WILEX

Focused Cancer Therapies

ANNUAL REPORT 2010

Strategic growth

by complementing the value chain

Key figures

	2010[1] € '000	2009[1] € '000	2008[1] € '000
Earnings			
Sales revenue	0	10,000	0
Other income	1,314	3,013	3,208
Operating expenses	(24,426)	(25,878)	(24,601)
of which research and development costs	(19,704)	(21,823)	(20,157)
Operating result	(23,112)	(12,864)	(21,394)
Earnings before tax	(23,092)	(12,714)	(20,433)
Net loss for the period	(23,099)	(12,729)	(20,448)
Earnings per share in €	(1.38)	(0.95)	(1.71)
Balance sheet as of 30.11.			
Total assets	5,591	12,013	15,327
Cash and cash equivalents	1,943	3,411	12,137
Equity	(1,295)	3,045	5,790
Equity ratio[2] in %	(23.2)	25.3	37.8
Cash flow statement			
Cash flow from operating activities	(19,259)	(18,638)	(22,830)
Cash flow from investing activities	(476)	(71)	14,932
Cash flow from financing activities	18,241	9,794	(89)
Employees (number)			
Employees as of 30.11.[3]	80	71	66
Employees – average for the reporting period[3]	72	66	62

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

[2] Equity/total assets

[3] Including WILEX Inc. (2010) and members of the Executive Management Board

Rounding of exact figures may result in differences.

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= Glossary or cross reference

= Internet reference

Key milestones

DECEMBER 2009
Rights issue netting proceeds of €8.5 million

MARCH 2010
Conclusion of an equity distribution agreement for up to €20.0 million

MAY 2010
Impressive final data from the Phase II trial with MESUPRON® in patients with pancreatic cancer

Positive Phase III data with the diagnostic agent REDECTANE® in patients with renal masses

JUNE 2010
Presentation of Phase II data for MESUPRON® in pancreatic cancer and the Phase II study design in breast cancer at ASCO

Successful completion of the Phase I trial of WX-554

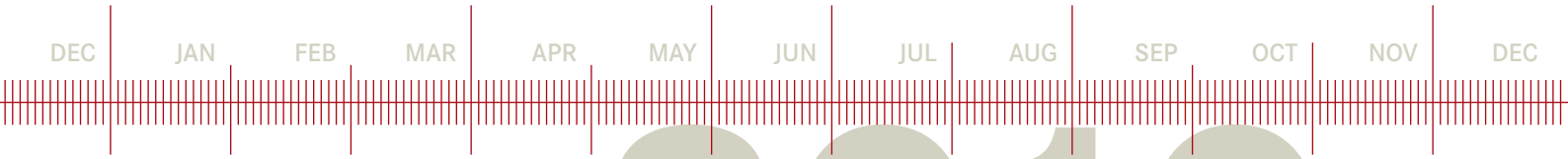
AUGUST 2010
Rights issue netting proceeds of € 10.0 million

NOVEMBER 2010
Announcement of the acquisition of Heidelberg Pharma AG

Takeover of all assets of Oncogene Science from Siemens Healthcare Diagnostics

DECEMBER 2010
Resolution to acquire Heidelberg Pharma AG at the Extraordinary General Meeting

Securing of additional funds through shareholder loans of up to € 10.0 million



2010

WILEX was again able to report success in its clinical programmes, the development of its business model and financing in 2010. The Company's position has been strengthened considerably and WILEX has raised its commercial profile in the oncology market.

About us

WILEX is a biopharmaceutical company focused on oncology with a broad portfolio of near-to-market therapeutic and diagnostic products for the targeted treatment and specific detection of various types of cancer. The company's therapeutic product candidates are based on antibodies and small molecules.

Through its US subsidiary WILEX Inc., WILEX markets a portfolio of oncological biomarker tests under the brand Oncogene Science. These biomarker tests could be used as companion diagnostics in clinical trials and for therapy monitoring.

The business model of WILEX covers the value chain in the oncology market and comprises research, technology and development collaborations as well as commercialisation. WILEX's customers and partners include leading international pharmaceutical companies.

OUR PORTFOLIO

Product	Antibody/ inhibitor	Preclinical phase	Phase I	Phase II	Phase III	Approval
REDECTANE®	Diagnostic antibody	Renal masses				
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				
2 antibody programmes		Cancer				

* Non-metastatic, adjuvant therapy

** These inhibitors are small molecules.

Glossary

Letter to the shareholders

Dear Ladies and Gentlemen,

The 2010 financial year was yet another successful year in our Company's history. We were again able to report success in our clinical programmes, the development of our business model and the Company's financing during the financial year just ended. We are preparing our first marketing application for our product candidate (REDECTANE®), and we have made great progress in all clinical programmes. We are in promising discussions with potential partners regarding the commercialisation of our products. Two strategic acquisitions now supplement our core drug development business. The oncological biomarker business, which is already on the market, and the new and highly promising ADC antibody technology open important future markets.

Glossary

The Phase III REDECT registration trial of our diagnostic agent REDECTANE® has been brought to a successful completion. Our goal of marketing our advanced product candidates has come within reach for the first time. The therapeutic development programme RENCAREX® has entered the important interim analysis stage in the current Phase III ARISER registration trial. A Phase II trial of our uPA inhibitor MESUPRON® has also yielded impressive data on the drug's efficacy. Research on uPA inhibitors was WILEX's scientific starting point and the main motivation to found the Company. The clinical milestone achieved through positive trial findings is therefore also an emotionally significant event for the Company.

Two strategic acquisitions at the close of the financial year complement our core business. The acquisition of the assets of Oncogene Science from Siemens Healthcare has been completed and the newly established WILEX Inc. will continue the biomarker business in the current financial year. It is a business that offers many opportunities, creating synergies with WILEX's clinical development work. This acquisition strengthens our position in the promising personalised medicine market. Moreover, the new biomarker tests will generate income from product sales in 2011.

The acquisition of Heidelberg Pharma – also announced at the close of the financial year – gives us access to an attractive new antibody technology for which there is strong demand in the market. It might serve as the basis for lucrative future research alliances with partners in the pharmaceutical industry. Furthermore contract research has also started to generate income.

Our shareholders made available more than € 18 million in fresh capital through two capital measures. Our clinical success, as well as our most recent strategic acquisitions, would not have been possible without the confidence and support of our shareholders. It is their reliable support that commits both the employees and the management of WILEX to redouble efforts in implementing our plans and further expanding our business model.

> Our business began with the clear goal of developing and obtaining marketing approval for innovative cancer products. Our strategic focus has always been on developing WILEX into a commercially successful biopharmaceutical company with a broad portfolio of novel drugs and diagnostic agents."
>
> Professor Olaf G. Wilhelm, CEO

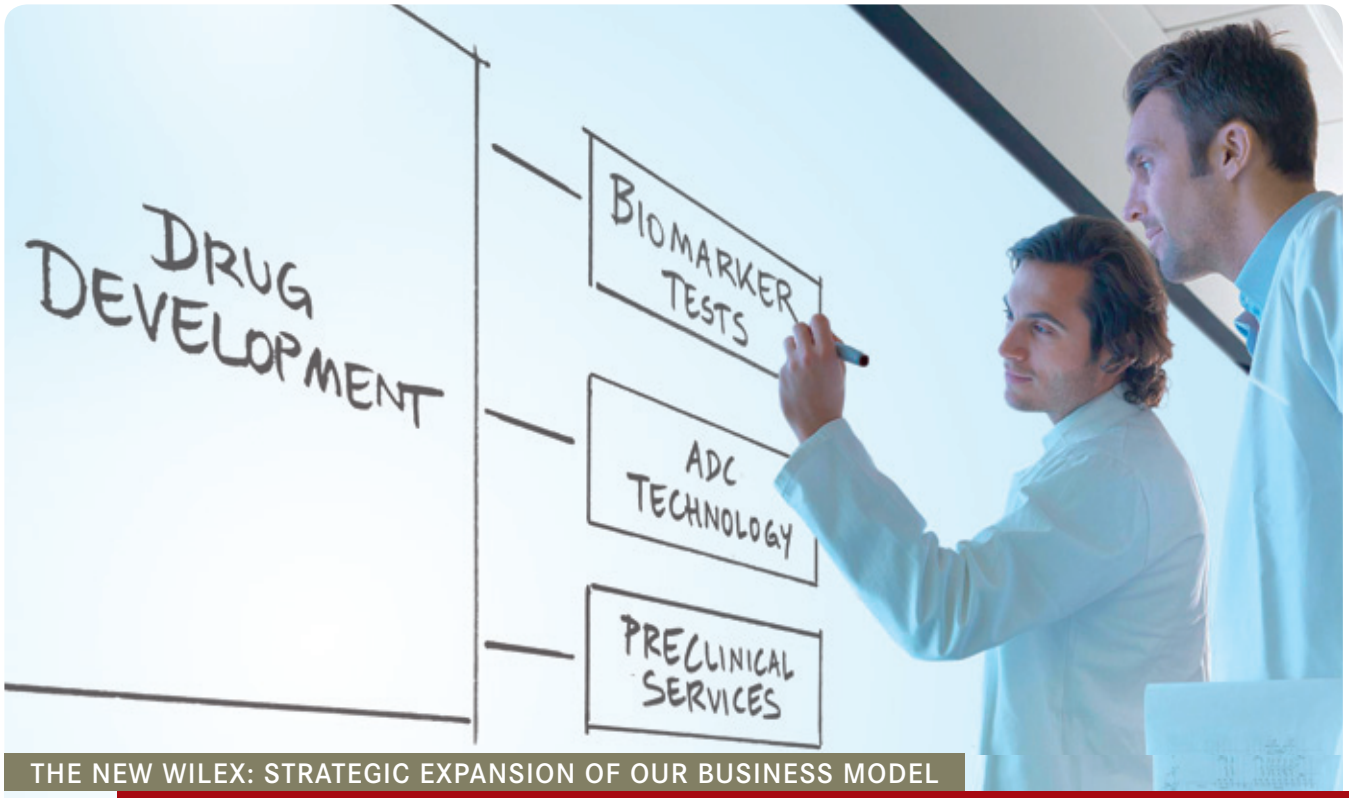
The Company enters the new financial year in a substantially enhanced position. WILEX has raised its commercial profile in the oncology market. We will generate revenue from product sales for the first time and we expect to enter into a partnership for our therapeutic programmes. We aim to complete the acquisition of Heidelberg Pharma in 2011 and market the new ADC technology. In addition we expect important clinical milestones, especially the results from the interim analysis for efficacy of RENCAREX®. These highly anticipated results could be the basis of a European marketing application for this therapeutic agent.

We ask that all of the Company's shareholders, partners and friends place their continued trust in the new WILEX Group.

Munich, 22 February 2011

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



THE NEW WILEX: STRATEGIC EXPANSION OF OUR BUSINESS MODEL

WILEX covers the value chain in the oncology market.

The takeover of Oncogene Science and the planned acquisition of Heidelberg Pharma AG enable WILEX to complement its core drug development business through research, marketing and sales as well as a technology platform. The Company's future range of products and services will raise WILEX's commercial profile.

The elements of our success

Preclinical and clinical product development are the defining characteristics of WILEX's business model. Continuous progress and the most recent successes confirm this core strategy. WILEX now has a broad portfolio of clinical product candidates, some of which have already attained proof of concept. As an increasing number of programmes is nearing commercialisation, the question is how to continue and fund this business model in the long term. The most recent acquisitions are WILEX's answer to these strategic challenges. Both offer important elements that complement the expertise of WILEX in the development of drugs and diagnostic agents.

Strategic synergies

Oncogene Science will further expand WILEX's diagnostic expertise and range of services. The acquisition of the assets of Oncogene Science also gives WILEX privileged access to licences and patents in areas that are key to its product development.

The planned acquisition of Heidelberg Pharma will also generate important strategic synergies. WILEX plans to use Heidelberg Pharma's ADC technology to initiate new development projects and research alliances with partners in the pharmaceutical industry.

Oncogene Science manufactures and markets high-quality, ready-to-use diagnostic tests for clinical research and commercial applications worldwide. These tests could make it possible to select patients for targeted therapies and monitor the progression of the disease.

OncogeneScience

Heidelberg Pharma possesses a novel antibody drug conjugate platform technology for therapeutic antibodies. This ADC technology is capable of improving the efficacy of many drugs. In addition, Heidelberg Pharma generates revenue from contract research.

Heidelberg Pharma

Portfolio of products and services

It is WILEX's goal to cover the entire value chain in the oncology market. The spectrum of the Company's products and services will range from research to the development of therapeutic, diagnostic and biomarker products, to a technology platform. This opens up a significant product offering in the antibody market for WILEX's portfolio and for partners. WILEX's product portfolio ranges from antibody drug conjugates for research and therapy, to highly developed therapeutic and diagnostic antibodies and small-molecule inhibitors, to biomarker tests. This means that the value chain has been extended from research to marketing and sales.

Potential

Biomarker tests: As an element of companion diagnostics, biomarker tests are an important pillar of "personalised medicine". They can be utilised in the development of new targeted therapeutics in clinical trials as well as for patients in routine clinical practice. WILEX can use these tests for its own product candidates and offer them to third parties.

ADC technology: Marketing the ADC technology opens up major potential for research cooperation agreements with companies specialising in antibodies. Alliances such as those of Seattle Genetics and Celldex Therapeutics, Astellas Pharma/ImmunoGen and Biogen Idec or Roche and Genentech show that validated technology platforms are not only an interesting approach for the scientific development of therapeutic antibodies but also generate large recurring revenue streams.

Acquiring the new units and combining them with WILEX's core business opens up new revenue models above and beyond the commercialisation of the Company's existing development programmes. WILEX expects to generate revenue from product sales as well as from both contract research and marketing of the ADC technology.

The new US subsidiary, WILEX Inc., will provide an opportunity to gain a foothold in the US market and could be used to locally manage the regulatory approval processes in North America.

Glossary

The new WILEX

	Heidelberg Pharma AG[1]	WILEX AG	WILEX Inc. (Oncogene Science)
Profile	Platform technology and contract research	Therapeutic and diagnostic product candidates	Companion diagnostics
Indication	Oncology	Oncology	Oncology
Products	Antibody drug conjugates and service business	Antibodies and small-molecule drugs	Diagnostic tests for biomarkers
Activities	Research	Clinical development and commercialisation	Production, marketing and sales
Status	Research/preclinical	Marketing application, Phase III, II, I	On the market
Organisation	Ladenburg, Germany 34 employees	Munich, Germany 70 employees	Cambridge, MA, USA 10 employees

[1] Completion of the acquisition planned for 2011

SUCCESSFUL COMPLETION OF THE PHASE III TRIAL OF REDECTANE®

WILEX will soon seek its first marketing approval.

Completion of the clinical development of a product is a key validation of a biopharmaceutical company's business model. Every company in the industry must follow what is often a long and challenging road to reach that goal. WILEX is about to submit the marketing application for its first candidate, the diagnostic agent REDECTANE®, and has reached a major milestone.

The significance of diagnostic agents for cancer therapies

Today, cancer diagnostics play an increasingly important role in the assessment of a patient's risk of developing a particular kind of cancer as well as the ability to reliably identify the cancer, select a suitable therapy and better track its progression. Efficient and effective diagnoses are becoming immensely significant in economic terms, given the rising expenditures for cancer therapies. REDECTANE® has the potential to make a decisive improvement in the diagnosis and thus the treatment of clear cell renal cell cancer.

WILEX has an experienced marketing and sales partner in IBA, Belgium (Euronext: IBAB). IBA is the world's leading provider of PET radiopharmaceuticals.

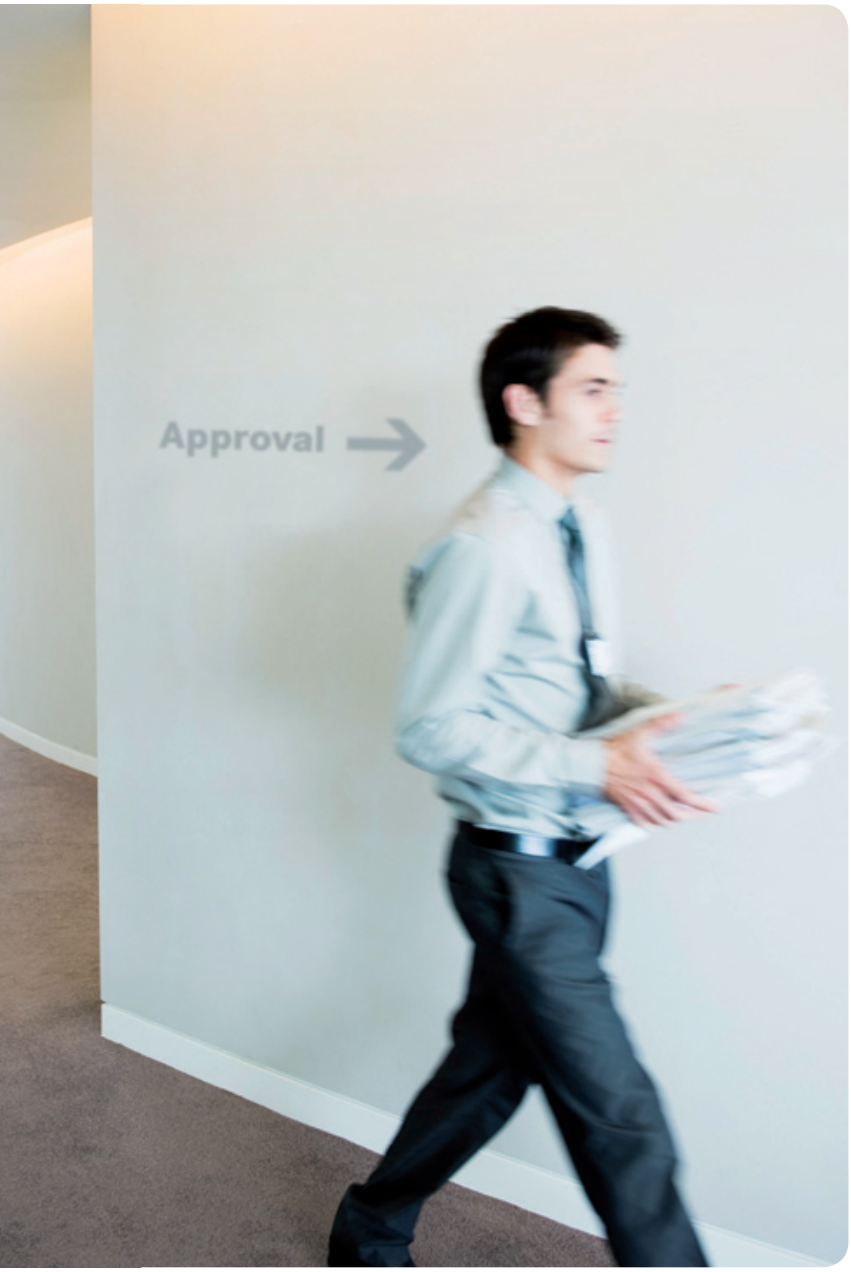
@ *www.iba-worldwide.com*

The market for diagnostic antibodies

There are few market forecasts because diagnostic antibodies are a relatively young market. Nevertheless, diagnostic antibodies are expected to become a significant product segment of medical diagnostics in oncology. This is predicated on convincing trial findings that clearly document the superiority of diagnostic antibodies over conventional procedures. Datamonitor expects the volume of the total market for molecular diagnostics to grow to USD 5.8 billion by 2013, up from USD 3.0 billion in 2003.

Standard diagnosis of kidney cancer

Computer tomography (CT) is the standard procedure for diagnosing kidney cancer. Yet this approach has a major disadvantage in that it cannot clearly distinguish a benign tumour from a malignant clear cell renal cell carcinoma. In 30 % to 40 % of all cases, pathological examinations after surgery show that another treatment option would have been possible. Combining REDECTANE® with positron emission tomography (PET) and CT provides biological information in addition to anatomical information, enabling a more precise diagnosis. REDECTANE® thus has great diagnostic potential.



Marketing potential and strategies

WILEX estimates for the revenue potential of REDECTANE® in the clear cell renal cell cancer indication to be approximately USD 100 million. Ion Beam Application S.A. (IBA), Louvain-la-Neuve, Belgium, is WILEX's marketing partner. IBA is the world's leading provider of PET radiopharmaceuticals. In addition to its use as a diagnostic agent for renal cancer, REDECTANE® could also be developed for indications such as colon, bladder and oesophageal cancer or as an approach to therapy monitoring. Expanding the range of indications for REDECTANE® would open up new markets and opportunities.

Profile of REDECTANE®

REDECTANE®	Development status	REDECT trial findings	Indication
The antibody Girentuximab binds to the carbonic anhydrase IX (CA IX) protein structure and thus to clear cell renal cell carcinomas that overexpress CA IX but not to normal renal tissue. Girentuximab is radiolabelled using iodine 124 and thus "lights up" as REDECTANE® in the malignant cancer tissue on the PET/CT.	The Phase III registration trial REDECT involving 226 patients suspected of having kidney cancer but had not yet undergone surgery, was brought to a successful completion in May 2010. This trial is the basis for the marketing application.	Combining REDECTANE® with PET and CT has superior sensitivity and specificity compared to CT alone.	Renal cancer Each year, about 241,000 people are newly diagnosed with renal cancer, and 65 % of them are diagnosed with clear cell renal cell cancer, the most aggressive form of renal cancer with a very poor prognosis.

KEY CLINICAL SUCCESSES IN THE THERAPEUTIC PORTFOLIO

WILEX is developing additional therapeutic drugs with the goal of out-licensing.

The therapeutic products in the WILEX portfolio offer significant potential for maximising shareholder value. WILEX reported important progress for two of its therapeutic product candidates in 2010. The Company presented impressive clinical data from a Phase II trial of MESUPRON® and a Phase I trial of WX-554 was completed. The important interim analysis of the Phase III trial of RENCAREX® started at the beginning of 2011.

MESUPRON® delivered good clinical data

MESUPRON® is the first small-molecule protease inhibitor that blocks the urokinase plasminogen activator (uPA) system and, in a proof of concept trial, has demonstrated an impressive therapeutic effect in pancreatic cancer. MESUPRON® is currently being tested in a further Phase II trial in breast cancer. The results are expected in 2012 at the earliest.

uPA inhibitors in cancer therapies

WILEX is the leading developer of uPA inhibitors worldwide. Both the Company's origins and its scientific expertise are rooted in its deep insight into the uPA system. The uPA programme is a highly promising, non-cytotoxic approach to inhibiting the growth of tumours and preventing them from spreading.

Profile of MESUPRON®

MESUPRON® (INN: Upamostat)

MESUPRON®, an orally administered drug candidate and the prodrug of WX-UK1, is a second-generation serine protease inhibitor that blocks the uPA system. The uPA system plays an important role in the growth and spread of cancer cells. To WILEX's knowledge, MESUPRON® is the most advanced uPA inhibitor in oncological clinical trials worldwide.

Development status

The Phase II trial in pancreatic cancer was brought to a successful completion in May 2010. The final data confirming the impressive overall survival of patients with pancreatic cancer were presented at the ASCO conference in June 2010.

Currently, MESUPRON® is being tested in combination with the chemotherapeutic agent Capecitabine in a Phase II trial in breast cancer.

Indications

Pancreatic cancer An estimated 43,140 people in the United States were newly diagnosed with pancreatic cancer in 2010.

Breast cancer An estimated 207,090 new cases of invasive breast cancer were diagnosed in women in the United States in 2010; an additional 54,000 new cases of non-invasive (in situ) breast cancer were predicted.

Other indications such as ovarian and colon cancer are also possible.

Profile of RENCAREX®

RENCAREX®

RENCAREX® (INN: Girentuximab) is a specific antibody being developed for treating solid tumours and possesses broad therapeutic potential. RENCAREX® has proven to be safe and well tolerated in the trials carried out to date.

Development status

RENCAREX® is currently being tested in the pivotal Phase III ARISER trial as an adjuvant therapeutic agent in patients with non-metastatic clear cell renal cell cancer (ccRCC). The interim analysis for efficacy has been started.

RENCAREX® Phase III trial interim analysis started

The ARISER trial examines the efficacy of the antibody RENCAREX® compared to a placebo for the treatment of clear cell renal cell cancer patients who had either the whole kidney or the diseased part of the kidney removed and who had no detectable metastases. The process related to the interim analysis of this registration trial was started in January 2011. The interim analysis should provide critical information regarding the endpoint of the trial relevant for approval, namely “disease-free survival”. The results of the interim analysis of efficacy are expected to be available in about six months. They could form the basis for the European marketing application.

Therapeutic antibodies in cancer treatment

The antibody market is considered the fastest growing segment of the health care sector. Total sales of monoclonal antibodies in 2009 were USD 36.4 billion and, according to Datamonitor, are expected to reach USD 62.7 billion by 2015. Oncological indications will likely account for a large part of these sales. Roche is the leading provider in this field with its blockbusters Avastin®, Rituxan® and Herceptin®. WILEX’s RENCAREX® is a therapeutic antibody being tested in a clinical Phase III trial for the treatment of non-metastatic clear cell renal cell cancer.

In 2004, WILEX granted an exclusive licence for marketing RENCAREX® in Southern Europe to Laboratorios del Dr. Esteve S.A., Barcelona, Spain. @ *www.esteve.es*

FUTURE OPPORTUNITIES IN BIOMARKER PRODUCTS

WILEX acquires a portfolio of oncological biomarker tests already on the market.

Biomarkers are a modern instrument in the diagnosis of many diseases and of utmost importance to the development of new treatment options. They are the basis for the future of personalised medicine, which is rooted in specific and targeted diagnosis and therapy.

The new HER2/neu ELISA assay from WILEX

Development status

The HER2/neu ELISA assay from Oncogene Sciene is the only FDA-approved in-vitro diagnostic test for quantifying the serum HER2/neu level in women with metastatic breast cancer as a criterion for a suitable therapy.

Indication

HER2/neu identification may be utilised during and following therapy in connection with follow-up examinations in patients with metastatic breast cancer.

Companion diagnostics

Companion diagnostics are still considered a fairly young discipline. However, the regulatory authorities in both the United States and Europe are already developing guidelines for the requirements biomarkers and companion diagnostics must fulfil. Two of the largest consulting organisations in the US health care sector – Medco Health Solutions Inc. and CVS Caremark Corp. – are recommending this new approach in order to save costs and improve treatment outcomes. Even major pharmaceutical companies are increasingly using companion diagnostics to enhance the success of their clinical trials and drug approval applications.

Breast cancer case study – HER2/neu

Herceptin® (INN: Trastuzumab) from Roche, for instance, represents a successful model for personalised medicine. The antibody Trastuzumab is only effective in patients whose breast cancer cells exhibit high concentrations of the HER2 protein. Approximately 20% to 25% of all breast carcinoma are HER2/neu positive, i.e. they overexpress HER2. The fact that HER2/neu-positive female patients, who would benefit from the therapy, had been preselected was critical to the approval of Herceptin®. As one of the major blockbuster drugs in oncology today, Herceptin® generated record sales of CHF 4.16 billion (USD 4.3 billion) in the first nine months of 2010.

Products – biomarker tests

Following the acquisition of Oncogene Science, WILEX now possesses a broad portfolio of biomarker tests and is already offering them for the clinical, oncological and immunodiagnostic market. The portfolio comprises both ELISA and immunohistochemical assays (IHC). Whilst ELISA assays are used to detect antigens or proteins in the blood for instance, IHC assays are histological tissue examinations.

Glossary

It could be possible to predict whether a patient will respond to a particular therapy by measuring proteins in the blood and using the respective bioanalytical methods. At the same time, the progression of the disease could be monitored.

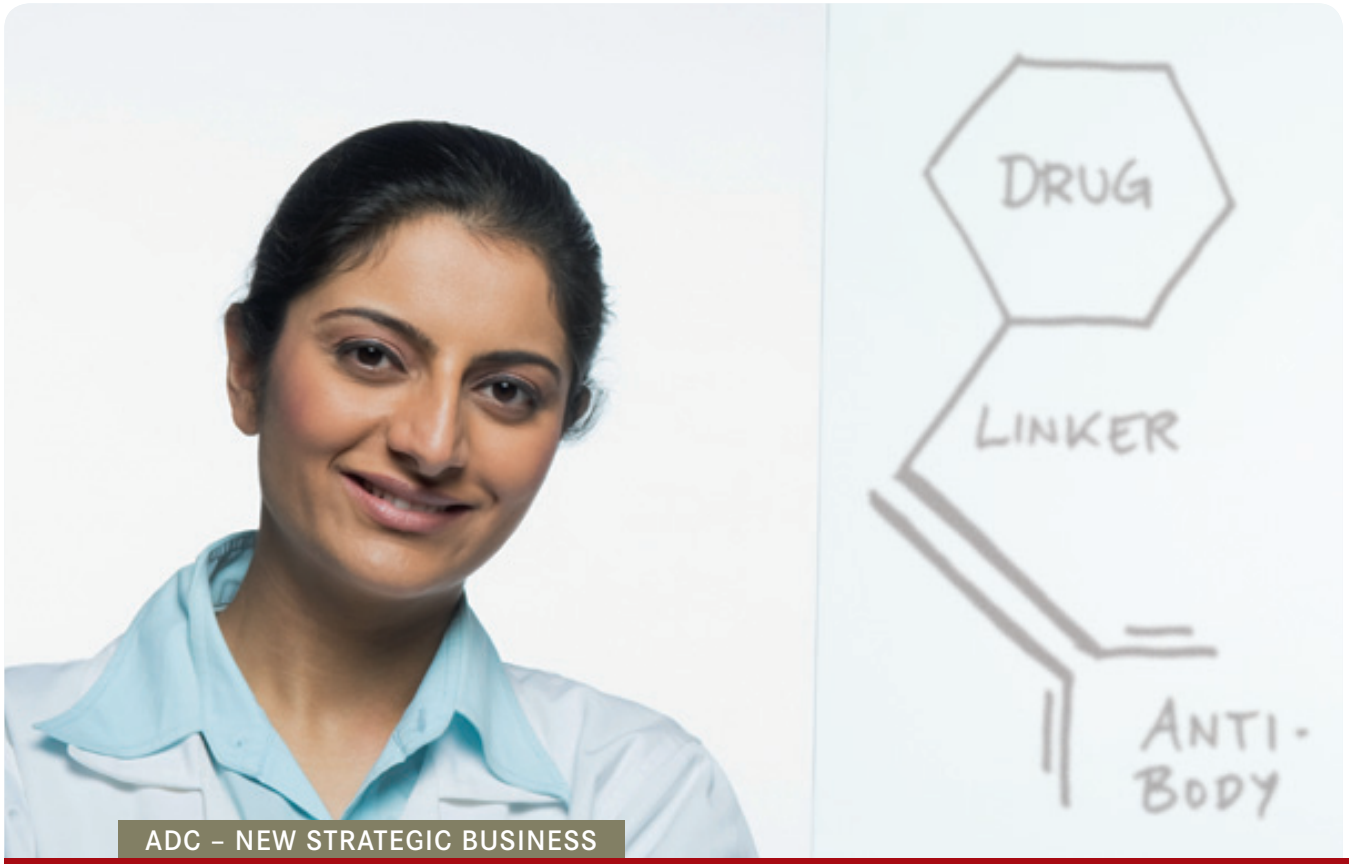
Oncogene Science was founded in 1983 by scientists working for the National Cancer Institute and the National Institutes of Health.

www.oncogene.com

An ELISA test for HER2/neu has been developed as well as assays focussing on the targets CA IX, uPA and PAI-1, expanding the patent portfolio covering RENCAREX®, REDECTANE® and MESUPRON®.

Strategy – sales partnerships

The newly established WILEX Inc. in Cambridge, MA, USA, has taken over Oncogene Science, formerly a business unit of Siemens Healthcare Diagnostics Inc., and is continuing its biomarker business with an experienced team. Marketing and sales activities are to be expanded in 2011 through new marketing partners and the simultaneous activation of the company's US customer base.



ADC – NEW STRATEGIC BUSINESS

New ADC technology could lead to lucrative research alliances.

Recent research alliances that have drawn highly positive assessments and major transactions have yet again confirmed the great potential of innovative antibody technologies. The planned acquisition of Heidelberg Pharma will enable WILEX to secure access to an innovative technology platform for antibody drug conjugates and resultant business opportunities.

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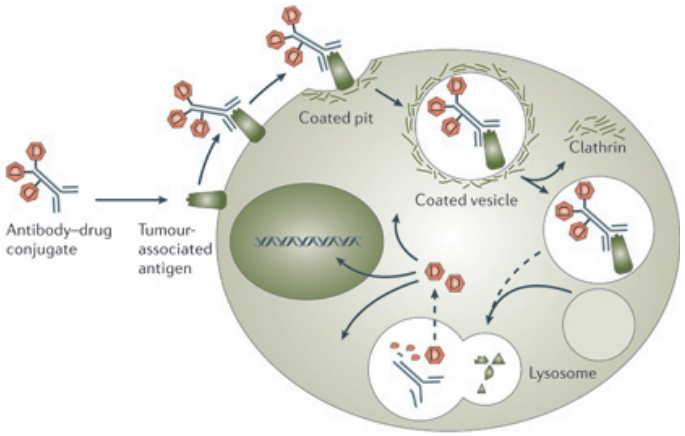
Glossary

Good reasons for an important acquisition

The planned acquisition of Heidelberg Pharma will enrich WILEX's portfolio through research and development activities related to all kinds of therapeutic antibody drug conjugates (ADCs) and give the Company access to an interesting technology platform including the proprietary patents. The ADC platform will enable WILEX to decisively strengthen its pipeline and to explore new therapeutic approaches in oncology. The business model for marketing the ADC technology offers a diverse range of options. Proprietary development programmes could also be selected for clinical development in house and thus expand WILEX's antibody pipeline provided proprietary antibodies are available and suitable development projects qualify.

ADC technology's mode of action

1. A specific antibody is linked to a toxin using a linker and directs it to tumour cells in a highly selective fashion.
2. The antibody binds to the tumour cell, is taken up and transfers the cytotoxin to the cell.
3. The cytotoxin then destroys the tumour cell without affecting healthy tissue. This technology is unique in that it links the antibody's specificity to the toxin's efficacy.



Graph: © Nature Publishing Group

ADC technology's principle

Antibody drug conjugates offer new options in cancer therapies in that the antibody transports a toxin specifically to the cancer cell.

Cytotoxic chemotherapies are usually not tumour-specific and destroy all rapidly dividing cells, including healthy ones. In addition, they often have serious side effects and are stressful for the body. Selective treatment of tumours using cytotoxins via specific antibody drug conjugates could offer a solution to this problem.

Heidelberg Pharma's ADC concept has been verified and preclinically confirmed through tests using a variety of antibodies such as Trastuzumab (Herceptin®). The advantage of this ADC technology compared to similar approaches offered by other companies is that they could also affect dormant and resistant tumour cells.

Trial of antibody drug conjugates in animal testing

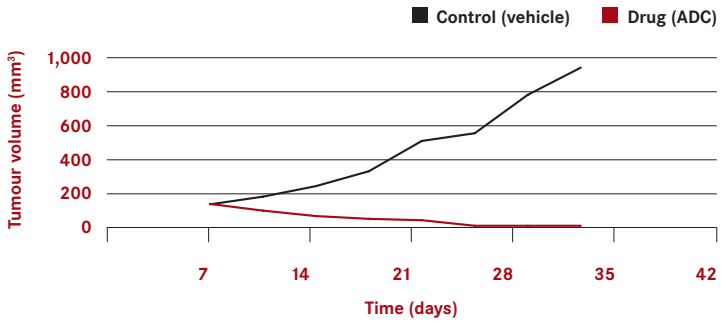
In a trial, mice were injected with a tumour. The black line shows the untreated control group whose tumours grew substantially. The lower red line shows the declining size of the tumours of the mice treated with ADC technology. After less than 40 days, all their tumours had disappeared completely and permanently, and the animals are now considered healthy.

Strategic potential

ADC technology offers WILEX a variety of business opportunities. Out-licensing agreements or development partnerships, for example, could be specific to certain toxins or linkers. Such an approach alone could lead to a number of different alliances in a number of indications in oncology. ADC technology can be considered a step in the expansion of future therapeutic treatment approaches in oncology.

Glossary

Trial of ADC technology in animal testing



Report of the Supervisory Board

During the reporting year, the Supervisory Board performed all its duties in accordance with the law, the Company's Articles of Association and its Internal Rules of Procedure.

The Supervisory Board worked closely with the Executive Management Board, regularly advising it in managing the Company and monitoring the Executive Management Board's activities. 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.

Main topics at the meetings of the Supervisory Board in the 2010 financial year
In the 2010 financial year (1 December 2009 to 30 November 2010), the Supervisory Board met for eight regular meetings. All members of the Supervisory Board attended at least half of the meetings. In addition, several conference calls were conducted as part of the regular monitoring and advisory activities with regard to the Executive Management Board.

The deliberations focused mainly on the following transactions: the implementation of the cash capital increases from authorised capital in December 2009 and August 2010; the closing of the contribution agreement related to the takeover of Heidelberg Pharma AG, Ladenburg, in November 2010; the acquisition of all assets of Oncogene Science from Siemens Healthcare Diagnostics Inc. in November 2010; as well as the founding of WILEX Inc., a wholly-owned subsidiary of WILEX AG, required to this end. The full Supervisory Board approved all of these actions following in-depth reviews and discussions.

In March 2010, the Supervisory Board reviewed and approved a standby equity distribution agreement (SEDA) with YA Global Master SPV Ltd., New Jersey, United States.

It also discussed the mandatory takeover offer by dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, and prepared a joint statement issued by WILEX's Executive Management Board and Supervisory Board.

The Supervisory Board also informed itself, regularly and comprehensively, of the Company's financial situation, the status of the partnering negotiations and risk management system 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 for the 2010 financial year.

In addition, the Supervisory Board stayed abreast of WILEX AG's research and development projects and its clinical programmes. In particular, it focused on the completion of the Phase II trial of MESUPRON® in patients with pancreatic cancer, the completion of the Phase III registration trial of REDECTANE® along with the subsequent preparations for the approval application as well as on the progress of the relapse rate in the Phase III registration trial of RENCAREX®. The Supervisory Board also monitored the ongoing development of the programmes that the Company took over from UCB under their strategic alliance.

Finally, the Supervisory Board addressed the reappointment of Professor Olaf G. Wilhelm and Dr Paul Bevan to the Executive Management Board and the renewal of their contracts. 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 terms of office of Professor Olaf G. Wilhelm and Dr Paul Bevan, renew their contracts and adjust their compensation accordingly.

Main topics at the meetings of the full Supervisory Board after the close of the 2010 financial year
In December 2010, the Supervisory Board deliberated a shareholder loan of up to € 10 million subject to subordination from its two main shareholders, dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, and UCB Pharma S.A., Brussels, Belgium, and approved the loan.

Corporate governance
The Supervisory Board together with the Executive Management Board decided on 14 February 2011 to implement the recommendations and suggestions of the German Corporate Governance Code ("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 under the tab "Investor Relations > Corporate Governance". For more information on corporate governance at WILEX, please see the "Corporate governance" chapter of the Group management report.

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Conflicts of interest on the Supervisory Board
Any conflicts of interest affecting members of the Supervisory Board pursuant to Section 5.5 GCGC were disclosed to the remaining members of the Supervisory Board, and the Supervisory Board members affected by the given conflict of interest acted as follows during the respective deliberations and resolutions of the Supervisory Board:

Professor Christof Hettich and Professor Friedrich von Bohlen und Halbach – both members of the Supervisory Board – are managing directors of dievini Verwaltungs GmbH, which is the general partner of dievini Hopp BioTech holding GmbH & Co. KG. Neither of them took part in the deliberations or resolutions of the Supervisory Board in connection with the joint statement of WILEX's Executive Management Board and Supervisory Board regarding the mandatory takeover offer by dievini Hopp BioTech holding GmbH & Co. KG and the acquisition of Heidelberg Pharma AG. In their capacity as managing directors of dievini Verwaltungs GmbH, and, in the case of Professor Christof Hettich also in his capacity as the managing director of New-Market Venture Verwaltungs GmbH (shareholder of Heidelberg Pharma AG), they had a conflict of interest. In addition, the Supervisory Board members, Professor Christof Hettich and Professor Friedrich von Bohlen und Halbach did not participate in the Supervisory Board's deliberations or resolutions in December 2010 relating to the shareholders loan agreement with dievini Hopp BioTech holding GmbH & Co. KG after the close of the 2010 financial year.

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 not participate in the Supervisory Board's deliberations or voting in December 2010 in connection with the closing of the shareholder loan agreement with UCB Pharma S.A. after the close of the 2010 financial year.

While some Supervisory Board members also hold positions on supervisory boards of other companies in the pharmaceutical and biotech sectors, none of these companies can be considered major competitors of WILEX, which complies with GCGC requirements.

Activities of the committees

The Supervisory Board established three committees with the aim of ensuring efficient fulfilment of its responsibilities; each committee is responsible for preparing issues within its purview for the full Supervisory Board. At every Supervisory Board meeting, the respective committee chairmen report to the Supervisory Board on the work of their committee.

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas separately in its meetings. The Compensation Committee met for two meetings in the 2010 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 2010 financial year, as well as target achievement for the 2009 financial year. It also prepared the renewals of the director's contracts with the members of the Company's Executive Management Board, Professor Olaf G. Wilhelm and Dr Paul Bevan, and submitted them to the Supervisory Board for resolution. The Nomination Committee convened a single meeting at which it prepared the resolution on the election of Supervisory Board members at the Company's Annual General Meeting on 21 May 2010.

The Audit Committee met five times in the year under review. Among other things, it dealt with the selection of the auditor and recommended 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 2010 financial year. The Supervisory Board followed this recommendation. KPMG AG Wirtschaftsprüfungsgesellschaft was elected by the Annual General Meeting on 21 May 2010 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 2010 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 annual report for 2009 with the auditor. The Audit Committee discussed the quarterly reports for 2010 as well as the half-yearly report for 2010 with the Executive Management Board prior to publication. It also reviewed the Company's risk management system and equity situation and helped prepare for the audit of the annual financial statements for 2009 completed without objection by the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung).

The newly established Research and Development Committee convened one meeting during the financial year just ended at which it dealt with the ongoing strategic development of WILEX's research and development portfolio.

The Supervisory Board did not establish any other committees.

Adoption of the annual financial statements

The auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, have audited the annual financial statements and the management report of WILEX AG as well as the consolidated financial statements and the Group management report of both WILEX AG and the Group as of 30 November 2010, including the underlying accounting, and issued an unqualified audit certificate. The auditors conducted their audit in compliance with the generally accepted German standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). The annual financial statements and the management report of WILEX AG were prepared in accordance with the requirements of the German Commercial Code whilst the consolidated financial statements and the Group management report were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, taking Section 315a German Commercial Code into account.

Both the aforementioned records and the audit reports of KPMG AG Wirtschaftsprüfungsgesellschaft were made available to all members of the Supervisory Board in good time and discussed in detail at the meeting of the Audit Committee on 14 February 2011 as well as at today's financials meeting of the Supervisory Board in the presence of the auditors. The auditors reported to the Supervisory Board on the material findings of their audit and that both the management report and the Group management report present a true and fair view of the risks and opportunities and that the measures taken by the Executive Management Board in accordance with Section 91 (2) of the German Stock Corporation Act are suitable for identifying at an early stage any developments which may jeopardise the Company's existence. The auditors also discussed the audit's scope, focal points and costs.

The Audit Committee discussed the audit result at its meeting on 14 February 2011 in detail and proposed to the Supervisory Board that it approve the financial statements as prepared by the Executive Management Board at its meeting on 14 February 2011. The Supervisory Board also took note of the audit result and itself examined both sets of annual financial statements and management reports as well as the proposed appropriation of accumulated loss (under the German Commercial Code) in accordance with legal provisions and concurs with the results of the audit. Based on the conclusive findings of its examination, the Supervisory Board has no objections and at today's meeting approved the financial statements as prepared by the Executive Management Board; they are hereby adopted.

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 2010 financial year. It is due to their commitment that the portfolio of WILEX has matured further and that key milestones were reached.

Munich, 21 February 2011

For the Supervisory Board

Professor Christof Hettich
Chairman of the Supervisory Board

Investor relations

The year just ended was highly eventful for WILEX and its shareholders. WILEX presented positive data from three clinical trials, carried out two capital measures, held two General Meetings, was the target of a takeover offer and announced two corporate acquisitions. Hence both the interest and the need for information among shareholders and the press was very high in the past year. As before, our aim is to make all information available to our shareholders, the press and the public quickly, transparently and comprehensively.

Capital measures

A rights issue followed by a private placement of unsubscribed shares was completed in December 2009; 2,177,030 new shares were floated at a subscription price of € 4.10 per share. The Company's share capital rose to € 15,957,965.00, and its cash proceeds were approximately € 8.5 million.

WILEX carried out a further rights issue in August 2010 during which 2,455,070 new shares were subscribed at a subscription price of € 4.10 per share in accordance with subscription and oversubscription rights. Shareholders exercised subscription rights for a total of 1,766,498 new shares, which corresponds to a subscription ratio of approximately 72 %. A total of 688,572 shares were available under shareholders' oversubscription rights. However, since the shareholders had registered their demand for an additional 3,275,479 shares at the subscription price, the capital increase was substantially oversubscribed and fulfilled based on an allocation quota of about 21 %. The Company's share capital rose to € 18,413,035.00, and its cash proceeds were approximately € 10.0 million. For more information on the two measures, please see the management report.

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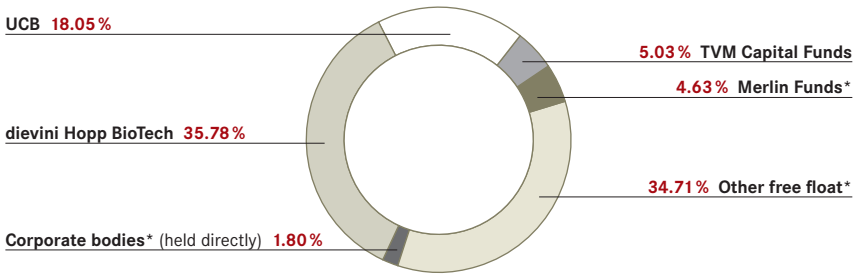
Mandatory takeover offer pursuant to the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und -übernahmegesetz)

In June, WILEX was notified that its main shareholders, dievini Hopp BioTech holding GmbH & Co. KG (dievini) and UCB Pharma S.A. (UCB), had substantially increased their voting shares because APAX (a company that had been investing in WILEX for many years), along with related companies and foundations, had sold all of their 2,123,777 voting shares in WILEX to them. dievini surpassed the control threshold of 30 % as a result of this transaction and notified the Federal Financial Supervisory Authority (BaFin), WILEX and the public on 4 June 2010 of its acquisition of a controlling interest. UCB announced on 7 June 2010 that it had increased its voting rights share in WILEX to 18.05 %.

Based on an equity interest of 35.65 % in WILEX, on 14 July 2010 dievini announced a mandatory takeover offer for all WILEX shares. In a joint statement dated 29 July 2010, WILEX's Executive Management Board and Supervisory Board recommended rejecting the offer. This recommendation to WILEX AG's shareholders was based on the opinion that, although the offer price of € 4.10 per WILEX share was slightly above the minimum offer prescribed by law, it failed to reflect the Company's true share price potential. A total of 22,953 shares were transferred to dievini such that the mandatory offer was closed in August with dievini having an equity interest of 35.78 % in WILEX.

Shareholder structure of WILEX AG as of 31 January 2011



* Free float as defined by Deutsche Börse

General Meetings

This year's Annual General Meeting was held in Munich on 21 May 2010, at which the shareholders present were informed on the past year and the Company's strategy. The Annual General Meeting elected a new Supervisory Board and adopted the resolutions that were submitted to it with at least a 99 % majority.

WILEX AG held an Extraordinary General Meeting on 15 December 2010. This meeting voted on Agenda item 1 regarding the planned acquisition of Heidelberg Pharma AG. WILEX AG intends to acquire all of the shares in Heidelberg Pharma AG by way of a non-cash capital increase in return for issuing 3.2 million new WILEX shares, excluding shareholders' subscription right. In a resolution on Agenda item 2, the Executive Management Board was authorised to create new authorised capital in the amount of 9.2 million shares. Both resolutions were adopted by majorities of 99 %. For more information, please see the management report.

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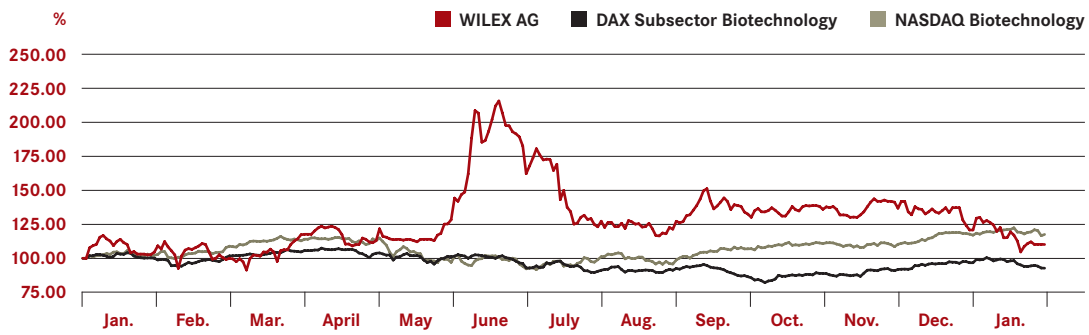
Share price performance

WILEX's share started the 2010 trading year at € 3.65 and closed on 31 January 2011 at € 3.98, posting a gain of 9 %. During that same period, the DAX Subsector Biotechnology Index lost 6 % and the NASDAQ Biotechnology Index gained 15 %. The rapid rise in the Company's share price in late May was triggered by the positive data related to the REDECTANE® and MESUPRON® trials, as well as the fact that dievini and UCB fully took over APAX's equity interest in WILEX. The announcement of both the offer price of € 4.10 per share for dievini's mandatory offer and the subscription price of € 4.10 per share for the capital increase that was carried out simultaneously helped to dispel speculations over a takeover battle in mid-July 2010. After a relatively stable performance, the WILEX share shed value from late December 2010 and levelled off around € 4.00 at the end of January 2011.

WILEX's share price performance, indexed as of 1 January 2010



Trading and liquidity

At 43,295 shares, the average daily trading volume of WILEX's shares in the 2010 financial year rose sharply over the previous year (17,794 shares); in the third quarter, this development was heavily influenced by the capital measure and the mandatory takeover offer. The volatility of the share was 59.41 % (based on 260 days as of 30 November; XETRA) and thus lower than the previous year (81.5 %).

Key share figures as of the end of the reporting period	**FY 2010**	**FY 2009**	**FY 2008**
Number of shares issued	18,413,035	13,780,935	11,962,754
Number of shares listed	18,413,035	12,871,845	11,962,754
Market capitalisation in € million	91.70	64.63	45.10
Closing price (XETRA) in €	4.98	4.69	3.77
High[1] in €	7.30 (21.06.10)	5.86 (07.10.09)	8.53 (09.07.08)
Low[1] in €	3.35 (09.03.10)	2.19 (19.12.08)	3.77 (28.11.08)
Volatility (260 days, XETRA) in %	59.41	81.52	63.65
Average daily trading volume[1] in shares	43,295	17,794	7,351
Average daily trading volume[1] in €	214,046	75,832	47,309
Earnings per share in €	(1.38)	(0.95)	(1.71)

[1] All stock exchanges

Source: Bloomberg

Investor relations activities

WILEX actively maintained its contacts to shareholders, potential investors, analysts and the trade press in 2010. The Company participated in 14 international partnering and investor conferences and carried out a number of road shows in Europe and the United States. WILEX had 130 discussions with investors and regularly briefed more than 30 analysts of independent research firms and banks, four of whom published research reports on the Company. The assessments of the share's potential are published on the Company's website.

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General information

Share class:	Bearer shares
WKN:	661472
ISIN:	DE0006614720 for listed shares
	DE000A0XFVR9 for authorised capital
Stock exchange symbol:	WL6/WL6G.DE/WL6.GR
Market segment:	Regulated Market (Prime Standard)
Designated sponsors:	Close Brothers Seydler, WestLB
Investor relations contact:	Katja Arnold (CIRO)
	Tel. +49 (0) 89 – 41 31 38 – 126
	E-mail: katja.arnold@wilex.com

GROUP MANAGEMENT REPORT

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Group management report of WILEX AG, Munich

for the financial year from 1 December 2009 to 30 November 2010

1. Business and general parameters of the WILEX Group

Corporate structure, locations and reporting

Glossary

WILEX is a biopharmaceutical company that develops drugs and highly-specific diagnostic agents designed to detect cancer, treat malignant tumours and prevent metastases. In addition, WILEX markets biomarker tests which could be used as companion diagnostics for clinical studies and therapy monitoring. 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. WILEX AG has been listed on the Regulated Market (Prime Standard segment) of the Frankfurt/Main stock exchange since November 2006. WILEX AG is headquartered in Munich, Germany. The Company does not own property; its offices and laboratories are located in rented premises.

WILEX AG founded a US subsidiary in October 2010 to integrate the business activities of Oncogene Science. WILEX Inc. is headquartered in Cambridge, MA, USA, and was established in accordance with the State of Delaware's General Corporation Law. Professor Olaf G. Wilhelm and Peter Llewellyn-Davies were appointed executive directors of this company. WILEX Inc. does not own property. Its offices and laboratories are located in rented premises.

Pursuant to Section 315a (1) German Commercial Code (Handelsgesetzbuch) – exempting consolidated financial statements –, WILEX submits its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. The IRFS consolidated financial statements comprise WILEX AG as the parent and WILEX Inc. as the subsidiary.

As the operating business of WILEX Inc. was launched shortly before the close of the 2010 financial year reporting mainly concerns WILEX AG, and the designation "WILEX" is used as a synonym for the Group. Each entity's full corporate name is used whenever facts specific to WILEX AG as the parent company or WILEX Inc. as the subsidiary are reported.

The internal management and organisational structure is such that the business activities carried out by WILEX in the 2010 financial year did not differ from each other significantly in their risk/reward profiles. Therefore and because it applies IFRS 8 Operating Segments, the WILEX Group ("WILEX") has reported to date on a single segment using the management approach and has not prepared a segment report.

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 monoclonal antibodies and small molecules. These form the basis of patient-tailored, highly-specific therapies which the Company is developing clinically for subsequent marketing approval.

WILEX has a pipeline of advanced drug and diagnostic candidates. Four candidates are currently undergoing clinical development: REDECTANE®, RENCAREX®, MESUPRON® and WX-554. REDECTANE® has completed a Phase III registration trial and RENCAREX® is in a Phase III registration trial. MESUPRON® is currently in a Phase II programme. A Phase I trial has been concluded with WX-554 and WX-037 was selected for preclinical development. WILEX expects its product candidates to be used for the treatment and diagnosis of patients with renal, breast and pancreatic cancer after successful completion of the registration trials and subsequent marketing authorisation. Additional indications are also possible.

WILEX Inc. acquired Oncogene Science, a former business unit of Siemens Healthcare Diagnostics Inc., in November 2010. Oncogene Science specialises in the development, production and marketing of biomarker tests related to oncology, focusing on the measurement of proteins in the blood.

Commercial opportunities for this attractive pipeline of WILEX AG will be exploited through alliances and partnerships to ensure that maximum value can be created by the Company. The biomarker tests of WILEX Inc. will be used to develop the promising companion diagnostics market, which will contribute towards a second base for WILEX's success.

The parent company, WILEX AG, had 70 employees at the close of the financial year, and the subsidiary, WILEX Inc., had 10 employees.

For detailed information regarding the products and the current status of clinical development, please see chapter 3, "Business performance in 2010". A summary of markets and competitors is contained in chapter 2, "Economic conditions".

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Management and control

In keeping with the dual management structure codified in German law, the Company is managed and controlled by both an Executive Management Board and a Supervisory Board. 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 Supervisory Board of WILEX is comprised of six members, in accordance with the Company's Articles of Association. Three committees have been established to enhance the Supervisory Board's efficiency: a joint Compensation and Nomination Committee, an R&D Committee and an Audit Committee. For detailed information on corporate governance, please see chapter 6, "Corporate governance".

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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 antibody's 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, WILEX might not have to make any more payments in the future should RENCAREX® be approved. In this case, the Company would also have to recognise an impairment loss on this intangible asset.

Glossary

In June 2008 WILEX signed a licence agreement with IBA Pharma S.A., Brussels, Belgium, (IBA) concerning the diagnostic candidate REDECTANE®. WILEX granted IBA the exclusive worldwide rights and licences required for marketing, distributing and sales 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, after which its share will rise to 45 % of all sales revenue ex factory.

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. Esteve has been granted 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, 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.

Glossary

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 comprised 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 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 payments and royalties 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 acquired 1,818,181 newly issued WILEX shares from authorised capital subject to the exclusion of shareholders' subscription rights and also undertook to make two milestone payments of €5.00 million each. 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 succeeded in bringing 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. WILEX gained not just an important development partner in UCB but also access to UCB's broad antibody technology.

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 benefits 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.

WILEX expanded its product pipeline by adding UCB's oncological portfolio in early 2009 with the aim of bringing the programmes acquired to the clinical development stage and exploiting their revenue potential in terms of both milestone and licence payments. Preclinical research and development, along with the resulting advance and milestone payments from development partners, constitute one aspect of the value chain; once product approval has been obtained, revenue and licence payments shall also make a substantial contribution to the value chain.

WILEX's strategic goal is to finance its research and development programmes from its operating cash flow within a few years.

In order to reach its strategic goal rapidly and securely, WILEX started at the end of last year to strengthen its core business by means of complementary activities. This entails supplementing the clinical development of oncological product candidates through the manufacture and marketing of oncological companion diagnostics. These biomarker tests, which perfectly complement the Company's existing business model and IP portfolio, should produce revenue in future and generate positive earnings and thus cash flow in the short and medium term. The second addition to WILEX's business will be the planned acquisition of Heidelberg Pharma AG, Ladenburg, which was resolved during the Extraordinary General Meeting on 15 December 2010 but which has not yet been recorded in the Commercial Register. Shareholder value will be further maximised through preclinical contract research, a service business that is already generating revenue. In addition, Heidelberg Pharma's ADC technology platform for antibodies will constitute yet another key pillar of WILEX's business model and offer attractive marketing opportunities. Out-licensing will take place exclusively for specific antigens (biological target proteins). This will facilitate multiple alliances with various partners, which may be concluded for different products and in different indications.

Glossary

A partnering agreement for RENCAREX® for the Southern European market and the closing of the worldwide licence agreement for REDECTANE® were important milestones. The out-licensing of MESUPRON® and of RENCAREX® for other parts of the world as well as the licensing opportunities that arise from Heidelberg Pharma's ADC technology offer additional potential for maximising shareholder value.

Internal control system

WILEX is controlled based on a budget that is reviewed regularly, at least once a month. Expenses for research and development continue to be significantly higher than sales revenue as well as other income from licence agreements. 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 for how long 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

The section entitled "Overall assessment of the financial year by the Executive Management Board of WILEX" in chapter 5, "Earnings, financial position and net assets", contains a qualitative and quantitative assessment of the Company's internal control system.

2. Economic conditions

Macroeconomic environment

In the view of most economists, 2010 was a successful year for the global economy despite all the challenges. Global economic output rose by just under 3.9 % *[World Bank, Press Release dated 12 January 2011]* and developed at a much faster rate than economic forecasts anticipated a year earlier.

Listed biotechnology companies did well in 2010 on the whole. The biotech indices rose substantially in terms of both investor confidence and the resulting increase in valuation. These increases were driven by M&A activities and positive clinical news as well as regulatory changes in the industry.

Sector environment

In October 2010 IMS Health forecasted that the global market for drugs would grow between 5 % and 7 % to USD 880 billion in 2011, compared to an increase between 4 % and 5 % in 2010 *[IMS Market Prognosis™, IMS's Press Release dated 6 October 2010]*.

Oncology

According to the American Cancer Society *[American Cancer Society, Facts & Figures 2010]*, in 2008 over 12.4 million people worldwide were newly diagnosed with cancer and about 7.6 million people died from it. Cancer was the second-highest cause of death in the industrialised countries with 2.9 million deaths in 2007. The American Cancer Society expects the number of new cases to rise to about 27 million people in 2050 and 17.5 million cancer-related deaths, resulting for example from the general population growth and the population's rising average age *[American Cancer Society, Global Cancer Facts & Figures 2007]*. The need for cancer therapies that are both effective and well tolerated will continue to grow as a result.

Datamonitor came to the conclusion in a study *[Datamonitor, Commercial Insight: Cancer Targeted Therapies and Immunotherapies, August 2010]* that personalised cancer therapies and immunotherapies constitute the highest-grossing drug therapies for cancer. In 2009, they accounted for total sales of USD 19.5 billion in seven key markets – the United States, Japan, France, Germany, Italy, Spain and the United Kingdom. The aforementioned study predicts that the personalised cancer therapies and immunotherapies currently available in the market will generate total sales of USD 36.8 billion by 2019 in these seven markets based on an average annual growth rate of 6.6 % between 2009 and 2019.

Therapies using monoclonal antibodies (MAb)

Therapies based on monoclonal antibodies are currently considered among the most promising areas of treatment in medicine. A study published by Datamonitor *[Datamonitor, Monoclonal Antibodies: 2010, October 2010]* says that monoclonal antibodies are the most powerful type of molecule and that they are likely to generate an average annual growth rate of 9.5 % between 2009 and 2015. This assessment exceeds the estimated growth rates for small molecules, therapeutic proteins and vaccines. Moreover, monoclonal antibodies are also expected to generate the lion's share of revenue in absolute terms. According to Datamonitor, the discrepancy between the growth forecasts for small molecules and those for monoclonal antibodies arises from differences in the competitive environment regarding the availability of generics.

Kidney cancer

WILEX's therapeutic antibody RENCAREX® is to be used to treat non-metastatic clear cell renal cell cancer (ccRCC). Renal cancer affects both adults and children although it rarely occurs in people under the age of 45. According to the estimates of the American Cancer Society, there is a 1:70 risk of developing kidney cancer, with men being more susceptible to it than women.

Approximately 208,500 new cases of kidney cancer are diagnosed each year worldwide *[Cancer Research UK, May 2010: http://info.cancerresearchuk.org/cancerstats/types/kidney/incidence/)]*. The highest rates occur in North America, the lowest in Asia and Africa. Data published by the American Cancer Society in July 2010 estimate that in the US alone each year more than 58,240 new cases of kidney cancer are diagnosed and 13,040 people die from it. Clear cell renal cell cancer (ccRCC) is the most prevalent form of kidney cancer. Metastases are not found during the initial diagnosis in 20 % to 40 % of the patients affected. Nevertheless, there is a high risk of disease recurrence.

Diagnosis of clear cell renal cell cancer

The growing number of people with cancer also affects the growth prospects of the diagnostic market. In the Company's view, the potential use of the diagnostic agent REDECTANE® 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 for clear cell renal cell carcinoma.

Treatment of clear cell renal cell cancer

Numerous drugs including Torisel® from Wyeth, Sutent® from Pfizer, Nexavar® from Bayer/Onyx, Avastin® from Roche and Afinitor® from Novartis were approved in recent years for the treatment of advanced metastatic clear cell renal cell cancer. However, no drug has been approved to date by the US Food and Drug Administration (FDA) or the European Medicines Agency (EMA) for the adjuvant therapy of non-metastatic clear cell renal carcinoma after surgical resection. 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.

Glossary

Small-molecule drugs

According to Datamonitor's study, "Monoclonal Antibodies: 2010", small molecules will generate total sales of USD 400 billion in 2011.

To the Company's knowledge, the small-molecule MESUPRON® is the first uPA inhibitor worldwide in a clinical Phase II programme. The final data from the Phase II trial in the pancreatic cancer indication, which were announced in June 2010, further underscore WILEX's leading role in the field of uPA inhibition and provide a solid foundation for the continued development of MESUPRON®. At present, only three other companies are working on uPA-based cancer therapies.

WILEX acquired an MEK inhibitor from UCB which entered development designated WX-554. MEK is 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 and Array Biopharma in clinical Phase II trials. WILEX believes that WX-554 is well positioned compared to other well-known MEK inhibitors to be developed as a promising and competitive therapy following the successful conclusion of the Phase I trial with healthy volunteers.

WX-037 is an inhibitor of the PI3K signalling pathway, which, like MEK, is a promising target for tumour therapies. More than ten companies are working on roughly 30 PI3K product candidates in this area. WILEX's preclinical drug WX-037 also puts the Company in a good position to develop a promising therapeutic approach in this innovative field.

Companion diagnostics

Companion diagnostics (CDx) are bioanalytical methods used for selecting patients for therapy. They determine how patients will respond to specific medical therapies and monitor both the treatment regimen and its outcome. Companion diagnostics account for 23% of the overall molecular diagnostic market (diagnosis: 65%, health risk forecasts: 12%) and thus are becoming increasingly significant especially in oncology. The market for molecular diagnostics rose from USD 1.4 billion in 2003 to USD 3.0 billion in 2008 – an average annual growth rate of 16.3%. According to Datamonitor, the market on the whole is expected to generate sales of USD 5.8 billion in 2013. Roche, Qiagen, Gene Probe, Abbot Molecular, Myriad and Siemens are the leading companies in this field. *[Source: WestLB, "Theranostics", September 2009]*

In its report entitled "Theranostics" WestLB described extensive developments taking place in the approval of drugs. The FDA is considering publishing recommendations for the development of biomarker tests whilst the EMA has already published a draft on this issue *[Source: EMA, Reflection paper on co-development of pharmacogenomic biomarkers and assays in the context of drug development, June 2010]*.

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 Agency (EMA) 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 certified in accordance with Good Manufacturing Practice (GMP).

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.

3. Business performance in 2010

Research and development of the product candidates
WILEX has a pipeline of advanced drug and diagnostic candidates as well as a portfolio of companion diagnostics. Four clinical projects were pursued in the 2010 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 when 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.

REDECTANE® (INN: 124I-Girentuximab) is a radiolabelled form of the antibody Girentuximab, which 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. 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 (REDECT trial) with the diagnostic candidate REDECTANE® in 2008 based on a special protocol assessment (SPA) issued by the FDA. The FDA uses an SPA to document the fact that, following evaluation of the protocol and the planned analysis, it considers the clinical trial suitable and appropriate for approval. WILEX 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 were 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. Histological examination of the surgically removed tumours was performed in parallel in order to review the analyses by the radiologists and nuclear medicine specialists.

The trial was completed in the second quarter of 2010, and the final results were announced in May 2010. The endpoint sensitivity, the correct diagnosis that clear cell renal cell cancer is present, was reached with statistical significance (p value, p) ($p \leq 0.016$) compared to CT. The study endpoint specificity, the correct diagnosis that clear cell renal cell cancer is not present, was confirmed with high statistical significance ($p < 0.001$). To rule out that the superiority of REDECTANE® resulted from the poor performance of CT, the endpoints of REDECTANE® were also compared to an arbitrary value of 75 % for specificity and sensitivity as defined in the study protocol. REDECTANE® achieved sensitivity of 86 % ($p \leq 0.002$) and specificity of 87 % ($p = 0.057$). The final data show that REDECTANE® can differentiate between clear cell and non-clear cell renal cell cancer. PET/CT with REDECTANE® was clearly superior to conventional CT.

Glossary

The process of applying for approval was initiated and talks with the FDA were held in the second half of 2010. Both the documents and the information that the FDA requested and stipulated during the first meeting were provided. Another constructive meeting with the FDA took place in November; it was agreed that an application would be submitted in the first quarter of 2011 to hold the Pre-Biological License Application Meeting ("Pre-BLA Meeting") – i. e. the official preliminary discussion of the approval application.

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.

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 recurrent disease (adjuvant therapy).

RENCAREX® is currently undergoing a Phase III registration trial for adjuvant therapy (ARISER trial). The 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 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 analyses based on the number of relapses. The Independent Data Monitoring Committee (IDMC) performs the respective interim analyses in order to avoid unblinding the trial.

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 time for patients to relapse is taking longer than expected. The next milestone will be the interim analysis of efficacy based on the 343rd relapse. Data on all 864 patients have been collected since January 2011 and all patients' radiological scans will be evaluated centrally. This process will take about six months; the result of the interim analysis of efficacy of RENCAREX® conducted by the IDMC is expected to be available from mid-year. 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.

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 Agency (EMA) 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.

MESUPRON® – oral uPA inhibitor

Glossary

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. The uPA content 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 achieved the highest "level of evidence" (LOE 1) 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 designed to block the activity of tumour-relevant serine proteases such as uPA, plasmin and thrombin. It is administered intravenously and should inhibit the spread of metastases. WX-UK1 reduced the formation of metastases and inhibited the growth of primary tumours in a number of preclinical and clinical Phase I trials. Orally-administered MESUPRON® is converted in the body into WX-UK1, and therefore has the same mode of action.

MESUPRON® was tested in a Phase II programme in pancreatic cancer and breast cancer in 2010.

WILEX announced the completion of the first Phase II trial of its uPA inhibitor MESUPRON® in the pancreatic cancer indication in May 2010. The details of the impressive final trial results were published in June 2010 as a poster presentation during the annual meeting of the American Society of Clinical Oncology (ASCO) in Chicago, IL, USA, the world's largest scientific conference of oncologists.

The randomised, open, three-arm proof-of-concept trial involving 95 patients with locally advanced, inoperable, non-metastatic pancreatic cancer studied the activity of 200 mg and 400 mg of MESUPRON® given orally once a day in combination with the chemotherapeutic agent Gemcitabine (Gemzar®, Eli Lilly and Company, Indianapolis, IN, USA) compared with Gemcitabine alone. The aim of this proof-of-concept study was to demonstrate for the first time the activity of MESUPRON® in patients. This trial evaluated the parameters progression-free survival, tumour response rate, time to metastases and overall survival.

Final data	Gemcitabine alone	Gemcitabine and MESUPRON® (200 mg)	Gemcitabine and MESUPRON® (400 mg)	Improvement[3]
Tumour response[1]	15.4 %	21.4 %	35.5 %	130.5 %
Progression-free survival (12 months)	16.2 %	22.5 %	26.9 %	66.0 %
Median survival (months)[2]	9.9	9.7	12.5	26.0 %
One-year survival rate	33.9 %	40.7 %	50.6 %	49.0 %

[1] Partial response

[2] Poplin et al JCO Aug. 2009: 9.2 months for Gemcitabine

[3] Improvement compared between Gemcitabine alone and Gemcitabine & MESUPRON® 400 mg

Gemcitabine alone demonstrated a tumour response rate of 15.4 %. Co-administration of 200 mg MESUPRON® led to an increase to 21.4 % and to 35.5 % with 400 mg MESUPRON®. Overall, progression-free survival (the time during which the patients do not show progression of the disease) improved by 66.0 %. In the group receiving Gemcitabine alone 16.2 % of patients did not progress at twelve months as determined by computer tomography. Co-administration of 200 mg MESUPRON® improved progression-free survival to 22.5 % and to 26.9 % with 400 mg MESUPRON®. One-year survival increased by 49.0 %. With Gemcitabine alone it was 33.9 %. This increased to 40.7 % with 200 mg MESUPRON® and to 50.6 % with 400 mg MESUPRON®. The median survival of the patients improved by 26 % from 9.9 months with Gemcitabine to 12.5 months in combination with 400 mg MESUPRON®. The data were also presented in October 2010 at the 35th ESMO Conference of the European Society of Medical Oncology in Milan, Italy.

Significant progress was made in 2010 in the second Phase II trial with MESUPRON® in patients with metastatic, HER2/neu receptor negative breast cancer, commenced in August 2008. Of the planned 114 patients, a total of 111 patients had been recruited in 21 trial centres in Europe, the USA and Brazil by the end of November 2010. This randomised double-blind trial is designed to examine the efficacy of MESUPRON® in combination with the chemotherapeutic agent Capecitabine (Xeloda®, Hoffmann-La Roche AG, Basel, Switzerland) compared to Capecitabine alone. 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 in first-line treatment, which is the first treatment following the occurrence of distant metastases. Treatment is maintained until tumour progression. The average treatment regimen covers seven cycles; the maximum to date comprised 37 cycles. This trial was also presented at ASCO 2010 in the category, "Trials in progress".

Glossary

Patients' suitability for evaluation is continuously monitored in this trial. It will be necessary to recruit additional patients above and beyond the planned level of 114 patients because the number of patients who cannot be evaluated with regards to the primary endpoint – progression-free survival after six months – exceeds the initial estimate of 14 %.

WX-554 – oral MEK inhibitor

WILEX acquired the mitogen-activated protein kinase (MEK) inhibitor WX-554 as a preclinical project from UCB. MEK has been shown to play a central role in signal transduction and is 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.

A Phase I trial commenced in November 2009 and this open label dose escalation trial examined the pharmacokinetics, pharmacodynamics as well as safety and tolerance of WX-554 in healthy male subjects. The goal was to determine the optimal biological dose of WX-554 for inhibiting the MEK system. In June 2010, WILEX

announced final data from the Phase I dose escalation study with the MEK inhibitor WX-554. The study, which was conducted in Germany, tested five increasing dose levels, each administered once by a 15-minute infusion of WX-554 in five volunteers. The substance was safe and well tolerated in the 25 healthy volunteers. The MEK signal transduction pathway was inhibited in a dose-dependent matter reaching complete inhibition at 1 mg of WX-554 per kg body weight. The trial was described in an abstract published on the ASCO annual meeting website.

www.asco.org

WX-037 – PI3K inhibitor

Glossary

Another project acquired from UCB is a 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 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

Three antibody projects were acquired from UCB at the beginning of 2009. The aim is to identify a specific antibody that binds to each new target structure. Two of them are in the research phase, and the third has been discontinued in agreement with UCB. The molecular targets of the antibody-based projects play different roles in spreading cancer or are overexpressed on tumour cells of various carcinomas.

Key events in the 2010 financial year

Capital increase in December 2009

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. This capital measure was completed on 4 December 2009 when it 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 a pro rata interest in the share capital of € 1.00 and full rights to dividends from 1 December 2008 in return for cash contributions. WILEX received net proceeds of € 8.53 million from this capital increase, which the Company used to fund its ongoing clinical studies and to enhance its equity.

Initially, the new shares were not listed on the Regulated Market of the Frankfurt/Main Stock Exchange, and WILEX had to bring about the listing and trading of the new shares within one year. However, under a share loan from the Company's largest shareholder, dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, the shareholders entitled to exercise their subscription right were given the option to obtain shares already listed on the Frankfurt/Main Stock Exchange in lieu of the new ones that had yet to be listed at that time. WILEX prepared a prospectus that was approved by the Federal Financial Supervisory Authority (BaFin) on 27 May 2010. The new shares were listed for trading on 7 June 2010.

SEDA March 2010

On 23 March 2010, WILEX entered into a standby equity distribution agreement (SEDA) with YA Global Master SPV LTD (YA Global). YA Global is managed by the investment firm, Yorkville Advisors, LLC, Jersey City, NJ, USA. The SEDA – an increasingly common funding tool in the biotech industry – allows the Company to issue new WILEX shares from authorised capital and sell them to YA Global in tranches of up to € 1.00 million each. Whilst WILEX has discretion to exercise this right, YA Global is obliged to both subscribe and purchase the shares. The Standby Equity Distribution Agreement has an aggregate value of up to € 20.00 million but the equity stake of YA Global in WILEX may not exceed 9.9 % of the Company's share capital at any given time. The agreement has a term of 36 months from the signing date. We have not utilised this facility to date, and no funds have been drawn down.

Capital increase in August 2010

On 19 July 2010, the Executive Management Board resolved, with the approval of the Supervisory Board, to raise the Company's share capital using authorised capital from € 15,957,965.00 by up to € 2,455,070.00 to up to € 18,413,035.00 by issuing 2,455,070 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 2009 in return for cash contributions. The new shares were offered to existing shareholders solely by means of an indirect subscription right at a ratio of 13:2.

The shareholders exercised their subscription and oversubscription rights for all 2,455,070 new no par value bearer shares at a price of € 4.10 per share by the end of the subscription period on 3 August 2010. Shareholders exercised subscription rights for a total of 1,766,498 new shares, which corresponds to a subscription ratio of approximately 72 %. The company's main shareholders – dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, and UCB Pharma S.A., Brussels, Belgium – exercised all of their subscription rights. A total of 688,572 shares were available under shareholders' oversubscription rights. The shareholders registered their demand for an additional 3,275,479 shares at the subscription price with the depository banks. With 5,041,977 subscribed shares, the capital increase was therefore substantially oversubscribed and fulfilled based on an allocation quota of about 21 %.

WILEX utilised the net proceeds of approximately € 10.01 million from the rights issue to finance its ongoing clinical studies and continued growth as well as to enhance its equity. The new shares were listed for trading on 9 August 2010.

Mandatory takeover offer pursuant to the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und -übernahmegesetz)

On 4 June 2010, dievini Hopp BioTech surpassed the control threshold of 30 %, which triggered the process of making a takeover offer as defined in WpÜG. The mandatory offer period ended on 12 August 2010. A total of 22,953 shares were transferred to dievini Hopp BioTech at a price of € 4.10 per share. This corresponds to about 0.12 % of the share capital (€ 18,413,035.00). As a result, the equity interest of dievini Hopp BioTech in WILEX has risen to a total of 6,587,990 shares or 35.78 % of the Company's share capital. However, the requirements triggering a change of control as defined in our strategic partnership with UCB were not met because the rate of acceptance was less than 50 % of the share capital of WILEX AG.

Agreement to acquire Heidelberg Pharma AG

On 3 November 2010, WILEX signed an agreement, with the approval of the Supervisory Board, with all shareholders of Heidelberg Pharma AG regarding the acquisition of all shares in Heidelberg Pharma AG in return for WILEX shares.

Heidelberg Pharma AG is a private company with 34 employees domiciled in Ladenburg near Heidelberg, Germany. Heidelberg Pharma has two business units. The first comprises a novel conjugate platform technology for therapeutic antibodies (antibody drug conjugates, ADC). This ADC technology has the potential to enhance and improve the efficacy of many antibody-based therapies, including those currently marketed. This gives WILEX and Heidelberg Pharma the opportunity to utilise this technology platform for its own drug candidates and also generate revenue by out-licensing the technology to partners through Heidelberg Pharma. The second business unit comprises preclinical work on drug metabolism, pharmacology and pharmacokinetics in oncology and generates revenue by offering this infrastructure and expertise as a service to third parties.

Glossary

WILEX AG intends to acquire all of the shares in Heidelberg Pharma AG by way of a non-cash capital increase in return for issuing 3,200,000 new WILEX shares, excluding shareholders' subscription rights. The transaction price of € 19.20 million offered by WILEX for 100 % of the shares in Heidelberg Pharma AG is equivalent to a price of € 6.00 per newly issued WILEX share, which is a premium of around 25 % on the share's closing price

on 1 November 2010. This corresponds to a conversion ratio of 5.75:1 in relation to the enterprise values of WILEX AG and Heidelberg Pharma AG.

This acquisition complements WILEX's business model and is of great strategic importance for both companies, which will have a positive impact on their future development. The transaction gives WILEX access to the ADC technology, which has significant revenue potential, and the complementary preclinical services business.

WILEX AG asked its shareholders at an Extraordinary General Meeting on 15 December 2010 to approve this transaction. For detailed information, please see chapter 8, "Events after the reporting period".

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Acquisition of Oncogene Science/Founding of WILEX Inc.

WILEX announced on 17 November 2010 that it had signed the following agreement: WILEX Inc. has acquired the former Oncogene Science (Cambridge, MA, USA) business unit from Siemens Healthcare Diagnostics Inc. WILEX Inc., a wholly-owned and newly established US subsidiary of WILEX AG, has taken over Oncogene Science's entire inventory, including the warehouse stock of marketable diagnostic tests, as well as all of its laboratory equipment. Both the lease for the company's state-of-the-art laboratory facilities and the contracts for the existing machinery and equipment have been renegotiated.

In addition, WILEX Inc. will gain exclusive access via in-licensing to the industrial property rights of Siemens Healthcare Diagnostics Inc. and will pay royalties in the low-to-mid single-digit percentage range on sales of the diagnostic tests. Siemens will retain the right to use the Oncogene Science products on their automated platforms, especially the serum HER2/neu and CA IX. Roughly USD 573 k were spent on the acquisition.

WILEX Inc. was provided with a capital contribution of USD 270 k from WILEX AG. Furthermore, WILEX AG made an interest-bearing loan to WILEX Inc. in the form of a flexible credit line as long as WILEX Inc. cannot sustain itself from the cash flows it generates. The credit line has a ceiling of USD 835 k and runs until 30 November 2011. The interest rate is 6.00 % per annum on WILEX AG's receivable vis-à-vis WILEX Inc.

The staff of WILEX Inc. comprises ten former employees of Oncogene Science. The company will focus exclusively on production, quality assurance, approval, marketing and sales of the diagnostic tests developed by Oncogene Science. These products will be sold to current and new customers in the pharmaceutical industry, as well as to reference labs, and Oncogene Science will be continued both as a business unit and a brand. The research and development work conducted previously at Oncogene Science has already been discontinued. In addition, the newly established WILEX Inc. offers an opportunity for WILEX to gain a foothold in the United States. This opportunity will also be used for managing approval processes and regulatory affairs in North America locally, and the subsidiary could serve as a local interface to the FDA.

WILEX made the acquisition of Oncogene Science with a clear strategic background. Oncogene Science is specialised in the development, production and marketing of a multitude of biomarker tests related to oncology. One differentiates between ELISA assays which focus on the measurement of proteins in the blood and immunohistochemical (IHC) assays. The Company's products RENCAREX® and REDECTANE®, which are based on the antibody Girentuximab, and the assays specialised in CA IX complement one another, as do the uPA inhibitor MESUPRON® and the ELISA assays for uPA and PAI-1. As far as we know, with the HER2/neu ELISA assay, Oncogene also has the only FDA-approved blood test in its product range. It is the objective of WILEX to offer new FDA-approved tests for the clinical oncological immunodiagnostic market in order to improve treatment for cancer patients worldwide.

Whilst WILEX has specialised in therapeutic products to date, the addition of biomarker tests and companion diagnostics will expand the Company's expertise in the field of diagnostics above and beyond its diagnostics agent, REDECTANE®. The benefits of these so-called companion diagnostics are obvious: By measuring proteins in the blood and with the corresponding bioanalytical methods, patients could be selected for therapies

and one could potentially predict whether and how patients will respond to a therapy or monitor the progression of their disease. Companion diagnostics are utilised both in clinical trials and in the day-to-day operations of clinics.

WILEX Inc. launched its operations at the close of the financial year just ended and thus has not yet posted any revenue.

As it constitutes a business combination pursuant to IFRS 3, a purchase price allocation was performed. WILEX shall pay royalties on the revenue generated from the respective intelectual property to Siemens Healthcare Diagnostics Inc. for the granting of the rights of use to the industrial property rights. Because the royalties are based on market rates, the amount recognised for the respective industrial property rights in connection with the purchase price allocation was € 0. There were no contingent liabilities as of the acquisition date. The purchase price thus was allocated in full to property, plant and equipment as well as to inventories acquired. No goodwill arises from the business combination. Please see the consolidated notes for more details.

4. Non-financial performance indicators

Drug manufacturing permit
WILEX possesses a drug manufacturing permit pursuant to Section 13 (1) German Medicines Act (Arzneimittelgesetz) for Girentuximab, MESUPRON® and WX-554. This permit authorises the Company to package the respective drug candidates and label them for use in clinical trials involving healthy volunteers and patients. As before, the production, formulation and filling of the drug candidates is carried out by subcontractors certified by national and international supervisory authorities.

Manufacturing and supply
All of the Company's manufacturers and suppliers are certified subcontractors. Girentuximab (the antibody) is manufactured by Avid BioServices, Inc., Tustin, CA, USA ("Avid"). Solupharm Pharmazeutische Erzeugnisse GmbH, Melsungen ("Solupharm"), and Rentschler Biotechnologie GmbH, Laupheim ("Rentschler"), fill the antibody Girentuximab manufactured by Avid into suitable containers (50 ml vials, 4 ml vials) and label them in accordance with statutory requirements.

Once Solupharm and Rentschler have completed the filling operations, the amount of Girentuximab necessary for manufacturing (radiolabelling) REDECTANE® is delivered to IBA Molecular North America Inc., Dulles, VA, USA, a subsidiary of IBA Pharma S.A., Louvain-la-Neuve, Belgium ("IBA"). Radiopharmaceutical products used in medical diagnostics for imaging metabolic processes in the body have a very short half-life and must be made available quickly to medical centres. IBA possesses not only the production know-how but also the infrastructure required to supply the market with REDECTANE® rapidly and comprehensively once the drug has been approved. RENCAREX® is manufactured by Avid and Rentschler. Avid produces the antibody Girentuximab, which is then sent to Rentschler for filling purposes.

For MESUPRON®, production, formulation and filling are carried out by Bayer Schering Pharma AG, Leverkusen, and RIEMSER Specialty Production GmbH, Laupheim (formerly: Rentschler Pharma GmbH).

For WX-554, production, formulation and filling operations are provided by Central Glass Germany GmbH, Halle/Westphalia; Formula GmbH, Berlin; and Thymoorgan Pharmazie Deutschland GmbH, Vienenburg.

Certification pursuant to GLP and GMP
WILEX AG's laboratories in Munich are certified in accordance with the principles of Good Laboratory Practice (GLP). The GLP certification pursuant to Section 19b (1) German Chemicals Act (Chemikaliengesetz) enables WILEX to carry out analytical tests on biological substances and, to a limited extent, other types of examin-

Glossary

ations. Such certification is a prerequisite for the recognition by national and international supervisory authorities of preclinical or clinical data produced in the Company's laboratories. The Company's laboratories were certified by the respective authority in accordance with GLP for the very first time in July 2002 and re-certified in October 2007.

Following an inspection by the Central Drug Monitoring Office of the government of Upper Bavaria, the Munich premises were re-certified in September 2010 as being in compliance with the principles and guidelines of Good Manufacturing Practice (GMP). At the same time, the manufacturing and import permit pursuant to Section 13 and Section 72 German Medicines Act for the production, testing and release of investigational medicinal products for clinical trials and drugs was updated. The comprehensive GMP inspection at WILEX was conducted in July 2010. The GMP certificate is an important prerequisite for marketing all of WILEX's product candidates.

WILEX Inc.'s production facility in Cambridge, MA, USA, has been ISO-certified, thus satisfying the requirements for the production of Oncogene Science's diagnostic tests.

Research cooperation
The Company has also undertaken a number of 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 Fox Chase Cancer Center (FCCC) in Philadelphia, PA, USA; the Department of Oncology at the University of Nijmegen, The Netherlands; and the Ludwig Institute for Cancer Research (LICR) in New York, NY, USA.

Cooperation with clinical test centres and contract research organisations
In conducting its trials, WILEX collaborates primarily with clinical test centres, clinical trial managers and clinical research physicians as well as contract research organisations ("CROs") and other service providers. This entails setting in motion a selection process of both trial centres and CROs during the planning phase of a clinical trial based on the specifications of the study protocol; the process culminates in the determination of the trial centres and CROs. As far as CROs are concerned, particular attention is paid to the scope of their experience in the respective indication and whether the network of trial centres will fulfil the trial's requirements given the number of patients.

WILEX carries out the selection process based on many years of experience with numerous service providers of this type. New providers that introduce themselves to WILEX at conferences or directly are also analysed on a regular basis. The providers submit their offer documents as part of a tender in accordance with WILEX's specifications. WILEX then compares the written offers and prepares a deviation analysis. Subsequently, selected CROs are invited to make a presentation and participate in detailed discussions of the planned clinical trial. WILEX expects these companies to bring experience in oncology as well as knowledge of the indication, the trial protocols to be applied, data quality requirements and the archiving of the data. Regional presence, a professional infrastructure in terms of both human and financial resources, timelines, the price/performance ratio and personal relationships are equally decisive to the implementation of clinical trials.

Patents
WILEX owns more than 90 patents and has filed about 100 patent applications in more than 30 patent families. Whilst most of these patent families were developed by the Company itself, WILEX has expanded its industrial property rights in targeted ways through strategic acquisitions of patent portfolios.

Eleven patents and more than 20 patent applications apply to the Girentuximab antibody programme. WILEX owns a European patent that was issued in 2006 for the hybridoma cell line that produces the antibody Girentuximab. This patent covers the hybridoma cell line in and of itself as well as the production of the Girentuximab antibody or a pharmaceutical compound containing this antibody by means of the hybridoma

cell line. Patents related to the aforementioned family have also been issued in Australia, Japan, the Russian Federation and Mexico; patent applications are pending in the United States, Europe, Canada and Mexico.

More than 80 patents concerning the uPA-based programme have been issued in Australia, Canada, Switzerland, China, Europe, India, Japan, South Korea, Mexico, New Zealand, the Russian Federation, Singapore, the United States and South Africa. In addition, more than 70 patent applications concerning the uPA programme are pending. The patents and patent applications related to the uPA programme cover a variety of uPA inhibitors (including MESUPRON®, WX-UK1) developed by WILEX. Patent protection applies to both the active ingredients (claim to the compound, i. e. the chemical structure is patented) and the application of the given ingredients (claim to the medical preparations and the applications, i. e. the medical use of the ingredients), as well as to both formulation and production.

The oncological portfolio that was acquired from UCB comprises two small-molecule programmes and currently two antibody programmes. The four projects (WX-554, WX-037 and the two antibody programmes) are protected by nine patent families currently comprising six granted patents and more than 60 patent applications. Four patents concern the antibody programmes acquired and were issued in Europe, Australia and Japan. Of the more than 60 patent applications, four are related to the antibody programmes and over 50 to the small-molecule programmes.

WILEX Inc. is gaining access to industrial property rights that concern Oncogene Science's products as part of its acquisition of Oncogene Science's activities and by means of in-licensing from Siemens Healthcare Diagnostics Inc. More than 15 patents and roughly ten patent applications are related to the HER2/neu, EGFR, VEGF, PDGFR, p53, RAS p21 and uPA/PAI-1 programmes. A licence for numerous industrial property rights related to the CA IX programme was also acquired.

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.

Including the members of its Executive Management Board, WILEX had 80 employees at the close of the financial year (30 November 2009: 71). This figure includes 10 employees at its US subsidiary WILEX Inc. Hence a net total of nine new jobs were created as of 30 November compared to the previous year. A total of 59 employees worked in research and development (previous year: 51) while 21 (previous year: 20) worked in administration and business development.

Employees	30.11.2010[1]	30.11.2009	30.11.2008
Administration and business development	21	20	21
Research and development	59	51	45
Total	**80**	**71**	**66**

[1] Including WILEX Inc.

The Company has a performance-related compensation system for its employees. Every employee is paid variable compensation based on additional defined goals in addition to an annual fixed salary. In addition, the stock option plan gives employees a stake in the Company's performance. Employee inventions that lead to patent applications are compensated under the Patent Incentive Programme.

Stock options

In the reporting year just ended, 62 (previous year: 40) employees participated in the stock option plan. WILEX issued a total of 1,161,431 subscription rights to employees and members of the Executive Management Board in connection with its Employee Stock Option Plan (ESOP). Of the 986,491 options outstanding at the end of the financial year, 729,335 were attributable to current and former members of the Executive Management Board and 257,156 were attributable to employees. From 1 December 2009 to 30 November 2010, 85,007 new stock options were issued, and 1,650 options were returned by two employees who left the Company. No stock options were exercised to date. Currently no new stock options can be issued because the Annual General Meeting's authorisation to establish stock option plans or grant stock options has expired.

5. Earnings, financial position and net assets

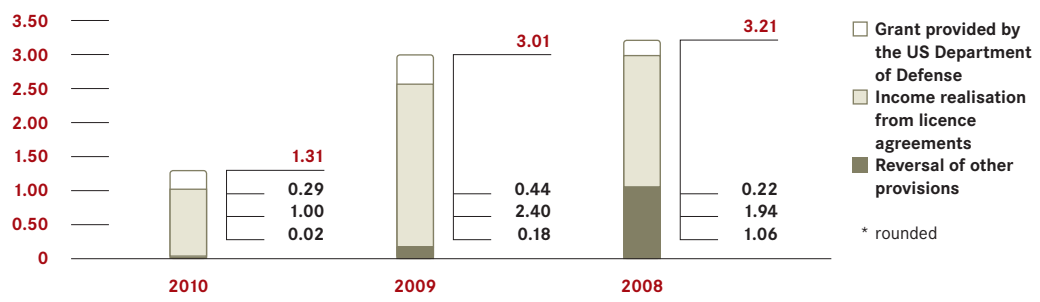
In the 2010 financial year (1 December 2009 to 30 November 2010), WILEX recognised earnings before tax of € – 23.09 million (previous year: € – 12.71 million). At € 0.01 million, income taxes are on a par with the previous year (€ 0.02 million). The net loss for the year increased by 81.5 % to € 23.10 million (previous year: € 12.73 million). This loss corresponds to earnings per share of € – 1.38 (previous year: € – 0.95). As expected, expenditures were higher than revenue and other income.

Sales revenue and other income

WILEX recorded no sales revenue from product sales or licence agreements in the 2010 financial year. In the previous year, the Company had posted € 10.00 million in sales revenue from UCB's two milestone payments of € 5.00 million each.

At € 1.31 million, other income fell 56.4 % compared to the previous year (€ 3.01 million). Prepayments received from cooperation partners for research services are accrued and recognised as other income in line with project costs using the percentage-of-completion (PoC) method. Income from the licence agreements with the Company's cooperation partners, Esteve and IBA, was € 1.00 million (previous year: € 2.40 million) and thus lower than the other income the previous year because the costs for the REDECTANE® and RENCAREX® development programmes in the 2010 financial year were lower year on year and because the income to be accrued fell substantially on account of the trials' progress. Income from the US Department of Defense grants for the uPA programme in the amount of € 0.29 million was lower year on year (€ 0.44 million) because WILEX was able to accrue higher costs for launching the trial centres in the MESUPRON® breast cancer trial in 2009. Income from the reversal of other provisions was € 0.02 million (previous year: € 0.18 million).

Other income in € million*



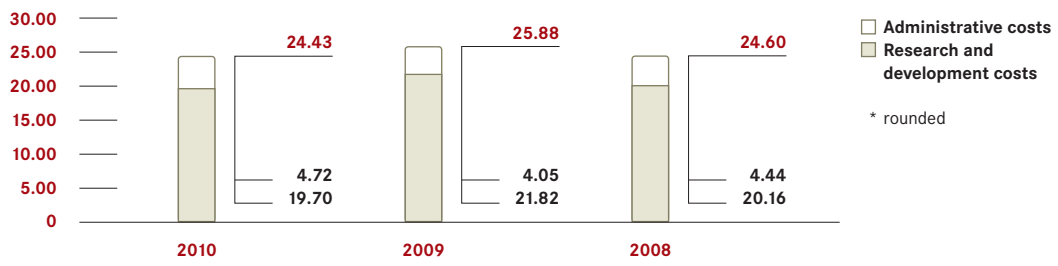
Operating expenses

Operating expenses including depreciation and amortisation losses fell by 5.6 % to € 24.43 million (previous year: € 25.88 million). The decrease by 9.7 % in research and development costs of € 19.70 million compared to 2009 (previous year: € 21.82 million) was key to this development. Research and development costs account for 80.7 % of all costs.

The ongoing clinical development of the monoclonal antibody Girentuximab for REDECTANE® and RENCAREX® accounted for 47.6 % of the research and development costs in 2010, but it was lower year on year (previous year: 68.9 %), due to the degree of completion of both Phase III registration trials. The uPA programme involving the small-molecule drug candidate MESUPRON® accounted for 34.8 % (previous year: 19.9 %). The relative increase is due to the expenditures for the breast cancer trial given the progress made in patient recruitment. The other projects, which mainly comprise the programmes acquired from UCB, account for 16.9 % (previous year: 11.2 %). The costs of the WX-554 Phase I trial, preclinical work on WX-037 and research on antibodies were higher year on year. The operating expenses of WILEX Inc., which were consolidated for the first time, accounted for less than 0.7 % of operating expenses and thus do not constitute a significant figure.

Administrative costs accounted for 19.3 % of operating expenses. At € 4.72 million, they were 16.5 % higher year on year (previous year: € 4.05 million). The increase is due to the first-quarter rise in staff costs triggered by the revaluation of the stock options and to consultancy costs incurred, amongst others, in connection with the mandatory offer and the transactions negotiated in the financial year just ended.

Operating expenses in € million*



Financing and liquidity

Finance income fell to € 25 k in the reporting period (previous year: € 158 k) due to the use of cash as planned and lower interest rates. The Company exclusively used short-term deposits for investing its liquid funds (e. g. overnight money). At no time did WILEX invest cash and cash equivalents in stock or share-based financial instruments. Finance costs comprising interest expense and the interest element of liabilities were approximately € 5 k (previous year: € 8 k). The financial result thus fell from € 150 k the previous year to € 20 k this year.

The financial management of WILEX serves to strengthen its equity base in a sustainable manner. Given the losses the Company has incurred since its founding, it focuses mainly on using cash funds 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.

WILEX took various steps to boost its liquidity in the financial year just ended.

In December 2009, WILEX placed a total of 2,177,030 new shares with German and international institutional investors at a price of € 4.10 per share in connection with a rights issue from authorised capital as well as a subsequent private placement of any unsubscribed shares. This generated € 8.53 million in net proceeds for WILEX.

Still in December 2009, WILEX received UCB's € 5.00 million milestone payment under the strategic alliance for the milestone achieved in November 2009.

WILEX carried out a rights issue in August 2010 during which 2,455,070 new shares were subscribed at the subscription price of € 4.10 per share in accordance with subscription and oversubscription rights. The Company received net proceeds of approximately € 10.01 million.

The Group had cash and cash equivalents of € 1.94 million (30 November 2009: € 3.41 million) at the close of the financial year. The Company's liquidity ratio (cash positions plus bank credit balances divided by current liabilities) was 29.9 % as of 30 November 2010 (30 November 2009: 40.8 %).

Cash flow statement

The cash outflow from operating activities during the reporting period was € 19.24 million (previous year: € 18.45 million).

The total cash outflow from investing activities was € 0.48 million (previous year: € 0.07 million), largely due to the acquisition of Oncogene Science, a business combination pursuant to IFRS 3 which is explained in more detail in the notes.

The cash inflow from financing activities in the 2010 financial year was € 18.24 million (previous year: € 9.79 million) and was generated by the two capital increases.

Total net outflow of cash and cash equivalents was € 1.47 million (previous year: € 8.73 million). This corresponds to an average use of cash of € 0.12 million per month in 2010 (previous year: € 0.73 million). Adjusted for the effects of the capital measures and the milestone payment in the first quarter, WILEX's average use of cash per month in the reporting period was € 2.06 million (previous year: € 1.96 million, adjusted for the non-cash capital increase in February 2009 and the first milestone payment from UCB).

The Company had cash and cash equivalents of € 1.94 million (previous year: € 3.41 million) at the close of the reporting period. WILEX signed a loan agreement for € 10 million with its two main shareholders, dievini and UCB, on 17 December 2010 subject to subordination and payable in two instalments. For details, please see the disclosures in chapter 8, "Events after the reporting period".

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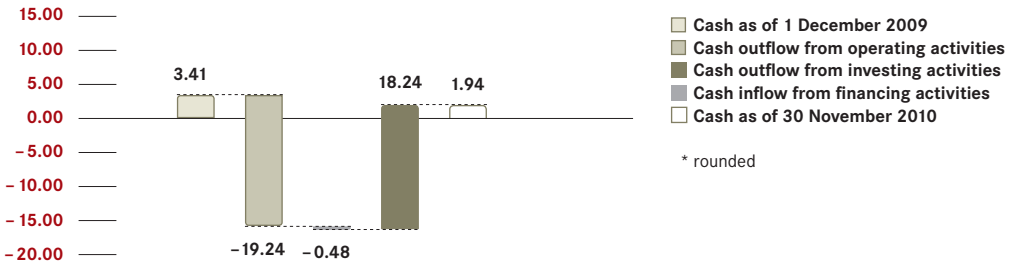
Cash flow 2010 in € million*

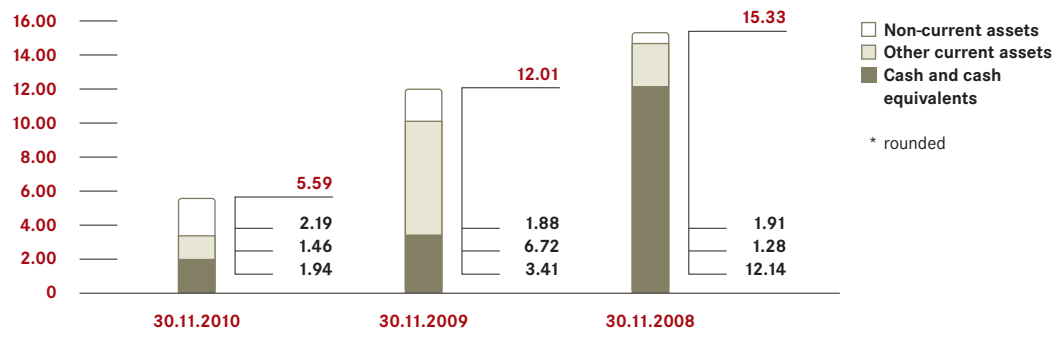


Assets
Total assets as of the close of the financial year were €5.59 million and thus lower year on year (30 November 2009: € 12.01 million).

At € 2.19 million, non-current assets as of 30 November 2010 were higher year on year (€ 1,88 million) due to purchases of laboratory and office equipment especially for the Company's new subsidiary, WILEX Inc. 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. Moreover, the pledged rent security in the amount of €0.14 million is now recognised in the other non-current assets.

Current assets fell from € 10.13 million to € 3.40 million. In the previous year, current assets mainly comprised trade receivables consisting of UCB's second milestone payment of €5.00 million, which was due at the time. But the increase in current assets during the previous year also stemmed from larger cash and cash equivalents of € 3.41 million as of 30 November 2009, compared to € 1.94 million as of 30 November 2010. At € 1.12 million, prepayments mainly to service providers for implementing clinical trials were slightly lower year on year (€ 1.35 million).

Balance sheet structure – assets in € million*



Investments, depreciation and amortisation
As in recent years, non-current assets were relatively low as the funds used for WILEX's development projects and related depreciation, amortisation and impairment losses are not capitalised in accordance with IFRS. They are expensed as current research and development costs. Overall, investments in property, plant and equipment, intangible assets and other assets were €0.48 million.

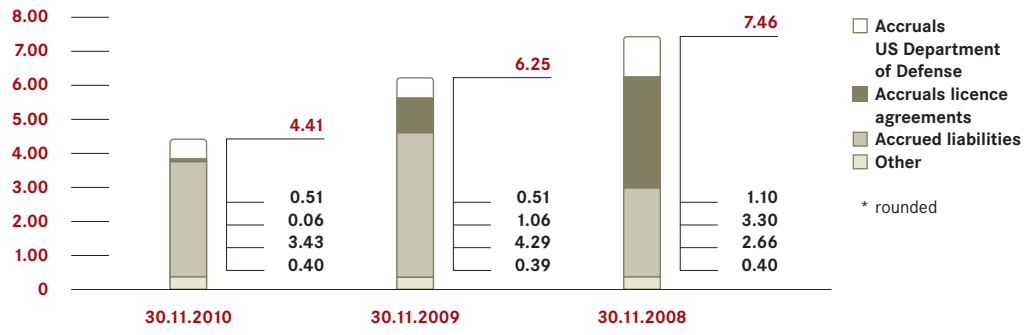
The additions to property, plant and equipment amounted to €0.52 million (previous year: €0.06 million). They were offset by depreciation of €0.08 million (previous year: €0.10 million). At €4 k, additions to intangible assets were at the previous year's level (€5 k.). Amortisation of intangible assets was €0.13 million (previous year: €0.14 million).

Liabilities
Non-current liabilities fell by 38.0 % to €0.38 million, down from €0.62 million as of 30 November 2009. Lease liabilities in the amount of €0.08 million, which did not exist in the previous year, have been recognised since the second quarter of 2010. Other non-current liabilities of €0.28 million as of 30 November 2010 (30 November 2009: €0.59 million) comprised the accrual related to payments from the US Department of Defense over a period of more than one year, the accrual for rented offices as well as the liabilities for employment anniversaries. There were also pension provisions amounting to €0.02 million.

Non-current liabilities decreased to € 6.50 million as of the end of the period (30 November 2009: € 8.35 million). Trade payables as of the reporting date were € 2.04 million and thus comparable to the previous year (30 November 2009: € 2.10 million). Compared to the previous year, this amount also contains current liabilities of € 0.06 million arising from leases.

Other current liabilities fell from € 6.25 million the previous year to € 4.41 million as of 30 November 2010. The obligations to third parties contained in this amount were recognised based on their contractually stipulated terms. The grants from the US Department of Defense and those from Esteve and IBA were accrued using a fixed trial endpoint, and the income was reversed in accordance with the rate of progress. No further liabilities were recognised for REDECTANE® because the Phase III trial has been completed. Accrued liabilities of € 3.43 million mainly concern service provider invoices (€ 2.0 million) as well as employee bonuses and profit-sharing bonuses (€ 1.3 million) and were lower year on year (€ 4.29 million) due to the progress of the clinical trials. Liabilities related to income and church taxes as well as liabilities for vacation not yet taken were combined in the "Other" item under "Other current liabilities"; at € 0.40 million, these liabilities were comparable to the previous year (€ 0.39 million).

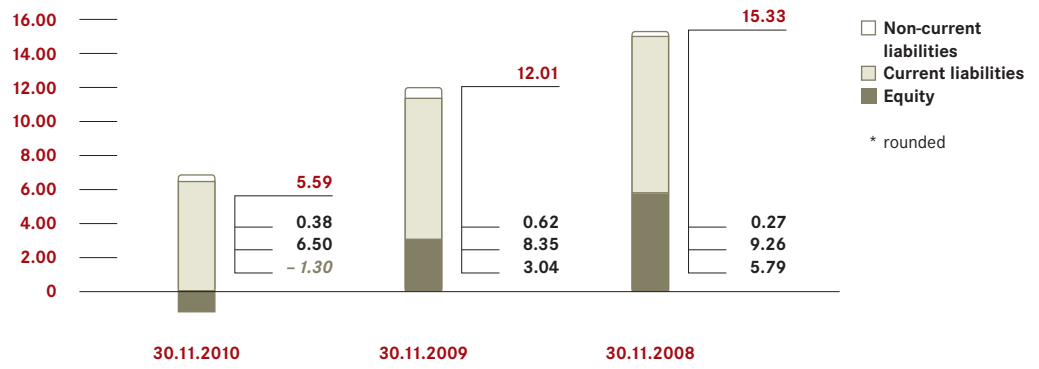
Other current liabilities in € million*



Equity

Equity pursuant to IFRS as of 30 November 2010 was € – 1.30 million (previous year: € 3.04 million). The subscribed capital rose to € 18.41 million as of 30 November 2010 as a result of the capital increases (30 November 2009: € 13.78 million). Capital reserves climbed to € 127.48 million (previous year: € 113.37 million) due to both the completed capital increases and the measurement of stock options. The accumulated losses rose by the net loss of € 23.10 million for the year to a total of € 147.20 million (previous year: € 124.10 million). The Company recognised a currency gain of € 0.01 million in equity for the first time in connection with its contribution to its US subsidiary. The equity ratio fell to – 23.2 % (previous year + 25.3 %).

Balance sheet structure – equity and liabilities in € million*



Overall assessment of the financial year by the Executive Management Board of WILEX

The 2010 financial year was one of the most successful years in the Company's history. WILEX reached several milestones in the clinical development of its product candidates and presented final data for three trials. It is the first time that a WILEX product candidate is being prepared for the FDA's approval process.

Comparison of target and actual performance in relation to certain targets and key indicators in the 2010 financial year:

Clinical targets	Target 2010	Actual 2010
REDECTANE®	Final data for the Phase III registration trial	Positive data announced in May 2010
	Submit application for approval	Approval application is being prepared; it has yet to be submitted
		Application to hold Pre-BLA Meeting agreed with the FDA for Q1/2011
RENCAREX®	343rd relapse in the ARISER trial	338 relapses as of 30 November
MESUPRON®	Final data for the Phase II trial in pancreatic cancer	Impressive data announced in June 2010
	Phase II trial breast cancer: Continue patient recruitment	Patient recruitment almost completed
WX-554	Completion of the Phase I trial in healthy volunteers	Positive data announced in June 2010

The past few months were also very eventful in other respects unrelated to the Company's development activities. A number of capital measures were carried out, a financing agreement was closed with third parties and extensive discussions regarding out-licensing and partnership deals were conducted. WILEX is currently in advanced talks with potential partners in regards to the out-licensing of some of its products. Whilst we have received term sheets, we cannot provide any forecasts as to when these negotiations might come to fruition.

The Company's economic development was on target during the financial year. The financial targets that had been announced at the financial press conference in February 2010 were adjusted in November 2010. WILEX did not post any revenue in 2010 because the product candidates have not generated any sales to date and because no commercialisation agreement entailing a sales component was closed. Other income was slightly lower than forecast because lower costs led to correspondingly lower reversals of accruals. Operating expenses are lower than expected. This is attributable to lower research and development costs and targeted cost-cutting measures implemented in 2010. Research and development expenses and the cost of ongoing clinical studies are somewhat lower than forecast in February 2010.

As a result, the Company's funding requirements for the current year was lower than projected. The capital increase implemented in August 2010 has increased cash and cash equivalents and given WILEX a longer cash reach.

Financial targets	Target 2010	Actual 2010
Financing	Secure the Company's funding	Second milestone payment from UCB (€ 5.0 million)
		Capital increase in December 2009 (€ 8.5 million)
		SEDA agreement for 36 months (up to € 20.0 million)
		Capital increase in August 2010 (€ 10.0 million)
Partnership	Licence agreement for MESUPRON®	Agreement not signed

Financial targets	Target 2010 (02/2010) € million	Adjustment (11/2010) € million	Actual 2010 € million
Sales revenue	Only in connection with a licence agreement	–	0.0
Other income	1.5 – 3.0	1.3 – 1.6	1.3
Operating expenses	26.0 – 30.0	24.0 – 26.0	24.5
of which research and development costs	22.0 – 26.0	20.0	19.7
Cash reach	Q2/2010	Q1/2011	Q2/2011

WILEX's liquidity improved after the reporting date because the Company entered into a loan agreement after the close of the financial year (see chapter 8, "Events after the reporting period").

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WILEX now expects its liquidity to be ensured into the second quarter of 2011. For more detailed disclosures in this context, please see the section entitled "Going-concern risks" in chapter 7, "Report on risks and opportunities", as well as chapter 9, "Anticipated developments".

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6. Corporate governance

CORPORATE GOVERNANCE REPORT

German Corporate Governance Code and Declaration of Compliance

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. The Company's Executive Management Board and Supervisory Board had an in-depth discussion regarding compliance with the requirements of the German Corporate Governance Code (GCGC), in particular with regard to the new requirements as of 26 May 2010. The Declaration of Compliance regarding the GCGC pursuant to Section 161 German Stock Corporation Act (Aktiengesetz), which is contained in the section "Statement on Corporate Governance pursuant to Section 289a German Commercial Code" has been passed based on these deliberations and can be ratified on the Company's website under the tab "Investor Relations > Corporate Governance." All of WILEX's declarations of compliance are published on the Company's website for at least five years.

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Procedures of the Executive Management Board and the Supervisory Board

The management of WILEX AG is structured as a dual system in accordance with the provisions of the German Stock Corporation Act. It comprises two corporate boards, the Executive Management Board and the Supervisory Board. The Executive Management Board is responsible for managing the Company and represents it vis-à-vis third parties. The Supervisory Board is tasked with appointing, dismissing and monitoring the members of the Executive Management Board. Whilst it may not make any management decisions under German corporate law, both of these corporate bodies work together in the Company's interest, jointly pursuing the goal of maximising the enterprise value for the Company's shareholders in the long term. This also includes coordinating the Company's strategic alignment and making joint decisions regarding material transactions. The Annual General Meeting is the corporate body that represents the will of the shareholders.

Executive Management Board

The Executive Management Board of WILEX AG manages the Group on its own and runs its business with the assistance of a management team. Both the actions and the decisions of the Executive Management Board are strictly aligned with the Company's interest in order to maximise the enterprise value in the long term, taking the interests of the shareholders, the employees and other interested parties into account. The Executive Management Board is responsible for corporate policies; the Group's strategic alignment; its investment, finance and human resource planning; the allocation of resources as well as the Group's operating business. It is tasked with preparing the quarterly financial statements, consolidated financial statements as well as annual financial statements of WILEX AG. The Executive Management Board must also establish an effective risk management system; it ensures compliance with statutory requirements and corporate standards ("Compliance").

Reflecting the Company's international strategic orientation, the Executive Management Board currently comprises four members of different nationalities:

Members of the Executive Management Board	Responsibility	End of term
Professor Olaf G. Wilhelm	Chairman of the Executive Management Board	31 March 2013 (from 1.4.2011)
Dr Paul Bevan	Head of Research and Development	31 March 2013 (from 1.4.2011)
Dr Thomas Borcholte	Chief Business Officer	30 September 2011
Peter Llewellyn-Davies	Chief Financial Officer	31 August 2012

Under WILEX's Articles of Association, decisions regarding the number of members of the Executive Management Board are reserved to the Supervisory Board. Pursuant to the German Stock Corporation Act, the Executive Management Board must have at least one member. The term of a member of the Executive Management Board is limited to a maximum of five years by law. Whilst it is WILEX's current practice however to limit it to two years, Executive Management Board members may be re-elected; they may also be dismissed for cause prior to the expiry of their term of office. The members of WILEX AG's Executive Management Board may not accept more than three appointments to the Supervisory Boards of listed non-Group companies.

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The Company's current Articles of Association have been posted on the Company's website under the tab "Investor Relations > Corporate Governance."

The work of the Executive Management Board is subject to Internal Rules of Procedure that govern, in particular, the cooperation among the members of the Executive Management Board; its resolutions; matters reserved to the full Executive Management Board; the tasks of the Chairman of the Executive Management Board; as well as transactions requiring the Supervisory Board's approval. The business area assigned to the members of the Executive Management Board follow from the schedule of responsibilities. The work of the Executive Management Board is coordinated by its Chairman, who is responsible for convening and chairing its meetings. Executive Management Board meetings are supposed to take place at regular intervals, usually on a bi-weekly basis. Any member of the Executive Management Board may request that an extraordinary meeting of the Executive Management Board be convened outside of its regular meetings. Persons who do not belong to the Executive Management Board may be invited to attend its meetings in an advisory capacity, to the extent necessary for a given agenda item. Minutes must be prepared of every Executive Management Board meeting and specify the place and date of the meeting, its participants, the agenda and the content of the Executive Management Board's resolutions. Whilst the resolutions of the Executive Management Board shall generally be adopted at its meetings, they may also be adopted outside of meetings in writing, by telegram, by fax, by e-mail or by telephone. The Executive Management Board constitutes a quorum if at least one half of its members participate in the given resolution. Its resolutions are generally adopted by the simple majority of all votes cast. In the event of a tie, the Chairman of the Executive Management Board shall cast the deciding vote. The Executive Management Board regularly furnishes detailed written and oral reports concerning the Company's position to the Supervisory Board. It is also responsible for submitting the subsequent financial year's budget to the Supervisory Board for approval. In addition, the Executive Management Board must notify the Supervisory Board of all transactions that might have a significant impact on the Company such that the Supervisory Board may state its views on the given transaction before it is carried out. The Chairman of the Supervisory Board and the Chairman of the Executive Management Board as well as other members of the Executive Management Board discuss current and ongoing issues in numerous conference calls as necessary above and beyond the regular exchanges of information and discussions between the Executive Management Board and the Supervisory Board.

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For short CVs of both the members of the Executive Management Board and the management team, please see the tab "Company > Team > Management Team" on the Company's website.

Supervisory Board

Pursuant to the Company's Articles of Association, the Supervisory Board currently has six members. As recommended by the German Corporate Governance Code (GCGC), they are selected based on their professional experience and capabilities, as well as their independence and diversity. The Supervisory Board has not yet specified concrete objectives regarding its composition pursuant to Section 5.4.1 (2) GCGC. In its current form, it was elected by the Annual General Meeting on 21 May 2010. Not until the amendment dated 26 May 2010 did the German Corporate Governance Code require the Supervisory Board to specify its objectives regarding its composition. In the Supervisory Board's view, stating specific objectives regarding its composition serves no purpose at this time because such objectives can only become relevant once the Supervisory Board is replaced. No members of the Supervisory Board are former members of the Company's Executive

Management Board. All Supervisory Board members were elected by the simple majority of all votes cast at the Annual General Meeting on 21 May 2010. They are elected for a term of office not to exceed five years but may be appointed for shorter terms. Supervisory Board members may be re-elected, even repeatedly. The terms of office of the current members of WILEX AG's Supervisory Board shall expire at the close of the 2015 Annual General Meeting. The Supervisory Board appoints a Chairman from among its midst as well as one or more deputy chairmen. Please see the notes to the consolidated financial statements for more details on the Supervisory Board.

The Supervisory Board advises and monitors the Executive Management Board with regard to its management of the Company. Based on regular exchange with the Executive Management Board, the Supervisory Board is involved in strategy and planning and in all issues of fundamental significance to the Company. The Internal Rules of Procedure governing the work of the Executive Management Board provide for the Supervisory Board's right to approve material business transactions – such as for instance the Company's alignment in strategic and operational terms; fixing the annual budget; major acquisitions, investments or licence agreements; contracts closed outside of the regular course of business and substantially exceed the customary risk structure as well as the founding or material restructuring of existing business operations.

The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, convenes and chairs its meetings (which must take place at least twice every six calendar months) and represents its interests vis-à-vis external parties. According to the Company's Articles of Association, the Supervisory Board shall adopt its resolutions at meetings. If so ordered by the chairman of the Supervisory Board, however, resolutions may also be adopted in writing, by telegram, by fax, by e-mail or by telephone if no member immediately objects to this procedure. The Articles of Association also establish that the Supervisory Board constitutes a quorum if at least four of its members participate in the resolution by means of any legal form of voting. Absent members may cast their vote on the resolution using written procedures. Resolutions of the Supervisory Board shall be adopted by a simple majority of all votes cast unless stipulated otherwise by law. Abstentions are not considered votes cast. In case of a tie, the Chairman's vote shall decide the matter. The Supervisory Board has issued Internal Rules of Procedure for its work which establish not only the aforementioned procedures regarding its resolutions but also the Supervisory Board's general duties and tasks; its composition; the responsibilities of its Chairman and deputy chairman; the participation of third parties in meetings; convening the Supervisory Board; as well as the composition, responsibilities and procedures of the Supervisory Board's committees.

The Supervisory Board regularly performs an efficiency review every other year in accordance with Section 5.6 of the German Corporate Governance Code. The most recent 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.

The Report of the Supervisory Board, which is posted on the Company's website under the tab "Investor Relations > Financial Reports" as part of this annual report provides an overview of its work.

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The appointments of the Supervisory Board members to other boards, as well as their business relationships to related parties, are set forth in the notes to the consolidated financial statements. For short CVs of the members of the Supervisory Board, please see the tab "Corporate Governance > Corporate bodies" on the Company's website.

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Supervisory Board's work in committees

Working in committees is an integral part of the work of the Supervisory Board. The Supervisory Board of WILEX AG has established three committees: the Audit Committee, the joint Compensation and Nomination Committee, which covers both areas separately in its meetings, and the R&D Committee. All committees fulfil preparatory functions.

The following table shows the composition of the Supervisory Board and the membership in the three committees:

Supervisory Board	Function	Audit Committee	Compensation and Nomination Committee	R&D Committee
Professor Christof Hettich (since 21 May 2010)	Chairman (since 27 September 2010)		X (Chairman)	
Dr Georg F. Baur	Deputy Chairman (Chairman from 21 May to 26 September 2010)	X (Chairman)		
Dr Alexandra Goll	Member (Deputy Chairwoman from 21 May to 26 September 2010)	X	X	
Professor Friedrich von Bohlen und Halbach	Member	X		X (Chairman)
Professor Iris Löw-Friedrich	Member			X
Andreas R. Krebs (since 21 May 2010)	Member		X	X
Dr David Ebsworth (until 21 May 2010)	Former Chairman		X (Former Chairman)	
Dr Rüdiger Hauffe (until 21 May 2010)	Former member		X	

The **Audit Committee** supports the Supervisory Board in carrying out its duty to independently monitor the Company's financial reporting and review its annual financial reports. In particular, the Audit Committee reviews the financial statements and risk management. This also includes discussing the half-yearly and quarterly reports with the Executive Management Board prior to publication. Furthermore, the Audit Committee discusses individual aspects of the audit with the independent auditors as part of the audit engagement issued by the Supervisory Board and proposes to the Supervisory Board that it approve the Company's annual and consolidated financial statements. Besides this supervisory responsibility, the Audit Committee also reviews the Company's control systems that have been established as part of its risk management, the Company's key risk potentials and the Executive Management Board's countermeasures. The Audit Committee is chaired by Dr Georg F. Baur. The Chairman of the committee possesses specialist knowledge and professional experience in accounting and in auditing financial statements, as required under Section 107 (4) and Section 100 (5) German Stock Corporation Act as well as the German Corporate Governance Code. It is in principal ensured in that connection that neither the Chairman of the Supervisory Board nor a former member of the Executive Management Board chair the Audit Committee.

In its function as a personnel committee, the joint **Compensation and Nomination Committee** prepares personnel matters related to the Executive Management Board. In particular, it is responsible for preparing, amending and terminating their directors' contracts; preparing pension or other commitments; as well as preparing grants, withdrawals or modifications of stock options, convertible bonds or similar rights related to the members of the Executive Management Board. In its function as a nominating committee, the joint Compensation and Nomination Committee proposes suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting and prepares the appointment of new Executive Management Board members. Resolutions regarding the aforementioned matters are adopted in the Supervisory Board in accordance with Section 107 (3) German Stock Corporation Act and with the recommendations of the German Corporate

Governance Code. Professor Christof Hettich is the Chairman of the joint Compensation and Nomination Committee.

The **R&D Committee** is tasked with issues related to research and development, and carries out related preparatory work for the Supervisory Board. In particular, this includes the following: implementation of current and planned clinical trials; discussion of trial findings; responsibility for issues related to "Regulatory Affairs" as well as ongoing strategic development of the Company's research and development portfolio. Professor Friedrich von Bohlen und Halbach chairs the R&D Committee.

Compensation of the Executive Management Board and the Supervisory Board

WILEX AG complies with the recommendations of the German Corporate Governance Code to disclose all compensation paid to the Executive Management Board and the Supervisory Board broken down by individual. Please see the section entitled "Compensation Report" for more detailed disclosures on the compensation of the Executive Management Board members (broken down by fixed and variable components as well as other ancillary benefits) and the compensation of the Supervisory Board members. The compensation paid to the members of the Executive Management Board and the Supervisory Board is also disclosed on the Company's website under the tab "Investor Relations > Corporate Governance > Compensation report".

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Shares held by the Executive Management Board and the Supervisory Board

The shareholdings of members of the Supervisory Board and the Executive Management Board were as follows at the time this corporate governance report was prepared:

Name	Function	Share-holdings	Number	Interest in share capital
Dr David Ebsworth [1]	Former member and former Chairman of the Supervisory Board (until 21 May 2010)	Direct	50,000	0.27 %
Dr Rüdiger Hauffe [1]	Former member of the Supervisory Board (until 21 May 2010)	Direct	6,000	0.03 %
Dr Georg F. Baur	Deputy Chairman of the Supervisory Board	Direct	181,183	0.98 %
Andreas R. Krebs	Member of the Supervisory Board	Direct	40,000	0.22 %
Professor Friedrich von Bohlen und Halbach and Professor Christof Hettich [2]	Member of the Supervisory Board Chairman of the Supervisory Board	Indirect	6,587,990	35.78 %
Professor Olaf G. Wilhelm [3]	Chairman of the Executive Management Board	Direct	120,331	0.65 %

[1] Current as of the Annual General Meeting on 21 May 2010

[2] In their capacity as Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG

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

Changes in the shareholdings of members of the Company's corporate bodies are posted on WILEX's website under the tab "Investor Relations > Corporate Governance > Shareholdings".

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Directors' dealings

The German Securities Trading Act (Wertpapierhandelsgesetz) sets out that members of the Executive Management Board, the Supervisory Board and the inner circle of WILEX's executives and parties related to them must disclose any personal trading with WILEX shares, to the extent that such trading surpasses the statutory de minimis limit of €5,000 per calendar year. WILEX's policy is to disclose each and every transaction irrespective of its volume.

In the 2010 financial year, the Company's executives reported several transactions subject to disclosure in accordance with Section 15a German Securities Trading Act (Directors' dealings), which were duly posted on WILEX's website under the tab "Investor Relations > Announcements > Directors' dealings".

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Name	Date	Transaction	Market place	Price €	Number	Volume €
Andreas R. Krebs	14.10.2010	Purchase	Düsseldorf	4.60	10,000	46,000.00
Dr Georg F. Baur	05.08.2010	Purchase/ subscription	OTC	4.10	25,750	105,575.00
Dr Georg F. Baur	05.08.2010	Purchase	XETRA	4.598	30,000	138,983.45
Andreas R. Krebs	06.08.2010	Purchase	Frankfurt/ Main	4.60	18,338	84,354.80
Andreas R. Krebs	05.08.2010	Purchase/ subscription	OTC	4.10	10,662	43,714.20
Professor Christof Hettich and Professor Friedrich von Bohlen und Halbach[1]	30.07.2010	Purchase	OTC	4.10	875,338	3,588,885.80
Andreas R. Krebs	20.07.2010	Purchase	Frankfurt/ Main	4.92	1,000	4,920.00
Professor Christof Hettich and Professor Friedrich von Bohlen und Halbach[1]	27.05.2010	Purchase	OTC	3.90	356,923	1,391,999.70
Professor Friedrich von Bohlen und Halbach[1]	08.12.2009	Loan of securities	Frankfurt/ Main	30,000.00	944,449	30,000.00

[1] Indirectly in their capacity as Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG

Shareholders and Annual General Meeting

The shareholders of WILEX AG exercise their co-determination and control rights at the Company's Annual General Meeting, which takes place at least once a year. It resolves all matters determined by law with binding effect on all shareholders and the Company. Each share grants one vote at the Annual General Meeting. Every shareholder who registers in due time has the right to participate in the Annual General Meeting. WILEX makes it easy for its shareholders to exercise their voting rights without attending the Annual General Meeting in person through proxies bound by instructions. In addition, shareholders may also appoint proxies of their own choosing. WILEX makes the Executive Management Board's speech and presentation as well as all voting results available to all shareholders unable to attend the Annual General Meeting in person immediately after it has ended. The notice of the Annual General Meeting as well as the reports and information required for the resolutions are published in accordance with the requirements of German stock corporation law and are also made available in German – and for the most part also in English – on WILEX AG's website under the tab "Investor Relations > Annual General Meeting".

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Transparency and timeliness

WILEX AG regularly informs shareholders and analysts, as well as the media and the interested public, of the Company's position and any major changes; in so doing, it complies with all requirements of the German Corporate Governance Code in terms of transparency, timeliness, openness and equal treatment. Our corporate communications aim first and foremost to make identical information available to all target groups at the same time and in a timely manner. It goes without saying on this basis that WILEX makes all of the Company's publications available in German and English simultaneously.

All information relevant to the capital markets – such as annual and quarterly reports, ad-hoc announcements, press releases, directors' dealings and voting share notifications – are posted on the Company's website under the "Investor Relations" tab. Presentations at conferences, investor and analyst meetings as well as all information related to the Company's Annual General Meeting are also posted there. The financial calendar contains information on dates relevant to the capital market, e. g. financial reports and Annual General Meeting. Analyst and media conferences are held at least once per year. In addition, the Investor Relations section also provides all disclosures related to corporate governance as well as the Declaration of Compliance, in both German and English, which are updated on a regular basis. This includes the Company's current Articles of Association, its corporate code, the information memorandum on insider trading laws as well as all declarations of compliance.

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The Company's website also offers comprehensive information on the Company and its share.

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Compliance in the 2010 financial year

Ethical standards, professionalism and compliance with statutory requirements are among the key ingredients of WILEX AG's corporate philosophy. In the 2010 financial year, there were no deviations from the declaration of compliance applicable to this period. There were no conflicts of interest among members of the Executive Management Board as defined in Section 4.3 of the German Corporate Governance Code. Any conflicts of interest affecting members of the Supervisory Board pursuant to Section 5.5 of the German Corporate Governance Code were disclosed to the remaining members of the Supervisory Board, and the Supervisory Board members affected by the given conflict of interest acted as follows during the respective deliberations and resolutions of the Supervisory Board:

The Supervisory Board member, Professor Iris Löw-Friedrich, is Chief Medical Officer and Executive Vice President Global Projects and Development at UCB S.A., Brussels, Belgium. Professor Iris Löw-Friedrich did not participate in the Supervisory Board's deliberations or voting in December 2010 in connection with the closing of the shareholder loan agreement with UCB Pharma S.A. after the close of the 2010 financial year.

Professor Christof Hettich and Professor Friedrich von Bohlen und Halbach – both members of the Supervisory Board – are managing directors of dievini Verwaltungs GmbH, which is the general partner of dievini Hopp BioTech holding GmbH & Co. KG. Neither of them took part in the deliberations or resolutions of the Supervisory Board in connection with the joint statement of WILEX's Executive Management Board and Supervisory Board regarding the mandatory takeover offer by dievini Hopp BioTech holding GmbH & Co. KG and the acquisition of Heidelberg Pharma AG. In their capacity as managing directors of dievini Verwaltungs GmbH, and, in the case of Professor Christof Hettich also in his capacity as the managing director of NewMarket Venture Verwaltungs GmbH (shareholder of Heidelberg Pharma AG), they had a conflict of interest. In addition, the Supervisory Board members, Professor Christof Hettich and Professor Friedrich von Bohlen und Halbach did not participate in the Supervisory Board's deliberations or resolutions in December 2010 relating to the shareholders loan agreement with dievini Hopp BioTech holding GmbH & Co. KG after the close of the 2010 financial year.

While some Supervisory Board members also hold positions on supervisory boards of other companies in the pharmaceutical and biotech sectors, none of these companies can be considered major competitors of WILEX, which complies with GCGC requirements.

WILEX 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.

Under compliance rules, all of WILEX's employees are obligated to report violations of compliance rules to their supervisor or the responsible member of the Executive Management Board. Moreover, to comply with the applicable statutory requirements, WILEX has appointed numerous officers who monitor compliance with the respective statutory requirements in their given departments (e. g. drug safety, radiation protection, manufacturing, quality assurance, archiving, waste and safety, biological safety, data protection, IT security); they also analyse and report violations to the responsible member of the Executive Management Board and initiate the necessary measures in coordination with that Executive Management Board member. Many guidelines (so-called Standard Operating Procedures or corporate guidelines) have been issued for these areas, and both WILEX and its employees must comply with them; compliance is monitored by the compliance officers. Regular training sessions are also organised in this connection.

Risk management

The responsible treatment of risks constitutes a material element of functional corporate governance. WILEX has established a systematic risk management, which enables the Executive Management Board to detect the relevant risks and market trends in due time and respond to them. Please see chapter 7, "Report on risks and opportunities" for details on the Company's risk management and for the risk report. The report on the internal control system relevant to the financial reporting process required under the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz) is a part of the Statement on Corporate Governance pursuant to Section 289a German Commercial Code in chapter 6, "Corporate governance".

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Both of these systems are continuously refined and adjusted to the changing environment. The Executive Management Board discusses the given risk report and any actions that might be required at its meetings and regularly briefs the Supervisory Board on existing risks and their development.

Accounting and audit of financial statements

WILEX regularly informs both its shareholders and third parties by means of its consolidated financial statements and quarterly reports. As a corporation domiciled within the European Union, starting with the close of the 2010 financial year, WILEX AG must prepare its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), taking Section 315a German Commercial Code into account. Both the consolidated financial statements and the annual financial statements are prepared by the Executive Management Board, audited by the auditor and reviewed by the Supervisory Board. The auditor elected by the Annual General Meeting and commissioned by the Supervisory Board participates in the deliberations of both the Audit Committee and the Supervisory Board regarding the Company's financial statements and reports on the material findings of its audit. The Audit Committee uses this information for its own assessment of the Company's financial statements and reports. WILEX AG's annual financial statements and management report for the 2010 financial year, as well as the consolidated financial statements and the Group management report, are audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich. These audits also include the Company's risk management as defined by Section 91 (2) German Stock Corporation Act as well as the issuing and publication of the Declaration of Compliance.

STATEMENT ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289A OF THE GERMAN COMMERCIAL CODE

Declaration of compliance by the Executive Management Board and the Supervisory Board of WILEX AG pursuant to Section 161 of the German Stock Corporation Act

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 2010, the date of its most recent declaration of compliance, to 14 February 2011, the date of adopting the resolution regarding the declaration of compliance (Code as amended on 18 June 2009), and that the Company is and will be in compliance with said recommendations from 14 February 2011 (Code as amended on 26 May 2010), in each case with the exception of the following:

Section 2.3.3 Clause 2 GCGC: WILEX AG will not use the option it has under its Articles of Association to allow voting by post at its next Annual General Meeting. The recommendation to support shareholders in voting by post was not included in the GCGC until it was amended effective 26 May 2010, nor does the GCGC make a recommendation to the effect that the option of voting by post should be offered. Instead, it merely recommends offering support for voting by post if the Executive Management Board decides to make this option available. As a precaution, WILEX AG has already integrated the option allowed to it under Section 118 (2) German Stock Corporation Act to permit voting by post in its Articles of Association in the form of an authorisation of the Executive Management Board. At this time however, translating the relevant requirements for voting by post into practice would involve too many legal uncertainties such that the Executive Management Board will refrain from offering the option of voting by post at the Company's next Annual General Meeting. Furthermore, voting by post does not offer any discernible advantages compared to WILEX AG's offer to its shareholders to have themselves represented by proxies who are bound by instructions.

Section 3.8 (2) and (3) GCGC: Until 30 June 2010, the D&O insurance purchased for the Executive Management Board and the Supervisory Board did not contain a suitable deductible. Since 1 July 2010 however, a deductible in the amount required by law has been stipulated in accordance with the statutory requirements for members of the Executive Management Board. WILEX AG's D&O insurance for the members of its Supervisory Board still does not require a deductible. The statutory obligation to amend the given contracts pursuant to Section 93 (2) clause 3 German Stock Corporation Act, in conjunction with Section 23 (1) clause 1 Introductory Act to the German Stock Corporation Act (Einführungsgesetz zum Aktiengesetz), applies solely to insurance policies purchased for members of the Executive Management Board since 1 July 2010. Section 116 sentence 1 of the German Stock Corporation Act does not require a deductible for the Supervisory Board to be agreed. Instead the law expressly exempts the Supervisory Board from the requirement to agree a deductible. It seems appropriate in our view to distinguish between the Executive Management Board and the Supervisory Board, given the nature of service on the Supervisory Board, which is also evident in the different structure of compensation. Both the Executive Management Board and the Supervisory Board of WILEX also 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 4.1.5 GCGC, Section 5.1.2 (1) Clause 2 GCGC, Section 5.4.1 (2) GCGC: When appointing individuals to executive positions within WILEX AG, the Executive Management Board is guided solely by the professional and personal qualifications of the given candidate, male or female. The same applies to the Supervisory Board when it appoints individuals to the Executive Management Board and suggests candidates for elections to the Supervisory Board. There are no women on WILEX AG's current four-member Executive Management Board. In the five-member second management tier under the Executive Management Board (constituting the Company's management team together with the Executive Management Board) two female staff

members have management positions. Two members of WILEX AG's six-member Supervisory Board are women. WILEX AG is a growing company that always needs qualified executives. The professional and personal qualifications of the given candidate, whether male or female, are at the forefront of the concerns of the Executive Management Board and the Supervisory Board when selecting candidates, whatever their gender. Neither the Executive Management Board nor the Supervisory Board consider it effective not to fill, or fill, a vacant position with a woman solely in order to ensure adequate representation of women in leadership positions. In the view of the Executive Management Board and the Supervisory Board, such an approach would not be in the Company's interest.

The Supervisory Board has not yet specified concrete objectives regarding its composition. In its current form, it was elected by the Annual General Meeting on 21 May 2010. Not until the amendment dated 26 May 2010 did the German Corporate Governance Code require the Supervisory Board to specify its objectives regarding its composition. In the Supervisory Board's view, stating specific objectives regarding its composition serves no purpose at this time because such objectives can only become relevant once the Supervisory Board is replaced.

Section 4.2.3 (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 (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.

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Section 4.2.5 (1) GCGC: The total compensation of each member of the Executive Management Board is disclosed the section "Compensation report" of chapter 6, "Corporate governance" in the Group management 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.

Section 5.1.2 (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 (2) Clause 1 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 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 (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 were of the opinion that performance-related compensation would not give Supervisory Board members additional incentives to carry out their Supervisory Board activities efficiently. Given the Company's profile, the Executive Management Board and the Supervisory Board plan to explore whether and how Supervisory Board members might suitably share in any future appreciation of the Company's stock by means of stock appreciation rights.

Section 5.4.6 (3) Clause 1 GCGC: The total compensation of each member of the Supervisory Board is disclosed in the "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 "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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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 2012.

Munich, 14 February 2011

Executive Management Board and Supervisory Board of WILEX AG

Disclosures on corporate governance practices

Since its founding, WILEX has attached the greatest importance to responsible corporate management in the pursuit of shareholder value. Given the Company's listing on Deutsche Börse's Prime Standard segment of the Frankfurt/Main Stock Exchange as well as the international nature of its shareholder structure, with a few exceptions WILEX is committed to the national rules and regulations of the German Corporate Governance Code and also fulfils most of its non-mandatory recommendations. The Executive Management Board and the Supervisory Board of WILEX are convinced that compliance with high standards in corporate governance is central to the Company's success. This also includes integrity in all relationships with employees, business partners, shareholders and the public and thus exemplary conduct.

As a developer of drugs and diagnostic agents, WILEX depends on gaining and maintaining the trust of the public, its medical partners and patients through conduct that is beyond reproach. The aim is to act credibly, respectably and reliably, and to project these values. This is why WILEX reviews and refines its corporate governance policies on a regular basis. As part of its strategic work, the Executive Management Board establishes the Company's goals in coordination with the Supervisory Board and communicates them to all employees. WILEX expects both its executives and its staff to carry out their tasks in a spirit of autonomous responsibility, displaying initiative. There are clear goals, and the extent to which they have been accomplished is reviewed on a regular basis. These performance targets are a material element of WILEX's management philosophy and an integral part of the compensation system.

The attitudes and actions of WILEX's employees and how other parties perceive them contribute substantially to WILEX's reputation. Its image thus is always changing.

WILEX's goal is to develop and maintain an excellent reputation in the marketplace. It is for this reason that WILEX has adopted a Code of Conduct that sets out stringent requirements for correct business conduct. This Code of Conduct shall guide the conduct of WILEX as a company and that of its employees towards external parties and customers (referred to as "business partners" below) as well as towards colleagues (referred to as "colleagues" below); it must be accepted and signed by every employee at the start of employment. Every employee of the Company must be aware of these rules and regulations and act accordingly in their daily dealings with business partners and colleagues alike.

Below is an overview of WILEX's Code of Conduct.

WILEX desires under all circumstances to adhere to letter and spirit of the law.

1. Drug development. Our activities in the field of drug development are subject to extensive governmental regulations, installed to protect patients and to enhance the standards in healthcare. WILEX's policy is to strictly adhere to the letter and the spirit of the laws and guidelines in this area. Any employee who notes a deviation from this policy in this area is obliged to immediately alert his supervisor and the responsible member of the Executive Management Board.

2. Protection of employee safety welfare. In view of safety and a healthy work environment the law and any internal rules regarding safety and hygiene have to be strictly respected.

3. The environment. All rules and regulations regarding the handling of chemicals, organisms, waste products etc. have to be observed. In general WILEX expects its employees to act responsibly towards the environment also where no mandatory rules are valid.

4. Political and religious activities. Although WILEX respects the political or religious opinions of its employees, it is not allowed, by any means, to promote political or religious views within WILEX premises. Also it is not allowed to support political parties or religious denominations with any financial support from WILEX.

5. Unsuitable social activities. It is not allowed to distribute or promote racist, sexual or discriminatory opinions and materials of any kind within WILEX or through the use of WILEX equipment like email or copiers.

6. Behaviour of employees within WILEX. WILEX employees shall at all times treat their colleagues with appropriate respect and shall not in writing, orally or any other form discriminate any of their colleagues with regard to sex, race, handicap, political or religious opinions. The requirements of the German General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz) dated 14 August 2006 must be observed.

7. Protection of confidentiality. WILEX respects any confidential information received from third parties in the conduct of its business and will protect such information as it will protect WILEX's own confidential information. WILEX employees are only allowed to use information rightfully obtained and are not allowed to distribute confidential information received in other ways than for the intended purpose.

8. Information policy. Any information regarding financial conditions, progress in clinical or product development, patent situations etc., provided by WILEX management or employees to third parties must be conform to the actual situation. WILEX management will be responsible on a regular basis to provide updates to entitled parties.

9. Conflict of interest. WILEX employees at all times must avoid situations of conflict between WILEX and personal interests. Where such situations exist or may exist the employee is responsible for disclosing such conflicts of interest. Examples of situations to be avoided are: acceptance of presents, payments, loans or services of any kind by suppliers, customers, CRO's, service providers or competitors in excess of what is

customary in such cases, e. g. a normal business meal or a small present at the end of the year (less than € 25). Employees should also avoid doing business with former colleagues except when only WILEX business reasons are involved. In no case are WILEX employees allowed to use information obtained at WILEX for personal financial gain or for the benefit of family relations and friends.

10. Doing business. Interactions between WILEX and third parties will take place only according to legal and lawful practice. In case of major transactions multiple quotations will be compared to obtain the best possible deal for WILEX. In no case will WILEX accept payments to be made to illegally avoid taxation. WILEX will not make any payments that are not legally due or that contradict existing law or the intention of the law. Also no payments will be made for a purpose that is different from what is stated on the invoice.

Adhering to the rules and guidelines above will help WILEX to be a reliable, responsible and respectful partner for those who do business with WILEX as well as for our employees and for our customers, including the patients for which WILEX intends to develop new medicines and who currently participate in WILEX clinical trials.

Furthermore, there is an information memo on insider law and lockout periods for share transactions, which every employee receives and must observe.

The Code of Conduct and the information memo on insider law have been posted on the Company's website under the tab "Investor Relations > Corporate Governance." @ *www.wilex.com*

Description of the procedures of the Executive Management Board and the Supervisory Board as well as composition and procedures of their respective committees

The given text under the headings "Procedures of the Executive Management Board and the Supervisory Board", "Executive Management Board" and "Supervisory Board" in the Corporate Governance Report contains general descriptions of the tasks and procedures of the Executive Management Board and the Supervisory Board.

The composition of the Supervisory Board and its committees, as well as a general description of the committees' procedures, are contained under the heading "Work of the Supervisory Board in Committees" in the Corporate Governance Report.

The Executive Management Board has not established any committees.

DISCLOSURES UNDER SECTION 315 (4) GERMAN COMMERCIAL CODE AS WELL AS EXPLANATORY REPORT

Summary of subscribed capital

The Company's subscribed capital amounted to € 18,413,035.00 at the end of the financial year. It is composed of 18,413,035 no par value bearer shares. These shares are fully paid in. The Company does not hold any treasury shares. An Extraordinary General Meeting on 15 December 2010 resolved to increase the Company's share capital from € 18,413,035.00 by € 3,200,000.00 to € 21,613,035.00 pursuant to Agenda item 1 in return for in-kind contributions and to amend the Company's Articles of Association accordingly; this capital increase has not yet been recorded in the Commercial Register. Once the resolution amending the Articles of Association has been recorded, share capital will be € 21,613,035.00.

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 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 3,323,155 shares in WILEX AG, which corresponds to a share of 18.05 %. Under the terms of the strategic alliance dated January 2009, 909,090 shares were subject to a lock-up period until 9 January 2011.

Pursuant to the contribution agreement dated 3 November 2010 between WILEX AG and the shareholders of Heidelberg Pharma AG, St. Leon-Rot GmbH, NewMarket Venture Verwaltungs GmbH as well as Dr Jan Schmidt-Brand undertook towards WILEX to abide by a holding period of 12 months in regards to the WILEX shares to be subscribed by each of them from the date on which these WILEX shares were created. The capital increase in return for contributions in kind resolved by WILEX's Extraordinary General Meeting on 15 December 2010 for the purpose of executing this transaction has not yet been recorded in the Commercial Register such that the holding period has not yet commenced.

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 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 315 (4) number 3 of the German Commercial Code requires any interest in a Company's capital in excess of ten percent of the voting rights to be disclosed.

Entity with disclosure requirement	Voting interest* as of the reporting date
dievini Hopp BioTech holding GmbH & Co. KG (dievini)	35.78 %
UCB Pharma S.A. (UCB)	18.05 %

* Base: share capital of 18,413,035

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 (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 (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 (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.

As of the reporting date, the Executive Management Board was authorised pursuant to Article 5 (5) of the Articles of Association to increase the Company's share capital, with the approval of the Supervisory Board, by up to €44,930.00 by issuing up to 44,930 new no par value bearer shares in return for cash contributions and/or contributions in kind on one or several occasions up to and including 20 May 2015 (Authorised Capital 2010/I).

An Extraordinary General Meeting on 15 December 2010 resolved to revoke the existing Authorised Capital 2010/I and to create new Authorised Capital 2010/II pursuant to Agenda item 2 and to amend the Articles of Association accordingly; this resolution has not yet been recorded in the Commercial Register. The wording of Article 5 (5) of the Articles of Association shall be as follows once the resolution amending the Articles of Association has been recorded:

"The Executive Management Board is authorised to increase the Company's share capital, with the approval of the Supervisory Board, by up to €9,206,517.00 by issuing up to 9,206,517 new no par value bearer shares in return for cash contributions and/or contributions in kind on one or several occasions up to and including 14 December 2015 (Authorised Capital 2010/II)."

The shareholders generally have a subscription right in connection with cash capital increases. The shares may also be acquired by one or more banks, subject to the obligation to offer them to the shareholders for subscription. The Executive Management Board is authorised, however, subject to the approval of the Supervisory Board, to exclude shareholders' subscription right in connection with cash capital increases in the following cases:

a) In the event of a cash capital increase, if the issue price of the new shares is not substantially lower than the market price and if the total share of the new shares issued in direct or analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act in return for cash contributions subject to the exclusion of shareholders' subscription right while this authorisation is in effect does not exceed a total of 10% of the share capital, specifically, neither at the date this authorisation takes effect nor at the time it is exercised. Shares that are, or shall be, issued for the purpose of satisfying bonds that are issued with conversion rights or options shall be counted toward this 10% limit of the share capital, to the extent that and insofar as these bonds are issued in analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act subject to the exclusion of shareholders' subscription rights while this authorisation is in effect; or

b) to avoid fractions of shares.

The Executive Management Board is also authorised to exclude shareholders' subscription rights in connection with capital increases in return for contributions in kind with the approval of the Supervisory Board.

Finally, the Executive Management Board is authorised to determine both the additional content of the rights embodied in the shares and the conditions of the share issue, subject to the approval of the Supervisory Board. The Supervisory Board shall be authorised to amend the wording of the Articles of Association to reflect the scope of the capital increase from Authorised Capital 2010/II.

The Company is not authorised at present to acquire treasury shares pursuant to Section 71 (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 a strategic alliance on 8 January 2009, under which WILEX took over five oncological programmes from UCB. 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 for the five programmes (so-called opt-in right) prematurely.

Initially, a change of control as defined by the agreement 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, acceptance of an offer for 50% or more of the voting shares suffices. The mandatory offer of dievini, which ended in August 2010, raised the latter's equity interest in WILEX AG to 35.78% and thus does not constitute a change of control as defined under the Company's strategic partnership with UCB.

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.

COMPENSATION REPORT

The compensation report takes the provisions of the German Management Board Compensation Disclosure Act (Vorstandsvergütungs-Offenlegungsgesetz) as well as the requirements of the German Corporate Governance Code into account.

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 (3) German Stock Corporation Act. Compensation consists of a salary (fixed compensation), other benefits (non-cash compensation), a variable compensation component and a stock option programme with a long-term incentive and a risk element.

In the event of the termination of an Executive Management Board member's service for WILEX, 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 AG also pays the premiums for a personal pension plan up to the maximum amount permissible under Section 40b of the German Income Tax Act (Einkommensteuergesetz) 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 and totalled €877 (2009: €844) in the financial year just ended. The Company has no such obligations towards any other Executive Management Board members.

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

Directors' and Officers' Liability Insurance (D&O insurance) is in place for WILEX's Executive Management Board for the purpose of covering additional liability risks arising from the management of the Company's operating business. Effective 1 July 2010, a deductible consistent with the minimum requirements of Section 93 (2) clause 3 German Stock Corporation Act was stipulated in connection with the D&O insurance purchased for the benefit of the members of the Company's Executive Management Board. This deductible is 10% of any loss but no more than one and one and a half times the given Executive Management Board member's fixed annual compensation.

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 corporate goals 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 Peter Llewellyn-Davies during the financial year, the maximum bonus in the 2010 financial year slightly exceeded the given value because the increased maximum bonus resulting from the higher fixed salary was granted for the full 2010 financial year even though the salary adjustment did not take effect until September 2010.

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. No options were issued to members of the Executive Management Board in the 2009 and 2010 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 2010. At the reporting date 30 November 2010, a former member of the Executive Management Board held a total of 10,000 options. A total of 900,000 stock options could be granted to the Executive Management Board members under the 2005 stock option plan. Since the Annual General Meeting's authorisation to establish stock option plans or grant stock options has expired in the meantime, no new stock options can currently be issued.

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 of 30 November 2009 had been €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 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 in December 2009.

The stock options can be exercised after an initial waiting period of two years from the grant date. All options issued to the Executive Management Board 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 € 4.10 per share. The reference price thus decreased to € 4.51 in line with the reduced exercise price. 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.

The presentation of the Executive Management Board's compensation was changed in the 2010 financial year. The total compensation figures shown for 2010 and 2009 now include the bonus expenses for 2010 and 2009 as recognised in income. In previous years, bonus expenses were recognised in the financial year in which they were paid.

Overall, the following fixed and variable compensation components as well as non-cash compensation for Executive Management Board members were recognised as an expense in the 2010 financial year:

Executive Management Board member	Fixed compensation 2010 €	Variable compensation[1] 2010 €	Other compensation (non-cash compensation) 2010 €	Total compensation 2010 €
Professor Olaf G. Wilhelm	260,000	137,800	10,844	408,644
Dr Paul Bevan	230,000	55,407	11,542	296,949
Peter Llewellyn-Davies[2]	228,250	61,710	13,524	303,484
Dr Thomas Borcholte[3]	220,000	46,570	180	266,750
Total	**938,250**	**301,487**	**36,090**	**1,275,827**

[1] The exact variable compensation is usually determined and paid in the following financial year. The figures shown here for the 2010 financial year are based on provisions that were determined on the basis of assumptions and historical data.

[2] Taking into account the contract adjustment during the year

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

The following table shows the maximum variable compensation achievable in the 2009 financial year and the actual variable compensation paid in the 2010 financial year. The variable compensation for the 2009 financial year has not been paid out in 2010. Payment is being withheld voluntarily by the Executive Management Board until sustainable funding has been secured for the Company.

Executive Management Board member	Maximum variable compensation for 2009 €	Compensation for 2009 actually paid in the 2010 financial year €
Professor Olaf G. Wilhelm	195,000	0
Dr Paul Bevan	75,900	0
Peter Llewellyn-Davies	72,600	0
Dr Thomas Borcholte	68,486	0
Total	**411,986**	**0**

Professor Olaf G. Wilhelm and Peter Llewellyn-Davies do not receive compensation for their activities as managing directors of WILEX Inc.

Based on the new presentation, the following figures apply to 2009:

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	175,500	10,844	446,344
Dr Paul Bevan	230,000	68,310	13,122	311,432
Peter Llewellyn-Davies	220,000	65,340	12,555	297,895
Dr Thomas Borcholte[2]	213,333	61,637	180	275,150
Total	**923,333**	**370,787**	**36,701**	**1,330,821**

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[1] The exact variable compensation was determined in the following financial year but has not been paid (see above). The figures shown here for the 2009 financial year are based on provisions that were determined on the basis of assumptions and historical data.

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

The following table shows the maximum variable compensation achievable in the 2008 financial year and the actual variable compensation paid in the 2009 financial year:

Executive Management Board member	Maximum variable compensation for 2008 €	Compensation for 2008 actually paid in the 2009 financial year €
Professor Olaf G. Wilhelm	195,000	150,000
Dr Paul Bevan	75,900	60,000
Peter Llewellyn-Davies	72,600	50,000
Dr Thomas Borcholte	66,000	40,000
Total	**409,500**	**300,000**

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:

Executive Management Board member	01.12.2009 Number	Additions Number	Expiry Number	Sales Number	30.11.2010 Number	Expense in the income statement €	Fair value of the options[1] €
Professor Olaf G. Wilhelm	262,770	0	0	0	262,770	97,451	631,599
Dr Paul Bevan	175,180	0	0	0	175,180	64,967	421,066
Peter Llewellyn-Davies	131,385	0	0	0	131,385	48,725	325,835
Dr Thomas Borcholte	150,000	0	0	0	150,000	153,166	423,469
Total	**719,335**	**0**	**0**	**0**	**719,335**	**364,309**	**1,801,969**

[1] As of the respective issue date

The year-on-year increase in expenses arises from the across-the-board reduction in the exercise price of €4.10 as part of the December 2009 capital increase. A total of €4k (2009: €0) were expensed for a former member of the Executive Management Board.

The following figures apply to 2009:

Executive Management Board member	01.12.2008 Number	Additions Number	Expiry Number	Sales Number	30.11.2009 Number	Expense in the income statement €	Fair value of the options[1] €
Professor Olaf G. Wilhelm	262,770	0	0	0	262,770	0	631,599
Dr Paul Bevan	175,180	0	0	0	175,180	0	421,066
Peter Llewellyn-Davies	131,385	0	0	0	131,385	0	325,835
Dr Thomas Borcholte	150,000	0	0	0	150,000	101,777	423,469
Total	**719,335**	**0**	**0**	**0**	**719,335**	**101,777**	**1,801,969**

[1] As of the respective issue date

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.

D&O insurance not subject to a deductible is in place for WILEX's Supervisory Board and serves to cover additional liability risks of the Supervisory Board arising from its supervisory functions on behalf of WILEX.

The total compensation paid by WILEX to the Supervisory Board for the 2010 financial year amounted to € 201,668 plus expenses (previous year: € 201,500). The table below shows the individual compensation.

Supervisory Board member	Fixed compensation[1] 2010 €	Attendance allowance 2010 €	Committee fee 2010 €	Total compensation 2010 €
Professor Christof Hettich[2], Chairman	11,499	4,500	1,244	17,243
Dr Georg F. Baur[3], Deputy Chairman	28,518	12,750	6,494	47,762
Dr Alexandra Goll[3]	18,518	8,250	2,567	29,335
Professor Friedrich von Bohlen und Halbach	15,000	8,250	4,028	27,278
Andreas R. Krebs[2]	7,944	4,500	1,067	13,511
Professor Iris Löw-Friedrich	15,000	6,750	533	22,283
Dr David Ebsworth[4]	16,559	10,500	3,310	30,369
Dr Rüdiger Hauffe[4]	7,137	5,250	1,500	13,887
Total	**120,175**	**60,750**	**20,743**	**201,668**

[1] The fourth instalment for the 2010 financial year was paid after the end of the 2010 financial year.

[2] Professor Hettich and Mr Krebs have been members of the Supervisory Board since 21 May 2010. Professor Hettich has been Chairman since 27 September 2010.

[3] Dr Baur and Dr Goll were Chairman and Deputy Chairman, respectively, from 21 May 2010 to 26 September 2010.

[4] Dr Ebsworth and Dr Hauffe left the Supervisory Board effective at the end of the Annual General Meeting on 21 May 2010.

The table below shows the individual compensation for the 2009 financial year:

Supervisory Board member	Fixed compensation[1] 2009 €	Attendance allowance 2009 €	Committee fee 2009 €	Total compensation 2009 €
Dr David Ebsworth, Chairman	35,000	16,500	7,000	58,500
Dr Georg F. Baur, Deputy Chairman	25,000	8,250	7,000	40,250
Dr Alexandra Goll	15,000	9,000	3,000	27,000
Professor Friedrich von Bohlen und Halbach	15,000	7,500	3,000	25,500
Dr Rüdiger Hauffe	15,000	8,250	3,000	26,250
Professor Iris Löw-Friedrich	15,000	9,000	0	24,000
Total	**120,000**	**58,500**	**23,000**	**201,500**

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

7. 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 has established a comprehensive and efficient system across all its components including its subsidiary, functions and processes in order to detect, assess, communicate and manage risks. Risk management serves to detect risks as early as possible, use suitable measures to keep operating losses at a minimum and avert going-concern risks. WILEX uses an IT-based risk management system for purposes of early risk identification; the system complies with the requirements of the German Control and Transparency in Business Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich). WILEX uses this system to identify and assess risks as well as to monitor the measures aimed at minimising risk. Potential risks are classified into 16 risk areas, and all risks are unequivocally assigned to specific risk officers, most of whom belong to

WILEX's second management tier (depending on the significance of the given risk). Risks are assessed in terms of their quantifiable effect on the WILEX Group even before any risk management measures or the process of mitigating the given risk have been initiated.

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. In addition, the risk report is discussed with the Supervisory Board on a regular basis. Comprehensive risk ratings are carried out on a quarterly basis as part of a systematic process designed to ensure that all material risks related to the different departments and the subsidiary are included.

WILEX distinguishes between short-term risks that might affect the Company in the next 12 months and longer-term strategic risks that are particularly important to WILEX's programmes of developing its own products with development cycles of ten to 15 years. External consultants regularly review our risk management system and discuss it with the Company's auditor in order to ensure that it corresponds to current standards. Unforeseen risks are discussed alongside the usual risk management process, and countermeasures are put in place on short notice. The risk management system is described in detail in both a Risk Manual and a company guideline. These documents are regularly updated and made available to all employees.

Internal control system for financial reporting
Pursuant to Section 315 (2) number 5 German Commercial Code, the Executive Management Board is responsible for ensuring compliance with and due reporting on an effective internal control system designed to ensure reliable financial reporting. The Company's internal control system is an integral part of its risk management system and serves primarily to ensure that its financial statements comply with all rules and regulations. It is the sum of all principles, methods and actions aimed at ensuring the effectiveness, economy and propriety of the Company's accounting system as well as ensuring compliance with material legal requirements. WILEX fulfils the requirements of the German Commercial Code.

In this connection, both the Executive Management Board and the Supervisory Board of WILEX have the obligation to conduct regular reviews of the functionality of the internal control system that ensures reliable financial reporting. Internal reviews have not uncovered any material weaknesses, and minor defects were remedied immediately. These matters are also reported to the Supervisory Board's Audit Committee on a regular basis, and the activities related to the reviews are discussed with it.

WILEX's internal control system for reliable financial reporting complies with the accepted International Financial Reporting Standards (IFRS) and follows the framework named "Internal Control – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Framework). In keeping with the COSO Framework, WILEX's internal control system has the following components:

- Control environment;
- Risk assessment,
- Control activities;
- Information and communications as well as
- Monitoring the internal control system.

WILEX's internal control system is intended to ensure compliance with applicable accounting principles to ensure reliable financial reporting. The system comprises actions that are managed automatically and manually. Preventive and downstream risk controls are carried out. Care is taken in that connection to maintain both the division of responsibilities in Finance and compliance with corporate guidelines (e. g. four-eyes principle when approving expenditures). These controls also include the utilisation of automated solutions that define different access and permission rights and thus grant limited access, especially in connection with the Group's finance and accounting system.

In addition, WILEX also includes external experts in the process, e. g. in connection with questions related to the measurement of stock option grants and purchase price allocations.

Specific risks related to the financial reporting process may arise from unusual or complex transactions, such as events that take place shortly before the end of a financial year. Transactions that are not routinely processed also entail inherent risks. Additional risks related to the financial reporting process arise from the latitude that employees must be given in regards to the recognition and measurement of assets and liabilities.

However, all aspects of the internal control system that serve to provide a proper and reliable financial reporting process ensure complete and timely recording of all transactions in compliance with all requirements under the law and the Company's Articles of Association. These control activities also serve to ensure that the bookkeeping records provide reliable and plausible information.

WILEX is convinced therefore that all of the measures it has put in place significantly reduce the risk of negative effects on the Company's financial reporting. The internal control and risk management system makes it possible to record, process and measure all transactions pertaining to the Company as well as their appropriate presentation through the Group's accounting thanks to WILEX's organisational, control and monitoring structures. However, personal discretion, defective controls, criminal acts or other circumstances cannot be precluded by the very nature of the matter at hand and, as a result, may limit the effectiveness and reliability of the internal control and risk management system such that even groupwide application of the systems utilised cannot guarantee with absolute certainty complete, accurate and timely recording of transactions as part of the financial reporting process. The risk management system is adjusted, as necessary and in a timely manner, to account for changes in the risk environment.

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 spans many years. Even though our portfolio matured further in the 2010 financial year, there is a continued risk that none of the drug and diagnostic candidates in our 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 our core drug and diagnostic candidates – either by WILEX alone or in cooperation with partners – could fail for a variety of reasons. These include difficulties related to patient recruitment or involving cooperation with clinical 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. We cannot eliminate the possibility that the approval of a drug candidate might be delayed or rejected even after a successful registration trial, for instance if the documentation concerning the manufacturing process, quality control or methods of analysis does not satisfy regulatory requirements.

Manufacturing risks
WILEX does not maintain production facilities of its own at its Munich site and therefore 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.

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WILEX Inc. engages in the production and sales of biomarker tests. The attendant risk resides in not manufacturing these diagnostic tests in the quality customers desire and not fulfilling delivery commitments in a timely manner. Manufacturing or delivering the products might be restricted or delayed by disruptions such as power failure at the production facility or the failure of phone and internet connections in sales management. An emergency generator was installed at the site to mitigate these risks and a US service provider was commissioned to maintain it. Furthermore, FDA restrictions on the Company's existing manufacturing permit could make it impossible for WILEX Inc. to supply key markets and customers.

Risks arising from collaboration with service providers
In conducting its preclinical and clinical trials, WILEX collaborates primarily with clinical test centres, clinical trial managers and clinical research physicians as well as clinical contract research organisations ("CROs") and other service providers. Although WILEX conducts reviews and audits of its CROs and other providers at regular intervals, despite contractual agreements these entities might fail to comply with applicable study protocols as well as with requirements governing data quality, the archiving of documents and data, the human and financial resources invested for implementing clinical trials, other rules and regulations and the timelines. These entities might neglect WILEX's projects or fail to satisfy their obligations in other ways if the fees WILEX pays to its CROs and service providers are lower than those paid by its competitors or if these fees fail to cover the expenses of these entities. In turn, this could have a negative impact on the development of WILEX's drug and diagnostic candidates and delay or prevent their approval. In addition, any violation by the trial centres, CROs or service providers of the respective clinical study protocols and other rules and regulations could harm the reputation of WILEX itself or that of its products.

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 our 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

Certain shareholders noted their objections to Agenda item 1 and 2 for the record during the Extraordinary General Meeting on 15 December 2010. Three actions to set aside the shareholder resolutions are pending in the meantime. Other than that, 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 continues to have top priority. The Executive Management Board aims to raise additional capital through commercialisation 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. Our focus is on closing a development and marketing agreement with one or more partners.

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 (1) German Stock Corporation Act, 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 31 August 2010, the appropriate tax office assessed the losses carried forward until 31 December 2009, which comprise losses carried forward of € 126.44 million (corporation tax) and € 123.99 million (municipal trade tax). The tax office has reserved the right to review its assessment.

Section 8c German Corporation Tax Act (Körperschaftsteuergesetz) – which was added in connection with the German Business Tax Reform Act 2008 (Unternehmensteuerreformgesetz 2008) – replaces the provisions of Section 8 (4) German Corporation Tax Act, 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. According to the German Growth Acceleration Act (Wachstumsbeschleunigungsgesetz), losses from share transfers made after 31 December 2009 in the amount of undisclosed reserves that are attributable to the equity acquisition, are not eliminated in accordance with Section 8c German Corporation Tax Act. As a result, an elimination of tax losses carried forward can be avoided if undisclosed reserves exist which are taxable in Germany.

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 the future could delay implementation of the Company's business strategy and considerably impair its business prospects.

Going-concern risks

Cash and receivables as of the 30 November 2010 reporting date were insufficient to pay current liabilities (including provisions). Therefore the Company signed an agreement with its main shareholders dievini and UCB regarding an unsecured shareholder loan of up to € 10.0 million (see Chapter 8, "Events after the reporting period"). WILEX now assumes that the Company's funding will be sufficient without any further measures until sometime during the second quarter of 2011.

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The acquisition of the operations of Oncogene Science and the planned acquisition of Heidelberg Pharma will have an impact of € 2.0 million to € 3.0 million on the earnings of WILEX in the 2011 financial year, given both units' sales revenue and cost planning. Both entities' business plans provide for positive cash flows within the next 12 to 18 months.

It is thus very important that the Company raise funds in the short term. WILEX's overriding aim is to enter into an out-licensing or partnership agreement for the Company's product candidates and generate revenue from product sales. A commercialisation agreement for one of the Company's product candidates (MESUPRON® or RENCAREX®) would substantially improve the Company's cash flow. Talks with interested parties are taking place. However, the Executive Management Board cannot predict with any certainty from today's standpoint when and at what terms such an agreement might concluded as the ongoing clinical development of the product candidate in question, the manufacturing terms and the marketing parameters need to be negotiated along with the financial terms. The Executive Management Board aims to ensure that the product candidate generates the greatest possible return for the Company.

There is the possibility that these negotiations with a potential partner might take longer than the cash forecast provides. For instance, partners might delay the negotiations regarding RENCAREX® until the data related to the interim analysis for efficacy or regarding MESUPRON® until the data for the second Phase II trial in the breast cancer indication are available.

It is for this reason that the Executive Management Board sought and received authorisation at the Extraordinary General Meeting on 15 December 2010 to increase the Company's share capital, with the approval of the Supervisory Board, by up to €9,206,517.00 by issuing up to 9,206,517 new no par value bearer shares in return for cash contributions and/or contributions in kind on one or several occasions up to and including 14 December 2015 (Authorised Capital 2010/II).

Once it has been recorded in the Commercial Register, the new authorised capital could also be used to access the standby equity distribution agreement (SEDA) that we concluded with Yorkville Advisors. This agreement runs until March 2013. If necessary, the SEDA agreement could enable the Company to draw down up to € 1 million in cash per month for a maximum of 20 months. (For detailed information, please see the text under the heading "Key events in the 2010 financial year" in chapter 3, "Business performance in 2010".)

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Because the utilisation of this financial instrument alone is insufficient and also not the Company's preferred option, the Executive Management Board would use the authorisation granted by the Annual General Meeting and the new authorised capital to raise fresh capital e. g. by means of a capital increase. Although there are no concrete plans to this end, such a rights issue is conceivable, and the Executive Management Board currently believes that it could be placed on the market. These measures could be planned and implemented however only after the authorised capital has been recorded in the Commercial Register. They could ensure the Company's liquidity until mid 2012.

If the Executive Management Board, in contrast to its expectations, is unable to enter into a commercialisation agreement for a product candidate or raise additional capital via the capital market, the Company's ability to continue as a going concern will be jeopardised in the short term.In this case, WILEX might be unable to satisfy its payment obligations and/or become overindebted from the second quarter of 2011.

Overall assessment of the risk situation

The Company has made formidable progress in scientific terms. WILEX has obtained positive data from both a Phase III and a Phase II trial. Preparations for the drug approval application for REDECTANE® are underway, and talks with the FDA are taking place. Our US subsidiary WILEX Inc. will begin to generate revenue in the new financial year. Based on current planning and including the payments from the shareholder loans, but not taking the aforementioned measures into account, WILEX's funding should reach to the second quarter of 2011. The Executive Management Board is confident that it will be able to raise additional funds through a commercialisation agreement. However, if it turns out to be impossible to generate new inflows of capital from a partnership deal, a possible capital measure as well as the standby equity distribution agreement and cost reductions could improve the Company's cash flows and ensure its existence as a going concern as a going concern until mid 2012. 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 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

The World Health Organisation (WHO) predicts 12 million cancer-related deaths in 2030; according to the estimates of the American Cancer Society, roughly 27 million new cases of cancer will be diagnosed in 2050 and there will be 17.5 million deaths from 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, unhealthy lifestyles 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 and has a broad and advanced product portfolio. The first product candidate in this portfolio, REDECTANE®, has successfully completed a Phase III registration trial whilst important data from the Phase III registration trial of the second product candidate, RENCAREX®, are imminent. Yet another product candidate is in a Phase II programme, and the fourth has been brought to the clinical development stage. The Company focuses on two therapeutic approaches with its drug candidates: On the one hand, WILEX is develops 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 concentrates 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. The acquisition of Oncogene Science has enabled WILEX to expand its diagnostic expertise and broaden its portfolio by companion diagnostics, an increasingly important field.

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REDECTANE® has confirmed in a Phase III registration trial that 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. WILEX is not aware of a similar imaging procedure existing today for clear cell renal cell carcinoma.

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. Thereafter 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.

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 could deliver a significant result. To date neither the FDA nor the EMA 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.

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. Impressive data for the Phase II trial with MESUPRON® involving patients with non-metastatic pancreatic cancer were published in June 2010. We expect to complete patient recruitment in the first quarter of 2011 for a second Phase II trial involving patients with metastatic breast cancer. 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.

The **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 complemented and expanded 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. UCB retains exclusive rights to buy back each of the 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.

With **Heidelberg Pharma**, WILEX will gain access to a novel conjugate platform technology for therapeutic antibodies, also known as antibody drug conjugates or ADC technologies. In addition, Heidelberg Pharma offers research capacities for WILEX's own preclinical projects and its clinical product portfolio as well as preclinical research commissioned by third-party organisations that generates revenue. Significant sales potential could result from the research and development alliances for therapeutic antibodies with ADC technology.

Glossary

The Oncogene Science brand of **WILEX Inc.** supplements WILEX's therapeutic approach with biomarker tests which can be used as companion diagnostics to support targeted therapy concepts. The takeover of Oncogene Science enables WILEX to significantly expand and develop its leadership position in the field of CA IX and uPA, which are the target proteins of RENCAREX®, REDECTANE® or MESUPRON®. WILEX is gaining access to important patents, rights and licences in key areas. The revenue stream from the product sale of biomarker tests will be expanded.

WILEX's portfolio of products and services now comprises therapeutic and diagnostic product candidates and companion diagnostics. The antibody product range and biomarker tests will be supplemented with the conjugate platform technology for therapeutic antibodies in research and therapy. The Company will maintain its exclusive focus on oncology; to that end, it has extended the value chain from research to marketing and sales.

8. Events after the reporting period

Extraordinary General Meeting
WILEX AG held an Extraordinary General Meeting on 15 December 2010. A total of 12,477,011 shares (corresponding to an equivalent number of votes) out of the share capital of € 18,413,035 (which is denominated in 18,413,035 no par value bearer shares) were present at the voting. This corresponds to 67.76 % of the Company's share capital. Two proposed resolutions were submitted for approval, which the Executive Management Board and the Supervisory Board had announced in the electronic Federal Gazette on 4 November 2010.

The Extraordinary General Meeting voted on Agenda item 1 regarding the planned acquisition of Heidelberg Pharma AG. WILEX intends to acquire all of the shares in Heidelberg Pharma AG by way of a non-cash capital increase in return for issuing 3,200,000 new WILEX shares, excluding shareholders' subscription rights. The resolution was adopted by 99.96 % of the vote.

In a resolution on Agenda item 2, the Executive Management Board was authorised to increase the Company's share capital, with the approval of the Supervisory Board, by up to € 9,206,517.00 by issuing up to 9,206,517 new no par value bearer shares in return for cash contributions and/or contributions in kind on one or several occasions up to and including 14 December 2015. Once the capital increase in return for contributions in kind to be resolved pursuant to Agenda item 1 has been recorded, the authorisation will correspond to 42.6 % of the Company's future share capital. The resolution was adopted by 98.98 % of the vote.

Certain shareholders noted their objections to Agenda item 1 and 2 for the record during the Extraordinary General Meeting. Three actions to set aside the shareholder resolutions are pending in the meantime.

Conclusion of a shareholder loan
WILEX signed a loan agreement for € 10 million with its two main shareholders, dievini Hopp BioTech holding GmbH & Co. KG, Walldorf ("dievini"), and UCB Pharma S.A., Brussels, Belgium ("UCB"), on 17 December 2010 subject to subordination and payable in two instalments. The share of dievini in this loan is € 7.5 million, and that of UCB € 2.5 million. Both lenders will be paid interest of 6 % p. a.

The unsecured loan is not limited in time. The lenders have the right to call in their share of the loan under certain conditions. In that case, it would have to be repaid within one month. In lieu of asking for repayment, the lenders may also contribute their claims to repayment as an in-kind contribution in connection with a rights issue or convert it into shares subject to a convertible bond programme yet to be resolved. These two repayment options are subject to the proviso, for one, that the rights issue or the convertible bond programme are adopted and carried out and, for another, that an in-kind contribution auditor confirms the value of the respective claim to repayment.

Start of the interim analysis for efficacy
The process of the interim analysis for efficacy in the Phase III ARISER registration trial was launched in January 2011. The interim analysis will be carried out by an Independent Data Monitoring Committee (IDMC) and the results are expected to be available at the beginning of the year's second half.

9. Anticipated developments

The following paragraphs contain forecasts and expectations regarding future developments. These forward-looking statements are neither promises nor guarantees but instead are contingent on many factors and uncertainties, some of which are beyond the management's control and could have a decisive impact on the statements made here.

Economic environment
Whilst experts expect the recovery of the global economy to continue in 2011, it will be slightly weaker overall than in 2010 and its pace will vary from region to region. The World Bank expects growth of 3.6 % for 2011. It seems that Germany will remain the industrialised country with the highest growth. The risks arise especially from the industrialised countries' monetary and fiscal situation as well as from the fact that their sovereign debt is rising under conditions where their economic latitude has all but evaporated.

Economic growth and rising disposable incomes in industrialised and emerging countries alike are boosting demand for drugs and therapies. Strong and sustained growth is being forecast for the health care industry in general and the biotechnology industry in particular. As before, demand for new treatment alternatives based on antibodies and small molecules is expected to remain high. New and innovative technologies such as the conjugate platform technology for therapeutic antibodies (antibody drug conjugates, ADC) have opened new perspectives for the industry. Applications of specific diagnostic agents and companion diagnostics in both drug development and therapy will also continue to grow. Interesting new applications are continually being identified in the diagnostics market and diagnostic agents help to avoid unsuitable therapies.

The pharmaceutical industry continues to search for promising product candidates to strengthen its development pipelines, protect itself from imminent dramatic downturns in sales as patents expire and hold its ground in the competition with generics. This is why the trend toward cooperation agreements or mergers and acquisitions will likely continue. At the same time, the willingness of venture capital companies and institutional investors to underwrite the industry's risks has been declining – especially at the early stage of a development project. Investors now increasingly tend to be interested in companies with a more balanced risk profile.

Strategy
WILEX is focused on the ongoing development of product candidates which could enable targeted, specific treatment and detection of various types of cancer and shall be used in indications where the unmet need is high and the benefits for patients are large. WILEX's corporate strategy is aimed at commercialising this portfolio. This will be achieved through existing and future cooperation agreements resulting in milestone and licence payments. Once product approval has been obtained, revenue and licence payments shall make a substantial contribution to the value chain.

WILEX's strategic goal is to finance its research and development programmes from its operating cash flow within a few years. The Company started in the year just ended to strengthen its core business by means of complementary activities in order to reach this goal.

The acquisition of Oncogene Science supplements the clinical development of oncological product candidates with oncological companion diagnostics. These biomarker tests perfectly supplement WILEX's existing business model and IP portfolio and will be both manufactured and marketed by WILEX Inc. WILEX Inc. and its US employees shall be integrated into the WILEX Group in the 2011 financial year, and its operations will be built up by revitalising the existing customer base and acquiring new customers worldwide. WILEX Inc. shall produce revenue and generate positive cash flow within the next 12 to 18 months.

The acquisition of Heidelberg Pharma, which was resolved by the Extraordinary General Meeting on 15 December 2010 but not yet recorded in the Commercial Register, will constitute the second supplement to WILEX's business model. Heidelberg Pharma will be run as a wholly-owned subsidiary of the WILEX Group once the acquisition has been completed. Its preclinical contract research business will generate revenue immediately is expected to continue along its previous growth trajectory. WILEX will also review whether to locate its European marketing organisation for companion diagnostics in Heidelberg. Heidelberg Pharma's ADC technology platform shall constitute yet another key pillar of WILEX's business model and offer attractive marketing opportunities. Out-licensing shall be performed exclusively for specific antigens (biological target proteins). This will facilitate multiple alliances with various partners for different products and in different indications. The goal is to enter into a first partnership covering ADC technology in 2011.

The commercialisation of at least one product candidate remains the main focus of WILEX AG. The Company will intensify its current talks and negotiations with international pharmaceutical and biotech companies regarding out-licensing agreements for RENCAREX® for the rest of the world (excluding Southern Europe) and/or a partnership for MESUPRON®.

Just as in previous years, activities in the 2011 financial year will be aimed at meeting the cash needs of WILEX as a growing biotechnology company and ensuring that it can bring its product candidates to market. Likewise, WILEX will continue to maintain a cost-conscious approach to its work in order keep the outflow of funds as low as possible. It might be necessary, however, to raise funds on the capital market besides working on commercialisation agreements. It is essential for biotechnology companies to support their funding via capital measures until they become profitable. A solid capital base can also be useful in partnership negotiations in order to extract a product's optimal value for shareholders in the event of an out-licensing deal. The Extraordinary General Meeting in December 2010 thus resolved new authorised capital to ensure that management continues to have a reasonable degree of latitude. Once the new authorised capital has been recorded in the Commercial Register, the Company will have the flexibility it needs to both fund its operations and implement strategic decisions. The Company would have the opportunity to carry out a capital increase or drawing from the existing standby equity distribution agreement (SEDA). Whilst this agreement runs until March 2013, it is not the Company's preferred means of raising funds.

Research and development

The approval application for REDECTANE® will be submitted to the US Food and Drug Administration (FDA) in 2011. Another constructive meeting with the FDA took place in November 2010 after the documents and the information that the FDA had requested and stipulated during the first meeting were made available. It was agreed during this meeting that an application to hold the official preliminary discussion of the approval application (Pre-Biological License Application Meeting – "Pre-BLA Meeting") would be submitted in the first quarter of 2011. If progress is positive, WILEX expects to be able to file the drug approval application in the second quarter of 2011. We cannot forecast when the FDA might issue its approval decision but expect it within approximately 6 to 12 months of the application date. At the same time, we are carrying out pre-marketing activities in the United States jointly with our partner, IBA.

Glossary

The process related to the interim analysis of efficacy of the antibody RENCAREX® in the Phase III ARISER trial was started in January. In the coming months, all available data from the 864 patients involved in the trial will be collected, and all patients' radiological scans will be evaluated. Subsequently, the interim analysis will be initiated and conducted by the Independent Data Monitoring Committee (IDMC). The results are expected at mid-year. This analysis will provide critical information regarding the trial endpoint – disease-free survival – which could form the basis for the European application for marketing approval.

Patient recruitment in the MESUPRON® Phase II trial in the breast cancer indication is likely to be completed by the first quarter of 2011. WILEX expects the data from this study to be available in 2012, given the trial endpoint – progression-free survival.

The Phase I programme for the MEK-Inhibitor WX-554 will continue in 2011; the study protocol for a Phase Ib trial is being prepared at this time.

Preclinical research and development for the PI3K inhibitor WX-037 and UCB's two antibody programmes will also continue in the 2011 financial year.

Expected earnings

WILEX expects to generate between € 3 million and € 4.5 million in sales revenue and other income during the current financial year if its projects proceed as planned (2010: € 1.31 million). Sales revenue is to be generated from the marketing of the diagnostic tests and from preclinical contract research whilst other income will be based mainly on income realisation from grants as well as milestone payments. As before, WILEX's earnings are contingent on the closing of a licence agreement or commercialisation partnership. As matters stand now, potential sales revenue from a given partnership are not included in the planning for 2011, despite the intensive nature of current talks and negotiations.

In 2011, operating expenses will be in the range of € 28 million to € 33 million if business proceeds as planned, thus surpassing the previous year's level (€ 24.43 million). Research and development costs are expected to be between € 22 million and € 27 million (2010: € 19.70 million).

The Executive Management Board anticipates that research expenses in the 2012 financial year will be comparable to those in 2011 and that they will be higher than revenue and other income. In addition to income from conventional partnering agreements, WILEX also expects to generate increasing sales revenue and income in the coming years from the approval of one or more product candidates as well as from the marketing of the diagnostic tests and the service business. If this succeeds, the expected revenue and income might surpass planned costs for research and development depending on the structure of the respective agreement.

WILEX expects a consolidated net loss of between € 24 million and €29 million. At roughly € 2 million to € 3 million, the acquisition of the operations of Oncogene Science and the planned acquisition of Heidelberg Pharma will not have a material impact on the earnings of WILEX in the 2011 financial year, based on the sales revenue and cost planning of both business units. It is also expected that the earnings of the WILEX Group will rise in line with the increase in income in the 2012 financial year.

Expected net assets and financial position

If income and expenses develop as anticipated, the net change in cash and cash equivalents in the 2011 financial year is expected to be between € – 26 million and € – 29 million. This corresponds to an average monthly use of cash of € 2.2 million to € 2.5 million. This planning does not take into account payments under the shareholder loan from UCB and dievini Hopp Biotech, potential revenue from commercialisation agreements, proceeds from a capital increase and drawdowns from the standby equity distribution agreement as well as cost reductions or additional measures. According to current plans, WILEX is thus funded until the second quarter of 2011.

WILEX expects the net change in cash and cash equivalents to be lower in 2012 than in the current year as a result of anticipated product revenue from REDECTANE® in the event of its approval.

The Company's executive management sees several financing options to meet its funding requirements from the second quarter of 2011 and beyond 2011. Besides out-licensing product candidates and generating income from the ADC technology this also includes tapping external sources of capital to increase its cash. WILEX is in concrete talks with several interested parties regarding out-licensing deals and should be able to close a deal during the current financial year. But the Executive Management Board remains committed to implementing 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 in order to secure funding until 2012 if it failed to receive adequate

funds in the near term. Its equity (30 November 2010: € – 1.30 million) will continue to decline without an additional capital measure or significant sales revenue, given the anticipated loss for the 2011 financial year. The Executive Management Board believes that the prerequisites for a successful capital measure are in place. All measures being discussed in view of improving the Company's financial situation are described in detail in the "Going-concern risks" section of chapter 7, "Report on risks and opportunities".

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On the whole, WILEX is very well positioned in terms of products and technology as well as the differing maturity of its projects. Important milestones that will enhance WILEX's enterprise value are imminent. WILEX has started into the 2011 financial year with an optimistic outlook and good prospects of succeeding.

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated statement of comprehensive income (IFRS)

of WILEX AG for the financial year from 1 December 2009 to 30 November 2010

	Note	2010 €	2009 €
Revenue	19	0	10,000,000
Other income	20	1,314,138	3,013,462
Income		**1,314,138**	**13,013,462**
Research and development costs	21	(19,703,806)	(21,822,973)
Administrative costs	21	(4,722,338)	(4,054,651)
Operating expenses		**(24,426,144)**	**(25,877,625)**
Operating result		**(23,112,005)**	**(12,864,163)**
Finance income	24	25,228	157,954
Finance costs	24	(5,480)	(7,598)
Financial result		**19,748**	**150,355**
Earnings before tax		**(23,092,257)**	**(12,713,807)**
Income tax	26	(6,370)	(15,455)
Net loss for the year		**(23,098,627)**	**(12,729,262)**
Net currency gain from consolidation		9,398	0
Comprehensive income		**(23,089,229)**	**(12,729,262)**
Earnings per share	27		
Basic and diluted earnings per share		(1.38)	(0.95)
Average number of shares issued		16,733,765	13,347,560

Rounding of exact figures may result in differences.

Consolidated balance sheet (IFRS)

of WILEX AG as of 30 November 2010

Assets	Note	30.11.2010 €	30.11.2009 €
Property, plant and equipment	6	864,376	424,080
Intangible assets	7	1,165,644	1,293,821
Other non-current assets	8	161,942	160,715
Non-current assets		**2,191,962**	**1,878,617**
Inventories	9	165,599	34,100
Other assets and prepayments	10	1,123,569	1,348,781
Trade receivables	11	40,242	5,017,864
Other receivables	11	126,401	322,260
Cash and cash equivalents	12	1,943,151	3,411,063
Current assets		**3,398,962**	**10,134,069**
Total assets		**5,590,924**	**12,012,686**

Equity and liabilities	Note	30.11.2010 €	30.11.2009 €
Subscribed capital	13	18,413,035	13,780,935
Capital reserve	13	127,484,817	113,367,618
Accumulated losses	13	(147,202,343)	(124,103,716)
Net currency gain from consolidation		9,398	0
Equity		**(1,295,093)**	**3,044,837**
Pension provisions	15	24,410	23,533
Lease liabilities	16	82,155	0
Other non-current liabilities	16	275,651	592,997
Non-current liabilities		**382,216**	**616,530**
Trade payables	17	2,039,573	2,099,138
Liabilities arising from leases	17	57,992	0
Other current liabilities	17	4,406,237	6,252,181
Current liabilities		**6,503,801**	**8,351,318**
Total equity and liabilities		**5,590,924**	**12,012,686**

Rounding of exact figures may result in differences.

Consolidated statement of changes in equity (IFRS)

of WILEX AG for the financial year from 1 December 2009 to 30 November 2010

	Note	Shares	Subscribed capital €	Capital reserve		Currency translation differences €	Accumulated losses €	Total €
				Capital measures/ premium €	Measure-ment of stock options €			
				103,131,052	2,070,200			
As of 1 December 2008		**11,962,754**	**11,962,754**	**105,201,252**		**0**	**(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**		**0**	**(124,103,716)**	**3,044,837**
				111,172,673	2,194,945			
As of 1 December 2009		**13,780,935**	**13,780,935**	**113,367,618**		**0**	**(124,103,716)**	**3,044,837**
Measurement of stock options	22				470,425			470,425
Net currency gain from consolidation						9,398		9,398
Net loss for the year							(23,098,627)	(23,098,627)
Capital increase after accounting for capital procurement costs		4,632,100	4,632,100	13,646,775				18,278,875
Net change in equity								**(4,339,930)**
				124,819,448	2,665,370			
As of 30 November 2010		**18,413,035**	**18,413,035**	**127,484,817**		**9,398**	**(147,202,343)**	**(1,295,093)**

Rounding of exact figures may result in differences.

Consolidated cash flow statement (IFRS)

of WILEX AG for the financial year from 1 December 2009 to 30 November 2010

	Note	2010 €	2009 €
Net loss for the year		**(23,098,627)**	**(12,729,262)**
Adjustment for income statement items			
Measurement of stock options	3. III.	470,425	124,745
Depreciation/amortisation		216,509	237,330
Increase in pension obligations		877	844
Finance costs		6,128	7,598
Finance income		(25,877)	(157,954)
Tax expense		6,370	15,455
		674,432	**228,018**
Changes in net working capital			
Inventories		0	(11,900)
Trade receivables	3. I.	4,977,623	(4,975,952)
Other receivables		195,211	(178,448)
Income taxes		0	(836)
Prepayments		225,507	(276,534)
Other non-current assets		0	(138,026)
Trade payables		(60,565)	311,146
Other liabilities		(2,172,777)	(866,521)
		3,164,998	**(6,137,072)**
Cash flow from operating activities		**(19,259,197)**	**(18,638,315)**
Finance costs paid		(5,493)	(119)
Finance income received		25,228	189,261
Net cash flow from operating activities		**(19,239,462)**	**(18,449,173)**
Cash flow from investing activities			
Purchase of property, plant and equipment	6	(45,876)	(66,251)
Purchase of intangible assets	7	(4,002)	(4,944)
Purchase of assets of Oncogene Science		(425,659)	0
Net cash flow from investing activities		**(475,537)**	**(71,196)**
Cash flow from financing activities			
Proceeds from capital increases	3. II.	18,991,610	10,000,000
Capital increase costs		(712,735)	(190,198)
Repayment finance leases		(37,518)	(15,357)
Net cash flow from financing activities	**3. I.**	**18,241,357**	**9,794,445**
Influence of foreign exchange effects on cash and cash equivalents		5,730	0
Net change in cash and cash equivalents		**(1,467,912)**	**(8,725,924)**
Cash and cash equivalents			
at beginning of period		3,411,063	12,136,987
at end of period		1,943,151	3,411,063

Rounding of exact figures may result in differences.

Consolidated 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. 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/Main 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 drugs and diagnostic agents in oncology. The Company has a balanced portfolio 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 consolidated financial statements were prepared by the Executive Management Board on 14 February 2011 and released for publication in accordance with IAS 10. The reporting period begins on 1 December 2009 and ends on 30 November 2010. It is referred to as "the 2010 financial year" or "financial year 2010" ("2009 financial year" or "financial year 2009" for the previous period).

2. Summary of significant accounting policies

2.1. Basis of preparation

The consolidated 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 but extended to reflect new content for the financial year just ended.

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

IFRS 3:	Business Combinations
IFRS 5:	Improvements to IFRSs regarding non-current assets held for sale and discontinued operations (May 2008)
IAS 27:	Consolidated and Separate Financial Statements
Amendments to IAS 39:	Financial Instruments – Recognition and Measurement, Eligible Hedged Items
Amendments to IAS 39:	Reclassification of Financial Assets – Effective Date and Transition
IFRIC 12:	Service Concession Arrangements
IFRIC 16:	Hedges of a Net Investment in a Foreign Operation
IFRIC 17:	Distribution of Non-cash Assets to Owners
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 December 2009:

Amendments to IFRIC 14:	Prepayments of a Minimum Funding Requirement
IFRIC 15:	Agreements for the Construction of Real Estate
Amendments to IAS 32:	Classification of Rights Issues
Various:	Improvements of IFRS (April 2009)
Amendments to IFRS 1:	First-time Adoption of International Financial Reporting Standards and Consolidated and Separate Financial Statements
Amendments to IFRS 1:	Additional exemptions from comparative IFRS 7 disclosures for first-time adopters
Amendments to IFRS 2:	Group Cash-settled Share-based Payment Transactions
IAS 24:	Related Party Disclosures
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 following standards and interpretations were adopted by the IASB. However, they have not yet been adopted by the EU:

Various:	Improvements of IFRS (May 2010)
Amendments to IFRS 7:	Disclosures in the notes (October 2010)
IFRS 9:	Financial Instruments (November 2010)

The preparation of the consolidated 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, which is explained by the Executive Management Board in note 4, the Company realises its assets and liabilities in the normal course of business. page 100

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. page 101

In accordance with Section 325 (2a) German Commercial Code, the Company publishes these IFRS consolidated financial statements in the electronic Federal Gazette (Bundesanzeiger). These consolidated financial statements exempt WILEX from preparing consolidated financial statements in accordance with the German Commercial Code.

2.2. Scope of the financial statements, consolidation and business combination

WILEX Inc., a wholly-owned subsidiary of WILEX AG that is domiciled in Cambridge, MA, USA, was founded on 25 October 2010. The agreement dated 17 November 2010 regarding the takeover of the assets of Oncogene Science, a former business unit of Siemens Healthcare Diagnostics Inc., launched its operations. The staff of WILEX Inc. comprises ten former employees of Oncogene Science in the fields of science, management and marketing. WILEX's new subsidiary will focus exclusively on the production, quality assurance and approval of the diagnostic assays developed by Oncogene Science as well as on marketing and selling them to both existing and new customers in the pharmaceutical industry and to reference laboratories. The newly founded

WILEX Inc. offers WILEX the opportunity to get a foothold in the United States and locally manage its drug approval processes in North America. WILEX Inc.'s financial year runs from 1 December of a given year to 30 November of the following year. The subsidiary's first financial year (25 October 2010 to 30 November 2010) was a short one because the company was founded during the year.

The equity contributed by WILEX AG to the new company's equity is USD 270 k, which results in equity of USD 196 k as of 30 November 2010 after taking into account the net loss for the year of USD 74 k. Professor Olaf G. Wilhelm (Chief Executive Officer) and Mr Peter Llewellyn-Davies (Chief Financial Officer) are its executive directors.

Because WILEX AG wholly owns its subsidiary, WILEX Inc., it is the latter's controlling shareholder and thus must fully consolidate it pursuant to IAS 27 in the Group's first consolidated financial statements. Hence the consolidated financial statements comprise WILEX AG and WILEX Inc.; identical items such as assets, liabilities, equity, income and expenses are combined by means of addition. Intra-group balances, transactions, profits and expenses were eliminated in full as required. All transactions of WILEX Inc. were thus consolidated in the consolidated financial statements under IAS 27 from the date of the company's founding.

The present report mainly concerns WILEX AG, and the designation "WILEX" is used as a synonym for the Group because the operating business of WILEX Inc. was launched shortly before the close of the 2010 financial year. Each entity's full corporate name is used whenever facts specific to WILEX AG as the parent company or WILEX Inc. as the subsidiary are reported.

Note accordingly that comparability with the previous year's figures is limited because they concern the IFRS single-entity financial statements of WILEX AG whilst the figures for the financial year just ended represent consolidated figures for the Group.

2.2.1. Business combination

On 17 November 2010, WILEX Inc. acquired the assets of Oncogene Science, a former business unit of Siemens Healthcare Diagnostics Inc. (see note 2.2).

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In this context, WILEX Inc. took over Oncogene Science's inventory, including the warehouse stock of marketable diagnostic tests, as well as all of its laboratory equipment. Both the lease for the company's state-of-the-art laboratory facilities and the contracts for the existing fixtures and fittings were renegotiated. In addition, WILEX Inc. will gain exclusive access via in-licensing to the industrial property rights of Siemens Healthcare Diagnostics Inc. and will pay royalties in the low-to-mid single-digit percentage range on sales of the diagnostic tests.

The acquisition cost consists of a fixed cash component of € 426 k. The cash outflows related to the business combination were as follows:

- Cash acquired with the subsidiary: € 0
- Cash outflow: € 426 k
- Actual cash outflow: € 426 k

The amounts recognised as of the acquisition date for each group of identified assets, liabilities and contingent liabilities of Oncogene Science, as well as the carrying amounts of each of these groups that were determined in accordance with IFRS just before the business combination, were as follows:

	Previous carrying amount €	Fair value on acquisition date €
Assets		
Property, plant and equipment	296,901	296,901
Inventories (merchandise, finished products and work in progress)	128,758	128,758
	425,659	**425,659**
Cost (incl. ancillary costs)	–	425,659
Goodwill	–	0

WILEX shall pay royalties on the revenue generated from the respective intellectual property to Siemens Healthcare Diagnostics Inc. for the granting of the rights of use to the intellectual property rights. Because the royalties are based on market rates, the amount recognised for the respective industrial property rights in connection with the purchase price allocation was € 0. There were no contingent liabilities as of the acquisition date. The purchase price thus was allocated in full to property, plant and equipment as well as to inventories acquired. No goodwill arises from the business combination.

WILEX Inc. has not generated any sales revenue since being consolidated and contributed a loss of € 55 k to the loss for the year, which is essentially attributable to the start-up expenses for the company. If the business combination had been carried out as of the beginning of the financial year, the contributions could not be determined because WILEX Inc. was founded during the year and Oncogene Science discontinued its operations. The Company therefore did not determine these amounts in more detail as required under IFRS 3.B64 (q) for reasons of practicability and economy.

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, reporting currency and foreign currency items

The annual financial statements of WILEX AG have been prepared in euros (€), the Company's functional and reporting currency. The Group has one subsidiary (none the previous year), which is domiciled outside of the euro zone. The local currency (i. e. the US dollar) is the functional currency of WILEX Inc. because the company is an independent foreign economic entity.

Transactions settled in currencies other than the respective local currency are recognised in the separate financial statements at the foreign exchange rate on the transaction date. Monetary items in foreign currencies (cash and cash equivalents, receivables, liabilities) are translated at the reporting date exchange rate. Non-monetary assets and liabilities in foreign currencies that are recognised at fair value are translated at the foreign exchange rates in effect on the date the fair value is determined. Gains and losses from foreign currency translation are recognised in the income statement.

These financial statements are translated into euros for the purposes of the consolidated financial statements. They are translated based on the functional currency approach of IAS 21 "The Effects of Changes in Foreign Exchange Rates" using the modified closing rate method.

Consequently, assets and liabilities are translated using the closing rate, equity is translated at the historical rate and both expenses and income are translated at the average annual exchange rate except where substantial fluctuations in exchange rates have occurred. Exchange rate differences, if any, are shown under net currency gains from consolidation (equity). These foreign exchange differences are recognised in the income statement upon disposal of the subsidiary.

The translation of US dollar amounts within the Group was based on the following euro exchange rates:

- Closing rate: € 1 = USD 1.31916
- Average exchange rate: € 1 = USD 1.34725

2.4.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates on 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.

For purposes of preparing the consolidated financial statements, WILEX Inc.'s assets and liabilities were translated using the reporting date exchange rate whilst its expenses and income were translated at average exchange rates to simplify matters. Fair value adjustments from acquisition accounting are translated into the functional currency of WILEX AG at the reporting date; any resulting foreign exchange differences are recognised in "Other comprehensive income".

The Company also carries out transactions in US dollars, 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 impairment review at least once a year. 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 recorded at cost as of the acquisition date and upon initial recognition. In subsequent periods, they are recognised at cost less accumulated amortisation. They are amortised on a straight-line basis to distribute the licence costs over the expected useful life (12.5 to 20 years).

(b) Software

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

(c) Research and development costs

In accordance with IFRS, the costs incurred for a drug and a diagnostic agent during its development stage are only recognised if the Company can demonstrate all of the following:

- The technical feasibility of completing 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 generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure 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 impairment review at least once a year. 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. Since this lease runs until March 2012, this account is shown under other non-current assets.

2.8. Inventories

The inventories of WILEX AG – which consist solely of raw materials, consumables and supplies for the laboratory – are measured at the fixed value because the aggregate value is secondary to the Group and because the changes in both the value and the composition of the inventories are minor.

The inventories of WILEX Inc. comprise finished goods that – pursuant to the acquisition agreement with Oncogene Science – are measured at cost, which corresponds to their fair value at the acquisition date (see note 2.2).

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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.

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 subcategories:

  – 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, 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 the 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 net financial result over the relevant term. They are also measured at amortised cost, which is identical to their carrying amount.

- Lease liabilities (see note 2.19): 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.

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These financial assets are classified on initial recognition. WILEX reviews the carrying amounts of these financial assets 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 up to 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 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. In addition, foreign currency reserves from consolidation were recognised directly in equity under Other comprehensive income for the first time. The equity management programme of WILEX serves to create a strong equity base and to strengthen it in a sustainable manner. Given the losses the Company has incurred since its founding, it focuses mainly on using cash funds 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 were no changes during the reporting year in the Company's strategy or objectives as they relate to its capital management programme.

WILEX mastered its challenging equity situation thanks to the cash flows from the two capital increases that were carried out in the financial year just ended. According to its current level of planning, the Company's Executive Management Board assumes that it will be able to generate cash flows in the coming financial year through cooperation and/or product out-licensing. Nevertheless, in 2011 these cash flows might be lower than the other expenses incurred in the same period, which could reduce equity further at 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 to be developed for marketing in the short and medium term, which means that sales revenue 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. The Company's goal is still to allow its employees and Executive Management Board a large share in the Company's success as shareholders. To this end, Contingent Capital was created in connection with the issue of stock options (see note 2.18.1).

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2.15. 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.

2.16. 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.

2.17. Earnings per share

Undiluted earnings per share are calculated as that proportion of net profit or loss for the year available to common shareholders, divided by the weighted average number of shares outstanding during the period under review. The Treasury Stock Method is used to calculate the effect of subscription rights. The proceeds assumed from the issue of potential common shares with dilutive effect must be calculated as if they had been used to repurchase shares at fair value. The difference between the number of shares issued and the number of shares which would have been issued at fair value must be treated as an issue of common shares for no consideration and is reflected in the denominator when calculating diluted earnings per share. The profit or loss is not adjusted for the effects of stock subscription rights.

The conditional increase of the share capital to grant stock option rights to employees and members of the Executive Management Board (see note 2.18.1) could potentially dilute the diluted earnings per share in future. Because the stock options issued are currently not dilutive given WILEX AG's loss, the diluted and basic earnings per share are identical.

2.18. Employee benefits

2.18.1. Share-based payment

As in previous years, WILEX's liabilities towards employees resulting from the issue of stock options were reported pursuant to IFRS 2 in the 2010 financial year. 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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2.18.2. 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.

2.19. Leases

The lease of equipment for which essentially all opportunities and risks associated with ownership are transferred to the Company is deemed to represent a finance lease under IAS 17. Finance leases are recognised at the beginning of the lease at the lower of fair value or present value of the minimum lease payments. Each lease payment is split into an interest and repayment portion so as to produce a constant interest rate on the remaining balance of the liability. The relevant lease liabilities are contained in liabilities arising from 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.

2.20. Revenue recognition

WILEX generates sales revenue or other income 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 or other income 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.

2.21. Research and development

Research and development activities comprise all associated costs, including staff costs, consulting costs, material and production costs, third party services, laboratory costs and fees for legal advice. 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.

It is anticipated that currency risks will be more significant to the Company in future because the US dollar is the functional currency of WILEX Inc.

As the currency risk is still 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 solely 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 past due 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.

WILEX AG granted an interest-bearing loan to WILEX Inc. in order to secure the subsidiary's financing as long as WILEX Inc. cannot sustain itself from the cash flows it generates. The loan is limited until 30 November 2011 and the interest rate is 6.00 % (see note 30). This intercompany loan is eliminated in consolidation.

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(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 that are 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

Cash and receivables as of the 30 November 2010 reporting date were insufficient to pay current liabilities (including accrued liabilities). This is why the Company signed an agreement with its main shareholders dievini and UCB regarding an unsecured shareholder loan of up to € 10 million (see note 33). WILEX now assumes that the Company's funding will be sufficient without any further measures into the second quarter of 2011.

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It is very important that the Company raise funds in the short term. WILEX's overriding aim is to enter into an out-licensing or partnership agreement for the Company's product candidates and generate revenue from product sales. A commercialisation agreement for one of the Company's product candidates (MESUPRON® or RENCAREX®) would substantially improve the Company's cash flow. Discussions with interested parties are taking place. However, the Executive Management Board cannot predict with any certainty from today's standpoint when and at what terms such an agreement might be made because the ongoing clinical development of the product candidate in question, the manufacturing terms and the marketing parameters must be negotiated along with the financial terms. The Executive Management Board aims to ensure that the product candidate generates the greatest possible return for the Company.

There is the possibility that these negotiations with a potential partner might exceed the period during which funds are available to us. For instance, partners might delay the negotiations regarding RENCAREX® until the data related to the interim analysis for efficacy or regarding MESUPRON® until the data for the second Phase II trial in the breast cancer indication are available.

It is for this reason that the Executive Management Board sought and received authorisation at the Extraordinary General Meeting on 15 December 2010 to increase the Company's share capital, with the approval of the Supervisory Board, by up to € 9,206,517.00 by issuing up to 9,206,517 new no par value bearer shares in return for cash contributions and/or contributions in kind on one or several occasions up to and including 14 December 2015 (Authorised Capital 2010/II; see note 33).

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Once it has been recorded in the Commercial Register, the new authorised capital could also be used to tap the standby equity distribution agreement (SEDA) that we concluded with Yorkville Advisors. This agreement runs until March 2013. If necessary, the SEDA agreement could enable the Company to draw down up to € 1 million in cash per month for a maximum of 20 months.

Because the utilisation of this financial instrument alone is insufficient and not the Company's preferred option, the Executive Management Board would use the authorisation granted by the Annual General Meeting and the newly authorised capital to raise fresh capital, e. g. by means of a capital increase. Although there are no concrete plans to this end, a rights issue is conceivable, and the Executive Management Board currently believes that it could be placed on the market. These measures could be planned and implemented however only after the authorised capital has been recorded in the Commercial Register. It could ensure the Company's liquidity until mid 2012.

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 from the second quarter of 2011. This jeopardises 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 that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. By their nature, the resulting estimates rarely reflect the exact subsequent circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognition of other income

The Company recognises other income resulting from the prepayments received from the companies, Laboratorios del Dr. Esteve S.A., Barcelona, Spain (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 prepayments 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 2010 and 2009, property, plant and equipment comprised the following:

	Laboratory equipment (owned) € '000	Laboratory equipment (leased) € '000	Other office equipment € '000	Total € '000
2008 financial year				
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**
2010 financial year				
Opening carrying amount	354	0	70	424
Additions	328	178	18	524
Depreciation	(41)	(9)	(35)	(84)
Reclassifications	0	0	0	0
Net carrying amount as of 30.11.2010	**641**	**169**	**54**	**864**
As of 30.11.2010				
Cost	1,295	432	430	2,156
Accumulated depreciation	(852)	(65)	(375)	(1,293)
Reclassifications	199	(199)	0	0
Net carrying amount as of 30.11.2010	**641**	**169**	**54**	**864**

Depreciation amounting to € 84 k (2009: € 100 k) was recognised in income as research and development costs (2010: € 52 k; 2009: € 58 k) and as general and administrative expenses (2010: € 32 k; 2009: € 42 k). The capital outflow for the purchase of property, plant and equipment in the financial year totalled € 46 k. In the 2009 financial year, the total capital outflow related to the acquisition of property, plant and equipment was

€66k. The capital outflow from the acquisition of Oncogene Science, which mainly concerns property, plant and equipment, is presented separately in the cash flow statement.

WILEX renegotiated a finance lease pursuant to IAS 17 for laboratory equipment (see notes 2.19 and 16) in the financial year just ended. As a result, a net carrying amount is recognised in this category. *pages 97 and 109*

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 2010 and 2009, intangible assets comprised the following:

	Software € '000	Licences € '000	Total € '000
2008 financial year			
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**
2010 financial year			
Opening carrying amount	16	1,278	1,294
Additions	4	0	4
Amortisation	(13)	(119)	(132)
Net carrying amount as of 30.11.2010	**6**	**1,159**	**1,166**
As of 30.11.2010			
Cost	135	1,795	1,930
Accumulated amortisation	(128)	(636)	(764)
Net carrying amount as of 30.11.2010	**6**	**1,159**	**1,166**

Amortisation amounting to € 132 k (2009: € 138 k) was recognised in income as research and development costs (2010: € 119 k; 2009: € 122 k) and as general and administrative expenses (2010: € 13 k; 2009: € 15 k). The capital outflow for the purchase of intangible assets in the financial year totalled € 4 k (2009: € 5 k).

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). A further obligation in the form of a milestone payment will arise once market approval for RENCAREX® in the USA has been granted. 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 more payments in the future in case RENCAREX® is approved. If this situation occurred, the Company would also have to recognise an impairment loss on this intangible asset.

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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. page 110

8. Other non-current assets

The asset value of the reinsurance policy related to a pension obligation (€ 24 k) 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. page 94

A security deposit for the landlord in the amount of € 138 k, which has been deposited in an escrow account, was also recognised as another non-current asset.

9. Inventories

The inventories (2010: € 166 k; 2009: € 34 k) mainly comprise WILEX Inc.'s warehouse stock of marketable diagnostic tests (€ 131 k) as well as WILEX AG's raw materials (€ 34 k) for research and development, mainly chemical substances and materials for the laboratory.

10. Other assets and prepayments

Other assets and prepayments are comprised as follows:

	30.11.2010 € '000	30.11.2009 € '000
Insurance	42	54
Prepayments to service providers	1,080	1,286
Deferred withholding tax	1	8
Other	1	1
Other assets and prepayments	**1,124**	**1,349**

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

In 2010 and 2009, 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

Clinical development work generated €40k in trade receivables from a variety of sources (previous year: €5,018k). The fact that this figure was significantly higher the previous year stems from an event related to WILEX's strategic alliance with UCB in that one milestone payment of €5 million became due shortly before the reporting date and thus was recognised as a receivable.

	30.11.2010 € '000	30.11.2009 € '000
Trade receivables	40	5,018
Total	**40**	**5,018**

Other receivables are comprised as follows:

	30.11.2010 € '000	30.11.2009 € '000
VAT claim	112	114
Withholding tax refund	4	28
Receivables from other services (without current account)	0	25
Other receivables	8	151
Other assets	2	4
Other receivables	**126**	**322**

Since the Company has incurred only operating losses, the withholding tax was refunded. Advance payments on travel costs (2010: €2k; 2009: €4k) are treated as other assets.

12. Cash and cash equivalents

	30.11.2010 € '000	30.11.2009 € '000
Cash and cash equivalents	1,943	3,411
Total	**1,943**	**3,411**

The decrease in cash and cash equivalents compared to the 2009 financial year is due to the use of cash for clinical development and the reduced inflow of funds compared with the previous year.

WILEX maintains domestic 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. The credit balances of WILEX Inc. that are deposited with a US bank are also protected through a comparable deposit insurance system. As a result, the bank balances are not exposed to any default risks.

13. Equity

As of 30 November 2010, the share capital consisted of 18,413,035 (30 November 2009: 13,780,935) 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**
16.11.2009	04.12.2009	2,177,030	2,177,030
03.08.2010	05.08.2010	2,455,070	2,455,070
On 30.11.2010		**18,413,035**	**18,413,035**

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

Two capital measures were carried out in the financial year just ended. The rights issue, 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 € 13,781 k was raised by € 2,177 k using authorised capital to € 15,958 k 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.

Another rights issue using Authorised Capital was resolved by the Executive Management Board on 19 July 2010 with the approval of the Supervisory Board and completed when it was recorded in the Commercial Register on 5 August 2010. The Company's share capital was thus raised from € 15,958 k by € 2,455 k to € 18,413 k by issuing 2,455,070 new no par value shares with pro-rata interest in the Company's share capital

of € 1.00 and full rights to dividends from 1 December 2009. In this case, the subscription price also was € 4.10 per share.

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 € 470 k (previous year: € 125 k) was recognised in this context in the period under review (see note 22).

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The sum of € 713 k was charged against capital reserves as capital procurement costs related to the two capital measures described above, thus reducing equity.

As of the reporting date of 30 November 2010, the capital reserve amounted to € 127,485 k (previous year: € 113,368 k). The accumulated losses since the start of the Company's business activities in 1997 totalled € 147,202 k as of the end of the financial year (previous year: € 124,104 k).

An Extraordinary General Meeting on 15 December 2010 resolved to increase the Company's share capital from € 18,413 k by € 3,200 k to € 21,613 k in return for in-kind contributions and to amend the Company's Articles of Association accordingly; this capital increase has not yet been recorded in the Commercial Register. Once the resolution amending the Articles of Association has been recorded, share capital will be € 21,613 k (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. 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 II trial of MESUPRON® in relation to the underlying budget for the total clinical costs (see note 20).

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15. Pension obligations

In 1999, the Company granted a one-off pension commitment of € 15 k 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. Lease liabilities and other non-current liabilities

Lease liabilities of € 82 k were recognised as of the reporting date because the finance lease for laboratory equipment was renegotiated for a term of 36 months in the financial year just ended. There were no such liabilities the previous year.

Other non-current liabilities are comprised as follows:

	30.11.2010 € '000	30.11.2009 € '000
Accruals US Department of Defense (non-current)	193	470
Provision for rent (IFRS)	19	58
Provision for anniversary payment	64	65
Other non-current liabilities	**276**	**593**

As the clinical Phase II trial in the breast cancer indication progresses, the portion of the grants from the US Department of Defense that is accrued next year or later decreases.

One month's rent must be accrued under IFRS over the term of the lease because the Company did not pay rent for one month each year through 2009.

A ten-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 (IAS 19) is based on various assumptions, such as fluctuation and development of interest rates (2010: 3.75 %, 2009: 4.80 %) and must be adjusted to these parameters annually as of the reporting date. Based on the parameters stated above, the Company recognised an actuarial gain of € 3 k for the first time in 2010, which was recognised in income.

17. Lease liabilities, trade payables and other current liabilities

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A current lease liability of € 58 k (2009: € 0) was recorded as of the reporting date in connection with the lease described in note 16.

Current trade payables decreased from € 2,099 k in the 2009 financial year to € 2,040 k in the 2010 financial year. They were mainly incurred for services provided in connection with the clinical trials.

Other current liabilities are comprised as follows:

	30.11.2010 € '000	30.11.2009 € '000
Accruals for holidays not taken	269	270
Accruals US Department of Defense (current)	507	511
Accruals Esteve/IBA	64	1,065
Social security and other taxes	135	120
Accrued liabilities	3,432	4,286
Other current liabilities	**4,406**	**6,252**

Accruals for holidays not taken and accruals related to the US Department of Defense each declined slightly compared to the previous year. 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 within the Group.

The accrued liabilities are composed as follows:

	30.11.2010 € '000	30.11.2009 € '000
Invoices outstanding	1,782	3,069
Employee bonuses and profit-sharing bonuses	1,336	1,006
Legal and consulting costs	244	150
Other	70	61
Total	**3,432**	**4,286**

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 decrease in the financial year just ended arises from the progress of various clinical trials and thus lower expenses for patients and trial centres.

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. The year-on-year increase stems from the fact that the 2009 bonuses for the members of the Executive Management Board have not yet been paid.

18. Other disclosures on financial instruments

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):

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		Measurement as of 30.11.2010		Measurement as of 30.11.2009	
	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	1,943	1,943	3,411	3,411
Other non-current assets	Loans and Receivables	162	162	161	161
Trade receivables	Loans and Receivables	40	40	5,018	5,018
Other receivables	Loans and Receivables	126	126	322	322
Other non-current liabilities	Loans and Receivables	(276)	(276)	(592)	(592)
Trade payables	Loans and Receivables	(2,040)	(2,040)	(2,099)	(2,099)
Lease liabilities	Financial Liabilities Amortized Costs	(140)	(140)	0	0
Other current liabilities	Loans and Receivables	(4,406)	(4,406)	(6,252)	(6,252)
Total		**(4,591)**	**(4,591)**	**(31)**	**(31)**
Aggregation after measurement criteria					
	Loans and Receivables	(4,451)	(4,451)	(31)	(31)
	Financial Liabilities Amortized Costs	(140)	(140)	0	0

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.

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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. Lease liabilities are measured based on a payment plan and, according to their due date, are either current (€ 58 k) or non-current (€ 82 k).

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 essentially with banks belonging to the German Deposit Insurance Fund and/or the deposit assurance fund of the German Savings Banks Organisation. But WILEX monitors the positions held and the respective bank's credit rating on an ongoing basis nonetheless. No such risks were identifiable at the reporting date.

There is no interest rate risk in the Company's view because its cash and cash equivalents were invested exclusively in fixed-interest or demand deposits as of 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.

The trade receivables at the close of the financial year were attributable to cooperation partners; they were invoiced as of the 30 November 2010 reporting date or immediately preceding it and thus are not past due. No adjustments were necessary in management's view because WILEX does not expect any non-payment risks to arise.

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 (CHF) or the British pound (GBP). This exchange rate risk includes the relative decrease or increase of the euro vis-à-vis the other currencies during the period until payment of the liability or receivable. 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. Translated into the respective currency, as of 30 November 2010 foreign currency risks were € 267 k in USD, € 144 k in CHF, € 12 k in GBP and € 1 k in Russian roubles (RUB).

Any increase or decrease in the euro by 10 % compared to the given foreign currency would have had the following effect on earnings in the financial year just ended:

	Increase € '000	Decrease € '000
Euro vs. US dollar	24	(30)
Euro vs. Swiss franc	13	(16)
Euro vs. British pound	1	(1)
Euro vs. Russian rouble	0	0

The euro exchange rate vis-à-vis other currencies has no effect on earnings because there was no sales revenue and because operating income was limited to accrued items.

It is to be expected – given the founding of WILEX Inc. and the fact that its functional currency is the US dollar – that avoiding negative effects of exchange rate fluctuations will play a larger role for WILEX (see note 3.1.a.i).

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19. Sales revenue

No sales revenue was recorded for the financial year just ended. The previous year, two milestones – each triggering a payment of €5.0 million when due – were achieved under the strategic alliance with UCB.

	2010 € '000	2009 € '000
Milestone payments	0	10,000
Total	**0**	**10,000**

20. Other income

Other income comprises the following items:

	2010 € '000	2009 € '000
Grant provided by the US Department of Defense	293	436
Income realisation licence agreements	1,001	2,396
Reversal of other provisions	20	181
Other income	**1,314**	**3,013**

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.

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 in accordance with the progress of the respective project.

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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:

	2010 € '000	2009 € '000
Staff costs	7,076	6,532
Travel costs	318	379
Rental expenses	712	692
Laboratory and other internal costs	1,354	1,404
External research and development costs	12,969	15,572
Legal and consulting costs	1,781	1,061
Depreciation/amortisation	217	237
Total	**24,426**	**25,878**

Laboratory and other internal costs include expenses for raw materials, consumables and supplies as well as other purchased merchandise of € 169 k (2009: € 170 k). External research and development costs comprise the cost of purchased services, especially from service providers in the area of clinical development. They fell substantially year on year due to the progress of the clinical trials. Legal and consulting costs rose in connection with numerous projects related to the Company's funding and business development.

22. Staff costs

Staff costs are comprised as follows:

	2010 € '000	2009 € '000
Wages and salaries	4,957	4,777
Social security	681	523
Bonuses	847	1,021
Expense from the measurement of stock options	470	125
Expense from the measurement of service anniversaries	17	13
Other staff costs	104	72
Total staff costs	**7,076**	**6,532**

The overall increase in in staff costs results from a higher number of employees compared with 2009, salary rises and the promotion of employees as well as increased expense from the measurement of stock options.

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

	2010	2009
Administration	21	20
Research and development	51	46
Average number of employees[1]	**72**	**66**

[1] Including the Executive Management Board

The average number of employees has not yet changed because the staff of WILEX Inc. was not hired until just before the reporting date.

Remeasurement of the options under IFRS 2 Share-based Payments at € 470 k (see note 2.18.1) resulted in higher staff costs year on year in 2010 (previous year: € 125 k). This is because an across-the-board adjustment of the exercise price to € 4.10 had to be carried out in connection with the rights issue in December 2009 and because new stock options were issued to employees in September 2010.

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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**	**Tranche 8**
Grant date	30.12.2005	31.01.2006	28.02.2006	28.04.2006	30.09.2006	30.09.2007	31.10.2007	30.09.2010
Options outstanding at the beginning of the reporting period	318,388	167,343	85,078	3,040	148,635	28,650	152,000	0
Options granted during the reporting period	0	0	0	0	0	0	0	85,007
Options forfeited in the reporting period	0	0	0	0	0	1,650	0	0
Options exercised during the reporting period	0	0	0	0	0	0	0	0
Options expired in the reporting period	0	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**	**27,000**	**152,000**	**85,007**
Options exercisable as of 30.11.2010	318,388	167,343	85,078	3,040	148,635	22,744	123,500	5,313
Maximum term	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years

Stock options have been calculated on the basis of a binominal model. Their values are illustrated in the following. Settlement is carried out in equity securities. While tranches 1 to 5 each have a term of 24 or 25 months and therefore one option value, there are nine different terms and nine option values for tranches 6, 7 and 8 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

Tranche 8	Issue date	Vesting period	Option value (rounded) €
Part 1	30.09.2010	24 months	1.96
Part 2	30.09.2010	27 months	1.97
Part 3	30.09.2010	30 months	2.01
Part 4	30.09.2010	33 months	2.03
Part 5	30.09.2010	36 months	2.25
Part 6	30.09.2010	39 months	2.28
Part 7	30.09.2010	42 months	2.29
Part 8	30.09.2010	45 months	2.30
Part 9	30.09.2010	48 months	2.33

The following model parameters 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%

The following model parameters were used to calculate tranches 6, 7 and 8:

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%

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%

Model parameter Tranche 8	Part 1	Part 2	Part 3	Part 4	Part 5	Part 6	Part 7	Part 8	Part 9
Share valuation on the issue date	4.70 €	4.70 €	4.70 €	4.70 €	4.70 €	4.70 €	4.70 €	4.70 €	4.70 €
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	4.34 €	4.34 €	4.34 €	4.34 €	4.34 €	4.34 €	4.34 €	4.34 €	4.34 €
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate for the term	0.72%	0.78%	0.83%	0.88%	0.94%	1.00%	1.07%	1.13%	1.20%
Expected volatility for the term	71.96%	68.07%	65.89%	63.32%	68.82%	67.11%	64.77%	62.72%	61.66%

The share valuation upon issue of the options of tranches 1 to 5 was carried out on the basis of the most recent Company valuation of WILEX AG available at this date and represents the best price estimate in the unanimous view of the Supervisory Board and Executive Management Board of the Company, as WILEX AG was not yet listed on the stock exchange at the time. The share valuation of € 6.90 for all tranches issued corresponds to the historical value from the final financing round of WILEX AG, which was implemented in 2005.

As WILEX AG has been listed on the stock exchange since 13 November 2006, the shares in tranches 6, 7 and 8 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 30 September 2007, the share price for tranche 7 was € 9.02 as of 31 October 2007 and the share price for tranche 8 was € 4.70 as of 30 September 2010.

The vesting periods of the options are based on the assumption that the stock options will be exercised as soon as possible.

In accordance with the option terms, the exercise price for tranches 6, 7 and 8 is calculated using the arithmetic mean of the closing prices for shares of WILEX AG on the last ten trading days of the stock exchange on which the shares are traded, prior to the date of issue of the stock options (date of acceptance by the beneficiary of the Company's option offer). As the beneficiaries accepted the option offer on different days, there are different exercise prices in tranches 6, 7 and 8. Since the deviation of the exercise prices within the relevant tranche is insignificant, a weighted exercise price was fixed as a basis for tranches 6, 7 and 8.

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 for tranches 1 to 7 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. In contrast, historical volatilities of WILEX AG were applied to the tranche 8 options granted on 30 September 2010.

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	30.11.2010 years	30.11.2009 years
Tranche 1	30.12.2005	5.08	6.08
Tranche 2	31.01.2006	5.17	6.17
Tranche 3	28.02.2006	5.24	6.24
Tranche 4	28.04.2006	5.41	6.41
Tranche 5	30.09.2006	5.83	6.83
Tranche 6	30.09.2007	6.83	7.83
Tranche 7	31.10.2007	6.92	7.92
Tranche 8	30.09.2010	9.83	n/a

The exercise price for all stock options issued until the 30 November 2009 reporting date was reduced to €4.10 (the subscription price fixed for the capital increase) across the board in accordance with Article 7 (1i) of the Stock Option Plan 2005 once the capital increase subject to shareholders' subscription right had been recorded in the Commercial Register on 4 December 2009. If, as in this case, the fair value of the stock options rises in connection with such an amendment of the option terms, the additional fair value granted must be recognised pursuant to IFRS 2 either over the remaining vesting period of the stock options or if the vesting period has already ended, immediately and in full as of the date of the amendment. The additional fair value was determined on the basis of a binomial model. In this connection, the additional fair value was determined based on the difference between the fair value of the changed stock options and that of the initial stock options, both of which were estimated as of the modification date. The additional fair value granted per tranche and option, as determined by means of a binomial model, was measured as follows:

	Fair value of changed options €	Fair value of original options €	Additional fair value €
Tranche 1 – 5	0.71	0.34	0.37
Tranche 6 (Part 1 – 4)	0.71	0.04	0.67
Tranche 6 (Part 5)	0.85	0.10	0.75
Tranche 6 (Part 6 – 8)	1.31	0.42	0.88
Tranche 6 (Part 9)	1.32	0.44	0.89
Tranche 7 (Part 1 – 4)	0.71	0.05	0.67
Tranche 7 (Part 5)	0.85	0.10	0.75
Tranche 7 (Part 6 – 8)	1.31	0.43	0.88
Tranche 7 (Part 9)	1.32	0.44	0.88

The following parameters were utilised in the determination of the fair values as of 4 December 2009:

Model parameter	Tranche 1 – 5	Tranche 6	Tranche 7
Share price on the issue date	3.91 €	3.91 €	3.91 €
Vesting period of the options in months	7	7 – 22	7 – 22
Exercise price at expected exercise date (changed options)	4.10 €	4.10 €	4.10 €
Exercise price at expected exercise date (original options)	5.52 €	9.73 €	9.62 €
Expected dividend yield	0%	0%	0%
Risk-free interest rate for the term	0.56%	0.56% – 1.26%	0.56% – 1.26%
Expected volatility for the term	64.79%	63.83% – 70.18%	63.83% – 70.18%

The closing price of WILEX's share in XETRA trading on 4 December 2009 was used as the governing share price. The expected vesting period of the stock options is based on management's assessment that they will be exercised early. The risk-free interest rates were derived from market rates with a remaining maturity that corresponds to the remaining maturity of the options to be measured. The expected volatility was derived from the historical volatility of WILEX's share for matching maturities.

As of 4 December 2009, the additional fair value thus determined for all options was € 399 k. A large portion of this amount (€ 336 k) was already recognised as staff costs on 4 December 2009 because the larger part of the stock options had already vested at the time the exercise price was repriced. The additional fair value of the stock options that had not yet vested will be recognised on a straight-line basis over the remaining maturity.

WILEX incurred the following costs under the stock option plan as of the balance sheet date, taking the repricing of the exercise price into account:

	30.11.2010 € '000	30.11.2009 € '000
Expenses from equity-based compensation transactions	470	125

A total of 85,007 new stock options were granted to employees pursuant to the letter effective 31 August 2010 and its blanket acceptance by the beneficiaries on 6 September 2010. In the financial year just ended, 1,650 stock options were returned because employees left the Company. This means that 986,491 options – 729,335 for existing or former members of the Executive Management Board and 257,156 for existing or former employees – had been issued as of 30 November 2010. Currently no new stock options can be issued because the Annual General Meeting's authorisation to establish stock option plans or grant stock options has expired.

23. Net currency gains/losses

In the 2010 financial year, the Company posted a currency loss of € 65 k (2009: currency gain of € 14 k) due to the relative weakness of the euro vis-a-vis the operationally most relevant US dollar and Swiss franc.

The consolidation of WILEX Inc. led to an unrealised currency gain of € 9 k that was recognised directly in equity. There were no unrealised currency gains or losses in the financial year ended 30 November 2009.

24. Financial result

	2010 € '000	2009 € '000
Finance costs		
Interest from lease obligations and current liabilities to banks	(5)	(8)
	(5)	**(8)**
Finance income		
Interest income from bank accounts/Other	25	158
	25	**158**
Financial result	**20**	**150**

The year-on-year decrease in the net financial result is mainly due to lower interest income from bank accounts and financial investments. The amount of cash used for our clinical development programmes reduced the amount of funds available on average for generating finance income. The generally low interest rates for cash deposits in 2010 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:

	2010 €	2009 €
Net loss for the year	**(23,098,627)**	**(12,729,262)**
Adjustments for income statement items		
Measurement of stock options	470,425	124,745
Depreciation/amortisation	216,509	237,330
Increase in pension obligations	877	844
Finance costs	6,128	7,598
Finance income	(25,877)	(157,954)
Tax expense	6,370	15,455
	674,432	**228,018**
Changes in balance sheet items		
Inventories	0	(11,900)
Trade receivables	4,977,623	(4,975,952)
Other receivables	195,211	(178,448)
Income taxes	0	(836)
Prepayments	225,507	(276,534)
Other non-current assets	0	(138,026)
Trade payables	(60,565)	311,146
Other liabilities	(2,172,777)	(866,521)
	3,164,998	**(6,137,072)**
Cash flow from operating activities	**(19,259,197)**	**(18,638,315)**
Finance costs paid	(5,493)	(119)
Finance income received	25,228	189,261
Net cash flow from operating activities	**(19,239,462)**	**(18,449,173)**

26. Income tax expense

Due to operating losses, no income tax was payable in the 2010 and 2009 financial years, with the exception of the following: The tax expense reported in the income statement for the financial year (2010: € 6 k; 2009: € 15 k) 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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Deferred tax assets or liabilities were determined using the tax rates in effect in the respective country (Germany, United States). A composite tax rate of 32.98 % (previous year: 32.98 %) was applied to the parent company, WILEX AG, 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. The nominal tax rate of 32.98 % (previous year: 32.98 %) must be applied to income in accordance with IFRS. Reconciliation of the differences is shown in the following table.

	2010 € '000	2009 € '000
Earnings before tax	(23,092)	(12,714)
Tax rate	32.98 %	32.98 %
Expected tax income	**7,616**	**4,193**
Non-capitalisable losses carried forward for the period	(7,723)	(4,509)
Reduction in non-capitalised temporary differences	49	293
Non-deductible operating expenses/Other	52	8
Reported tax expense	**(6)**	**(15)**

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

	2010 € '000	2009 € '000
Deferred tax assets		
Unrealised income	75	132
	75	**132**
Deferred tax liabilities		
Capitalisation of acquired licences	58	63
Other provisions	16	15
Other	1	53
	75	**132**

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

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

	30.11.2010 € '000	30.11.2009 € '000
Losses carried forward		
for corporation tax	149,843	126,436
for trade tax	147,401	124,070
Deductible temporary differences	0	0

The tax loss carryforwards shown are mainly attributable to WILEX AG (corporation tax € 149,787 k; municipal trade tax of € 147,345 k) and may be carried forward indefinitely. Note the following in regards to the tax loss carryforwards available to WILEX AG: 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 (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). Section 8c German Corporation Tax Act (Körperschaftsteuergesetz) – which was added in connection with the German Business Tax Reform Act 2008 (Unternehmensteuerreformgesetz 2008) – replaces the provisions of Section 8 (4) German Corporation Tax Act, 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. According to the German Growth Acceleration Act (Wachstumsbeschleunigungsgesetz), losses from share transfers made after 31 December 2009 in the amount of undisclosed reserves that are attributable to the equity acquisition, are not eliminated in accordance with Section 8c German Corporation Tax Act. As a result, an elimination of tax losses carried forward can be avoided if undisclosed reserves exist which are taxable in Germany.

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.

	2010	2009
Net loss for the year available to shareholders (in € '000)	(23,099)	(12,729)
Weighted average number of shares issued (in thousands)	16,734	13,348
Basic earnings per share (in € per share)	(1.38)	(0.95)

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.

28. Leases, guarantees and obligations

Finance leases

The Company acquired one new piece of laboratory equipment (mass spectrometer) in 2010 under a finance lease agreement with a term of 36 months. The acquisition value of € 178 k was capitalised and is depreciated continually under property, plant and equipment (see note 6). The monthly interest portion is shown under "finance costs" in the income statement (2010: € 5 k). Depreciation of this asset in the financial year just ended was € 9 k and its net carrying amount at the reporting date was € 168 k; payments of € 38 k were made in 2010. No security deposit was made in connection with the lease.

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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
30.11.2010	64	86	0	150
30.11.2009	0	0	0	0

Operating leases, guarantees and obligations

The Company has also leased laboratory and office equipment under operating leases, which will expire at different times within 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
2010	679
2009	613

WILEX has pledged a bank account with a balance of € 138 k 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 30.11.2010	up to 1 year € '000	1 – 5 years € '000	after 5 years € '000	Total € '000
Rental obligations for laboratory and office premises	637	214	0	851
Obligations under operating leases (laboratory and other office equipment, vehicles)	58	67	0	124
	694	**280**	**0**	**975**

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

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**

29. Corporate bodies and compensation

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 (3) German Stock Corporation Act. 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 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 € 877 (2009: € 844) 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 return flights between Germany and the UK per calendar year.

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 corporate goals 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 Peter Llewellyn-Davies during the financial year, the maximum bonus in the 2010 financial year slightly exceeded the given value because the increased maximum bonus resulting from the higher fixed salary was granted for the full 2010 financial year even though the salary adjustment did not take effect until September 2010.

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 2009 and 2010 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 2010. At the reporting date 30 November 2010, 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 had been € 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 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 in December 2009 (see note 22).

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The stock options can be exercised after an initial waiting period of two years from the grant date. All options issued to the Executive Management Board 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 € 4.10 per share. The reference price thus decreased to € 4.51 in line with the reduced exercise price. 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.

The presentation of the Executive Management Board's compensation was changed in the 2010 financial year. The total compensation figures shown for 2010 and 2009 now include the bonus expenses for 2010 and 2009 as recognised in income. In previous years, bonus expenses were recognised in the financial year in which they were paid.

Overall, the following fixed and variable compensation components as well as non-cash compensation for Executive Management Board members were recognised as an expense in the 2010 financial year:

Executive Management Board member	Fixed compensation 2010 €	Variable compensation[1] 2010 €	Other compensation (non-cash compensation) 2010 €	Total compensation 2010 €
Professor Olaf G. Wilhelm	260,000	137,800	10,844	408,644
Dr Paul Bevan	230,000	55,407	11,542	296,949
Peter Llewellyn-Davies[2]	228,250	61,710	13,524	303,484
Dr Thomas Borcholte[3]	220,000	46,570	180	266,750
Total	**938,250**	**301,487**	**36,090**	**1,275,827**

[1] The exact variable compensation is usually determined and paid in the following financial year. The figures shown here for the 2010 financial year are based on provisions that were determined on the basis of assumptions and historical data.

[2] Taking into account the contract adjustment during the year

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

The following table shows the maximum variable compensation achievable in the 2009 financial year and the actual variable compensation paid in the 2010 financial year. The variable compensation for the 2009 financial year was not paid in 2010. Payment is being voluntarily withheld by the Executive Management Board until sustainable funding has been secured for the Company.

Executive Management Board member	Maximum variable compensation for 2009 €	Compensation for 2009 actually paid in the 2010 financial year €
Professor Olaf G. Wilhelm	195,000	0
Dr Paul Bevan	75,900	0
Peter Llewellyn-Davies	72,600	0
Dr Thomas Borcholte	68,486	0
Total	**411,986**	**0**

Professor Olaf G. Wilhelm and Peter Llewellyn-Davies do not receive compensation for their activities as managing directors of WILEX Inc.

Based on the tables above, the following figures apply to 2009:

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	175,500	10,844	446,344
Dr Paul Bevan	230,000	68,310	13,122	311,432
Peter Llewellyn-Davies	220,000	65,340	12,555	297,895
Dr Thomas Borcholte[2]	213,333	61,637	180	275,150
Total	**923,333**	**370,787**	**36,701**	**1,330,821**

[1] The exact variable compensation was determined in the following financial year but was not paid (see above). The figures shown here for the 2009 financial year are based on provisions that were determined on the basis of assumptions and historical data.

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

The following table shows the maximum variable compensation achievable in the 2008 financial year and the actual variable compensation paid in the 2009 financial year:

Executive Management Board member	Maximum variable compensation for 2008 €	Compensation for 2008 actually paid in the 2009 financial year €
Professor Olaf G. Wilhelm	195,000	150,000
Dr Paul Bevan	75,900	60,000
Peter Llewellyn-Davies	72,600	50,000
Dr Thomas Borcholte	66,000	40,000
Total	**409,500**	**300,000**

The following overview shows the stock options held by members of the Executive Management Board during the year under review and changes in these holdings as well as the portion of staff costs per beneficiary attributable to these stock options (see notes 2.18.1 and 22):

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Executive Management Board member	01.12.2009 Number	Additions Number	Expiry Number	Sales Number	30.11.2010 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
Total	**719,335**	**0**	**0**	**0**	**719,335**

Executive Management Board member	Expense in the income statement €	Fair value of the options[1] €
Professor Olaf G. Wilhelm	97,451	631,599
Dr Paul Bevan	64,967	421,066
Peter Llewellyn-Davies	48,725	325,835
Dr Thomas Borcholte	153,166	423,469
Total	**364,309**	**1,801,969**

[1] As of the respective issue date

The year-on-year increase in expenses arises from the across-the-board reduction in the exercise price of €4.10 as part of the December 2009 capital increase. A total of €4k (2009: €0) were expensed for a former member of the Executive Management Board.

The following figures apply to 2009:

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
Total	**719,335**	**0**	**0**	**0**	**719,335**

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
Total	**101,777**	**1,801,969**

[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

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:

- Professor Christof Hettich, lawyer and partner, RITTERSHAUS Rechtsanwälte, and Managing Director, dievini Hopp BioTech holding GmbH & Co. KG (Member of the Supervisory Board since 21 May 2010 and Chairman of the Supervisory Board since 27 September 2010)

- Dr Georg F. Baur, Entrepreneur (Chairman of the Supervisory Board from 21 May 2010 to 27 September 2010; Deputy Chairman of the Supervisory Board until 21 May 2010 and since 27 September 2010)

- Dr Alexandra Goll, General Partner, TVM Capital GmbH (Deputy Chairman of the Supervisory Board from 21 May 2010 to 27 September 2010)

- Professor Friedrich von Bohlen und Halbach, Managing Director, dievini Hopp BioTech holding GmbH & Co. KG

- Professor Iris Löw-Friedrich, Chief Medical Officer and Executive Vice-President Global Projects and Development, UCB S.A.

- Andreas R. Krebs, Managing Partner, CologneInvest GmbH (member of the Supervisory Board since 21 May 2010)

- Dr David Ebsworth, Chief Executive Officer, Vifor Pharma AG (Chairman and member of the Supervisory Board until 21 May 2010)

- Dr Rüdiger Hauffe, Consultant (member of the Supervisory Board until 21 May 2010)

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 employment issues 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. Professor Christof Hettich is the Chairman; Dr Alexandra Goll and Andreas R. Krebs are members of this committee.

A Research and Development Committee tasked with issues related to WILEX's oncological product candidates was established in September 2010. This committee is chaired by Professor Friedrich von Bohlen und Halbach; Professor Iris Löw-Friedrich and Andreas R. Krebs are additional members.

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 Alexandra Goll and Professor Friedrich von Bohlen und Halbach are additional members.

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 2010 financial year amounted to €201,668 plus expenses (previous year: €201,500). The table below shows the individual compensation.

Supervisory Board member	Fixed compensation[1] 2010 €	Attendance allowance 2010 €	Committee fee 2010 €	Total compensation 2010 €
Professor Christof Hettich[2], Chairman	11,499	4,500	1,244	17,243
Dr Georg F. Baur[3], Deputy Chairman	28,518	12,750	6,494	47,762
Dr Alexandra Goll[3]	18,518	8,250	2,567	29,335
Professor Friedrich von Bohlen und Halbach	15,000	8,250	4,028	27,278
Andreas R. Krebs[2]	7,944	4,500	1,067	13,511
Professor Iris Löw-Friedrich	15,000	6,750	533	22,283
Dr David Ebsworth[4]	16,559	10,500	3,310	30,369
Dr Rüdiger Hauffe[4]	7,137	5,250	1,500	13,887
Total	**120,175**	**60,750**	**20,743**	**201,668**

[1] The fourth instalment for the 2010 financial year was paid after the end of the 2010 financial year.

[2] Professor Hettich and Mr Krebs have been members of the Supervisory Board since 21 May 2010. Professor Hettich has been Chairman since 27 September 2010.

[3] Dr Baur and Dr Goll were Chairman and Deputy Chairman, respectively, from 21 May 2010 to 26 September 2010.

[4] Dr Ebsworth and Dr Hauffe left the Supervisory Board effective at the end of the Annual General Meeting on 21 May 2010.

The table below shows the individual compensation for the 2009 financial year:

Supervisory Board member	Fixed compensation[1] 2009 €	Attendance allowance 2009 €	Committee fee 2009 €	Total compensation 2009 €
Dr David Ebsworth, Chairman	35,000	16,500	7,000	58,500
Dr Georg F. Baur, Deputy Chairman	25,000	8,250	7,000	40,250
Dr Alexandra Goll	15,000	9,000	3,000	27,000
Professor Friedrich von Bohlen und Halbach	15,000	7,500	3,000	25,500
Dr Rüdiger Hauffe	15,000	8,250	3,000	26,250
Professor Iris Löw-Friedrich	15,000	9,000	0	24,000
Total	**120,000**	**58,500**	**23,000**	**201,500**

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

In addition to being a member of the Supervisory Board of WILEX, **Professor Hettich** is also the Chairman or a member of the following bodies:

Company	Position
Agennix AG, Heidelberg	Chairman of the Supervisory Board
InterComponentWare AG, Walldorf	Chairman of the Supervisory Board
ACTRIS AG, Mannheim	Chairman of the Supervisory Board
LTS Lohmann Therapie-Systeme AG, Andernach	Member of the Supervisory Board
SYGNIS Pharma AG, Heidelberg	Deputy Chairman of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim	Chairman of the Advisory Board
febit holding GmbH, Heidelberg	Chairman of the Advisory Board
febit Inc., Massachusetts (USA)	Non-executive Chairman of the Board of Directors
immatics biotechnologies GmbH, Tübingen	Member of the Advisory Board
SRH Kliniken GmbH, Heidelberg	Member of the Supervisory Board
Vetter Pharma-Fertigung GmbH & Co. KG, Ravensburg	Member of the Advisory Board
AC Immune SA, Lausanne (Switzerland)	Member of the Board of Directors
ProJustitia, Heidelberg	Chairman of the Foundation Council

In addition to being a member of the Supervisory Board of WILEX, **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

In addition to being a member of the Supervisory Board of WILEX, **Dr Goll** is also the Chairman or 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

In addition to being a member of the Supervisory Board of WILEX, **Professor 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., Massachusetts (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
Life Biosystems AG, Basel (Switzerland)	Chairman of the Board of Directors
SYGNIS Pharma AG, Heidelberg	Chairman of the Supervisory Board

In addition to being a member of the Supervisory Board of WILEX, **Mr Krebs** is also the Chairman or a member of the following bodies:

Company	Position
Max Planck Institut, Münster	Member of the Board of Trustees
Paul-Ehrlich-Stiftung, Frankfurt am Main	Member of the Board of Trustees
Merz GmbH & Co. KGaA, Frankfurt am Main	Chairman of the Supervisory Board
RSVP Group AG, Zurich (Switzerland)	Member of the Advisory Board

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

The members of the Company's Supervisory Board were not active in any other control bodies at the reporting date above and beyond the activities described in the foregoing.

30. Related party transactions

Shares held by the Executive Management Board and the Supervisory Board
The following table shows the shares held by Supervisory Board and Executive Management Board members:

Name	Function	Share-holdings	Number	Interest in share capital
Dr David Ebsworth[1]	Former member and former Chairman of the Supervisory Board (until 21 May 2010)	Direct	50,000	0.27 %
Dr Rüdiger Hauffe[1]	Former member of the Supervisory Board (until 21 May 2010)	Direct	6,000	0.03 %
Dr Georg F. Baur	Deputy Chairman of the Supervisory Board	Direct	181,183	0.98 %
Andreas R. Krebs	Member of the Supervisory Board	Direct	40,000	0.22 %
Professor Friedrich von Bohlen und Halbach and Professor Christof Hettich[2]	Member of the Supervisory Board Chairman of the Supervisory Board	Indirect	6,587,990	35.78 %
Professor Olaf G. Wilhelm[3]	Chairman of the Executive Management Board	Direct	120,331	0.65 %

[1] Current as of the Annual General Meeting on 21 May 2010

[2] In their capacity as Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG

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

As of 30 November 2010, the Executive Management Board held 120,331 shares (representing 0.65 % of the Company's share capital of 18,413,035 shares). The Supervisory Board for its part held 221,183 shares directly and 6,587,990 shares indirectly (representing 36.98 % of the Company's share capital).

Directors' dealings

The following purchases requiring disclosure were made by members of corporate bodies in the 2010 financial year:

Name	Date	Trans-action	Market place	Price €	Number	Volume €
Andreas R. Krebs	14.10.2010	Purchase	Düsseldorf	4.60	10,000	46,000.00
Dr Georg F. Baur	05.08.2010	Purchase/ subscription	OTC	4.10	25,750	105,575.00
Dr Georg F. Baur	05.08.2010	Purchase	XETRA	4.598	30,000	138,983.45
Andreas R. Krebs	06.08.2010	Purchase	Frankfurt/ Main	4.60	18,338	84,354.80
Andreas R. Krebs	05.08.2010	Purchase/ subscription	OTC	4.10	10,662	43,714.20
Professor Christof Hettich and Professor Friedrich von Bohlen und Halbach[1]	30.07.2010	Purchase	OTC	4.10	875,338	3,588,885.80
Andreas R. Krebs	20.07.2010	Purchase	Frankfurt/ Main	4.92	1,000	4,920.00
Professor Christof Hettich and Professor Friedrich von Bohlen und Halbach[1]	27.05.2010	Purchase	OTC	3.90	356,923	1,391,999.70
Professor Friedrich von Bohlen und Halbach[1]	08.12.2009	Loan of securities	Frankfurt/ Main	30,000.00	944,449	30,000.00

[1] Indirectly in their capacity as Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG

Intercompany loan between WILEX AG and WILEX Inc.

WILEX AG granted an interest-bearing loan to WILEX Inc. (in the form of an overdraft or credit line) in order to secure the subsidiary's financing as long as WILEX Inc. cannot sustain itself from the cash flows it generates. The loan has a ceiling of USD 835 k and runs until 30 November 2011. The interest rate is 6.00 % per annum.

No other relationships to related parties exist.

31. Expenses for the auditors

KPMG AG Wirtschaftsprüfungsgesellschaft was appointed the auditor of the Company's single-entity financial statements at its Annual General Meeting on 21 May 2010. Given the need to prepare consolidated financial statements, subsequently the scope of the audit was broadened to include an audit of the consolidated financial statements. The following fees for services were recorded as expenses in the periods reviewed:

	2010 € '000	2009 € '000
Audit of the annual financial statements	96	85
Issue of comfort letter	35	0
Other consulting services	83	0
Total expenses for auditors	**214**	**85**

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

The declaration of compliance to be submitted annually in accordance with Section 161 of the German Stock Corporation Act was submitted by the Executive Management Board and the Supervisory Board in February 2011. It has been made permanently available to all shareholders and interested parties on the Company's website.

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33. Events after the reporting period

The following events occurred after the close of the financial year on 30 November 2010:

Extraordinary General Meeting
WILEX AG held an Extraordinary General Meeting on 15 December 2010. A total of 12,477,011 shares (corresponding to an equivalent number of votes) of WILEX AG's share capital of € 18,413,035 (which is denominated in 18,413,035 no par value bearer shares) were present at the time of voting. This corresponds to 67.76 % of the Company's share capital. Two proposed resolutions were submitted for approval, which the Executive Management Board and the Supervisory Board had announced in the electronic Federal Gazette on 4 November 2010.

The Annual General Meeting voted on Agenda item 1 regarding the planned acquisition of Heidelberg Pharma AG. WILEX intends to acquire all of the shares in Heidelberg Pharma AG by way of a non-cash capital increase in return for issuing 3,200,000 new WILEX shares, excluding shareholders' subscription rights. The resolution was adopted by 99.96 % of the vote.

In a resolution on Agenda item 2, the Executive Management Board was authorised to increase the Company's share capital, with the approval of the Supervisory Board, by up to € 9,206,517.00 by issuing up to 9,206,517 new no par value bearer shares in return for cash contributions and/or contributions in kind on one or several occasions up to and including 14 December 2015. Once the capital increase in return for contributions in kind to be resolved pursuant to Agenda item 1 has been recorded, the authorisation will correspond to 42.6 % of the Company's future share capital. The resolution was adopted by 98.98 % of the vote.

Certain shareholders noted their objections to Agenda item 1 and 2 for the record during the Extraordinary General Meeting. Three actions to set aside the shareholder resolutions are pending in the meantime.

Conclusion of a shareholder loan
WILEX signed a loan agreement for € 10 million with its two main shareholders, dievini Hopp BioTech holding GmbH & Co. KG, Walldorf ("dievini"), and UCB Pharma S.A., Brussels, Belgium ("UCB"), on 17 December 2010 subject to subordination and payable in two instalments. The share of dievini in this loan is € 7.5 million, and that of UCB € 2.5 million. Both lenders will be paid interest of 6 % p.a.

The unsecured loan is not limited in time. The lenders have the right to call in their share of the loan under certain conditions. In that case, it would have to be repaid within one month. In lieu of asking for repayment, the lenders may also contribute their claims to repayment as an in-kind contribution in connection with a rights issue or convert it into shares subject to a convertible bond programme yet to be resolved. These two repayment options are subject to the proviso, for one, that the rights issue or the convertible bond programme are adopted and carried out and, for another, that an in-kind contribution auditor confirms the value of the respective claim to repayment.

Start of the interim analysis for efficacy
The process for the interim analysis of efficacy in the Phase III ARISER registration trial was started in January 2011. The interim analysis is performed by the Independent Data Monitoring Committee (IDMC) and the results are expected about mid-year 2011.

Responsibility statement of the Executive Management Board

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

Munich, 14 February 2011

Executive Management Board

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

Auditors' report

We have audited the consolidated financial statements prepared by the WILEX AG, Munich, comprising the balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes, together with the Group management report for the financial year from 1 December 2009 to 30 November 2010. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB [Handelsgesetzbuch "German Commercial Code"] 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and Group 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 consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion we refer to the discussion in sections 7 "Report on risks and opportunities", subsections "Going-concern risks" and "Overall assessment of the risk situation", and 9 "Anticipated developments" in the Group management report. Therein it is disclosed that the Company's ability to continue as a going concern will be jeopardised in the short term, if the Executive Management Board, in contrast to its expectations, is unable to enter into a commercialisation agreement for a product candidate or raise additional capital via the capital market.

Munich, 15 February 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

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

Glossary

Antibody Drug Conjugate (ADC) technology: Antibody drug conjugates are monoclonal antibodies attached to biologically active drugs by chemical linkers. Combining the specific targeting of antibodies with cancer-killing cytotoxic drugs enables ADCs to discriminate between healthy and tumour tissue. This combination enhances the control of drug pharmacokinetics and significantly improves delivery to target tissue

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)

Biomarker test: Biomarkers are indicators of objectively measurable biological processes. Pathological changes of biological processes can be detected early using biomarker tests.

Biopharmacy: The use of biological research methods to develop drugs

Chimeric: Genetically composed from different species

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

Combination therapy: Therapy with two or more substances

Companion diagnostics: Therapy selection can be improved through diagnostic tests, e. g. biomarker tests. Companion diagnostics are integral to personalised medicine

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

EMA: European Medicines 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

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

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 seven years from approval in the USA and ten years in the EU

P-value: Value between zero and one that indicates the statistical significance of an analysis. The p-value is the probability of obtaining a certain result or a different one, on the assumption that the hypothesis is true. The lower the p-value, the greater the significance of the result relative to the hypothesis. Since an examination with CT was the hypothesis in REDECTANE®’s case, the very low p-value of REDECTANE® thus indicates a highly significant statistical result

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.

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

Phenotype: Physical appearance or outwardly observable characteristics of an organism

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

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

Pre-BLA Meeting (Pre-Biological License Application Meeting): Official preliminary discussion regarding the possible filing of a marketing application with the US Food and Drug Administration (FDA)

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**te**ct** 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)

Sensitivity: Percentage of the actual positives correctly identified as such; ability to identify a disease (accurate diagnosis of renal cell cancer)

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

Specificity: Percentage of the actual negatives correctly identified as such; ability to exclude a disease (accurate diagnosis that there is no renal cell cancer)

Standby Equity Distribution Agreement (SEDA): An increasingly common financial instrument in the biotech industry. It authorises a company to issue new shares from authorised capital and sell them in tranches to the provider of the SEDA

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
22 February 2011	Munich	Annual Report 2011, Financial press conference and analysts' meeting
13 April 2011	Munich	3-month Financial Report 2011
18 May 2011	Munich	Annual General Meeting 2011
14 July 2011	Munich	Half-yearly Financial Report 2011
13 October 2011	Munich	9-month Financial Report 2011

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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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