WILEX

Focused Cancer Therapies

Annual Report 2007

Milestones achieved – Focus on commercialisation

CONTENTS

KEY FIGURES

	2007[1]	2006	Change in %	2005	2004
Earnings in EUR '000					
Other operating income	2,583	1,663	55.4	799	875
Operating expenses	(26,510)	(19,912)	33.1	(11,357)	(10,344)
of which research and development	(22,999)	(16,152)	42.4	(8,293)	(8,014)
Operating result	(23,927)	(18,249)	31.1	(10,558)	(9,469)
Earnings before tax	(22,234)	(18,637)	19.3	(11,115)	(9,996)
Net loss for the period	(22,258)	(18,660)	19.3	(11,125)	(10,002)
Earnings per share in EUR	(1.86)	(2.32)	(19.8)	(2.19)	(0.92)
Balance sheet as at 30.11. in EUR '000					
Total assets	37,627	59,707	(37.0)	23,581	6,095
Cash and cash equivalents[2]	34,170	56,709	(39.7)	21,248	4,388
Shareholders' equity	25,951	47,720	(45.6)	8,679	(6,054)
Equity ratio[3] in %	69.0	79.9	(13.7)	36.8	(99.3)
Cash flow in EUR '000					
from operating activities	(22,659)	(14,231)	59.2	(8,744)	(6,493)
from investing activities[4]	(15,599)	(382)	> 100	(71)	(437)
from financing activities	(960)	51.785	(101.9)	25,857	(45)
Employees					
Employees as at 30 November	57	46	23,9	41	40
Employees – annual average	51	44	17.4	40	40

1 The financial year begins on 1 December and ends on 30 November of each year
2 Including financial assets
3 Shareholders' equity / total assets
4 Including investments of EUR 15 million in financial assets

MILESTONES

December 2006: WILEX receives the clinical trial authorisation (CTA) from the German Federal Institute for Drugs and Medical Devices for a clinical Phase II trial of WX-671 in combination with the chemotherapeutic agent Gemcitabine in patients suffering from pancreatic cancer.

April 2007: : Positive update on the ARISER trial with RENCAREX®: A total of 420 patients have been enrolled in the trial with a low drop-out rate of approximately 3%. WILEX receives a significant milestone payment from its partner Esteve.

June 2007: The ordinary Shareholders' Meeting appoints two renowned experts to the Company's Supervisory Board: Professor Iris Löw-Friedrich, Executive Board member for Research and Development at SCHWARZ PHARMA AG, and Dr Rüdiger Hauffe, former managing director of SmithKline Beecham GmbH.

June 2007: The first patient is randomised in the Phase II clinical trial of WX-671 in combination with Gemcitabine. The trial is being conducted with 90 patients in six countries.

July 2007: WILEX improves its financial outlook. Expenses for the ARISER trial will probably be lower than planned since more patients were recruited at lower-cost centres than originally expected. The optimisation of the production validation programme for RENCAREX® also contributed to a reduction in costs.

September 2007: The Phase Ib trial of WX-671 in patients with head and neck cancer is successfully completed. The compound was found to be safe and well tolerated at all dose levels tested. The trial demonstrated for the first time that the active compound WX-UK1 accumulates in tumour tissue.

October 2007: The Supervisory Board appoints Dr Thomas Borcholte to the Executive Management Board as Chief Business Officer (CBO). He is responsible for business development and the implementation of the Company's commercialisation strategy.

October 2007: The FDA approves the Phase III registration trial of CA9-SCAN. A total of 166 patients suspected of suffering from kidney cancer are to be enrolled in more than 15 study centres in the USA.

December 2007: WILEX announces a positive result of the interim analysis for futility of its Phase III ARISER trial with RENCAREX®. Based on the interim analysis for futility, the Independent Data Monitoring Committee (IDMC) recommends that the trial should be continued as planned.

ABOUT US

WILEX's mission is to develop drugs and diagnostic agents with a low side effect profile and targeted treatment of different types of cancer as well as for early detection of tumours.

The Company's portfolio further matured in the 2007 financial year. WILEX has an attractive product pipeline with two candidates in Phase III registration trials and one Phase II programme.

Based on this pipeline, WILEX's aim is to achieve profitability within a few years through the commercialisation of its products and in the long term to finance its research and development programmes from its operating business.

FOREWORD

Dear Shareholders,

WILEX's three key clinical projects made substantial progress in the financial year just ended. We were particularly pleased with the assessment of the Independent Data Monitoring Committee following the interim analysis for futility during our Phase III ARISER trial with RENCAREX®. This evaluation revealed that the trial will probably deliver a significant result.

The fact that two of our drug candidates are in Phase III registration trials as well as one being in an ongoing Phase II programme will now allow us to proceed with the commercialisation of our more mature portfolio with the aim of translating opportunities into revenues. WILEX aims to enter into alliances and partnerships in order to maximise value for both the Company and its shareholders.

The value of the WILEX share dropped significantly. Primarily this can be attributed to the negative sentiment on the stock market towards biotechnology shares in general. The failures of a few development projects had a negative impact on companies' share prices in this segment – a sentiment that WILEX as a newcomer on the market was unable to avoid. The share price did not positively interpret that WILEX had attained all targeted milestones in connection with the clinical trials.

Our Phase III registration trial of CA9-SCAN, which is designed to improve cancer diagnostics and follow-up therapy monitoring, was approved by the Food and Drug Administration (FDA) in October 2007. We will start patient recruitment as soon as we have obtained the Special Protocol Assessment (SPA). Further guidance in respect of the trial's timeline will be determined once we have received the SPA.

Our uPA programme has also advanced. We were able to show in a Phase Ib trial with WX-UK1 that the active compound accumulates in tumour tissue. Another Phase I study showed evidence of prolonged stable disease and in three patients, two of whom had metastatic breast cancer, partial responses. The clinical efficacy of the inhibitor, WX-671, is tested in two Phase II trials, one of which was already launched in mid-2007. We expect initial data from this trial with patients suffering from pancreatic cancer to be available in 2008.

"We can now proceed with the commercialisation of our more mature portfolio with the aim of translating opportunities into revenues."

Peter Llewellyn-Davies
CFO

Dr Thomas Borcholte
CBO

Professor Olaf G. Wilhelm
CEO

Dr Paul Bevan
Head of R&D

In addition to these successful clinical developments, WILEX has also succeeded in improving the efficiency of antibody production and thereby streamlining costs. We possess sufficient liquidity to be able to finance our ambitious development programmes until the first quarter of the 2009 calendar year. Our strategic focus will be securing licensing income by that time through milestone payments as well as subsequent licensing revenue independent of sales.

We wish to thank all our shareholders for their support and for the trust they placed in us during 2007.

Munich, January 2008

Sincerely,

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

STRATEGY

FOCUSED CANCER THERAPIES

The strategy of WILEX entails a focused approach:

- We focus on clinical indications for which there is high unmet medical need and which provide major benefits to patients.
- Each of our product candidates is designed to enable highly specific treatment of various types of cancer with low side effects.
- In order to leverage potential increases in value for our shareholders as quickly as possible, for the time being we will concentrate on two steps in the value chain – clinical research and regulatory affairs.

This fundamental outlook allows WILEX to work in efficient and cost-sensitive ways towards its primary goal of becoming a successful biopharmaceutical company with a broad portfolio of unique drugs and medical products for treating cancer.

RESEARCH AND DEVELOPMENT STRATEGY

At present, we are focused on three therapeutic approaches:

- clinical development of a radio-labelled antibody designed to improve detection of tumours prior to surgery by means of high precision imaging diagnostics;
- clinical development of a therapeutic antibody designed to make the tumour cells visible to the patient's own immune system, thereby allowing the patient's own defences to destroy the tumour; and
- inhibition of the biological functions of a tumour that would otherwise allow the cancer cells to migrate into the surrounding tissue and form metastases.

We are currently pursuing the first two approaches by means of CA9-SCAN, an imaging diagnostic agent, and RENCAREX®, a therapeutic antibody, both of which bind to the CA IX antigen. Both candidates are in Phase III registration trials. Our third approach is embodied in the uPA programme. The inhibitor, WX-UK1, is designed to effectively inhibit the uPA system in patients and delay or reduce the growth of metastases. The oral version of this inhibitor, WX-671, is currently being tested in two clinical Phase II trials.

WILEX has concluded numerous R&D cooperation agreements and has built up a network of contacts with both academic institutions and private research institutes. This allows us to secure access to new developments and drug candidates for innovative cancer therapies. We also want to test our existing candidates in additional indications in order to develop further marketing potentials.

COMMERCIALISATION STRATEGY

WILEX will continue to pursue and finance its development programmes on its own with the aim of maximising shareholder value until its partnerships begin to yield substantial licensing revenue. This usually occurs once the stage of Phase III registration trial has been reached or once such trials have generated the first positive interim results.

Regarding RENCAREX®, we are aiming for a partnership – in addition to the marketing agreement concluded with Laboratorios del Dr Esteve S.A., Barcelona, Spain – with one or more major pharmaceutical companies whose sales and marketing organisations would help us to reach our target group – oncologists and urologists.

As far as CA9-SCAN is concerned, we aim primarily to find a partner in the field of diagnostics that can make the requisite expertise related to imaging procedures using CA9-SCAN available to us. Besides nuclear medicine specialists, the target group in this case also includes oncologists and urologists.

WILEX plans to reach profitability within a few years by pursuing the consistent commercialisation of the products in its pipeline and thus to be able to finance its R&D programme from its operating cash flow.

RISK STRATEGY

WILEX has protected its portfolio and its economic potential through patents and licences. The Company will also create a solid legal framework for all of its future development projects.

We plan to broaden our portfolio whilst maintaining our strategic focus in order to limit the effects of individual product development risks on the success of WILEX.

We always strive to limit our dependence on individual companies in connection with cooperation agreements and third-party services.

Please see page 48 for details of our risk strategy.

EXPERTISE ON BOARD

High-calibre staff: WILEX can rely on the expertise and initiative of its employees.

VALUES

WILEX's share
Supervisory Board report
Corporate Governance report
Compensation report

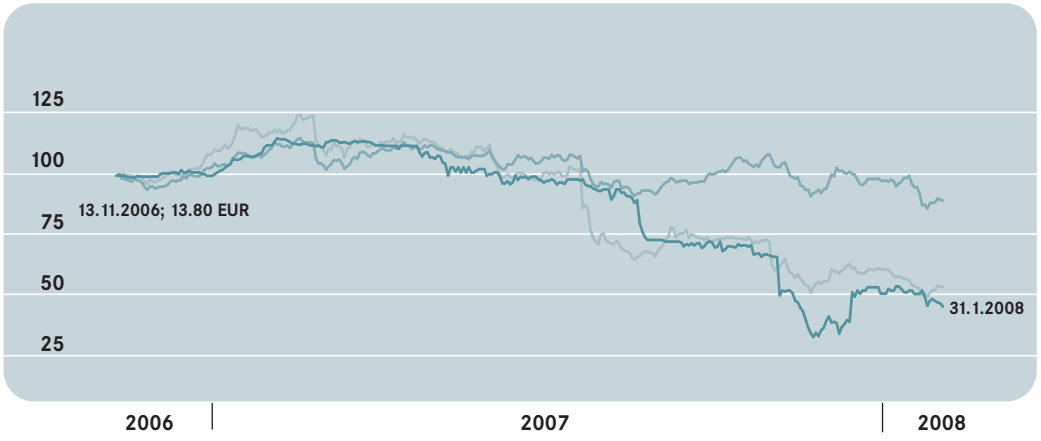
WILEX'S SHARE

SHARE PRICE PERFORMANCE

The performance of WILEX's share in the 2007 financial year was unsatisfactory. Its price declined by 60.3% compared to 30 November 2006, closing the 2007 financial year at EUR 5.46, even though all of our clinical development projects were on target and despite successful cost optimisation measures.

As at 30 November 2007, the Prime Biotech Performance Index closed at 189.99 points, posting a slight gain of 2.1% for the year. However, adjusted for the foreign companies (BBBiotech, Eurofins and Qiagen), the companies in the index also lost almost 50% of their value.

This was due primarily to the stock market's negative sentiment towards biotechnology shares that was impacted by reports concerning disappointing clinical trial results of other companies. Both the uncertainty on the market arising from the failures of a few biotech development projects and investors' growing nervousness resulting, among other things, from the crisis in the subprime mortgage industry triggered substantial downturns in share prices in the second half of the year.



Performance of the WILEX share since IPO
indexed

- **WILEX AG**
- **Prime Biotech Performance Index**
- **Peer Group***

* Prime Biotech without BBBiotech, Eurofins, Qiagen

As a newcomer, these negative market factors had a relatively strong impact on the performance of WILEX's share in spite of the Company's positive news.

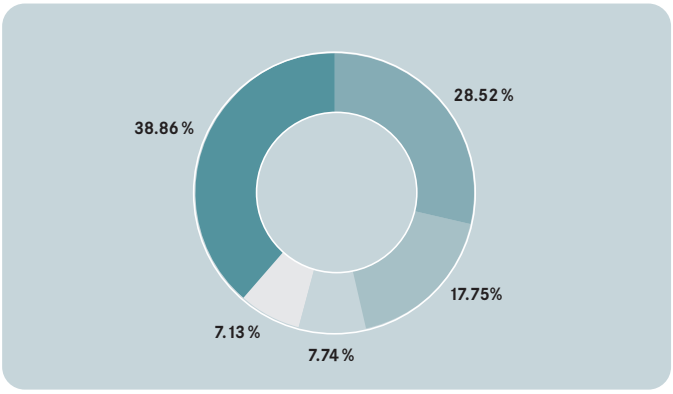
Yet WILEX's share made a recovery following the publication on 13 December 2007 of the positive recommendation by the Independent Data Monitoring Committee (IDMC) in connection with the interim analysis for futility for the Phase III ARISER trial. As at 31 January 2007, the share price was EUR 6.83 and thus 25.1% higher than the closing price for the 2007 financial year. Nevertheless this was still 50.5% below the IPO issue price on 13 November 2006, despite a more mature and thus more robust portfolio.

Trading in WILEX's share was rather quiet compared to the first few weeks after the IPO. A total of 3,325 WILEX shares were traded per day on average in the 2007 financial year, with XETRA trading accounting for 78.8% of this amount. The low free float resulting from the lock-up period applicable to pre-IPO shareholders until the end of 12 November 2007 influenced the share's liquidity.

The average daily trading volume has risen to 5,066 shares since the beginning of December 2007.

SHAREHOLDER STRUCTURE

There have been minor changes in the shareholder structure. Pursuant to the notification dated 28 December 2007, the 28.52% stake of HDP Beteiligungs GmbH was transferred to dievini Hopp BioTech GmbH & Co. KG.



Shareholder structure

- **dievini Hopp BioTech GmbH & Co. KG**
- **Free float (as defined by Deutsche Börse):**
- **Apax Fonds***
- **TVM Capital Fonds***
- **Merlin Fonds***
- **other free float**

* Based on information available on 12 November 2007.

INVESTOR RELATIONS

WILEX intensified its Investor Relations activities immediately following its IPO. During the 2007 financial year the Executive Management Board made presentations amongst other conferences at the Merrill Lynch European Mid-Cap Healthcare Conference in London, the Annual Biotech in Europe Investor Forum in Zurich and the German Equity Forum in Frankfurt/Main. We also conducted many one on one meetings with institutional investors and analysts alike. Both our financials press conference and analysts' meeting for the 2006 financial year met with keen interest. WILEX's ordinary Shareholders' Meeting took place on 12 June 2007 in Munich.

The Company's capital market communications are guided by timeliness and transparency. We published our annual financial statements for the 2006 financial year as well as all interim reports in 2007 within the deadlines recommended by the German Corporate Governance Code. Our Interim Financial Report for the first half of 2007 was subject to a voluntary audit that did not give rise to any objections. Corporate reports, presentations and other information for investors are available on the Company's website at www.wilex.com.

The share – key data and figures

SIN/ISIN Code	661472/DE0006614720
Stock exchange symbol/ Reuters/Bloomberg	WL6/WL6G.DE WL6.GR
Stock exchange segment	FSE: Regulated Market of the Frankfurt/Main stock exchange (Prime Standard)
Number of shares admitted	11,962,754
Designated Sponsor	WestLB, Sal. Oppenheim
Opening price as at 01.12.2006	EUR 13.75
Closing price as at 30.11.2007	EUR 5.46
High as at 06.02.2007	EUR 16.00
Low as at 22.11.2007	EUR 4.25
Market capitalisation as at 30.11.2007 as at 31.01.2008	EUR 65.32 million EUR 81.70 million
Average daily trading volume (shares)	XETRA 2,620 All stock exchanges 3,325
Earnings per share	EUR –1.86

CORPORATE GOVERNANCE AT WILEX AG

WILEX is committed to the principles of responsible corporate governance. The Executive Management Board and the Supervisory Board are guided by the high standards defined by the German Corporate Governance Code. We ensure that our shareholders are able to exercise their rights comprehensively and provide them with timely information about the Company's development. We implement the recommendations of the Code with only a few exceptions.

EXECUTIVE MANAGEMENT BOARD

Reflecting the Company's international strategic orientation, the Executive Management Board is currently comprised of four members of different nationalities. The Executive Management Board is responsible for the management of WILEX AG. Its duties include first and foremost defining the Company's strategy and direction, as well as planning, implementing and monitoring its risk management system. The work of the Executive Management Board is coordinated by its Chairman.

The Executive Management Board works closely with the Supervisory Board. It provides regular, comprehensive and timely information to the Supervisory Board about the development of the Company's business, financial position and earnings, forecasts and target achievement, as well as strategy and existing risks. Significant decisions made by the Executive Management Board require the consent of the Supervisory Board. Please refer to page 102 at seq. of this annual report for detailed information on the members of the Executive Management Board.

SUPERVISORY BOARD

The Supervisory Board currently comprises of six members and has an international focus. It was newly elected in the year under review. The Supervisory Board monitors and advises the Executive Management Board of WILEX AG in the management of the Company's business. In addition, the Supervisory Board is responsible, amongst other things, for appointing the members of the Executive Management Board and for examining the annual financial statements.

Some duties of the Supervisory Board are carried out by the two Supervisory Board committees at present in place. As an advisory committee, the Audit Committee is responsible, in particular, for examining and preparing the annual financial statements, the management report and the proposal for the appropriation of profits. Dr Georg Baur, Chairman of the Audit Committee, has specialist knowledge and professional experience in the application of accounting principles and internal control processes, as required by the German Corporate Governance Code. The Compensation and Nomination Committee makes decisions concerning staff matters, including the compensation of members of the Executive Management Board. It also proposes suitable Supervisory Board candidates to the Supervisory Board for recommendation to the Shareholders' Meeting and prepares the appointment of new members of the Executive Management Board. Dr David Ebsworth is the Chairman of the Compensation and Nomination Committee.

In its annual Supervisory Board report, the Supervisory Board provides information on its work of advising and monitoring the Executive Management Board. The joint corporate governance report by the Supervisory Board and the Executive Management Board provides information on developments regarding the standard of corporate governance in the 2007 financial year and the implementation of the German Corporate Governance Code. It includes a presentation of the compensation system and the compensation paid to the members of the Executive Management Board and the Supervisory Board in the reporting year, which has been examined by the auditor of the financial statements.

SUPERVISORY BOARD REPORT

In the 2007 financial year, the Supervisory Board continued its close cooperation with the Executive Management Board. The Supervisory Board regularly advised and monitored the Executive Management Board with regard to the management of the Company. 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 Board presented all significant strategic and operational 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 timely information on 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 Board were consulted on significant matters.

The Supervisory Board also obtained information about all significant events that were particularly important for the assessment of the situation, strategy implementation and target achievement, development and management of WILEX AG. The Chairman of the Supervisory Board, in particular, regularly discussed the strategy and reviewed the progress of business with the Chairman of the Executive Management Board. The Chairman of the Supervisory Board was advised promptly of all important resolutions taken by the Executive Management Board and, when necessary, arranged for the discussion of important issues by the Supervisory Board or the Supervisory Board committees.

KEY ASPECTS OF THE 2007 FINANCIAL YEAR

In the 2007 financial year (1 December 2006 to 30 November 2007), the Supervisory Board met for eight regular meetings. All members of the Supervisory Board attended at least half of the meetings. In addition, numerous conference calls were conducted as part of the regular monitoring and advisory activities with regard to the Executive Management Board.

The discussions focused on the research and development projects and the clinical programmes of WILEX AG, with special attention given to the progress of the Phase III registration trial of RENCAREX®, including the interim analysis for futility, the commencement of the Phase II trial of WX-671 with patients suffering from pancreatic cancer and the preparation of the Phase III registration trial of CA9-SCAN. In this context, we approved the conclusion of a production and distribution agreement with IBA Molecular N.A., Sterling, VA, USA.

On several occasions, the Supervisory Board also discussed the commercialisation strategy with regard to the development candidates of WILEX AG. In addition, the Executive Management Board provided regular, comprehensive reports to the Supervisory Board on the Company's financial position and risk management. After extensive discussions, the Supervisory Board approved the budget and the corporate goals of the Executive Management Board for the 2007 financial year.

The Supervisory Board appointed Dr Thomas Borcholte as a further member of the Executive Management Board with effect from 1 October 2007. As Chief Business Officer (CBO), Dr Borcholte is responsible for the business development and the Company's commercialisation strategy. The terms of office of the Executive Management Board members Professor Olaf G. Wilhelm, Dr Paul Bevan and Peter Llewellyn-Davies were extended. We approved the issue of stock options to Dr Borcholte and to other employees of WILEX AG.

CORPORATE GOVERNANCE

At our meeting on 5 December 2007, we extensively discussed with the Executive Management Board the new recommendations and suggestions in the German Corporate Governance Code (DCGK) as amended on 14 June 2007 and decided to implement these. To this end, we broadened the scope of the Compensation Committee, a decision-making committee, by adding to its functions that of a preparatory Nomination Committee as required by the DCGK. This joint committee will commence its activities in financial year 2008. For more information please see the joint corporate governance report by the Executive Management Board and the Supervisory Board.

The new joint declaration of compliance by the Executive Management Board and the Supervisory Board of WILEX AG was adopted in today's meeting. It will be made available on the Company's website. For more details please see the Corporate Governance report.

ACTIVITIES OF THE COMMITTEES

The Compensation Committee (a decision-making committee) met for four meetings in the 2007 financial year. The main focus of these meetings related to determining performance targets for bonuses for the members of the Executive Management Board in the 2007 financial year, as well as target achievement in the 2006 financial year. In addition, new contracts were drawn up for Executive Management Board members Professor Olaf G. Wilhelm, Dr Paul Bevan and Peter Llewellyn-Davies on account of the extension of their terms of office resolved by the Supervisory Board as well as the terms and conditions of the contract of the newly appointed Executive Management Board member, Dr Thomas Borcholte.

The Nomination Committee (a preparatory committee) has not yet held any meetings.

The Audit Committee (a preparatory committee) met five times in the year under review. The focus of its discussions included the pre-selection of a new auditor who was then appointed by the ordinary Shareholders' Meeting at the recommendation of the Supervisory Board and subsequently engaged by the Supervisory Board to audit the annual financial statements for 2007. The Audit Committee obtained a declaration of this auditor's independence in advance in accordance with Section 7.2.1 of the German Corporate Governance Code. In addition, it discussed with the auditor the Interim Financial Report for the first half of 2007, which had been reviewed. This review did not lead to any objections.

The Supervisory Board did not establish any other committees.

ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

The auditors, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, have audited the annual financial statements and the management report of WILEX AG prepared by the Executive Management Board in accordance with HGB and IFRS, including the accounts for the 2007 financial year on which these are based, and issued an unqualified audit opinion. 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 meeting of the Audit Committee on 15 January 2008 as well as today's Supervisory Board meeting, which focused on the adoption of the annual financial statements, and reported on the significant 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 took notice of the audit result and itself examined both sets of annual financial statements and the management report as well as the proposed appropriation of accumulated loss (HGB) 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 the 2007 financial year have been adopted.The auditors have also concluded that the management report presents a true and fair view of the risks and rewards and that the measures taken by the Executive Management Board in accordance with Section 91 Sub-section 2 of the German Stock Corporation Act (AktG) are suitable for identifying at an early stage any developments which may jeopardise the Company's existence.

PERSONNEL CHANGES IN THE SUPERVISORY BOARD

The Supervisory Board was re-elected by the ordinary Shareholders' Meeting on 12 June 2007. The new members of this board are Dr Rüdiger Hauffe and Professor Iris Löw-Friedrich. They replace Dr Jeremy Reffin and Salvatore D'Orsa, who left the Supervisory Board because the articles of association and by-laws of the companies they represent do not provide for a seat on the Supervisory Board of listed companies. The Supervisory Board would like to thank Dr Reffin and Mr D'Orsa for their committed involvement in WILEX's successful development.

RECOGNITION OF COMMITMENT

The Supervisory Board would also like to take this opportunity to thank the Executive Management Board and all employees of WILEX AG for the impressive commitment they showed in the 2007 financial year. It is due to their hard work that the portfolio of WILEX has matured further and that key milestones were reached.

Munich, 19 February 2008
The Supervisory Board

Dr David Ebsworth, Chairman

CORPORATE GOVERNANCE REPORT

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

The corporate governance-related standards and measures of WILEX AG are based on the requirements of the German Corporate Governance Code, which was last updated and supplemented on 14 June 2007. WILEX AG has implemented the Code with few exceptions.

In the new version of the Code a number of passages have been augmented and brought into line with the new legal framework such as with the Transparenzrichtlinie-Umsetzungsgesetz (TUG – Law Implementing the Transparency Directive). Section 5.3.3 contains the new recommendation that the Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which will propose suitable candidates to the Supervisory Board for recommendation to the Shareholders' Meeting. WILEX AG adheres to this recommendation and has added the function of the preparatory Nomination Committee to the decision-making Compensation Committee.

As regards the compensation of the Executive Management Board, the Code in Section 4.2.3 suggests that care should be taken in concluding Board contracts to ensure that payments made to a member of the Executive Management Board on premature termination of his contract without good cause do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract. It is also proposed that payments promised in the event of premature termination of a Board member's contract due to a change of control do not exceed 150% of the severance payment cap. The new suggestions are not relevant for WILEX AG because the contracts which the Company concludes with the members of its Executive Management Board do not contain any provisions for severance payments in the event of premature termination of a Board member's activities.

In accordance with a resolution by the Shareholders' Meeting on 12 June 2007, WILEX AG changed the compensation for its Supervisory Board members; from now on, Supervisory Board members who are members or chairpersons of Supervisory Board committees will receive separate compensation (see the compensation report on page 20 et seq.). In doing so, WILEX AG is implementing the recommendation of Section 5.4.7 Clause 3 DCGK. Over and above this, an attendance allowance was introduced so that the compensation of the Supervisory Board would reflect that which is offered by the Company's peers in the capital markets and the industry. Furthermore, the Articles of Association were modified in accordance with the Law Implementing the Transparency Directive, which, from now on, allows information to be sent to shareholders electronically.

The efficiency of the Supervisory Board will be checked for the first time in the course of the 2008 financial year, and will be followed by checks every two years.

DECLARATION OF COMPLIANCE

The declaration of compliance passed by the Executive Management Board and the Supervisory Board of WILEX AG on 19 February 2008 in accordance with Section 161 of the German Stock Corporation Act on the German Corporate Governance Code is worded as follows:

"WILEX AG is committed to the principles of good, responsible corporate governance as laid down in the German Corporate Governance Code (DCGK).

WILEX AG complies with the recommendations of the DCGK as amended on 14 June 2007, with the following qualifications:

Section 3.8 Clause 4 DCGK: No suitable deductible has been agreed in the D&O insurance for the Executive Management Board and the Supervisory Board. After discussing this matter in detail at the Supervisory Board meeting on 5 December 2007, we still believe that a deductible 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 deductible, which would have to be the same for each member of the relevant body for reasons of equality, would affect the members of the Executive Management Board and the Supervisory Board very differently, depending on their private income and financial circumstances.

Section 4.2.2 Clause 1 DCGK: The Compensation Committee of the Supervisory Board deals with the Executive Management Board contracts and determines the structure of the compensation system. The full Supervisory Board is kept informed by the Compensation Committee. However, no consultation takes place regarding the structure of the compensation system for the Executive Management Board and its regular review by the full Supervisory Board. The Executive Management Board and the 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 the Executive Management Board, 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 comparison 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 comparison 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 unforeseen developments. A decision as to whether such a cap will be introduced in connection with future stock option plans or similar programmes will be made at the appropriate time.

Section 5.1.2 Clause 6 DCGK: No age restriction has been or will be specified for members of the Executive Management Board. WILEX AG believes that such a regulation would not be in the best interest of its shareholders, 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 specified for members of the Supervisory Board. WILEX AG believes that such a regulation would not be in the best interest of its shareholders, 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 restrict the rights of the Company's shareholders to elect their representatives to the Supervisory Board.

Section 5.4.3 Clause 1 DCGK: Elections to the Supervisory Board are not carried out on an individual basis. 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 4 DCGK: : Even after the Supervisory Board's compensation was adjusted in the 2007 financial year, the members of the Supervisory Board still do not receive performance-related compensation in addition to their salaries. We believe that performance-related compensation would not give Supervisory Board members additional incentives to carry out their Supervisory Board activities efficiently.

Apart from these qualifications, WILEX AG complies with the majority of the suggestions contained in the German Corporate Governance Code (provisions containing terms such as "should" or "can").

The next declaration of compliance of WILEX AG is scheduled to be published at the beginning of 2009."

This declaration of compliance in accordance with Section 161 of the German Stock Corporation Act is available on the Internet at the following address: www.wilex.com/IR/Corporate_Governance.php. All of WILEX AG's declarations of compliance are published on the Company's website for at least five years.

COMPLIANCE IN THE 2007 FINANCIAL YEAR

In the 2007 financial year WILEX AG did not deviate from the declaration of compliance that is valid for this period. No conflicts of interest occurred relating to Executive Management Board or Supervisory Board members in accordance with Sections 4.3 and 5.5 of the code. Although some Supervisory Board members also hold positions on supervisory boards of other companies in the pharmaceutical and biopharmaceutical sectors, none of these companies can be considered major competitors of WILEX AG, which complies with DCGK requirements.

WILEX AG has explained the legal regulations on insider trading to all members of its corporate bodies and employees and pointed out the need to handle sensitive information at WILEX in a responsible manner.

TRANSPARENCY AND TOPICALITY

WILEX AG uses the Internet (www.wilex.com) to provide comprehensive, equal and timely information to all target groups about the situation of the Company as well as any significant changes. Annual and interim reports, press releases and presentations in German and English are archived on this site. The financial calendar contains the dates that are relevant for the capital market. Analyst and media conferences are organised at least once per year. In accordance with the legal requirements, ad hoc releases are also published on the website, as is all information about corporate governance at WILEX.

COMPENSATION REPORT

The following explanations regarding the compensation system and the compensation of the members of the Executive Management Board and the Supervisory Board have been examined by the auditors and are part of the management report.

COMPENSATION OF THE EXECUTIVE MANAGEMENT BOARD

The compensation of the Executive Management Board is determined by the Compensation Committee. It consists of a salary (fixed compensation), other benefits (non-cash compensation), a variable compensation component and a stock option programme with a long-term incentive and a risk element.

In the event of the termination of an Executive Management Board member's service for WILEX AG, there is no contractual entitlement to a settlement.

Salary and benefits

The annual salary of members of the Executive Management Board is determined for the term of office and paid in equal amounts over twelve months. It depends on the financial position of WILEX AG and the level of compensation paid by competitors.

In addition to their salaries, members of the Executive Management Board receive the following benefits:

- A company car is in particular made available to Executive Management Board members Professor Olaf G. Wilhelm, Dr Paul Bevan and Peter Llewellyn-Davies. Executive Management Board member Dr Thomas Borcholte does not have a company car.

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

- For the Executive Management Board member Dr Paul Bevan, the Company covers the costs of up to 24 economy class flights between Germany and the UK per calendar year (return flight).

Variable compensation

Variable compensation is contingent on the achievement of personal targets and the Company's performance targets. The performance targets of WILEX AG in the 2007 financial year comprised, in particular, the milestones in clinical development.

The variable compensation of Professor Olaf G. Wilhelm amounts to a maximum of 75% of his fixed compensation. For Dr Paul Bevan and Peter Llewellyn-Davies, it amounts to a maximum of 33% of their fixed compensation. On account of the adjustment of the salaries of Professor Wilhelm and Dr Bevan during the year, the maximum bonus in the 2007 financial year was slightly below these figures, as a corresponding adjustment of the maximum bonus will not take effect until the 2008 financial year. In the case of Dr Thomas Borcholte, the bonus will amount to a gross EUR 50,000 for the 2007 financial year if WILEX AG concludes a marketing or licence agreement with a leading pharmaceutical company (other than Esteve) for one or several of WILEX's product candidates, RENCAREX®, CA9-SCAN, WX-671 or WX-UK1. The payment of the fixed bonus is nevertheless contingent on the conclusion of such a marketing or licence agreement by 30 April 2008 and its approval by the Supervisory Board. Starting in the 2008 financial year, the variable compensation of Dr Thomas Borcholte will amount to a maximum of 31.13% of his salary.

Compensation component with incentive and risk features

The compensation component with incentive and risk features is based on the 2005 stock option plan adopted by the Shareholders' Meeting on 8 September 2005. A maximum of 900,000 stock options can be granted to the Executive Management Board members under the plan. In the 2007 financial year, a total of 150,000 options were issued to the Executive Management Board. None of these options have lapsed. Including the options already issued to members of the Executive Management Board in the 2006 financial year, the active members of the Executive Management Board held a total of 719,335 options at the reporting date 30 November 2007. At the reporting date 30 November 2007, a former member of the Executive Management Board held a total of 10,000 options.

Each of these options entitles the holder to the acquisition of one new share in return for payment of the exercise price, which is EUR 5.52 per option for all options issued in the 2006 financial year and EUR 9.62 for options issued in the 2007 financial year.

The stock options can be exercised after an initial waiting period of two years from the grant date. The 579,335 options issued in the 2006 financial year can only be exercised if the average closing price of WILEX shares during the preceding ten trading days prior to the expiry of the waiting period 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 150,000 options issued to the Executive Management Board in the 2007 financial year can only be exercised if the average closing price of WILEX shares during the preceding ten trading days prior to the expiry of the waiting period or for ten consecutive trading days at any other point in time following this date exceeds by a minimum of 10% the exercise price of EUR 9.62 per option.

Overall, the Executive Management Board members received the following fixed and variable compensation components, non-cash compensation and stock options in the 2007 financial year:

Executive Management Board member	Fixed compensation	Variable compensation[1]	Non-cash compensation	Stock options granted in 2007	Stock options held as at 30.11.2007
	EUR	EUR	EUR		
Professor Dr Olaf G. Wilhelm	236,667	160,313	10,046	0	262,770
Dr Paul Bevan	212,500	61,050	6,562	0	175,180
Peter Llewellyn-Davies	200,000	50,000	9,153	0	131,385
Dr Thomas Borcholte[2 3]	31,501	0	0	150,000	150,000

1 Paid in 2007 for the 2006 financial year. The bonus for the 2007 financial year will be paid in the 2008 financial year.
2 Dr Thomas Borcholte has been a member of the Company's Executive Management Board since 1 October 2007. He was an adviser to WILEX AG from 25 June to 30 September 2007, during which period he was paid a total fee of EUR 43,260 plus expenses.
3 Dr Thomas Borcholte has waived his non-cash compensation in the form of a company car.

The total value of stock options issued (i.e. to employees and members of the Executive Management Board of WILEX AG) and their value as at the reporting date for 2007 are presented in the 2007 annual report (notes to the annual financial statements in accordance with IRFS).

COMPENSATION OF THE SUPERVISORY BOARD

In accordance with the Company's Articles of Association, the members of the Supervisory Board receive a fixed compensation of EUR 15,000 for each full financial year of service on the Supervisory Board. The Chairman of the Supervisory Board receives a fixed compensation of EUR 35,000 and the Deputy Chairman EUR 25,000. The Supervisory Board compensation 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 compensation and expenses.

Since the resolution by the ordinary Shareholders' Meeting and the corresponding amendment of the Articles of Association on 12 June 2007, membership and chairmanship of a Supervisory Board committee have been compensated separately. Members of a Supervisory Board committee are paid a flat fee of EUR 3,000, while chairpersons of such committees are paid EUR 7,000 per financial year and committee. In each case, compensation is limited to activities in a maximum of two committees. Over and above this individual limit, the Company does not pay more than EUR 39,000 per financial year for committee activities. If this cap is not sufficient to cover all memberships and chairmanships of Supervisory Board committees, it is distributed proportionally among all committee members and chairpersons in line with the above provisions, unless the Supervisory Board unanimously resolves a different regulation.

Since the resolution of the ordinary Shareholders' Meeting on 12 June 2007, an additional allowance has also been paid for attendance at a maximum of six Supervisory Board meetings in each financial year. Meeting chairpersons are paid a fee of EUR 3,000 and all other members EUR 1,500 each per meeting. Supervisory Board members who attend meetings by telephone receive only half of the allowance. This fee must be paid with the Supervisory Board member's fixed compensation. Members of Supervisory Board committees do not receive an attendance allowance for committee meetings.

The compensation paid to Supervisory Board members who were not in office for a full financial year is pro rated in accordance with the duration of their membership on the Supervisory Board.

The Supervisory Board members do not receive variable compensation, nor are they granted options or similar rights. Supervisory Board members are not entitled to a settlement if they terminate their membership.

The total compensation paid by WILEX AG to the Supervisory Board for the 2007 financial year amounted to EUR 163,084 plus expenses. The table below shows the individual compensation.

Supervisory Board member	Fixed compensation[1] EUR	Attendance allowance[1] EUR	Committee fee[1] EUR
Dr David Ebsworth, Chairman	35,000	9,000	3,500
Dr Georg F. Baur, Deputy Chairman	25,000	4,500	3,500
Dr Alexandra Goll	15,000	4,500	1,500
Dr Friedrich von Bohlen und Halbach	15,000	4,500	1,500
Dr Rüdiger Hauffe[2]	7,042	4,500	1,500
Professor Dr Iris Löw-Friedrich[2]	7,042	4,500	0
Dr Jeremy Reffin[3]	8,000	0	0
Salvatore D'Orsa[3]	8,000	0	0

1 The fourth instalment for the 2007 financial year was paid after the end of the 2007 financial year.
2 since 12 June 2007
3 until 12 June 2007

In addition to receiving compensation as a member of the Supervisory Board, Dr David Ebsworth worked as a consultant to the Company until 31 December 2006. In the 2007 financial year Dr Ebsworth received a total of EUR 2,000 from his consultancy agreement, though this related to payment for the consultancy services he had provided prior to 31.12.2006. Over and above this, no Supervisory Board member received compensation from the Company for activities outside their Supervisory Board office.

SHARES HELD BY THE EXECUTIVE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

As at 30 November 2007, the Executive Management Board held 120,331 shares (representing 1.01% of the Company's share capital). As at 30 November 2007, the Supervisory Board held 101,147 shares (representing 0.85% of the Company's share capital). In addition, Dr Friedrich von Bohlen und Halbach, who is a member of the Supervisory Board, notified us in a letter dated 28 December 2007 that a voting share of 28.52% must be attributed to him. This is attributable to his involvement in dievini Verwaltungs GmbH and dievini Hopp BioTech GmbH & Co. KG, both of which are controlled by Dr von Bohlen und Halbach as Managing Director.

DIRECTORS' DEALINGS

In the 2007 financial year, the following purchases and sales by members of the corporate bodies and other members of management of WILEX AG took place and require disclosure:

Date	Name	Function	Type of transaction	Market-place	Price EUR	Number	Amount EUR
14 June 2007	Dr David Ebsworth	Chairman of the Supervisory Board	Purchase	Stuttgart	13.66	1,000	13,660.00
20 June 2007	Dr Rüdiger Hauffe	Member of the Supervisory Board	Purchase	Xetra	13.40	800	10,720.00

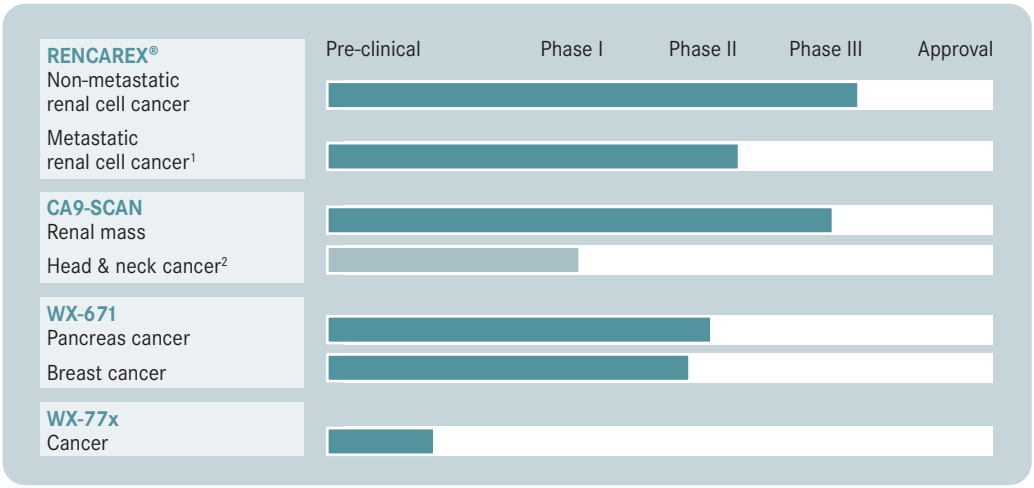
MANAGEMENT REPORT

as of 30 November 2007

WILEX AT A GLANCE

WILEX achieved key milestones in the 2007 financial year (from 1 December 2006 to 30 November 2007), which led to the further maturing of its portfolio. With two Phase III candidates and one Phase II candidate in the pipeline, we are now ideally positioned for the successful implementation of our commercialisation strategy. At the same time, and as announced, we have been able to reduce our cash burn rate compared to our guidance, thanks to an improved cost structure. R&D expenses were lower than originally planned after WILEX optimised the programme for production validation of RENCAREX® (consistency lots); in addition, patient recruitment at lower-cost centres was higher than expected, which further contributed to the reduction in costs.

Our portfolio



1 combination studies with Interleukin-2 and Interferon-alpha-2a
2 planned

The Phase III ARISER trial involving RENCAREX®, an antibody for the therapy of non-metastatic clear cell renal cell carcinoma, has made excellent progress. A total of 743 patients had been enrolled by the end of the year under review – about 87% of the total targeted sample. An interim analysis for futility was carried out by the Independent Data Monitoring Committee (IDMC) after 100 events had occurred, i.e. patients had relapsed, at the beginning of October 2007. Based on this analysis, the IDMC notified us in December 2007 that the trial will probably deliver a significant result with regard to the endpoint that is relevant for approval, specifically, “disease-free survival”.

In October 2007, the registration trial for CA9-SCAN, an antibody-based diagnostic radiopharmaceutical designed to improve cancer diagnostics and follow-up therapy monitoring, was approved by the Food and Drug Administration (FDA) – the drug regulatory authority in the USA. We will be starting patient recruitment after a special protocol assessment (SPA) has been granted. Further guidance in respect of the trial’s timeline will be determined once we have received the SPA. In December 2006 we signed a manufacturing and distribution agreement with IBA Molecular N.A. (IBA), Sterling, VA, USA, in respect of the radioactive labelling of the antibody and its supply to the participating trial centres.

Our uPA programme also progressed well in 2007. In a Phase Ib trial involving patients with head and neck tumours, the oral version of our serine protease inhibitor, WX-671, displayed good safety and tolerability, whilst also showing that the active compound accumulates in tumour tissue. WX-671 has entered into clinical Phase II (pancreatic cancer). Patient recruitment for this study started mid-2007. The IND for the approval to conduct an additional Phase II trial for the indication of breast cancer was obtained in January 2008. The aim of these Phase II trials is to demonstrate the clinical benefit of uPA inhibitors.

The Company's key figures are within the target corridors adjusted mid-2007. We ended the financial year with earnings before tax of EUR –22.2 million. Operating expenses totalled EUR 26.5 million, 86.8% of which was attributable to research and development. Milestone payments ensured that other operating income improved considerably, reaching a level of EUR 2.6 million. As a result of lower expenditure, the use of funds was less than expected, at EUR 22.9 million. We continue to assume that sufficient liquidity will be available to finance our ambitious development programmes until the first quarter of the 2009 calendar year.

CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

WILEX is a biopharmaceutical company that specialises in developing patient-focused drugs and diagnostic agents for targeting cancer. The portfolio includes one diagnostic agent as well as drug candidates for adjuvant therapy and the treatment of metastatic and non-metastatic diseases. The Company was founded in 1997 by a team of physicians and cancer research specialists from the Technical University of Munich. In 2001, WILEX was converted into a stock corporation (Aktiengesellschaft) under German law. Since November 2006, WILEX has been listed in the Regulated Market (Prime Standard segment) of the Frankfurt/Main stock exchange.

BUSINESS ACTIVITIES

The Company's mission is to research and develop new medical products and diagnostic agents, primarily in the field of oncology, as well as to in- and out-license their industrial property rights. To this end, WILEX focuses on two platform technologies: therapeutic antibodies and small-molecule inhibitors. Our goal is the clinical development of patient-tailored, highly-specific therapies that will achieve approval for marketing. Commercial opportunities will be exploited through alliances and partnerships to ensure that maximum value can be created by the Company.

Therapeutic antibodies can specifically recognise proteins on the surface of cancer cells and bind to them. This labels cancer cells, stimulating the patient's endogenous immune system into sending out natural killer cells to attack and destroy these malignant cells. This mechanism is known as antibody-dependent cellular cytotoxicity (ADCC).

Small-molecule inhibitors are designed to inhibit the biological functions of cancer cells that would otherwise allow the cells to migrate into the tissue and form metastases. This mechanism prevents both primary growth of the tumour and metastasis.

At the end of the 2007 financial year, WILEX owned the marketing rights for all its pipeline drug and diagnostic candidates, with the exception of certain countries in southern Europe, where the marketing rights for the Phase III drug candidate RENCAREX® have been granted to our Spanish cooperation partner Laboratorios del Dr Esteve S.A. in Barcelona, Spain (Esteve).

LOCATIONS AND PROPERTY OWNERSHIP

WILEX is headquartered in Munich, Germany. WILEX does not own property. Its offices and laboratories are located in rented premises.

MANAGEMENT AND CONTROL

In keeping with the dual management structures codified in German law, WILEX is managed and controlled by both an Executive Management Board and a Supervisory Board. Under the Company's Articles of Association, the Executive Management Board may comprise one or more individuals. It was expanded in October 2007 with the appointment of Dr Thomas Borcholte, who in his capacity as Chief Business Officer is responsible for Company's business development and implementing its commercialisation strategy. Our Executive Management Board currently has four members.

The Executive Management Board works closely with the Supervisory Board, which regularly advises and monitors the Executive Management Board with respect to its management of the Company. The Supervisory Board of WILEX is comprised of six members, in accordance with the Company's Articles of Association. Two committees have been established in the year under review to enhance the Supervisory Board's efficiency: a Compensation Committee and an Audit Committee.

OUTLINE OF THE COMPENSATION SYSTEM

The compensation of the Executive Management Board comprises three components. In addition to the annual salary paid over twelve months, the fixed compensation component comprises non-cash benefits. Variable compensation is contingent on the achievement of personal targets and the Company's performance targets. The performance targets of WILEX AG in the 2007 financial year comprised, in particular, the milestones in clinical development. The compensation component with a long-term incentive and risk features is based on the 2005 stock option plan adopted 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 compensation in addition to reimbursement of their expenses. The Company reimburses all Supervisory Board members for the VAT payable on their compensation and expenses. In addition, Supervisory Board members receive fees for attending meetings. Supervisory Board members who belong to or chair Supervisory Board committees receive additional, separate compensation. The Supervisory Board members do not receive variable compensation. The compensation of the Company's boards in the 2007 financial year is described in detail on pp. 20–24 of the Notes. In addition, the Executive Management Board and the Supervisory Board of WILEX AG have prepared a joint corporate governance report which includes a detailed compensation report. The corporate governance report is an integral part of the 2007 Annual Report and can also be downloaded from the Company's website (www.wilex.com).

DISCLOSURES

Pursuant to Section 325 Sub-section 2a HGB (German Commercial Code), WILEX AG submits its annual financial statements in accordance with the International Financial Reporting Standards (IFRS) of the EU.

PRODUCTS – MARKETS – COMPETITORS

WILEX has a well-balanced portfolio of drug and diagnostic candidates, including four candidates that are currently undergoing clinical development: RENCAREX®, CA9-SCAN, WX-671 and WX-UK1. WILEX also maintains an ongoing research project, WX-77x.

RENCAREX®

The active component of RENCAREX® – WX-G250 – is a monoclonal antibody made from human and murine genetic sequences that binds to the tumour-specific antigen CA IX. This antigen is present in high concentration on the surface of renal cell carcinomas and also expressed in other cancer types. It is rarely found in healthy tissue. This antigen binding makes the tumour visible to the endogenous immune system, thereby allowing the tumour to be destroyed.

The drug candidate is currently in a Phase III registration trial for the adjuvant therapy of patients with clear cell renal cell carcinoma who have undergone complete or partial surgical resection of the affected kidney, but who have no detectable metastases. 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 gives WILEX ten years of exclusive marketing rights in the EU and seven years in the USA from the date marketing approval is granted.

According to the GLOBOCAN database, which contains an estimate of the number of global cancer patients, around 210,000 new cases of kidney cancer were diagnosed worldwide in 2002. Assuming a 2% annual increase in renal cancer, this figure will have risen to about 230,000 new cases in 2007, with an estimated 64–77% of the new cases being identified as clear cell renal cell carcinomas. About 50% of cases occur in the EU and North America. At the time of initial diagnosis, 70–80% of patients have non-metastatic renal cell carcinoma. 20–40% of these patients display risk factors which qualify them for inclusion in the current Phase III trial of RENCAREX®.

There is currently no approved drug for the adjuvant therapy of clear cell renal cell carcinoma. Some drug candidates that have hitherto been developed for the indication of metastatic renal cell carcinoma are also being tested for adjuvant treatment. The results of these trials are expected to be available after 2015.

CA9-SCAN

The antibody-based radiopharmaceutical CA9-SCAN is designed to support physicians in diagnosing renal cancers. Even modern imaging procedures such as computer tomography or MRI scans are currently unable to provide a clear indication of whether a tumour is benign or a malignant clear cell renal cell carcinoma. Only histological examination following partial or complete surgical removal of the kidney provides this information at present. CA9-SCAN is a radioactively-labelled form of the antibody WX-G250. Uptake of this antibody in tumour tissue can be visualised by positron emission tomography (PET). CA9-SCAN is currently being tested in a Phase III registration trial.

CA9-SCAN could fundamentally change therapy planning for renal cancer patients, as well as improving postoperative follow-up. CA9-SCAN may also prove suitable for diagnosing other kinds of tumours.

uPA PROGRAMME

The urokinase-specific plasminogen activator (uPA) system is believed to play an important role in cancer cell metastasis, and so may represent a key therapeutic target in cancer therapy. With WX-UK1, WILEX has developed a serine protease inhibitor that blocks the activity of tumour-relevant serine proteases such as uPA, plasmin and thrombin. It is administered intravenously in order to inhibit the spread of metastases.

WX-UK1 has demonstrably reduced the formation of metastases and inhibited the growth of primary tumours in a number of preclinical trials. A WX-UK1 Phase I combination study, run jointly with the Fox Chase Cancer Center (FCCC) in Philadelphia, PA, USA, has been completed. It involves the use of the chemotherapeutic agent capecitabine (Xeloda®, Hoffmann-La Roche) in intensively pre-treated patients with various solid tumours (see p. 39). The collaboration research has been sponsored since August 2003 by the 'Biotechnology Clinical Partnership Award' of the US Department of Defense (DoD).

Orally-administered WX-671 is converted in the body into WX-UK1, and therefore displays the same mechanism of action. A Phase Ib dose escalation trial of WX-671 has been successfully completed in patients with head and neck tumours. WX-671 again demonstrated good safety and tolerability in this trial, which also succeeded in confirming that the active compound accumulates in tumour tissue.

WX-671 is currently being tested in a Phase II trial in pancreatic cancer (see p. 38). A second Phase II trial in metastatic breast cancer was approved by the FDA in January 2008: patient recruitment will probably be launched in the first half of 2008 (see p. 47).

To our knowledge, there are no other active compounds currently under clinical trial that specifically inhibit metastasis by inhibition of the uPA system.

MANUFACTURING AND SUPPLY

WILEX holds drug manufacturing permits for RENCAREX®, WX-UK1 and WX-671 under Section 13 of the German Medicines Act. The production, formulation and filling of drug candidates is carried out by certified subcontractors, including companies such as Avid BioServices, Inc., Tustin, CA, USA, Bayer AG, Leverkusen, Germany, Renschler Biotechnologie GmbH and Renschler Pharma GmbH, both Laupheim, Germany. IBA is responsible for the production, formulation and filling of the diagnostic candidate CA9-SCAN. WILEX's laboratories are certified in accordance with the principles of Good Laboratory Practice (GLP). This is a prerequisite for recognition of preclinical and clinical data by national and international regulatory authorities. The Company is also certified in accordance with the principles of Good Manufacturing Practice (GMP), permitting it to test and release drugs for clinical trials in full compliance with the applicable regulations governing laboratory analysis.

RESEARCH COOPERATION

WILEX maintains excellent relationships with scientists, hospitals and research facilities. The Company has undertaken a number of long-term research and development cooperation projects with various academic and clinical institutes in Europe and the USA, including the Department of Urology at the David Geffen School of Medicine at UCLA (University of California, Los Angeles, CA, USA), the FCCC in Philadelphia, PA, USA, the Slovak Academy of Science in Bratislava, Slovakia, the Erasmus Medical Center in Rotterdam, The Netherlands, and the Ludwig Institute for Cancer Research (LICR) in New York, NY, USA.

PATENTS

The drug and diagnostic candidates of WILEX are protected against imitation by patents. The portfolio includes over 50 patents granted and over 120 patents pending; these are spread across over 35 patent families and mostly involve proprietary products. Of these, over 120 patents and patent applications concern the various uPA inhibitors, whilst over 25 patents and patent applications concern RENCAREX®.

LICENCE AGREEMENTS AND OTHER CONTRACTS

WILEX has signed exclusive licence agreements that are essential to the Company's business activity.

Several of these agreements concern the development and future commercial use of the WX-G250 antibody on which both RENCAREX® and CA9-SCAN are based. The Company has licensed the antibody from Centocor Inc. and Leiden University. A further licence regarding the target antigen has been granted by the Bayer Corporation. To exclude possible patent violations, WILEX has also acquired a non-exclusive licence to Genentech's Cabilly II patent (see p. 39).

With our joint venture partner Esteve we have an exclusive sales- and marketing licence agreement for RENCAREX®, as well as an option regarding future WX-G250 products in certain southern European countries. We have granted Esteve the marketing rights for Spain, Italy, Portugal, Greece and Andorra, plus an option for the Turkish market in return for milestone and licence payments.

In 2006 WILEX acquired five patent families and patent applications for our uPA programme from Pentapharm AG that are related to the active substances WX-UK1 and WX-671. In addition to these patents directly held by the Company, this patent portfolio provides protection against third-parties mimicking the composition of our drugs or the therapeutic use of the relevant serine proteinase inhibitors. In 2007, WILEX acquired a portfolio from the Dendreon Corporation, Seattle, WA, USA, which comprises all of their proprietary patents and patent applications for uPA inhibitors.

LEGAL AND ECONOMIC FACTORS

As a company specialising in oncology, WILEX operates in highly regulated markets. Drugs are subject to approval by the FDA in the USA and the EMEA in the European Union, and by other national regulatory and supervisory authorities.

Before granting marketing approval, the regulatory authorities require that extensive preclinical and clinical trials (which must themselves meet strict criteria) be conducted for each indication. In the USA, a clinical trial can only be conducted subsequent to the granting of 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 for clinical studies to obtain approval for clinical trials (Clinical Trial Application, CTA). The manufacturer and the supplier must be GMP-certified.

VALUE-ORIENTED CORPORATE STRATEGY

Our strategy is aligned along the interests of the main parties: patients, employees and shareholders. We have a system of value-oriented control that is anchored in all planning and control processes.

Our business activities are focused on clinical indications for which there is high unmet medical need and which could provide great benefit for patients. Each of our product candidates undergoing research and development must satisfy the requirement that it facilitates targeted, specific treatment and detection of various types of cancer and that it possess a low side effect profile. In order to leverage potential increase in value for our shareholders as quickly as possible, our primary aim is to concentrate on two value-creation steps: clinical research and regulatory affairs.

WILEX aims to achieve profitability within a few years and then to be able to finance its research and development programmes from its operating business. In order to reach these targets, the Executive Management Board adopted a comprehensive commercialisation strategy in 2007, which focuses on the formation of alliances and partnerships for building up a marketing structure in the fields of urology, oncology and nuclear medicine.

WILEX wants to invest part of the income generated by implementing this strategy in new research and development programmes.

We aim to expand our portfolio by collaborating with academic and clinical institutions and above all by acquiring licences and patents in connection with new drug and diagnostic candidates for the treatment of cancer.

INTERNAL CONTROL SYSTEM

The cash burn rate is a key financial indicator as WILEX does not yet generate any significant revenues. The cash burn rate is defined as the average monthly net cash flow from operating and investing activities during a financial year. The average monthly cash burn rate in the financial year just ended was EUR 1.909 million. The ratio of liquid funds to burn rate shows the number of months for which sufficient cash will be available. Another important measure of performance is provided by individual project development costs; these are tracked using a balanced scorecard. Both of these indicators are adjusted on a monthly basis.

Our non-financial performance indicators are related to patients and efficiency. Patient-related indicators include clinical findings regarding the efficacy, safety and tolerance of the drug and diagnostic candidates being developed. WILEX uses adherence to clinical trial schedules as one benchmark for the efficiency of its internal processes.

OVERALL ASSESSMENT OF THE FINANCIAL YEAR BY THE EXECUTIVE MANAGEMENT BOARD OF WILEX AG

As the following comparison of target and actual figures for the financial year shows, WILEX achieved all project targets that it had established at the beginning of the 2007 financial year as well as the financial targets that were revised upwards mid-year.

Comparison of target and actual performance in relation to certain goals and key indicators in the 2007 financial year:

	Target for 2007	Actual in 2007	Target achieved?
Non-financial targets			
ARISER trial	Publish the findings of the interim analysis for futility	Published on 13.12.2007 (shortly after the close of the financial year)	yes
CA9-SCAN	Launch registration trial	Trial was approved in October 2007	yes
uPA programme	Start Phase II trial	Trial was approved; patient recruitment began in June 2007	yes

	2006 EUR '000	Target for 2007 EUR '000	Actual in 2007 EUR '000	Target achieved?
Financial targets				
Other operating income	1,663	2,500–2,800	2,583	yes
Operating expenses	19,912	26,000–30,000	26,510	yes
Of which: research and development costs	16,152	22,000–25,000	22,999	yes
Funding requirement from operating, investing and financing activities	23,682	24,000–28,000	22,913	surpassed

The funding requirement remained below the original targeted level due to lower costs which, in turn, resulted especially from cost optimisation measures focused on the ARISER trial.

The remaining cash available provides us with a solid financial basis, given the advanced maturity of our project portfolio. WILEX will thus be able to pursue its three core programmes as actively as before.

ECONOMIC CONDITIONS

WILEX does not yet engage in marketing activities because it is not yet selling any products. But the Company does continually monitor current economic conditions. They provide indicators as to how the pharmaceutical industry might develop in the period leading up to the market launch of our products. Long-term trends remained unchanged in our target markets in the 2007 financial year as well.

According to Datamonitor, more than three million new cases of solid tumours across all types of cancer were diagnosed in the seven most important pharmaceutical markets (USA, Japan, Germany, France, UK, Italy and Spain) in 2007. These cases represent a high market potential that has yet to be tapped. This study confirms that the trend towards targeted and specific therapeutics has gained further ground. The number of these therapeutics in clinical Phase I and II trials thus is more than twice the number of cytotoxic therapeutics.

- According to the marketing survey entitled "The Future of Monoclonal Antibody Therapeutics" that was conducted by Business Insights in 2006, a market volume of just under USD 30 billion in 2011 is expected for therapeutic monoclonal antibodies based on the number of expected new drug approvals. Since therapies in oncology will account for close to one half of this volume, the oncology market will remain one of the fastest growing segments of the pharmaceutical industry.

- In 2007, the FDA approved yet another drug – Torisel® by Wyeth – for treating advanced metastatic renal cell cancer. Previously existing drugs for this indication include Pfizer's Sutent® and Bayer/Onyx's Nexavar® for example. In contrast, to date no drug has been approved for the adjuvant medicial treatment of non-metastatic clear cell renal cell carcinoma, as far as the Company knows. As a result, the medical need for RENCAREX® is very high.

- The growth of medical imaging technology is driven by demographic trends towards ever-increasing life expectancies, among other factors. A recent study by TriMark Publications predicts that demand for such diagnostic procedures will continue to rise in coming years and that their quality will also improve. WILEX believes that CA9-SCAN represents an especially specific and sensitive imaging procedure.

- The market for growth factor inhibitors, which include proteins used in cancer therapies, is also recording strong growth. According to a study by LeadDiscovery, this market tripled between 2003 and 2007. As far as we know, WX-671 is the first uPA inhibitor worldwide that is being tested in a clinical Phase II trial.

Besides criteria such as efficacy and tolerance, new therapies must be also be measured in terms of their profitability. WILEX is convinced that targeted therapies can also contribute to cost reductions in health care. In future therefore, using CA9-SCAN can help to improve treatment planning and avoid operations.

RESEARCH AND DEVELOPMENT

Our three main clinical development projects have progressed according to plan in the 2007 financial year.

RENCAREX®

In the Phase III ARISER (Adjuvant RENCAREX® Immunotherapy trial to Study Efficacy in non-metastatic Renal cell carcinoma) trial involving RENCAREX®, patient recruitment was very dynamic and gained momentum during the course of the year. By the end of the financial year, 743 patients were included in the trial – about 87% of the target figure of 856. Recruitment in Europe was completed in January 2008. Recruitment in the Americas is being continued for several months in order not to reduce the planned percentage of US patients. Eligible patients are those who had an affected kidney either partially or completely removed and who have no detectable metastases. They must also meet previously set criteria specifying a high risk of recurrence. Over 150 trial centres remain involved.

The trial design is multicentred, randomised and double-blind. The trial will have reached a successful endpoint when the disease-free survival time of the patients in the group treated with RENCAREX® shows a statistically significant increase compared to the placebo group. In December 2007 we published the results of the interim analysis for futility carried out towards the end of the financial year by the Independent Data Monitoring Committee. The IDMC, acting as an independent control committee, recommended that WILEX continue the trial, based on these statistical analyses because the trial will probably deliver a significant result. Currently, the rate of disease recurrence was lower than forecast at the beginning of the trial.

CA9-SCAN

In October 2007, the FDA granted WILEX an IND for the Phase III CA9-SCAN registration trial. In total, 166 patients with suspected renal cancer are to be included in the trial. They are to be given a PET/CT scan prior to surgery, using the imaging diagnostic agent CA9-SCAN. The study is designed to establish whether the procedure using CA9-SCAN facilitates better diagnosis than conventional CT. In 2006, the WILEX cooperation partner LICR and the Memorial Sloane-Kettering Cancer Center (both New York, NY, USA), completed a proof-of-concept study with CA9-SCAN. Thus, in the case of a positive result with CA9-SCAN, 100% of the cases (positive predictive value) could be confirmed as clear cell renal cell carcinoma.

For the registration trial, WILEX has already chosen the clinical contract research organisation that will manage the trial, as well as the more than 15 participating trial centres in the USA. WILEX signed a manufacturing and distribution agreement with IBA early on in the financial year. Under this agreement, IBA will radioactively label the WILEX antibody and supply it to the participating trial centres.

Before the operational start of the trial, WILEX applied for an SPA (Special Protocol Assessment), as recommended by the FDA. The FDA uses an SPA to document the fact that, following evaluation of the protocol and the planned analysis, it considers the clinical trial suitable and appropriate for the intended approval. WILEX intends to implement the trial in accordance with the design defined in the SPA. The FDA is then bound to this protocol assessment as part of the marketing application process. Obtaining early approval of the trial protocol design can generally reduce approval time significantly.

CA IX SYMPOSIUM

In November 2007 leading scientists met at an international symposium in Brussels to share and exchange information on and discuss the current state of research into CA IX, the target molecule to which RENCAREX® and CA9-SCAN bind. The symposium was sponsored by WILEX and the Ludwig Institute for Cancer Research (LICR). The symposium reached the following consensus: CA IX is a key molecule in tumour metabolism and opens up a wealth of approaches towards therapeutic intervention. CA IX obviously plays a key role in carcinogenesis and has an influence on the tumours' aggressiveness, e.g. by regulating their pH. Beyond that, CA IX expression can be used as an important prognostic marker – for determining both disease-free survival and responsiveness to cancer therapy. Indeed, all the scientists in Brussels were in agreement that the carbonic anhydrase CA IX is far more than "just" a point of departure for target-oriented anti-tumour therapy based on monoclonal antibodies or a mere "target" for imaging diagnostics. The evidence brought forth at the symposium certainly reveals many potential future therapeutic strategies for fighting renal cell carcinoma and other cancers.

uPA PROGRAMME

Early in the financial year, WILEX received approval from the German Federal Institute for Drugs and Medical Devices (BfArM) for the conduct of a clinical Phase II WX-671 trial. 90 patients with advanced local, inoperable and non-metastatic pancreatic cancer will be included in the combination trial involving the chemotherapeutic agent gemcitabine (Gemzar®, Eli Lilly and Company, Indianapolis, IN, USA). The anti-metastatic effect of the combination therapy is being partially evaluated on the basis of progression-free survival and the time until the first occurrence of metastases.

The trial is being conducted at nearly 30 centres in six European countries. The first patient was randomised in June 2007.

The Phase Ib WX-671 trial in patients with head and neck cancer was successfully completed in September 2007. The drug was found to be safe and well tolerated at all dosages administered. Furthermore, through the bioanalytical examination of the surgically resected tumour tissue, a significant uptake of the pharmacologically active compound WX-UK1 was detected. Thus, WILEX's expectations that the once-daily oral dosage delivers a significant concentration of the active compound to the tumour were confirmed.

The uPA programme is co-funded by the US Department of Defense to a total of around USD 5 million. This support was originally allocated to the WX-UK1 Phase I combination trial involving the chemotherapeutic agent capecitabine (Xeloda® Hoffmann-La Roche), and is now being channelled into the WX-671 clinical trials. Thus far, WILEX has received approximately USD 4 million of these funds.

LICENCE AGREEMENTS AND PATENT ACQUISITIONS

In February 2007, WILEX exercised the option acquired the year before regarding the acquisition of a patent portfolio from Dendreon. The portfolio includes all of the patents and patent applications for uPA inhibitors owned by Dendreon. This enables WILEX to provide a more comprehensive framework for the subsequent clinical development of the second generation of uPA inhibitors (development name WX-77x), which are still being researched.

In February 2007, the US Patent Office declared the Cabilly II patent from Genentech – for which WILEX acquired a non-exclusive licence the year before – to be neither new nor inventive. The process has not yet reached its final conclusion and Genentech has appealed the decision of the US Patent Office. If the patent is ultimately declared void, WILEX might not have to make any future payments. In this case, the Company would have to recognise an impairment loss on this intangible asset.

EARNINGS

The Company's earnings developed as planned. Earnings before tax for the 2007 financial year were EUR –22.23 million (previous year: EUR –18.64 million). The Company posted a net loss for the year of EUR 22.26 million (previous year: net loss of EUR 18.66 million). Earnings per share improved from EUR –2.32 to EUR –1.86 per share as a result of the greater annual average number of shares.

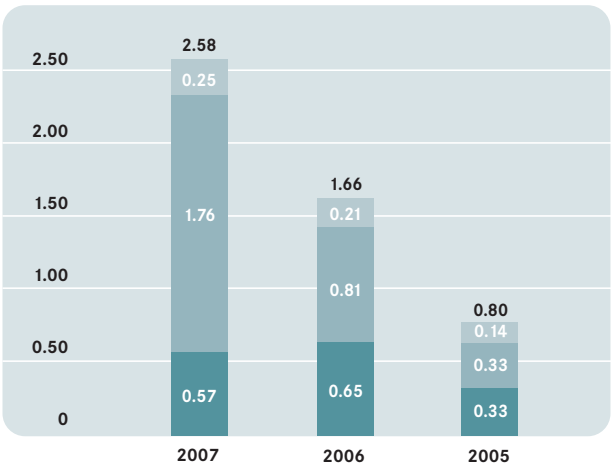
As in the previous year, expenditure on research and development was decisive for the Company's results. Since the essential WILEX products are still in the clinical development stage, these costs were once again not offset by sales revenue in the 2007 financial year. This explains why expenditures substantially outpaced revenue – as planned.

OTHER OPERATING INCOME

At EUR 2.58 million, other operating income was 55.4% over the previous year's level (EUR 1.66 million). This resulted mainly from the realisation of income in the amount of EUR 1.76 million (previous year: EUR 0.81 million) from the exclusive licence agreement with our cooperation partner, Esteve. This contract provides for milestone payments to WILEX in accordance with the progress of the ARISER trial. Milestone payments in the reporting year were triggered by the achievement of previously established benchmarks in the ARISER trial. The funds were drawn upon in accordance with the progress of the project.

A total of EUR 0.57 million in development funds was drawn from the US Department of Defense for the uPA programme, which was slightly less than in the previous year (EUR 0.65 million). These development funds cover a portion of the clinical development costs in Phase I and II of the uPA programme at the FCCC Philadelphia.

A small portion (EUR 0.25 million) of other operating income resulted from the reversal of other liabilities.



Other operating income
in EUR million*

- Reversal of other liabilities
- Income realisation Esteve
- Grant provided by the US Department of Defence

*rounded

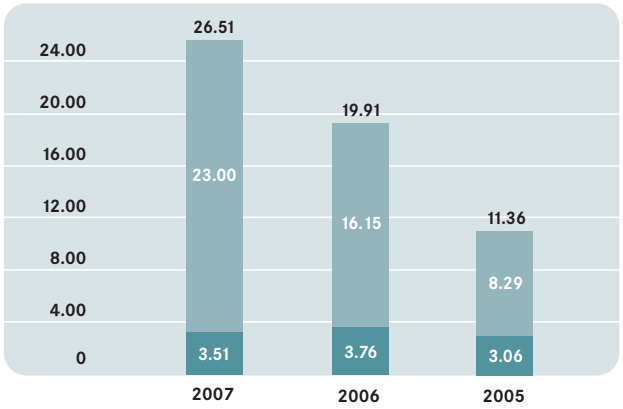
OPERATING EXPENSES

Operating expenses including depreciation, amortisation and impairment losses rose by 33.1%, from EUR 19.91 million in the previous year to EUR 26.51 million in the 2007 financial year. This was primarily a result of the increase in research and development activities: these entailed costs of EUR 22.99 million (including expenses for quality assurance and control) in the financial year just ended, compared to EUR 16.15 million (also including quality assurance and control costs) in the previous year. A substantial proportion of the increased expenditure is attributable to the ongoing ARISER trial. The rising number of patients goes hand in hand with higher payments to trial centres and contract research institutes. The costs of manufacturing the drug have also risen. However, given the simultaneous optimisation of the production programme, manufacturing costs did not increase as much as initially anticipated.

A total of 60.8% (previous year: 65.4%) of the research and development costs were related to the clinical development of monoclonal antibodies (RENCAREX® and CA9-SCAN) and 34.6% (previous year: 21.7%) to the uPA programme. All other projects accounted for only 4.6% (previous year: 12.9%).

General and administrative costs declined to EUR 3.51 million (previous year: EUR 3.76 million). These costs are primarily staff costs. Higher salary costs stemming from the increase in staffing levels were offset by substantially lower expenses related to the measurement of stock options.

At EUR 1.69 million, the Company's net financial result was clearly positive, after a net loss of EUR 0.39 million recorded for the previous year. Interest from bank credit balances and fixed-term deposits generated EUR 1.71 million in financial income. During the financial year, WILEX invested a large portion of the IPO proceeds that were not yet needed for clinical development in fixed-term deposits with varying maturities. The fact that the European base rate was raised to 4.0% (in two intervals of 25 basis points each) also helped to improve the terms governing our fixed-term deposits. Finance expenditure decreased from EUR 0.93 million to EUR 0.02 million and thus did not reach a significant level. This decrease was primarily a result of the repayment of silent partners towards the end of the 2006 financial year.



Operating expenses
in EUR million*

Research and development costs
Administrative costs

*rounded

NET ASSETS AND FINANCIAL POSITION

In the 2007 financial year, WILEX financed its diverse range of clinical development projects using entirely its own resources.

The financing of these projects was never at risk during the financial year just ended. Liquidity was sufficient at all times. Thanks to the Company's comfortable level of equity resources, it can select the date on which to launch the out-licensing of a product such that it can yield the maximum added value for shareholders.

INVESTMENTS

At EUR 0.15 million (previous year: EUR 0.32 million), the Company's investment volume in the 2007 financial year remained very low. This can be explained by the fact that the funds used for development projects are not capitalised but expensed almost in full as current research and development costs. The additions to property, plant and equipment amounted to EUR 0.15 million (previous year: EUR 0.32 million). Depreciation, amortisation and impairment losses totalled EUR 0.13 million (previous year: EUR 0.12 million).

Additions of EUR 0.40 million to intangible assets were below the previous year's total of EUR 0.72 million. The most important item here was the exercising of the option to take over the Dendreon patent portfolio. Amortisation of intangible assets totalled EUR 0.12 million (previous year: EUR 0.07 million).

ASSETS AND FINANCING

In the 2007 financial year, total assets declined by 37.0% to EUR 37.63 million, down from EUR 59.71 million the previous year. Cash and cash equivalents, including fixed-term deposits, were EUR 34.17 million at the close of the financial year (previous year: EUR 56.71 million). This was principally a result of the use of funds in connection with the continued development of our products. The Company's liquidity ratio (cash positions plus bank credit balances divided by current liabilities) was 307.2% as at 30 November 2007 (compared to 513.5% as at 30 November 2006). Our fixed-term deposits have maturities of more than three months and are used to invest a portion of the funds not yet needed for research and development. In accordance with IFRS, they must be capitalised as financial investments. Excluding fixed-term deposits, liquid funds amounting to EUR 18.80 million were available to the Company.

Prepayments of EUR 1.24 million (previous year: EUR 1.07 million) essentially concern payments to a service provider that works for WILEX in connection with the Phase III RENCAREX® trial.

Shareholders' equity declined by 45.6% from EUR 47.72 million in the previous year to EUR 25.95 million in the year under review. While there was no change in the subscribed capital, and the capital reserve of EUR 104.91 million remained essentially at the previous year's level, cumulative losses rose to EUR 90.93 million (from EUR 68.67 million in the previous year), as a result of the net loss for the year. The equity ratio declined by the close of the year to 69.0%, down from 79.9% in the previous year.

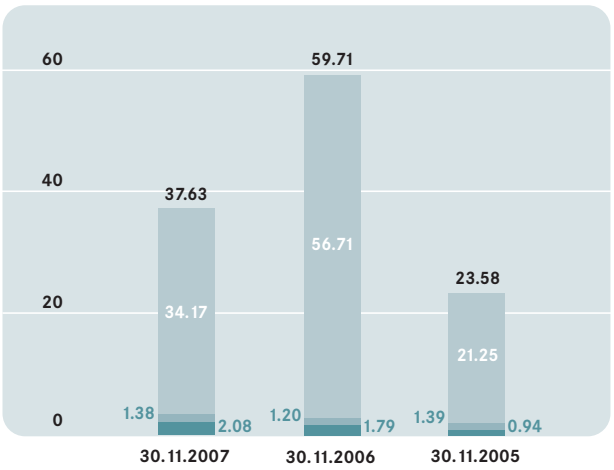
Non-current liabilities fell in the reporting period by EUR 0.94 million to EUR 0.55 million. This change essentially arises from the reclassification of a EUR 0.20 million licence payment that is due in mid-2008 and is now included in current liabilities. In addition, there was a decline in the volume of licence payments from Esteve, which have not yet been drawn upon and are contained in deferred income. Liabilities from leasing contracts also declined substantially, from EUR 0.10 million in the previous year to EUR 0.02 million. This resulted from the planned payment of laboratory equipment purchased the previous year by means of finance leasing.

Total current liabilities at year's end were EUR 11.12 million, an increase of about 0.7% over the previous year (EUR 11.04 million). A substantial increase in trade accounts payable from EUR 1.10 million in the previous year to EUR 1.75 million, resulting from the broader scope of our development projects, is offset by a decline in other current liabilities from EUR 9.86 million to EUR 9.30 million. This reduction stems primarily from the planned payment of social security and other tax liabilities. Liabilities towards the US Department of Defense correspond to the difference between development funds already disbursed and actual costs already incurred for the trial. This difference must be shown as a liability.

Other current liabilities
in EUR million*

- Other
- Accrued liabilities
- Accrual Esteve
- Accrual US Department of Defense

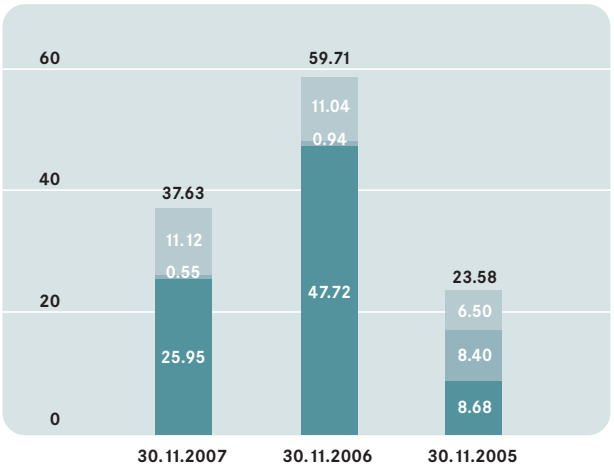
*rounded



Balance sheet structure – total assets
in EUR million*

Cash and cash equivalents
Other current assets
Non-current assets

*rounded



Balance sheet structure – shareholders' equity and total liabilities
in EUR million*

Current liabilities
Non-current liabilities
Shareholders' equity

*rounded

STOCK OPTIONS

WILEX issued a total of 907,584 subscription rights to employees and members of the Executive Management Board in connection with its Employee Stock Option Plan (ESOP). Of this total, 185,100 were issued during 2007. As at the balance sheet date, a total of 381,573 subscription rights were available for issuance to employees and to members of the Executive Management Board. Holders of the Company's stock options have not been permitted to exercise them to date.

INTANGIBLE ASSETS

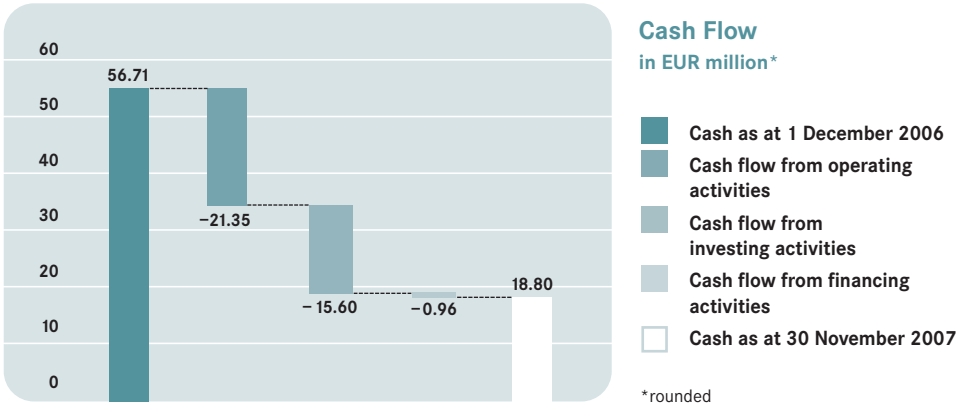
The Company's enterprise value is determined by a number of other intangibles besides the intangible assets reported in the balance sheet. The two main contributions here are human capital – i.e. particularly the expertise of our employees and the Executive Management Board,

as well as the value of our relationships with scientists and cooperation partners. Both of these components are decisive to the enterprise value of WILEX: the value-oriented growth of our project pipeline is dependent on these intangibles, as are the opportunities for the commercial exploitation and in-licensing of new and attractive development candidates.

CASH FLOW STATEMENT

At EUR –21.35 million (previous year: EUR –15.94 million), the change in net cash from operating activities remained negative, mainly as a result of the net loss for the year. The change in net cash from investing activities amounting to EUR –15.60 million (previous year: EUR –0.38 million) stems from the investment of a portion of the IPO proceeds in fixed-term deposits. However, if this reallocation of short-term funds to fixed-term deposits with longer maturities is not taken into account, the cash flow from investing activities deviates only slightly from the previous year's value, at EUR –0.60 million. The acquisition of the Dendreon patent portfolio is the largest single item.

The change in net cash from financing activities amounting to EUR –0.96 million stems in a large part from payments following the IPO in November 2006. The previous year's level of EUR 51.78 million was impacted by the proceeds from two capital increases.



KEY FIGURES

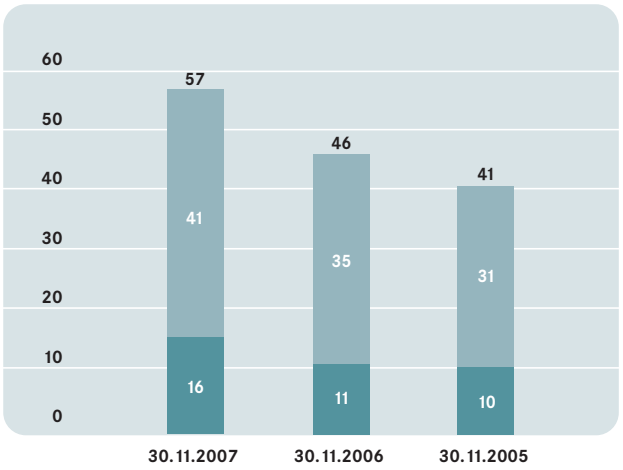
Key figures related to the Company's profit or loss, cash flows and financial position are shown in table form on the inside of the front cover.

EMPLOYEES

WILEX had 57 employees at the close of the 2007 financial year – an increase of eleven compared to the previous year. Of these, 41 employees (previous year: 35) were engaged in research and development (including quality assurance and control) and 16 employees (previous year: 11) in administration.

Our employees receive performance-related pay, and we also offer the opportunity to participate in the Company's success by means of stock options. At present, 47 employees (previous year: 30) are members of the 2005 ESOP. As at the balance sheet date, a maximum of 381,573 stock options could still be issued to members of the Executive Management Board and staff.

We also offer bonus payments for employee inventions that result in patent applications as part of our Patent Incentive Programme.



Employees

Reseach and development including quality control and assurance

Administration

EVENTS AFTER THE BALANCE SHEET DATE

In December 2007, WILEX announced that the IDMC has recommended that we continue the Phase III ARISER trial as planned, on the basis of the completed interim analysis for futility. The analysis, which was performed after 100 patients relapsed, showed that the trial will probably deliver a significant result. Moreover the safety and tolerance of RENCAREX® had again been confirmed in a safety review by the IDMC in October 2007.

The IDMC evaluated the data in relation to the time between randomisation and relapse in 100 patients, compared with the time between randomisation and last CT scan of all other patients without relapse who had been enrolled in the trial at the time the interim analysis for futility was initiated.

In January 2008, WILEX successfully completed a Phase I dose-escalation trial with its drug candidate WX-UK1 combined with the chemotherapeutic agent capecitabine (Xeloda®, Hoffmann La Roche, Basel, Switzerland) in patients with advanced solid tumours. The US Department of Defense funded this monocentre trial, which was conducted at the Fox Chase Cancer Center in Philadelphia, USA, as part of its breast cancer research programme. In this trial involving 25 patients, evidence of extended stable disease emerged. In three of the patients – two of whom suffered from metastatic breast cancer – a reduction in tumour size was even observed.

Also in January 2008, the FDA – the US Food and Drug Administration issued IND approval to initiate a Phase II trial with the drug candidate WX-671. The trial will examine the efficacy of the combination therapy WX-671 combined with the chemotherapeutic agent capecitabine (Xeloda®, Hoffmann La Roche AG, Basel, Switzerland) in patients with metastatic breast cancer. This will be a second Phase II trial investigating WILEX's oral uPA inhibitor.

No further developments or events of significant importance have occurred since the end of the 2007 financial year.

REPORT ON RISKS AND OPPORTUNITIES

RISK STRATEGY

Managing and controlling risk is important to the management of WILEX. The tasks involved include the recording and assessment of risk, as well as the efficient controlling of operational and strategic risk. All potential risks with substantial ramifications and a reasonable probability of occurring are closely monitored at regular intervals. All overriding entrepreneurial decisions are made after a comprehensive assessment of all related risks.

The Company's risk strategy is defined by the Executive Management Board and coordinated with the Supervisory Board. The Chief Financial Officer at WILEX is responsible for risk management and control. The Controlling department regularly reports the current status of risk management to the whole Management Board.

WILEX is exposed to relatively high risks, since it is engaged in research and development in the biopharmaceutical industry and has not yet achieved substantial earnings. Such risks may affect various operational functions and have a significant negative impact on profit and loss, net assets and financial position, as well as on the Company's enterprise value.

RISK MANAGEMENT AND CONTROL

WILEX uses an IT-based risk management system for purposes of early risk identification; the system complies with the requirements of the German Control and Transparency in Business Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich). This system serves to identify and assess risks as well as to monitor the measures aimed at minimising risk. A total of 16 risk areas are subject to comprehensive early control of potential risks. All material risks are addressed in a risk report that is made available to the Executive Management Board fortnightly; shorter intervals are adopted to report on material risks should the need arise. The risk management system is described in detail in both a Risk Manual and an internal Standard Operating Procedure (SOP). These documents are regularly updated and are available to all staff members.

GENERAL BUSINESS RISKS

WILEX is subject to the risks typical for a biotechnology company, namely those arising from the development and production of drugs used in cancer therapies. The time between the commencement of drug development and licensing can span many years and the failure rate is high. Even though our portfolio matured further in the 2007 financial year, there is a continued risk that none of our current drug and diagniostic candidates will receive marketing approval.

PRODUCT DEVELOPMENT RISKS

The development of our core drug and diagnostic candidates – either by WILEX alone or in cooperation with partners – could fail for a variety of reasons. These include difficulties related to patient recruitment or involving cooperation with clinical test centres or contract research organisations. To date, none of the product candidates have successfully completed all clinical tri-

als and also achieved regulatory approval. It is impossible to make any predictions based on preclinical and early clinical trials and such trials do not offer any certainty in regard to issues of safety and efficacy in a later trial. We cannot eliminate the possibility that the approval of a drug candidate might be delayed or rejected even after a successful registration trial, for instance if the documentation concerning the manufacturing process, quality control or methods of analysis do not satisfy regulatory requirements.

SUBCONTRACTING RISKS

WILEX does not maintain its own production facilities and thus obtains all material for its clinical trials from subcontractors. This situation involves risks, including potential problems concerning quality or capacity, or problems arising from the interruptions of supplies in the event of the termination of a contract.

RISKS RESULTING FROM COMPETITION AND TECHNOLOGICAL CHANGE

Those in competition with WILEX include pharmaceutical, chemical and biotechnology companies may have access to greater financial, technological and sales resources than WILEX. Some biotechnology companies have also set up alliances with established companies with the aim of intensifying the research, development and marketing of competitive products. Likewise, various research and scientific institutes operate in areas similar to those in which WILEX is active. The first product that is marketed generally has a considerable advantage over products that are launched at a later date, since subsequent market players must prove that their products possess improved features when compared to established products. WILEX operates with the risk that competing technologies could turn out to be safer, more economical and more effective than its own technologies. In addition, there is the risk that the technology could be used to produce products that reach the market earlier and might be more successful than the drugs developed by WILEX. Additional risks arise from the fact that competitors might offer their technology to cooperation partners at a lower cost, or even free of charge, with the intention of gaining market share.

PRODUCT RISKS

The marketing and sale of pharmaceuticals and services for specific indications is subject to product liability risks. We cannot exclude product liability actions against WILEX at a later stage. In connection with this, there is no guarantee that we would be able to purchase insurance coverage at both a reasonable cost and acceptable terms or that such insurance would be sufficient to protect WILEX from lawsuits or a loss.

RISKS AND DEPENDENCIES RELATED TO THE PROVISION OF HEALTHCARE AND SPENDING BY THE PHARMACEUTICAL INDUSTRY

WILEX is dependent on various sources of income, in particular, licence fees and milestone payments from licensees and cooperation partners. The framework within which public health authorities, research institutes, private health insurance providers and other organisations operate also impacts our business activities. Many cooperation and out-licensing agreements provide for milestone payments that are due upon fulfilment of specific criteria. WILEX has no influence over the achievement of these milestones by cooperation partners or licensees, or over the choice of Company partners to even continue to develop a particular product. Competitors may also attempt in-licensing of products that have progressed further than products from WILEX. As a result, product candidates in the pipeline at WILEX may not reach a sufficiently advanced development stage to be of interest for a certain period of time. There is no guarantee that stable sales revenues can be generated from existing or future partnerships.

ENVIRONMENTAL AND HEALTH RISKS

WILEX uses hazardous substances in its research and development programmes, one example being the use of radioactive material. These activities are subject to health and environmental laws and regulations: non-compliance with these may result in financial losses.

LEGAL RISKS

No litigation is pending at present.

FINANCING RISKS

It is possible that WILEX will continue to have a considerable capital requirement in the future. This depends on numerous factors, which include the Company's ability to find licensees and conclude cooperation agreements as well as the success of such cooperative ventures in terms of sales revenues – resulting from licence fees and milestone payments, for example. Costs incurred by research and development and by product approval and the enforcement of patent rights may exceed returns from these products. Hence it may also be necessary to raise additional financing in future years. However, there is no guarantee that sufficient funds would be available if required. Should this event occur, WILEX will have to reduce expenditure on R&D, production or marketing. Any of these developments could in turn have an adverse effect on the Company's financial position, net assets and profit and loss.

CURRENCY RISKS

WILEX works with several service providers worldwide and is thus exposed to currency risks, particularly in connection with currency positions in US dollars and Swiss francs. Any appreciation of the US dollar or the Swiss franc against the euro could increase expenses reported in euros. In the future, WILEX expects an increasing proportion of revenues and costs to be denominated in US dollars or Swiss francs. This proportion will include a share of the revenue from R&D cooperation agreements. The effects of exchange rate fluctuations on the Company's earnings and financial position may increase as a result. No hedging transactions are currently being executed. We are able to process foreign currency payments using corresponding accounts and thus offset incoming and outgoing payments in matching currencies.

DEPENDENCE ON EMPLOYEES

The Company mainly employs experts in clinical development, quality assurance and regulatory affairs. To date, WILEX has not had any problems recruiting suitable executives and research staff. However, in terms of recruitment effort, WILEX must succeed in the face of competition from other companies, universities, public and private sector research institutes and other organisations. Success in recruiting employees and maintaining low employee turnover also depends on total compensation, including stock options. If the share price falls, WILEX could become less attractive for both potential and existing employees. Any failure on the part of WILEX in recruiting qualified staff in the future could delay implementation of the Company's business strategy and considerably impair its business prospects.

OVERALL ASSESSMENT OF THE RISK SITUATION

From the current perspective, there are no discernible risks that could jeopardise the Company as a going concern in the 2008 financial year. Based on current planning, cash and cash equivalents will be sufficient until at least the first quarter of the 2009 calendar year. The Executive Management Board assumes that additional inflows of capital will be generated by this date through partnerships or cooperation agreements. However, if it is impossible to generate new cash inflows in accordance with this planning, the Company would have to look to the capital market to raise funds in order not to jeopardise its existence as a going concern over the medium to long term.

GENERAL BUSINESS OPPORTUNITIES

Millions of people worldwide suffer from cancer. Tumour diseases are among the most frequent causes of death in industrialised countries. Experts believe that the number of cancer diagnoses will continue to rise as a result of numerous factors such as higher life expectancy or changes in the environment. Accordingly, there is an urgent medical need for cancer therapies that are both effective and well tolerated.

WILEX has specialised in the development of drugs and diagnostic agents for treating cancer. The Company focuses on two therapeutic approaches with its drug candidates: On the one hand, WILEX is developing cancer therapies that attack tumour cells without having an unspecific cytotoxic effect - unlike certain conventional treatments such as chemotherapy. On the other hand, WILEX is concentrating on therapies that are designed to inhibit the further cancer progression through metastasis. The diagnostic candidate CA9-SCAN, which is currently under development, is intended to improve tumour detection and post-treatment therapy monitoring.

Two product candidates in the WILEX portfolio are currently in a Phase III registration trial: RENCAREX® is an antibody that binds to the tumour-specific CA IX antigen, which is expressed in different cancers. The registration trial examines the efficacy of the RENCAREX® antibody in comparison to a placebo for the treatment of clear cell renal cell cancer patients who have undergone complete or partial surgical removal of the affected kidney and who have no detectable metastases. This cancer belongs to one of the particularly aggressive indications. No further treatment is currently available once the tumour has been removed surgically, and many patients have a high risk of relapse. The Company believes that RENCAREX® has demonstrated a high degree of safety, tolerance and efficacy in two clinical Phase I trials and three clinical Phase II trials. According to an interim analysis for futility carried out by the IDMC during the Phase III registration trial in December 2007, the trial will probably deliver a significant result. WILEX currently expects the 343rd relapse of the study to occur in spring 2009. At this juncture, the study protocol specifies an interim analysis for efficacy of the antibody, which could be the basis for filing for approval in the European Union.

CA9-SCAN, the second candidate currently undergoing a registration trial, is an antibody-based imaging diagnostic agent that is being developed for the pre-surgical diagnosis of clear cell renal cell cancer. CA9-SCAN is the radioactively labelled form of the WX-G250 antibody, on which RENCAREX® is also based. The labelled antibody WX-G250 targets clear cell renal cell carcinoma and accumulates in the tumour tissue. The accumulation of the radiolabelled antibody can be visualised by means of positron emission tomography (PET). A feasibility study found that the presence of clear cell renal cell carcinoma was confirmed with 100% reliability when the CA9-SCAN result was positive (positive predictive value). This means that CA9-SCAN could determine whether a patient has clear cell renal cell carcinoma before surgery. Therefore, CA9-SCAN could significantly improve and simplify treatment planning for patients suspected of having renal cancer. The registration trial for CA9-SCAN was approved by the FDA in October

2007. Further guidance in respect of the trial's timeline will be determined after we have received the SPA. Then we will commence patient recruitment. As far as the Company knows, no other imaging procedure for clear cell renal cell carcinoma existing today provides such a degree of specificity and sensitivity.

In order to prevent cancer from progressing further, WILEX is developing the drug candidates WX-UK1 and WX-671 as part of its urokinase-type plasminogen activator (uPA) programme. The uPA system plays a key role in the growth, spread and metastasis of various malignant tumours. WILEX expects drug candidates that emerge from the uPA programme to be used for the treatment of patients with tumour diseases such as breast, pancreatic, ovarian, gastric and colon cancer. WX-UK1 and WX-671 both successfully completed clinical Phase I trials. The Company believes that they proved safe and well tolerated in these trials. WX-671 facilitates the long-term treatment of patients, because it can be administered orally in capsule form. WX-671 is converted into WX-UK1 in the body. WILEX has therefore decided to test the efficacy of WX-671 in two Phase II trials. As far as the Company knows, WX-671 is the first uPA inhibitor worldwide in clinical Phase II trials.

ANTICIPATED DEVELOPMENTS

STRATEGY

In the 2008 financial year, we will focus on commercialising our product portfolio, in addition to our continued development of drug candidates. WILEX will intensify discussions with pharmaceutical and diagnostics companies concerning the out-licensing of RENCAREX®and CA9-SCAN as well as sales partnerships.

EXPECTED MARKET ENVIRONMENT

We are not anticipating any major changes in our competitive environment: To the knowledge of WILEX neither a comparable medicinal adjuvant therapy for non-metastatic clear cell renal cell carcinoma nor a diagnostic procedure similar to CA9-SCAN have been approved.

RESEARCH AND DEVELOPMENT

In Europe, patient randomisation in the Phase III ARISER trial involving RENCAREX®was concluded in January 2008. In the Americas, recruitment will continue for a few months in order not to reduce the planned percentage of US patients. It has been projected on the basis of data from the positive interim analysis for futility that the total of 343 disease recurrences necessary for the next milestone will probably be reached in early 2009. As provided for in the current trial protocol, an interim analysis of antibody activity will then be carried out. The results of this analysis could form the basis for the European application for marketing approval.

We intend to implement the Phase III CA9-SCAN registration trial in a design confirmed by a special protocol assessment (SPA). This SPA from the FDA is expected shortly. An SPA documents that the FDA considers the design and planned analysis of the trial to be suitable and appropriate to obtain marketing approval if the results are positive.

In total, 166 patients with suspected cancer of the kidney are to be included in more than 15 centres in the USA. Further guidance in respect of the trial's timeline will be determined after we have received the SPA.

As regards our uPA inhibitors, approval for the Phase II trial for the indication of breast cancer was obtained from the FDA in January 2008. Patient recruitment is scheduled to begin in the first half of 2008. Furthermore, the preliminary results of the Phase II WX-671 trial involving patients with pancreatic cancer are expected to be available in the course of the 2008 financial year. We hope that these results confirm WX-671's mechanism of action and demonstrate the clinical benefit of our uPA inhibitors. In January 2008 we announced positive results of a Phase I trial involving our drug candidate WX-UK1 in combination with the chemotherapeutic capecitabine (Xeloda®, Hoffmann-La Roche) in patients with various solid tumours who have been intensively pre-treated.

EXPECTED EARNINGS

WILEX does not expect its earnings performance to change significantly from that in the 2007 financial year.

Based on our medium-term plans, we expect other operating income of between EUR 1.9 million and EUR 2.4 million if projects proceed as planned, which would be slightly below the level for 2007 (EUR 2.58 million). Earnings will continue to be based primarily on licence payments from our cooperation partner Esteve, as well as on grants from the US Department of Defense.

Operating expenses should range from EUR 33 million to EUR 38 million, which would be significantly above those for the reporting period (EUR 26.51 million). This will be caused by the expected increase in R&D costs from EUR 22.99 million in 2007 to between EUR 29 million and EUR 33 million in 2008. The expected cost increase will result mainly from the two registration trials for RENCAREX® and CA9-SCAN and, to a lesser extent, from the two Phase II trials for WX-671.

EXPECTED NET ASSETS AND FINANCIAL POSITION

If earnings and expenses develop as planned, then the net cash used in operating activities should be between EUR 26 million and EUR 30 million. Pursuant to this planning, cash and cash equivalents at the close of the 2008 financial year would be between EUR 4 million and EUR 8 million, following a full reduction of all financial assets. Without any further inflow of funds, the existing shareholders' equity will be used almost in its entirety, as a result of the cumulative losses.

DISCLOSURES UNDER SECTION 289 SUB-SECTION 4 HGB (GERMAN COMMERCIAL CODE)

REPORT AND EXPLANATORY REPORT BY THE EXECUTIVE MANAGEMENT BOARD

Summary of subscribed capital

The Company's subscribed capital amounted to EUR 11,962,754.00 at the end of the financial year. It is composed of 11,962,754 no par value bearer shares. These shares are fully paid in. The Company does not hold any treasury shares.

Restrictions on voting rights or on the transfer of shares

The rights and duties related to the shares arise, in particular, from Sections 12, 53a ff, 118 ff and 186 of the German Stock Corporation Act (Aktiengesetz) and the Company's Articles of Association. There are no restrictions on voting rights or on the transfer of shares. Each share entitles the holder to one vote at the Shareholders' Meeting and is decisive for the proportion of the Company's profits the shareholder will receive.

Existing shareholders whose interest in the Company's share capital amounted to or exceeded 0.5% at the time of the IPO and the members of the Company's boards gave an undertaking to the sole lead manager and the sole bookrunner WestLB that they would not sell, pledge or otherwise dispose of securities of the Company (shares or options) before the end of 12 November 2007.

Equity interests exceeding 10% of voting rights

The German Securities Trading Act (Wertpapierhandelsgesetz) sets out that any investor whose shareholding in the Company reaches, exceeds or falls below certain percentages of the Company's voting rights through acquisition, sale or other means must notify the Company and the Federal Financial Supervisory Authority (BaFin) of this. Previously, the lowest threshold for this disclosure requirement was 5%, but it was reduced to 3% on 20 January 2007. Section 289 Subsection 4 HGB requires any direct or indirect interest in a Company's capital in excess of ten percent of the voting rights to be disclosed.

The following shareholders held equity interests in WILEX AG, directly or indirectly, in excess of 10%:

Entity with disclosure requirement	Location	Voting rights	Percentage of voting rights		Notification dated
			Direct	Assigned	
HDP Beteiligungs GmbH	Heidelberg, Germany	3,411,953	28.52%		16.01.2007
Hopp, Oliver	Germany	3,411,953		28.52%	16.01.2007
Apax Europe IV - A, L.P.	St. Peter Port, Guernsey, Channel Islands	1,687,185	14.1%		17.11.2006
Apax Europe IV GP Co. Limited	St. Peter Port, Guernsey, Channel Islands	1,687,185		14.1%	17.11.2006
Apax Europe IV GP, L.P.	St. Peter Port, Guernsey, Channel Islands	1,687,185		14.1%	17.11.2006
The Hirzell Trust	St. Peter Port, Guernsey, Channel Islands	1,687,185		14.1%	17.11.2006

In addition, the following direct or indirect equity interests exceeding 10% were reported to the Company after the balance sheet date in accordance with Sections 21 and 22 of the German Securities Trading Act:

Entity with disclosure requirement	Location	Voting rights	Percentage of voting rights		Notification dated
			Direct	Assigned	
dievini Hopp BioTech GmbH & Co. KG (bisher dievini advisors in health sciences GmbH & Co. KG)	Walldorf, Germany	3,411,953	28.52%		28.12.2007
dievini Verwaltungs GmbH	Heidelberg, Germany	3,411,953		28.52%	28.12.2007
Prof Dr Christof Hettich	Germany	3,411,953		28.52%	28.12.2007
Dr Friedrich von Bohlen und Halbach	Germany	3,411,953		28.52%	28.12.2007
OH-Capital GmbH & Co. KG	Heidelberg, Germany	3,411,953		28.52%	22.12.2007
Golf-Club St. Leon-Rot Betriebsgesellschaft mbH & Co. KG	St. Leon-Rot, Germany	3,411,953		28.52%	22.12.2007
Verwaltungsgesellschaft des Golf Club St. Leon-Rot mbH	St. Leon-Rot, Germany	3,411,953		28.52%	22.12.2007
DH-Capital GmbH & Co. KG	Heidelberg, Germany	3,411,953	14.26%	14.26%	18.12.2007
OH Beteiligungen GmbH & Co. KG	Heidelberg, Germany	3,411,953	14.26%	14.26%	18.12.2007
BW Verwaltungs GmbH	Heidelberg, Germany	3,411,953		28.52%	18.12.2007
Berthold Wipfler	Germany	3,411,953		28.52%	18.12.2007
Dietmar Hopp	Germany	3,411,953		28.52%	18.12.2007
HDP Beteiligungs GmbH	Heidelberg, Germany	0	0.00%		18.12.2007

Shares with special rights conferring powers of control

None of the shareholders have shares with special rights conferring powers of control. In particular, no individual may claim a right to be appointed to the Supervisory Board pursuant to Section 101 Sub-section 2 of the German Stock Corporation Act.

Nature of voting control where employees have an equity interest and do not directly exercise their control rights

Any employees of WILEX AG who hold an equity interest in the Company exercise their voting rights directly.

Legal regulations and provisions of the Articles of Association on the appointment and dismissal of members of the Executive Management Board and on amendments to the Articles of Association

The members of the Executive Management Board are appointed for a maximum of five years by the Supervisory Board in accordance with Section 84 of the German Stock Corporation Act and Articles 7–9 of the Articles of Association. The appointment of members of Executive Management Board may be renewed, or the term of office extended, provided that the term of each such renewal or extension does not exceed five years. The Supervisory Board may revoke appointments to the Executive Management Board for good cause as defined by Section 84 Sub-section 3 of the German Stock Corporation Act.

If the Executive Management Board does not have the required number of members, a court shall make the necessary appointment in urgent cases in accordance with Section 85 of the German Stock Corporation Act.

Pursuant to Section 179 Sub-section 1 of the German Stock Corporation Act, any amendment to the Articles of Association requires a resolution by the Shareholders' Meeting to be passed with a majority of at least three-quarters of the share capital represented at the adoption of the resolution.

Authority of the Executive Management Board to issue and buy back shares

In accordance with Article 5 (3) of the Articles of Association, the share capital is contingently increased by up to EUR 198,000.00 through the issue of up to 198,000 no par value bearer shares (Contingent Capital). The contingent capital increase serves to grant options to the Company's employees and members of its Executive Management Board as resolved by the Shareholders' Meeting on 20 July 2001 (Item 6 on the agenda). The contingent capital increase will only be implemented to the extent that the holders of options make use of their option rights. The shares participate in profits for the first time in the financial year for which – at the time of the effective submission of the option exercise notice – the Company's Shareholders' Meeting had yet to adopt a resolution concerning the appropriation of retained earnings. The Company's Executive Management Board is authorised, subject to the approval of the Supervisory Board, to determine any other details concerning the implementation of the contingent capital increase unless options are to be granted to members of the Company's Executive Management Board; in such cases, the Supervisory Board determines any other details concerning the implementation of the contingent capital increase. The Supervisory Board is authorised to change the wording of the Articles of Association to reflect the scope of the capital increase from Contingent Capital.

In accordance with Article 5 (4) of the Articles of Association, the Company's share capital is contingently increased by a further EUR 1,289,157.00 through the issue of up to 1,289,157 new no par value bearer shares (Contingent Capital II). The contingent capital increase will only be implemented to the extent that holders of the stock options issued by the Company on the basis of and subject to the terms and conditions of the authorisation by the Shareholders' Meeting on 8 September 2005 (resolution in accordance with item 9.1) make use of their stock options. In

accordance with 9.1 (5) of the above-mentioned resolution by the Shareholders' Meeting, the shares will be issued at the exercise price set in each case as the issue price and also at the specific terms and conditions determined in this resolution. The new shares participate in profits from the start of the financial year in which they are issued. The Executive Management Board, with the approval of the Supervisory Board, and – to the extent that members of Executive Management Board are affected – the Supervisory Board are authorised to determine any other details concerning the contingent capital increase and its implementation. The Supervisory Board is authorised to change the wording of the Articles of Association to reflect the scope of the capital increase from Contingent Capital II.

According to Article 5 (5) of the Company's Articles of Association, the Executive Management Board is authorised to increase the Company's share capital, with the approval of the Supervisory Board, by up to EUR 5,426,129.00 by issuing up to 5,426,129 new no par value bearer shares in return for cash contributions or contributions in kind on one or several occasions up to and including 28 April 2010 (Authorised Capital).

The Executive Management Board is further authorised to exclude shareholders' statutory subscription rights with the approval of the Supervisory Board in the following cases:

- for a portion of the Authorised Capital in the total amount of up to EUR 3,500,000.00 to the extent that this is required to cover over-allotments in connection with the placement of shares of the Company within the framework of the listing of the Company's shares on a German stock exchange;
- for a portion of the Authorised Capital in the total amount of up to EUR 2,000,000.00 provided that the new shares are issued in return for cash contributions at an issue price which is not significantly lower than the market price of the shares (Section 186 Sub-section 3 Sentence 4 of the German Stock Corporation Act);
- for a portion of the Authorised Capital in the total amount of up to EUR 5,426,129.00 provided that the new shares are issued in return for cash contributions or contributions in kind for the purpose of acquiring companies or equity interests in companies and provided that the acquisition of the company or the equity interest is in the best interests of the Company;
- for the purpose of settling claims under contractual subscription rights on the basis of contracts concerning the establishment of silent partnerships; or
- to avoid fractions of shares.

The Executive Management Board resolves on the content of the rights inherent in the relevant shares and the other terms of the share issue with the approval of the Supervisory Board. The Supervisory Board is authorised to amend the wording of the Articles of Association to reflect the scope of the capital increase from Authorised Capital.

The Company is not authorised at present to acquire treasury shares pursuant to Section 71 Sub-section 1 No. 8 of the German Stock Corporation Act.

Key agreements entered into by the Company providing for a change of control following a takeover bid

WILEX AG has not entered into any key agreements with third parties that would change or end in the event of a change of control following a takeover bid. However, all stock options issued to employees and the Executive Management Board vest at the time of the change of control and can be exercised immediately without a waiting period needing to be observed.

Compensation agreements between the Company and members of the Executive Management Board or employees concluded in the event of a takeover bid

WILEX AG has not entered into any compensation agreements that provide for compensation to members of the Executive Management Board or employees in the event of a takeover bid.

ANNUAL FINANCIAL STATEMENTS

as at 30 November 2007

INCOME STATEMENT

in accordance with IFRS for the financial year ended 30 November 2007

	Note	2007 EUR	2006 EUR
Other operating income	14	2,583,374	1,662,802
Income		2,583,374	1,662,802
Research and development costs	15	(22,999,254)	(16,151,683)
Administrative costs	15	(3,510,786)	(3,759,947)
Operating expenses (incl. depreciation/amortisation)		(26,510,040)	(19,911,630)
OPERATING RESULT		(23,926,666)	(18,248,829)
Finance income	18	1,714,785	539,252
Finance expenditure	18	(21,973)	(927,793)
Net financial result		1,692,811	(388,541)
EARNINGS BEFORE TAX		(22,233,854)	(18,637,369)
Income tax	20	(23,656)	(22,987)
NET LOSS FOR THE PERIOD		(22,257,510)	(18,660,356)
Earnings per share:			
Basic and diluted earnings per share		(1.86)	(2.32)
Average number of shares issued		11,962,754	8,040,898

BALANCE SHEET

in accordance with IFRS as at 30 November 2007

ASSETS	Note	30.11.2007 EUR	30.11.2006 EUR
Property, plant and equipment	5	523,843	509,537
Intangible assets	6	1,557,092	1,284,496
Non-current assets		2,080,935	1,794,033
Inventories	7	22,200	22,200
Other assets and prepayments	8	1,242,720	1,069,638
Other receivables	8	111,011	112,217
Financial investments	9	15,374,513	0
Cash and cash equivalents	9	18,795,851	56,708,532
Current assets		35,546,295	57,912,588
TOTAL ASSETS		37,627,230	59,706,621

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			
Subscribed capital	10	11,962,754	11,962,754
Capital reserve	10	104,914,715	104,426,653
Accumulated losses	10	(90,926,789)	(68,669,279)
Shareholders' equity		25,950,680	47,720,128
Pension provisions	12	21,877	21,094
Liabilities arising from leasing agreements	22	22,977	104,252
Other non-current liabilities	13	506,974	817,939
Non-current liabilities		551,828	943,285
Trade accounts payable	13	1,747,900	1,103,522
Liabilities arising from leasing agreements	22	81,275	83,568
Other current liabilities	13	9,295,547	9,856,118
Current liabilities		11,124,722	11,043,208
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		37,627,230	59,706,621

STATEMENT OF CHANGES IN EQUITY

in accordance with IFRS for the financial year ended 30 November 2007

	Note	Shares	Subscribed capital	Capital reserve	Contributions for the capital increase resolved	Accumulated losses	Total
		Number	EUR	EUR	EUR	EUR	EUR
As at 1 December 2005		5,788,883	5,788,883	41,841,728	11,057,188	(50,008,923)	8,678,877
Capital increase and proceeds from the IPO, taking into account capital procurement costs		6,173,871	6,173,871	61,275,042			67,448,913
Contributions, not yet entered in the commercial register					(11,057,188)		(11,057,188)
Measurement of stock options				1,309,883			1,309,883
Net loss for the year						(18,660,356)	(18,660,356)
Total net loss							(17,350,473)
As at 30 November 2006		11,962,754	11,962,754	104,426,653	0	(68,669,279)	47,720,128
Capital procurement costs IPO	10			14,282			14,282
Measurement of stock options	10			473,781			473,781
Net loss for the year						(22,257,510)	(22,257,510)
Total net loss							(21,769,448)
As at 30 Novenber 2007		11,962,754	11,962,754	104,914,715	0	(90,926,789)	25,950,680

CASH FLOW STATEMENT

in accordance with IFRS for the financial year ended 30 November 2007

	Note	2007 EUR	2006 EUR
NET LOSS FOR THE YEAR		(22,257,510)	(18,660,356)
Adjustment for income statement items			
Measurement of stock options		473,781	1,309,883
Depreciation/amortisation		257,770	191,231
Increase in pension obligations		783	754
Interest expense		21,973	927,793
Interest income		(1,714,785)	(539,252)
Tax expense		23,656	22,987
		(936,822)	1,913,396
Changes in net working capital			
Inventories		0	5,300
Other receivables		1,206	15,815
Prepayments		(173,082)	165,556
Trade accounts payable		644,379	18,177
Other liabilities		63,065	2,310,948
		535,568	2,515,796
Cash flow from operating activities		(22,658,764)	(14,231,165)
Interest paid	18	(13,790)	(2,250,479)
Interest received	18	1,318,465	539,252
NET CASH FLOW FROM OPERATING ACTIVITIES	19	(21,354,090)	(15,942,392)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(146,230)	(65,567)
Purchase of intangible assts	6	(452,417)	(316,659)
Purchase of financial assets	9	(15,000,000)	0
NET CASH FLOW FROM INVESTING ACTIVITIES		(15,598,647)	(382,226)
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase	10	0	59.142.522
Capital increase costs	10	(833,413)	(2,233,980)
Redemption of silent partnership loans (total investments/interest)	2.15	(42,964)	(5,056,443)
Repayment finance leasing	22	(83,567)	(67,111)
NET CASH FLOW FROM FINANCING ACTIVITIES		(959,944)	51,784,988
NET CHANGE IN CASH AND CASH EQUIVALENTS		(37,912,681)	35,460,370
Cash and cash equivalents			
at beginning of period		56,708,532	21,248,162
at end of period		18,795,851	56,708,532

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 dated 14 December 2000, as amended on 28 February 2001, the Company changed its legal form to become a stock corporation (Aktiengesellschaft) 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 in Munich, its business adress is Grillparzerstrasse 10, 81675 Munich, Germany. Since 13 November 2006, WILEX shares have been listed in the Regulated Market/Prime Standard of the Frankfurt stock exchange.

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

These financial statements were prepared by the Executive Management Board on 24 January 2008 and released for publication in accordance with IAS 10. The reporting period begins on 1 December 2006 and ends on 30 November 2007. It is referred to as "the 2007 financial year" or "financial year 2007" (2006 financial year for the previous period) in this report.

2. SUMMARY OF MATERIAL ACCOUNTING AND VALUATION METHODS

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. IFRS 6 Exploration for and Evaluation of Mineral Resources has been applied for the first time. However, this has no impact on the Company's financial statements.

Furthermore, the following interpretations have been applied for the first time, also without having an impact on the financial statements:

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

The following standards and interpretations have not been applied voluntarily in advance. Their application is not required for financial years commencing before 1 January 2007:

IFRS 7 Financial Instruments: Disclosures
IFRS 8 Operating Segments/Segment Reporting
IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

The following standards have been adopted by the IASB. However, they have not yet been adopted by the EU:

Amendments to IAS 1: Presentation of Financial Statements
Amendments to IAS 23: Borrowing Costs
IFRIC 12: Service Concession Arrangements
IFRIC 13: Customer Loyalty Programmes
IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Early application of the above standards and interpretations would not significantly affect recognition and measurement, but would require additional or more extensive disclosures in the notes.

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

When preparing financial statements in accordance with IFRS, certain critical estimates need to be made with regard to the accounting policies. The application of the accounting policies calls for management to use discretion. Note 4 explains which areas require a higher degree of assessment or complexity and which assumptions and estimates are relevant to the financial statements.

In accordance with Section 325 (2a) HGB (German Commercial Code), the Company publishes these IFRS single-entity financial statements in the electronic Bundesanzeiger (Federal Gazette).

2.2. Scope of the financial statements

The Company has no subsidiaries or affiliated 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 prepare a segment report.

2.4. Currency translation

2.4.1. Functional currency and reporting currency

The annual financial statements have been prepared in euros, the company's functional and reporting currency.

2.4.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Gains and losses from the settlement of such transactions as well as from the translation of monetary assets and liabilities reported in a foreign currency at end of period exchange rates are recognised in the income 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, plant and equipment

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

Laboratory equipment	5 to 14 years
Other office equipment	3 to 23 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 capitalised where they create a future economic benefit. Replacements are also depreciated over the above useful lives. In the event of disposal, the cost and associated accumulated depreciation are reversed. Any gains or losses resulting from such disposal are recognised as income in the financial year.

WILEX subjects property, plant and equipment to an annual impairment review. An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount. If there is a change in the estimates on the basis of which the recoverable amount was determined, the impairment loss is reversed. WILEX has not ascertained any indication of impairment.

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

2.6. Intangible assets

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

(b) Software
Software licences acquired are capitalised on the basis of the costs incurred in connection with their acquisition and installation. These 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 recognised if the Company can substantiate all of 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 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 recognised in the income 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 subjects intangible assets to an annual impairment review. An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount. If there is a change in the estimates on the basis of which the recoverable amount was determined, the impairment loss is reversed. WILEX has not ascertained any indication of impairment.

2.7. Financial assets

WILEX reports loans and receivables under financial assets. Allocation to loans and receivables depends on the purpose for which the financial assets were acquired. The Executive Management Board determines how financial assets are classified during initial measurement and reviews this classification on each reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when WILEX makes services directly available to a debtor without there being the intention of trading the receivable. They are reported as current assets, with the exception of receivables with a maturity of more than one year after the reporting date, which are classified as non-current assets.

Excluding advance payments made, loans and receivables are recognised at amortised cost, using the effective interest method. Prepayments to service providers are reported in the balance sheet and recognised in income in line with their degree of completion.

2.8. Government grants

Government grants are recognised at fair value if there is sufficient certainty that the grant will be made and WILEX fulfils the conditions associated with the grant. The grants arising in connection with expenses are amortised and recognised in income over the period required to offset the grants recognised in income with the underlying development and project costs. The grants received are initially recognised as non-current liabilities at fair value and are subsequently recognised under other operating income when the relevant project costs are incurred.

2.9. Inventories

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

2.10. Other receivables, prepayments

Receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses. An impairment of trade receivables is recognised 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 carrying amount of the asset and the present value of the expected future cash flows, discounted at the current market interest rate. The impairment is recognised in income. Prepayments to service providers are either recognised in income in accordance with progress on the relevant order or offset against the final supplier invoice.

2.11. Financial investments

Financial investments include fixed-interest bank credit balances with agreed terms of more than three months (time deposits). Two investments of this nature were made during the year (investment volume EUR 15 million in each case), one of which is still reported as such at the reporting date as its term extends into the next financial year.

2.12. Cash and cash equivalents

Cash and cash equivalents comprise credit balances with banks with a remaining maturity of no more than three months at the date of acquisition as well as cash positions.

2.13. Securities

Securities include short-term, highly liquid financial investments such as money market funds and demand deposits with an original maturity of up to three months. WILEX did not own any such securities in the year under review.

2.14. Shareholders' equity and equity management

The Company's equity consists of bearer shares of common stock. Additional costs directly attributable to the issue of new shares and the IPO are recognised under shareholders' equity as a deduction from the proceeds.

Equity management

According to its current level of planning, the Company's Executive Management Board assumes that it will be able to generate cash flows from the coming financial year onwards through cooperation projects and out-licensing. In 2008 these cash flows are initially expected to be lower than the operating expenses incurred in the same period, which is likely to reduce shareholders' equity further at the next reporting date. Furthermore, the current drug and diagnostic candidates are to be developed for marketing in the medium term, which means that sales revenues could also be generated in a few years. This would improve WILEX's capitalisation in the long term and enable the Company to generate profits and finance itself from its cash flows from operating activities without having to take capital measures of any nature.

In principle, WILEX is interested in further intensifying its constructive, trustful and, in several cases, long-standing cooperation with its providers of equity, though the Company is not seeking to raise any more outside capital at present after paying back the silent partnership loans shortly before the previous year's reporting date.

The Company's goal is still to allow its employees and Executive Management Board a share in the Company's success as shareholders. To this end, Contingent Capital was created in connection with the issue of stock options (see note 2.18.1).

2.15. Silent partnership loans

All silent partnership loans including the final payment agreed were repaid before the previous year's reporting date. An interest payment due in the year under review was recognised in the cash flow statement.

2.16. Deferred income taxes

Deferred income taxes are stated by applying the liability method for temporary differences which arise between the tax base of the assets and liabilities and their carrying amounts in the financial statements according to IFRS. Deferred income taxes are to be measured in accordance with the tax rates (and tax regulations) that are applicable as at the reporting date or that have essentially been passed as law and are expected to be applicable during the period in which an asset is realised or a debt is settled.

Deferred tax assets are recognised to the extent it is probable that a taxable profit will be available against which the temporary differences can be applied. Deferred tax assets for tax loss carryforwards are recognised to the extent it is probable that the benefit arising will be realised in future.

2.17. Earnings per share

Undiluted earnings per share are calculated as that proportion of net profit or loss for the year available to common shareholders, divided by the weighted average number of shares outstanding 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 common shares with dilutive effect must be calculated as if they had been used to repurchase shares at fair value. The

difference between the number of shares issued and the number of shares which would have been issued at fair value must be treated as an issue of common shares for no consideration and is reflected in the denominator when calculating diluted earnings per share. The profit or loss is not adjusted for the effects of stock subscription rights. The calculation of diluted earnings per share is not carried out on the assumption that potential common shares are exercised which are protected against dilution in relation to earnings per share.

2.18. Employees benefits

2.18.1. Share-based payment

In the 2007 financial year, WILEX's liabilities towards employees resulting from the issue of stock options were reported pursuant to IFRS 2. These liabilities are calculated using a binomial model (see note 16). The fair value of the work provided by the employees in return for the options granted to them is expensed. The total expense to be recognised until the time at which the options become vested is determined by the fair value of the options granted, excluding effects of exercise thresholds that are not based on capital market parameters (e.g. profit and sales growth targets). Such non-capital-market exercise thresholds are considered in the assumptions regarding the number of options that are expected to become exercisable. The estimate of the number of options expected to become exercisable is reviewed on every reporting date. The effects of any adjustments that have to be considered with regard to initial estimates are recognised in the income statement as well as by adjusting shareholders' equity accordingly.

On 8 September 2005, the Company's Shareholders' Meeting adopted a new stock option plan ("Stock Option Plan 2005") for both WILEX's employees and members of its Executive Management Board and created corresponding new Contingent Capital 2005/1 of up to EUR 1,289,157.00. The number of options is limited to 1,289,157.

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

All options granted vest no later than four years from the option issue date. Within this four-year period, stock options vest pro rata relative to the total number of stock options granted on the last calendar day of February as well as on 31 May, 31 August and 30 November of any given financial year following the option issue date. In addition, 50% of all of the stock options that had been issued by the start of trading in the Company's shares on the Frankfurt/Main stock exchange on 13 November 2006 became vested at the close of the first trading day. Further, all options vest in the event of a change of control.

The stock options may only be exercised if (i) the Company's share is listed on a stock exchange in or outside Germany and (ii) the average closing price of the Company's share of the same class on such German or foreign stock exchange exceeds the exercise price by at least 10% on the last ten trading days prior to expiry of the waiting period pursuant to Section 4 Sub-section (1) and (2) of these option terms or on the last ten trading days at any time thereafter ("Reference Price"). However, if the stock options are issued prior to the first trading day, the effectiveness of the exercise of such stock options is contingent on (i) the listing of the Company's share on a stock exchange and (ii) the Reference Price (or, in the event of a change of control, the purchase price on a per share basis) exceeding by at least 10% the purchase price per share (lowest issue price plus premium under both German corporate law and contract law) obtained in connection with the Company's most recent capital increase preceding the issue date.

The exercise price for purchasing one share of WILEX stock corresponds (i) in the event stock options are issued before the first trading day, to 80% of the purchase price per share (lowest issue price plus premium under both German corporate law and contract law) achieved in connection with the Company's most recent capital increase preceding the issue date or (ii) in the event the stock options are issued on or after the first trading day, to the arithmetic mean of the closing prices of the Company's shares of the same class on the last ten trading days prior to the option issue date on a German or foreign stock exchange where these shares are traded (date on which beneficiaries accept the Company's option offer) but, at a minimum, the share's pro rata interest in the share capital.

During the financial year just ended, a total of 185,100 new options were issued in two tranches to employees (35,100 options) and one member of the Executive Management Board (150,000 options) under the Stock Option Plan 2005. The exercise price of these options is between EUR 9.62 and EUR 9.78 per share, depending on the date on which the beneficiaries accepted the options. During the reporting period, no options expired and 885 options were returned because an employee resigned. This means that 907,584 options – 729,335 for existing or former members of the Executive Management Board and 178,249 for employees – had been issued as at 30 November 2007, such that in future no more than 381,573 stock options can be issued from Contingent Capital.

2.18.2. Pension obligations

In 1999, the Company granted a pension commitment to an executive (the current chairman of the Executive Management Board) as part of a deferred benefit. This pension obligation is recognised in the amount of the asset value of the related reinsurance policy. In the Company's view, no additional payments to the plan will be necessary and no pension payments are expected in the next five years.

2.18.3. Profit-sharing scheme

The Company recognises both a liability and an expense for bonus entitlements of both Executive Management Board members and employees. A liability is recognised if there is a contractual obligation or if an obligation is assumed to have arisen as a result of past business practice.

2.19. 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 under IAS 17. Finance leases are recognised at the beginning of the lease at the lower of fair value or present value of the minimum lease payments. Each lease payment is split into an interest and repayment portion so as to produce a constant interest rate on the remaining balance of the liability. The relevant lease liabilities are contained in liabilities arising from lease agreements. The interest portion of the financing costs is recognised in income over the term of the lease 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, the asset acquired under a finance lease is depreciated over its expected useful life. Otherwise, the asset is depreciated over the shorter of its useful life or the term of the lease.

Leases, where the risks and benefits associated with ownership remain essentially with the lessor, are deemed to be operating leases. Any payments made under operating leases are recognised in income on a straight-line basis over the term of the lease.

2.20. Revenue recognition

The Company recognises revenue measured at the fair value of the services rendered by the Company less VAT, discounts and rebates. The consideration received is usually cash. If rendering of the underlying services is deferred to the receipt of the cash, the cash amount received in advance is recognised according to the stage-of-completion method of the underlying service period.

Non-refundable prepayments and other non-refundable time-based payments received in connection with specific research and development activities are recognised as other operating income over the period of the underlying activities in the proportion of costs incurred to date to the total expected cost of the activities. Interest income is reported in income pro rata temporis using the effective interest method.

2.21. Research and development

Research and development activities comprise all associated costs, including staff costs, consulting costs, material and production costs, third party services, laboratory costs and fees for legal advice. In addition, from this financial year onwards all quality assurance management expenses are included in research and development costs for the first time. They are recognised as expenses in the period in which they are incurred. Research and development equipment is capitalised and depreciated 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 unpredictability of the financial markets and aims to minimise any potential adverse 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 Board. The Executive Management Board has introduced standard operational procedures for all risk management aspects.

(a) Market risk

(i) Currency risk

The Company cooperates with several service providers worldwide and is therefore exposed to currency risks in connection with currency positions, mainly in US dollars and Swiss francs, and, to a lesser extent, in pound sterling. Currency risks arise as a result of future transactions and assets and liabilities recognised. Currency risks arise when future transactions and assets and liabilities recognised are denominated in a currency other than 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 matching of cash 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 investments are either cash equivalents or fixed-interest financial investments (fixed-term deposits). The Company is not exposed to commodity price risks.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to finance the Company's business activities. The Company has no obligations under 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 in interest-bearing marketable securities, cash equivalent money market funds and fixed-term deposits. Market interest rate fluctuations may therefore affect the Company's ability to generate sufficient interest income from these financial investments.

3.2. Going concern risk

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®. Based on current planning, cash and cash equivalents will be sufficient until at least the first calendar quarter of 2009. The Executive Management Board assumes that additional inflows of capital will be generated by this date through partnerships or cooperation agreements.

3.3. Determination of fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, methods and assumptions that are based on market conditions existing at each reporting date.

4. CRITICAL ESTIMATES AND DISCRETIONARY DECISIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. By their nature, the resulting estimates rarely reflect the exact subsequent circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of other operating income

The Company recognises other operating income resulting from the upfront payments received from Laboratorios del Dr Esteve S.A. (Esteve), Barcelona, Spain, and for cost reimbursement from Esteve for the RENCAREX® Phase III clinical trial (see note 14). These payments are recognised as other operating income in proportion to the overall expected expenses for the Phase III trials (percentage-of-completion method). Should the expected expense level change over such period, then WILEX would have to account for this change in future periods.

Expense from the measurement of stock options

The Company recognises expenses from the measurement of stock options under staff costs. For this purpose, future assumptions need to be made regarding the calculation parameters, such as the expected volatility of the share price, the expected dividend payment, the risk-free interest rate during option terms and staff and Executive Management Board turnover. Should these assumptions change, WILEX would need to adjust calculations accordingly and amend the staff costs item (see note 16).

5. PROPERTY, PLANT AND EQUIPMENT

As at 30 November 2007 and 30 November 2006, property, plant and equipment was comprised as follows:

	Laboratory equipment (owned)	Laboratory equipment (leased)	Other equipment	Total
	EUR '000	EUR '000	EUR '000	EUR '000
2005 FINANCIAL YEAR				
Cost	838	0	209	1,047
Accumulated amortisation	(565)	0	(171)	(736)
Net carrying amount as at 30.11.2005	273	0	38	311
2006 FINANCIAL YEAR				
Opening carrying amount	273	0	38	311
Additions	29	255	36	321
Amortisation	(82)	(16)	(24)	(122)
Net carrying amount as at 30.11.2006	221	239	50	510
Cost	868	255	246	1,368
Accumulated amortisation	(647)	(16)	(196)	(858)
Net carrying amount as at 30.11.2006	221	239	50	510
2007 FINANCIAL YEAR				
Opening carrying amount	221	239	50	510
Additions	62	0	87	149
Amortisation	(58)	(20)	(57)	(135)
Net carrying amount as at 30.11.2007	225	219	80	524
Cost	929	255	333	1.517
Accumulated amortisation	(704)	(36)	(253)	(993)
Net carrying amount as at 30.11.2007	225	219	80	524

Depreciation amounting to EUR 135 thousand (2006: EUR 122 thousand) is recognised in income as research and development costs (2007: EUR 78 thousand; 2006: EUR 98 thousand) and as general and administrative expenses (2007: EUR 57 thousand; 2006: EUR 24 thousand). Capital outflow for the purchase of property, plant and equipment in the financial year totalled EUR 146 thousand (2006: EUR 66 thousand).

6. INTANGIBLE ASSETS

As at 30 November 2007 and 30 November 2006, intangible assets comprised the following:

	Software EUR '000	Licences EUR '000	Total EUR '000
2005 FINANCIAL YEAR			
Cost	80	715	795
Accumulated depreciation	(70)	(95)	(165)
Net carrying amount as at 30.11.2005	10	620	630
2006 FINANCIAL YEAR			
Opening carrying amount	10	620	630
Additions	2	721	723
Depreciation	(6)	(63)	(69)
Net carrying amount as at 30.11.2006	6	1,279	1,284
Cost	82	1,436	1,518
Accumulated depreciation	(76)	(157)	(234)
Net carrying amount as at 30.11.2006	6	1,279	1,284
2007 FINANCIAL YEAR			
Opening carrying amount	6	1,279	1,284
Additions	36	360	396
Depreciation	(7)	(116)	(123)
Net carrying amount as at 30.11.2007	34	1,523	1,557
Cost	118	1,795	1,914
Accumulated depreciation	(84)	(273)	(357)
Net carrying amount as at 30.11.2007	34	1,523	1,557

Amortisation amounting to EUR 123 thousand (2006: EUR 69 thousand) is recognised in income as research and development costs (2007: EUR 116 thousand; 2006: EUR 63 thousand) and as general and administrative expenses (2007: EUR 7 thousand; 2006: EUR 6 thousand). Capital outflow for the purchase of intangible assets in the financial year totalled EUR 452 thousand (2006: EUR 317 thousand).

WILEX signed a licence, sub-licence and option agreement in 2001 with Bayer Corporation Business Group Diagnostics, Tarrytown, NY, USA, for the acquisition of certain rights relating to the MN patent portfolio of Bayer. "MN"(also known as CA IX) is a tumour-associated antigen which is expressed in a large number of cancers, including virtually all clear cell renal cell carcinomas. The agreement grants WILEX specific property rights for its WX-G250 antibody. WILEX capitalised the costs for acquiring the licence from Bayer Corporation and is amortising the licence over the period of use of the underlying MN patents.

In October 2004, WILEX capitalised the costs for acquiring an option agreement with Centocor Inc., Malvern, PA, USA. Under this option agreement, which WILEX may exercise until the date of filing for approval of RENCAREX® in the USA, the Company acquired an option to the exclusive US marketing rights for the WX-G250 antibody (RENCAREX®). In 1999, WILEX acquired an exclusive licence for the WX-G250 antibody from Centocor for worldwide development and marketing outside the USA. At that time, Centocor retained an option to the marketing rights in the USA, exercisable until the date of filing for approval of RENCAREX® in the USA. Under this option agreement, Centocor received an upfront payment and is entitled to future milestone payments and licence fees from the sale of the drug in the USA, should WILEX exercise the option. The option agreement is recognised at cost and will be amortised over the useful life of the underlying patent for the WX-G250 antibody.

In June 2006, a new licence agreement was signed by WILEX and Genentech Inc., South San Francisco, CA, USA. Genentech holds a patent protecting, along with other aspects, a process that is essential for the subsequent manufacturing of RENCAREX®. WILEX has therefore acquired a non-exclusive licence for the RENCAREX® antibody relating to the Cabilly II Patent, together with the right to issue sub-licences.

The licence fee was recognised at present value as an intangible asset in June 2006 and will be amortised on a straight-line basis until December 2018, which is when the underlying patent (US Patent No. 6,331,415, dated 18 December 2001) expires. The amortisation is included in research and development costs. The licence fee is payable in several tranches. The payment obligations relating to the outstanding tranche are reported under the balance sheet item, “other current liabilities” (see note 13).

A further obligation in the form of a milestone payment will arise once market approval in the USA has been granted by the FDA. This amount will increase the cost of the licence at the time of market approval and will be amortised over the remaining useful life. In addition, there are agreements in place for royalty payments based on the annual net sales of RENCAREX® In February 2007, the US Patent Office has declared the Cabilly II patent from Genentech to be neither new nor inventive. The process has not yet reached its final conclusion. Genentech has appealed the decision of the US Patent Office. If the patent is ultimately declared void, WILEX might not have to make any future payments. In this case, the Company would have to recognise an impairment loss on this intangible asset.

In February 2007, WILEX exercised the option regarding the acquisition of a patent portfolio from Dendreon Corporation, Seattle, WA, USA. The portfolio includes all of the patents and patent applications for uPA inhibitors owned by Dendreon. This enables WILEX to provide a more comprehensive framework for the subsequent clinical development of the second generation of uPA inhibitors (development name WX-77x), which are still being researched. The patent fee was recognised at present value as an intangible asset in February 2007 and will be amortised on a straight-line basis until December 2020, which is when the underlying patent expires. The amortisation is included in research and development costs. The licence fee is payable in two tranches. The payment obligations relating to the outstanding tranche are reported under the balance sheet item, "other current liabilities" (see note 13). Further milestone payments will be due if the WX-77x programmes enter the clinical research stage.

7. INVENTORIES

Inventories (2007: EUR 22 thousand; 2006: EUR 22 thousand) comprise raw materials for research and development, mainly chemical substances and laboratory materials.

8. OTHER ASSETS, PREPAYMENTS AND OTHER RECEIVABLES

Other assets and prepayments are structured as follows:

	30.11.2007 EUR '000	30.11.2006 EUR '000
Insurance	168	107
Prepayments to service providers	1,036	900
Deferred withholding tax	38	62
Other	1	1
Other assets and prepayments	1,243	1,070

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

In 2007 and 2006, WILEX recognised deferred withholding tax. In April 2004, WILEX received a prepayment from the Spanish pharmaceutical company Esteve, a certain percentage of which was withheld by the Spanish authorities. This tax deferral was accounted for at cost and is recognised as a tax expense in accordance with the recognition of income from the underlying prepayment.

Other receivables are comprised as follows:

	30.11.2007 EUR '000	30.11.2006 EUR '000
VAT claim	83	87
Withholding tax refund	5	3
Asset value of reinsurance	22	22
Other assets	1	0
Other receivables	111	112

Since the Company has incurred only operating losses, the withholding tax was refunded. The asset value of insurance relates to reinsurance for the pension commitment to Professor Olaf G. Wilhelm (see note 2.18.2). 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 arising to him under this insurance. The Company has recognised provisions in the amount of the asset value of the reinsurance cover.

9. CASH, CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

	30.11.2007 EUR '000	30.11.2006 EUR '000
Cash and cash equivalents	18,796	56,709
Financial investments	15,375	0
Total	34,170	56,709

The decrease in cash and cash equivalents and financial assets compared to the 2006 financial year is due to the use of cash, most of which from the IPO, for clinical development. An investment in a one-year time deposit was classified as a financial asset.

10. SHAREHOLDERS' EQUITY

As at 30 November 2007, the share capital consisted of 11,962,754 (30 November 2006: 11,962,754) no par value bearer shares with an arithmetical proportion in the share capital of EUR 1.00 per share. The arithmetical nominal amount and any premium on the issue of shares are reported under "subscribed capital" and "capital reserve" respectively.

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

Issue date	Entry in the commercial register	Number of shares	EUR '000
On 30.11.2003*		10,845,000	10,870,000
On 30.11.2004*		10,845,000	10,870,000
29.04.2005	31.05.2005	6,521,598	6,521,598
08.09.2005	10.11.2005		(25,000)
08.09.2005	10.11.2005	51	51
08.09.2005	10.11.2005	(11,577,766)	(11,577,766)
On 30.11.2005		5,788,883	5,788,883
03.11.2005	21.12.2005	2,173,871	2,173,871
10.11.2006	10.11.2006	4,000,000	4,000,000
On 30.11.2006		11,962,754	11,962,754
On 30.11.2007		11,962,754	11,962,754

* WILEX AG held an additional 25,000 no par value shares without voting rights as treasury shares

The share capital of WILEX remained unchanged in the 2007 financial year as no capital measures were taken.

The increase in the capital reserve from the “Capital procurement costs for the IPO” item is due to the reversal of provisions set up for this in the previous year that were EUR 14.3 thousand too high (of a total of EUR 892 thousand) and that had been recorded against shareholders’ equity, not as an expense. As this is a reversal and therefore an offsetting effect, the capital reserve is increased by this amount at this year’s reporting date.

Since the mandatory application of IFRS 2 Share-based Payment, the value of the capital reserve is adjusted every quarter in line with the additional operating expenses resulting from the share-based model (see note 16).

As at the reporting date of 30 November 2007, the capital reserve amounted to EUR 104,914,715. The accumulated losses since the start of the Company's business activities in 1997 totalled EUR 90,926,789 as at the end of the financial year.

11. 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 sponsored by the US Department of Defense. WILEX will use the grant amounting to approximately 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 to WILEX are to be made in quarterly instalments until 2009. As long as payments for the WX-UK1 and WX-671 (breast cancer) trials are not expensed, they are recognised under liabilities. Cost reimbursements are reported under other operating income in the income statement (see note 14).

12. PENSION OBLIGATIONS

In 1999, the Company granted a one-off pension commitment of EUR 15 thousand to Professor Olaf G. Wilhelm, the current chairman of the Executive Management Board and Managing Director at the time, as part of a deferred benefit. The pension obligation is reported at the asset value of the associated reinsurance policy and covered in full by this at the reporting date (see note 8). The Company is under no obligation to make further payments to the plan. No pension payments are expected in the next five years.

13. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Liabilities are recognised if a legal or constructive obligation exists towards third parties. Liabilities are recognised at nominal value or present value where they represent non-current liabilities. Trade accounts payable rose from EUR 1,104 thousand in the 2006 financial year to EUR 1,748 thousand in the 2007 financial year as a result of an expansion of the Company's operating activities.

Other current liabilities are comprised as follows:

	30.11.2007 EUR '000	30.11.2006 EUR '000
Accruals for holidays not taken	262	173
Accruals US Department of Defense	962	1,145
Accruals Esteve[1)]	1,894	2,154
Social security and other taxes	93	758
Other deferred income	4	0
Payment obligations under licence acquisitions	356	406
Accrued liabilities	6,232	6,037
Total	9,802	10,674
[1)] thereof non-current	507	818
Other current liabilities	9,296	9,856

The increase in accruals for holidays not taken is attributable to the larger workforce and to an increase in remaining holiday entitlements. The decrease in deferred income relative to the US Department of Defense and Esteve is due to the scheduled use of funds based on project progress during the period under review. The current liabilities in the area of social security and other taxes were reduced substantially on account of the corporation tax payments for interest income still outstanding at last year's reporting date as part of the repayment of the silent partnership loans. The payment obligations to Genentech and Dendreon arose through the capitalisation of license fees explained in more detail in note 6.

The accrued liabilities are composed as follows:

	30.11.2007 EUR '000	30.11.2006 EUR '000
Invoices outstanding	5,246	4,009
Employee bonuses and profit-sharing bonuses	743	620
Legal and consulting costs	176	1,149
Interest outstanding, silent partners	0	43
Other	67	216
Total	6,232	6,037

WILEX recognises accruals for invoices outstanding where the Company has a current obligation arising from the supply of goods and services received. Accruals were recognised 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. Employee bonuses are granted depending on the performance of the Company and of individual employees and are due for payment in the following financial year.

14. OTHER OPERATING INCOME

Other operating income comprises the following items:

	2007 EUR '000	2006 EUR '000
Grant provided by the US Department of Defense	574	645
Income realisation Esteve	1,760	805
Reversal of other liabilities	250	213
Other operating income	2,583	1,663

On 14 April 2004, WILEX and the Spanish pharmaceutical company, Laboratorios del Dr Esteve S.A., Barcelona, Spain, concluded an exclusive licence agreement for southern Europe for RENCAREX®, the chimeric antibody of WILEX. 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. Since 2004, WILEX has received milestone payments under this agreement. These payments are recognised in income under other operating income in line with the percentage of completion. The percentage of completion is determined 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 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 (see note 12). The payments to WILEX are made in quarterly instalments until 2009. As long as payments for the trials are not expensed, they are recognised under liabilities. The reduction in these liabilities is shown in the income statement under other operating income.

The item, reversal of other liabilities includes, in particular, employee and Executive Management Board bonuses not paid out from previous years.

15. TYPES OF EXPENSES

The following expenses are recognised in the income statement:

	2007 EUR '000	2006 EUR '000
Staff costs	5,269	5,384
Travel costs	485	408
Rental expenses	597	515
Laboratory and other internal costs	1,522	1,182
External research and development costs	16,230	10,666
Legal and consulting costs	2,149	1,565
Depreciation/amortisation	258	191
Total	26,510	19,912

Laboratory and other internal costs include expenses for raw materials, consumables and supplies as well as other purchased merchandise of EUR 224 thousand (2006: EUR 170 thousand). External research and development costs comprise the cost of purchased services, especially from service providers in the area of clinical development.

16. STAFF COSTS

Staff costs are comprised as follows:

	2007 EUR '000	2006 EUR '000
Wages and salaries	3,427	2,853
Social security	452	405
Bonuses	743	597
Expense from the measurement of stock options	474	1.310
Other staff costs	173	219
Total staff costs	5,269	5,384

The increase in the items, wages and salaries, social security and bonuses results from a higher number of employees compared with 2006 as well as salary rises and the promotion of employees with the associated higher levels of bonuses.

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

	2007	2006
Administration	15	11
Research and development (incl. QA/QC)	36	33
Average number of employees	51	44

The measurement of the stock options in accordance with IFRS 2 "Share-based Payment" (see note 2.18.1) resulted in a sharp drop in staff costs in 2007 compared with the previous year (EUR 1,310 thousand), which had been dominated by the IPO and the resulting vesting of most of the options issued.

Below is the calculation for the year under review:

Type of arrangement	Share-based payment for the Executive Management Board, executives and employees						
Tranche	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7
Grant date	30.12.2005	31.01.2006	28.02.2006	28.04.2006	30.09.2006	30.09.2007	31.10.2007
Options outstanding at the beginning of the reporting period	318,388	168,228	85,078	3,040	148,635	0	0
Options granted during the reporting period	0	0	0	0	0	33,100	152,000
Options forfeited in the reporting period	0	885	0	0	0	0	0
Options exercised during the reporting period	0	0	0	0	0	0	0
Options expired in the reporting period	0	0	0	0	0	0	0
Options outstanding at the end of the reporting period	318,388	167,343	85,078	3,040	148,635	33,100	152,000
Options exercisable as at 30.11.2007	0	0	0	0	0	0	0
Maximum term	10 years	10 years	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 may not be exercised for a minimum of two years after the option allocation date ("waiting period").
(2) The waiting period does not apply in the event of a change of control; 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, contribution, non-cash capital increase 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) All options granted vest no later than four years from the option issue date. Within this four-year period, stock options vest pro rata relative to the total number of stock options granted on the last calendar day of February as well as on 31 May, 31 August and 30 November of any given financial year following the option issue date. In the case of stock options that were issued prior to the first trading day, 50% of all stock options issued at this time vest after the end of the first trading day; with regard to the remaining 50% of stock options issued, the general vesting terms in accordance with Clauses 1 and 2 above of this Section (4) apply. As a result, the accelerated vesting of 50% of the stock options issued prior to the first trading day does not result in a delayed vesting of the remaining 50% of stock options. Moreover, all option rights shall vest in the event of a change of control.

(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 Clause 1 above (where applicable) and/or towards the vesting periods in accordance with Clause 4 above. This applies accordingly to periods of incapacity to work due to sickness of more than six (6) months. However, the Executive Management Board or – in the event of the beneficiary being a member of the Executive Management Board – the Supervisory Board are entitled, at their discretion, to allow times during which the employment or provision of services is suspended to 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. Their values are illustrated in the following. Settlement is carried out in equity securities. While tranches 1 to 5 each have a term of 24 months and therefore one option value, there are nine different terms and nine option values for tranches 6 and 7 on account of the different vesting dates.

	Issue date	Vesting period	Option value (rounded)
Tranche 1	30.12.2005	24 months	EUR 2.42
Tranche 2	31.01.2006	24 months	EUR 2.36
Tranche 3	28.02.2006	25 months	EUR 2.44
Tranche 4	28.04.2006	24 months	EUR 2.40
Tranche 5	30.09.2006	24 months	EUR 2.48

Tranche 6	Issue date	Vesting period	Option value (rounded)
Part 1	30.09.2007	24 months	EUR 2.92
Part 2	30.09.2007	27 months	EUR 3.11
Part 3	30.09.2007	30 months	EUR 3.24
Part 4	30.09.2007	33 months	EUR 3.37
Part 5	30.09.2007	36 months	EUR 3.50
Part 6	30.09.2007	39 months	EUR 3.67
Part 7	30.09.2007	42 months	EUR 3.74
Part 8	30.09.2007	45 months	EUR 3.98
Part 9	30.09.2007	48 months	EUR 4.08

Tranche 7	Issue date	Vesting period	Option value (rounded)
Part 1	31.10.2007	24 months	EUR 2.55
Part 2	31.10.2007	26 months	EUR 2.61
Part 3	31.10.2007	29 months	EUR 2.79
Part 4	31.10.2007	32 months	EUR 2.92
Part 5	31.10.2007	35 months	EUR 3.03
Part 6	31.10.2007	38 months	EUR 3.17
Part 7	31.10.2007	41 months	EUR 3.28
Part 8	31.10.2007	44 months	EUR 3.40
Part 9	31.10.2007	47 months	EUR 3.57

The following model parameters and the following fluctuation values expected for the reporting date were used to calculate tranches 1 to 5.

Model parameter	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Share valuation on the issue date	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
Vesting period of the options in months	24	24	25	24	24
Exercise price at expected exercise date	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52	EUR 5.52
Expected dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate for the term	2.86%	2.97%	3.06%	3.44%	3.56%
Expected volatility for the term	42.54%	40.40%	41.69%	40.61%	43.25%
Expected fluctuation of option holders from reporting date	0.00%	0.00%	3.90%	0.57%	0.00%

The vesting period 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).

The following model parameters and the following fluctuation values expected for the reporting date were used to calculate tranches 6 and 7, which were issued in the financial year just ended:

Model parameter Tranche 6	Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	Part 7	Part 8	Part 9
Share valuation on the issue date	EUR 9.84	EUR 9.84	EUR 9.84	EUR 9.84	EUR 9.84	EUR 9.84	EUR 9.84	EUR 9.84	EUR 9.84
Maximum term to issue date	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Vesting period of the options in months	24	27	30	33	36	39	42	45	48
Exercise price at expected exercise date	EUR 9.73	EUR 9.73	EUR 9.73	EUR 9.73	EUR 9.73	EUR 9.73	EUR 9.73	EUR 9.73	EUR 9.73
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate for the term	4.06%	4.07%	4.08%	4.09%	4.10%	4.11%	4.13%	4.14%	4.15%
Expected volatility for the term	47.40%	47.52%	46.82%	46.30%	45.95%	46.31%	45.25%	46.97%	46.48%
Expected fluctuation of option holders from reporting date	2.79%	4.39%	4.88%	5.37%	5.85%	6.34%	6.83%	7.32%	7.81%

Model parameter Tranche 7	Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	Part 7	Part 8	Part 9
Share valuation on the issue date	EUR 9.02	EUR 9.02	EUR 9.02	EUR 9.02	EUR 9.02	EUR 9.02	EUR 9.02	EUR 9.02	EUR 9.02
Maximum term to issue date	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Vesting period of the options in months	24	26	29	32	35	38	41	44	47
Exercise price at expected exercise date	EUR 9.62	EUR 9.62	EUR 9.62	EUR 9.62	EUR 9.62	EUR 9.62	EUR 9.62	EUR 9.62	EUR 9.62
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate for the term	4.07%	4.07%	4.07%	4,06%	4.06%	4.06%	4.07%	4.07%	4.08%
Expected volatility for the term	50.10%	48.96%	49.14%	48.68%	47.94%	47.94%	47.47%	47.44%	48.19%
Expected fluctuation of option holders from reporting date	0.12%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%

The share valuation upon issue of the options of tranches 1 to 5 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 Board of the Company, as WILEX AG was not yet listed on the stock exchange at the time. The share valuation of EUR 6.90 for all tranches issued corresponds to the historical value from the final financing round of WILEX AG, which was implemented in 2005.

As WILEX AG has been listed on the stock exchange since 13 November 2006, the shares in tranches 6 and 7 were each measured on the basis of the share prices prevailing on the respective grant date. The share price for tranche 6 was EUR 9.84 as of 28 September 2007 and the share price for tranche 7 was EUR 9.02 as of 31 October 2007.

In accordance with the option terms, the exercise price for the newly issued tranches 6 and 7 is calculated using the arithmetic mean of the closing prices for shares of WILEX AG on the last ten trading days of the stock exchange on which the shares are traded, prior to the date of issue of the stock options (date of acceptance by the beneficiary of the Company's option offer). As the beneficiaries accepted the option offer on different days, there are different exercises prices in tranches 6 and 7. Since the deviation of the exercise prices within the relevant tranche is insignificant, a weighted exercise price was taken as a basis for tranches 6 and 7.

Risk-free interest rates are calculated on the basis of the yield curve for listed Federal government securities issued by the German Bundesbank, which are calculated using the Svensson method.

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 Board on the basis of detailed forecasts for the relevant issue dates. Stock options may only be exercised effectively if the Company's shares are traded on a stock exchange in or outside Germany. This is now the case.

Future volatility during the vesting period 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 with matching maturities was available for the Company itself.

The expected fluctuation is based on an estimate by the Executive Management Board and is adjusted on each reporting date on the basis of historical and current fluctuation data.

The vesting period is the period until the individual options become vested. In accordance the regulations described in the exercise terms, within this four-year period stock options vest pro rata relative to the total number of stock options granted on the last calendar day of February as well as on 31 May, 31 August and 30 November of any given financial year following the option issue date. In the case of stock options that were issued prior to the first trading day, 50% of all stock options issued at this time vest after the end of the first trading day.

The stock options had the following maximum terms as at the reporting date:

	Issue date	Term in years
Tranche 1	30.12.2005	8.08
Tranche 2	31.01.2006	8.17
Tranche 3	28.02.2006	8.25
Tranche 4	28.04.2006	8.42
Tranche 5	30.09.2006	8.83
Tranche 6	30.09.2007	9.83
Tranche 7	31.10.2007	9.92

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

	2007 EUR '000
Total expenses from equity-based compensation transactions settled with equity instruments	1,784
Expenses from equity-based compensation transactions in the 2006 period	1,310
Expenses from equity-based compensation transactions in the 2007 period	474

In contrast to the annual financial statements as at 30 November 2006 and the report on the first quarter dated 28 February 2007, the calculation of the vesting period for tranches 1 to 5 was changed because 18% of the options vest earlier than assumed on the above-mentioned reporting dates.

Previous calculation basis for tranches 1 to 5: The vesting period of two years applies to all options which became vested 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.

New calculation basis for tranches 1 to 5: All options issued fall within the two-year vesting period. The first 50% of the tranche in question vests within the first two years. Due to the IPO in November 2006, the remaining 50% of the options vest at the time of the IPO.

17. NET CURRENCY GAINS/LOSSES

The Company recorded a currency gain of EUR 40 thousand (2006: EUR 25 thousand) in the 2007 financial year. There were no unrealised currency gains or losses in the financial years ended on 30 November 2006 and 2007, respectively.

18. NET FINANCIAL RESULT

	2007 EUR '000	2006 EUR '000
FINANCIAL EXPENDITURE		
Interest from leasing obligations and current liabilities to banks	(19)	(19)
Interest from licensing obligations	(3)	(8)
Interest from silent partnership loans	0	(328)
Change in amortised cost of silent partnership loans	0	(573)
	(22)	(928)
FINANCIAL INCOME		
Realised gains from the sale of securities	0	261
Interest income from bank accounts	950	278
Interest income from financial investments	765	0
	1,715	539
Net financial result	1,693	(389)

The strongly improved net financial result compared with the previous financial year is mainly due to the increase in interest income from bank accounts, which 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. Moreover, in contrast to the previous financial year there was no finance expenditure for silent partnerships.

19. CASH FLOW FROM OPERATING ACTIVITIES

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

	2007 EUR	2006 EUR
NET LOSS FOR THE YEAR	(22,257,510)	(18,660,356)
ADJUSTMENTS FOR INCOME STATEMENT ITEMS		
Measurement of stock options	473,781	1,309,883
Depreciation/amortisation	257,770	191,231
Increase in pension obligations	783	754
Interest expense	21,973	927,793
Interest income	(1,714,785)	(539,252)
Tax expense	23,656	22,987
	(936,822)	1,913,396
CHANGES IN BALANCE SHEET ITEMS		
Inventories	0	5,300
Other receivables	1,206	15,815
Prepayments	(173,082)	165,556
Trade payables	644,379	18,177
Other liabilities	63,065	2,310,948
	535,568	2,515,796
Cash flow from operating activities	(22,658,764)	(14,231,165)
Interest paid	(13,790)	(2,250,479)
Interest received	1,318,465	539,252
NET CASH FLOW FROM OPERATING ACTIVITIES	(21,354,090)	(15,942,392)

20. INCOME TAX EXPENSE

Due to operating losses, no income tax was payable in the 2007 and 2006 financial years, with the exception of the following: The tax expense reported in the income statement for the financial year (2007: EUR 24 thousand; 2006: EUR 23 thousand) relates to withholding tax. This withholding tax was payable on an up-front payment from Esteve in 2004. It has already been withheld and recognised as a prepayment. The tax has been recognised in income in line with the amount stated under operating income from the Esteve agreement (see note 14).

Due to the German 2008 Business Tax Reform Act (Unternehmensteuergesetz), the deferred taxes were calculated based on a composite tax rate of 32.98% (previous year: 40.86%), which is comprised of a corporation tax rate of 15% (previous year: 25%), solidarity surcharge of 5.5% and trade tax of 17.15% (previous year: 19.68%). The deductibility of trade tax was taken into account when determining the composite tax rate for the previous year.

The current tax expense reported deviates from the expected tax expense, which would have resulted from applying the nominal tax rate applicable in 2007 (40.86%) to the result in accordance with IFRS. Reconciliation of the differences is shown in the table below.

	2007 EUR '000	2006 EUR '000
Earnings before tax	(22,258)	(18,660)
Tax rate	40.86%	40.86%
Expected tax income	9,095	7,625
Non-capitalisable losses carried forward for the period	(10,310)	(9,053)
Reduction in non-capitalised temporary differences	1,029	969
Non-deductible operating expenses/other	162	436
Reported tax expense	(24)	(23)

The existing deferred tax assets and deferred tax liabilities as at 30 November 2007 is attributable as follows:

	2007 EUR '000	2006 EUR '000
DEFERRED TAX ASSETS		
Recognition in income of inventories designated for use in clinical tests	0	76
Unrealised income	89	79
	89	155
DEFERRED TAX LIABILITIES		
Varying useful lives of property, plant and equipment	2	19
Capitalisation of acquired licences	74	111
Other	13	25
	89	155
Deferred income taxes, net	0	0

Applying IAS 12.74, deferred tax assets and liabilities have been offset, since they exist vis-a-vis the same taxation authority and arise in the same periods.

As further losses can be expected in the foreseeable future, no deferred tax assets were recognised regarding the following:

	30.11.2007 EUR '000	30.11.2006 EUR '000
LOSSES CARRIED FORWARD		
for corporation tax	91,632	64,598
for trade tax	89,316	64,174
Deductible temporary differences	1,625	3,833

In accordance with the German Corporation Tax Act, tax losses may be carried forward indefinitely. The deduction of existing losses carried forward is excluded if the Company carrying forward these losses loses its tax identity. In accordance with Section 8 Sub-section 4 German Corporation Tax Act as applicable until the end of 2007, a company is deemed to have lost its tax identity if the two following criteria are met cumulatively: (i) more than 50% of the shares in the company have been transferred and (ii) the company continues or relaunches its operations mainly with new assets. 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. Due to 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 carryforwards accumulated until the end of 2006.

21. EARNINGS PER SHARE

Basic

Basic earnings per share are calculated by dividing the net profit for the year available to shareholders by the average number of shares issued during the financial year, not taking into account treasury shares.

	2007	2006
Net loss for the year available to shareholders (in EUR '000)	(22,258)	(18,660)
Weighted average number of shares issued (in thousands)	11,963	8,041
Basic earnings per share (in EUR per share)	(1.86)	(2.32)

Diluted

Basic and diluted earnings per share of WILEX are calculated based on the same number of shares because the conversion of common stock equivalents would be anti-dilutive.

22. LEASES, GUARANTEES AND OBLIGATIONS

Finance leasing

The Company acquired one new piece of laboratory equipment in 2006 under a finance lease agreement with a term of 36 months. The acquisition value of EUR 255 thousand was capitalised and is depreciated continually under property, plant and equipment (see Note 5). In the balance sheet, the outstanding repayment liabilities of EUR 104 thousand (2006: EUR 188 thousand) are reported under "non-current liabilities" (2007: EUR 23 thousand; 2006: EUR 104 thousand) if they are payable in more than one year and under "current liabilities" (2007: EUR 81 thousand; 2006: EUR 84 thousand) if they are payable within one year. The monthly interest portion is shown under "finance expenditure" in the income statement (2007: EUR 9 thousand; 2006: EUR 10 thousand). Depreciation in the financial year just ended totalled EUR 20 thousand (2006: EUR 16 thousand). As a result, the depreciated cost as at the reporting date was EUR 219 thousand (2006: EUR 239 thousand) and the reduction of the outstanding liability in 2007 was EUR 84 thousand (2006: EUR 67 thousand).

WILEX has pledged EUR 100 thousand as collateral for the lessor. No other guarantees exist.

WILEX will incur the following obligations in the next reporting periods under this finance lease agreement:

	up to 1 year EUR '000	1–5 years EUR '000	after 5 years EUR '000	Total EUR '000
Obligations under finance leases (laboratory equipment)				
30.11.2007	81	23	0	104
30.11.2006	84	104	0	188

Operating leases, guarantees and obligations

The Company has also leased laboratory and office equipment under operating leases, which will expire at different times until 2011. All office and laboratory premises used at present are rented under leases expiring at the end of March 2012. The lease includes one month per year free of rental charges up to and including 2009. In accordance with IFRS, the total rental fee per financial year is spread equally over 12 months. 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 income statement, together with the obligations under lease agreements for company cars:

	EUR '000
EXPENSES FROM OPERATING LEASES AND TENANCY AGREEMENTS	
2007	516
2006	524

WILEX has pledged a bank account with a balance of EUR 127 thousand as deposit for the landlord. No other guarantees exist.

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

	up to 1 year EUR '000	1–5 years EUR '000	more than 5 years EUR '000	Total EUR '000
Obligations as at 30.11.2007				
Rental obligations for laboratory and office premises	496	1,838	0	2,334
Obligations under operating leases (laboratory and other office equipment, vehicles)	44	60	0	104
	540	1,898	0	2,438

In addition, there are obligations from the acquisition of licences amounting to at least EUR 2.5 million that are due upon the achievement of certain milestones. Below are previous year's figures:

	up to 1 year	1–5 years	more than 5 years	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Obligations as at 30.11.2006				
Rental obligations for laboratory and office premises	402	0	0	402
Obligations under operating leases (laboratory and other office equipment, vehicles)	45	30	0	75
	447	30	0	477

23. EXECUTIVE MANAGEMENT BOARD AND SUPERVISORY BOARD

Executive Management Board

The current Executive Management Board members of WILEX AG are:

Professor Olaf G. Wilhelm, Chairman of the Executive Management Board
Dr Paul Bevan, Head of Research and Development
Peter Llewellyn-Davies, Chief Financial Officer
Dr Thomas Borcholte, Chief Business Officer (since 01 October 2007)

As at 30 November 2007 and 2006, the members of the Executive Management Board were paid compensation (including salaries and bonuses for the previous financial year and excluding non-cash compensation) totalling EUR 952 thousand and EUR 685 thousand, respectively. Variable compensation is contingent on the achievement of personal targets and the Company's performance targets. The performance targets of WILEX AG for the 2007 financial year comprised, in particular, milestones in clinical development.

The variable compensation of Professor Olaf G. Wilhelm amounts to a maximum of EUR 168.8 thousand. For Dr Paul Bevan and Peter Llewellyn-Davies, it amounts to a maximum of EUR 66 thousand. In addition to his basic salary, Dr Thomas Borcholte will receive a fixed bonus of EUR 50 thousand for the 2007 calendar year if WILEX concludes a marketing or licence agreement with a leading pharmaceutical company (other than Esteve) for one or several of WILEX's product candidates RENCAREX®, CA9-SCAN, WX-671 or WX-UK1 ("partnering deal") by 30 April 2008 and the Supervisory Board approves the conclusion of this agreement. Starting in the 2008 financial year, the variable compensation of Dr Thomas Borcholte will amount to a maximum of EUR 66 thousand.

The active members of the Executive Management Board held a total of 719,335 stock options as at 30 November 2007 and 579,335 stock options as at 30 November 2006. No member of the Executive Management Board held a significant interest in the Company, i.e. a minimum of 5% of the share capital (directly or indirectly), as at 30 November 2007.

One Executive Management Board member, Professor Olaf G. Wilhelm, is also the beneficiary of a pension commitment (see notes 8 and 12).

Overall, the Executive Management Board members received the following fixed and variable compensation components and non-cash compensation in the 2007 financial year:

2007

Executive Management Board member	Fixed compensation	Variable compensation[1]	Other compensation (non-cash compensation)	Total compensation
	EUR	EUR	EUR	EUR
Professor Olaf G. Wilhelm	236,667	160,313	10,046	407,026
Dr Paul Bevan	212,500	61,050	6,562	280,112
Peter Llewellyn-Davies	200,000	50,000	9,153	259,153
Dr Thomas Borcholte [2 3]	31,501	0	0	31,501

1 Paid in 2007 for the 2006 financial year. The bonus for 2007 will be paid in the 2008 financial year.
2 Dr Borcholte has been a member of the Company's Executive Management Board since 1 October 2007. He worked for WILEX AG as a consultant from 25 June to 30 September 2007, during which period he was paid a total fee of EUR 43,260 plus expenses.
3 Dr Borcholte has waived his non-cash compensation in the form of a company car.

2006

Executive Management Board member	Fixed compensation	Variable compensation[1]	Other compensation (non-cash compensation)	Total compensation
	EUR	EUR	EUR	EUR
Professor Olaf G. Wilhelm	225,000	65,039	10,281	300,320
Dr Paul Bevan	200,000	20,000	13,344	233,344
Peter Llewellyn-Davies[2]	50,000	0	2,229	52,229
Niels Ackermann[3]	105,000	20,000	5,124	130,124

1 Paid in 2006 for the financial year 2005. The bonus for 2006 will be paid in financial year 2007.
2 Mr Llewellyn-Davies joined the Executive Management Board of the Company on 1 September 2006. He worked for WILEX 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 31.500 plus expenses.
3 Mr Ackermann left the Executive Management Board of the Company on 15 June 2006.

The following overview shows the stock options held by members of the Executive Management Board during the year under review and changes in these holdings as well as the portion of staff costs per beneficiary attributable to these stock options (see notes 2.18.1 and 16).

Executive Management Board member	01.12.2006	Additions	Expiry	Sales	30.11.2007	Expense in the income statement EUR
Professor Olaf G. Wilhelm	262,770	0	0	0	262,770	110,136
Dr Paul Bevan	175,180	0	0	0	175,180	73,424
Peter Llewellyn-Davies	131,385	0	0	0	131,385	129,607
Dr Thomas Borcholte	0	150,000 [1]	0	0	150,000	48,044

1 Issue on 17 October 2007

The following figures apply to the 2006 financial year:

Executive Management Board member	01.12.2005	Additions	Expiry	Sales	30.11.2006	Expense in the income statement EUR
Professor Olaf G. Wilhelm	0	262,770 [1]	0	0	262,770	518,318
Dr Paul Bevan	0	175,180 [1]	0	0	175,180	345,545
Peter Llewellyn-Davies	0	131,385 [2]	0	0	131,385	175,165
Niels Ackermann	0	175,180 [1]	165,180 [3]	0	10,000	19,394

1 Issued in two partial tranches on 31 December 2005 and 31 January 2006.
2 Issued on 15 September 2006.
3 Expired due to a member leaving the Executive Management Board as at the end of 15 June 2006.

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

Company	Position
DETEK AG, Hannover	Chairman of the Supervisory Board
NextGen Sciences Ltd, Alconbury, UK	Non-executive member of the Board of Directors

No other member of the Executive Management Board holds a position on a control body.

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)
Dr Alexandra Goll, General Partner, TVM Capital GmbH
Dr Friedrich von Bohlen und Halbach, Managing Director, dievini GmbH & Co. KG
Professor Iris Löw-Friedrich, Executive Board member for Research and Development, SCHWARZ PHARMA AG (since 12 June 2007)
Dr Rüdiger Hauffe, Consultant (since 12 June 2007)
Salvatore D'Orsa, Investment Director, Merlin Biosciences Ltd. (until 12 June 2007)
Dr Jeremy Reffin, Partner, Apax Partners Worldwide LLP (until 12 June 2007)

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

Company	**Position**
A&D Pharma Holdings N.V., Delft, The Netherlands	Non-executive chairman of the Board of Directors
A&D Pharma Holdings S.R.L., Bucharest, Romania	Executive chairman of the Board of Directors
Atani Ltd., London, UK	Non-executive chairman of the Board of Directors
Curacyte AG, Munich	Chairman of the Supervisory Board
Intercell AG, Vienna, Austria	Member of the Supervisory Board
Renovo Group PLC, Manchester, UK	Non-executive member of the Board of Directors
Xention Ltd., Pampisford, UK	Non-executive chairman of the Board of Directors

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

Company	**Position**
Franz Haniel & Cie. GmbH, Duisburg	Member of the Supervisory Board
J.F. Müller & Sohn AG, Hamburg	Deputy Chairman of the Supervisory Board
LR HEALTH & BEAUTY SYSTEMS HOLDING GmbH, Ahlen	Chairman of the Advisory Board

Dr Goll is also a member of the following bodies:

Company	Position
Addex Pharmaceuticals Ltd., Geneva, Switzerland	Member of the Supervisory Board
Biovertis AG, Vienna, Austria	Member of the Supervisory Board
Cardion GmbH, Erkrath	Member of the Supervisory Board
Cerenis Therapeutics SA, Labege, France	Non-executive member of the Board of Directors
Newron Pharmaceuticals SpA, Milan, Italy	Non-executive member of the Board of Directors

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

Company	Position
Apogenix GmbH, Heidelberg	Chairman of the Advisory Board
Cosmo S.p.A., Lainate, Italy	Non-executive member of the Board of Directors
Curacyte AG, Munich	Member of the Supervisory Board
CureVac GmbH, Tübingen	Chairman of the Advisory Board
Cytonet GmbH & Co. KG, Weinheim	Member of the Advisory Board
Heidelberg Pharma AG, Ladenburg	Member of the Supervisory Board
Immatics GmbH, Tübingen	Member of the Advisory Board
Life Biosystems AG, Basel, Switzerland	Chairman of the Executive Management Board
SYGNIS Pharma AG, Heidelberg	Chairman of the Supervisory Board

Dr Hauffe is also a member of the following bodies:

Company	Position
Accovion GmbH, Eschborn	Member of the Advisory Board
Haupt Pharma AG, Berlin	Member of the Supervisory Board

Professor Löw-Friedrich is neither the Chairwoman nor a member of other control bodies as defined by Section 125 Sub-section 1 Clause 3 German Stock Corporation Act.

Apart from the activities described above, the members of the Company's Supervisory Board were not members of an administrative, management or supervisory body or a partner in a company at the reporting date.

The total compensation paid by WILEX AG to the Supervisory Board for the 2007 financial year amounted to EUR 163,084 plus expenses (previous year: EUR 105,000). The table below shows the individual compensation.

Supervisory Board member	Fixed compensation[1] EUR	Attendance allowance[1] EUR	Committee fee[1] EUR
Dr David Ebsworth, Chairman	35,000	9,000	3,500
Dr Georg F. Baur, Deputy Chairman	25,000	4,500	3,500
Dr Alexandra Goll	15,000	4,500	1,500
Dr Friedrich von Bohlen und Halbach	15,000	4,500	1,500
Dr Rüdiger Hauffe[2]	7,042	4,500	1,500
Professor Iris Löw-Friedrich[2]	7,042	4,500	0
Dr Jeremy Reffin[3]	8,000	0	0
Salvatore D'Orsa[3]	8,000	0	0

1 The fourth instalment for the 2007 financial year was paid after the end of the 2007 financial year.
2 Dr Hauffe and Professor Löw-Friedrich have been members of the Supervisory Board since 12 June 2007.
3 Dr Reffin and Mr D'Orsa left the Supervisory Board effective at the end of the Shareholders' Meeting on 12 June 2007.

In addition to receiving compensation as a member of the Supervisory Board, Dr David Ebsworth worked as a consultant to the Company until 31 December 2006. The fee paid under the consulting agreement was recognised as an expense; it amounted to EUR 2 thousand and EUR 69 thousand, respectively, in the 2007 and 2006 financial year. This consulting agreement was not renewed.

No active or former member of the Supervisory Board held a significant interest in the Company, i.e. a minimum of 5% of the share capital (directly or indirectly), as at 30 November 2007.

No other relationships to related parties exist.

24. EXPENSES FOR THE AUDITORS

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft was appointed the auditor of the Company at its ordinary Shareholders' Meeting on 12 June 2007. Until 30 November 2006, WILEX had been audited by PriceWaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft. The following fees for services were recorded as expenses in the periods reviewed.

	2007 EUR '000	2006 EUR '000
Audit of the annual financial statements	70	46
Other auditing or valuation services	10	110
Tax consultancy services	0	6
Other services	0	9
Total expenses for auditors	80	170

The issue of the comfort letter last year and the review of the interim financial statements for the period ended 31 August 2006 in accordance with IAS 34 were carried out prior to the IPO. The Company underwent a voluntary review of the first half of the 2007 financial year.

25. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 GERMAN STOCK CORPORATION ACT

The declaration of compliance to be submitted annually in accordance with Section 161 of the German Stock Corporation Act was submitted by the Executive Management Board and the Supervisory Board in February 2007 for the first time. It has been made permanently available to all shareholders and interested parties on the Company's website (www.wilex.com).

26. EVENTS AFTER THE REPORTING DATE

In December 2007, WILEX announced that the IDMC has recommended that we continue the Phase III ARISER trial as planned, on the basis of the completed interim analysis for futility. The analysis, which was performed after 100 patients relapsed, showed that the trial will probably deliver a significant result. Moreover the safety and tolerance of RENCAREX® had again been confirmed in a safety review by the IDMC in October 2007.

The IDMC evaluated the data in relation to the time between randomisation and relapse in 100 patients, compared with the time between randomisation and last CT scan of all other patients without relapse who had been enrolled in the trial at the time the interim analysis for futility was initiated.

In January 2008, WILEX successfully completed a Phase I dose-escalation trial with its drug candidate WX-UK1 combined with the chemotherapeutic agent capecitabine (Xeloda®, Hoffmann La Roche, Basel, Switzerland) in patients with advanced solid tumours. The US Department of Defense funded this monocentre trial, which was conducted at the Fox Chase Cancer Center in Philadelphia, PA, USA, as part of its breast cancer research programme. In this trial involving 25 patients, evidence of extended stable disease emerged. In three of the patients – two of whom suffered from metastatic breast cancer – a reduction in tumour size was even observed.

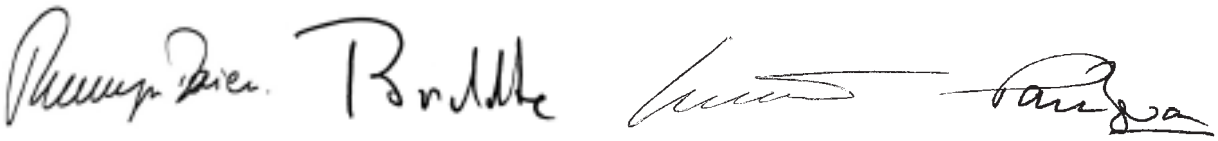
Also in January 2008, the FDA – the US Food and Drug Administration – issued IND approval to initiate a Phase II trial with the drug candidate WX-671. The trial will examine the efficacy of the combination therapy WX-671 combined with the chemotherapeutic agent capecitabine (Xeloda®, Hoffmann La Roche AG, Basel, Switzerland) in patients with metastatic breast cancer. This will be the second Phase II trial investigating WILEX's oral uPA inhibitor.

No further developments or events of significant importance have occurred since the end of the 2007 financial year.

STATEMENT OF THE EXECUTIVE MANAGEMENT BOARD

"To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of WILEX AG, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of WILEX AG."

Munich, 23 January 2008
Executive Management Board



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

AUDITOR'S REPORT

We have audited the single-entity IFRS financial statements, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Wilex AG, Munich, for the financial year from December 1, 2006 to November 30, 2007. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 325 Sub-section 2a HGB [Handelsgesetzbuch: German Commercial Code] are the responsibility of the Company's management. Our responsibility is to express an opinion on the single-entity IFRS financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the separate IFRS financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the single-entity IFRS financial statements in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the separate IFRS financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the separate IFRS financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the single-entity IFRS financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 325 Sub-section 2a HGB and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these requirements. The management report is consistent with the single-entity IFRS financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion we refer to the discussion in the management report in the section "Report on risks and opportunities", Sub-section "Overall assessment of the risk situation". Therein it is disclosed that the company's ability to continue as a going concern is at risk in the medium or long term, if the Company is unable to generate sufficient cash inflows from the signing of partnership or cooperation agreements as assumed in the Company's budget.

Munich, January 25, 2008
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Maurer)	(Rahn)
Wirtschaftsprüfer	Wirtschaftsprüfer

FINANCIAL CALENDAR

20 February 2008	Annual Report, Press and analyst conference
10 April 2008	Interim Financial Report 1/2008
03 June 2008	Annual General Meeting/Shareholders' Meeting
14 July 2008	Interim Financial Report 2/2008
13 October 2008	Interim Financial Report 3/2008

IMPRINT

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The Annual Report is also published in German and 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.

As at 31 January 2008

GLOSSARY

GLOSSARY

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

Cytotoxix – Poisonous to cells

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 – Production of a protein from genetic information

Extracellular matrix (ECM) – A mesh of macro molecules outside the plasma membrane of cells in tissue and organs

FDA – Food and Drug Administration – regulatory authority in the USA

Futility analysis – Interim analysis to test if a clinical trial is likely to be negative, which is normally carried out by an independent body

Good Laboratory Practice (GLP) – International regulations governing the conduct of tests in laboratories

Good Manufacturing Practice (GMP) – International regulations governing the production of pharmaceutical products

Inhibitor – Substance which reduces or inhibits 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 signalling 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) – Application for the implementation of clinical trials in the European Union

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

Metastasis – The spread of malignant tumour cells in the body and the formation of secondary 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

Multicentre trial – A trial carried out in several places or at several centres

Oncology – The research field which focuses on cancer studies

Oral – Taken 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

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 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 condition

Placebo – Dummy drug with no active ingredients

Plasminogen – Precursor of plasmin, an enzyme that dissolves blood clots

Positron emission tomography (PET) – Imaging procedure with the help of which the inside of the body can be visualised 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 to which a specific chemical messenger, for example a hormone, binds

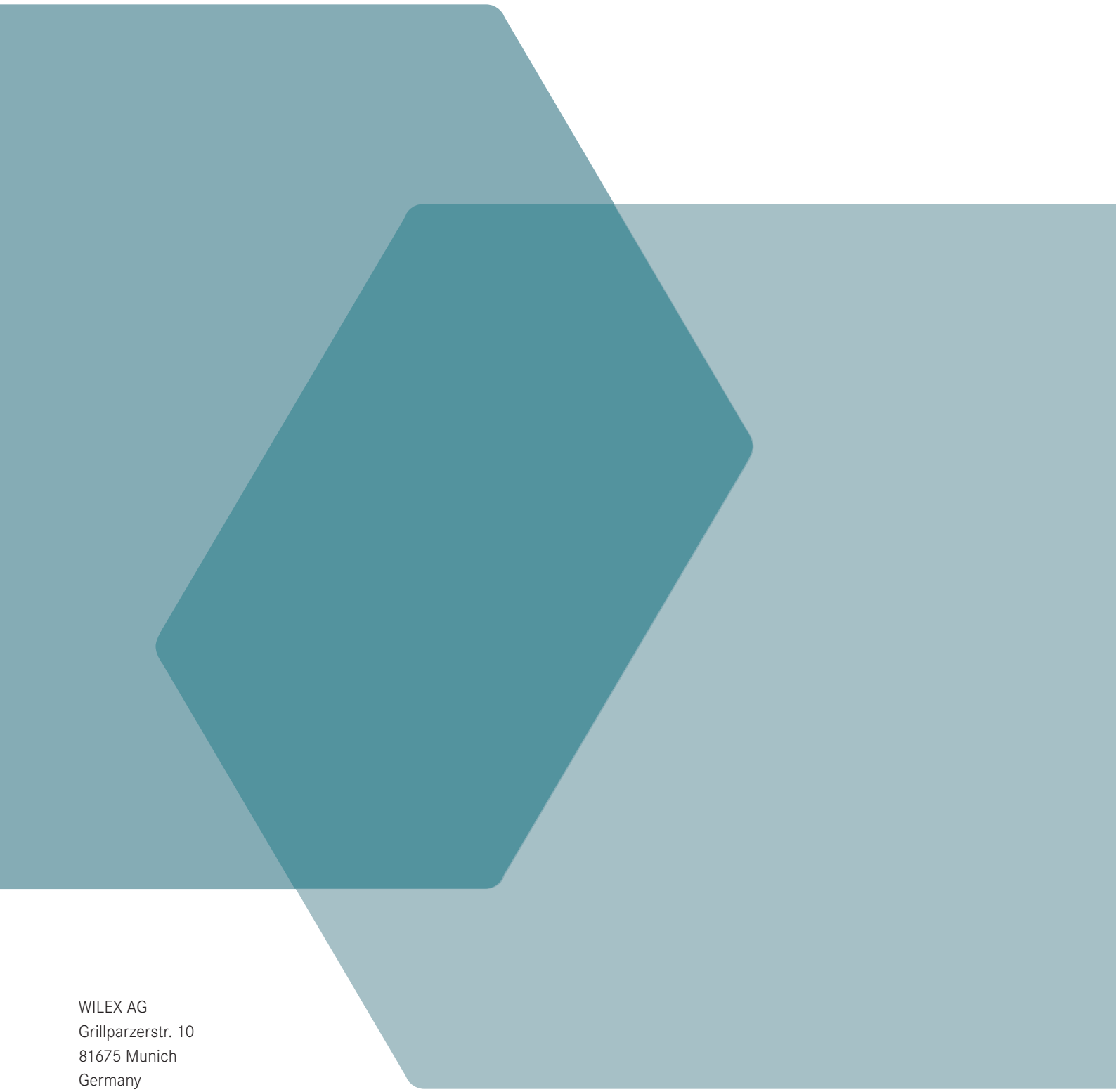
Serine protease – A type of peptidase (i.e. enzymes which catalyse the split of proteins and peptides)

Solid tumours – Solid growth of tissue

Special Protocol Assessment (SPA) – The SPA documents that the FDA confirms that the design and planned analysis of a clinical trial adequately address the requirements for a regulatory submission

uPA system – Urokinase-specific plasminogen activator (uPA) system. A protein lysing enzyme system which plays an important role 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



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