WILEX

Focused Cancer Therapies

ANNUAL REPORT 2009

Significant progress

of partnerships and portfolio

Key figures

	2009[1] € '000	2008[1] € '000	Change %
Earnings			
Sales revenue	10,000	0	n/a
Other income	3,013	3,208	(6.1)
Operating expenses	(25,878)	(24,601)	5.2
of which research and development costs	(21,823)	(20,157)	8.3
Operating result	(12,864)	(21,394)	(39.9)
Earnings before tax	(12,714)	(20,433)	(37.8)
Net loss for the period	(12,729)	(20,448)	(37.7)
Earnings per share in €	(0.95)	(1.71)	(44.2)
Balance sheet as of 30.11.			
Total assets	12,013	15,327	(21.6)
Cash and cash equivalents	3,411	12,137	(71.9)
Equity	3,045	5,790	(47.4)
Equity ratio[2] in %	25.3	37.8	(32.9)
Cash flow statement			
Cash flow from operating activities	(18,638)	(22,830)	(18.4)
Cash flow from investing activities	(71)	14,932	(100.5)
Cash flow from financing activities	9,794	(89)	n/a
Employees (number)			
Employees as at 30.11.[3]	71	66	7.6
Employees – average for the reporting period[3]	66	62	6.6

[1] The reporting period begins on 1 December and ends on 30 November.

[2] equity/total assets

[3] including members of the Executive Management Board

Rounding of exact figures may result in differences.

Contents

= *Glossary or cross reference*

= *Internet reference*

Key milestones 2009

JANUARY 2009
UCB and WILEX entered into a strategic alliance for further development of UCB's preclinical oncology portfolio

FEBRUARY 2009
Successful completion of the UCB deal; capital increase in return for contributions in kind using Authorised Capital

AUGUST 2009
Submission of the application for approval of a Phase I trial of WX-554 triggered milestone payment (€ 5 million) from UCB

SEPTEMBER 2009
Patient recruitment in the Phase III trial of REDECTANE® was successfully completed

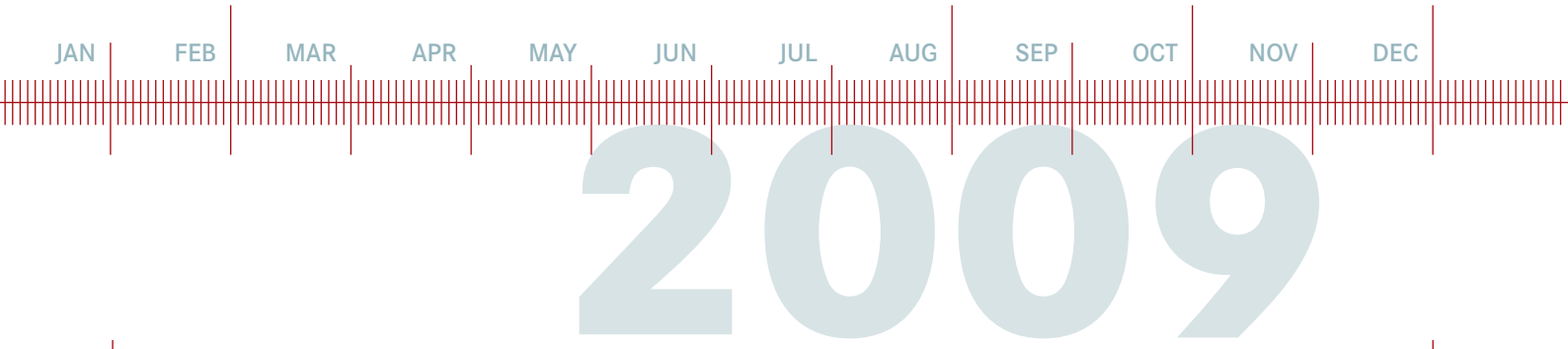
Preliminary Phase II data with MESUPRON® administered to patients with pancreatic cancer showed impressive improvement in overall survival

OCTOBER 2009
Approval by the German Federal Institute for Drugs and Medical Devices (BfArM) of a Phase I trial with WX-554

NOVEMBER 2009
The start of the Phase I trial with WX-554 triggered the second milestone payment (€ 5 million) under the strategic alliance with UCB

Preliminary Phase III data with REDECTANE® showed that REDECTANE® can differentiate between clear cell and non-clear cell renal cell carcinoma

DECEMBER 2009
Completion of the capital increase using authorised capital



About us

WILEX's mission is to develop targeted therapeutics with a low side effect profile as well as diagnostic agents for the specific detection of different types of cancer. The Company was established in 1997 by a team of physicians and researchers from the Technische Universität München (TUM).

WILEX possesses a broad range of drug candidates in various stages of development. The Company received promising preliminary data from the Phase III trial of its diagnostic candidate, REDECTANE®, at the end of 2009. Positive, preliminary results of the Phase II trial with MESUPRON® support the fact that WILEX's broad pipeline holds great promise.

WILEX aims to be able to finance its research and development programmes from its operating cash flow within a few years.

OUR PORTFOLIO

Product	Antibody/ inhibitor	Preclinical phase	Phase I	Phase II	Phase III	Approval
REDECTANE®	Diagnostic antibody	Renal mass				
RENCAREX®	Therapeutic antibody	Clear cell renal cell cancer*				
MESUPRON®	uPA inhibitor**	Pancreatic cancer Breast cancer				
WX-554	MEK inhibitor**	Cancer				
WX-037	PI3K inhibitor**	Cancer				
3 antibody programmes		Cancer				

* Non-metastatic, adjuvant therapy

** These inhibitors are small molecules.

Glossary

Letter to the shareholders

Dear Shareholders,

Our Company took a decisive step forward in 2009. WILEX AG has begun the transition from a research driven company into a commercially driven organisation.

We were successful in making significant progress in all our operations; our clinical trials, the expansion of our product portfolio and the development of our income.

Clinical data confirm the potential of our products

pages 10 and 32

The preliminary data from the current Phase II trial of the uPA inhibitor MESUPRON® in the pancreatic cancer indication announced in the autumn of 2009 confirmed our high expectations in regards to this unique drug. MESUPRON® is the outcome of the uPA research, which provided the impetus for establishing WILEX. In our view, MESUPRON® is the most promising candidate for licensing talks with partners in the pharmaceutical industry on account of its unique selling propositions thanks to its mode of action, its patient-friendly oral dosage form, its comprehensive patent protection and its broad range of applications.

Our most advanced programme is getting closer to the market

pages 8, 25 and 30

The Phase III registration trial of the diagnostic antibody REDECTANE® was completed at the end of 2009. We are now putting all our efforts into analysing the data, preparing for the drug's approval and marketing the product – our first – in cooperation with our partner IBA. WILEX should be able to expect steady income from product sales starting in 2011 if everything goes according to plan.

Our partners are leading pharmaceutical companies

WILEX acquired the worldwide rights to develop UCB's entire preclinical oncological portfolio and also gained UCB as a strategic investor in 2009. We have already started establishing partnerships with strong companies such as Esteve and IBA in the pharmaceutical industry for marketing our advanced products.

Our income increased fourfold year on year in 2009

It is our stated strategic goal to finance our development activities from our own resources. We made a big step in that direction in 2009. At roughly € 13 million, the revenue generated in financial year 2009 is both on target and about € 10 million higher than in the previous year. The Company posted sales revenue of € 10 million for the very first time.

Our investors continue to support us

WILEX succeeded in pursuing its activities as planned despite the historically extreme situation in both the economy and the capital market. The capital measures executed in February and December 2009 made an important contribution to this end. Given the trust our investors have placed in us, we are committed to continuing WILEX's success in 2010 when we intend to submit our first marketing application.

> **“We were successful in making significant progress in all our operations; our clinical trials, the expansion of our product portfolio and the development of our income.”**
> Professor Olaf G. Wilhelm, CEO

Our expectations for 2010 are high

We expect important clinical and commercial events in 2010. The final report on the trial of the diagnostics agent REDECTANE® is expected for the second quarter. We plan to submit the marketing application for this product before the end of 2010. The final data for the Phase II trial with MESUPRON® for patients with pancreatic cancer are also expected for the second quarter. We want to show significant revenue growth through additional partnerships.

WILEX AG is working from an operational and strategic base that is stronger than ever despite customary risks and financial limitations. We focus on oncology – a field that deals with life-threatening diseases for which there are insufficient therapeutic solutions and that offers large markets for new drugs. We have a portfolio of advanced products with good clinical profiles. Our products also possess unique selling propositions.

We wish to express our warmest thanks for the trust you place in us.

Munich, 23 February 2010

The Executive Management Board

Professor Olaf G. Wilhelm	Peter Llewellyn-Davies	Dr Paul Bevan	Dr Thomas Borcholte
Chief Executive Officer	Chief Financial Officer	Head of Research & Development	Chief Business Officer

CANCER – 12 million new diagnoses worldwide each year

Despite the great successes in treatment, improved methods of diagnosis, and a general trend toward a healthier life-style, it is anticipated that cancer will remain one of the most frequent causes of death in years to come due to the ageing population and the increasingly harmful effects of the environment.

With about 7.6 million deaths in 2007, cancer was the second-highest cause of death worldwide. The World Health Organisation (WHO) estimates that 27 million people will be newly diagnosed with cancer and that 12 million will die from cancer in 2030.

Cancer – an unresolved problem?

Cancer is defined as an illness characterised by the uncontrolled growth of malignant cells. In principle, cancer can attack any organ in a person's body. In a cancer cell, the mechanisms regulating cell growth, division and destruction do not function normally. As the disease progresses, individual cancer cells detach from the primary tumour and migrate to other sites in the body where they can grow into new tumours (metastases). A tumour and its metastases can then lead to the death of the afflicted person.

A variety of factors can contribute to the transformation of a benign cell into a malignant tumour. In recent years, scientists have discovered various biochemical pathways that play an important role in the development and spread of cancer. However, not all interactions that contribute to the development and spread of cancer are known. What is known though, is that tumours exhibit different individual characteristics in different patients, making it both necessary and possible to design individualised therapies.

WILEX's research and development projects are aimed at pursuing innovative approaches for the treatment of cancer.

The evolution of current cancer therapies

For many affected individuals, treating recently diagnosed cancer is but the first step in a long process.

Until the 90's cancer treatment followed the principle of "seek and destroy". In the case of solid tumours this generally meant surgical removal of the primary tumour. With breast cancer, for example, the entire breast as well as the surrounding tissue was removed. Afterwards the patient was treated with radiation and/or chemotherapy, in order to destroy the metastatic potential of any remaining tumour cells. Chemotherapy in particular, with its high cytotoxicity profile destroys all rapidly growing cells, has multiple serious side effects and is stressful for the body. Yet, this is deemed an acceptable trade-off when the risks and benefits are weighed. These treatment methods represented substantial medical progress at the time. They saved many people's lives – and still do.

However, physicians also observed that patients react differently to standard therapies. A therapy that allows one patient to recover can fail to have any effect in another patient, or even be harmful. Patients' different reactions to one and the same therapy made it necessary to develop more individualised cancer therapies.

In turn, this gave rise to a new paradigm shift starting in 2002 toward "target and control". Tumour biology became the focus of attention. Novel drugs, individually tailored to specific aspects of tumour biology, have been introduced to supplement chemotherapeutic drugs and might even completely replace them in future. In order to avoid both unnecessary treatments and side effects, as well as to make therapy as efficient as possible, there needs to be a better match between patient and therapy. One of the aims is to control cancer in future like a chronic disease.

WILEX product candidates for cancer treatment

WILEX's product candidates in various stages of clinical and preclinical development target a variety of mechanisms that play a role in cancer.

- **REDECTANE®**
  Radiolabelled antibody for the pre-surgical detection of clear cell renal cell carcinoma
- **RENCAREX®**
  Therapeutic antibody that makes the malignant tumour visible to the immune system which, in turn, should help to destroy the cancer cells
- **MESUPRON®**
  Oral small-molecule drug candidate designed to slow the growth of the tumour and prevent the development of metastases
- **MEK inhibitor WX-554**
  Oral small-molecule drug candidate which inhibits a mechanism linked to a multitude of biological processes such as cell division, cell differentiation and cell death
- **PI3K inhibitor WX-037**
  Oral small-molecule drug candidate that inhibits the "growth" signal on the cancer cell

REDECTANE® and RENCAREX® – Diagnosis linked to therapy

Cancer treatment will be more targeted and successful following a precise determination of the cancer's characteristics prior to therapy. WILEX is developing its product candidates, REDECTANE® and RENCAREX®, with the aim of linking accurate diagnoses to appropriate therapies.

These two candidates are based on the same antibody (girentuximab) that binds to an antigen (CA IX) found in clear cell renal cell carcinomas, but also in bladder, cervical, colon as well as head and neck cancer.

Changes in the diagnosis of kidney cancer

Each year, 241,000 people are diagnosed with kidney cancer worldwide. In 65% of the cases, the patients have clear cell renal cell cancer, the most aggressive type with a poor prognosis. In 95% of all patients, the CA IX antigen is expressed on the surface of the tumour. To date however, this diagnosis could only be determined by the pathologist once surgery had been performed.

REDECTANE® has the potential to substantially improve the procedure because the radiolabelled diagnostic antibody agent binds only to clear cell renal cell carcinomas, and not to healthy tissue.

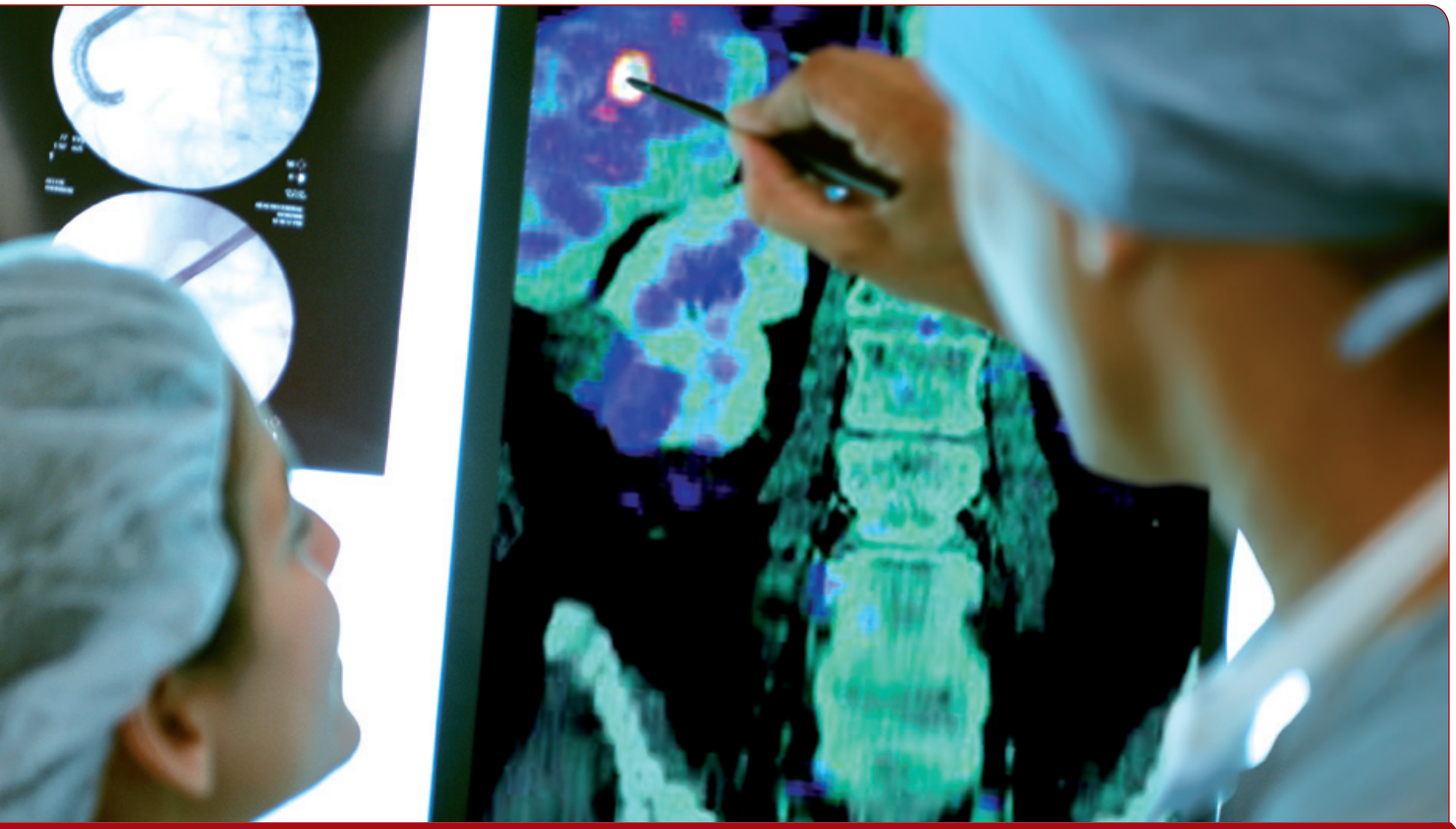
Today, urologists use computer tomography (CT) scans to examine patients with symptoms that point to kidney cancer. Often enough however, it is impossible to clearly distinguish between a benign tumour and a malignant clear cell renal cell carcinoma. Generally, the patient is operated on and either the whole kidney or the diseased part of the kidney is removed. Pathological tests performed after surgery show that in about one third of all cases the tumour was benign, and hence, that the surgical procedure was unnecessary.

In future, REDECTANE® in combination with positron emission tomography and computer tomography (PET/CT) can be used to examine the patient before surgery. If a clear cell renal cell carcinoma is present, then the diagnostic agent will bind to the cancer and the scan will display a radiolabelled spot on the patient's kidney. If no labelled marker is seen, then it can be assumed that the tumour is benign and hence that no surgical procedure is necessary.

REDECTANE® could not only help to avoid surgery but could in future also help to detect metastases or to monitor the progress of therapy. WILEX is not aware of any comparable diagnostic agent for clear cell renal cell cancer.

A therapeutic antibody to prevent relapses

The girentuximab antibody is capable not only of binding to the CA IX antigen and thus of unequivocally identifying the tumour, it is also capable of recruiting the body's own immune cells to destroy cancer cells. Our drug candidate RENCAREX® exploits this mechanism and is currently being tested in the worldwide Phase III ARISER registration trial. In this trial, patients who had their tumour removed and who are at risk of developing metastatic disease are treated with RENCAREX® as part of their post-operative support (adjuvant therapy).



RENCAREX® is designed to prevent the illness from recurring by inhibiting the growth of and/or destroying any malignant micrometastases that might be present. Our aim is to determine whether RENCAREX® can significantly improve the patient's disease-free survival compared to placebo.

WILEX is developing both a diagnostic agent and a drug on the basis of the girentuximab antibody which, upon approval, will be used to treat patients individually and successfully. Diagnosis and therapy thus could reinforce each other, successfully exemplifying the tenets of modern cancer treatment.

Positive results from Phase III REDECT trial

WILEX received preliminary data in November 2009 of the Phase III trial of REDECTANE®. REDECTANE® fulfilled expectations in distinguishing clear cell from non-clear cell renal cell carcinoma.

The trial's results show that PET/CT in conjunction with REDECTANE® facilitates a better diagnosis than CT alone.

WILEX expects to receive the final study report of the trial in the second quarter of 2010 and will discuss the data in detail with both external experts and the FDA.

Photo: PET/CT with REDECTANE® clearly identifies a clear cell renal cell carcinoma in the right kidney.
Source: Memorial Sloane-Kettering Cancer Center, New York

"The study underscores the unique ability of REDECTANE® PET/CT to provide a reproducible and relatively straightforward method for identification of the clear cell phenotype. Congratulations."

Professor Chaitanya Divgi, University of Pennsylvania

MESUPRON® – unique approach to inhibit tumour growth and metastases

If we succeed in preventing a tumour from metastasising, then we might be able to control the cancer, in the long term, like any other chronic disease. In most cases, it is not the primary tumour that causes the patient's death, but rather the metastases elsewhere in the body.

More than 20 years of research underlie the findings on the role of the so-called urokinase-specific plasminogen activator (uPA) system in tumour biology. The uPA system plays an important role in the growth and spread of cancer cells. It activates processes that play a role in the break-down of proteins as well as the extracellular matrix and thus contributes to the cancer cell's ability to invade the body. It supports the release and activation of factors that foster and support the growth of tumour cells. High uPA levels in patients with pancreatic, stomach, colon or breast cancer, for example are associated with an unfavourable prognosis for survival.

Correlation of uPA level and breast cancer survival prognosis

A meta-analysis from more than 8,300 breast cancer patients showed that only about 25 % of the patients with high uPA levels were still alive after ten years. In contrast, about 75 % of the patients with low uPA levels were still alive after ten years.

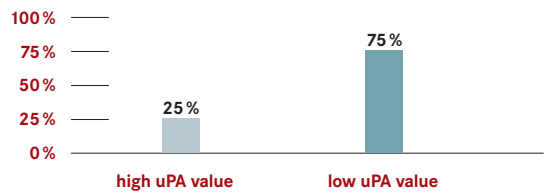
The American Cancer Society estimates that in 2007, 1.3 million women were newly diagnosed with breast cancer.

Similar data can be found in pancreatic cancer, although no meta-analysis is available for this indication.

A team of clinical researchers at the Technische Universität München made decisive contributions to the research on the uPA system. The founders of WILEX were part of that team. The researchers deduced that blocking the uPA system should improve the survival prognosis. Blocking the system might influence both tumour growth and metastatic spread.

In 2003, the European Organisation for Research and Treatment of Cancer (EORTC) classified uPA and its physiological inhibitor as the first novel tumour biological factors with clinical utility in breast cancer having the highest level of evidence (LOE 1). Since 2007, the treatment guidelines of the American Society of Clinical Oncology (ASCO) for breast cancer recommend the use of uPA and its physiological inhibitor as prognostic markers in newly diagnosed breast cancer where no lymph nodes are affected.

Survival rate in relation to the uPA value (after 10 years)



MESUPRON® – available in oral capsule form to inhibit the uPA system

WILEX's small-molecule product candidate MESUPRON® is designed to block the uPA system and thus to prevent the tumour from spreading. The aim is to improve both the patient's prognosis for survival and the quality of life. MESUPRON® is taken once daily orally, in capsule form, and has not shown any serious side effects compared to chemotherapy. Hence MESUPRON® might be suitable for long-term therapy. MESUPRON® is being studied in two clinical Phase II trials in patients with pancreatic cancer or breast cancer.

If the development of MESUPRON® is brought to a successful conclusion, then the drug could have the potential to treat cancer just like a chronic disease over the long term, together with a low side-effect profile.

Impressive data from Phase II trial

In September 2009, WILEX presented impressive preliminary findings of a Phase II trial of MESUPRON® in patients suffering from non-resectable non-metastatic pancreatic cancer.

The findings show a clear improvement in the tumour response rate, the median survival time, and the one-year survival rate of MESUPRON® administered together with the chemotherapeutic agent Gemcitabine, compared to treatment with Gemcitabine alone.

Gemcitabine alone demonstrated a tumour response rate of 9.7 %. Co-administration of 400 mg MESUPRON® led to an increase to 33.3 %.

One-year survival with Gemcitabine alone was 37 %. This increased to 53 % with 400 mg MESUPRON®.

The median survival of the patients improved by 30 % from 10.2 months with Gemcitabine to 13.5 months in combination with 400 mg MESUPRON®.

Report of the Supervisory Board

In the 2009 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 as stipulated in 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 2009 financial year
In the 2009 financial year (1 December 2008 to 30 November 2009), 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 mainly on the closing of the strategic alliance with UCB Pharma S.A. (UCB) and on the execution of the rights issue using authorised capital. The Supervisory Board approved both measures.

The Supervisory Board regularly and comprehensively monitored the Company's financial situation and risk management and discussed the Company's future strategy with the Executive Management Board. After extensive discussions, the Supervisory Board approved the budget and the corporate goals of the Executive Management Board for the 2009 financial year.

In addition, the Supervisory Board stayed abreast of WILEX AG's research and development projects and its clinical programmes. It paid particular attention to the progress of the Phase III registration trials with REDECTANE® and RENCAREX® as well as the execution of the Phase II trials with MESUPRON®. The Supervisory Board also monitored the ongoing development of the new programmes that the Company took over from UCB under their strategic alliance. It focused in particular on the oral MEK inhibitor WX-554, for which two milestone payments of € 5 million each were due from UCB upon submission of an application to conduct a clinical trial and the start of the Phase I trial.

In addition, the Supervisory Board reviewed its Internal Rules of Procedure in the light of both the German Accounting Law Modernisation Act (BilMoG) that took effect on 29 May 2009 and the German Law on the Adequacy of the Executive Management Board's Compensation (VorstAG) that took effect on 5 August 2009 and resolved all necessary changes. As a result, responsibility for determining the compensation package of each individual member of the Executive Management Board and the review of the compensation system applicable to the Executive Management Board was assigned to the

Supervisory Board whereas the Compensation Committee has a preparatory function. The requirement that one member of the Audit Committee must be a financial expert pursuant to Section 100 Sub-section 5 German Stock Corporation Act (AktG) was taken into consideration when the members of the Audit Committee were selected. The Supervisory Board also discussed and determined in this connection that the chairman of the Audit Committee, Dr Georg Baur, due to his professional experience and many years as member of the Audit Committee, possesses professional knowledge in the areas of accounting and auditing of financial statements, and thus satisfies the requirements of Sections 107 Sub-section 4, 100 Subsection 5 German Stock Corporation Act.

Finally, the Supervisory Board addressed the reappointment of Peter Llewellyn-Davies to the Executive Management Board and the renewal of his contract. Both the compensation system applicable to the members of the Executive Management Board and the adequacy of their compensation packages were reviewed in this connection and deemed to be appropriate. The Supervisory Board followed the recommendation of the Compensation Committee and resolved to extend the term of office of Peter Llewellyn-Davies, renew his contract and adjust his compensation accordingly.

Corporate governance

At the meeting on 25 January 2010, the Supervisory Board extensively discussed with the Executive Management Board the new recommendations and suggestions in the German Corporate Governance Code (GCGC) as amended on 18 June 2009. The Supervisory Board together with the Executive Management Board decided on 18 February 2010 to implement the recommendations and suggestions of the GCGC in part. The new joint declaration of compliance by the Executive Management Board and the Supervisory Board was adopted on the same day and is available on the Company's website at http://www.wilex.com/IR/Compliance_Declaration.php. For more details please see the joint corporate governance report by the Executive Management Board and the Supervisory Board.

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www.wilex.com

Activities of the committees

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas separately in its meetings. The Compensation Committee (which served as a decision-making committee until 31 August 2009 and was changed to a preparatory committee effective 1 September 2009) met for three meetings in the 2009 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 2009 financial year, as well as target achievement for the 2008 financial year. It also prepared a contract renewal for the Executive Management Board member Peter Llewellyn-Davies, proposed it to the Supervisory Board and discussed the ramifications of the German Law on the Adequacy of the Executive Management Board's compensation. The Nomination Committee (preparatory committee) convened one meeting at which it discussed the successor planning for members of the Supervisory Board and the Executive Management Board.

The Audit Committee (a preparatory committee) met four times in the year under review. Its remit included the selection of the auditor and the recommendation to the Supervisory Board that it propose to the Annual General Meeting to elect KPMG AG, Wirtschaftsprüfungsgesellschaft, Munich, to serve as the auditor for the 2009 financial year. The Supervisory Board followed this recommendation. KPMG AG was elected by the Annual General Meeting on 26 May 2009 pursuant to the Supervisory Board's proposal and was subsequently commissioned by the Supervisory Board to audit the Company's annual financial statements for the 2009 financial year. The Supervisory Board obtained a declaration of the auditor's independence in advance in accordance with Section 7.2.1 of the German Corporate Governance Code. The Audit Committee also discussed the 2008 financial statements as well as the 2009 interim reports with the auditor. The Audit Committee also discussed the Company's equity situation as well as the ramifications of the German Accounting Law Modernisation Act.

The Supervisory Board did not establish any other committees.

Focus after the close of the financial year

On 3 December 2009, the Supervisory Board resolved the final scope of the rights issue using authorised capital and the relevant amendment of the Company's Articles of Association.

Adoption of the annual financial statements

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The auditors, KPMG AG, have audited the annual financial statements and the management reports of WILEX AG prepared by the Executive Management Board in accordance with German GAAP (HGB) and IFRS, including the accounts for the 2009 financial year on which these are based, and issued an unqualified audit certificate. 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 11 February 2010 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 reports as well as the proposed appropriation of accumulated loss (HGB) in accordance with legal provisions and concurs with the result of the audit. Following the definitive findings of the examinations, 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 2009 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.

Recognition of commitment

The Supervisory Board would 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 2009 financial year. It is due to their commitment that the portfolio of WILEX has matured further and that key milestones were reached.

Munich, 23 February 2010

The Supervisory Board

Dr David Ebsworth
Chairman

Corporate governance report

The German Corporate Governance Code (GCGC) is intended to enhance the trust in the management of listed companies and disclose the rules of corporate governance. Both the Executive Management Board and the Supervisory Board of WILEX AG expressly endorse the Code and have implemented it with exceptions.

Declaration of compliance by the Executive Management Board and the Supervisory Board of WILEX AG in accordance with Section 161 of the German Stock Corporation Act (AktG)

The Executive Management Board and the Supervisory Board declare that WILEX AG has been in compliance with all recommendations of the Government Commission on the German Corporate Governance Code as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette from 18 February 2009, the date of its last declaration of compliance, to 18 February 2010, the date of adopting the resolution regarding the declaration of compliance (Code as amended on 6 June 2008), and that the Company is and will be in compliance with said recommendations from 18 February 2010 (Code as amended on 18 June 2009), in each case with the exception of the following:

Section 3.8 Sub-sections 3 and 4 GCGC: No suitable deductible has been agreed in the D&O insurance for the Executive Management Board and the Supervisory Board. There are plans however to provide for a deductible in the statutory amount for the members of the Management Board under D&O insurance effective 1 July 2010 in accordance with statutory requirements. No deductible shall be agreed for the members of the Supervisory Board, as before. Both the Executive Management Board and the Supervisory Board of WILEX AG believe that a deductible would not impact 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 – for reasons of equality – would have to be the same for each member, would affect the members of the Supervisory Board very differently, depending on their private income and financial circumstances.

Section 4.2.2 Sub-section 1 GCGC: Until 31 August 2009, the Supervisory Board's Compensation Committee was assigned to drawing up the directors' contracts and determining the structure of the Executive Management Board's compensation system. The full Supervisory Board was kept informed by the Compensation Committee. However, the full Supervisory Board did not discuss or resolve the structure of the compensation system for the Executive Management Board including its main contract elements and its regular review before 31 August 2009. The Executive Management Board and the Supervisory Board of WILEX AG believed that these issues should be discussed by the Compensation Committee, which was set up for this purpose and which has the required specialist expertise, because this system had proven its merit in the past. The Supervisory Board amended its Internal Rules of Procedure effective 1 September 2009 in accordance with the German Act on the Adequacy of Compensation for Management Boards (VorstAG), which took effect on 5 August 2009. Since then, the Compensation Committee is responsible for preparing the total compensation packages of each individual member of the Executive Management Board whilst the full Supervisory Board adopts the respective resolutions and reviews these packages on a regular basis.

Section 4.2.3 Sub-section 3 Clause 2 GCGC: 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, the Executive Management Board and Supervisory Board will discuss 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 GCGC: 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 4.2.5 Sub-section 1 GCGC: The total compensation of each member of the Executive Management Board is disclosed in the notes to the annual financial statements (29. Corporate bodies and compensation report). It is no longer part of the corporate governance report because the Executive Management Board and the Supervisory Board believe that disclosing identical information twice does not provide any additional information.

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Section 5.1.2 Sub-section 2 Clause 3 GCGC: 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 GCGC: 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 GCGC: In the past, elections to the Supervisory Board were not carried out on an individual basis. Due to the overall responsibility of this body and the shareholder structure existing at the time the most recent elections to the Supervisory Board took place at the Annual General Meeting on 12 June 2007, WILEX AG did not consider this recommendation appropriate. In future, however, elections to the Supervisory Board will be carried out on an individual basis.

Section 5.4.3 Clause 3 GCGC: The proposed candidates for the Supervisory Board chair are not announced to the shareholders during the Annual General Meeting at which the members of the Supervisory Board are elected. Since it is the task of the Supervisory Board to elect a chairman from among its members at its inaugural meeting, earlier announcement of possible candidates does not seem appropriate and would pre-empt the decision-making process.

Section 5.4.6 Sub-section 2 Clause 1 GCGC: The members of the Supervisory Board do not receive performance-related compensation. Both the Supervisory Board and the Executive Management Board of WILEX AG believe that performance-related compensation would not give Supervisory Board members additional incentives to carry out their activities efficiently.

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Section 5.4.6 Sub-section 3 Clause 1 GCGC: The total compensation of each member of the Supervisory Board is disclosed in the notes to the annual financial statements (29. Corporate bodies and compensation report). It is no longer part of the corporate governance report because the Executive Management Board and the Supervisory Board believe that disclosing identical information twice does not provide any additional information.

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Section 7.1.3 GCGC: Specific information on the Company's stock option plans and similar securities-based incentive systems is disclosed in the notes to the annual financial statements (22. Staff costs, 29. Corporate bodies and compensation report). It is no longer part of the corporate governance report because the Executive Management Board and the Supervisory Board believe that disclosing identical information twice does not provide any additional information.

WILEX AG furthermore 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 2011.

www.wilex.com

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

Munich, 18 February 2010

Executive Management Board and Supervisory Board of WILEX AG

Executive Management Board

Reflecting the Company's international strategic orientation, the Executive Management Board currently comprises four members of different nationalities. The Executive Management Board determines the Company's strategic orientation. Its tasks include managing, planning, establishing and monitoring a risk management system. The work of the Executive Management Board is coordinated by its Chairman.

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Collaboration of the Executive Management Board and the Supervisory Board

The Executive Management Board and the Supervisory Board of WILEX AG work with each other in a trustful and efficient manner. The Executive Management Board regularly provides comprehensive and timely information to the Supervisory Board regarding the Company's strategy, the development of its business, planning, existing risks and risk management as well as compliance in order to enable the Supervisory Board to efficiently exercise its advisory and control functions. Significant decisions made by the Executive Management Board require the consent of the Supervisory Board.

Supervisory Board

The Supervisory Board currently is comprised of six members, who were appointed by the Company's Annual General Meeting. 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. Please see the notes to the annual financial statements for more details on the Supervisory Board.

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Supervisory Board committees

Working in committees is an integral part of the work of the Supervisory Board. The Supervisory Board of WILEX AG has established two committees: the Audit Committee (two members) and the joint Compensation and Nomination Committee (three members), which covers both areas in its meetings. The Audit Committee and the Nomination Committee fulfil preparatory functions; the Compensation Committee had decision-making authority until 31 August 2009 but has also been limited to preparatory functions since 1 September 2009. The Audit Committee is responsible for, amongst other things, the preparation of the annual financial statements including the management report and the proposal for the appropriation of profit or loss for approval by the Supervisory Board. The Supervisory Board appoints the auditor of the annual financial statements after being briefed by the Executive Management Board and the Audit Committee.

Furthermore, Section 7.1.2 of the German Corporate Governance Code states that the Supervisory Board or its Audit Committee should discuss half-yearly reports and quarterly reports, if any, with the Executive Management Board prior to publication. WILEX AG has abided by this recommendation since the 2009 financial year and has assigned this task to the appropriate Audit Committee. The Audit Committee is chaired by Dr Georg F. Baur. The Chairman of the committee possesses special professional expertise in accounting and in audits of financial statements, as required under Section 107 Sub-section 4 and Section 100 Sub-section 5 German Stock Corporation Act as well as the German Corporate Governance Code. Dr Friedrich von Bohlen und Halbach is also a member.

The joint Compensation and Nomination Committee prepares decisions concerning staff matters, including the compensation of members of the Executive Management Board. It also proposes suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting and prepares the appointment of new members of the Executive Management Board. Dr David Ebsworth is the Chairman of the joint Compensation and Nomination Committee. Dr Alexandra Goll and Dr Rüdiger Hauffe are members of this committee.

Supervisory Board's efficiency review

The Supervisory Board regularly performs an efficiency review every other year in accordance with Section 5.6 of the German Corporate Governance Code. The last efficiency review was carried out at the beginning of 2010. The previous reviews demonstrated that the Supervisory Board is efficiently organised and that the collaboration between the Executive Management Board and the Supervisory Board functions smoothly.

Compensation of the Executive Management Board and the Supervisory Board

Detailed disclosures regarding the stock option plans and the compensation of both the Executive Management Board and the members of the Supervisory Board are made in the notes to the annual financial statements (29. Corporate bodies and compensation report).

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Compliance in the 2009 financial year

Ethical standards, professionalism and compliance with statutory requirements are among the key ingredients of WILEX AG's corporate philosophy. In the 2009 financial year, there were no deviations from the declaration of compliance applicable to this period. Care was taken to ensure that no conflicts of interest would arise among members of the Executive Management Board or the Supervisory Board pursuant to Sections 4.3 and 5.5 of the German Corporate Governance Code. The Supervisory Board member Professor Iris Löw-Friedrich is Chief Medical Officer and Executive Vice-President Global Projects and Development of UCB S.A. and did therefore not participate in the deliberations of or votes by the Supervisory Board in connection with the Company's strategic alliance with UCB Pharma S.A.

While 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, which complies with GCGC 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 timeliness

WILEX AG satisfies all requirements under the transparency guidelines of the German Corporate Governance Code. It publishes all important documents on its website – www.wilex.com – in order to ensure that all market participants receive comprehensive, equitable and timely information concerning the Company's situation and any significant changes. On this website, all information relevant for the capital market is available in German and English, including annual and interim reports, ad hoc releases, press releases, transactions requiring disclosure (directors' dealings) and presentations as well as corporate governance information and the declaration of compliance. The financial calendar contains the dates relevant for the capital market. Analyst and media conferences are held at least once per year.

www.wilex.com

Shares held by the Executive Management Board and the Supervisory Board

As of the date of preparing this corporate governance report, the shareholdings of the members of the Executive Management Board and the Supervisory Board were as follows:

Name	Function	Shareholdings	Number
Dr David Ebsworth	Chairman of the Supervisory Board	Direct	50,000
Dr Georg F. Baur	Deputy Chairman of the Supervisory Board	Direct	125,433
Dr Rüdiger Hauffe	Member of the Supervisory Board	Direct	6,000
Dr Friedrich von Bohlen und Halbach[1]	Member of the Supervisory Board	Indirect	4,627,810
Professor Olaf G. Wilhelm[2]	Chairman of the Executive Management Board	Direct	120,331

[1] In his capacity as Managing Director of dievini Verwaltungs GmbH, which is the general partner of dievini BioTech holding GmbH und Co. KG

[2] The wife of Professor Olaf G. Wilhelm, Dr Sabine Wilhelm, holds a further 120,331 shares

Detailed disclosures regarding the shares held by members of the Executive Management Board and the Supervisory Board as well as Directors' dealings are made in the notes to the annual financial statements (29. Corporate bodies and compensation report).

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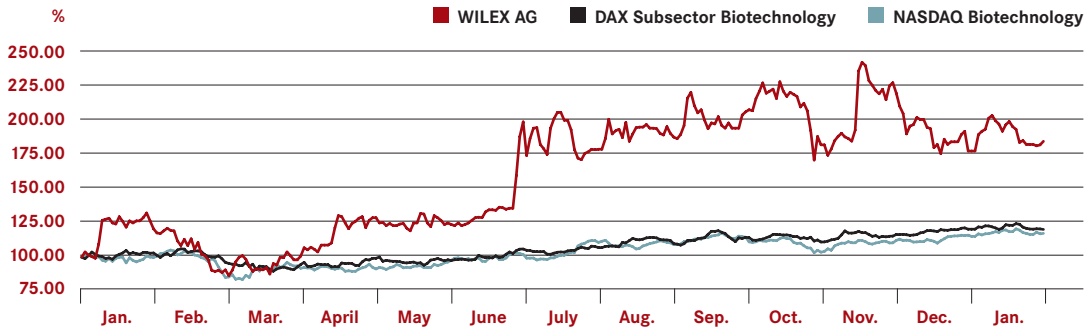
Investor relations

Share price performance

The WILEX share began 2009 with a price of €2.55 and closed the trading year at €3.65. This equates to an increase of 79% by year-end 2009. The benchmark indexes – DAX Subsector Biotechnology and NASDAQ Biotechnology – closed the year with gains of 21% and 16%, respectively. However, the WILEX share price remained highly volatile and was marked by strong fluctuations. While there was no clear correlation between share price dips and company news (these coinciding instead with a general market weakness), periods of strong price gains were mostly driven by positive news about clinical studies or the Company itself. The share's performance was boosted in particular by the UCB transaction in January 2009, the milestones achieved with WX-554 and the preliminary, positive MESUPRON® data in the second half of the year. Key factors influencing the start of the new financial year included the announcement of preliminary data for REDECTANE® and the capital increase executed in December.

WILEX's share price performance, indexed as of 1 January 2009



Trading and liquidity

The average daily trading volume of WILEX's shares more than doubled to 17,794 shares in the 2009 financial year (previous year: 7,351 shares). The share's volatility (on the basis of 260 days; XETRA) rose to 81.5% (previous year: 63.7%).

Key share figures as of the end of the reporting period	FY 2009	FY 2008	FY 2007
Number of shares issued	13,780,935	11,962,754	11,962,754
Number of shares listed	12,871,845	11,962,754	11,962,754
Market capitalisation in € million	64.63	45.10	65.32
Closing price (XETRA) in €	4.69	3.77	5.46
High[1] in €	5.86 (07.10.09)	8.53 (09.07.08)	16.00 (06.02.07)
Low[1] in €	2.19 (19.12.08)	3.77 (28.11.08)	4.25 (22.11.07)
Volatility (260 days, XETRA) in %	81.52	63.65	45.78
Average daily trading volume[1] in shares	17,794	7,351	3,325
Average daily trading volume[1] in €	75,832	47,309	34,054
Earnings per share in €	(0.95)	(1.71)	(1.86)

[1] all stock exchanges

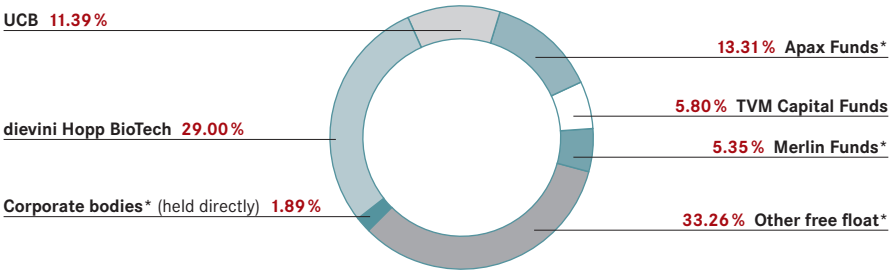
Source: Bloomberg

Capital measures

WILEX executed two capital measures in 2009. In February, WILEX increased its share capital to 13,780,935 shares by way of a capital increase in return for contributions in kind by issuing 1,818,181 new shares from authorised capital, subject to the exclusion of shareholders' subscription rights. All shares were issued to UCB as part of the strategic alliance, and UCB thereby acquired a stake of 13.19 % in WILEX.

In November, the Company resolved a rights issue and the subsequent private placement of unsubscribed shares, both of which were completed after the close of the financial year. A total of 2,177,030 new shares were issued at a subscription price of € 4.10 per share; the Company's current share capital is therefore € 15,957,965.00. WILEX will prepare a securities prospectus, which will be the basis for listing all new shares on the Regulated Market. WILEX intends to list all shares on the Frankfurt Stock Exchange by the end of the financial year 2010.

Shareholder structure of WILEX AG as of 31 January 2010



* Free float as defined by Deutsche Börse

WILEX continued to maintain its contacts to shareholders, potential investors, analysts and the trade press in 2009. We participated in 12 international investor conferences and carried out 11 road shows in Europe and the United States. Alongside numerous consultations with our private shareholders, we engaged in about 130 discussions with investors and about 30 discussions with analysts. WILEX succeeded in gaining two new analysts. Together with Sal. Oppenheim Research and WestLB, both EDISON Investment Research (UK) and Caris & Company (USA) now prepare regular research reports and updates about WILEX. The assessments are published on our website. The latest financial calendar and list of conferences for 2010 are also available online.

www.wilex.com
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General information

Share class:	Bearer shares
Current share capital:	15,957,965 shares
ISIN:	DE0006614720 for listed shares
	DE000A0XFVR9 for authorised capital
	DE000A0XFV54 for unlisted shares (UCB transaction)
	DE000A1A60D6 for unlisted new shares
Stock exchange symbol:	WL6 / WL6G.DE / WL6.GR
Market segment:	Regulated Market (Prime Standard)
Designated sponsors:	Sal. Oppenheim, WestLB
Investor relations contact:	Katja Arnold (CIRO)
	Tel. + 49 (0) 89 – 41 31 38 – 126
	E-mail: katja.arnold@wilex.com

MANAGEMENT REPORT

Contents **Page**

Management report of WILEX AG, Munich

for the financial year from 1 December 2008 to 30 November 2009

1. Business and general parameters

Glossary

WILEX is a biopharmaceutical company that develops patient-focused drugs and highly-specific diagnostic agents. They are designed to detect cancer, treat malignant tumours and prevent metastases. WILEX's products could contribute in future to treating cancer like a chronic disease.

The Company was founded in 1997 by a team of physicians and cancer research specialists from the Technische Universität München (TUM). WILEX was converted into a stock corporation (Aktiengesellschaft) under German law in 2001 and has been listed on the Regulated Market (Prime Standard segment) of the Frankfurt/Main stock exchange since November 2006.

Business activities

The objectives of the Company are the research, development, production, approval and marketing of new drugs and diagnostic agents in the field of oncology, as well as the respective in-licensing and out-licensing of intellectual property rights. WILEX's therapeutic product candidates comprise antibodies and small molecules. These form the basis of patient-tailored, highly-specific therapies which the Company is developing clinically for subsequent marketing approval.

Product candidates

WILEX has a pipeline of advanced drug and diagnostic candidates. Four candidates are currently undergoing clinical development: REDECTANE®, RENCAREX®, MESUPRON® and WX-554. Another programme is in preclinical development and a further three are in research.

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The antibody girentuximab binds to the tumour-specific antigen CA IX on the surface of clear cell renal cell carcinoma. WILEX has radiolabelled the antibody and is developing it as a diagnostic agent under the name **REDECTANE®** for the detection of malignant kidney tumours prior to surgery.

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Under the name **RENCAREX®**, girentuximab is being researched as a therapeutic antibody in the indication of clear cell renal cell cancer. The antibody, which binds to CA IX, makes the tumour cell visible to the body's own immune system, which can then send out natural killer cells that attack and destroy the tumour cells. This mode of action is known as antibody-dependent cellular cytotoxicity (ADCC), a proven mechanism of action.

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The small-molecule drug candidate **MESUPRON®** is an inhibitor of uPA and is designed to inhibit the biological functions of cancer cells that would otherwise allow them to migrate into the surrounding tissue. This should inhibit both the growth of the primary tumour and metastases.

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The small-molecule drug candidate **WX-554**, a mitogen-activated protein kinase (MEK) inhibitor, was brought into clinical development in 2009. MEK has been shown to play a central role in signal transduction. The MEK signalling pathway is overexpressed in more than 30% of cancers, resulting in uncontrolled cell growth and proliferation.

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The small-molecule **WX-037**, a PI3K inhibitor, is in preclinical development. The phosphatidylinositol-3-kinase/protein kinase (PI3K) signalling pathway sends a "growth" signal to the nucleus of a tumour cell and is abnormally mutated in many types of cancer.

The development of WILEX's clinical product candidates is at an advanced stage. REDECTANE® and RENCAREX® are in Phase III registration trials. MESUPRON® is in a Phase II trial for two indications (breast and pancreatic cancer). A Phase I trial with healthy volunteers has began with WX-554 and WX-037 was selected for preclinical development. WILEX expects its product candidates to be used for the treatment of patients with renal, bladder, breast, pancreatic, ovarian, gastric and colon cancer after successful completion of the registration trials and subsequent marketing authorisation.

Commercial opportunities for this attractive pipeline will be exploited through alliances and partnerships to ensure that maximum value can be created by the Company. Further information regarding the partnerships can be found in the chapter called "Licence agreements and other contracts".

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For detailed information regarding the products and the current status of clinical development, please see chapter "3. Research and development" in this management report. A summary of markets and competitors is contained in the section "Sector environment" of chapter "4. Economic conditions" of this management report.

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Locations and property ownership

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

Management and control

In keeping with the dual management structure 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. WILEX's Executive Management Board currently has four members.

The Company's Executive Management Board and Supervisory Board cooperate closely. The Supervisory Board regularly advises and monitors the Executive Management Board with respect to its management of the Company. The WILEX Supervisory Board is comprised of six members, in accordance with the Company's Articles of Association. Two committees have been established to enhance the Supervisory Board's efficiency: a joint Compensation and Nomination 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 Company's performance targets defined for the 2009 financial year included the achievement of defined milestones in clinical development, the securing of the Company's continued funding and the performance of its shares. The compensation component with incentive and risk features is based on the 2005 stock option plan adopted by the Annual General Meeting on 8 September 2005. The option terms are described in detail in the notes to the annual financial statements (29. Corporate bodies and compensation report).

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In accordance with the Articles of Association, the members of the Supervisory Board receive a fixed compensation in addition to reimbursement of their expenses. The members of the Supervisory Board also 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 2009 financial year is described in detail in the notes to the annual financial statements (29. Corporate bodies and compensation report).

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Disclosures

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

Manufacturing and supply

IBA Molecular N.A., Sterling, Virginia, USA, is responsible for the production (radioactive labelling), formulation and filling of the diagnostic candidate REDECTANE®. WILEX has obtained the legally required permission to manufacture RENCAREX® and MESUPRON® as well as WX-554 and WX-037. 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 Schering Pharma AG, Leverkusen, Germany; as well as Rentschler Biotechnologie GmbH and RIEMSER Specialty Production GmbH (previously: Rentschler Pharma GmbH), both Laupheim, Germany. The development and production of the drug candidates WX-554 and WX-037 is carried out by certified subcontractors, including companies such as Central Glass Germany GmbH, Halle/Westfalen, Germany; Formula GmbH, Berlin, Germany; Thymoorgan Pharmazie Deutschland GmbH, Vienenburg, Germany; and Bayer Schering Pharma AG, Leverkusen, Germany.

Glossary

WILEX's laboratories are certified in accordance with the principles of Good Laboratory Practice (GLP). Such certification is a prerequisite for recognition of preclinical 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 according to the relevant analytical methods.

Research cooperation

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 the University of California (UCLA), Los Angeles, CA, USA, the FCCC in Philadelphia, PA, USA, the Slovak Academy of Sciences in Bratislava, Slovakia, the Erasmus Medical Center in Rotterdam, The Netherlands, the Department of Oncology at the University of Nijmegen, The Netherlands; and the Ludwig Institute for Cancer Research (LICR) in New York, NY, USA.

Patents

The Company's products are protected by a portfolio of 70 patents and some 120 patent applications, which are spread across more than 30 patent encompassing all proprietary products, including their production and use.

About 30 patents and patent applications concern the antibody girentuximab, and approx. 160 patents and patent applications concern the various uPA inhibitors. WILEX also possesses numerous trademarks and has filed numerous trademark applications protecting both the corporate name and the planned product designations.

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The oncological portfolio acquired from UCB comprises two small-molecule programmes and three antibody programmes. It is protected by ten patent families, which currently include 45 patent applications and three patents.

Licence agreements and other contracts

WILEX has signed several exclusive licence agreements essential to the Company's business activities.

Several of these agreements concern the development and future commercial use of girentuximab, an antibody on which both REDECTANE® and RENCAREX® are based. The Company licensed the antibody in 1999 from Centocor Inc., Malvern, PA, USA, and Leiden University, The Netherlands. A further licence for the target antigen has been granted by the Bayer Corporation Business Group Diagnostics, Tarrytown, NY, USA. To exclude possible patent violations, WILEX also acquired a

non-exclusive licence to the Cabilly II patent from Genentech Inc., San Francisco, CA, USA. The Cabilly II patent concerns methods for the production of antibodies; it was the subject of many years of litigation between Genentech and the US-based biotech company, MedImmune. MedImmune had challenged the patent's legal validity. At the end of February 2009 however, the US Patent and Trademark Office confirmed that the Cabilly method is patentable. GlaxoSmithKline filed a suit under patent law in October 2009. This new lawsuit also concerns the validity of the Cabilly II patent. If the patent is ultimately declared void, the Company would have to recognise an impairment loss on this intangible asset.

In June 2008 WILEX signed a licence agreement with IBA concerning the diagnostic candidate REDECTANE®. WILEX granted IBA the exclusive worldwide rights and licences required for marketing, distributing and sale of this product. WILEX receives milestone and licence payments from IBA. WILEX has secured the right to co-promote REDECTANE® worldwide in order to introduce the diagnostic agent to urologists and oncologists. Once the envisioned marketing approval has been granted, WILEX will be paid 20 % of the sales revenue ex works up to a sales volume of € 7 million. Thereafter its share will rise to 45 % of all subsequent sales revenue ex works.

An exclusive sales and marketing agreement for RENCAREX®, as well as an option regarding future girentuximab products in certain southern European countries has been in place with the Spanish pharmaceutical company Laboratorios del Dr. Esteve S.A., Barcelona, Spain, (Esteve) since 2004. WILEX granted Esteve the marketing rights for Spain, Italy, Portugal, Greece and Andorra, as well as an option for the Turkish market in return for milestone and licence payments.

In 2006, WILEX acquired five patent families and patent applications for its uPA programmes from Pentapharm AG, Basel, Switzerland, that are related to WX-UK1 and MESUPRON®. In 2007, WILEX also acquired a portfolio from the Dendreon Corporation, Seattle, WA, USA, which comprises all of their proprietary patents and patent applications for uPA inhibitors. In addition to these patents directly held by the Company, this patent portfolio provides protection against third parties copying the WILEX drugs or the therapeutic use of the relevant serine protease inhibitors.

Important transactions in the 2009 financial year

UCB transaction

In January 2009, WILEX and the biopharmaceutical company UCB Pharma S.A., Brussels, Belgium, (UCB) entered into a comprehensive strategic alliance. WILEX acquired the worldwide rights to continue developing UCB's entire preclinical oncological portfolio, which comprises two small-molecule programmes and three antibody programmes.

UCB retains exclusive rights to buy back each of the five programmes, following completion of initial clinical proof of concept studies for each drug, and assume the responsibility for further development and commercialisation of each product. In this case, WILEX will receive development and commercialisation milestone payments and royalties from UCB. Alternatively, in the event UCB does not exercise its buyback right for a given programme, WILEX will retain rights to develop as well as commercialise that programme and UCB will receive milestone and royalty payments from WILEX. Furthermore, the two partners may jointly develop the programmes after the successful completion of the proof of concept studies.

Under the agreement, UCB made a contribution in kind comprising the rights to the five preclinical programmes to Octopus GmbH, a wholly-owned subsidiary of UCB. In addition, the company was funded by UCB with € 10.00 million in cash. WILEX acquired Octopus GmbH for 1,818,181 newly issued shares from authorised capital, subject to the exclusion of shareholders' subscription rights, by means of a capital increase in kind. As a result of this transaction, UCB acquired 13.19 % of the shares in WILEX AG. The share capital of WILEX was increased to 13,780,935 shares by way of a capital increase in return for contributions in kind. The transaction was completed when recorded in the Company's Commercial Register on 27 February 2009.

The acquired company was renamed WILEX Research GmbH through an amendment of the Articles of Association and consolidated in the interim consolidated financial statements of WILEX AG as of 28 February 2009. The intended merger of WILEX Research GmbH and WILEX AG was announced in the electronic Federal Gazette on 7 April 2009 and the shareholders were given the option under Section 62 Sub-section 2 German Reorganisation and Transformation Act (UmwG) of requesting that an Annual General Meeting be convened. Since no shareholders availed themselves of this option, the merger was recorded in the Commercial Register on 25 May 2009. As a result, the half-yearly financial report as of 31 May 2009 was once again prepared as a set of single-entity financial statements.

The acquisition of this subsidiary does not constitute an acquisition of an equity interest but rather an asset deal. This transaction was not recognised under IFRS 3 (business combinations) as of the reporting date because the acquired company had neither an operating business nor any employees.

The discounted cash flow method was used for the initial measurement of the five projects acquired from UCB. The respective measurement is based on the following parameters and forward-looking assumptions:

- Expiration of the patent for the drug;
- Probability of achieving the next development stage;
- Costs of developing the programme;
- Income from marketing or out-licensing agreements; and
- Risk-adjusted interest rate.

Since all of the programmes are in an early stage of development, no positive net present value was determined for any of the five projects based on these factors. As a result, no intangible asset was recognised. No liabilities were recognised either because there is no specific contractual obligation to continue developing any of these programmes.

Two milestone payments of € 5.00 million each from UCB were also stipulated as part of the transaction. The submission of an application to conduct a clinical Phase I trial and the first dose in man were defined as milestones for one of the five programmes. WILEX had decided to bring the MEK inhibitor to the clinical phase within roughly 12 months of the closing of the agreement for WX-554. Both milestones were achieved during the 2009 financial year.

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The strategic alliance with UCB is an important step in the history of WILEX. The preclinical oncology portfolio ideally complements and expands WILEX's advanced clinical pipeline. WILEX gained not just an important development partner in UCB but also access to UCB's broad antibody technology.

Capital increase

On 11 November 2009, the Executive Management Board resolved, with the approval of the Supervisory Board, to raise the Company's share capital using authorised capital from € 13,780,935.00 by up to € 3,445,233.00 to up to € 17,226,168.00 by issuing 3,445,233 new no par value bearer shares with a pro rata interest in the Company's share capital of € 1.00 each and full rights to dividends from 1 December 2008 in return for cash contributions.

Bankhaus Sal. Oppenheim jr. & Cie. Kommanditgesellschaft auf Aktien, Cologne, Germany, (Sal. Oppenheim) offered the new shares to shareholders at a 4:1 ratio by means of an indirect subscription right. Hence shareholders were entitled to one new share for four old shares. One of the existing shareholders had undertaken to waive his right to exercise the subscription rights under three shares to which he was entitled in order to ensure an even subscription ratio.

The subscription period began on 16 November 2009 and ended on 2 December 2009. There was no organised trading in subscription rights. On 25 November 2009, the subscription price was fixed at €4.10 per share by the Executive Management Board and with the approval of the Supervisory Board.

New shares that were not subscribed under the subscription offer were offered for sale to qualified investors in Germany as well as abroad in a private placement. Sal. Oppenheim and Caris & Company, Inc., New York, NY, USA, (Caris) were the joint lead managers and joint book runners in connection with this transaction.

The new shares have not yet been listed on the Regulated Market of the Frankfurt/Main Stock Exchange because the prospectus will be prepared after the completion of the capital increase and include the 2009 annual financial statements. The plan is to list the new shares on the stock exchange within a year. However, in order to make listed shares available immediately to old and new shareholders alike, the shareholders entitled to exercise their subscription right were given the option under a share loan to obtain shares already listed in the Regulated Market of the Frankfurt Stock Exchange from the Company's largest shareholder, dievini Hopp BioTech holding GmbH & Co. KG (dievini), to Sal. Oppenheim in lieu of the new ones that have yet to be listed.

dievini had undertaken in connection with the capital increase to fully exercise the subscription rights under the shares it holds and, in addition, to take over any new shares not subscribed by other shareholders in connection with a private placement up to an aggregate investment volume of € 10 million for a total equity interest of no more than 29.00%. dievini now has a stake of 29.00% in WILEX AG (previously: 24.76%).

The capital increase as a whole was completed on 4 December 2009 when it was recorded in the Commercial Register and therefore did not affect the balance sheet as the reporting date is 30 November 2009. For details, please see the section entitled "Events after the reporting period". *page 41*

Legal and economic factors

As a biopharmaceutical company, WILEX operates in highly regulated markets. Drugs are subject to approval by the Food and Drug Administration (FDA) in the USA and the European Medicines Evaluations Agency (EMEA) in the European Union, and by other national regulatory and supervisory authorities. *Glossary*

Before marketing approval for a drug is granted, the regulatory authorities require comprehensive preclinical and clinical trials (subject to strict criteria) be conducted for each indication. In the USA, a clinical trial can only be conducted after the FDA has issued an 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 of the substances must be GMP-certified.

For a new drug to be granted marketing approval, an application must be compiled containing the results of all preclinical and clinical trials as well as other information pertaining to the drug.

2. Value-oriented corporate strategy

WILEX is committed to the interests of all significant parties associated with the Company. Patients, physicians, employees and shareholders are the central focus of the Company's strategic, value-driven management.

WILEX focuses on clinical indications for which there is high unmet medical need and which could provide great benefit for patients. Each of the product candidates undergoing research and development is designed to enable targeted and specific treatment and detection of various types of cancer. The Company focuses on creating value from preclinical research, clinical trials and regulatory affairs.

WILEX has a broad product pipeline consisting of two candidates in Phase III registration trials and one Phase II programme in two indications. The pipeline was expanded by UCB's portfolio at the start of 2009. One of the preclinical programmes was brought to the clinical Phase I in the year just ended. The programmes acquired from UCB are being developed further thanks to the comprehensive expertise of WILEX's staff and the Company's development capabilities.

WILEX's strategic goal is to finance its research and development programmes from its operating cash flow within a few years and to break even by executing innovative commercialisation strategies. Partnering with third parties for RENCAREX® in the Southern European market and closing the worldwide licence agreement for REDECTANE® are important milestones. Out-licensing MESUPRON® and RENCAREX® in the rest of the world offer additional potential for maximising shareholder value.

Internal control system
The Company generated sales revenue for the very first time in the year just ended, specifically, from UCB's milestone payments for the application to carry out a Phase I trial of WX-554 and the first dose in man. Expenses for research and development continue to be significantly higher than sales revenue as well as other income from licence agreements and the reversal of liabilities. Hence the Company's average cash usage remains a key financial indicator. The cash usage is defined as the average monthly cash flow from operating and investing activities during a financial year.

The ratio of liquid funds to cash usage shows the number of months for which sufficient cash will be available. Individual project development costs constitute another important measure of performance; they are tracked using a balanced scorecard and reviewed on a monthly basis.

Additional non-financial performance indicators are used to manage the Company. Patient-related indicators include clinical findings regarding the safety, tolerance and efficacy of the drug and diagnostic candidates being developed. WILEX measures the efficiency of its internal processes using, for example the progress of clinical trials compared to schedules and budgets.

Overall assessment of the financial year by the Executive Management Board of WILEX AG
WILEX largely achieved or surpassed the project goals it set at the start of the 2009 financial year. The 343rd relapse in the ARISER trial is beyond the Company's control and continues to take longer than planned.

Comparison of target and actual performance in relation to certain goals and key indicators in the 2009 financial year:

Non-financial targets	Target 2009	Actual 2009	Target achieved?
REDECTANE®	Completion of patient recruitment in the Phase III registration trial	166 patients recruited as planned in Q1; increase to 226 patients completed in September 2009	Yes
	Preliminary data for the Phase III registration trial	Announced in November 2009	Yes
RENCAREX®	Completion of patient treatment	Completed in February 2009	Yes
MESUPRON®	Preliminary data for the Phase II trial in pancreatic cancer	Announced in September 2009	Yes
	Phase II trial breast cancer: Continue patient recruitment	Patient recruitment is continuing	Yes
Expanding the pipeline and the Company's financing	Expand product portfolio and financing	Strategic alliance with UCB in January/February 2009	Yes
WX-554	Application for approval of a Phase I trial	First milestone (€5 million) from UCB in August	Yes
	Start of the Phase I trial	Second milestone (€5 million) from UCB in November	Yes
WX-037	Preparation of a development plan	Approved with UCB in August	Yes

Financial targets	Target 2009 € million	Actual 2009 € million	Target achieved?
Sales revenue	10.0	10.0	Yes
Other income	3.0 – 3.5	3.0	Yes
Operating expenses	25.0 – 29.0	25.9	Yes
of which research and development costs	21.0 – 24.0	21.8	Yes
Funding requirement from operating, investing and financing activities	5.0 – 7.0 (including capital increase in 02/09 and € 10.0 million milestone payments from UCB)	8.7 (including capital increase in 02/09 and €5.0 million milestone payment from UCB)	Second milestone billed UCB in mid-November, payment received in December (FY 2010)

Net funding requirements for 2009 were approximately €8.7 million, exceeding the targeted €5 million to €7 million (including the capital inflows from the capital increase in kind executed in February 2009 and the two milestone payments of €5.0 million each from UCB). Although the second milestone was still achieved in the 2009 financial year, the Company did not receive the payment from UCB until after the reporting date in December 2009.

WILEX's liquidity and equity situation has improved since the reporting date thanks to both the milestone payment and the net proceeds of about €8.5 million from the cash capital increase completed in December 2009. WILEX now expects its liquidity to be ensured into the third quarter of 2010. For more detailed disclosures in this context, please see the section "Going-concern risks" in chapter on "8. Report on risks and opportunities" and chapter "9. Anticipated developments" of the management report.

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3. Research and development

WILEX has a pipeline of advanced drug and diagnostic candidates. WILEX pursued four clinical projects in the 2009 financial year, all of which have made significant progress: RENCAREX®, REDECTANE®, MESUPRON® and WX-554.

REDECTANE® – diagnostic antibody

Even modern imaging procedures such as computer tomography or MRI scans are currently unable to provide a clear indication of whether a kidney tumour is benign or malignant. Satisfactory evidence can only be obtained by means of a histological examination after surgery and either the whole kidney or the diseased part of the kidney has been removed. The most aggressive phenotype, clear cell renal cell carcinoma, occurs in about 65% of patients with kidney cancer. In WILEX's view, the ability to diagnose aggressive clear cell renal cell carcinoma prior to surgery represents a significant medical need.

Glossary

REDECTANE® (INN: 124I-girentuximab) is a radiolabelled form of the antibody girentuximab, which, like RENCAREX®, also binds to the antigen CA IX on clear cell renal cell carcinoma. Uptake of this antibody in tumour tissue can be visualised by positron emission tomography (PET). Additional information provided by computer tomography (CT) can be used to localise the accumulation of the antibody.

The antibody-based radiopharmaceutical REDECTANE® is designed to support physicians in diagnosing renal cancers using PET/CT. Determining that no clear cell renal cell cancer is present constitutes an important goal. This could fundamentally change therapy planning for renal cancer patients and avoid unnecessary surgery. Furthermore, REDECTANE® may also prove suitable for monitoring response to treatment and for diagnosing other kinds of tumours.

WILEX launched a Phase III registration trial with the diagnostic candidate REDECTANE® , called the REDECT trial in 2008. Prior to the start of this trial, WILEX had applied for a special protocol assessment (SPA) with the FDA, which it obtained in February 2008. 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 approval. WILEX has implemented the trial in accordance with the design set forth in the SPA. If the trial is conducted in accordance with the SPA, the FDA is considered bound by this protocol assessment as part of the marketing application process. Obtaining early approval of the trial protocol design can generally significantly reduce approval time. The first patients were enrolled in the trial in May 2008; patient recruitment was successfully completed in September 2009. A total of 226 patients with suspected renal cancer have been enrolled in the REDECT trial. They were examined prior to surgery by PET/CT scan using the imaging agent REDECTANE®. All patients then had surgery and either the whole kidney or the diseased part of the kidney was removed.

Subsequently, three radiologists and three specialists in nuclear medicine performed independent analyses of all patients' CTs and PET/CTs respectively to determine whether or not clear cell renal cell cancer is present. The odd number of radiologists and nuclear medicine specialists was defined in the SPA in order to avoid potential deadlocks. Histological examination of the surgically removed tumours was performed in parallel in order to evaluate the accuracy of the analyses by the radiologists and nuclear medicine specialists.

At the end of November 2009, the external service provider contracted by WILEX informed the Company that it had completed the analysis of the preliminary data from the Phase III trial of REDECTANE®.

The Phase III REDECT trial serves to determine whether combining REDECTANE® with PET/CT improves the diagnosis of kidney tumours compared to the current standard of CT alone. Sensitivity and specificity have been defined as the trial endpoints. A diagnostics agent should facilitate the finding that no clear cell renal cell carcinoma (specificity) is present, particularly in order to avoid unnecessary surgery of kidney tumours in future.

REDECTANE® fulfilled expectations in distinguishing clear cell from non-clear cell renal cell carcinoma. The trial's findings show that PET/CT in conjunction with REDECTANE® facilitates a better diagnosis than CT alone. When examining the trial's endpoint of specificity, namely, the accurate diagnosis that no clear cell renal cell carcinoma is present, REDECTANE® was statistically significantly better than CT (p-value, $p<0.001$). The second endpoint, the correct diagnosis of clear cell renal cell cancer (sensitivity), was also better than CT, but just failed to achieve statistical significance ($p=0.052$ instead of $p<0.050$). With respect to sensitivity, CT performed better in the trial than expected and generally observed in clinical practice. The final patient data are still being analysed. Even the smallest changes can have a substantial impact on the statistical findings.

The present data support the assumptions of WILEX that the PET/CT procedure in conjunction with REDECTANE® is superior to CT alone in the diagnosis of clear cell renal cell cancer.

WILEX expects to receive the final trial report in the second quarter of 2010; subsequently, it will discuss it with internal experts and the next steps with the FDA.

RENCAREX® – therapeutic antibody

RENCAREX® is based on girentuximab, a monoclonal antibody made from human and murine genetic sequences that binds to a tumour-specific antigen (CA IX). This antigen is present in high concentrations in renal cell carcinomas, for example, whilst it is rarely found in healthy tissue. The fact that the antibody binds to the antigen makes the tumour visible to the endogenous immune system such that it can send out natural killer cells to destroy the tumour. As CA IX is also present in bladder and colon cancer, for instance, developing the drug in these indications could also be considered.

Glossary

Renal Cell Carcinoma (RCC) is the most common form of kidney cancer. One in three RCC patients with no evidence of metastases at the time of first diagnosis have a higher risk of relapse within a few years after surgery. WILEX is developing the product candidate RENCAREX® with the aim of preventing relapses (adjuvant therapy).

RENCAREX® is currently undergoing a Phase III registration trial for adjuvant therapy. The Phase III ARISER trial enrolled 864 patients who had either the whole kidney or the diseased part of the kidney removed and who had no detectable metastases at surgery. They also had to meet previously set criteria predictive of a high risk of recurrence. More than 140 centres in 14 countries are involved in the trial. The trial design is multicentre, randomised and double-blind. Patient recruitment was completed in 2008, and the last patient finished the 24-week treatment in February 2009.

The trial will have achieved its objective when disease-free survival of patients in the group treated with RENCAREX® (50 % of patients) shows a statistically significant improvement compared to the placebo group. The study protocol defines a number of analysis based on the number of relapses. The Independent Data Monitoring Committee (IDMC) performs the respective interim analyses in order to avoid unblinding the trial.

Glossary

The first interim analysis for futility was carried out at the end of 2007 after the 100th relapse; following statistical analysis, the IDMC recommended continuing the trial because it will probably deliver a significant result. The 343rd relapse is the next milestone. The data of all 864 patients will be analysed once this milestone is reached. Subsequently, an independent interim analysis of the efficacy of RENCAREX® will be initiated. Whilst the data remain blinded for WILEX, they will nonetheless provide critical information regarding the endpoint of the trial – disease-free survival and overall survival.

The time for patients to relapse is taking longer than expected. As of the end of January 2010, a total of 303 relapses had been reported to WILEX by the local trial centres.

RENCAREX® has been granted orphan drug status in the European Union and the USA. This status is awarded by the US Food and Drug Administration (FDA) and the European Medicines Evaluation Agency (EMEA) for the research of drugs for rare diseases. This gives WILEX ten years of exclusive marketing rights in the EU and seven years in the USA after marketing approval has been granted.

Currently no drug has been approved for the adjuvant therapy of clear cell renal cell carcinoma in the USA or Europe. Some drug candidates recently approved for the treatment of metastatic renal cell carcinoma are also being tested for adjuvant treatment.

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MESUPRON® – oral uPA inhibitor

The urokinase-specific plasminogen activator (uPA) system, inhibited by MESUPRON®, is believed to play an important role in cancer cell metastasis, and so may represent a key therapeutic target in cancer therapy. Measuring uPA enables doctors to predict the statistical likelihood of a patient's survival: patients whose tumours exhibit high uPA levels have a statistically lower chance of surviving than patients whose tumours exhibit low uPA levels. This conclusion resulted from a meta-analysis of 18 different European studies involving 8,300 patients which examined survival times relative to the uPA level in a tumour. uPA and its physiological inhibitor PAI-1 were the first tumour biological factors to have reached the highest "level of evidence" (LOE1) from the European Organisation for Research and Treatment of Cancer (EORTC) in terms of their prognostic significance.

The determination of the uPA content in a breast cancer patient's primary tumour was incorporated into the treatment guidelines of the American Society of Clinical Oncology (ASCO) in 2007. The uPA test is used to support therapy planning for lymph node negative patients newly diagnosed with breast cancer.

With WX-UK1, WILEX has developed a serine protease inhibitor that is designed to block the activity of tumour-relevant serine proteases such as uPA, plasmin and thrombin. It is administered intravenously and inhibits the spread of metastases. WX-UK1 reduced the formation of metastases and inhibited the growth of primary tumours in a number of preclinical trials.

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

MESUPRON® is currently being tested in two Phase II trials in pancreatic cancer and breast cancer.

Glossary

Patients with locally advanced, inoperable, non-metastatic pancreatic cancer have been treated with combination therapy in the first Phase II trial with MESUPRON®, which started in June 2007. The last of a total of 95 patients was recruited in July 2008. The trial is carried out at about 30 centres in six European countries. The randomised, open label three-arm Phase II trial investigates the effect of MESUPRON® in combination with the chemotherapeutic agent Gemcitabine (Gemzar®, Eli Lilly and Company, Indianapolis, IN, USA). Patients are administered either Gemcitabine alone or in combination with a daily oral dose of 200 mg or 400 mg MESUPRON® respectively until progression. At present one patient remains in the treatment after 27 cycles. The therapy has proven to be safe and well tolerated.

The aim of this proof-of-concept study is to demonstrate for the first time the activitiy of MESUPRON® in patients. This trial will evaluate the parameters progression-free survival, tumour response rate, time to metastases and overall survival.

WILEX announced preliminary data from this clinical Phase II trial in late September 2009. Gemcitabine alone demonstrated a tumour response rate of 9.7%. Co-administration of 200 mg MESUPRON® led to an increase to 22.6% and to 33.3% with 400 mg MESUPRON®. One-year survival with Gemcitabine alone was 37%. This increased to 45% with 200 mg MESUPRON® and to 53% with 400 mg MESUPRON®. The median survival of the patients improved by 30% from 10.2 months with Gemcitabine to 13.5 months in combination with 400 mg MESUPRON®.

These encouraging results demonstrate that inhibition of the uPA system may represent an innovative and promising therapeutic approach for the treatment of cancer patients. The data, which were discussed with the Medical Advisory Board, are preliminary as only 59 of the patients in the trial had died at that time; 72 deaths are required for the final analysis. Final data are expected in the first half 2010.

WILEX obtained approval to commence a second Phase II trial with MESUPRON® in patients with metastatic, HER2 receptor negative breast cancer in January 2008. Patient recruitment for this trial began in August 2008 and is still ongoing. A total of 67 patients had been recruited in the 40 trial centres in Europe, the USA and Brazil up to the end of January 2009.

This randomised double-blind Phase II trial involves 114 patients. It is designed to examine the efficacy of the combination of MESUPRON® and Capecitabine (Xeloda®, Hoffmann-La Roche AG, Basel, Switzerland) compared to monotherapy with Capecitabine. The trial's primary endpoint is progression-free survival, i.e. the length of time patients survive without further development of the disease. The patients receive the drugs as first-line treatment, i.e. the first treatment following diagnosis.

WILEX is not aware of any other active compounds currently in clinical trials that specifically target the uPA system.

WX-554 – oral MEK inhibitor

WX-554 is an inhibitor of mitogen-activated protein kinase (MEK), which has been shown to play a central role in signal transduction. MEK has been linked to a multitude of biological processes such as cell division, cell differentiation and cell death. The MEK signalling pathway is overexpressed in more than 30% of cancers, resulting in uncontrolled cell growth and proliferation.

The oral small-molecule MEK inhibitor WX-554 was acquired from UCB in the preclinical stage and brought to clinical development during the financial year. The application for a Phase I trial was submitted to the German Federal Institute for Drugs and Medical Devices (BfArM) in August 2009 and approved in October 2009.

The drug WX-554 was administered to the first subject in the trial in November 2009. The non-blinded dose escalation trial examines the pharmacokinetics, pharmacodynamics as well as safety and tolerance of WX-554 in healthy male subjects. The goal is to determine the optimal biological dose for inhibiting the MEK system using WX-554.

Glossary

It was stipulated as part of the strategic alliance with UCB that payments of €5.00 million each would fall due upon achievement of the milestones, "Submission of an application to conduct a clinical trial" and "Start of the Phase I trial". These milestone payments were made in August 2009 and December 2009, respectively.

WX-037 – PI3K inhibitor

Another project acquired from UCB is an oral small-molecule PI3K inhibitor, for which the drug candidate WX-037 was selected as the lead compound. The phosphatidylinositol-3-kinase/protein kinase (PI3K) signalling pathway sends a "growth" signal to the nucleus of a tumour cell. It has also been shown that abnormal mutations of the PI3K signalling pathway are present in many types of cancer. Identifying an inhibitor for the PI3K signalling pathway is thus of therapeutic interest. WX-037 is in preclinical development.

Antibody-based projects

The three antibody-based projects acquired from UCB are currently in the research phase. The aim is to identify a specific antibody that binds to each new target structure. The molecular targets of the antibody-based projects play different roles in spreading cancer or are overexpressed on tumour cells of various carcinomas.

4. Economic conditions

Macroeconomic environment

The 2009 financial year was marked by the most profound crisis of the global economy since the end of World War II. WILEX is affected by the economic climate only insofar as raising capital continues to be difficult.

Sector environment

According to IMS Health, the global pharmaceuticals market had a volume of USD 773 billion in 2008. Pursuant to the study, "European Pharmaceuticals" that was published in November 2009, the analysts of WestLB expect a growth rate of 5 % in 2010 (previous year: 4 %) in key pharmaceuticals markets.

Oncology

According to a study by the American Cancer Society, more than 12 million people worldwide were newly diagnosed with cancer in 2007; 5.4 million of these lived in industrialised countries. In these countries, cancer is the second most frequent cause of death, claiming 2.9 million lives in 2007 alone. The American Cancer Society expects the number of new cases to rise to 27 million people annually by 2030 just due to general growth and the rising average age of the population. The need for effective and at the same time well tolerated cancer therapies will therefore continue to grow.

Antibodies

According to Datamonitor's market survey, "Monoclonal Antibodies: Update 2008", therapeutic monoclonal antibodies generated total sales revenue of USD 26.3 billion in 2007. Datamonitor expects total sales revenue to rise to USD 49.1 billion by 2013. The market for therapeutic agents in oncology will account for more than USD 20 billion of this amount in 2013, says the study. Hence the oncology market will remain the largest market segment within the overall market for monoclonal antibodies.

Kidney cancer

According to the GLOBOCAN database, an estimated 210,000 people worldwide were newly diagnosed with renal cancer in 2002. Assuming a 2 % annual increase in renal cancer, this figure will have risen to about 241,000 new cases in 2009, clear cell renal cell cancer is the most frequent and aggressive form of renal cell cancer. This results in a large percentage (70 % to 80 %) of patients with non-metastatic renal cell carcinomas. About one third of the non-metastatic cases entail a high risk of relapse. RENCAREX® might be suitable for this group of patients.

Diagnosis of clear cell renal cell cancer

The growing number of people with cancer affects the growth prospects of the diagnostic market. In the Company's view, using REDECTANE® and PET/CT for diagnosis could greatly enhance the precision of renal cancer diagnosis and thus bring about crucial changes in therapy monitoring. Wilex is not aware of a similar imaging procedure existing today.

Therapy of clear cell renal cell cancer.

In recent years, numerous drugs such as Torisel® from Wyeth, Sutent® from Pfizer, Nexavar® from Bayer/Onyx, Avastin® from Roche and Afinitor® from Novartis have been approved for the treatment of advanced metastatic renal cell carcinoma. However, no drug has been approved to date by the FDA or EMEA for the adjuvant therapy of non-metastatic clear cell renal carcinoma. Other companies are also carrying out Phase III trials in this indication but they were initiated at a much later date than WILEX's and are not expected to be completed in the near future. As a result, RENCAREX® continues to address a high unmet medical need.

Small-molecule drugs

According to the Datamonitor study mentioned above, small-molecule drugs will with 76 %, continue to take the lion's share of the market segment of highly innovative therapeutic agents.

To the Company's knowledge, the small-molecule active compound in MESUPRON® is the first uPA inhibitor worldwide in a clinical Phase II programme. The preliminary data from the Phase II pancreatic cancer trial announced in September 2009 underscore WILEX's leading role in the field of uPA inhibition and provide a solid foundation for the continued development of MESUPRON®.

The MEK inhibitor WX-554 is a new product candidate in WILEX's product portfolio. MEK is considered a promising target for tumour therapy. Several pharmaceutical companies are in the early stages of developing MEK inhibitors. The most advanced drug – AZD-6244 – is currently being tested by Astra-Zeneca und Array Biopharma in clinical Phase II trials. WILEX believes that it is well positioned to develop a promising and competitive therapy following the start of the Phase I trial of WX-554 with healthy subjects and compared to other well-known MEK inhibitors.

WX-037 is an inhibitor of the PI3K signalling pathway, which, much like MEK, is considered a promising target for tumour therapies. In this case too, several companies are working on PI3K inhibitors and the most advanced of the drugs developed so far have reached the Phase I stage. Hence WILEX's preclinical drug WX-037 also puts the Company in a good position to develop a promising therapeutic approach in this innovative field.

5. Earnings, financial position and net assets

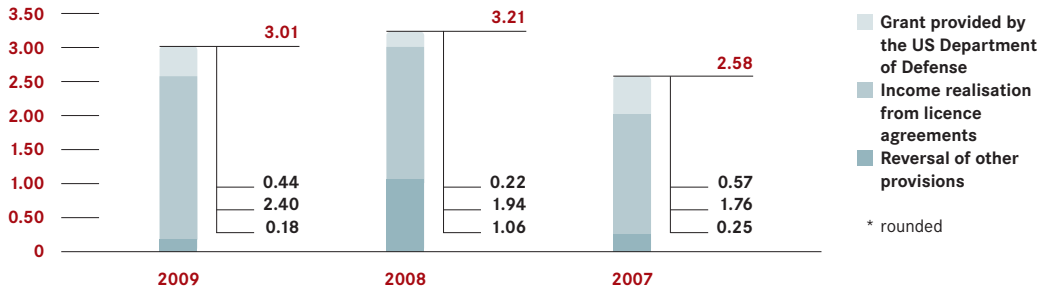
In the 2009 financial year (1 December 2008 to 30 November 2009), WILEX posted earnings before taxes of € – 12.71 million (previous year: € – 20.43 million). At € 0.02 million, income taxes are on a par with the previous year (€ 0.02 million). The net loss for the year decreased by 37.7 % to € 12.73 million (previous year: € 20.45 million). This corresponds to earnings per share of € – 0.95 (previous year: € – 1.71). For the first time, sales revenue of € 10.00 million contributed to improving earnings. As expected, expenditures were higher than revenue and other income. Earnings developed according to plan.

Sales revenue and other income

Sales revenue for the 2009 financial year totalled € 10.00 million due to the milestone payments received from UCB for the MEK inhibitor WX-554.

At € 3.01 million, other income fell 6.1 % below the previous year's level of € 3.21 million. This decline results especially from lower reversals of other provisions, which were € 0.18 million and thus 82.8 % lower year on year (€ 1.06 million). The revenue from licence agreements with the Company's cooperation partners, Esteve and IBA, rose by 23.8 % over the previous year to € 2.40 million (previous year: € 1.94 million) as the costs for the development programmes – REDECTANE® and RENCAREX® – were higher in the 2009 financial year than the previous year. Other income also contained € 0.44 million in development funds from the US Department of Defense for the uPA programme with MESUPRON® (previous year: € 0.22 million). Prepayments received for research projects are accrued and recognised as other income in line with project costs.

Other income in € million*



Operating expenses

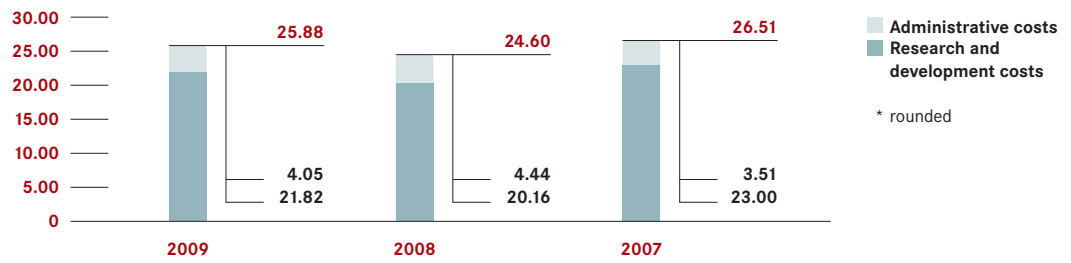
Operating expenses including depreciation and amortisation losses rose by 5.2 % to € 25.88 million (previous year: € 24.60 million). This was primarily a result of the year-on-year increase of 8.3 % in research and development costs, which totalled € 21.82 million (previous year: € 20.16 million).

In 2009, the ongoing clinical development of the monoclonal antibody girentuximab for REDECTANE® and RENCAREX® accounted for 68.9 % (previous year: 66.2 %) of research and development costs. Approximately 19.9 % (previous year: 32.4 %) were attributable to the uPA programme, which includes the small-molecule drug candidate MESUPRON®, and 11.2 % (previous year: 1.4 %) to other projects, including the portfolio acquired from UCB.

While the costs for the ARISER trial with RENCAREX® declined as expected, the expenses for the REDECT trial with REDECTANE® rose as a result of the increase in the number of patients. The costs for the uPA programme involving MESUPRON® declined as the preclinical research was completed and the Phase II pancreatic cancer trial has almost been completed. The costs for recruiting patients for the breast cancer trial with MESUPRON® were as planned. Costs related to WX-554 and WX-037 as well as the antibody projects were incurred for the first time in 2009.

Administrative costs accounted for 15.7% of operating expenses. Despite the overall increase in staff costs, WILEX succeeded in reducing administrative costs by 8.8% to €4.05 million (previous year: €4.44 million) thanks to cost-efficient processes and lower external consulting fees. Administrative costs also contain the pro-rata measurement of the stock option plan in the amount of €0.12 million (previous year: €0.29 million).

Operating expenses in € million*



Financing and liquidity

The net financial result fell from €0.96 million to €0.15 million due to the planned use of cash and the resulting decrease in interest income. Finance income results solely from interest on bank credit balances and/or fixed-term deposits. WILEX invested a large portion of the IPO proceeds and the liquid funds from the strategic alliance that were not yet required for clinical development in fixed deposits, term deposits and overnight deposits with varying maturities. At no time did WILEX invest cash and cash equivalents in stock or share-based financial instruments. Finance costs declined by € 11.62 thousand to €7.60 thousand.

The Company had cash and cash equivalents of €3.41 million (previous year: € 12.14 million) at the close of the financial year. The change was affected for one by both the capital increase executed in February as well as UCB's milestone payment and for another by the use of funds. In addition, the pledged rent security was reclassified to other non-current assets because the lease will remain in effect for more than 12 months and no early termination is envisaged. The Company's liquidity ratio (cash positions plus bank credit balances divided by current liabilities) was 40.8% as of 30 November 2009 (30 November 2008: 131.0%).

Cash flow statement

The net cash flow from operating activities during the reporting year was € – 18.45 million (previous year: € – 21.50 million).

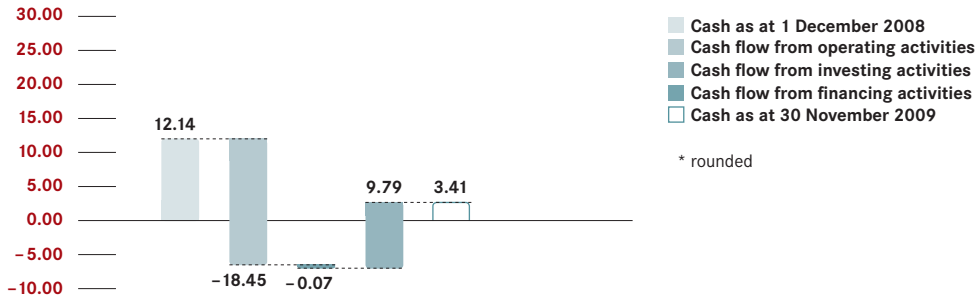
The net cash flow from investing activities amounted to € – 71 thousand (previous year: € 14.93 million). The previous year's figure resulted mainly from the expiration of a € 15.00 million investment in a fixed-term deposit. Excluding this effect, the change in the same period of 2008 was € – 68 thousand.

The net cash flow from financing activities in the 2009 financial year was € 9.79 million (previous year: approx. € – 89 thousand) and was generated by the capital increase executed in the first quarter in connection with the UCB transaction.

Total net outflow of cash and cash equivalents was € 8.73 million (previous year: € 6.66 million). This corresponds to an average use of cash of € 0.73 million per month in 2009 (previous year: € 0.55 million). Adjusted for the effect of the capital increase less transaction costs in February 2009 (€ 9.81 million), the average cash used per month was € 1.54 million (previous year: € 1.8 million, adjusted for a € 15.0 million repayment of a financial investment). The monthly cash burn was € 1.96 million if the effect of UCB's milestone payment in the amount of € 5.00 million is eliminated as well. The previous year, the use of cash was € 2.10 million per month if adjusted for two extraordinary items, repayment of a financial investment (€ 15.0 million) and a prepayment from IBA (€ 3.5 million).

The Company had cash and cash equivalents of € 3.41 million (previous year: € 12.14 million) at the close of the reporting period.

Cash flow 2009 in € million*

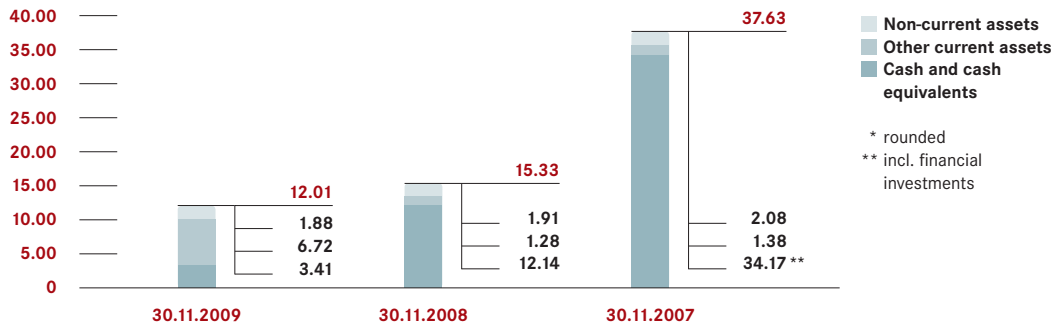


Assets

Total assets as of 30 November 2009 were € 12.01 million and thus € 3.31 million lower year on year (30 November 2008: € 15.33 million). Non-current assets declined to € 1.88 million as of 30 November 2009 (previous year: € 1.91 million), mainly due to the fact that depreciation, amortisation and impairment losses exceeded the additions to the assets. Property, plant and equipment in the amount of € 0.42 million (previous year: € 0.46 million) primarily concern laboratory and office equipment. The asset value of a reinsurance policy was recognised at € 0.02 million under other non-current assets and thus at the previous year's level. In addition, the pledged rent security in the amount of € 0.14 million was reclassified to other non-current assets.

Current assets fell from € 13.42 million to € 10.13 million due to the cash required for clinical development. Whilst € 1.35 million in prepayments mainly to service providers for implementing clinical trials were higher than the previous year (€ 1.07 million), cash and cash equivalents fell from € 12.14 million as of 30 November 2008 to € 3.41 million as of 30 November 2009. Trade receivables and other receivables were € 5.34 million (previous year: € 0.18 million); this includes a receivable of € 5.00 million related to the second milestone payment from UCB which was settled in December 2009.

Balance sheet structure – assets in € million*



Investments, depreciation, amortisation and impairment losses

As in recent years, non-current assets were relatively low as the funds used for development projects and related depreciation, amortisation and impairment losses are not capitalised in accordance with IFRS but expensed as current research and development costs. Overall, investments in property, plant and equipment and intangible assets were €0.07 million.

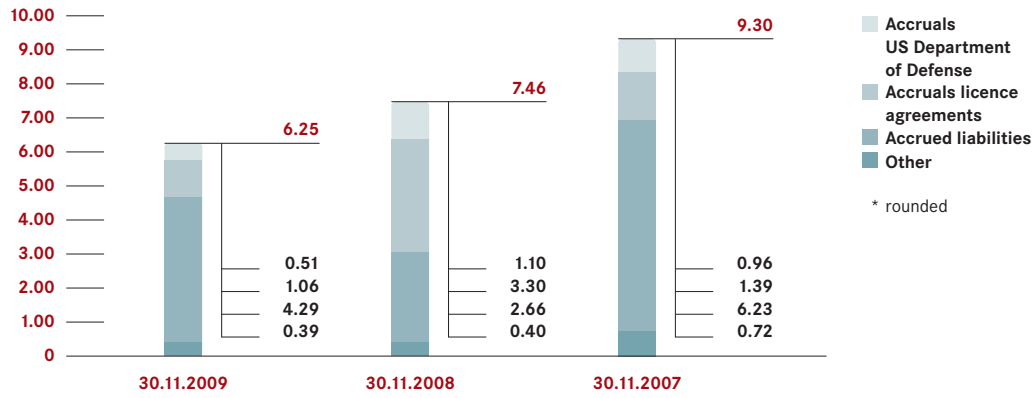
The additions to property, plant and equipment amounted to €0.06 million (previous year: €0.05 million). They were offset by depreciation, amortisation and impairment losses of €0.10 million (previous year: €0.12 million). At €0.01 million, additions to intangible assets were at the previous year's level (€0.01 million). Amortisation of intangible assets was €0.14 million (previous year: €0.14 million).

Liabilities

Non-current liabilities rose in the reporting year from €0.27 million to €0.62 million as of 30 November 2009. The obligations to third parties contained in this amount were recognised based on their contractually stipulated terms. A breakdown by maturities was necessary, given the convergence of the accrual methods utilised in connection with the grants from the US Department of Defense and those from Esteve and IBA using a fixed trial endpoint and a reversal of income in accordance with the rate of progress. A total of €0.47 million were classified to non-current liabilities because the breast cancer trial of MESUPRON® is not likely to be concluded in the near term.

Current liabilities fell from €9.26 million to €8.35 million as of 30 November 2009. While accruals related to licence agreements declined from €3.30 million to € 1.06 million, accrued liabilities rose from €2.66 million to €4.29 million especially due to a production run for the antibody (REDECTANE® and RENCAREX®) and the costs of the clinical research the external service provider has already incurred for REDECTANE®. Additionally, €0.51 million in current liabilities were accrued in connection with the grants from the US Department of Defense, and €0.39 million (previous year: €0.40 million) in other current liabilities consisting mainly of income tax and church tax liabilities as well as liabilities for vacation not yet taken were recognised. Trade payables as of the reporting date were €2.10 million, rising by 17.4% from € 1.79 million.

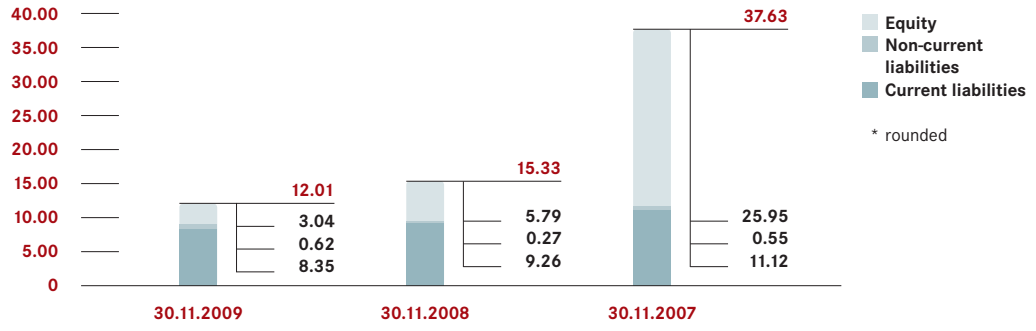
Other current liabilities in € million*



Equity

Equity pursuant to IFRS as of 30 November 2009 was € 3.04 million (previous year: € 5.79 million). The subscribed capital as of 30 November 2009 was € 13.78 million; it rose as a result of the capital increase executed in return for contributions in kind as part of the UCB deal (30 November 2008: € 11.96 million). Capital reserves climbed to € 113.37 million (previous year: € 105.20 million) due to both the completed capital increase and the measurement of stock options. The accumulated losses rose by the net loss of € 12.73 million for the year to a total of € 124.10 million (previous year: € 111.37 million). The equity ratio fell correspondingly to 25.3 % (previous year: 37.8 %).

Balance sheet structure – equity and liabilities in € million*



Stock options

WILEX issued a total of 1,076,424 subscription rights to employees and members of the Executive Management Board in connection with its Employee Stock Option Plan (ESOP). Of the 903,134 options outstanding at the end of the financial year, 729,335 were attributable to current and former members of the Executive Management Board and 173,799 were attributable to employees. As of the balance sheet date, a total of 386,023 subscription rights were available for issuance to employees and to members of the Executive Management Board. From 1 December 2008 to 30 November 2009, no new stock options were issued, and 2,700 options were returned by two employees who left the Company. No stock options could be exercised to date.

6. Employees

Employees are WILEX's most important asset. Their know-how and scientific expertise are decisive for the development of a new generation of cancer drugs and diagnostic agents. The positive relationships that WILEX employees maintain with scientists and potential cooperation partners are just as critical to the commercial exploitation of its product portfolio and future enterprise value.

WILEX AG developed a performance-related compensation system for its employees. Every employee is paid variable compensation based on defined goals in addition to an annual fixed salary. Furthermore, the stock option plan gives employees a stake in the Company's performance. In the reporting year just ended, 40 (previous year: 45) employees participated in the stock option plan. As of the balance sheet date, a maximum of 386,023 stock options were available for issuance to employees and to members of the Executive Management Board. Employee inventions that lead to patent applications are compensated under the Patent Incentive Programme.

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Including the members of its Executive Management Board, WILEX had 71 employees at the close of the financial year (30 November 2008: 66). Hence a net total of five new jobs were created as of 30 November 2009 compared to the previous year. A total of 51 employees worked in research and development (previous year: 45) while 20 (previous year: 21) worked in administration and business development.

Employees	30.11.2009	30.11.2008	30.11.2007
Administration and business development	20	21	16
Research and development	51	45	41
Total	**71**	**66**	**57**

7. Events after the reporting period

The following events occurred after the close of the financial year on 30 November 2009:

The capital increase subject to shareholders' subscription rights, which the Executive Management Board resolved on 11 November 2009 with the approval of the Supervisory Board, and the subsequent private placement of unsubscribed shares with both German and International institutional investors were completed on 4 December 2009 when the capital increase was recorded in the Commercial Register. A total of 2,177,030 shares were placed at a price of €4.10 per share. The Company's share capital of € 13,780,935.00 was raised by € 2,177,030.00 using authorised capital to € 15,957,965.00 by issuing 2,177,030 new no par value shares with an arithmetical proportion in the share capital of € 1.00 and full rights to dividends from 1 December 2008 in return for cash contributions.

Sal. Oppenheim and Caris were the joint lead managers and joint book runners in connection with this transaction.

WILEX received gross proceeds of approximately € 8.93 million from this capital increase. This will enable WILEX to use the net proceeds of about € 8.53 million from the rights issue to fund both its current clinical trials and the Company's continued growth as well as enhance its equity base.

8. 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 risks. 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 full Executive 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 sustainable 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 (KonTraG). WILEX uses this system 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 (company guideline). These documents are regularly updated and are available to all employees.

General business risks

WILEX is exposed 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 marketing approval can span many years. Even though WILEX's portfolio matured further in the 2009 financial year, there is a continued risk that none of the drug and diagnostic candidates in its current product pipeline will receive marketing approval.

Although health care costs are generally less exposed to economic fluctuations, health care reforms and price reductions for drugs in the US, Europe and Japan – key markets all – will increase the pressure on health care budgets and thus on the pharmaceuticals market on the whole. Overall, this situation could cause potential cooperation partners or investors to refrain from making new commitments. This could also pose a risk for WILEX.

Product development risks

The development of the Company's 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 study sites or contract research organisations. To date, none of the product candidates have successfully completed all clinical trials 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. WILEX 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 does 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 that 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 launched at a later date, since subsequent market players must prove that their products possess improved features when compared to established products. Like other pharmaceutical and biotechnology companies, 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 products developed by WILEX. Additional risks arise from the fact that competitors might offer their technology to cooperation partners at a lower cost, 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 health care 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 WILEX's business activities. Many cooperation and out-licensing agreements provide milestone payments due upon fulfilment of specific criteria. WILEX has no influence over the achievement of these milestones by cooperation partners or licensees, or over the decision 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 of 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 revenue 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 significant litigation is pending at present.

Financing risks

It is reasonable to assume that WILEX will continue to have a considerable capital requirement in future. This depends on numerous factors. Whilst the Company's ability to identify commercialisation partners and enter into cooperation deals is essential, the ability of such cooperation agreements to generate sales revenue from existing and future licence fees and/or milestone payments is also an important factor in determining the Company's future capital requirements. Costs incurred by research and development and by product approval as well as the enforcement of patent rights may exceed cash returns from these products.

Raising capital will have top priority in the current financial year because the capital increase completed early in the 2010 financial year was not subscribed as planned. The Executive Management Board aims to raise additional capital through partnerships and cooperation agreements in order to ensure the Company's funding beyond the current financial year.

This will be achieved largely by commercialising the Company's products. WILEX's action plan focuses on entering into a development and marketing agreement with one or several partners now that the impressive preliminary data from the Phase II trial of MESUPRON® for the pancreatic cancer indication are available.

Balance sheet risks

Halving of the Company's share capital through rising losses carried forward

WILEX is not yet a profitable company and has posted operating losses in all of its past financial years. Given the scope of its research and development expenses, over time these losses have accumulated into large losses carried forward that are offset against equity. Although it is unlikely given the Company's current equity situation in accordance with the relevant annual financial statements prepared under the German Commercial Code, we cannot preclude that the Company might have to file a report that its share capital has been halved. Pursuant to Section 92 Sub-section 1 German Stock Corporation Act (AktG), this would immediately require us to convene an extraordinary General Meeting. Such a meeting would entail both organisational and financial costs for WILEX and might also have a negative impact on the Company's share price.

Risks related to the allowance of tax losses carried forward

By notice of assessment dated 14 August 2009, the appropriate tax office assessed the losses carried forward until 31 December 2008, which comprise losses carried forward of € 112.78 million (corporation tax) and € 110.41 million (municipal trade tax). The tax office has reserved the right to review its assessment.

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 as well as the IPO in November 2006 and the capital increases in 2009, the Company may have lost its losses carried forward accumulated until the end of 2006, which amount to € 67.24 million (corporation tax) and € 64.95 million (municipal trade tax).

Section 8c German Corporation Tax Act (which was added in connection with the German Business Tax Reform Act 2008) replaces the provisions of Section 8 Sub-section 4 German Corporation Tax Act (KStG), which had been applicable until the end of 2007; it is binding on transfers of shares effective 1 January 2008 or later. Accordingly, transferring 25 % to 50 % of the subscribed capital already leads to the pro-rated elimination of tax loss carryforwards whilst any transfer of more than 50 % of the subscribed capital results in the complete elimination thereof. In contrast to the previous regulation, the infusion of mostly new operating assets is no longer relevant. This could result in the elimination of tax losses carried forward accumulated until that time and thus have a negative impact on the after-tax results and equity of WILEX in future, particularly in connection with previous and further capital measures.

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 revenue 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. WILEX does not currently engage in hedging transactions because it is 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 future could delay implementation of the Company's business strategy and considerably impair its business prospects.

Going-concern risks

Both cash and receivables as of the 30 November 2009 reporting date and today's vantage point will be sufficient to pay current liabilities (including provisions). Based on current information and plans, WILEX expects its cash to last into the third quarter of 2010 without any additional capital measures. The Executive Management Board has developed a set of measures designed to minimise the financing risk. Until then, the Company's primary goal is to finalise an out-licensing or partnership agreement for MESUPRON®.

WILEX is currently in concrete talks with several interested parties such that the Executive Management Board expects to be able to close a deal before the end of the current financial year. A partnership regarding MESUPRON® would substantially improve the Company's cash flow and ensure its liquidity until at least 2011. The Company is also conducting talks with potential partners in regards to RENCAREX®. WILEX does not believe at this time however that these negotiations will lead to a marketing partnership until after the data based on the 343rd relapse are available.

Alternatively, in the event that WILEX is unable to enter into a partnership for MESUPRON® by the third quarter of 2010, the Company has signed a non-binding letter of intent with a financing partner regarding an equity line financing agreement in order to raise fresh capital in the short and medium term. If the equity line agreement is signed, it will provide for a total of up to € 20 million in standby equity with a term of 36 months from the date of signing. The Executive Management Board intends to sign the agreement by late March 2010. This equity line agreement, which is not uncommon in the industry, would authorise the Company to issue new WILEX shares from authorised capital and sell such shares in tranches to the financing partner, in turn providing the Company with cash as necessary. Whilst it would be entirely at the Company's discretion whether or not to issue shares, the financing partner would be obligated to purchase the shares. The Company could receive up to € 1 million per month from June 2010, which it could use to reduce its cash burn, if the agreement is signed with the financing partner and new authorised capital is created.

Since this financing instrument by itself does not suffice, the Executive Management Board has identified and prioritised additional steps that will have a substantial impact, which, together with the equity line financing agreement, would extend the reach of the Company's financial means until the end of the current financial year. The set of measures that WILEX has developed with the aim of reducing and shifting costs and thus extending the reach of its financial means would entail reductions, some of them dramatic, in expenditures for research and development, production, marketing and administration. These measures might already bear fruit in 2010 if negotiations with potential commercialisation partners and the planned fundraising activities cannot be closed in due time. WILEX will continue to practice cost-sensitive management policies as before.

If it becomes apparent that it is not possible to enter into a partnership for MESUPRON® in accordance with this planning, WILEX would have to try to raise funds on the capital market. WILEX regularly briefs existing and potential investors on the Company's strategy, the status of its clinical research and pending milestones in order to give them a basis for making decisions.

Any failure to achieve the inflow of funds as described would have a negative impact on WILEX's earnings, financial position and net assets. In this case, WILEX might be unable to satisfy its payment obligations and/or become overindebted during the current financial year. This would jeopardise the Company's existence as a going concern in the short term.

Overall assessment of the risk situation

The Company has made great progress in scientific terms. WILEX has obtained positive preliminary data from both a Phase III and a Phase II trial. Based on current planning, and not taking the aforementioned measures into account, WILEX's funding should reach to the third quarter of 2010. The Executive Management Board is confident that it will be able to raise additional funds through at least one partnership or cooperation deal. However, if it turns out to be impossible to generate new inflows of capital, the financing instrument described in the section "Going-concern risks", as well as the cost reductions, could help to improve the Company's financial position. To supplement these measures, WILEX would have to try to raise funds on the capital market in order to ensure the Company's continued existence. The Company might not be able to satisfy its payment obligations and/or might become overindebted if it were to fail to implement the steps described in detail in the section "Going-concern risks" during the current financial year, jeopardising the Company's existence as a going concern in the short term.

General business opportunities

According to the American Cancer Society, in 2007 more than 12 million people worldwide were newly diagnosed with cancer. Tumour diseases are amongst 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 cancer diseases. Two product candidates in the WILEX portfolio are currently in a Phase III registration trial, one candidate is in two Phase II trials. 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 a non-specific cytotoxic effect – unlike certain conventional treatments such as chemotherapy. On the other hand, WILEX is concentrating on therapies designed to inhibit the further progression of cancer by preventing tumour growth and metastasis. The diagnostic agent REDECTANE®, which is currently under development, is intended to improve tumour detection and post-treatment therapy monitoring.

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In a proof of concept study, **REDECTANE®** confirmed the presence of clear cell renal cell carcinoma in 100% of cases (positive predictive value). A Phase III registration trial is currently being conducted to examine whether imaging with REDECTANE® and PET/CT can improve diagnosis compared to the standard procedure (CT only). This means that REDECTANE® could determine whether a patient has clear cell renal cell carcinoma before surgery. Therefore, REDECTANE® could significantly improve and simplify treatment planning for patients suspected of having renal cancer. Preliminary data have confirmed that PET/CT with REDECTANE® is superior to CT. As before, the Company is unaware of the existence of any imaging procedure for clear cell renal cell carcinoma that is as specific and sensitive.

In June 2008, WILEX signed a licence agreement with IBA concerning the worldwide marketing, distribution and sale of its diagnostic product candidate. Once the envisioned marketing approval has been granted, WILEX will be paid 20% of the sales revenue ex works up to a sales volume of €7 million. Then its share will rise to 45% of all subsequent sales revenue ex works. WILEX believes that REDECTANE® can reach an annual peak sales potential of USD 100 million in clear cell renal cell carcinoma diagnosis alone.

In the Company's view, **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. To date neither the FDA nor the EMEA have approved any drug for the adjuvant therapy of clear cell renal cell carcinoma. WILEX believes that RENCAREX® can reach an annual peak sales potential of USD 500 million in clear cell renal cell carcinoma alone.

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In order to prevent cancer from progressing further, WILEX is developing the drug candidate **MESUPRON®** as part of its urokinase-specific plasminogen activator (uPA) programme. The uPA system seems to plays a key role in the growth, spread and metastasis of various malignant tumours. WILEX expects MESUPRON® to be used for the treatment of patients with tumour diseases such as breast, pancreatic, ovarian, gastric and colon cancer. MESUPRON® and WX-UK1, a substance that is administered intravenously, both successfully completed clinical Phase I trials. The Company believes that they proved to be safe and well tolerated in these trials. MESUPRON® facilitates the long-term treatment of patients because it can be administered orally in capsule form. Preliminary, positive data for the Phase II trial with MESUPRON® involving patients with non-metastatic pancreatic cancer were published in September 2009. Patient recruitment for the Phase II trial with MESUPRON® involving patients with metastatic breast cancer began in August 2008. To the best of WILEX's knowledge, MESUPRON® is the first uPA inhibitor worldwide to have entered a clinical Phase II trial. WILEX believes that MESUPRON® could reach a potential annual peak sales volume of USD 1 billion.

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The comprehensive strategic alliance with UCB in January 2009 enabled WILEX to take over UCB's entire preclinical oncological portfolio for purposes of ongoing development. These promising candidates complement and expand the Company's own advanced oncological pipeline. In UCB, WILEX has not only found an important partner but also a strong strategic investor to support the Company's successful future development.

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UCB retains exclusive rights to buy back each of the five programmes, following completion of initial clinical proof of concept studies for each drug, and assume the responsibility for further development and commercialisation of each product. In this case, WILEX will receive development and commercialisation milestone payments and royalties from UCB. Alternatively, in the event UCB does not exercise its buyback right for a given programme, WILEX will retain rights to develop as well as commercialise that programme and UCB will receive milestone and royalty payments from WILEX. Furthermore, the two partners may jointly develop the programmes after the successful completion of the proof of concept studies.

9. Anticipated developments

Strategy

The Company's strategy for the 2010 financial year mainly includes commercialising its portfolio in order to place the Company on a firm financial footing both in the near term and beyond 2010. WILEX will intensify its current talks and negotiations with international pharmaceutical and biotech companies regarding out-licensing agreements for MESUPRON® as well as RENCAREX®; it will also maintain and optimise the development and marketing partnerships that are already in place. The Executive Management Board has also developed a set of measures designed to minimise the financing risk.

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Besides achieving further success in research and development, WILEX also expects the product candidate REDECTANE® to start generating sales in the coming years provided the marketing application can be submitted during the current financial year. WILEX' strategic goal is to finance more and more of its expenses for research and development from its operating cash flow in the next years.

Research and development

The final trial report for the Phase III registration trial with REDECTANE® is planned for the second quarter of 2010. WILEX will discuss the next steps with the FDA based on these data and the SPA. WILEX expects the preparation of the marketing application to take three to six months so that the application could be submitted in the second half of 2010.

The next milestone in the Phase III ARISER trial with RENCAREX® – the occurrence of the 343rd relapse – is expected to be achieved in the 2010 financial year. The study protocol stipulates an interim analysis for efficacy of the antibody to be carried out after that, which could be the basis for filing for approval in the European Union.

WILEX is expecting final data from the Phase II trial of the uPA inhibitor MESUPRON® involving patients with pancreatic cancer in the first half of 2010. Recruitment of breast cancer patients will be continued. WILEX plans to find a global partner for MESUPRON® in 2010.

The report on the Phase I trial with the MEK inhibitor WX-554 will be finalised in the second quarter of 2010.

Expected earnings

WILEX's earnings in the short term are contingent on the closing of a licence agreement or commercialisation partnership. As matters stand now, potential sales revenue from a given partnership cannot be included in the planning for 2010, despite the positive nature of current talks and negotiations. Sales revenue of € 10.00 million was generated from the partnership with UCB in the previous year. If the projects proceed as planned, then between € 1.5 million and € 2.0 million in income (2009: € 3.01 million) will be generated comprising the expected milestone payments as well as other income. Other income will to be based primarily on licence payment realisation from the cooperation partners Esteve and IBA, as well as from grants from the US Department of Defense.

If a partnership agreement is closed and WILEX can dispense with cost reduction measures, WILEX expects operating expenses in 2010 to be in the range of € 26 million to € 30 million if business proceeds as planned, thus surpassing the previous year's level (€ 25.9 million). Higher research and development costs in the range between € 22 million and € 26 million (2009: € 21.8 million) would be the primary reason for this increase. The increase in costs is attributable to the continued development of both WX-554 and the preclinical projects acquired from UCB in 2009, and to the expected expenditures for the marketing application for REDECTANE®. The costs incurred in connection with MESUPRON® mainly arise from the Phase II trial of the breast cancer indication but also from the analysis of the final data and the preparation of the report on the Phase II trial of the pancreatic cancer indication. The costs for RENCAREX® on the other hand will be lower compared to previous years because drug administration to patients has been completed and the progress of the relapses also reduces expenses for examinations using CT.

The Executive Management Board continues to anticipate that research expenses in the 2010 financial year will be higher than in 2009 and that they will also be higher than revenue and other income. WILEX expects to start generating sales revenue from the approval of one or more product candidates in the coming years in addition to income from conventional partnership agreements. If this succeeds, the expected income might surpass planned costs for research and development depending on the structure of the respective agreement.

Expected net assets and financial position

If revenue, income and expenses develop as expected, the net change in cash and cash equivalents in the 2010 financial year is expected to be between € – 14 million and € – 18 million. This corresponds to capital requirements of € 10 million to € 14 million by the end of the current financial year. These figures already contain the € 5.00 million payment from UCB in payment of the receivable outstanding at the close of the financial year just ended and the net cash of about € 8.5 million from the capital increase completed on 4 December 2009. These targets do not take potential revenue from commercialisation agreements, capital inflows from an equity line financing agreement, cost reductions or additional capital measures into account. According to current plans, WILEX is thus funded until the third quarter of 2010. Its funding would be ensured through 2011 if the Company were to receive a payment under a partnership.

Concrete talks with several interested parties are currently underway with the aim of securing the Company's funding from the third quarter of 2010 and beyond 2010. At this time, the Executive Management Board expects to close an agreement during the current financial year. The Executive Management Board intends to implement this in a way that brings about a sustained increase in shareholder value. The Company would have to raise additional funds on the capital market if it does not receive adequate funds in the near term. The Executive Management Board expects the positive final data from the Phase III registration trial of REDECTANE® and the final confirmation of the impressive preliminary data from the Phase II trial of MESUPRON® in the pancreatic cancer indication, which are expected in the first six months of 2010, to lay the groundwork for a successful capital measure. All measures being discussed in view of improving the Company's financial situation are described in detail in the section "Going-concern risks" of chapter 8.

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The Company's equity (30 November 2009: € 3.04 million) will continue to decline if no additional capital is raised, given the anticipated loss for the 2010 financial year.

10. Disclosures under Section 289 Sub-section 4 German Commercial Code (HGB): Report and explanatory report of the Executive Management Board

Summary of subscribed capital

The Company's subscribed capital amounted to € 13,780,935.00 at the end of the financial year. It is composed of 13,780,935 no par value bearer shares. These shares are fully paid in. The Company does not hold any treasury shares.

The Executive Management Board resolved on 11 November 2009 with the approval of the Supervisory Board to execute a capital increase subject to shareholders' subscription rights and a subsequent private placement of unsubscribed shares with both German and international institutional investors. A total of 2,177,030 new shares were issued. The Company's share capital of € 13,780,935.00 was raised by € 2,177,030.00 using authorised capital to € 15,957,965.00 by issuing 2,177,030 new no par value shares with an arithmetical proportion in the share capital of € 1.00 and full rights to dividends from 1 December 2008 in return for cash contributions.

The execution of the capital increase was completed and recorded in the appropriate Commercial Register on 4 December 2009, i. e. after the close of the financial year. The new shares have not yet been listed in the Regulated Market of the Frankfurt/Main Stock Exchange. The listing is planned for the 2010 fnancial year.

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 (AktG) and the Company's Articles of Association. There are no restrictions on voting rights or on the transfer of shares. No shareholder or shareholder group has special rights. Each share entitles the holder to one vote at the Annual General Meeting and is determinant for the proportion of the Company's profits the shareholder will receive.

As of the reporting date, UCB Pharma S.A. held 1,818,181 shares in WILEX AG, which corresponds to a share of 13.19 %. 50 % of the shares (909,091 shares) are to be listed at the Frankfurt/Main stock exchange. Under the terms of the strategic alliance, the other half of the shares (909,090 shares) will be subject to a lock-up period until 9 January 2011.

In addition to this, no shareholder is prohibited from selling, pledging or otherwise disposing of the Company's securities (shares and options).

Equity interests exceeding 10 % of voting rights

The German Securities Trading Act (WpHG) 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). The thresholds requiring such disclosure are 3, 5, 10, 15, 20, 25, 30, 50 and 75 %. Section 289 Sub-section 4 HGB requires any interest in a Company's capital in excess of ten percent of the voting rights to be disclosed.

On 30 November 2009, WILEX was in the process of executing a capital increase. As part of this transaction, dievini Hopp BioTech holding GmbH & Co. KG (dievini), the Company's largest shareholder, made available 18.81 % of WILEX shares to Sal. Oppenheim jr. & Cie. KGaA (Sal. Oppenheim) by means of a share loan in order to make immediately listed shares available to old and new shareholders. Following the capital measure, both the shares that dievini had made available in connection with the share loan and the shares that dievini had newly subscribed in connection with the capital increase were transferred to dievini.

Entity with disclosure requirement	Voting interest [1] as of reporting date 30.11.2009	Voting interest [2] after reporting date 14.12.2009
Sal. Oppenheim	18.81 %	0.00 %
dievini	5.95 %	29.00 %
Apax Europe IV – A, L.P.	12.24 %	10.57 %
UCB	13.19 %	11.39 %

[1] Base: share capital of 13,780,935

[2] Base: share capital of 15,957,965

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 the 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 Annual General 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 € 18,400.00 through the issue of up to 18,400 no par value bearer shares (Contingent Capital). The contingent capital increase serves to grant options to the Company's employees and Executive Management Board members as resolved by the Annual General Meeting on 20 July 2001 (Item 6 on the agenda) taking into consideration the amendments as resolved by the Annual General Meetings on 29 April 2005, 8 September 2005 and 26 May 2009. 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 Annual General Meeting had yet to adopt a resolution concerning the allocation of net retained profits. 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 € 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 Annual General Meeting on 8 September 2005 (resolution in accordance with item 9.1) make use of their stock options. In accordance with the specific terms and conditions determined in this resolution, the shares will be issued. 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.

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According to Article 5 (5) of the Company's Articles of Association, the Executive Management Board as of the reporting date was authorised to increase the Company's share capital, with the approval of the Supervisory Board, by up to € 3,607,948.00 by issuing up to 3,607,948 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).

On 3 December 2009, the Executive Management Board resolved, with the approval of the Supervisory Board, to utilise this authorisation to some extent. Article 5 (5) of the Articles of Association was amended as follows:

"The Executive Management Board is authorised to increase the Company's share capital, with the approval of the Supervisory Board, by up to € 1,430,918.00 by issuing up to 1,430,918 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:

(a) for a portion of the Authorised Capital in the total amount of up to € 1,430,918.00 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;
(b) for a portion of the Authorised Capital in the total amount of up to € 1,430,918.00 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);
(c) for a portion of the Authorised Capital in the total amount of up to € 1,430,918.00 provided that the new shares are issued in return for cash contributions or contributions in kind for the purpose of acquiring companies or equity inter-

ests in companies and provided that the acquisition of the company or the equity interest is in the best interests of the Company;

(d) for the purpose of settling claims under contractual subscription rights on the basis of contracts concerning the establishment of silent partnerships; or

(e) 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 and UCB agreed on 8 January 2009 to enter into a strategic alliance. Under this agreement, WILEX AG took over a UCB subsidiary, which is a limited liability company under German law ("GmbH") and which was merged into WILEX AG in the course of the financial year. If WILEX is subject to a change of control following a takeover bid, UCB is entitled but not obligated to make use of its buyback option (so-called opt-in right) prematurely.

Initially, a change of control is deemed to have taken place in particular if a party holds at least 50 % of the shares in WILEX AG. The requirements of the German Stock Corporation Act regarding the allocation of voting shares shall apply. In the event of a takeover bid as defined in the German Securities Acquisition and Takeover Act (WpÜG), acceptance of an offer for 50 % or more of the voting shares suffices. Furthermore, the transfer to a third party of all or essentially all assets of WILEX AG as well as the acquisition of the right to appoint or dismiss 50 % or more of the members of the Supervisory Board of WILEX AG are considered a change of control

In particular, the parties also stipulated that if 50 % or more of the Company's Executive Management Board members and second management tier (vice presidents or higher) leave the Company within a period of three years from the closing of the strategic alliance, UCB may exercise the change of control provision inasmuch as these persons occupy key positions in regards to the expertise of WILEX, i. e. to develop and market drug candidates for oncological indications.

All stock options issued to employees and the Executive Management Board vest at the time of the change of control and may be exercised immediately without regard for any waiting period.

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.

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Income statement

of WILEX AG in accordance with IFRS for the financial year from 1 December 2008 to 30 November 2009

	Note	2009 €	2008 €
Revenue	19	10,000,000	0
Other income	20	3,013,462	3,207,707
Income		**13,013,462**	**3,207,707**
Research and development costs	21	(21,822,973)	(20,156,595)
Administrative costs	21	(4,054,651)	(4,444,659)
Operating expenses		**(25,877,625)**	**(24,601,254)**
Operating result		**(12,864,163)**	**(21,393,547)**
Finance income	24	157,954	972,292
Finance costs	24	(7,598)	(11,624)
Financial result		**150,355**	**960,667**
Earnings before tax		**(12,713,807)**	**(20,432,880)**
Income tax	26	(15,455)	(14,785)
Net loss for the year		**(12,729,262)**	**(20,447,665)**
Earnings per share	27		
Basic and diluted earnings per share		(0.95)	(1.71)
Average number of shares issued		13,347,560	11,962,754

Rounding of exact figures may result in differences.

Balance sheet

of WILEX AG in accordance with IFRS as of 30 November 2009

Assets	Note	30.11.2009 €	30.11.2008 €
Property, plant and equipment	6	424,080	461,713
Intangible assets	7	1,293,821	1,426,564
Other non-current assets	8	160,715	22,689
Non-current assets		**1,878,617**	**1,910,966**
Inventories	9	34,100	22,200
Other assets and prepayments	10	1,348,781	1,072,248
Trade receivables	11	5,017,864	41,912
Other receivables	11	322,260	142,976
Cash and cash equivalents	12	3,411,063	12,136,987
Current assets		**10,134,069**	**13,416,323**
Total assets		**12,012,686**	**15,327,289**

Equity and liabilities	Note	30.11.2009 €	30.11.2008 €
Subscribed capital	13	13,780,935	11,962,754
Capital reserve	13	113,367,618	105,201,252
Accumulated losses	13	(124,103,716)	(111,374,454)
Equity		**3,044,837**	**5,789,552**
Pension provisions	15	23,533	22,689
Other non-current liabilities	16	592,997	251,755
Non-current liabilities		**616,530**	**274,444**
Trade payables	17	2,099,138	1,787,991
Liabilities arising from leases	28	0	15,357
Other current liabilities	17	6,252,181	7,459,944
Current liabilities		**8,351,318**	**9,263,293**
Total equity and liabilities		**12,012,686**	**15,327,289**

Rounding of exact figures may result in differences.

Statement of changes in equity

of WILEX AG in accordance with IFRS for the financial year from 1 December 2008 to 30 November 2009

	Note	Shares	Subscribed capital €	Capital reserve		Accumulated losses €	Total €
				Capital measures/ premium €	Measurement of stock options €		
				103,131,052	1,783,664		
As of 1 December 2007		**11,962,754**	**11,962,754**	**104,914,715**		**(90,926,789)**	**25,950,680**
Measurement of stock options					286,537		286,537
Net loss for the year						(20,447,665)	(20,447,665)
Net change in equity							**(20,161,128)**
				103,131,052	2,070,200		
As of 30 November 2008		**11,962,754**	**11,962,754**	**105,201,252**		**(111,374,454)**	**5,789,552**
As of 1 December 2008		**11,962,754**	**11,962,754**	**105,201,252**		**(111,374,454)**	**5,789,552**
Measurement of stock options	22				124,745		124,745
Net loss for the year						(12,729,262)	(12,729,262)
Capital increase after accounting for capital procurement costs		1,818,181	1,818,181	8,041,621			9,859,802
Net change in equity							**(2,744,715)**
				111,172,673	2,194,945		
As of 30 November 2009		**13,780,935**	**13,780,935**	**113,367,618**		**(124,103,716)**	**3,044,837**

Rounding of exact figures may result in differences.

Cash flow statement

of WILEX AG in accordance with IFRS for the financial year from 1 December 2008 to 30 November 2009

	Note	2009 €	2008 €
Net loss for the year		**(12,729,262)**	**(20,447,665)**
Adjustment for income statement items			
Measurement of stock options		124,745	286,537
Depreciation/amortisation		237,330	252,707
Increase in pension obligations		844	812
Finance costs		7,598	11,624
Finance income		(157,954)	(972,292)
Tax expense		15,455	14,785
		228,018	**(405,827)**
Changes in net working capital			
Inventories		(11,900)	0
Trade receivables		(4,975,952)	(41,912)
Other receivables		(178,448)	21,418
Income taxes		(836)	(53,382)
Prepayments		(276,534)	170,472
Other non-current assets		(138,026)	(22,689)
Trade payables		311,146	40,091
Other liabilities		(866,521)	(2,090,822)
		(6,137,072)	**(1,976,824)**
Cash flow from operating activities		**(18,638,315)**	**(22,830,316)**
Finance costs paid	24	(119)	(7,855)
Finance income received	24	189,261	1,335,938
Net cash flow from operating activities	**25**	**(18,449,173)**	**(21,502,233)**
Cash flow from investing activities			
Purchase of property, plant and equipment	6	(66,251)	(55,905)
Purchase of intangible assets	7	(4,944)	(11,831)
Sale/purchase of financial investments		0	15,000,000
Net cash flow from investing activities		**(71,196)**	**14,932,264**
Cash flow from financing activities			
Proceeds from capital increase	13	10,000,000	0
Capital increase costs	13	(190,198)	0
Repayment finance leases	28	(15,357)	(88,895)
Net cash flow from financing activities		**9,794,445**	**(88,895)**
Net change in cash and cash equivalents	**25**	**(8,725,924)**	**(6,658,863)**
Cash and cash equivalents			
at beginning of period	12	12,136,987	18,795,851
at end of period	12	3,411,063	12,136,987

Rounding of exact figures may result in differences.

Notes

1. General

WILEX (hereafter also referred to as "the Company") was established in 1997 in Munich, Germany, as WILEX Biotechnology GmbH by a team of doctors and cancer researchers at the Technical University of Munich. In accordance with the shareholders' resolution of 14 December 2000, amended on 28 February 2001, the Company changed its legal form to become a stock corporation called WILEX AG (WILEX). The change of name was entered into the commercial register at the district court in Munich on 9 April 2001, under registration number HRB 136670. The Company's registered office 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 using the symbol WL6, the securities identification number 661472 and DE0006614720.

WILEX is a biopharmaceutical research company that focuses on the research, development, production, approval and marketing of new drugs and diagnostic agents for oncology. The Company has a balanced pipeline of attractive product 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. Innovative cancer therapies will be developed, which are more effective, better tolerated and more cost-effective than traditional therapies. WILEX aims to market and sell the drugs and diagnostic agents after they have been approved.

Glossary

These financial statements were prepared by the Executive Management Board on 4 February 2010 and released for publication in accordance with IAS 10. The reporting period begins on 1 December 2008 and ends on 30 November 2009. It is referred to as the "2009 financial year" or "financial year 2009" ("2008 financial year" or "financial year 2008" for the previous period).

2. Summary of significant accounting policies

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies have not changed compared to the previous annual period.

The following standards and interpretations, which were adopted by the EU, must be applied for financial years beginning on or after 1 January 2009:

IFRS 8:	Business Segments
Various:	Improvements of IFRS (May 2008)
Amendments to IFRS 1 and IAS 27:	First-time Adoption of International Financial Reporting Standards and Consolidated and Separate Financial Statements
Amendments to IFRS 2:	Share-based Payment
Amendments to IAS 1:	Revised Presentation of Financial Statements
Amendments to IAS 23:	Borrowing Costs
Amendments to IAS 32 and IAS 1:	Financial Instruments: Presentation and Presentation of Financial Statements
IFRIC 13:	Customer Loyalty Programmes
IFRIC 14:	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The following standards and interpretations, which were adopted by the IASB but which have not yet been adopted by the EU, must be applied for financial years beginning on or after 1 January 2009:

Amendments to IFRS 7:	Financial Instruments: Disclosures
IFRIC 18:	Transfer of Assets from Customers

The following standards and interpretations, which were adopted by the EU, may be applied voluntarily for financial years beginning on or after 1 January 2009:

IFRS 3 (revised):	Business Combinations
Amendments to IAS 27:	Consolidated and Separate Financial Statements
IAS 39:	Financial Instruments: Recognition and Measurement, Eligible Hedged Items
IFRIC 12:	Service Concession Arrangements
IFRIC 15:	Agreements for the Construction of Real Estate
IFRIC 16:	Hedges of a Net Investment in a Foreign Operation
IFRIC 17:	Distribution of Non-cash Assets to Owners

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

Various:	Improvements of IFRS (April 2009)
IFRS 1 (revised):	First-time Adoption of International Financial Reporting Standards
Amendments to IFRS 1:	Additional exemptions for First-time Adopters
Amendments to IFRS 2:	Group Cash-settled share-based Payment Transactions
IAS 24 (revised):	Related Party Disclosures
Amendments to IFRIC 9 and IAS 39:	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement
IFRIC 14 (revised):	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 19:	Extinguishing Financial Liabilities with Equity Instruments

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 continuing operations as a going concern, which is explained by the Executive Management Board in note 4, the Company realises its assets and liabilities in the normal course of business.

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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 5 explains which areas require a higher degree of assessment or complexity and which assumptions and estimates are relevant to the financial statements.

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

2.2. Scope of the financial statements

The Company had no subsidiaries or affiliated companies as of the balance sheet date. All business activities are carried out by WILEX AG. During the financial year, a subsidiary was acquired as part of the strategic alliance with UCB Pharma S.A., Brussels, Belgium, (UCB) and subsequently merged into WILEX AG based on the merger agreement dated 21 April 2009.

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 (€). In addition, the Company also carries out transactions in US dollars (USD), Swiss francs (CHF), pound sterling (GBP) and, to a smaller extent, in other foreign currencies as well.

Differences may result from commercial rounding of exact figures.

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 to the net carrying amount is on a straight-line basis, applying the following expected useful lives, which are reviewed annually and adjusted where necessary:

Laboratory equipment	8 to 14 years
Other office equipment	3 to 23 years

Expenses for repairs and maintenance and the replacement of subordinate items are recognised in income 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 derecognised. Any gains or losses resulting from such disposal are recognised in income in the financial year.

WILEX subjects property, plant and equipment to an annual impairment review. If an asset has been impaired, its recoverable amount is estimated. An impairment loss is recognised if the recoverable amount is less than the carrying amount of the asset. Impairment losses are recognised in the income statement.

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) Preclinical projects

As part of the strategic alliance with UCB, the Company's share capital was increased by € 1,818,181.00 by issuing 1,818,181 new shares in February 2009. All new shares were subscribed by UCB. Its in-kind contribution to WILEX comprises all shares in a subsidiary. The contributed company, which subsequently operated as WILEX Research GmbH, held comprehensive rights to five preclinical oncology programmes and had € 10 million in cash on hand. As a result of the merger of WILEX Research GmbH into WILEX AG in the financial year's second quarter, WILEX acquired the worldwide rights to continue developing UCB's entire preclinical oncological portfolio, which comprises two small-molecule programmes and three antibody programmes.

UCB retained the exclusive right to buy back each of the five programmes following completion of initial clinical proof of concept studies and to develop and market them itself. In this case WILEX will receive milestone payments from UCB for development and commercialisation as well as licence payments. Alternatively, in the event UCB does not exercise its buyback right for each programme, WILEX will retain rights to develop as well as commercialise each programme and UCB will receive milestone and royalty payments from WILEX.

This transaction was not recognised under IFRS 3 (business combinations) as of the reporting date because the contributed company had neither an operating business nor any employees.

However, the net present value of the five programmes was determined by discounting and then totalling the future payments (cash flow). The respective measurement is based on the following parameters and forward-looking assumptions:

- Expiration of the patent for the drug;
- Probability of achieving the next development stage;
- Costs of developing the programme
- Income from marketing or out-licensing agreements; and
- Risk-adjusted interest rate.

No positive net present value was determined for any of the five preclinical projects based on these factors. As a result, no intangible asset was recognised. No liabilities were recognised either because there is no contractual obligation to continue developing any of these programmes.

(d) Research and development costs

In accordance with IFRS, the costs incurred for a drug during its development stage are only capitalised 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.

Since not all of these requirements have been met at this time, research and development costs were not recognised as intangible assets. At present, all research and development costs are therefore recognised in the income statement for the financial year in which they arise.

WILEX subjects intangible assets to an annual impairment review. If an asset has been impaired, its recoverable amount is estimated. An impairment loss is recognised if the recoverable amount is less than the carrying amount of the asset. Impairment losses are recognised in the income statement.

2.7. Other non-current assets

In 1999, the Company granted a pension commitment to a managing director (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. Since no pension payments are expected in the next five years, this asset value was recognised under other non-current assets.

WILEX had provided a lease security deposit to the landlord at the time the lease was signed. The bank created an escrow account to that end. In contrast to previous periods, this account was no longer included in the cash and cash equivalents but rather recognised in other non-current assets because the lease runs until March 2012.

2.8. 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.

2.9. Other assets and prepayments

The other assets and prepayments, e. g. to service providers or insurers, are either recognised in income in accordance with progress on the relevant order or offset against the final supplier invoice.

2.10. Trade receivables

Trade receivables are recognised at the initial invoice amount net of any adjustments for doubtful accounts. Such adjustments are based on an assessment by management of the recoverability and aging structure of specific receivables.

2.11. Other receivables

Receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses. An impairment of other 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.

2.12. Cash and cash equivalents

Cash and cash equivalents comprise credit balances with banks with a remaining term of no more than three months at the date of acquisition as well as cash positions. WILEX maintains credit balances only with major banks that belong to the German Deposit Insurance Fund and/or the German Savings Banks Organisation's deposit assurance fund. Hence there are no default risks.

2.13. Financial instruments: Disclosures

Under IAS 39/IFRS 7, financial instruments are classified according to type:

- Financial assets or liabilities measured at fair value through profit or loss. This category comprises two sub-categories:

  – Financial assets or liabilities held for trading (AFVPL-Tr.): This category comprises the financial assets and liabilities held for trading such as for instance interest-bearing securities, shares and borrower's note loans. In particular, the liabilities held for trading include derivative financial instruments with a negative fair value. Financial assets and liabilities held for trading are recognised at the fair value at every balance sheet date. The remeasurement gains or losses are recognised in the income statement. No such assets or liabilities were recognised in the period under review.

  – Financial instruments designated at fair value through profit or loss (AFVPL-Des.): Under the fair value option, financial instruments may be subjected to a voluntary fair value measurement, including recognition of remeasurement gains or losses in the income statement. The irrevocable decision to use the fair value option must be made on initial recognition of the financial instrument. The fair value option may be applied to a financial instrument for example if it eliminates or significantly reduces a measurement or recognition inconsistency. No such assets or liabilities were recognised in the period under review.

- Available-for-sale financial assets: In particular, this concerns interest-bearing securities, shares and equity interests. They are measured at fair value. Equity instruments shall be measured at amortised cost if their fair value cannot be reliably determined. No such assets or liabilities were recognised in the period under review.

- Financial assets held to maturity: Non-derivative financial assets with fixed or determinable payments and fixed maturity may be allocated to this category if an entity has the positive intention and ability to hold them to maturity. They are measured at amortised cost, which is identical to their carrying amount.

- Loans and receivables: Non-derivative financial instruments with fixed or determinable payments for which there is no active market are allocated to this category. They are measured at amortised cost. Any impairment is recognised in income at the time the amortised cost is determined. Premiums or discounts are recognised in the financial result over the relevant term. They are also measured at amortised cost, which is identical to their carrying amount.

- Lease liabilities (see note 2.18): These are classified as financial liabilities recognised at amortised cost due to the interest and repayment portion they contain. They are initially measured at cost and adjusted over the term of the liability using the effective interest method pursuant to the payment plan.

These financial assets are classified on initial recognition. The carrying amounts of these financial assets are reviewed at regular intervals or at least at every reporting date as to whether there is an active market for the respective assets and whether there are indications of impairment (for example, because the debtor is having substantial financial difficulties).

In addition, financial instruments are divided into current or non-current assets or liabilities as of the balance sheet date depending on their remaining life. Financial instruments with a remaining life of more than one year at the reporting date are recognised as non-current financial instruments while those with a remaining life of less than one year are recognised as current assets or liabilities.

2.14. Equity and equity management

The Company's equity consists of bearer shares of common stock with a pro rata interest in the Company's share capital of € 1.00 each. Additional costs directly attributable to the issue of new shares and a capital measure are recognised under equity as a deduction from the issue proceeds.

Equity management

The Company's capital comprises its share capital, capital reserves and loss carryforwards. The equity management programme of WILEX serves to create and maintain a strong, sustainable equity base. Given the losses the Company has incurred since its founding, it focuses mainly on using cash reserves to fund the ongoing development of its technology and product pipeline and, not least, to maintain the confidence and trust of investors and business partners alike in the Company. There was no change to the Company's capital management strategy or objectives during the reporting period.

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Thanks to the cash flows from the strategic alliance with UCB as well as the execution of the capital increase immediately following the reporting period (see note 33) the equity situation has improved substantially. According to its current level of planning, the Company's Executive Management Board assumes that it will also be able to generate cash flows in the coming financial year through cooperation and/or product out-licensing. Given the promising data from the trial of MESUPRON® and the next milestone in connection with RENCAREX®, the focus will be on these products. Nevertheless, in 2010 cash flows received might be lower than the other expenses incurred in the same period, which could reduce equity further by the next reporting date. If the Company is unable to enter into additional cooperation and out-licensing agreements, WILEX would have to pursue other funding opportunities and/or another capital increase.

Furthermore, the current drug and diagnostic candidates are being developed for marketing in the short and medium term, which means that sales revenues could also be generated in the future, especially with REDECTANE®. This would improve WILEX's capitalisation in the long term and enable the Company to break even, 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 furthering its constructive, trustful and, in most cases, long-standing cooperation with its providers of equity.

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The Company continues to offer its employees and Executive Management Board a share in the Company's success. To this end, Contingent Capital was created in connection with the issue of stock options (see note 2.17.1).

2.15. Income taxes

The current tax expense that is recognised in the income statement concerns a withholding tax payable on an up-front payment from Laboratorios del Dr. Esteve S.A., Barcelona, Spain, (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 other income from the Esteve agreement (see note 20).

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Deferred income taxes are recognised by applying the liability method for temporary differences which arise between the recognition of the assets and liabilities in the tax accounts 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 of 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.

2.16. 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.

2.17. Employee benefits

2.17.1. Share-based payment

In the 2009 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 22). The fair value of the work provided by the employees in return for the options granted to them is charged against the capital reserve, i. e. recognised in equity. 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 equity accordingly.

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In the reporting period no options have been issued or have expired. 2,700 options were returned because employees left the Company. This means that 903,134 options – 729,335 for existing or former members of the Executive Management Board and 173,799 for existing or former employees – had been issued as of 30 November 2009, such that in future no more than 386,023 stock options can be issued from Contingent Capital.

2.17.2. 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.

2.18. Leases

The lease of equipment for which essentially all opportunities and risks associated with ownership are transferred to the Company is deemed to represent a finance lease 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 leases. 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.

2.19. Revenue recognition

WILEX generates sales revenue from milestone payments under its existing cooperation agreements. These milestone payments are contingent upon achievement of contractually stipulated targets. Milestones and the resulting sales revenue are not posted as such until the respective targets triggering the payments have been met in full.

The Company recognises revenue measured at the fair value of the services rendered by the Company less VAT, discounts and rebates. In that connection, no distinction is made between private sector income (i. e. cooperation agreements with pharmaceutical companies) or so-called government grants such as those paid by the US Department of Defense. 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 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.

2.20. 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. 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. Management of financial risks

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), liquidity risks, default risks and, to a smaller extent, credit 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 Executive Management Board specifies written principles for all risk management aspects. The Risk Officer identifies, assesses and communicates financial and corporate risks in close cooperation with the Executive Management Board. Moreover, all potential risks, particularly financial risks with substantial ramifications and a reasonable probability of occurring are closely monitored and discussed by the Company's Executive Management and Supervisory Boards at every quarterly reporting date.

(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 (USD), Swiss francs (CHF), pound sterling (GBP) and, to a lesser extent, in other foreign currencies. 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 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 funds are invested only in fixed-interest bank balances. 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, at least once a month. It serves to ensure that WILEX is aware of the available cash and cash equivalents and the due dates of its liabilities at all times in order to be able to pay liabilities as they fall due.

(c) Credit and default risk

WILEX is exposed to non-payment risks in connection with both loans and receivables. As of the reporting date, trade receivables from cooperation partners that are not overdue are recognised. They might be delayed or not paid at all however. Credit and default risks were perceived as a potential risk in the course of the Company's development and included in its risk management system.

(d) Cash flow and fair value interest rate risk from financial instruments

The Company invests its liquid funds only in fixed-interest bank accounts or short-term fixed deposits. Market interest rate fluctuations may therefore affect the Company's ability to generate sufficient interest income from these financial instruments. This conservative investment approach ensures that there is no non-payment risk (see note 2.12).

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3.2. 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 not traded in an active market is determined by using measurement methods, i. e. methods and assumptions that are based on market conditions existing at each reporting date. The fair value must be determined using complex measurement models such as the discounted cash flow method if stock exchange or market prices cannot be used for that purpose.

4. Going concern risk

Both cash and receivables as of the 30 November 2009 reporting date and as of today will be sufficient to meet current liabilities (including provisions). Based on current information and plans, WILEX expects its cash to last into the third quarter of 2010 without any additional capital measures. The Executive Management Board has developed a set of measures designed to minimise the financing risk. Until then, the Company's primary goal is to finalise an out-licensing or partnership agreement for MESUPRON®.

Alternatively, in the event that WILEX is unable to enter into a partnership for MESUPRON® by the third quarter of 2010, the Company has signed a non-binding letter of intent with a financing partner regarding an equity line financing agreement in order to raise fresh capital in the short and medium term. If the equity line agreement is signed, it will provide for a total of up to €20 million in standby equity with a term of 36 months from the date of signing. The Executive Management Board intends to sign the agreement by late March 2010.

Since this financing instrument by itself does not suffice, the Executive Management Board has identified and prioritised additional steps that will have a substantial impact, which, together with the equity line financing agreement, would extend the reach of the Company's financial means until the close of the current financial year. The set of measures that WILEX has developed with the aim of reducing and shifting costs and thus extending the reach of its financial means would entail reductions, some of them dramatic, in expenditures for research and development, production, marketing and administration. These measures might already bear fruit in 2010 if negotiations with potential commercialisation partners and the planned fundraising activities cannot be closed in due time. WILEX will continue to practice cost-sensitive management policies as before.

If it becomes apparent that it is not possible to enter into a partnership for MESUPRON® in accordance with this planning, WILEX would have to try to raise funds on the capital market. WILEX regularly briefs existing and potential investors on the Company's strategy, the status of its clinical research and pending milestones in order to give them a basis for making decisions.

Any failure to achieve the inflow of funds as described would have a negative impact on WILEX's earnings, financial position and net assets. In this case, WILEX might be unable to satisfy its payment obligations and/or become overindebted during the current financial year. This would jeopardise the Company's existence as a going concern in the short term.

5. 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 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.

Recognition of other income

The Company recognises other income resulting from the prepayments received from the companies, Esteve and Ion Beam Applications S.A., Brussels, Belgium, (IBA) as well as for cost reimbursements for the clinical Phase III trials with RENCAREX® and REDECTANE®. WILEX also received a grant under the breast cancer research programme of the US Department of Defense as reimbursement of expenses incurred in connection with clinical trials of MESUPRON® (see note 20).

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The prepayment and the reimbursement of costs are recognised as other income reflecting the proportion of expenses accrued until the reporting date relative to the overall expected expenses for the clinical 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 different 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 the relevant parameters, change its calculations accordingly and correct the staff costs (see note 22).

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6. Property, plant and equipment

As of 30 November 2009 and 2008, property, plant and equipment comprised the following:

	Laboratory equipment (owned) € '000	Laboratory equipment (leased) € '000	Other office equipment € '000	Total € '000
2007 financial year				
As of 30.11.2007				
Cost	929	255	333	1,517
Accumulated depreciation	(704)	(36)	(253)	(993)
Net carrying amount as of 30.11.2007	**225**	**219**	**80**	**524**
2008 financial year				
Opening carrying amount	225	219	80	524
Additions	7	0	46	53
Depreciation	(50)	(20)	(46)	(115)
Net carrying amount as of 30.11.2008	**183**	**199**	**80**	**462**
As of 30.11.2008				
Cost	937	255	379	1,570
Accumulated depreciation	(754)	(55)	(299)	(1,108)
Net carrying amount as of 30.11.2008	**183**	**199**	**80**	**462**
2009 financial year				
Opening carrying amount	183	199	80	462
Additions	30	0	32	62
Depreciation	(58)	0	(42)	(100)
Reclassifications	199	(199)	0	0
Net carrying amount as of 30.11.2009	**354**	**0**	**70**	**424**
As of 30.11.2009				
Cost	967	255	411	1,632
Accumulated depreciation	(812)	(55)	(341)	(1,208)
Reclassifications	199	(199)	0	0
Net carrying amount as of 30.11.2009	**354**	**0**	**70**	**424**

Depreciation amounting to € 100 thousand (2008: € 115 thousand) was recognised in income as research and development costs (2009: € 58 thousand; 2008: € 69 thousand) and as general and administrative expenses (2009: € 42 thousand; 2008: € 46 thousand). Capital outflow from the purchase of property and equipment in the financial year amounted to € 66 thousand (2008: € 56 thousand). The net carrying amount of the leased asset in this item is zero as of the reporting date because it was transferred to the Company. The net carrying amount as well as accumulated depreciation are still recognised under the item, own laboratory equipment.

The Company has not pledged any property, plant or equipment as collateral for liabilities. The Company has no contractual obligations for the acquisition of property, plant and equipment.

WILEX has not ascertained any indication of impairment of property, plant and equipment.

7. Intangible assets

As of 30 November 2009 and 2008, intangible assets comprised the following:

	Software € '000	Licences € '000	Total € '000
2007 financial year			
Cost	118	1,795	1,914
Accumulated amortisation	(84)	(273)	(357)
Net carrying amount as of 30.11.2007	**34**	**1,523**	**1,557**
2008 financial year			
Opening carrying amount	34	1,523	1,557
Additions	7	0	7
Amortisation	(15)	(122)	(137)
Net carrying amount as of 30.11.2008	**26**	**1,401**	**1,427**
As of 30.11.2008			
Cost	125	1,795	1,921
Accumulated amortisation	(99)	(395)	(494)
Net carrying amount as of 30.11.2008	**26**	**1,401**	**1,427**
2009 financial year			
Opening carrying amount	26	1,401	1,427
Additions	5	0	5
Amortisation	(15)	(122)	(138)
Net carrying amount as of 30.11.2009	**16**	**1,278**	**1,294**
As of 30.11.2009			
Cost	131	1,795	1,926
Accumulated amortisation	(115)	(517)	(632)
Net carrying amount as of 30.11.2009	**16**	**1,278**	**1,294**

Amortisation amounting to € 138 thousand (2008: € 137 thousand) is recognised in income as research and development costs (2009: € 122 thousand; 2008: € 122 thousand) and as general and administrative expenses (2009: € 15 thousand; 2008: € 15 thousand). Capital outflow for the purchase of intangible assets in the financial year totalled € 5 thousand (2008: € 12 thousand).

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

WILEX has not ascertained any indication of impairment of intangible assets.

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 girentuximab 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 girentuximab antibody (RENCAREX®). In 1999, WILEX acquired an exclusive licence for the girentuximab antibody from Centocor for the 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 girentuximab antibody.

In June 2006, a licence agreement was signed by WILEX and Genentech Inc., 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 17).

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A further obligation in the form of a milestone payment will arise once market approval of RENCAREX® 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®. The US Patent Office confirmed the legality of the Cabilly II patent in May 2009. A new lawsuit has been filed in the meantime however and it is pending. 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, 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 17). Further milestone payments will be due if the programmes enter the clinical development stage.

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8. Other non-current assets

The asset value of the reinsurance policy related to a pension obligation (€ 24 thousand) is recognised in other non-current assets (see note 2.7). The Company is under no obligation to make further payments to the plan. Neither additional pension payments nor retirements are expected in the next five years.

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A security deposit in the amount of € 137 thousand, which has been deposited in an escrow account, was also recognised as another non-current asset.

9. Inventories

Inventories (2009: € 34 thousand; 2008: € 22 thousand) comprise raw materials for research and development, mainly chemical substances and laboratory materials. The value was determined just before the reporting date after a physical inventory was carried out.

10. Other assets and prepayments

Other assets and prepayments are comprised as follows:

	30.11.2009 € '000	30.11.2008 € '000
Insurance	54	97
Prepayments to service providers	1,286	951
Deferred withholding tax	8	23
Other	1	1
Other assets and prepayments	**1,349**	**1,072**

Prepayments to service providers include, in particular, payments to service providers in clinical development and sub-contractors.

In 2009 and 2008, 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.

11. Trade and other receivables

WILEX posted its first sales revenue from its strategic alliance with UCB thanks to the achievement of two milestones and the resulting payments of €5.0 million each. However, the second payment was not received until after the close of the financial year because the milestone was not achieved until just before the reporting date and thus was treated as a receivable as of 30 November. WILEX's clinical development work generated € 18 thousand in additional receivables from a variety of sources (previous year: €42 thousand). For reasons of significance, the presentation was changed compared to the previous year and trade receivables are now listed separately.

	30.11.2009 € '000	30.11.2008 € '000
Trade receivables	5,018	42
Total	**5,018**	**42**

Other receivables are comprised as follows:

	30.11.2009 € '000	30.11.2008 € '000
VAT claim	114	45
Withholding tax refund	28	96
Receivables from other services (without current account)	25	0
Other receivables	151	0
Other assets	4	2
Other receivables	**322**	**143**

Since the Company has incurred only operating losses, the withholding tax was refunded. A receivable from other services without current account (2009: €25 thousand; 2008: €0 thousand) arose from the cooperation with IBA and concerns an employee's temporary stay abroad to support the existing collaboration with IBA. The other receivables (2009: € 151 thousand; 2008: €0 thousand) comprise the value of the services obtained in connection with the capital increase that had not yet been completed at the reporting date (see note 33). Advance payments on travel costs (2009: €4 thousand; 2008: €2 thousand) are treated as other assets.

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12. Cash and cash equivalents

	30.11.2009 € '000	30.11.2008 € '000
Cash and cash equivalents	3,411	12,137
Total	**3,411**	**12,137**

The decrease in cash and cash equivalents compared to the 2008 financial year is due to the use of cash for clinical development.

13. Equity

As of 30 November 2009, the share capital consisted of 13,780,935 (30 November 2008: 11,962,754) no par value bearer shares with a pro rata interest in the Company's share capital of € 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	€
On 30.11.2003 [1]		**10,845,000**	**10,870,000**
On 30.11.2004 [1]		**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**
On 30.11.2008		**11,962,754**	**11,962,754**
18.02.2009	26.02.2009	1,818,181	1,818,181
On 30.11.2009		**13,780,935**	**13,780,935**

[1] WILEX AG held an additional 25,000 no par value shares without voting rights as treasury shares.

The Company's Executive Management Board had resolved on 18 February 2009 with the approval of the Supervisory Board to increase the Company's share capital from € 11,962,754.00 by € 1,818,181.00 to € 13,780,935.00 by issuing 1,818,181 new shares. This capital increase was executed in return for contributions in kind using authorised capital subject to the exclusion of all previous WILEX shareholders' statutory subscription right. The new shares, which are entitled to participate in profits effective 1 December 2008, were subscribed in full by UCB.

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 expenses resulting from the share-based model. A total of € 124,745.28 (previous year: € 286,536.54) was recognised in this context in the period under review (see note 22).

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A total of € 140,197.80 were charged against capital reserves as capital procurement costs related to the capital increase executed under the strategic alliance with UCB at the start of the financial year, thus reducing equity.

As of the reporting date of 30 November 2009, the capital reserve amounted to € 113,367,618.40 (previous year: € 105,201,251.92). The accumulated losses since the start of the Company's business activities in 1997 totalled € 124,103,716.04 as of the end of the financial year (previous year: € 111,374,453.96).

A total of 2,177,030 new shares were offered at a fixed subscription price of € 4.10 per share in connection with another capital increase immediately following the reporting date. The Company's share capital of € 13,780,935.00 was raised by € 2,177,030.00 using authorised capital to € 15,957,965.00 by issuing 2,177,030 new no par value shares with a pro rata interest in the Company's share capital of € 1.00 and full rights to dividends from 1 December 2008 in return for cash contributions (see note 33).

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14. 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 used the grant amounting to almost 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 US Department of Defense also made a commitment in 2006 to pay a further USD 1.0 million for subsequent research projects relating to MESUPRON®, in order to promote the development of the serine protease inhibitor. The payments to WILEX have been made in full in the meantime. As long as costs for the WX-UK1 and MESUPRON® (indication breast cancer) trials are not expensed, payments to WILEX are recognised under liabilities. Cost reimbursements are recognised in other income (see note 20).

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15. Pension obligations

In 1999, the Company granted a one-off pension commitment of € 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 2.7). The Company is under no obligation to make further payments to the plan. No pension payments are expected in the coming five years.

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16. Other non-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. All liabilities that fall due within at least one year are recognised as non-current liabilities. They are comprised as follows:

	30.11.2009 € '000	30.11.2008 € '000
Accruals Esteve/IBA	0	157
Accruals US Department of Defense (non-current)	470	0
Provision for rent (IFRS)	58	43
Provision for anniversary payment	65	52
Other non-current liabilities	**593**	**252**

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As clinical Phase III trials progress, the portion of milestone payments received from Esteve and IBA that is accrued next year or later decreases. The grant from the US Department of Defense (see note 14) for the Phase II breast cancer trial was divided for the first time into a current and a non-current portion as of the reporting date because the trial's defined end is not expected to occur until the end of the coming financial year.

One month's rent must be accrued under IFRS because the Company does not pay rent for one month each year through 2009.

A 10-year service anniversary bonus that was resolved and introduced for all employees in 2008 was recognised as of WILEX's tenth anniversary. These staff costs were classified as current or non-current liabilities depending on the length of the given staff member's employment with the Company. The actuarial report necessary for the measurement is based on various assumptions, such as fluctuation and development of interest rates (2009: 4.80%, 2008: 5.75%) and must be adjusted to these parameters annually as of the reporting date.

17. Trade payables and other current liabilities

Current trade payables rose from € 1,788 thousand in the 2008 financial year to € 2,099 thousand in the 2009 financial year as a result of an expansion of the Company's operating activities. They were mainly incurred for services provided in connection with the clinical trials.

Other current liabilities are comprised as follows:

	30.11.2009 € '000	30.11.2008 € '000
Accruals for holidays not taken	270	293
Accruals US Department of Defense (current)	511	1,095
Accruals Esteve/IBA	1,065	3,304
Social security and other taxes	120	107
Accrued liabilities	4,286	2,660
Other current liabilities	**6,252**	**7,460**

Whilst accruals for holidays not taken declined slightly, the accruals related to the US Department of Defense declined mainly due to the reclassification into current and non-current (see note 16). Prepayments that were received from cooperation partners and thus treated as deferred income fell substantially during the reporting period due to the projects' continuous progress and the resulting accrual of income. Current liabilities in connection with social security and other taxes rose slightly due to the increase in the number of employees.

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The accrued liabilities are composed as follows:

	30.11.2009 € '000	30.11.2008 € '000
Invoices outstanding	3,069	1,499
Employee bonuses and profit-sharing bonuses	1,006	920
Legal and consulting costs	150	179
Other	61	62
Total	**4,286**	**2,660**

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. The significant increase in the financial year just ended is due to the large number of invoices yet to be received related to patients and trial centres in connection with various clinical trials.

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.

18. Other disclosures on financial instruments

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Carrying amounts and fair values follow from the table below. In addition, the financial instruments were broken down into categories pursuant to IAS 39 (see note 2.13):

		Measurement as of 30.11.2009		Measurement as of 30.11.2008	
	Measurement category according to IAS 39	Carrying amount € '000	Fair value € '000	Carrying amount € '000	Fair value € '000
Cash and cash equivalents	Loans and Receivables	3,411	3,411	12,137	12,137
Other non-current assets	Loans and Receivables	161	161	23	23
Trade receivables	Loans and Receivables	5,018	5,018	42	42
Other receivables	Loans and Receivables	322	322	143	143
Other non-current liabilities	Loans and Receivables	(592)	(592)	(252)	(252)
Trade payables	Loans and Receivables	(2,099)	(2,099)	(1,788)	(1,788)
Lease liabilities	Financial Liabilities Amortized Costs	0	0	(15)	(15)
Other current liabilities	Loans and Receivables	(6,252)	(6,252)	(7,460)	(7,460)
Total		**(31)**	**(31)**	**2,830**	**2,830**
Aggregation after measurement criteria					
	Loans and Receivables	(31)	(31)	2,845	2,845
	Financial Liabilities Amortized Costs	0	0	(15)	(15)

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The other receivables all have remaining maturities of substantially less than one year and do not entail discernible default risks. The other non-current assets (see note 2.7) comprise two items, which are recognised in an amount corresponding to the asset value of a reinsurance policy and in an amount corresponding to the balance of the rent security account.

Most of the other current liabilities as well as trade payables have short remaining maturities, with the result that the carrying amounts also correspond to the fair value as of the reporting date. No lease liabilities were recognised at the close of the financial year.

Due to the lack of a direct reference to published price quotations in an active market, the fair values were estimated.

Risks from financial instruments

Financial instruments with an inherent default and liquidity risk mainly comprise cash and cash equivalents as well as trade receivables. The carrying amounts of the financial assets generally reflect the maximum default risk.

Most of the cash and cash equivalents are denominated in euros, with a smaller amount denominated in US dollars, and have been invested solely with banks belonging to the German Deposit Insurance Fund and/or the deposit assurance fund of the German Savings Banks Organisation (Sparkassen Finanzgruppe). WILEX nonetheless monitors the positions held and the respective bank's credit rating on an ongoing basis. No such risks were identifiable at the reporting date.

The Company is exposed to a liquidity risk given both its business model and the still insufficient cash flows from the marketing of its own products. The Company employs a rolling, monthly cash flow planning and age analysis in order to be able to recognise liquidity risks in due time. WILEX was able to meets its payment obligations at all times in the financial year just ended. No liquidity risks were identified at the reporting date.

The trade receivables at the close of the financial year were attributable to cooperation partners; they were invoiced as of the 30 November 2009 reporting date or immediately preceding it and thus are not past due. WILEX received UCB's second €5.0 million milestone payment (see note 19) shortly after the end of the financial year within due time. In management's view no adjustments were necessary because WILEX does not expect any non-payment risks to arise.

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The Company is also exposed to a market risk, e.g. from changes in interest rates, and a currency risk from the euro's exchange rate vis-à-vis other currencies, e.g. the US dollar or the Swiss franc. WILEX reviews the need for foreign currency hedges on an ongoing basis during the year but does not engage in any hedging. Instead, the Company aims to pay liabilities in foreign currencies in order to keep the risk of exchange rate fluctuations as low as possible.

19. Sales revenue

Two milestones – each triggering a payment of €5.0 million when due – were achieved under the strategic alliance with UCB, specifically, a) when an application for approval of a clinical Phase I trial of the MEK inhibitor WX-554 was filed with the German Federal Institute for Drugs and Medical Devices and b) when this drug was administered to the first patient in the trial. As a result, WILEX posted sales revenue for the first time since it was founded.

	2009 € '000	2008 € '000
Milestone payments	10,000	0
Total	**10,000**	**0**

The recipient of the service (UCB) is domiciled in Belgium. The service is provided in Germany.

20. Other income

Other income comprises the following items:

	2009 € '000	2008 € '000
Grant provided by the US Department of Defense	436	218
Income realisation licence agreements	2,396	1,935
Reversal of other provisions	181	1,055
Other income	**3,013**	**3,208**

On 14 April 2004, WILEX and Esteve signed an exclusive licence agreement for WILEX's chimeric antibody RENCAREX® for Southern Europe. Esteve was granted the marketing rights for RENCAREX® in Spain, Italy, Portugal, Greece, Andorra and, optionally, Turkey. 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 from Esteve totalling €5.0 million. These payments are recognised in income under other income according to the percentage of completion. The percentage of completion is determined by calculating the proportion of the actual research and development costs incurred for the Phase III trial of 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.

On 6 June 2008 WILEX signed an exclusive worldwide licence agreement with IBA that provides for the marketing, distribution and sales as well as radioactive labelling of the Company's diagnostic product candidate REDECTANE®. The agreement guarantees WILEX various payments and contributions in kind as well as a share of future net sales revenue of 45%. WILEX will receive 20% of sales revenue until a sales volume of €7,0 million is reached for the first time. Under this agreement, WILEX will receive contributions in kind and prepayments which will also be recognised in other income according to the degree of completion.

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WILEX has received a grant from the US Department of Defense, which covers some of the clinical development costs for WX-UK1 and MESUPRON® in Phases I and II (see note 14). The payments to WILEX have been made in the meantime. As long as trial costs are not expensed, payments are recognised under liabilities. The reduction in these liabilities is shown in the income statement under other income.

The item, reversal of other provisions includes, in particular, services and deliveries not billed or billed partly from previous years.

21. Types of expenses

The following expenses are recognised in the income statement:

	2009 € '000	2008 € '000
Staff costs	6,532	6,368
Travel costs	379	466
Rental expenses	692	653
Laboratory and other internal costs	1,404	1,918
External research and development costs	15,572	13,512
Legal and consulting costs	1,061	1,432
Depreciation/amortisation	237	253
Total	**25,878**	**24,601**

Laboratory and other internal costs include expenses for raw materials, consumables and supplies as well as other purchased merchandise of € 170 thousand (2008: € 183 thousand). External research and development costs comprise the cost of purchased services, especially from service providers in the area of clinical development. These costs are higher than in the previous year, primarily as a result of developing the preclinical oncological portfolio acquired from UCB.

22. Staff costs

Staff costs are comprised as follows:

	2009 € '000	2008 € '000
Wages and salaries	4,777	4,406
Social security	523	575
Bonuses	1,021	875
Expense from the measurement of stock options	125	287
Expense from the measurement of service anniversaries	13	59
Other staff costs	72	167
Total staff costs	**6,532**	**6,368**

The increase in the items wages and salaries as well as bonuses results from a higher number of employees compared with 2008 as well as salary increases and the promotion of employees with the associated higher levels of bonuses.

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

	2009	2008
Administration	20	19
Research and development	46	43
Average number of employees[1]	**66**	**62**

[1] including the Executive Management Board

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Remeasurement of the options under IFRS 2 Share-based payments at € 125 thousand (see note 2.17.1) resulted in lower staff costs year on year in 2009 (previous year: € 287 thousand). For one this is because most of the options have already vested and thus were already recognised in prior periods, for another because no stock options were issued in the financial year just ended.

Below is the calculation for the year under review:

	Share-based payment for the Executive Management Board, executives and employees						
Type of agreement	**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	167,343	85,078	3,040	148,635	31,350	152,000
Options granted during the reporting period	0	0	0	0	0	0	0
Options forfeited in the reporting period	0	0	0	0	0	2.700	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**	**28,650**	**152,000**
Options exercisable as of 30.11.2009	0	0	0	0	0	0	0
Maximum term	10 years	10 years	10 years	10 years	10 years	10 years	10 years

The options were calculated using a binomial model, taking into account various exercise conditions pursuant to the underlying option terms (SOP 2005). 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	2.42
Tranche 2	31.01.2006	24 months	2.36
Tranche 3	28.02.2006	25 months	2.44
Tranche 4	28.04.2006	24 months	2.40
Tranche 5	30.09.2006	24 months	2.48

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

Tranche 7	Issue date	Vesting period	Option value (rounded) €
Part 1	31.10.2007	24 months	2.55
Part 2	31.10.2007	26 months	2.61
Part 3	31.10.2007	29 months	2.79
Part 4	31.10.2007	32 months	2.92
Part 5	31.10.2007	35 months	3.03
Part 6	31.10.2007	38 months	3.17
Part 7	31.10.2007	41 months	3.28
Part 8	31.10.2007	44 months	3.40
Part 9	31.10.2007	47 months	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	6.90 €	6.90 €	6.90 €	6.90 €	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	5.52 €	5.52 €	5.52 €	5.52 €	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%
Actual fluctuation of option holders from reporting date	28.57%	18.79%	3.16%	0.00%	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 Annual General Meeting and the date of the Annual General 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 2007 financial year:

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	9.84 €	9.84 €	9.84 €	9.84 €	9.84 €	9.84 €	9.84 €	9.84 €	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	9.73 €	9.73 €	9.73 €	9.73 €	9.73 €	9.73 €	9.73 €	9.73 €	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	5.50%	11.22%	12.52%	13.81%	15.11%	16.40%	17.70%	18.99%	20.28%

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	9.02 €	9.02 €	9.02 €	9.02 €	9.02 €	9.02 €	9.02 €	9.02 €	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	9.62 €	9.62 €	9.62 €	9.62 €	9.62 €	9.62 €	9.62 €	9.62 €	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	0.05%	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 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 was not yet listed on the stock exchange at the time. The share valuation of € 6.90 for all tranches issued corresponds to the historical value from the final financing round of WILEX, 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 € 9.84 as of 28 September 2007 and the share price for tranche 7 was € 9.02 as of 31 October 2007.

In accordance with the option terms, the exercise price for tranches 6 and 7 is calculated using the arithmetic mean of the closing prices for shares of WILEX 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 exercise 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 vested after the end of the first trading day.

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

	Issue date	30.11.2009 years	30.11.2008 years
Tranche 1	30.12.2005	6.08	7.08
Tranche 2	31.01.2006	6.17	7.17
Tranche 3	28.02.2006	6.24	7.24
Tranche 4	28.04.2006	6.41	7.41
Tranche 5	30.09.2006	6.83	7.83
Tranche 6	30.09.2007	7.83	8.83
Tranche 7	31.10.2007	7.92	8.92

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

	2009 € '000
Total expenses from equity-based compensation transactions settled with equity instruments	2,195
Expenses from equity-based compensation transactions in the 2008 period	287
Expenses from equity-based compensation transactions in the 2009 period	125

The exercise price for all stock options issued until the reporting date was reduced to € 4.10 (the subscription price fixed for the capital increase) across the board in accordance with Article 7 1 (i) of the Stock Option Plan 2005 once the capital increase subject to shareholders' subscription right had been recorded on 4 December 2009 (see note 33). In the coming financial year, this reduction in the exercise price and the adjustment of the performance target will likely trigger greater expenses for the measurement of stock options.

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23. Net currency gains/losses

In the 2009 financial year, the Company posted a currency gain of € 14 thousand (2008: currency loss of € 146 thousand) due to the relative strength of the euro vis-à-vis the operationally relevant US dollar and Swiss franc. There were no unrealised currency gains or losses in the financial years ended on 30 November 2008 and 2009, respectively.

24. Financial result

	2009 € '000	2008 € '000
Finance costs		
Interest from lease obligations and current liabilities to banks	(8)	(10)
Interest from licensing obligations	0	(1)
	(8)	**(12)**
Finance income		
Interest income from bank accounts/Other	158	647
Interest income from financial investments	0	326
	158	**972**
Financial result	**150**	**961**

The year-on-year decrease in the financial result is mainly due to lower interest income from bank accounts and financial investments. The amount of cash used for the clinical development programmes substantially reduced the amount of funds available on average for generating finance income. The general decline in interest rates for cash deposits in 2009 also had a negative impact on the financial result.

25. Cash flow from operating activities

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

	2009 €	2008 €
Net loss for the year	**(12,729,262)**	**(20,447,665)**
Adjustments for income statement items		
Measurement of stock options	124,745	286,537
Depreciation/amortisation	237,330	252,707
Increase in pension obligations	844	812
Finance costs	7,598	11,624
Finance income	(157,954)	(972,292)
Tax expense	15,455	14,785
	228,018	**(405,827)**
Changes in balance sheet items		
Inventories	(11,900)	0
Trade receivables	(4,975,952)	(41,912)
Other receivables	(178,448)	21,418
Income taxes	(836)	(53,382)
Prepayments	(276,534)	170,472
Other non-current assets	(138,026)	(22,689)
Trade payables	311,146	40,091
Other liabilities	(866,521)	(2,090,822)
	(6,137,072)	**(1,976,824)**
Cash flow from operating activities	**(18,638,315)**	**(22,830,316)**
Finance costs paid	(119)	(7,855)
Finance income received	189,261	1,335,938
Net cash flow from operating activities	**(18,449,173)**	**(21,502,233)**

26. Income tax expense

Due to operating losses, no income tax was payable in the 2009 and 2008 financial years, with the exception of the following: The tax expense reported in the income statement for the financial year (2009: € 15 thousand; 2008: € 15 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 other income from the Esteve agreement (see note 20).

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The deferred taxes were calculated based on a composite tax rate of 32.98 % (previous year: 32.98 %), which is comprised of a corporation tax rate of 15 % (previous year: 15 %), solidarity surcharge of 5.5 % (previous year: 5.5 %) and municipal trade tax of 17.15 % (previous year: 17.15 %). The reported current tax expense deviates from the expected tax income. Given the German Business Tax Reform Act 2008, the nominal tax rate of 32.98 % (previous year: 40.86 %) applicable from 2008 must be applied to income in accordance with IFRS. Reconciliation of the differences is shown in the following table.

	2009 € '000	2008 € '000
Earnings before tax	(12,714)	(20,433)
Tax rate	32.98 %	32.98 %
Expected tax income	**4,193**	**6,739**
Non-capitalisable losses carried forward for the period	(4,509)	(6,955)
Reduction in non-capitalised temporary differences	293	249
Non-deductible operating expenses/Other	8	(48)
Reported tax expense	**(15)**	**(15)**

The existing deferred tax assets and deferred tax liabilities as of 30 November are attributable as follows:

	2009 € '000	2008 € '000
Deferred tax assets		
Unrealised income	132	125
	132	**125**
Deferred tax liabilities		
Varying useful lives of property, plant and equipment	0	1
Capitalisation of acquired licences	63	68
Other provisions	15	48
Other	53	8
	132	**125**

Applying IAS 12.74, deferred tax assets and liabilities have been offset, since they exist vis-à-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:

	30.11.2009 € '000	30.11.2008 € '000
Losses carried forward		
for corporation tax	126,436	112,847
for trade tax	124,070	110,536
Deductible temporary differences	0	871

In accordance with the German Corporation Tax Act (KStG), 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 (version 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 municipal 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 losses carried forward accumulated until the end of 2006, which amount to € 67.24 million (corporation tax) and € 64.95 million (municipal trade tax).

27. 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.

	2009	2008
Net loss for the year available to shareholders (in € '000)	(12,729)	(20,448)
Weighted average number of shares issued (in thousands)	13,348	11,963
Basic earnings per share (in € per share)	(0.95)	(1.71)

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.

The capital increase that was executed immediately following the reporting date (see note 33) did not have any impact on earnings per share in the 2009 financial year.

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28. Leases, guarantees and obligations

Finance leases

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 € 255 thousand was capitalised and is depreciated continually under property, plant and equipment (see note 6). No outstanding repayment liabilities were recognised as of the reporting date because the lease expired upon payment of the instalment due in January 2009 (2008: residual liability of € 15 thousand). The monthly interest portion is shown under "finance costs" in the income statement (2009: € 0.1 thousand; 2008: € 4 thousand). Amortisation of this asset in the financial year just ended was € 20 thousand and its net carrying amount at the reporting date was € 180 thousand (2008: € 199 thousand); payments of € 15 thousand were made in 2009 (2008: € 89 thousand). In contrast to the previous year, this laboratory equipment was no longer classified as leased laboratory equipment but instead reclassified to own laboratory equipment.

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No security deposit is being in held in escrow because the lease expired on 30 November 2009 (previous year: pledged bank account containing € 100 thousand). No other guarantees exist either.

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

Obligations under finance leases (laboratory equipment)	up to 1 year € '000	1 – 5 years € '000	after 5 years € '000	Total € '000
30.11.2009	0	0	0	0
30.11.2008	15	0	0	15

Operating leases, guarantees and obligations

The Company has also leased laboratory and office equipment under operating leases, which will expire at different times until 2012. 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 other expenses in the income statement, together with the obligations under lease agreements for company cars:

Expenses from operating leases and tenancy agreements	€ '000
2009	613
2008	551

WILEX has pledged a bank account with a balance of € 137 thousand as deposit for the landlord. No other guarantees exist.

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

Obligations as of 30.11.2009	up to 1 year € '000	1 – 5 years € '000	after 5 years € '000	Total € '000
Rental obligations for laboratory and office premises	623	851	0	1,474
Obligations under operating leases (laboratory and other office equipment, vehicles)	51	45	0	96
	675	**895**	**0**	**1,570**

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

Obligations as of 30.11.2008	up to 1 year € '000	1 – 5 years € '000	after 5 years € '000	Total € '000
Rental obligations for laboratory and office premises	560	1,474	0	2,034
Obligations under operating leases (laboratory and other office equipment, vehicles)	48	61	0	109
	608	**1,535**	**0**	**2,143**

29. Corporate bodies and compensation report

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

Compensation of the Executive Management Board

The Company's Compensation Committee was responsible for determining the compensation of the Executive Management Board until 31 August 2009; the full Supervisory Board has done so since 1 September 2009 in accordance with Section 107 Sub-section 3 German Stock Corporation Act (AktG). Compensation consists of a salary (fixed compensation), other benefits (non-cash compensation), a variable compensation component and a shareholder 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, 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 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 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 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 allocation to the pension provision corresponds to the increase in the entitlements under the associated reinsurance policy (see note 2.7) and totalled € 844 (2008: € 812) in the financial year just ended. The Company has no such obligations towards any other Executive Management Board members.

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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-based compensation of the members of the Company's Executive Management Board is primarily tied to the performance targets of WILEX, i. e. the achievement of defined milestones in clinical development, the securing of the Company's further funding and the performance of its shares.

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, and for Dr Thomas Borcholte, it amounts to a maximum of 31.13 % of his fixed compensation. On account of the adjustment of the fixed salary of Dr Thomas Borcholte during the financial year, the maximum bonus in the 2009 financial year slightly exceeded the given value because the increased maximum bonus resulting from the higher fixed salary was granted for the full 2009 financial year even though the salary adjustment did not take effect until October.

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 Annual General Meeting on 8 September 2005. A maximum of 900,000 stock options can be granted to the Executive Management Board members under the plan. No options were issued to members of the Executive Management Board in the 2008 and 2009 financial years. Including the options already issued to members of the Executive Management Board in financial years 2006 and 2007, the active members of the Executive Management Board held a total of 719,335 options at the reporting date 30 November 2009. At the reporting date 30 November 2009, 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 at the reporting date was € 5.52 per option for all options issued in the 2006 financial year and € 9.62 for all options issued in the 2007 financial year (tranche 7). The exercise price per stock option was reduced across the board to € 4.10 (see note 22) in accordance with the option conditions of the Stock Option Plan 2005 for all beneficiaries alike – i. e. both staff and members of the Executive Management Board – and thus corresponds to the subscription price per share that was fixed in connection with the capital increase executed immediately following the reporting date (see note 33).

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The stock options can be exercised after an initial waiting period of two years from the grant date (see note 22). The 579,335 options issued in the 2006 financial year could only be exercised until the reporting date 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 €6.90 per share. The 150,000 options issued to the Executive Management Board in the 2007 financial year could only be exercised until the reporting date 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 €9.62 per option. The performance target applicable to all stock options issued to staff and members of the Executive Management Board alike was reduced to the reference price of €4.51 analogous to the reduction in the exercise price upon execution of the capital increase immediately following the reporting date (see note 33). This means that the stock options may only be exercised if WILEX's share closes at €4.51 at a minimum – i.e. at least 10% higher than the exercise price of €4.10 – on ten consecutive trading days prior to exercise of the stock option. No stock options have been exercised to date.

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Overall, the Executive Management Board members received the following fixed and variable compensation components and non-cash compensation in the 2009 financial year:

Executive Management Board member	Fixed compensation 2009 €	Variable compensation [1] 2009 €	Other compensation (non-cash compensation) 2009 €	Total compensation 2009 €
Professor Olaf G. Wilhelm	260,000	150,000	10,844	420,844
Dr Paul Bevan	230,000	60,000	13,122	303,122
Peter Llewellyn-Davies	220,000	50,000	12,555	282,555
Dr Thomas Borcholte [2]	213,333	40,000	180	253,513

[1] Paid in 2009 for the 2008 financial year. The bonus for 2009 will be paid in the 2010 financial year.

[2] Dr Borcholte has waived his non-cash compensation in the form of a company car.

The following figures apply to the previous financial year:

Executive Management Board member	Fixed compensation 2008 €	Variable compensation [1] 2008 €	Other compensation (non-cash compensation) 2008 €	Total compensation 2008 €
Professor Olaf G. Wilhelm	260,000	135,000	10,904	405,904
Dr Paul Bevan	230,000	55,000	13,403	298,403
Peter Llewellyn-Davies	205,000	50,000	12,038	267,038
Dr Thomas Borcholte [2]	212,000	50,000	240	262,240

[1] Paid in 2008 for the 2007 financial year. The bonus for 2008 was paid in the 2009 financial year.

[2] Dr Borcholte has waived his non-cash compensation in the form of a company car.

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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 2.17.1 and 22):

Executive Management Board member	01.12.2008 Number	Additions Number	Expiry Number	Sales Number	30.11.2009 Number
Professor Olaf G. Wilhelm	262,770	0	0	0	262,770
Dr Paul Bevan	175,180	0	0	0	175,180
Peter Llewellyn-Davies	131,385	0	0	0	131,385
Dr Thomas Borcholte	150,000	0	0	0	150,000

Executive Management Board member	Expense in the income statement €	Fair value of the options[1] €
Professor Olaf G. Wilhelm	0	631,599
Dr Paul Bevan	0	421,066
Peter Llewellyn-Davies	0	325,835
Dr Thomas Borcholte	101,777	423,469

[1] As of the respective issue date

The following figures apply to the previous financial year:

Executive Management Board member	01.12.2007 Number	Additions Number	Expiry Number	Sales Number	30.11.2008 Number
Professor Olaf G. Wilhelm	262,770	0	0	0	262,770
Dr Paul Bevan	175,180	0	0	0	175,180
Peter Llewellyn-Davies	131,385	0	0	0	131,385
Dr Thomas Borcholte	150,000	0	0	0	150,000

Executive Management Board member	Expense in the income statement €	Fair value of the options[1] €
Professor Olaf G. Wilhelm	2,862	631,599
Dr Paul Bevan	1,908	421,066
Peter Llewellyn-Davies	21,163	325,835
Dr Thomas Borcholte	208,114	423,469

[1] As of the respective issue date

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

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

Dr Paul Bevan is also a member of the following body:

Company	Position
Clinical Control Ltd., Burnham (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, Chief Executive Officer, Vifor Pharma AG (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 Hopp BioTech holding GmbH & Co. KG
Dr Rüdiger Hauffe, Consultant
Professor Iris Löw-Friedrich, Executive Vice-President Global Projects and Development and Chief Medical Officer, UCB S.A.

Supervisory Board Committees

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas in its meetings. The Compensation Committee deals with matters of staff and with the compensation of the members of the Executive Management Board. The tasks of the Nomination Committee include proposing suitable candidates for the Supervisory Board to the Annual General Meeting and the appointment of new members of the Executive Management Board. This committee is chaired by Dr David Ebsworth; Dr Alexandra Goll and Dr Rüdiger Hauffe are members of this committee.

The Company also established an Audit Committee, whose tasks include the discussion and preparatory examination of annual financial statements and quarterly reports as well as the pre-selection of the auditor of the financial statements. The Audit Committee is chaired by Dr Georg F. Baur; Dr Friedrich von Bohlen und Halbach is also a member.

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 € 15,000 for each full financial year of service on the Supervisory Board. The Chairman of the Supervisory Board receives a fixed compensation of € 35,000 and the Deputy Chairman € 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.

Members of a Supervisory Board committee are paid a flat fee of € 3,000, while chairpersons of such committees are paid € 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 € 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.

An additional allowance is paid for attendance at a maximum of six Supervisory Board meetings in each financial year. Meeting chairpersons are paid a flat fee of €3,000 and all other members € 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 their membership ends.

The total compensation paid by WILEX to the Supervisory Board for the 2009 financial year amounted to €201,500 plus expenses (previous year: €201,500). The table below shows the individual compensation.

Supervisory Board member	Fixed compensation[1] €	Attendance allowance €	Committee fee €
Dr David Ebsworth, Chairman	35,000	16,500	7,000
Dr Georg F. Baur, Deputy Chairman	25,000	8,250	7,000
Dr Alexandra Goll	15,000	9,000	3,000
Dr Friedrich von Bohlen und Halbach	15,000	7,500	3,000
Dr Rüdiger Hauffe	15,000	8,250	3,000
Professor Iris Löw-Friedrich	15,000	9,000	0

[1] The fourth instalment for the 2009 financial year was paid after the end of the 2009 financial year.

The table below shows the individual compensation for the 2008 financial year:

Supervisory Board member	Fixed compensation €	Attendance allowance €	Committee fee €
Dr David Ebsworth, Chairman	35,000	18,000	7,000
Dr Georg F. Baur, Deputy Chairman	25,000	9,000	7,000
Dr Alexandra Goll	15,000	9,000	3,000
Dr Friedrich von Bohlen und Halbach	15,000	9,000	3,000
Dr Rüdiger Hauffe	15,000	9,000	3,000
Professor Iris Löw-Friedrich	15,000	8,250	0

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

Company	Position
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
KBH GmbH, Hanover	Member of the Advisory Board
LR HEALTH & BEAUTY SYSTEMS HOLDING GmbH, Ahlen	Chairman of the Advisory Board
Versatel AG, Berlin	Member of the Supervisory Board

Dr Goll is also a member of the following bodies:

Company	Position
Albireo Pharma Ltd., Gothenburg (Sweden)	Member of the Supervisory Board
Biovertis AG, Vienna (Austria)	Member of the Supervisory Board
Cerenis Therapeutics SA, Labege (France)	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., Milan (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
Febit Holding GmbH, Heidelberg	Member of the Advisory Board
Febit Inc., Lexington, MA (USA)	Non-executive member of the Board of Directors
Heidelberg Pharma AG, Ladenburg	Chairman of the Supervisory Board
Immatics GmbH, Tübingen	Member of the Advisory Board
Integrated Diagnostics Inc., Seattle (USA)	Non-executive member of the Board of Directors
Life Biosystems AG, Basel (Switzerland)	Chairman of the Board of Directors
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 Subsection 1 Clause 5 German Stock Corporation Act.

Apart from the activities described above, the members of the Company's Supervisory Board were not members of any other control bodies at the reporting date.

30. Related-party transactions

Shares held by the Executive Management Board and the Supervisory Board
As of 30 November 2009, the Executive Management Board held 120,331 shares (representing 0.87 % of the Company's share capital of 13,780,935 shares). The Supervisory Board for its part held 145,147 shares directly and 819,708 shares indirectly as of 30 November 2009, corresponding to 7.00 % of the Company's share capital.

Members of the Supervisory Board exercised their subscription rights under the capital increase resolved on 11 November 2009. The shares were not created until the capital increase was recorded in the appropriate Commercial Register on 4 December 2009 and were not furnished to the members of the Supervisory Board until after this date.

In his capacity as the Managing Director of the general partner of dievini Biotech holding GmbH und Co. KG (dievini Verwaltungs GmbH), Dr Friedrich von Bohlen und Halbach, member of the Company's Supervisory Board, directly holds at least 5 % of the share capital of WILEX AG. None of the other (active or former) members of the Company's Executive Management Board or Supervisory Board had substantial equity interests in the Company that exceed 5 % of its share capital (directly and indirectly) as of 30 November 2009.

The Executive Management Board held 120,331 shares (corresponding to 0.75 % of the Company's share capital) following the capital increase dated 4 December 2009 (share capital divided into 15,957,965 shares) and hence after the close of the reporting year. The Supervisory Board for its part held 181,433 shares directly and 4,627,810 shares indirectly (corresponding overall to 30.14 % of the Company's share capital).

Name	Function	Number
Dr David Ebsworth	Chairman of the Supervisory Board	50,000
Dr Georg F. Baur	Deputy Chairman of the Supervisory Board	125,433
Dr Rüdiger Hauffe	Member of the Supervisory Board	6,000
Dr Friedrich von Bohlen und Halbach[1]	Member of the Supervisory Board	4,627,810
Professor Olaf G. Wilhelm[2]	Chairman of the Executive Management Board	120,331

[1] indirect, in his capacity as Managing Director of dievini Verwaltungs GmbH, which is the general partner of dievini BioTech holding GmbH und Co. KG
[2] The wife of Professor Olaf G. Wilhelm, Dr Sabine Wilhelm, holds a further 120,331 shares.
As of 8 December 2009

The following table shows the shares held in 2008:

Name	Function	Number
Dr David Ebsworth	Chairman of the Supervisory Board	30,000
Dr Georg F. Baur	Deputy Chairman of the Supervisory Board	70,347
Dr Rüdiger Hauffe	Member of the Supervisory Board	800
Professor Olaf G. Wilhelm[1]	Chairman of the Executive Management Board	120,331

[1] The wife of Professor Olaf G. Wilhelm, Dr Sabine Wilhelm, holds a further 120,331 shares.

Directors' dealings

The following purchases requiring disclosure were made by members of corporate bodies in the 2009 financial year:

Name	Date	Trans-action	Market place	Price €	Number	Volume €
Dr David Ebsworth, Chairman of the Supervisory Board	26.11.2009	Purchase[1]	OTC[2]	4.10	10,000	41,000.00
Dr Georg F. Baur, Deputy Chairman of the Supervisory Board	26.11.2009	Purchase[1]	OTC[2]	4.10	25,086	102,852.60
Dr Rüdiger Hauffe, Member of the Supervisory Board	26.11.2009	Purchase[1]	OTC[2]	4.10	1,200	4,920.00
Dr Friedrich von Bohlen und Halbach, Member of the Supervisory Board	11.11.2009	Purchase[1]	OTC[2]	4.10	852,988	3,497,250.80
Dr David Ebsworth, Chairman of the Supervisory Board	09.01.2009	Purchase	XETRA, Frankfurt / Main	3.99	10,000	39,900.00
Dr Georg F. Baur, Deputy Chairman of the Supervisory Board	09.01.2009	Purchase	XETRA	4.00	30,000	120,000.00
Dr Rüdiger Hauffe, Member of the Supervisory Board	09.01.2009	Purchase	XETRA	4.00	4,000	16,000.00

[1] Exercise of the subscription rights under the capital increase

[2] Over the counter

Dr Friedrich von Bohlen und Halbach executed two additional transactions requiring disclosure after the close of the 2009 financial year:

Name	Date	Trans-action	Market place	Price €	Number	Volume €
Dr Friedrich von Bohlen und Halbach, Member of the Supervisory Board	08.12.2009	Loan of securities[1]	OTC	30,000	944,449	30,000.00
Dr Friedrich von Bohlen und Halbach, Member of the Supervisory Board	07.12.2009	Purchase	OTC	4.10	362,869	1,487,762.90

[1] The loan of securities was a technical transaction that must be disclosed in connection with the capital increase but did not change the number of shares overall.

No other relationships to related parties exist.

31. Expenses for the auditors

KPMG AG Wirtschaftsprüfungsgesellschaft was appointed the auditor of the Company at its Annual General Meeting on 26 May 2009. The following fees for services were recorded as expenses in the periods reviewed:

	2009 € '000	2008 € '000
Audit of the annual financial statements	85	70
Total expenses for auditors	**85**	**70**

32. Declaration of compliance with the German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act (AktG)

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 2009. It has been made permanently available to all shareholders and interested parties on the Company's website (www.wilex.com).

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33. Events after the reporting period

The following events occurred after the end of the financial year on 30 November 2009:

Both the capital increase subject to shareholders' subscription right, which the Executive Management Board resolved on 11 November 2009 with the approval of the Supervisory Board, and the subsequent private placement of unsubscribed shares with both German and international institutional investors were completed on 4 December 2009 when the capital increase was recorded in the Company's Commercial Register. A total of 2,177,030 shares were floated at a price of € 4.10 per share. The Company's share capital of € 13,780,935.00 was raised by € 2,177,030.00 using authorised capital to € 15,957,965.00 by issuing 2,177,030 new no par value shares with a pro rata interest in the Company's share capital of € 1.00 and full rights to dividends from 1 December 2008 in return for cash contributions.

Sal. Oppenheim jr. & Cie. KGaA and Caris & Company, Inc. were the joint lead managers and joint book runners in connection with this transaction.

WILEX received gross proceeds of approximately € 8.93 million from this capital increase. This will enable WILEX to use the net proceeds of about € 8.53 million from the capital increase to fund both its current clinical trials and the Company's continued growth as well as enhance its equity base.

Responsibility statement of the Executive Management Board

“To the best of our knowledge, and in accordance with the applicable reporting principles, the annual 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 WILEX AG, together with a description of the principal opportunities and risks associated with the expected development of WILEX AG.”

Munich, 4 February 2010

Executive Management Board

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

Auditors' 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 WILEX AG, Munich, for the financial year from 1 December 2008 to 30 November 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with IFRS, 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 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 single-entity 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 IFRS, 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 "8. Report on risks and opportunities", sub-sections "Going-concern risks" and "Overall assessment of the risk situation". In this section it is disclosed that the Company's ability to continue as a going concern is at risk in the short term, if the Company, in contrast to expectations, is unable to generate fresh capital through a partnership or cooperation or fails to raise capital via the capital market.

Munich, 5 February 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pastor	Rahn
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Glossary

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

Adjuvant therapy: Supportive therapy after surgery

Antigen: Structure onto which an antibody specifically binds

Antibodies: 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

ARISER: **A**djuvant **R**ENCAREX® **I**mmunotherapy Phase III trial to **S**tudy **E**fficacy in non-metastatic **R**CC. ARISER is a double-blind, placebo-controlled Phase III study to assess the effect of adjuvant treatment with RENCAREX® on disease-free survival and overall survival in RCC patients with a high risk of recurrence following surgery (nephrectomy)

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 therapy: Therapy with two or more substances

Cytotoxic: Poisonous to cells

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

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

Girentuximab: INN (International Nonproprietary Name) for RENCAREX®. RENCAREX® is the development name for the therapeutic antibody WX-G250, which is based on the chimeric antibody cG250. The INN for the radiolabelled antibody, which is developed under the name REDECTANE®, is Iodine (124I) girentuximab

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

HER2: Human Epidermal Growth Factor Receptor Type 2 (HER2) is a protein that occurs on the surface of cells of numerous organs in the human body. In about 20 – 30 % of women with breast cancer, the HER2 receptor is over-expressed (HER2-Receptor positive), i. e. there are approximately 10 to 100 times as many of these receptors on the cell surface. Over-expression of the receptors means that signal transduction is enhanced, which results in accelerated tumour cell division. If there is no over-expression of HER2 receptors, this is referred to as HER2-Receptor negative

IDMC: Independent Data Monitoring Committee – responsible for interim analyses for futility and efficacy

Inhibitor: Substance which reduces or inhibits specific biological activities

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

Level of Evidence I: Evidence is obtained from meta-analysis of multiple, well-designed, controlled studies, usually randomised trials with low false-positive and low false-negative errors (high power)

MEK: The mitogen-activated protein kinase has been shown to play a central role in signal transduction. MEK has been linked to a multitude of biological processes such as cell division, cell differentiation and cell death

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: 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

Pharmacodynamics: Explores and describes the physiological effects of drugs on the body or on microorganisms within the body, i. e. the mechanisms of drug action and adverse effects

Pharmacokinetics: Describes all processes of the action of drugs in the body including absorption, distribution, metabolism, and excretion

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

PI3K: The phosphatidylinositol-3-kinase-B signalling pathway sends a "growth" signal to the nucleus of a tumour cell

Phenotype: Physical appearance or outwardly observable characteristics of an organism

Placebo: Dummy drug with no active ingredients

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

Positron emission tomography (PET): A radionuclide imaging procedure, which can visualise biochemical and physiological processes by means of radioactive materials

PET/CT: A combination of two imaging procedures. PET delivers images of biochemical and physiological processes and CT shows the anatomic structures, which are necessary to localise the PET signal.

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

REDECT: **Re**nal Masses: Pivotal Trial To **De**t**ect** clear-cell RCC with pre-surgical PET/CT. REDECT is a Phase III registration trial, which will evaluate whether imaging with REDECTANE® can improve the diagnosis in comparison to the current standard (CT)

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

Financial calendar

Date	Location	Type of report/event
24 February 2010	Munich	Annual Report 2009
24 February 2010	Munich	Financial press conference and analysts' meeting
14 April 2010	Munich	3-month Financial Report 2010
21 May 2010	Munich	Annual General Meeting 2010
14 July 2010	Munich	Half-yearly Financial Report 2010
13 October 2010	Munich	9-month Financial Report 2010

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

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