds

Biopharmacy
The use of biological research methods to develop drugs

Chemotherapy
Destruction of tumour cells in the body through cytotoxins

Chimeric
Genetically composed from different species

Clinical Trial Authorisation (CTA)
Approval of clinical trials in the EU

Combination trial
Clinical trial which is carried out with two or more substances

CRO
Contract research organisation

Cytokins
Messengers which are released by the cells of the immune system

Diagnostic procedure
A method used to diagnose disease

Double-blind trial
Neither doctor nor patient knows whether the patient is receiving the new drug candidate or a placebo during a clinical trial

EMEA
European Medicines Evaluation Agency

Expression
Implementation of genetic information in the relevant protein

Extracellular matrix (ECM)
The totality of macro molecules which are outside the plasma membrane of cells in tissue and organs

FDA
Food and Drug Administration – regulatory authority in the USA

Futility analysis
Interim analysis as part of a clinical trial, which is carried out by an independent body, the Data Monitoring Board

Good Laboratory Practice (GLP)
Principles of good laboratory practice

Good Manufacturing Practice (GMP)
Principles of good manufacturing practice. International regulations which guarantee the quality of pharmaceutical production processes

Histology
The science of examining tissue

Immunotherapy
Treatment which uses the immune system to fight disease

Inhibitor
Substances which reduce or inhibit specific biological activities

Interferon alpha-2a
A protein produced by white blood cells or a protein produced using gene technology

Interleukin-2
One of 12 interleukins. Interleukins are signal substances of the immune system, produced by white blood cells

Intravenous
In a vein (for example, injection of a substance into a vein)

Investigational Medicinal Product Dossier (IMPD)
Investigational dossier relating to drugs in accordance with the regulations on clinical trials relating to registration of clinical trials in the European Union

Investigational New Drug (IND) Application
Application for the implementation of clinical trials in the USA

Malignant cells
Cancer cells

Metastasis
The spread of malignant tumour cells in the body and the formation of subsidiary tumours

Monoclonal antibodies
Monoclonal antibodies are produced by cells, which are created when an antibody producing cell (such as B lymphocytes) fuses with an immortalised cancer cell. This process takes place in the laboratory and results in a hybrid cell (hybridoma), which combines the features of both cells. These cells are all identical, as they originate from one and the same cell and are described as “monoclonal”. They produce large amounts of a specific antibody, which binds to a specific antigen.

Monotherapy trial
Clinical trial in which one substance is used

Multicentred trial
A trial carried out in several places or at several centres

Murine
Originally derived from mice

Mutations
Changes in human genetic material

Oncology
The research field which focuses on cancer studies

Oral
Ingested by mouth

Orphan drug status
This status is awarded for drugs by the Food and Drug Administration (FDA) in the USA and by the European Medicines Evaluation Agency. It grants exclusive marketing rights for ten years from approval in the USA and seven years in the EU

Pharmacokinetics
Pharmacokinetics describe how quickly and to what extent a substance appears in the blood plasma and different tissues appear in the body following administration, and where and how it is then excreted

Phase I
Clinical trial of a substance carried out on a low number of healthy subjects or patients, under strict supervision. It is used to determine toxicity, pharmacokinetics, form of administration and safe dosage of a substance

Phase II
Clinical trial with a low number of patients with the aim of testing the efficacy of a substance for specific indications, identifying any side effects and safety risks and determining the dosage tolerance and optimum dosage

Phase III
Clinical trial with a large number of patients (several hundred to several thousand) to ascertain the safety, tolerance and efficacy as well as optimum dosage of a substance under real therapy conditions

Placebo
Dummy drug with no active ingredients

Plasmin
An enzyme which dissolves blood clots

Plasminogen
The precursor of plasmin

Positron emission tomography (PET)
Imaging procedure with the help of which the inside of the body can be illustrated without the need for surgery

Preclinical
Comprises all in vitro and in vivo test systems for examining the features of a substance prior to the start of the clinical phases

Randomised trial
Clinical trial for which the subjects are divided into several groups according to the principle of random selection (randomised)

Receptor
A protein usually found on the surface of cells, which binds to a specific chemical messenger, for example a hormone

Renal cell carcinoma
With a proportion of 1% to 2% of all solid tumours, the third most frequently occurring urological malignant tumour

Serine protease
Sub-form of peptidases (i.e. enzymes which catalyse the split of proteins and peptides)

uPA system
Urokinase-specific plasminogen activator (uPA) system. A protein splitting enzyme system, which plays an important part in the growth, spread and metastasis of different malignant tumours

Urology
Field of science which focuses on renal diseases and those relating to the urinary tract, the bladder and the male reproductive organs

FINANCIAL CALENDAR

27 February 2007	Annual Report
13 April 2007	Quarterly Report
12 June 2007	Annual General Meeting/Shareholders' Meeting
12 July 2007	Interim Report
11 October 2007	Quarterly Report

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Responsible for the project:	Juliane Giese, WILEX AG

CONTACTS

Peter Llewellyn-Davies	Juliane Giese
Chief Financial Officer	Investor and Public Relations
Tel. +49 (0) 89 413 138-20	Tel. +49 (0) 89 413 138-29
Fax +49 (0) 89 413 138-98	Fax +49 (0) 89 413 138-99
email: pld@wilex.com	email: juliane.giese@wilex.com

The Annual Report is also published in German and is available for download from our website: www.wilex.com

The English translation of the Annual Report is provided for convenience only. The German original is definitive.

WILEX AG
Grillparzerstr. 10
D-81675 Munich
Germany