WILEX
Focused Cancer Therapies

Annual Report 2013

New start 2014

Key figures

	2013[1] € million	2012[1] € million	2011 € million
Earnings			
Sales revenue	13.3	16.1	9.9
Other income	5.8	1.7	1.8
Operating expenses	(24.1)	(26.8)	(25.1)
of which research and development costs	(12.4)	(12.8)	(15.6)
Operating result	(5.0)	(8.9)	(13.4)
Earnings before tax	(5.0)	(9.4)	(13.9)
Net loss for the period	(5.0)	(9.4)	(13.9)
Earnings per share in €	(0.16)	(0.36)	(0.67)
Balance sheet at end of period[2]			
Total assets	22.3	37.7	20.8
Cash and cash equivalents	8.9	23.4	3.4
Equity	14.9	19.9	(4.5)
Equity ratio[3] in %	67.0	52.8	(21.7)
Cash flow statement			
Cash flow from operating activities	(12.3)	(5.1)	(9.0)
Cash flow from investing activities	(2.3)	(0.2)	0.6
Cash flow from financing activities	(0.2)	25.3	9.8
Employees (number)			
Employees as of the end of the period	92	128	124
Employees as of the end of the period (full-time equivalents)[2,4]	85	120	116

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

[2] WILEX Inc. is no longer included in 2013.

[3] Equity/total assets

[4] Including members of the Executive Management Board

Rounding of exact figures may result in differences in all tables of this report.

JANUARY 2013
WILEX Inc. signs partnership deals with GeneDiagnostics in China and IBL-America in the USA

FEBRUARY 2013
Subgroup analysis in the ARISER study shows significant improvement of disease free survival with RENCAREX®

MARCH 2013
WILEX Inc. and Nuclea Biotechnologies announce cooperation

MILESTONES

Contents

@ = *Internet reference*

APRIL 2013
WILEX has been selected for several presentations at the ASCO Annual Meeting

JUNE 2013
Phase III-ARISER data presented at the ASCO conference

Annual General Meeting 2013

About us

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

As a result of the Company's realignment in January 2014, further development of most of the highly advanced programmes will no longer be carried out within WILEX AG. The objective is to sell or out-license these clinical programmes to ensure further development of these exciting product candidates and generate revenue.

Going forward, we will be concentrating on the further development and marketing of our innovative technology platform for therapeutic antibody drug conjugates, which is offered by our subsidiary Heidelberg Pharma in conjunction with its preclinical service business.

Our focus will remain on oncology and our mission is to research and develop drugs for cancer patients enabling them to receive a targeted and tailor-made course of treatment that is both highly effective and as well-tolerated as possible.

As in the past, we aim for strong partnerships with international pharmaceutical and biotech companies as well as important scientific research institutions.

←

JULY 2013
UCB is granted rights to an antibody programme for non-oncology indications

AUGUST 2013
WILEX starts clinical phase I trial with PI3K inhibitor WX-037

SEPTEMBER 2013
Heidelberg Pharma signs ADC licence agreement with Roche

WILEX portfolio

Product	Technology/target	Indication	Research + preclinical	Clinical development			Partners
				I	II	III	
Antibodies							
RENCAREX®	Antibody (therapeutic)	Non-metastatic ccRCC	Phase III completed[1]				Esteve (Southern Europe)
REDECTANE®	Antibody (diagnostic)	Renal mass[2]	Phase III completed				IBA (worldwide)
Small-molecule compounds							
MESUPRON®	uPA inhibitor	Breast cancer	Phase IIa completed				
		Pancreatic cancer	Phase IIa completed				
WX-554	MEK inhibitor	Cancer					UCB (worldwide)
WX-037	PI3K inhibitor	Cancer					UCB (worldwide)
ADC							
ADC platform	Antibody drug conjugates	Cancer					Roche

[1] The Phase III ARISER trial in the adjuvant therapy of clear cell renal cell carcinoma (ccRCC) missed the trial endpoint.
[2] Clear cell renal cell carcinoma (ccRCC)

Sale of WILEX Inc. to Nuclea and expansion of collaboration with WILEX AG

NOVEMBER 2013
Prometheus returns the US rights for RENCAREX® to WILEX

JANUARY 2014
Restructuring programme at WILEX AG launched in Munich; focus on ADC technology in Ladenburg

MILESTONES

Letter to the shareholders

Dear Ladies and Gentlemen,

We are very unhappy with our performance in the 2013 financial year. Despite great efforts, we were unable to finance business operations in their previously existing form. It was a year dominated by extensive activities aimed at concluding the envisaged partnerships for MESUPRON® and RENCAREX® and securing project finance for the Phase III trials with RENCAREX® and REDECTANE®. In spite of many talks and negotiations with potential development and financing partners, the objective has not been achieved.

Extensive restructuring programme launched

Since the negotiations with several interested parties could not be brought to a conclusion by the end of January 2014, implementation of a further restructuring programme became inevitable to ensure a going-concern prognosis and the required commercial prudence. The aim of these far-reaching measures is to reduce WILEX's financing requirements, thereby safeguarding long-term financing of the Company's remaining activities with its existing cash funds and projected sales revenue. In late January 2014, WILEX AG therefore began to gradually winding up its clinical development activities in Munich and, as a consequence of this decision, to trim the workforce by 80% at the Munich site by the end of July at the latest. From the middle of the year, the WILEX Group will have approximately 50 employees at two sites.

Focus on ADC technology and the service business

Going forward, research and development activities will be focused on the operations of WILEX's subsidiary Heidelberg Pharma GmbH in Ladenburg, which offers customer-specific research and preclinical services and, above all, intends to further develop and out-license the ADC technology. Once the strategic realignment has been completed, a remaining core team of eight employees in Munich will proceed with the commercial exploitation of WILEX AG's advanced clinical projects and continue talks on the out-licensing of these projects. WILEX will not conduct any further research and development in Munich.

Operational activities in clinical development advanced

The focus of operating activities in the 2013 financial year was on the retrospective biomarker and subgroup analysis of the data from the ARISER trial as well as its scientific validation and publication. The results received considerable attention from experts, enabling important regulatory and legal issues to be clarified in the course of the year such as a possible trial design for a confirmatory Phase III trial and the return of the marketing rights for RENCAREX® in the US to WILEX. Regulatory preparations for the two originally planned confirmatory Phase III trials with RENCAREX® and REDECTANE® were advanced as far as possible. Clinical development was begun for WX-037 and successfully continued for WX-554. It is therefore all the more disappointing that these interesting and promising clinical projects can also not be continued at WILEX AG.

Opportunities for cost-cutting and commercialisation of business activities taken

At the beginning of the 2013 financial year, a cost-cutting programme was initiated accompanied by a 25% headcount reduction. The sale of WILEX Inc. to Nuclea in the second half of the year made a large contribution to this. In addition to this sale of equity interests, a development contract was arranged for an automated CAIX diagnostic test aimed at stratifying the group of patients that would best respond to treatment with RENCAREX® in the event of its further development by a partner or to another therapeutic agent targeting the CAIX antigen. WILEX would share in the future sale of this and other biomarker tests by Nuclea by receiving a percentage of the royalties.

In addition, WILEX returned to UCB an early-stage antibody project for indications outside the field of oncology which, if developed successfully by UCB, could generate licence payments for WILEX. However, in 2013 we also put an enormous effort into finding partners for our ADC technology, which were rewarded, for example, by an ADC partnership between Heidelberg Pharma and Roche. This research and licence agreement with

Roche is an important validation of our ADC technology and – if the project proceeds successfully – may provide the basis for significant milestone payments in the future. Roche has the opportunity to exercise options for various exclusive antibody amanitin conjugates. All other targets are free, which is why a host of other partnerships in addition to that with Roche are possible.

Group's economic development not satisfactory

Overall, the Group's economic development failed to meet expectations. Sales revenue in all three segments did not meet targets. However, the effect of the cost-cutting measures was manifested in substantially lower operating expenses. The sale and deconsolidation of WILEX Inc. generated other income of € 3.9 million, as a result of which the guidance for 2013 was adjusted for the nine-month financial report. Due to lower costs and these additional Group revenues, the operating loss fortunately came in at the lower end of our original guidance. The financing requirements per month have already been substantially reduced. The restructuring programme will not only have a major impact on WILEX AG's future operations. From the perspective of recoverable value and provisions for risk, all of the decisions made have already had a significant, extraordinary adverse effect on the earnings reported in the consolidated financial statements as of the 30 November 2013 reporting date. They were taken into account in the single-entity and consolidated financial statements on a going-concern basis.

Disappointing start to the new financial year

It was not just last year that was a bitter disappointment to WILEX AG and the Executive Management Board. The 2014 financial year also got off to a poor start. The lack of commercialisation success to date and the restructuring measures initiated are a setback not only for us; the financial year and the first quarter were less than satisfactory for our shareholders as well. We are now forced to discontinue the trials with WX-037 and WX-554 as well and are conducting talks with UCB on the corresponding terms.

New beginning also provides opportunities

The Executive Management Board took visible action as a consequence of the setbacks. Following the expiry of existing director's contracts, the size of the Executive Management Board has now been brought into line with the structures stipulated. From 1 April 2014, WILEX will be represented by Dr Jan Schmidt-Brand and Dr Paul Bevan, who will look after the future focus of development work in the WILEX Group, i. e. the highly topical and promising antibody drug conjugate technology, but also the further commercialisation of the clinical projects and the holding function of WILEX AG.

We would like to thank our shareholders, business partners and physicians at the clinical trial sites for their continued support and understanding. Special thanks also go to all our employees and colleagues for their work. We wish our colleagues all the best in their future positions and are certain that their extensive, outstanding knowledge of clinical product development will make a valuable contribution for patients.

Munich, 27 March 2014

Yours sincerely,

The Executive Management Board of WILEX AG


Professor Olaf G. Wilhelm


Dr Jan Schmidt-Brand


Dr Paul Bevan

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, both at regular Supervisory Board meetings and in additional conference calls. It also received regular, comprehensive and timely information on all major business developments and basic issues relating to business policy, corporate management and planning (including financial, investment and personnel planning). Discussions included, in particular, the following topics: planned transactions, the status of partnering negotiations and restructuring. Without exception, all documents that were prepared by the Executive Management Board and the respective departments and 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 was also informed about all significant events that were particularly important for the assessment of the status, strategy implementation and achievement of goals, development and management of WILEX AG and its subsidiaries. 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 and the other members of the Executive Management Board. The Chairman of the Supervisory Board was advised promptly of all important resolutions made by the Executive Management Board and, where necessary, arranged for the discussion of important issues by the Supervisory Board or the appropriate Supervisory Board sub-committees.

Main topics at the meetings of the Supervisory Board in the 2013 financial year
The Supervisory Board met for ten regular meetings in the 2013 financial year (1 December 2012 to 30 November 2013). All members of the Supervisory Board attended at least half of the meetings. In addition, several conference calls were held as part of the regular monitoring and advisory activities with regard to the Executive Management Board.

In the 2013 financial year, the Supervisory Board dealt in particular with the following topics requiring its approval:

- The budget and the corporate goals for the 2013 financial year;
- The conclusion of an agreement with UCB Pharma S.A. („UCB") on an antibody programme for development of the antibody in indications outside the field of oncology by UCB with corresponding reimbursement of costs for WILEX;
- The conclusion of a licence agreement between Heidelberg Pharma GmbH and Roche for the joint development of a novel class of antibody drug conjugates;
- The conclusion of a share purchase agreement with Nuclea Biotechnologies Inc. („Nuclea") on the sale of the subsidiary WILEX Inc. as well as an agreement to develop a CAIX in vitro diagnostic agent;
- The termination of the licence agreement for RENCAREX® with Prometheus Laboratories Inc. by mutual agreement and return of the US marketing rights to WILEX in addition to a final payment for reimbursement of development costs; and
- The director's contracts of Dr Paul Bevan and Dr Thomas Borcholte.

The full Supervisory Board approved all of these actions following in-depth reviews and discussions. The Supervisory Board followed the recommendation of the Compensation Committee regarding the reappointment of Dr Thomas Borcholte and resolved to extend the term of office of Dr Borcholte until 31 December 2013 and to prolong his director's contract accordingly with the same level of compensation. 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. Dr Borcholte stepped down from the Company's Executive Management Board on 31 December 2013 when his director's contract expired.

The Supervisory Board was also informed, regularly and comprehensively, about the Company's financial situation, its future funding requirements and the risk management system and discussed the Company's future strategy with the Executive Management Board.

In addition, the Supervisory Board approved the strategy for WILEX AG's research and development projects and its clinical programmes. It focused in particular on the clinical Phase III trials of RENCAREX® and REDECTANE®. Especially in the first half of the year, the Supervisory Board concerned itself with the subgroup and biomarker analysis of the Phase III ARISER trial with RENCAREX®, also in view of the change in the market environment and the required development of a companion diagnostic for RENCAREX® in the new Phase III trial that has yet to be conducted. One focal point in the third quarter was the talks with regulatory authorities in the United States and Europe on the development strategy and study design for the confirmatory Phase III trial with REDECTANE®.

The Supervisory Board also monitored the ongoing development of the programmes that the Company took over from UCB under their strategic alliance. The focus here was on the start of a Phase Ib/II dose-escalation study with WX-554 and the commencement of the clinical development of WX-037.

The Supervisory Board was also regularly briefed on the business activities of the Company's two subsidiaries, WILEX Inc. and Heidelberg Pharma GmbH. The main emphasis at WILEX Inc. was on expanding its sales activities and, later on in the year, on the sale of this subsidiary to Nuclea at the beginning of September as well as on extending the partnership with Nuclea. The focus at Heidelberg Pharma GmbH was on expanding its activities in preclinical contract research as well as on refining and marketing its technology platform for therapeutic antibody drug conjugates, which led to the signing of the licence agreement with Roche, also in September.

Furthermore, the Supervisory Board received regular reports from the Executive Management Board in the 2013 financial year on the implementation of the first restructuring measures in December 2012 and the cost-cutting programme. At its meeting on 9 April 2013, the Supervisory Board resolved to waive its claim to one-third of the compensation for the 2013 financial year to which the Supervisory Board members are entitled in accordance with the Articles of Association, in order to make a contribution to the cost-cutting programme. Moreover, the Supervisory Board discussed the Company's various financing strategies and partnering activities at length. In this context, the Executive Management Board was encouraged to retain the services of the investment bank Burrill Securities LLC to identify alternative financing concepts in the United States. The Supervisory Board was kept updated by the Executive Management Board on the status of the activities and talks and actively assisted in this process.

After the end of the financial year and following extended consultations and discussions with the Executive Management Board, the Supervisory Board agreed to additional restructuring measures on 29 January 2014. This included the adoption of extensive cost-cutting measures and the resolution to focus on contract research and the ADC technology at the subsidiary Heidelberg Pharma. The clinical development activities will be discontinued gradually, and the workforce of WILEX AG in Munich will be reduced by 80 % to eight employees. The Company intends to continue working on the commercial exploitation of its advanced clinical

programmes. These measures became necessary to extend the Company‘s cash reach at least until into the second half of 2015.

After the end of the financial year, WILEX AG announced on 24 February 2014 that Professor Olaf G. Wilhelm will step down as Chairman of the Executive Management Board when his director’s contract expires on 31 March 2014. Professor Wilhelm will leave WILEX in view of the future direction of the company and the necessary adjustments by mutual consent with the Supervisory Board. Dr Jan Schmidt-Brand, who has been the company’s Chief Financial Officer since 2012, will lead the Executive Management Board of WILEX AG effective 1 April 2014. Going forward, he will hold both posts and continue to serve as Managing Director of Heidelberg Pharma GmbH. Dr Paul Bevan will remain responsible for the Group’s R&D activities and make himself available as the main point of contract for licensing talks in connection with WILEX’ projects. WILEX will focus on the ADC technology and push the commercialisation of the clinical development projects.

Corporate governance

The Supervisory Board together with the Executive Management Board decided on 6 February 2014 to implement the recommendations and suggestions of the German Corporate Governance Code (“GCGC”) in part. The new joint Declaration of Conformity by the Executive Management Board and the Supervisory Board was adopted on the same day and is available on the Company website under the tab “Press + Investors > Corporate Governance > Declaration of Compliance”. 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:

Supervisory Board member Professor Iris Löw-Friedrich is Chief Medical Officer and Executive Vice President Global Projects and Development at UCB S.A. For this reason, she abstained in the Supervisory Board‘s vote to approve the signing of the agreement with UCB Pharma S.A.

The role of Professor Christof Hettich, the Chairman of the Supervisory Board, as partner of the Rittershaus law firm, which provides legal consulting services for the WILEX Group, has been identified as a further conflict of interest by the Supervisory Board. To the extent that the services provided by the Rittershaus law firm were the subject of deliberations of the Supervisory Board, the Chairman of the Supervisory Board did not take part in these deliberations and abstained from any votes taken.

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 the regular Supervisory Board meetings, 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 once in the 2013 financial year. This committee also held several conference calls to discuss pending HR issues. Among the items discussed were target achievement in the 2012 financial year with the stipulation of bonus targets for the members of the Executive Management Board for the 2013 financial year as well as, in particular, the extension of Executive

Management Board appointments. Contract extensions were prepared for Dr Paul Bevan and Dr Thomas Borcholte and submitted to the Supervisory Board for resolution. Dr Bevan‘s director’s contract provides for partial retirement arrangements in addition to a corresponding adjustment of compensation and runs until 31 March 2015. Dr Borcholte‘s director’s contract was extended until 31 December 2013. The Nomination Committee did not hold any meetings in the 2013 financial year.

The Audit Committee met five times in the year under review. Among others, it recommended to the Supervisory Board that it propose to the Annual General Meeting to elect Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, to serve once again as the auditor for the 2013 financial year. The Supervisory Board followed this recommendation. Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, was elected by the Annual General Meeting on 14 June 2013 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 2013 financial year. The Supervisory Board obtained a declaration of the auditor’s independence in advance in accordance with Section 7.2.1 of the GCGC. The Audit Committee also discussed the annual report for 2013 with the auditor, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft. The Audit Committee discussed the quarterly reports and the half-yearly report for 2013 with the Executive Management Board prior to publication. The Audit Committee also dealt in depth with the Company‘s risk management system.

The Research and Development Committee convened one meeting during the financial year just ended at which it dealt with the scientific data and the prospects of Heidelberg Pharma’s ADC technology.

The Supervisory Board did not establish any other committees.

Adoption of the annual financial statements

The auditors, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, have audited the combined management report, the annual financial statements of WILEX AG and the consolidated financial statements as of 30 November 2013, including the underlying accounting, and have issued an unqualified audit certificate. The auditors conducted their audit in compliance with the generally accepted German standards for the audit of financial statements determined by the German Institute of Public Auditors (IDW). The combined management report, the annual financial statements of WILEX AG and the consolidated financial statements were each prepared pursuant to the principles of the German Commercial Code and in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, taking Section 315a of the German Commercial Code into account.

Both the aforementioned documents and the audit reports of Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft were made available to all members of the Supervisory Board in good time and discussed in detail at the meetings of the Audit Committee on 17 January, 24 February, 17 March and 27 March 2014 as well as at today’s financials meeting of the Supervisory Board with the auditors. The auditors reported to the Supervisory Board on the material findings of their audit and that the combined management report presents 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 in detail and proposed to the Supervisory Board that it approve the financial statements as prepared by the Executive Management Board. The Supervisory Board also took note of the audit result and itself examined both sets of annual financial statements and the combined management report 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 and its subsidiary for the impressive commitment they showed in the 2013 financial year. It is due to their hard work that key clinical and, above all, regulatory, but also decisive business milestones were reached. Special thanks are due to the employees whom WILEX unfortunately had to let go in early 2014 as part of the restructuring programme. We wish these valued employees success in their new professional endeavours. The Supervisory Board of WILEX AG also thanks Professor Wilhelm for his many years of service, his entrepreneurship and his great dedication to WILEX.

Munich, 28 March 2014

For the Supervisory Board

Professor Christof Hettich
Chairman of the Supervisory Board

Investor relations

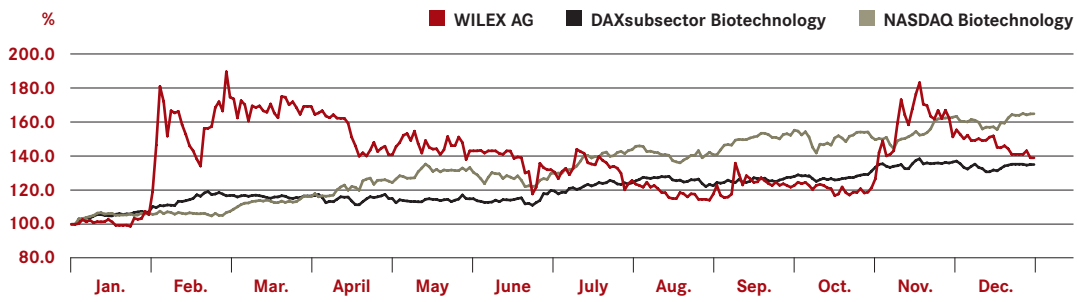
Share price performance

Like the previous year, 2013 was a very good year for the international and biotech indices, with the Dow Jones climbing 27 % and the NASDAQ Biotechnology Index recording a sharp increase of 68 %. The DAX and the DAXsubsector Biotechnology Index posted gains of 26 % and 34 %, respectively.

After WILEX shares' free fall in October 2012 with losses of 72 %, the stock stabilised at a low level. WILEX shares started trading in 2013 at a price of € 0.98 and, following uneven performance with a high for the year of € 2.29 at the end of February, closed the year at € 1.36 in December (+ 39 %).

Following the announcement of the restructuring programme at the end of January 2014, the shares again posted massive losses and fell from an opening price of € 1.38 to a low of € 0.509, their lowest point since the IPO. The shares ended the month of February trading at € 0.62.

WILEX's share price performance, indexed as of 1 January 2013



Trading and liquidity

At 119,515 shares, the average daily trading volume of WILEX's shares in the 2013 financial year (1 December 2012 to 30 November 2013) was 2.5 times higher than the previous year's level of an average of 46,052 shares per day. The market capitalisation at the end of November 2013 was € 46.3 million, higher than the prior-year level of € 32.8 million. WILEX's current market capitalisation is approximately € 18 million, a historical low.

Key share figures as of the end of the reporting period	**FY 2013**	**FY 2012**	**FY 2011**
Number of shares issued	31,275,507	31,275,507	21,613,035
Market capitalisation in € million	46.29	32.80	80.40
Closing price (XETRA) in €	1.48	1.05	3.72
High[1] in €	2.29 (on 27.02.2013)	4.67 (on 07.12.2011)	5.38 (on 20.05.11)
Low[1] in €	0.83 (on 11.12.2012)	0.88 (on 23.11.2012)	2.88 (on 15.03.11)
Volatility (260 days; XETRA) in %	76.01	104.69	56.65
Average daily trading volume[1] in shares	119,515	46,052	24,909
Average daily trading volume[1] in €	175,363.19	108,152	103,222
Earnings per share in €	(0.16)	(0.36)	(0.67)

[1] All stock exchanges. Source: Bloomberg

General Meetings

The Annual General Meeting of WILEX AG took place on Friday, 14 June 2013 in Munich. A total of 31,275,507 shares (corresponding to an equivalent number of votes) out of WILEX AG's share capital of €31,275,507.00 (which is denominated in 21,177,730 no par value bearer shares) were present at the time of voting at the Annual General Meeting. This corresponds to 67.7% of the Company's share capital.

The Annual General Meeting resolved to formally approve of the actions of both the Executive Management Board and the Supervisory Board and to re-appoint Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft as the auditor of the financial statements. All proposed resolutions were adopted by majorities of more than 99%.

Shareholder structure of WILEX AG	
dievini and affiliated companies[1]	≈47%
UCB	≈14%
Corporate bodies (held directly)	≈2%
Free float	≈37%

[1] Comprises dievini Hopp BioTech holding GmbH & Co. KG, Curacyte GmbH und die DH-Holding Verwaltungs GmbH.
All figures are assumptions by WILEX AG based on the most recent notifications in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and/or the voting rights reported at the most recent Annual General Meeting.

Financial calendar

Date	Type of report/event
31 March 2014	Annual Report 2013, Financial press conference and analysts' meeting
14 April 2014	3-month Financial Report 2014
23 May 2014	Annual General Meeting 2014
15 July 2014	Half-yearly Financial Report 2014
15 October 2014	9-month Financial Report 2014

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Please see our website for the current financial calendar. The current list of conferences for 2014 is also available there.

General information	
Listed:	Regulated Market (Prime Standard)
Stock exchange symbol:	WL6/WL6G.DE/WL6.GR
WKN/ISIN:	661472/DE0006614720
Share capital:	€31.275.507,00
Authorised capital:	31.275.507 bearer shares of common stock
Designated sponsors:	Equinet Bank

Combined management report for the WILEX Group and WILEX AG, Munich

for the financial year

from 1 December 2012 to 30 November 2013

Contents

1 Business and economic environment

This management report is a combined management report for the WILEX Group (IFRS) and WILEX AG (HGB).

1.1 Restructuring programme

In the 2013 financial year, WILEX was unable to conclude a licence agreement for RENCAREX® or MESUPRON®, which, without taking into account additional measures, would have been necessary to finance operations beyond the third quarter of 2014. The Executive Management Board and the Supervisory Board believed that securing finance through a conventional capital increase including subscription rights was neither an economically viable nor a realistic option.

For this reason, after the close of the reporting period, an extensive restructuring programme for 2014 was initiated at the end of January 2014 with the approval of the Supervisory Board. This will have a significant impact on WILEX AG's future operations. The expenses resulting from the discontinuation of research and development activities were already reflected in the HGB annual financial statements and the IFRS consolidated financial statements as of the 30 November 2013 reporting date because the implementation of this restructuring programme was a requirement for the company's continued existence as a going-concern at the time the financial statements were being prepared.

During the preparation of the financial statements, a positive going-concern prognosis could only be assumed for WILEX AG if significant cash flows had been generated by the end of January 2014 through the near-term conclusion of a major licence or financing agreement or, alternatively, if the future cash and cash equivalents required were substantially reduced by the implementation of a far-reaching restructuring plan no later than the end of January 2014. One of these scenarios needed to be in place for the assumption that the cash reach would extend beyond the third quarter of 2014.

For this reason, WILEX was engaged in intensive talks on the out-licensing of RENCAREX® and MESUPRON® in December 2013 and January 2014. Up to the end of January, several companies were conducting due diligence or were in specific contract negotiations with WILEX, though this did not lead to legally binding commitments. However, at the time that these annual financial statements were being prepared, WILEX was still in talks with several companies on the out-licensing of product candidates.

Since the negotiations with potential partners could not be brought to a conclusion by the end of January 2014, the implementation of the restructuring programme became inevitable to ensure a going-concern prognosis and commercial prudence.

On 29 January 2014, the Company, with the approval of the Supervisory Board, began gradually winding up WILEX AG's clinical development activities in Munich and, as a consequence of this decision, trimming the workforce by 80% to eight employees at the Munich site. By 31 January 2014 most of the redundancies had been announced, taking existing maternity and paternal leave into consideration. The employees concerned will leave the Company by the end of July at the latest in keeping with their notice periods. From the middle of the year, the WILEX Group will have approximately 50 employees including the members of the Executive Management Board.

Another important component of the restructuring measures is the continuous review of current contracts to assess whether they are absolutely necessary, which in turn will influence the extent of the cost-cutting measures.

WILEX is working hard on subletting or re-letting parts of its rented premises in Munich, which would generate further savings.

The aim of this programme is to reduce WILEX AG's financing requirements, thereby safeguarding long-term financing of the Company's remaining activities with its existing cash funds and projected sales revenue.

Going forward, research and development activities will be focused on the operations of WILEX's subsidiary Heidelberg Pharma GmbH (hereinafter referred to as: "Heidelberg Parma") in Ladenburg, which offers preclinical services in customer-specific research and, above all, intends to further develop and market the ADC technology.

After the realignment has been implemented, there will still be a core team in Munich to continue working on the commercial exploitation of the advanced clinical programmes of WILEX AG and to continue the ongoing talks on the marketing and/or financing of the MESUPRON®, RENCAREX® and REDECTANE® projects. The clinical trials with WX-554 and WX-037 will be discontinued and terms are currently being discussed between WILEX and its licensing partner UCB.

From the perspective of recoverable value and provisions for risk, all of the decisions made have a significant extraordinary negative impact on earnings both in terms of the consolidated financial statements (€ 4.6 million) and the single-entity financial statements (€ 6.0 million) of WILEX AG as of 30 November 2013. This impact is comprised as follows:

At WILEX AG, various impairment charges were recognised in both the HGB single-entity financial statements and the IFRS consolidated financial statements. For example, licences and patents were written down in full in the amount of € 0.7 million (HGB) and € 0.8 million (IFRS), respectively, while property, plant and equipment was partly written down in the amount of € 0.3 million. In the course of the discontinuation of all development activities for RENCAREX®, the non-cash receivable from Nuclea Biotechnologies Inc. (Nuclea) for the development work to be performed for a CAIX diagnostic test was fully written down (€ 1.9 million). This test is currently being developed by Nuclea and was supposed to have been used as a companion diagnostic for RENCAREX® in a Phase III trial. In addition, the inventories of WILEX AG were written down in full by € 26 k.

The business expansion expenses recognised in the HGB single-entity financial statements were written down in full in view of the economic situation and the restructuring measures initiated. The figure recognised for this decreased from € 5.7 million in the previous year to € 0 as of 30 November 2013, with depreciation and amortisation accounting for € 4.2 million and impairment losses accounting for € 1.5 million.

For the restructuring expenses, provisions of approximately € 1.6 million were recognised as an expense in both the HGB single-entity financial statements and the IFRS consolidated financial statements for staff costs (€ 0.7 million) and for future rental obligations (€ 0.9 million) in the event that WILEX were unable to sublet a large area of the rented space.

The restructuring measures implemented and the scaling back of the expensive and time-consuming clinical development activities will allow the WILEX Group once again to commercialise the assets developed to date, taking the time necessary and with less

pressure on costs. Realigning activities and focusing on customer-specific research are expected to lead to the conclusion of licence agreements for the ADC technology and to create value for WILEX in this interesting area of oncology in the medium to long term. By making this decision, the Executive Management Board prevented the Company from becoming insolvent – something that would have happened in summer 2014 if its operating activities had continued unchanged – and has now extended the Company's cash reach until the third quarter of 2015 on the basis of the Group's existing cash and cash equivalents of € 8.9 million as of 30 November 2013 and the existing earnings and liquidity planning at Heidelberg Pharma and WILEX. These plans do not include any income from potential new licence agreements on which the team remaining at WILEX AG in Munich is working.

Chapters 1 to 6 and chapter 10 of this management report provide an overview of business activities in the past financial year, while chapters 7 to 9 and chapter 10 outline the current situation and predict future developments. Reference is made particularly to chapter 7, "Risk report".

1.2 Corporate structure, locations and reporting

WILEX AG was founded in 1997 by a team of physicians and cancer research specialists from the Technische Universität München (TUM). WILEX was converted into a stock corporation (Aktiengesellschaft) under German law in 2001 and Wilex AG (hereafter referred to as "WILEX AG") was recorded in the Commercial Register in the same year. 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 Inc., the US subsidiary founded in October 2010 in Cambridge, MA, was sold to the US-based company Nuclea Biotechnologies Inc., Pittsfield, MA, USA (hereinafter referred to as "Nuclea") effective 6 September 2013 under a share deal agreement. Up until the date of sale, WILEX Inc. was represented by its Managing Directors, Professor Olaf G. Wilhelm and Dr Thomas Borcholte.

The subsidiary Heidelberg Pharma GmbH has been part of the WILEX Group since March 2011. The company's Managing Director is Dr Jan Schmidt-Brand. Heidelberg Pharma is domiciled in Ladenburg and does not own any property. Its offices and laboratories are located in rented premises.

Pursuant to Section 315a (1) German Commercial Code (Handelsgesetzbuch, HGB), WILEX AG submits its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. The IFRS consolidated financial statements comprise WILEX AG as the parent company as well as the subsidiary Heidelberg Pharma GmbH for the full 2013 financial year (1 December 2012 to 30 November 2013). WILEX Inc. was a wholly-owned subsidiary of WILEX until 6 September 2013, the date on which it was sold to Nuclea, and has not been a part of the WILEX Group since. In accordance with IAS 27, it is no longer included in the consolidated financial statements at the reporting date. However, its contributions to earnings accumulated until the date of the sale are still included.

"WILEX" will be used as a synonym for the Group hereinafter. Each entity's full corporate name is used whenever facts specific to WILEX AG as the parent company or its former subsidiary WILEX Inc. are reported.

Applying IFRS 8 Operating Segments, WILEX has been reporting on three segments since 2011: Therapeutics (Rx), Diagnostics (Dx) and Customer Specific Research (Cx). WILEX also prepares segment reporting.

The WILEX Group had 92 employees (85 full-time equivalents) as of the close of the financial year. From mid-2014, it will employ a staff of around 50 people at the Ladenburg and Munich sites.

1.3 Business activities

The objectives of WILEX AG are the research, development, production and approval of diagnostic agents and drugs in the field of oncology, as well as the respective in-licensing and out-licensing of intellectual property rights. At the time the management report was being prepared, WILEX AG had the following clinical projects based on antibodies and small-molecule compounds: RENCAREX® (INN: Girentuximab), REDECTANE® (INN: 124I-Girentuximab), MESUPRON® (INN: Upamostat), WX-554 and WX-037. Going forward, the Company will focus exclusively on the commercial exploitation of these product candidates.

WILEX Inc., which specialises in the manufacture of oncological biomarker tests marketed under the Oncogene Science brand, formed part of the Group in the 2013 financial year until the shares in the company were sold. Its product portfolio in the reporting period included **E**nzyme-**L**inked **I**mmuno**S**orbent **A**ssays (ELISA) and **i**mmuno**h**isto**c**hemical (IHC) assays for measuring a variety of biomarkers. All shares in WILEX Inc. were sold to Nuclea effective 6 September 2013.

Heidelberg Pharma offers customer specific contract services in two fields. First, an innovative technology platform for therapeutic antibody drug conjugates (ADCs) is being utilised in the expansion of the application for antibodies. This ADC technology has the potential to improve the efficacy of many antibody-based drugs, including those currently on the market. Heidelberg Pharma intends to license this technology and the development of various ADCs to several partners as a means of receiving service and licence revenue. Furthermore, this technology is contributed to collaborations with other biotechnology companies with the aim of jointly developing projects which enable out-licensing or a sale to third parties. In the 2012 and 2013 financial years, corresponding agreements of varying scopes were entered into with different partners. Heidelberg Pharma also operates the service business for preclinical work, especially on pharmacokinetics and pharmacology in the fields of oncology and inflammatory diseases.

For detailed information regarding the products and the current status of clinical development, please see chapter 3, “Business performance in 2013”. A summary of markets and competitors is contained in chapter 2, “Economic environment in 2013”.

1.4 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 Remuneration and Nomination Committee, an R&D Committee and an Audit Committee. For

detailed information on corporate governance, please see chapter 6, “Corporate governance”.

1.5 Value-oriented corporate strategy

WILEX is committed to the interests of patients, doctors, employees and shareholders, who are at the centre of the Company’s strategic, value-driven management. WILEX focuses on clinical indications for which there is a high unmet medical need and which could provide great benefits for patients.

Research and development projects were financed by means of conventional capital measures, but also through upfront payments and milestone payments by the development partners in the amount of over € 50 million. As part of the strategic alliance with UCB Pharma S.A., Brussels, Belgium (UCB), UCB’s preclinical oncology portfolio was taken over in 2009, extending the product pipeline.

The acquisition of Heidelberg Pharma in 2011 broadened WILEX's business model through the addition of a technology platform for antibody drug conjugates and a service business. Using ADC technology, Heidelberg Pharma has since completed new development projects, forged research alliances with partners in the pharmaceutical industry and signed its first major licence agreement with Roche. Out-licensing will take place exclusively for specific antigens (biological target proteins). This will facilitate multiple alliances with various pharmaceutical and biotech companies, which may be concluded for different products and in different indications. Heidelberg Pharma's preclinical customer-specific research continues to generate sales revenue.

WILEX Inc.'s business did not make the hoped-for contribution to the enterprise value during the company's almost three years in the Group and could only have been improved with significant investments in the sales structure. Nevertheless, the 2010 acquisition of the business of what was formerly Oncogene Science was an important step for WILEX, allowing it to gain access to diagnostic expertise as well as to the licences and intellectual property rights in key areas of WILEX's product development, especially with regard to the CAIX assays for the drug candidate RENCAREX®.

In the financial year ended, WILEX utilised opportunities for the commercial exploitation of projects and business transactions. For example, WILEX’s partner UCB reacquired one of the preclinical programmes for areas outside the field of oncology and WILEX Inc. was sold to the cooperation partner Nuclea.

Going forward, the WILEX Group will focus on customer-specific research, the further development of the ADC technology and the commercial exploitation of the clinical projects developed.

1.6 Internal management system

Cash funds, sales revenue, other income from licence agreements as well as operating expenses, reviewed at least once a month, are the key control variables of both WILEX AG and the WILEX Group. Particularly expenses related to the research and development activities of the projects constitute an important indicator and should be considerably lower in future due to the preclinical status of Heidelberg Pharma’s ADC projects. Nevertheless, operating expenses are still significantly higher than income. Hence the Company’s average cash burn is a key financial indicator. The cash usage is defined as the average monthly cash flow from operating and investing activities during a specific period. The ratio of liquid funds to cash usage shows how long sufficient cash will be available.

Additional non-financial key performance indicators are used to manage the Company. Patient-related indicators include clinical findings regarding the safety, tolerance and efficacy of the product 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 2013 by the Executive Management Board of WILEX” in chapter 5, “Results of operations, financial position and net assets of the Group”, contains a qualitative and quantitative assessment of the Company’s internal control system.

2 Economic environment 2013

2.1 Macroeconomic environment

Global gross domestic product (GDP) rose by 2.4% in 2013,[1] thus failing to keep pace with the growth of the previous year (2012: 3.2%). This is due to the decrease in momentum in the emerging economies and continuing efforts to manage the financial crisis in the euro zone. A further upward trend is forecast for the coming years. The International Monetary Fund estimates that the growth rate will increase to 3.7% in 2014. [2]

At 0.5% in 2013, the increase in German economic output was down on 2012, when GDP rose by 0.7%.[3] However, the bottom of the cycle seems to have been reached, as both the German government and the EU Commission are forecasting an increase of 1.7% for 2014.

2.2 Financing conditions and stock market climate in the biotech sector

In spite of the restrained development of the economy as a whole, 2013 was a very good year on the stock markets, with the major indices topping the previous year's favourable results in some cases. The DAX posted gains of almost 26%, while the TecDAX climbed by as much as 41%. The DAX subsector Biotechnology Index rose by 34% up to the end of the year. Several listed German biotechnology companies posted strong gains in 2013 on the back of their successful development and marketing activities.

In the United States, the NASDAQ Biotechnology Index outperformed the strong previous years, closing an extraordinary year with gains of 68% up to the end of December 2013. The financing conditions in the United States were just as encouraging, with significant improvements on prior years for capital increases, bonds and IPOs.

Still, the financing climate did not enable WILEX AG to raise the required funds for a further Phase III trial for one of its development candidates.

According to the latest industry report from IMS Health, pharmaceutical spending in 2014 will exceed the threshold of USD 1 trillion for the first time, increasing to nearly USD 1.2 trillion in 2017.[4] Low single-digit growth rates are anticipated in the developed markets, including the United States, Europe and Japan, on account of austerity programmes and cost containment measures as well as increasing competition from generics.[5] In contrast, the so-called

[1] http://www.worldbank.org/en/news/feature/2014/01/14/developing-economies-need-robust-blueprints-to-sustain-growth
[2] http://www.handelsblatt.com/politik/konjunktur/nachrichten/deutliche-worte-waehrungsfonds-warnt-vor-deflation/9364024.html, 21.01.2014
[3] http://www.tagesschau.de/wirtschaft/konjunkturprognose114.html, 17 December 2013
[4] IMS Institute for Healthcare Informatics, The Global Use of Medicines: Outlook through 2017, November 2012
[5] Ibid.

"pharmerging markets" (countries such as Brazil, Russia, India and China) are expected to witness high double-digit growth rates. Among the things these markets have in common are a high level of economic growth as well as a continually improving state and private health care system. According to IMS Health, China is the largest and fastest growing market for prescription medicines.

In Germany, the cost containment measures being implemented by the statutory health insurance funds are bearing fruit. The higher mandatory discount, voluntary discounts given by manufacturers, expiring patents and stiffer competition have pushed down outlay on drugs in Germany substantially in recent years. In 2011, pharmaceutical spending decreased by around € 1.2 billion (a drop of 4% compared with 2010) to € 29.1 billion. Spending in 2012 remained stable at € 29.2 billion. The drop in total spend was principally induced by the reduction in pharmaceutical prices, mostly stemming from the discounts prescribed by law.[6]

It is not just the legal framework but also the generally high risk inherent in drug development that presents the biotechnology industry with challenges. Companies are also still having trouble securing financing. While financing through venture capital and the capital markets was increased in absolute terms (€ 277 million in 2013 as against € 240 million in 2012) the figures cannot hide the fact that venture capital in particular was invested in just a few companies. Nevertheless, the industry association BIO Deutschland reports of more companies, more employees and more revenue. According to this association, the sector lifted its revenue by 10.9% to € 2.9 billion.

2.3 Oncology

According to the WHO's latest World Cancer Report 2014 published in February 2014, there were 14 million new cases of cancer worldwide in 2012,[7] resulting in more than 8.2 million deaths.[8] In Germany, more than 221,000 people died of cancer in 2012. The most common cancer deaths were caused by lung and bronchial cancer (44,433 cases), breast cancer (17,898 cases), colorectal cancer (17,161 cases) and pancreatic cancer (15,488 cases).[9]

According to a study by Global Industry Analysts Inc., the market volume for cancer therapies will continue to grow steadily over the next few years, reaching a volume of USD 225 billion by 2017.[10] Targeted cancer therapies in particular will see rapid growth alongside conventional cancer therapies. Datamonitor forecasts an annual growth rate of 13.7% and a market volume of up to USD 13.7 billion in 2014 in the seven largest pharmaceutical markets (the US, Japan, France, Germany, Italy, Spain and the UK).[11] This growth trend is nevertheless restricted somewhat by pricing in the euro zone as well as the focus of drug development companies on niche populations and the associated fragmentation of the market.

2.3.1 Therapies using monoclonal antibodies

Antibodies are part of the fastest-growing sector in the pharmaceutical industry. Therapies based on monoclonal antibodies are currently considered among the most promising medical treatment options for cancer or autoimmune diseases. By 2017, the market for these

[6] Association of Research-Based Pharmaceutical Companies (vfa), August 2012
7 WHO World Cancer Report
[8] GLOBOCAN 2008, International Agency for Research on Cancer (IARC), latest available data 2008
[9] Federal Statistical Office, February 2014
[10] GIA, Cancer Therapies - Global Strategic Business Report, October 2011
[11] Datamonitor, Market and Product Forecasts: Targeted Cancer Therapies 2011-21 - Eurozone price cuts impact targeted cancer therapies market, July 2012

powerful types of molecule is predicted to reach USD 31.7 billion, after growing at an annual rate of 10.6%.[12]

2.3.2 Therapies using small-molecule compounds

Targeted therapies using small-molecule compounds present a potential option for cancer therapy. Numerous compounds for targeted therapies are currently in development.[13] According to a recent report by Visiongain, this market will generate revenue of over USD 37.6 billion by 2016 and continue its solid growth up to 2023, propelled by the increasing demand for cancer therapies stemming from a rise in the number of cases.[14]

2.3.3 Therapies with antibody drug conjugates (ADCs)

Demand for new treatment alternatives based on antibodies and small molecules will remain high. Furthermore, innovative technologies such as antibody drug conjugates (ADCs) have opened up new perspectives. ADCs offer a highly interesting combination of a targeted approach and high efficacy and are now part of the development portfolios of a large number of pharmaceutical companies. The FDA approved Seattle Genetics' antibody drug conjugate Adcetris in 2011. Adcetris combines the antibody Brentuximab, which binds to lymphoma cells, with a cytostatic agent.[15] The European Commission granted regulatory approval for Adcetris throughout the European Union in October 2012.

Another ADC project that has already been approved in some markets is Trastuzumab-Emtansin (T-DM1) by Roche/Genentech, which demonstrated significantly longer survival of patients with HER2 positive metastatic breast cancer in a Phase III trial. Revenue from antibody drug conjugates is estimated to reach up to USD 2.3 billion in 2015.[16] About 15 companies are currently developing around 33 ADC products, approx. 20 of which are in clinical development and approx. 13 are at the preclinical stage. Heidelberg Pharma has innovative, promising ADC technology that could participate in this growth market. In 2013, several attractive corporate transactions or licence agreements with ADC technologies became known in the market. For example, the UK company Spirogen was taken over by Medimmune, a subsidiary of AstraZeneca, for an advance payment of USD 200 million and milestone payments of up to USD 240 million.[17] Immunogen granted the major pharmaceutical company Ely Lilly licence rights to its ADC platform for milestone payments of USD 200 million plus royalties.[18] Another important partnership was entered into for the ADC technology of Oxford Bioscience, under which the Italian pharmaceutical company Menarini wants to invest up to USD 1.1 billion in the development and production of up to five oncology programmes.[19] In 2013, Ambrx also concluded important licence agreements with Astellas and Bristol-Myers Squibb providing for an upfront payment in double-digit millions as well as milestone payments of up to USD 285 million and USD 97 million, respectively.[20]

[12] GBI Research, Monoclonal Antibodies Market to 2017 - Multiple Indication Approvals and the Potential for MAbs in Oncology and Autoimmune Diseases are Re-Shaping the Market, December 2011
[13] Markets and Markets, Market research report on small molecule targeted cancer therapies, April 2010
[14] Visiongain, Small-Molecule Targeted Cancer Therapies: World Market 2013-2023, October 2012
[15] Ärzteblatt.de: „FDA: „Bewaffneter" Antikörper gegen Lymphome zugelassen", August 2011
[16] Informa Life Sciences, www.bioportfolio.com, June 2012
[17] BioCentury, Week in Review, 21 October 2013
[18] BioCentury, Week in Review, 9 September 2013
[19] BioCentury, Week in Review, 16 December 2013
[20] BioCentury, Week in Review, 8 April 2013 and 6 May 2013

Heidelberg Pharma has ADC technology for which a licence agreement was concluded with Roche in 2013.

2.3.4 Cancer diagnostics: monoclonal antibodies and *in vitro* diagnostics

Monoclonal antibodies are also used in diagnostic imaging as disease-specific contrast agents. The FDA has already approved five diagnostic monoclonal antibodies, four of which for cancer diagnosis.[21] For tumour diagnosis, imaging techniques such as positron-emission tomography (PET) – where radioactive substances are administered to render the tumour visible – play an increasingly important role. In the Company's view, the potential use of the radiolabelled antibody REDECTANE® for diagnostic purposes could greatly enhance the precision of renal cancer diagnosis and thus bring about significant changes in therapy monitoring. WILEX is not aware of a similar imaging procedure for diagnosing clear cell renal cell carcinoma.

2.4 Legal and regulatory factors

WILEX operates in highly regulated markets. Drugs are subject to approval by the Food and Drug Administration (FDA) in the United States and the European Medicines Agency (EMA) in the European Union, and by other national regulatory and supervisory authorities.

Before marketing approval for a drug is granted, the regulatory authorities require comprehensive preclinical and clinical trials (subject to strict criteria) to be conducted for each indication.

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.

For several years now, an assessment of the product's benefit has been conducted following regulatory approval (e.g. in Germany in accordance with the AMNOG and in the UK by the NICE), preceding pricing and reimbursement.

3 Course of business in 2013

3.1 Research and development of the product candidates

In the 2013 financial year, WILEX had a portfolio of diagnostic and therapeutic product candidates and, through Heidelberg Pharma, is also active in the fields of preclinical contract research and ADC technology. Up until September 2013, WILEX was also involved in the *in vitro* diagnostic test business through WILEX Inc., the subsidiary that was sold. WILEX reports on three operating segments for 2013: Therapeutics (Rx), Diagnostics (Dx) and Customer Specific Research (Cx). Owing to the realignment described in chapter 1.1, a large number of the clinical programmes will not be developed further, but are to be out-licensed to partners on the basis of the existing scientific and clinical data and the related intellectual property rights.

[21] The Oncologist: „Immuno-PET: A Navigator in Monoclonal Antibody Development and Applications", van Dongen et al., November 2007

3.1.1 Therapeutics (= Rx)

3.1.1.1 RENCAREX® – therapeutic antibody

RENCAREX® (INN: Girentuximab) is a (chimeric) monoclonal antibody made from human and murine genetic sequences that binds to a tumour-specific antigen (carbonic anhydrase IX or "CAIX"). This antigen is expressed in several types of cancer but is generally not present in healthy tissue. The fact that the antibody binds to the antigen makes the tumour visible to the endogenous immune system such that natural killer cells can bind to destroy the tumour. CAIX is also present in renal and colon cancer, and in head and neck tumours, for instance.

Renal cell cancer, or RCC, is the most common type of kidney cancer and accounts for more than 90% of malignant kidney tumours. Two-thirds of RCC patients with no evidence of metastases at the time of first diagnosis have a high risk of relapse within a few years after surgery. WILEX AG developed the product candidate RENCAREX® with the aim of preventing metastases (adjuvant therapy). So far, no drug has been approved by the FDA or the EMA for the adjuvant therapy of this form of renal cell carcinoma.

RENCAREX® (INN: Girentuximab) was tested in the double-blind, placebo-controlled Phase III ARISER trial for adjuvant therapy with 864 patients and failed to meet the primary endpoint. The final analysis performed in October 2012 showed no improvement in median disease-free survival (approximately 72 months) following treatment with RENCAREX® compared with a placebo.

Intensive biomarker and subgroup analyses were conducted in the first half of 2013, and in June 2013 all data from the ARISER trial including the data from the positive subgroup analysis was presented at the Annual Meeting of the American Society of Clinical Oncology (ASCO) in Chicago. The data confirmed that CAIX expression is a characteristic of ccRCC. A surprising outcome was that the antigen density, as determined by the CAIX score, varies from patient to patient and evidently plays a key role in the efficacy of RENCAREX®. Analysis of all CAIX scores revealed that as the CAIX score increases, the more pronounced the RENCAREX® treatment effect becomes. A CAIX score of ≥ 2.6 resulted in a clinically and statistically significant treatment effect with median DFS increasing from 51.2 months in the placebo arm to 73.6 months in RENCAREX® patients (N=151; HR=0.54; p=0.02). The detailed trial data and other information can be found on the Company's website under Products.

This retrospective subgroup analysis indicates that RENCAREX® could deliver a well-tolerated and effective therapy for ccRCC patients with a high CAIX score. WILEX therefore held initial talks with regulatory authorities (the FDA and European agencies) in the first half of 2013 and reached agreement on plans for a confirmatory prospective Phase III trial with RENCAREX® in the adjuvant therapy of ccRCC in the defined subgroup using the biomarker CAIX for stratification.

In the third quarter of 2013, all work concerning the ARISER trial was duly completed as planned in accordance with good clinical practice. Furthermore, at the end of October 2013, WILEX AG's partner Prometheus returned the marketing rights to RENCAREX® in the United States.

The talks with potential partners have not yet yielded any results. The need for another Phase III trial appears to present a hurdle. Due to the restructuring measures, material

delays are to be expected in the product candidate's possible further development by a potential partner.

3.1.1.2 MESUPRON® – oral uPA inhibitor

WILEX AG is developing a substance called MESUPRON® (INN: Upamostat) under the uPA programme to inhibit the Urokinase Plasminogen Activator (uPA) system. The uPA system seems to play a key role in tumour cell invasion and metastasis, as well as in primary tumour growth, of various solid tumours such as breast, ovarian, gastric, colon and pancreatic cancer. The uPA programme of WILEX can be considered a promising new non-cytotoxic approach in cancer therapy to specifically block tumour metastasis in solid cancers.

With MESUPRON®, WILEX AG developed an oral uPA/serine protease inhibitor designed to block the activity of tumour-relevant serine proteases such as uPA, plasmin and thrombin. Data from two Phase IIa trials in locally advanced pancreatic cancer (2010) and metastatic breast cancer (2012) exists. The detailed trial data and other information can be found on the Company's website under Products.

Although WILEX remains convinced of the value of the scientific and therapeutic approach for MESUPRON®, it has currently not invested any of its own funds in the further development of this product candidate. WILEX's goal is to sign licence agreements with one or several partners for MESUPRON® and decide on the further development strategy together.

3.1.1.3 WX-554 – oral MEK inhibitor

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

The small-molecule MEK inhibitor WX-554 was brought to clinical development in 2009 and up to now has successfully completed a Phase I trial with the intravenously administered substance and a second Phase I trial with the oral version of WX-554. Various increasing dose levels of WX-554 were tested, which proved to be safe and well tolerated.

A Phase Ib/II dose escalation study in cancer patients was initiated in April 2012 within the Experimental Cancer Medicine Centre (ECMC) network in the UK. This open-label trial investigates the safety, pharmacokinetics, pharmacodynamics and clinical activity of WX-554 in patients with solid tumours. The first part of the study serves to confirm the biologically effective dose by way of a dose escalation. The second part is designed to obtain initial data on clinical efficacy and on pharmacodynamics within the tumour tissue. Up to now, a total of 41 patients were treated with different dosage schemes. The objective of this trial is to optimise the treatment regime by completely blocking the MEK signalling pathway.

The MEK and PI3K programmes were acquired by WILEX AG from UCB as part of a strategic alliance. Due to the discontinuation of development activities at WILEX AG, it can be assumed that the trial will not be completed by WILEX AG. WILEX AG and its partner UCB are currently holding talks on the further course of action.

3.1.1.4 WX-037 – PI3K inhibitor

The small molecule agent WX-037 inhibits the phosphatidylinositol-3-kinase-B pathway (PI3K), an important higher-level enzyme of one of the cell's signal transduction pathways,

which sends a “cell division” signal to the nucleus of a tumour cell. Overactivity of the PI3K signalling pathway is present in many types of cancer too. Inhibiting this enzyme is therefore a promising approach in tumour therapy.

WX-037 has been in preclinical development since July 2013. The open-label, dose-escalation study is being conducted in patients with solid tumours in three study centres in the UK. The purpose of the Phase I trial is to investigate the safety, pharmacokinetics, pharmacodynamics and clinical activity of the PI3K inhibitor. So far, the compound has proved to be safe and well tolerated in the Company’s opinion.

With the WX-037 project, WILEX AG is participating in the m4 Personalised Medicine and Targeted Therapies initiative of the Munich-based m4 Biotech Cluster, prize winners of the "Leading-Edge Cluster" competition run by the Federal Ministry of Education and Research (BMBF). WILEX AG has been eligible to receive funding of up to € 2.6 million from the BMBF for the preclinical and clinical development of the PI3K inhibitor WX-037 since 2012.

Due to the discontinuation of development activities at WILEX AG, it can be assumed that the trial will not be completed by WILEX AG. WILEX AG and its partner UCB are currently holding talks on the further course of action.

3.1.1.5 Research

Three antibody projects were also acquired from UCB in 2009. WILEX identified a lead candidate for one of these antibody programmes and generated preclinical data which met with interest at UCB. In July 2013, UCB acquired this antibody programme from WILEX's preclinical portfolio with the objective of developing the antibody further in indications outside the field of oncology. However, WILEX keeps the rights to the antibody's further development in oncology and will be reimbursed for the development costs incurred to date. WILEX is also entitled to receive future, undisclosed development, regulatory and commercial milestone payments as well as royalties.

3.1.2 Diagnostics (= Dx)

3.1.2.1 REDECTANE® – diagnostic antibody

Even modern imaging procedures such as computer tomography or MRI scans are 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 represents a significant medical need.

REDECTANE® (INN: 124I-Girentuximab) is a radiolabelled form of the antibody Girentuximab, which binds to the antigen CAIX on clear cell renal cell carcinoma. Accumulation of this antibody in tumour tissue can be visualised by means of 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® could 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 potentially unnecessary surgery. Furthermore, REDECTANE® may

also prove suitable for monitoring response to treatment and for diagnosing other kinds of tumours.

The Phase III REDECT trial completed in 2010 showed that REDECTANE® can differentiate between clear cell and non-clear cell renal cell cancer and that PET/CT with REDECTANE® was clearly superior to CT.

Following extensive talks with the FDA on the data and the clinical benefit of a diagnostic agent of this kind, it was agreed to conduct a confirmatory diagnostic performance study.

In recent months, WILEX has drawn up the development strategy and trial design for the confirmatory Phase III trial (REDECT 2), for which it received a special protocol assessment (SPA) from the FDA in the fourth quarter of 2013. WILEX AG will no longer conduct the REDECT 2 trial, but aims to arrange the financing, development and commercialisation for REDECTANE® externally.

3.1.2.2 In vitro diagnostic tests

The business with *in vitro* diagnostic tests for various oncological applications was anchored in the US-based subsidiary WILEX Inc. At the beginning of September 2013, WILEX Inc. was sold to the US company Nuclea.

3.1.3 Customer Specific Research (= Cx)

The Customer Specific Research segment comprises the activities of WILEX's subsidiary Heidelberg Pharma GmbH. Heidelberg Pharma pursues a hybrid business model combining preclinical service business and a platform technology for third parties to create value for itself.

3.1.3.1 ADC technology (antibody drug conjugates)

Heidelberg Pharma expands the WILEX portfolio with an innovative technology platform for therapeutic antibody drug conjugates. The technology consists of using a chemical compound (linker) to crosslink a suitable antibody to a specific toxin (= ADC). The role of the antibody is to transport the crosslinked toxin specifically to – and then into – the cancer cell. After binding to the tumour cell, the ADC is taken up and releases the toxin within the cell. The released toxin then destroys the tumour cell without affecting healthy tissue.

The combination of antibody specificity and toxin efficacy offers new approaches to tumour therapy. New cytotoxic substances that break with conventional resistance patterns and destroy quiescent tumour cells that up to now could not be treated can be developed in this way for tumour therapy. Selective treatment of tumours using cytotoxins via specific antibody drug conjugates could thus enable much more effective treatment of tumours with acceptable side effects.

Heidelberg Pharma works with the toxin amanitin, a member of the amatoxin group of natural poisons occurring in the death cap (Amanita phalloides), among others. Second-generation ADCs, known as ATACs (Antibody Targeted Amanitin Conjugates) will be developed on the basis of the related innovative mode of action (inhibition of RNA polymerase II). The ATACs are characterised by improved efficacy, also as regards quiescent tumour cells, which are scarcely reached with existing standard therapies and contribute to tumour recurrence and resistance formation. These ATACs will also be used to treat therapy-resistant tumours that no longer respond to standard chemotherapy or anti-tumour antibodies.

Heidelberg Pharma relies on collaborative partnerships with research institutes as well as pharmaceutical and biotech companies, pursuing two different approaches, though usually only one of these approaches is possible for each target.

Licensing model for toxin linker technology: Heidelberg Pharma performs preclinical contract work for customers related to designing, optimising, profiling and manufacturing new ATACs. Under these agreements, toxin linker prototypes will be made available to cross-link these to antibodies developed by partners and test them biologically. These collaborations take place under technology cooperation agreements and generate short-term sales revenue for the contract services provided. In the long term, they are intended to provide attractive potential for generating sales revenue and creating added value through licence agreements.

Heidelberg Pharma signed a licence agreement with Roche in September 2013. Roche plans to apply the ATAC technology to its own antibodies for the identification of suitable development candidates with favourable efficacy and safety profiles. Heidelberg Pharma will receive regular payments for granting access to its technology and providing research services. Roche will subsequently have the opportunity to exercise options for licenses to develop and market selected antibody amanitin conjugates. Heidelberg Pharma will receive customary upfront payments, milestone payments and royalties as a percentage of net sales for each development candidate selected by Roche. A similar agreement was concluded with F-Star, Cambridge, UK, to test a specific modified antibody defined through the biological target within the scope of this cooperation. Further licence agreements are planned.

Product partnerships: In this model, Heidelberg Pharma will contribute the toxin linker technology to the cooperative partnership as a contribution in kind, while other biotechnology companies will contribute their antibodies or innovative antibody formats. Together, novel ADCs will be developed up to the preclinical stage including GMP production, in which their efficacy and tolerability can be meaningfully assessed. Through the provision of the relevant skills and resources, the internal contribution to the value chain is expected to be increased. A decision will later be taken with the partner in question as to whether joint clinical development is possible or whether direct licensing or sale of the product to third parties is preferable. One version of this model is the CapStem® project in which Heidelberg Pharma has already in-licensed antibodies and plans to develop entire ADC molecules independently. This is also expected to expedite Heidelberg Pharma's own research activities, such as the optimisation of antibodies for the technology. In addition to its own resources, Heidelberg Pharma needs to invest in external, advanced animal studies to boost internal value creation and achieve an interesting preclinical stage so as to commercialise the ATACs as planned.

3.1.3.2 Customer specific preclinical service business

Heidelberg Pharma has the expertise and required infrastructure for *in vivo* pharmacology, cell biology, bioanalytics, molecular biology and chemistry, and offers preclinical research services in the field of cancer as well as inflammatory and autoimmune diseases. In its research process, the company concentrates on early substances (for example, lead structures to be optimised) up to the profiling of preclinical candidates. Heidelberg Pharma's expertise lies in offering not only tried-and-trusted standard models but also customised experimental designs plus development and validation of new animal models.

3.1.3.2.1 Tumour implantation models

Heidelberg Pharma uses both syngeneic and human tumour implant models based on human tumour cells to conduct in-depth studies of potential oncological compounds. These

models can be used to define parameters such as tumour growth, tumour regression or metastasis in comparison to reference agents. The visualisation of metastases and orthotopic tumours via innovative imaging techniques is also part of the portfolio. Heidelberg Pharma complements its human tumours with syngeneic mouse and rat tumour models. For preliminary testing, *in vitro* models are offered, for which Heidelberg Pharma has access to more than 100 types of tumour cell lines. In addition, the latest generation of tumour models, known as patient-derived xenografts (PDXs), is currently being established and validated. These allow preclinical work on test substances in patients' primary tumour tissue. In 2014, these models will substantially complement Heidelberg Pharma's service portfolio.

3.1.3.2.2 Inflammatory and autoimmune diseases

In the field of inflammatory and autoimmune diseases, Heidelberg Pharma offers a broad range of models and methods for examining the anti-inflammatory or immunomodulating effect and the mechanisms of new compounds. For this purpose, in addition to acute inflammation models, Heidelberg Pharma can draw on *in vivo* models for autoimmune diseases, such as for experimental autoimmune encephalomyelitis (EAE), multiple sclerosis, collagen-induced arthritis (CIA) and Type 1 diabetes.

3.1.3.2.3 Bioanalytics

Bioanalytics analyses substance levels from *in vivo* experiments, particularly within the scope of pharmacokinetic investigations. This process involves determining the substance level e.g. in blood, serum or plasma, as well as a range of organs or tumours. In addition, Heidelberg Pharma also offers early ADME services. *In vitro* analyses test substances in terms of e.g. protein binding and metabolic stability. All investigations can also be conducted with radiolabelled substances. In addition, Heidelberg Pharma also offers the identification, synthesis and the *in vitro* and *in vivo* profiling of metabolites aimed at determining the substance's biological activity profile.

3.1.3.2.4 Molecular biology

Heidelberg Pharma complements the services offering with *in vitro* profiling of substances. Here, quantitative analyses of distributed mediators and target proteins are performed in cell lines and tissue. These examinations can be conducted with over 100 different cell lines and also with human primary cells obtained from the blood of suitable donors. In the services business, longer-term master agreements on contracted work in the field of pharmacology and bioanalytics were signed in 2013 with new and existing customers in the pharmaceutical and biotechnology industries.

3.2 Other key events in the 2013 financial year

3.2.1 Partnership efforts

Important objectives for 2013 were the out-licensing of MESUPRON®, ideally in a worldwide development and marketing partnership, and the financing of the planned Phase III trials. The positive response to the clinical data from the sub-group analysis of the ARISER trial starting in the second half of the year also provided hope that a new partner could be found for RENCAREX®. In July 2013, WILEX engaged the investment bank Burrill Securities LLC as an advisor to assist WILEX in selecting partners for the financing of its projects. The efforts made have so far been unsuccessful. As a consequence, WILEX AG is currently no longer able to finance further clinical development activities and will act as a holding company and actively engage in further marketing efforts in the future.

3.2.2 Cost cutting programme 2013 due to ARISER data

The missed endpoint in the Phase III ARISER trial with RENCAREX® in October 2012 led to the adoption of cost-cutting measures in November 2012, which were implemented in the first half of 2013. Redundancies were announced for the Munich site, for example, and other positions that became vacant were not filled. Tasks were reassigned within the team or the assistance of external advisers was sought instead. In addition to the 25% reduction in the workforce, cost-cutting opportunities were determined and implemented in all areas in order to extend the cash reach.

3.2.3 UCB gains access to rights to an antibody programme for non-oncology indications

In July, UCB reacquired an antibody programme from WILEX's preclinical portfolio that had originally been taken over from UCB in 2009. UCB has the right to develop the antibody further in all indications apart from oncology, while WILEX retains the rights to the antibody's further development in oncology. WILEX is reimbursed the costs of its development work to date and is also entitled to receive payments on the reaching of development, regulatory and commercial milestones as well as royalties in the event of successful marketing.

UCB and WILEX will continue to share data regarding the programme through the existing development committee structures. UCB will work on these antibodies in the field of immunology/inflammatory diseases.

3.2.4 Heidelberg Pharma signs license agreement for the development of Antibody Targeted Amanitin Conjugates (ATACs) with Roche

In September 2013, Heidelberg Pharma GmbH and Roche signed a licence agreement covering the joint development of a novel class of antibody drug conjugates based on Heidelberg Pharma's patented technology to couple α-Amanitin to antibodies. The licence agreement covers initial joint research to apply this technology to multiple Roche antibodies towards the identification of development candidates with favourable efficacy/safety profiles. Heidelberg Pharma will receive regular payments for granting access to its technology and providing research services. Roche will subsequently have the opportunity to exercise options for licenses to develop and market selected Antibody Targeted Amanitin Conjugates (ATACs). Heidelberg Pharma will manufacture these substances and receive customary upfront payments, milestone payments and royalties for each development candidate selected by Roche. Financial details were not disclosed.

3.2.5 Sale of WILEX Inc. to Nuclea

At the beginning of September 2013, the subsidiary WILEX Inc. was sold to Nuclea Biotechnologies Inc. (Nuclea) under a share deal agreement. Nuclea, which has been a cooperation partner of WILEX Inc. since the beginning of 2013, paid USD 1 for all shares of WILEX Inc. In return, WILEX AG waived a partial amount of USD 3.5 million from a loan of USD 6.0 million extended to WILEX Inc. However, under the terms of the agreement Nuclea guarantees repayment of a partial amount of USD 2.5 million of this loan. As a result of the merger of WILEX Inc. into Nuclea on 6 November 2013, the loan receivable of USD 2.5 million now exists directly vis-à-vis Nuclea. In addition, WILEX AG is eligible to receive single-digit percent royalties on net sales of the HER-2/neu and CAIX assays.

As part of the transaction, a development agreement was also entered into under which Nuclea will develop Oncogene Science's CAIX immunohistochemical diagnostic test into an automated CAIX *in vitro* diagnostic agent ("CAIX Dx"). This will be used predictively as a companion diagnostic agent for antibodies with the CAIX target (possibly RENCAREX® with a partner) as well as for determining the prognosis for renal cancer (prognostic biomarker). Nuclea will bear the costs for the development of this CAIX Dx as a contribution in kind in the amount of at least USD 2.5 million. WILEX AG wrote off the contribution in kind in its 2013 financial statements because it was no longer considered recoverable; WILEX will, however, participate in any marketing of this test to third parties.

The partnerships WILEX Inc. concluded in the 2013 financial year with distribution companies (Immundiagnostik AG for the German-speaking region, GeneDiagnostics for China and IBL-America Inc. for the United States) were transferred to Nuclea as part of the sale of WILEX Inc.

Through this transaction, WILEX AG will not incur running costs in the short term or investments necessary for the extensive market development of WILEX Inc.'s biomarker tests in the medium term.

The deconsolidation gain in the IFRS consolidated financial statements is € 3.9 million and the gain from the disposal of the equity investment in the HGB financial statements is € 0.2 million.

3.2.6 Marketing partnership for RENCAREX® with Prometheus terminated

In April 2011, WILEX AG and Prometheus Laboratories Inc., San Diego, CA, USA (Prometheus) signed a licence agreement for out-licensing the US marketing rights to RENCAREX®. In accordance with the licence agreement, WILEX AG had received upfront payments and milestone payments of USD 39 million plus 40% of the development costs since the start of the partnership.

The partnership with Prometheus was terminated at the end of October 2013, with WILEX being returned the marketing rights to RENCAREX® in the United States. Pursuant to the agreement, WILEX received a final payment of USD 1.75 million as reimbursement of development costs and Prometheus will no longer be involved in the further development of RENCAREX®. There are no other mutual obligations.

4 Non-financial key performance indicators and contracts

4.1 Manufacturing and import permit

WILEX AG is in possession of a manufacturing and import permit in accordance with Section 13 (1) and Section 72 (1) German Medicines Act (Arzneimittelgesetz – AMG) for RENCAREX® (Girentuximab), MESUPRON®, WX-554 and WX-037. This permit authorises the Company to import the substance solution Girentuximab into the European Union (EU) and to label, package and release all other drug candidates for use in clinical trials involving healthy volunteers and patients. As before, the production, formulation and filling of the drug candidates are carried out by subcontractors regularly monitored by national and/or international supervisory authorities. In the event of the sale of its clinical programmes, WILEX AG will generally retain the manufacturing and import permit. However, if a functioning GMP structure is not maintained in the Company, this must be reported to the competent authorities and could result in the suspension or revocation of the manufacturing

and import permit. In particular, the permit might be suspended if it were assumed that manufacturing would be recommenced. WILEX remains in close contact with the authorities to discuss the future status of the permit combined with the specific upcoming requirements in the first half of 2014, especially in relation to ongoing clinical trials.

4.2 Manufacturing and supply

All manufacturers and analytical laboratories commissioned by WILEX AG must undergo regular supplier recertification by WILEX AG.

The antibody Girentuximab was manufactured by Avid Bioservices, Inc., Tustin, CA, USA ("Avid") for the clinical Phase III trial. There are currently no plans to initiate the further manufacturing of Girentuximab. Solupharm Pharmazeutische Erzeugnisse GmbH, Melsungen (Solupharm), and Rentschler Biotechnologie GmbH, Laupheim (Rentschler), filled the active pharmaceutical ingredient manufactured (API) by Avid into suitable containers (50 ml vials, 4 ml vials) and labelled them in accordance with statutory requirements.

Once Solupharm and Rentschler have completed the filling operations, the Girentuximab necessary for manufacturing (radiolabelling) REDECTANE® is delivered to IBA Molecular North America Inc., Dulles, VA, USA, as required.

For MESUPRON®, production of the API was carried out by Bayer HealthCare AG, Leverkusen, while formulation and production of the dosage form is the responsibility of RIEMSER Specialty Production GmbH, Laupheim (formerly Rentschler Pharma GmbH) (Riemser). Neither the substance nor the dosage form are currently being produced.

For WX-554, production of the API is performed by Central Glass Germany GmbH, Halle/Westphalia, formulation and production of the oral dosage form by Riemser.

Whilst Synpha-Base AG, Pratteln, Switzerland, is responsible for manufacturing the API of WX-037, PharmaVize N.V., Mariakerke, Belgium, is tasked with the formulation development.

4.3 Certification in accordance with GLP and GMP

The GLP test laboratory of WILEX AG in Munich (bioanalysis laboratory) is 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 AG to carry out analytical tests on biological substances and, to a limited extent, other types of tests. 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 bioanalysis laboratory has been GLP-certified since July 2002 and was recertified for test categories 8 and 9 through the periodic inspections in November 2006, January 2011 and February 2014. The authorities responsible for this are the Bavarian Health and Food Agency as well as the government of Upper Bavaria.

The Munich premises are certified by the Central Drug Monitoring Office of the government of Upper Bavaria as being in compliance with the principles and guidelines of Good Manufacturing Practice (GMP). This production site has been GMP-certified since November 2002 and was last recertified in March 2013 following periodic repeat inspections. The GMP certificate is an important prerequisite for manufacturing material for WILEX AG's clinical trials and subsequently marketing all of its product candidates.

In February/March 2013, WILEX AG's premises were successfully inspected for the first time by the US FDA. The FDA's inspection was part of a joint GMP inspection with the competent national authorities, the government of Upper Bavaria.

WILEX AG was also certified by the Central Drug Monitoring Office of the government of Upper Bavaria in accordance with Section 72a (1) sentence 1 no. 2 AMG on the manufacture of the active pharmaceutical ingredient Girentuximab at the contract manufacturer Avid. This certificate is a prerequisite for importing the antibody Girentuximab into the EU.

As in the case of the manufacturing and import permit described above, WILEX is also in close contact with the authorities regarding certification on account of its pending re-certifications. Certifications should be retained for as long as possible to give WILEX the opportunity to be able to respond to and be prepared for future tasks and projects.

All the same, owing to the restructuring measures announced at the end of January 2014, it cannot be assumed that either the manufacturing and import permit or the existing certification can be maintained in their current scope in the medium and long term. Should it emerge in the course of the financial year that laboratory activities can or will no longer be conducted at the Munich site, the issue of whether this plant should be shut down completely would arise following unsuccessful attempts to sub-let the premises.

4.4 Licence agreements und important contracts

WILEX has signed several licence agreements and other important contracts essential to the Group's business activities.

4.4.1 Contracts entered into by WILEX AG

4.4.1.1 Contracts relating to the antibody Girentuximab

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 AG also acquired a non-exclusive licence for the Cabilly II patent from Genentech Inc., San Francisco, CA, USA.

4.4.1.2 Contracts relating to REDECTANE®

In June 2008, WILEX AG signed an exclusive worldwide licence agreement with IBA Pharma S.A., Louvain-la-Neuve, Belgium (IBA Pharma S.A.) for its diagnostic candidate REDECTANE®. Under this agreement, WILEX AG is responsible for manufacturing the antibody Girentuximab and for the clinical development of REDECTANE®. The agreement stipulates that IBA is responsible for the radiolabelling of Girentuximab and for the distribution, sales and marketing of REDECTANE®.

The legal form of IBA Pharma S.A. was changed in March 2012 and the company now goes by the name of IBA Pharma SPRL (IBA Pharma SPRL). WILEX AG is currently engaged in talks with IBA on terminating the collaboration and cancelling existing agreements.

4.4.1.3 Contracts relating to RENCAREX®

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 was granted the marketing rights for Spain, Italy, Portugal, Greece and Andorra, as well as an option for the Turkish market, in return for undisclosed licence payments.

The licence agreement signed by WILEX AG and Prometheus in April 2011 for the marketing rights to RENCAREX® in the United States was terminated with effect from 31 October 2013. Within the framework of the partnership, WILEX AG had received upfront payments and milestone payments of USD 39 million plus 40% of the development costs. For more information, please see chapter 3.2.6.

On 6 September 2013, as part of the share deal agreement between WILEX Inc. and Nuclea, WILEX AG and Nuclea entered into a development agreement under which Nuclea will develop an automated CAIX IVD IHC assay ("CAIX Dx") to be submitted for FDA allowance under the investigational device exemption ("IDE"). This CAIX Dx could be used as a potential future companion diagnostic in the adjuvant treatment of clear cell renal cell carcinoma. Nuclea will bear the costs for the development of this CAIX Dx as a contribution in kind in the amount of at least USD 2.5 million. Due to the discontinuation of the development of RENCAREX®, this contribution in kind was written off in the 2013 financial statements because it was no longer considered recoverable. Were RENCAREX® to be marketed, this CAIX Dx would play a key role in a licence agreement with a new development and marketing partner because the use of this diagnostic agent would be a prerequisite for therapy with RENCAREX®. WILEX AG is eligible for single-digit percentage royalties on net sales on the CAIX assay.

4.4.1.4 Contracts relating to MESUPRON®

In 2006, WILEX AG 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 AG 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 party copies or the therapeutic use of the relevant serine protease inhibitors.

4.4.1.5 Contracts relating to the strategic alliance with UCB

In January 2009, WILEX AG and the biopharmaceutical company UCB Pharma S.A., Brussels, Belgium (UCB) entered into a comprehensive strategic alliance (Collaboration Agreement). WILEX AG acquired the worldwide rights to continue developing UCB's entire preclinical oncology portfolio, which comprised two small-molecule inhibitors and three antibody programmes. In 2009, UCB had acquired WILEX shares worth € 10 million under the agreement and paid an additional € 10 million as two milestone payments.

The MEK inhibitor WX-554 and the PI3K inhibitor WX-037 are currently in clinical trials. Two of the three antibody programmes are in the research phase, and the third was discontinued back in 2011 in agreement with UCB. In July 2013, UCB reacquired an antibody programme with the objective of developing the antibody further in indications outside the field of oncology. WILEX AG retains the rights to the oncology indication. WILEX AG was reimbursed any development costs incurred to date and is entitled to payments for reaching developmental, regulatory and commercial milestones as well as to royalties. Apart from this agreement reached in 2013, UCB retains the exclusive right under the Collaboration Agreement to buy back each of the five programmes, continue their development itself and

market them (Reversion of Rights Agreement). In this case, WILEX AG will receive development milestone payments and royalties from UCB. In the event UCB does not exercise its buyback right for a given programme, WILEX AG will retain rights to develop as well as commercialise that programme and UCB will receive milestone payments and licence payments from WILEX. Furthermore, the two partners may jointly continue developing the programmes. Should WILEX be unable to develop the product candidates further, UCB is contractually entitled to terminate the cooperation agreement unilaterally.

WILEX and UCB are currently engaged in talks on the further course of action in the wake of the planned discontinuation of all development activities at WILEX AG.

4.4.2 Contracts entered into by WILEX Inc. (a subsidiary of WILEX AG until 6 September 2013)

All shares in WILEX Inc. were sold to Nuclea effective 6 September 2013. In the course of this transaction, all contracts entered into by WILEX Inc. were transferred. This also includes a licence agreement with Siemens Healthcare Diagnostics Inc., Deerfield, Illinois, USA, dated November 2010, which grants WILEX Inc. exclusive access to the industrial property rights held by Siemens relating to diagnostic ELISA and IHC tests. The partnerships WILEX Inc. concluded in the 2013 financial year with distribution companies (Immundiagnostik AG for the German-speaking region, GeneDiagnostics for China and IBL-America Inc. for the United States) were also transferred to Nuclea as part of the sale of WILEX Inc.

4.4.3 Contracts entered into by Heidelberg Pharma GmbH

An exclusive patent and expertise licence agreement exists between Heidelberg Pharma as the licensee and Prof Heinz Faulstich as well as the German Cancer Research Centre (DKFZ), Heidelberg (together the "licensors").

The licensors jointly developed oncological antibody amanitin conjugates and have specialist expertise in this ADC technology. In accordance with the contractual arrangements, the licensors grant Heidelberg Pharma GmbH an exclusive license to the licensed patent rights and the know-how for the development, production and distribution of antibody amanitin conjugates.

At the beginning of September 2013, Heidelberg Pharma and Roche signed a licence agreement for the joint development of a novel class of antibody drug conjugates based on Heidelberg Pharma's patented technology to couple α-Amanitin to antibodies. The license agreement covers initial joint research to apply this technology to multiple Roche antibodies towards the identification of development candidates with favourable efficacy/safety profiles. Heidelberg Pharma will receive regular payments for granting access to its technology and providing research services. Roche will subsequently have the opportunity to exercise options for licenses to develop and market selected antibody amanitin conjugates. Heidelberg Pharma will manufacture these substances and receive customary upfront payments, milestone payments and royalties for each development candidate selected by Roche.

In addition, through licence agreements with the University of Freiburg and with the German Cancer Research Center (DKFZ), Heidelberg Pharma has access to several antibodies for exclusive use in the production and development of antibody amanitin conjugates as oncology therapeutics.

4.5 Patents

A strong patent position is essential for successful marketing and licensing of WILEX AG's products, which is why the Company endeavours to safeguard its products, as well as their manufacture and utilisation, through patents or to licence these. At the end of the 2013 financial year, WILEX AG held licensed intellectual property rights, owned more than 100 patents worldwide and had filed 36 applications for patents in over 25 patent families. Whilst most of these patent families were developed by the Company itself, WILEX AG has expanded its industrial property rights in targeted ways through strategic acquisitions of patent portfolios.

Nineteen patents and 23 patent applications currently apply to the Girentuximab antibody programme. These patents and applications for patents, if granted, are set to expire between 2022 and 2030. The intellectual property rights cover the hybridoma cell line producing the Girentuximab antibody, the production of Girentuximab or a pharmaceutical compound containing this antibody, and the antibody itself for use in adjuvant therapy or as combination therapy. In July 2013, patent protection for Girentuximab was strengthened by the granting of a patent by the Chinese Patent and Trademark Office (SIPO).

The uPA-based programmes were specifically strengthened in the 2013 financial year through the granting of ten patents, especially in Japan, South Korea, Singapore and China, as well as in the United States and Canada. Currently, the entire uPA portfolio comprises 87 patents and 13 pending patent applications. The patents and applications for patents relating to the uPA programmes protect WILEX's most highly developed lead compound MESUPRON® and WX-UK1 in addition to other uPA inhibitors from WILEX AG's development pipeline. 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 the small-molecule programmes for the PI3K and MEK inhibitors (WX-554 and WX-037) as well as two antibody programmes. Within the scope of this strategic alliance, WILEX AG licensed UCB's intellectual property rights in 2009 for the worldwide protection of the substances. Between 2009 and the end of the 2013 financial year, 29 intellectual property rights were granted. Additional applications for patents are envisaged as part of the development for further patent protection of the drugs and protection against third parties copying the drugs in the years to come.

Due to the restructuring measures initiated, impairment charges were recognised on the patents and licenses both in the IFRS consolidated financial statements and the HGB single-entity financial statements.

Through licensing from the DKFZ and Professor Faulstich, Heidelberg Pharma has technology patents protecting the ADC technology. The patents underlying the technology have been registered with the European and the US Patent Offices as an invention. By implementing proprietary programmes, the Company has systematically improved the technology since 2009 and expanded its patent portfolio through applications for new patents. Applications for three more international patents were filed, two of which have already been nationalised and regionalised in many countries. In the 2013 financial year, through the granting of a European intellectual property right, patent protection was intensified for efficient protection of the ADC technology through improved toxin linker technology.

4.6 Employees and remuneration system

The development of a new generation of cancer drugs and diagnostic agents requires special dedication, know-how and scientific expertise on the part of WILEX's employees. All the same, setbacks can occur in research and development or projects may be discontinued. For example, following the release of the disappointing ARISER data at the end of November 2012, the Company was forced to initiate a cost-cutting programme that led to the workforce at the Munich facility being reduced by around 25%. On account of the inevitable focus on the core business and the sale of WILEX Inc. in September 2013, the headcount was reduced by 11 more employees.

At the end of the financial year, the WILEX Group had a total of 92 employees at its Munich and Ladenburg sites (30 November 2012: 128) (including members of the Executive Management Board). They are distributed as follows among business areas:

Employees	**30.11.2013[1)]**	**30.11.2012**	**30.11.2011**
Administration[2)]	20	25	31
Research and development	51	71	64
Manufacturing, service and distribution	21	32	29
Employees, total	**92**	**128**	**124**

[1)] WILEX Inc. is no longer included in the figures as of 30 November 2013.

[2)] The Business Development employees have been allocated to distribution since 2012.

As a result of the unsuccessful out-licensing and financing of the development projects, after the end of the reporting period a further restructuring programme including a massive workforce reduction was initiated at the Munich site, following which WILEX AG will have just eight employees, most of whom will be administrative staff, plus the Executive Management Board members. Heidelberg Pharma will continue to employ 42 people, which means that the WILEX Group will have approximately 50 employees in the second half of 2014.

The Company has a performance-related remuneration system for its employees. Every employee is paid variable remuneration based on defined goals in addition to an annual fixed salary. The 2005 and 2011 Stock Option Plans give employees a stake in the Company's performance, though no further options can be issued under the 2005 Stock Option Plan and only up to 885,912 stock options can still be issued under the 2011 Stock Option Plan.

No new stock options were issued and no existing stock options were exercised in the 2013 financial year. A total of 40,216 options were returned because employees left the Company. As a result, WILEX issued a total of 1,430,931 subscription rights to employees and members of the Executive Management Board under the 2005 and 2011 plans, of which 1,057,779 options had vested as of the end of the reporting period. No stock options have been exercised to date.

Independent of this, employee inventions that lead to patent applications are compensated under the Patent Incentive Programme.

5 Results of operations, financial position and net assets of the Group

The 2013 financial year concerns the period from 1 December 2012 to 30 November 2013. Due to rounding, it is possible that individual figures in this combined management report may not add up exactly to the totals and that percentages given may not precisely reflect the absolute figures to which they relate. The results of operations, financial position and net assets according to the German Commercial Code (HGB) of WILEX AG as an independent company are explained separately in chapter 10. WILEX Inc. was consolidated up until its sale on 6 September 2013 and deconsolidated as of this date. WILEX AG and its subsidiaries WILEX Inc. and Heidelberg Pharma GmbH had been consolidated in the previous year, 2012.

The WILEX Group reports on three operating segments – Rx, Dx and Cx – which are explained in the segment reporting section.

The WILEX Group recognised considerably improved earnings before tax of -€ 5.0 million (previous year: -€ 9.4 million) in the 2013 financial year. The net loss for the year was also € 5.0 million (previous year: € 9.4 million). Earnings per share improved from -€ 0.36 in the previous year to -€ 0.16. As expected, expenditures were higher than revenue and other income.

5.1 Sales revenue and other income

WILEX posted sales revenue of € 13.3 million in the 2013 financial year (previous year: € 16.1 million), generated primarily from the individual components of the licence agreement with Prometheus. At € 11.0 million, this reversal through profit and loss of prepayments from Prometheus that had been carried under liabilities as deferred income was lower than the prior-year figure (€ 13.9 million) because the costs in the now concluded ARISER trial were lower and the accrual period was shortened from December 2013 to October 2013. The licence agreement signed in April 2011 for the rights to market RENCAREX® in the US was terminated at the end of October. Prometheus was not entitled to claim repayment of the prepayments made. The sales revenue reported includes a portion of the agreed final payment of € 1.3 million.

Income	**2013[1)]** **€ million**	**2012** **€ million**	**2011[2)]** **€ million**
Sales revenue	13.3	16.1	9.9
Other income	5.8	1.7	1.8
Income	**17.3**	**17.8**	**11.7**

[1)] WILEX Inc. consolidated until 06.09.2013
[2)] Heidelberg Pharma consolidated from 17.03.2011

At € 5.8 million, other income rose significantly compared to the previous year (€ 1.7 million). It is significantly influenced by the sale of WILEX Inc. Offsetting the disposal of net assets (€ 0.2 million) against a consideration received (€ 4.1 million) results in deconsolidation gain of € 3.9 million that is shown under other income. This consideration is mainly comprised of development work agreed with Nuclea that has been written down in full in the reporting year and a receivable from Nuclea for partial repayment of the original loan amount. This item also includes grants from the Federal Ministry of Education and Research (BMBF) for

projects of WILEX AG and Heidelberg Pharma in the amount of € 0.7 million (previous year: € 0.6 million) as well as income from the reversal of accrued liabilities and other items in the amount of € 0.9 million (previous year: € 45 k). At € 0.2 million, income from exchange rate gains was below the prior-year level (€ 1.0 million), corresponding to the lower expenses from exchange rate losses.

Other income	**2013[1)]** **€ '000**	**2012** **€ '000**	**2011[2)]** **€ '000**
Proceeds from the sale of WILEX Inc.	3,884	0	0
Income from grants	741	642	1,249
Reversal of accrued liabilities / Other	920	45	101
Income from exchange rate gains	245	1,013	486
Total	**5,790**	**1,700**	**1,836**

1) WILEX Inc. consolidated until 06.09.2013
2) Heidelberg Pharma consolidated from 17.03.2011

5.2 Operating expenses

Operating expenses including depreciation and amortisation fell by 10% to € 24.1 million in 2013 (previous year: € 26.8 million). This decrease is attributable to the sale of WILEX Inc. in early September 2013 (consolidated expenses for just ten months), lower clinical development costs as well as cost savings.

Operating expenses	**2013[1)]** **€ million**	**2012** **€ million**	**2011[2)]** **€ million**
Cost of sales	3.7	6.7	4.2
Research and development costs	12.4	12.8	15.6
Administrative costs	4.2	4.9	5.3
Other expenses	3.7	2.4	0
Total	**24.1**	**26.8**	**25.1**

1) WILEX Inc. consolidated until 06.09.2013
2) Heidelberg Pharma consolidated from 17.03.2011

Cost of sales concerns costs directly related to revenues of the respective product candidates and services. At € 3.7 million, the costs of sales were 45% lower than in the previous year (€ 6.7 million) and represent 15% of total costs. The development costs for RENCAREX®, for which WILEX received cost reimbursements from Prometheus disclosed under sales revenue, were also reported under cost of sales. Furthermore, on account of lower sales revenue but also higher margins, the cost of sales at Heidelberg Pharma and WILEX Inc. decreased compared with the prior-year period; at WILEX Inc. this was also due to the shorter consolidation period. Cost of sales does not include any restructuring expenses.

Research and development costs, which were € 12.8 million the previous year, fell by 3% to € 12.4 million. Primarily incurred in the Rx segment, research and development (R&D) costs account for 52% of all costs. This decrease is attributable in particular to the

completion of the ARISER trial and the resulting decline in external costs, as well as to lower internal costs as a result of the cost-saving measures. In the previous year, this item had included substantially higher costs for the Phase II breast cancer trial with MESUPRON® and for the preclinical trials with WX-037. Various expenses connected with the 2013 cost-cutting programme had a negative impact, however. The restructuring initiated in January 2014 impacted R&D expenses by € 2.2 million.

Administrative costs were € 4.2 million, down 14% on the prior-year level (€ 4.9 million) and accounting for 18% of operating expenses. Most of the savings were made at WILEX AG.

Other expenses amounted to € 3.7 million (previous year: € 2.4 million), 54% higher than the prior-year figure and accounting for 15% of total costs. This item includes costs for activities in the areas of business development, marketing and commercial market supply as well as an impairment charge taken on a receivable from Nuclea concerning a contribution in kind (CAIX test).

The operating expense types R&D, administration and other include expenses resulting from the discontinuation of R&D activities at WILEX AG in the amount of around € 4.6 million. These comprise accrued liabilities for expected expenses for personnel and vacant rental premises as well as various write-downs to the fair value. The licences and patents were written down in full in the amount of € 0.8 million, while property, plant and equipment was partly written down in the amount of € 0.3 million. In addition, the inventories of WILEX AG were written down in full by € 26 k. The expenses are distributed as follows:

Expenses connected with the restructuring programme	**R&D costs € million**	**Administrative costs € million**	**Other expenses € million**	**Total € million**
Expected losses				
Human resources	0.5	0.2	0	0.7
Vacant rental premises	0.6	0.3	0	0.9
Impairment losses				
Intangible assets	0.8	0	0	0.8
Tangible fixed assets and laboratory equipment	0.3	0	0	0.3
Receivable from Nuclea concerning a contribution in kind (CAIX test)	0	0	1.9	1.9
Total	**2.2**	**0.5**	**1.9**	**4.6**

5.3 Segment reporting

The WILEX Group comprises three operating segments, each of which is explained below, along with its separate core business and core projects.

The Therapeutics (Rx) segment comprised the following programmes: RENCAREX®, MESUPRON®, WX-554, WX-037 as well as all preclinical and research activities of WILEX AG. The Diagnostics (Dx) segment included the development of WILEX AG's imaging diagnostic candidate REDECTANE® and the *in vitro* diagnostic and biomarker tests of WILEX

Inc. The Customer Specific Research (Cx) segment comprises services related to the ADC technology platform and the preclinical services business.

Income and expense items and assets not allocated to any specific segment cannot be apportioned accurately to the therapeutic programmes and diagnostic agent of WILEX AG. This applies mainly to exchange rate effects and interest, and to laboratory equipment in terms of assets.

The following table lists key items for the calculation of the segment result: For more information, see note 4 of the notes to the consolidated financial statements entitled "Segment reporting pursuant to IFRS 8".

	Rx	DX	CX	Not allocated	Consoli-dation	Group
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Sales revenue	11,408	178	1,731	0	-1	13,317
Other income	815	4,609	366	0	0	5,790
Operating expenses	(13,805)	(5,863)	(4,403)	0	1	(24,070)
Operating result	**(1,582)**	**(1,076)**	**(2,305)**	**0**	**0**	**(4,964)**
Financial result	0	(172)	228	323	0	(77)
Income taxes	0	(0)	0	0	0	0
Profit/loss for the year	**(1,582)**	**(1,248)**	**(2,533)**	**323**	**0**	**(5,040)**
Total comprehensive income	**(1,582)**	**(1,248)**	**(2,533)**	**323**	**0**	**(5,040)**

5.4 Financing and liquidity

WILEX AG did not implement any financing measures in the 2013 financial year. Contrary to the original planning, at the beginning of the 2013 financial year there were no significant external cash inflows under licence agreements in the form of substantial prepayments.

The Group had cash and cash equivalents of € 8.9 million (30 November 2012: € 23.4 million) at the close of the financial year. Had the existing structures been maintained, these cash and cash equivalents would not have been sufficient to safeguard the Company's continued existence beyond July 2014. During the financial year, the Executive Management Board was therefore forced to prepare the restructuring programme that has since been initiated in parallel to ensure the assumption of a going-concern. If all measures are successfully implemented, the cash reach will be extended until the third quarter of 2015. For more information, we refer to the report on expected developments.

Finance income was € 83 k (previous year: € 30 k). WILEX 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.

At € 160 k, financing expenses were reduced significantly year-on-year (previous year: € 508 k) because the prior-year figure had still included interest expense for the dievini loan and the 2013 figure only included the interest portion for the shareholder loan from UCB (€ 2.5 million). The interest on the loans is 6% annually in each case. The unsecured loan is not limited in time. The lender is entitled to terminate the loan. In that case, it would have to be repaid within one month under certain conditions. In lieu of asking for repayment of the loan, the lender 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 external assessor confirms the value of the respective claim to repayment.

The financial result was -€ 77 k (previous year: -€ 478 k).

The Company's liquidity ratio (cash positions plus bank credit balances divided by current liabilities) was 122% as of 30 November 2013 (previous year: 140%).

5.5 Cash flow statement

The net change in cash flow from operating activities during the reporting year was -€ 14.5 million (previous year: -€ 5.1 million). Despite a significantly improved operating result, the cash outflow is higher because in 2013, unlike in 2012, a milestone payment from Prometheus was not received and the deferred income is not relevant for the cash flow.

The total cash outflow from investing activities was € 0.2 million, as in the previous year, and is attributable to the acquisition of equipment and intangible assets by WILEX AG and Heidelberg Pharma.

The cash outflow from financing activities was € 0.2 million. In the previous year, a cash inflow of € 25.3 million had been recorded as a result of the capital increases implemented in the first and third quarters.

Furthermore, there was also a positive exchange rate effect in the amount of € 0.4 million (previous year: € 0.1 million). Except for the purchase price of USD 1, the sale of WILEX Inc. did not impact cash flows.

Total net change in cash in the 2013 financial year was € 14.4 million (previous year: cash inflow of € 19.9 million). This corresponds to an average cash outflow of € 1.2 million per month and is significantly lower than the prior-year figure of € 1.9 million per month, which was adjusted for the effects of the capital measures and the Prometheus payments.

Cash flow 2013	**2013** **€ million**
Cash as of 01 December 2012	23.4
Net change in cash from operating activities	(14.5)
Net change in cash from investing activities	(0.2)
Net change in cash from financing activities	(0.2)
Exchange rate effects	0.4
Cash as of 30 November 2013	**8.9**

5.6 Assets

The 2014 restructuring programme described above also had a massive impact on WILEX's balance sheet. As early as of 30 November 2013, it had to be assumed that the Group would have been in danger of becoming insolvent in the third quarter of 2014 if business operations had continued as before without significant liquidity inflows from licensing or financing efforts. Only with the far-reaching restructuring programme initiated in late January can the cash reach be extended and the financial statements be prepared on a going-concern basis.

Given that it was unavoidable to discontinue the expensive and cash-draining research and development activities at WILEX AG to be able to prepare the financial statements on a going-concern basis, the recoverability of assets was tested and liabilities were identified as a result of discontinuing research and development activities. These tests resulted in impairment losses on intangible and tangible assets and the recognition of provisions for onerous contracts.

Non-current assets increased by 2% to € 12.8 million as of 30 November 2013 (previous year: € 12.5 million). They mainly comprise Heidelberg Pharma's goodwill (€ 6.1 million) as well as the recognition of the intangible assets (€ 2.6 million) identified in connection with the purchase price allocation. The other non-current assets of € 2.3 million are substantially higher than in the previous year (€ 0.2 million) and are mainly attributable to the receivable for repayment of a partial amount (USD 2.5 million) from Nuclea under a loan originally extended to WILEX Inc.

Property, plant and equipment as of 30 November 2013 amounted to € 1.3 million (previous year: € 2.1 million), while intangible assets stood at € 3.1 million (previous year: € 4.1 million). On account of depreciation and amortisation and also impairment losses on licenses and patents (€ 0.8 million) and on property, plant and equipment (€ 0.3 million) charged in connection with the 2014 restructuring programme, both of these items are lower than the respective prior-year figures.

Development expenses for WILEX's product candidates are not capitalised because they are not deemed as fully meeting the requirements of IAS 38 for capitalisation. They are expensed in full as current research and development costs.

Balance sheet structure – assets	**30.11.2013[1)]** **€ million**	**30.11.2012** **€ million**	**30.11.2011[2)]** **€ million**
Non-current assets	12.8	12.5	12.8
Cash and cash equivalents	8.9	23.4	3.4
Other current assets	0.6	1.8	4.6
Total	**22.3**	**37.7**	**20.8**

[1)] WILEX Inc. consolidated until 06.09.2013
[2)] Heidelberg Pharma consolidated from 17.03.2011

Current assets fell to € 9.5 million (previous year: € 25.2 million). The cash and cash equivalents included in this item amounted to € 8.9 million and were down on the prior-year figure of € 23.4 million on account of the cash used in operating activities. In addition, a receivable from Nuclea relating to the future development of a CAIX diagnostic test was fully written off (€ 1.9 million). As a consequence of the restructuring programme and the discontinuation of WILEX's own development activities, the value of this test as a companion diagnostic for RENCAREX® will not be recoverable if the necessary Phase III trial is not conducted. All the same, Nuclea will develop the CAIX diagnostic test and sell it to third parties in the future as a predictive and/or prognostic biomarker for the CAIX target structure.

Other current assets decreased to € 0.6 million (previous year: € 1.8 million). The inventories and prepayments made that were included in this item, at € 0.1 million in each case, were lower than the prior-year figures (€ 0.3 million and € 0.7 million, respectively) due to the disposal of WILEX Inc. and the final invoice for the ARISER trial.

Total assets as of the close of the financial year were € 22.3 million, down on the prior-year figure (€ 37.7 million), which had been dominated by the capital measures and a payment from Prometheus.

5.7 Liabilities

Non-current liabilities declined from € 1.1 million to € 0.1 million at the end of this reporting period. This item contained security deposits related to rented offices, leasing liabilities, liabilities for service anniversaries and pension obligations.

Current liabilities decreased to € 7.3 million at the close of the reporting period (previous year: € 16.7 million). Among other things, this items includes lower trade payables of € 0.2 million (previous year: € 0.9 million) and financial liabilities of € 2.6 million (previous year: € 2.6 million) arising from the remaining shareholder loan (including interest) from UCB.

The other current liabilities amounted to € 4.4 million (previous year: € 13.0 million) and include accrued liabilities for leave not yet taken (€ 0.2 million), liabilities to service providers (€ 1.4 million), provisions for employer bonuses, royalties and service anniversaries (€ 1.2 million) as well as expenses in connection with the discontinuation of research and development activities (€ 1.6 million). The latter comprise accrued liabilities for staff costs and labour law expenses in connection with the ongoing claims for the reinstatement of the employees made redundant (€ 0.7 million) as well as a provision for anticipated losses for future rental obligations (€ 0.9 million) covering the risk that a large part of the rented space in Munich might not be able to be sublet for the remaining term of the lease. The significant decrease is nevertheless attributable to the expired deferral of the Prometheus payments as of 30 October 2013 (previous year: € 9.4 million).

Other current liabilities	**30.11.2013[1)]** **€ million**	**30.11.2012** **€ million**	**30.11.2011[2)]** **€ million**
Provisions for holidays not taken	0.2	0.4	0.4
Other deferred income	0.2	0.0	0.0
Other liabilities	4.0	3.2	2.6
Accruals Prometheus	0.0	9.4	4.8
Total	**4.4**	**13.0**	**8.0**

[1)] WILEX Inc. consolidated until 06.09.2013
[2)] Heidelberg Pharma consolidated from 17.03.2011

5.8 Equity

Consolidated equity as of 30 November 2013 was € 14.9 million (previous year: € 19.9 million). The subscribed capital remained unchanged on the prior-year level at € 31.3 million, while the capital reserves rose slightly to € 159.3 million (previous year: € 159.2 million). The accumulated losses rose by the net loss of € 5.0 million for the year to a total of € 175.6 million (previous year: € 170.5 million). Compared with 30 November 2012, currency gains or losses were no longer recognised in equity because the net currency gain/loss from consolidation was reversed through profit or loss as a result of the deconsolidation of WILEX Inc. (previous year: -€ 48 k). The equity ratio as of 30 November 2013 was 67.0% (previous year: 52.8%).

Balance sheet structure - Equity and liabilities	30.11.2013[1)] € million	30.11.2012 € million	30.11.2011[2)] € million
Equity	14.9	19.9	(4.5)
Non-current liabilities	0.1	1.1	5.1
Current liabilities	7.3	16.7	20.2
Total	**22.3**	**37.7**	**20.8**

[1)] WILEX Inc. consolidated until 06.09.2013
[2)] Heidelberg Pharma consolidated from 17.03.2011

5.9 Overall assessment of the 2013 financial year by the Executive Management Board

The Executive Management Board of WILEX AG is not satisfied with the 2013 financial year. Despite great efforts in connection with the different product candidates, the Company was unable to finance business operations in their previously existing form.

2013 was dominated by the efforts to enter into partnerships for MESUPRON® or for project financing (Phase III trials with RENCAREX® in the defined subgroup and REDECTANE®). Various talks, due diligence processes and negotiations were conducted with potential new development and financing partners which, however, did not lead to the objective.

Operationally, the focus was on the biomarker and subgroup analysis of the ARISER trial data as well as its scientific validation and publication. Important regulatory and legal issues were clarified, such as the possible study design and the retransfer of the US marketing rights to WILEX. The cost-cutting programme announced at the beginning of the financial year was implemented in parallel and successfully expanded in the second half of the year with the sale of WILEX Inc. In spite of a significantly smaller workforce at the Munich site, clinical development of WX-037 was started and clinical development of WX-554 was continued. Advances were also made, in particular with the regulatory preparations for the originally planned confirmatory Phase III trials with RENCAREX® and REDECTANE®.

WILEX AG and UCB signed an out-licensing agreement for an early-stage antibody project, and Heidelberg Pharma and Roche entered into an important ADC licensing partnership. Especially the partnership with Roche is yet another validation of the ADC technology and can be the basis for significant future milestone payments if the project advances successfully.

The overall assessment of the 2013 financial year has to be negative for WILEX AG, and termination notices for more than 40 employees had to be issued in January 2014 or will follow.

Given that discontinuing R&D activities at the Munich site was unavoidable to be able to prepare the financial statements on a going-concern basis, the recoverability of assets was tested and the liabilities resulting from the discontinuation were identified. These tests resulted in impairment losses on intangible assets and property, plant and equipment and the recognition of provisions for onerous contracts.

As in the preceding years, the 2013 financial year closed with a net loss which, however, is significantly lower than the loss incurred in earlier years on account of the licence agreement concluded with Prometheus in 2011 and terminated in 2013, and the cost-cutting programme.

5.9.1 Comparison of target and actual performance in relation to certain targets and key indicators in the 2013 financial year:

	Target 2013	Actual 2013
Rx		
RENCAREX®	- Retrospective subgroup analysis of the Phase III ARISER trial - Announcement of the subgroup data at important scientific conferences - Completion of the Phase III trial in Q3/2013 - Evaluation of existing partnerships - Evaluation of approaches for further development and financing or commercialisation of RENCAREX®	- Positive results in the subgroup of patients with a high CAIX biomarker value - Presentation of the predictive and prospective CAIX subgroup data at the AUA and ASCO Annual Meetings - Properly completed in accordance with good clinical practice - Continuation of the partnership with Esteve, termination of the partnership with Prometheus without a negative financial impact - Development of a study design for a confirmatory Phase III trial in the subgroup and discussion with the authorities, no financing achieved
MESUPRON®	- Presentation of the Phase IIa breast cancer data at a scientific conference - Licensing and development partnership	- Presentation at the ASCO Annual Meeting - No partnership signed
WX-554	- Continuation of Phase Ib/II trial with WX-554 in cancer patients and completion of part 1 - Start of part 2 of the trial	- Part 2 of the Phase Ib/II trial begun (data from H2/2014)
WX-037	- Start of clinical development in H1/2013	- Phase I trial has been started
Dx		
REDECTANE®	- Agreement with FDA on the study design for a confirmatory Phase III trial - Secure the trial funding	- FDA grants special protocol assessment (SPA) - Not achieved
IVD	- Expansion of business activities and revenue growth	- Sales volume not increased, sale of WILEX Inc. to Nuclea
Cx	- Licence agreements for ADC technology - Increase in revenue	- Licence agreement with Roche and other research contracts concluded - Decrease in revenue
Group	- Cost-cutting programme - Secure the Company's funding - Realisation of assets	- Reduction of the number of projects, headcount reduction and cost-cutting successfully implemented - No significant funding secured - Sale of an antibody programme to UCB for development in indications outside the field of oncology

The Group's economic development was dominated by the negative outcome of the ARISER trial in October 2012 and the lack of commercialisation of RENCAREX® despite the positive subgroup analysis. In general, sales revenue in all three segments still fell short of expectations, though the effect of the cost-cutting measures was manifested in substantially lower operating expenses. Following the sale of WILEX Inc., the guidance for 2013 was adjusted for the nine-month financial report. The sale of the subsidiary resulted in a deconsolidation gain of € 3.9 million that is shown under other income, as a result of which the WILEX Group's income is higher than forecast in the adjusted guidance. Both the operating loss and the financing requirements per month were substantially reduced and were at the lower end of the guidance.

Total assets and equity decreased year-on-year because there were no significant cash inflows from licence agreements and capital measures.

Financial outlook €	**Plan (02/2013) € million**	**Adjustment (10/2013) € million**	**Actual 2013 € million**
Sales revenue and other income	15.0 – 19.0	14.0 – 17.0	17.3
Operating expenses	22.0 – 27.0	18.0 – 22.0	24.1
Operating result	(5.0) – (9.0)	(2.0) – (6.0)	(5.0)
Total funding requirement	16.0 – 20.0	14.0 – 17.0	14.4
Funds required per month	1.3 – 1.7	1.2 – 1.4	1.2

6 Corporate Governance

6.1 Statement on Corporate Governance pursuant to Section 289a German Commercial Code for the 2013 financial year

The Statement on Corporate Governance pursuant to Section 289a German Commercial Code contains the Declaration of Conformity of the Executive Management Board and the Supervisory Board with the German Corporate Governance Code (GCGC) pursuant to section 161 German Stock Corporation Act (Aktiengesetz, AktG). Both corporate bodies had an in-depth discussion regarding compliance with the requirements of the GCGC as amended on 15 May 2012 and 13 May 2013, respectively.

In addition, the Statement addresses the principles of proper corporate governance and makes relevant disclosures on the Company's actual corporate governance practices above and beyond statutory requirements. It also describes the procedures of the Executive Management Board and the Supervisory Board as well as both the composition and the procedures of their committees.

The Statement on Corporate Governance was posted at www.wilex.com under the tab "Press+Investors > Corporate Governance" on 6 February 2014. Pursuant to Section 317 (2) sentence 3 of the German Commercial Code, the statement on corporate governance in accordance with Section 289a German Commercial Code is not part of the audit of the financial statements.

6.2 Corporate governance report

Responsible corporate governance is integral to WILEX's philosophy. As an instrument of self-regulation, the German Corporate Governance Code (GCGC) contains recommendations and suggestions for transparent and exemplary corporate governance. This code, compliance with which is voluntary, is designed to enhance the trust of the financial markets and the public in the management of listed companies based on transparent descriptions of management and control mechanisms as well the disclosure of 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.

6.2.1 Remuneration of the Executive Management Board and the Supervisory Board

WILEX AG complies with the recommendations of the German Corporate Governance Code to disclose all remuneration paid to the Executive Management Board and the Supervisory Board broken down by individual. Please see chapter 6.3 "Remuneration Report" for more detailed disclosures on the remuneration of the Executive Management Board members (broken down by fixed and variable components as well as other ancillary benefits) and the remuneration of the Supervisory Board members. The remuneration paid to the members of the Executive Management Board and the Supervisory Board is also disclosed on the Company's website under the tab "Press+Investors> Corporate Governance > Corporate bodies".

6.2.2 Directors' dealings

The German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) sets out that members of the Executive Management Board, the Supervisory Board and the inner circle of WILEX AG'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 2013 financial year, WILEX AG's executives reported the following transactions subject to disclosure in accordance with Section 15a German Securities Trading Act (Wertpapierhandelsgesetz) (Directors' dealings), which were also posted on WILEX's website www.wilex.com under the tab "Press+Investors> Announcements > Directors' Dealings".

Name	Date	Transaction	Marketplace	Price in €	Number	Volume in €
Dr Georg F. Baur[1)]	01.03.2013	Sale	XETRA	1.6962	50,000	84,808.45
Dr Georg F. Baur	28.02.2013	Sale	XETRA	1.7046	50,000	85,229.42

[1)] Dr Georg Baur is Deputy Chairman of Supervisory Board of WILEX AG.

6.2.3 Shares held by the Supervisory Board and the Executive Management Board

Name	Function	Shareholdings	Number
Dr Georg F. Baur	Deputy Chairman of the Supervisory Board	Direct	108,023
Andreas R. Krebs	Member of the Supervisory Board	Direct	50,000
Dr Friedrich von Bohlen und Halbach	Member of the Supervisory Board	Indirect[1)]	9,841,138
Professor Christof Hettich	Chairman of the Supervisory Board	Indirect[1)] Indirect[2)]	9,841,138 135,218
Professor Olaf G. Wilhelm[3)]	Chairman of the Executive Management Board	Direct	122,331
Dr Jan Schmidt-Brand	Member des Executive Management Board	Direct	120,386

[1)] In his capacity as Managing Director of dievini Verwaltungs GmbH, the general partner of dievini BioTech holding GmbH & Co. KG
[2)] In his capacity as Managing Director of NewMarket Venture Verwaltungs GmbH
[3)] The wife of Professor Olaf G. Wilhelm, Dr Sabine Wilhelm, holds a further 122,331 shares

The members of the Supervisory Board listed above directly held 158,023 shares and indirectly held 9,976,356 shares in the Company as of 30 November 2013; two member of the Executive Management Board directly hold 242,717 shares.

Changes in the shareholdings of members of the Company's corporate bodies are posted at www.wilex.com under the tab "Press+Investors > Corporate Governance > Shareholdings".

6.2.4 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. The Company 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 AG 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 at www.wilex.com under the tab "Press+Investors > Annual General Meeting".

6.2.5 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 that on this basis WILEX AG makes publications of the Company 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 "Press+Investors" 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 Meetings. Analyst and media conferences are held at least once per year. In addition, the "Press+Investors" section also provides disclosures related to corporate governance in both German and English, which are updated on a regular basis. This includes the Declaration of Conformity, the Statement on Corporate Governance, the Articles of Association, the Report of the Supervisory Board, the Remuneration Report and all archived Declarations of Compliance. The Company website (www.wilex.com) also offers comprehensive information on the Company and its share.

6.2.6 Compliance in the 2013 financial year

Ethical standards, professionalism and compliance with statutory requirements are among the key ingredients of WILEX AG's corporate governance. In the 2013 financial year, there were no deviations from the Declaration of Conformity 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:

Supervisory Board member Professor Iris Löw-Friedrich is Chief Medical Officer and Executive Vice President Global Projects and Drug Development at UCB S.A. For this reason, she abstained in the Supervisory Board's vote to approve the signing of the agreement to sell an antibody programme for development outside oncology to UCB.

The role of Professor Christof Hettich, the Chairman of the Supervisory Board, as partner of the Rittershaus law firm, which provides legal consulting services for the WILEX Group, has been identified as a further conflict of interest by the Supervisory Board. All consulting contracts agreed with the Rittershaus law firm were approved by the Supervisory Board. To the extent that the services provided by the Rittershaus law firm were the subject of deliberations of the Supervisory Board, the Chairman of the Supervisory Board did not take part in these deliberations and abstained from any votes taken.

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, the Company 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 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.

6.2.7 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, "Risk report" 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 since the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz) took effect is a part of the Statement on Corporate Governance pursuant to Section 289a German Commercial Code, which has been published on the Company website (www.wilex.com) under the tab "Press+Investors > Corporate Governance".

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.

6.2.8 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 located within the European Union, WILEX AG must prepare and publish 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. The combined management report, the annual financial statements of WILEX AG and the consolidated financial statements for the 2013 financial year are audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft (Deloitte). These audits also review the risk early warning system defined by Section 91 (2) German Stock Corporation Act as to its general suitability for the early detection of going-concern risks. Deloitte reports to the Chief Financial Officer and the Audit Committee of the Supervisory Board. The auditor also checks whether the Declaration of Conformity in accordance with Section 161 German Stock Corporation Act has been issued and published.

6.3 Remuneration report

The remuneration report summarises the principles used to determine the total remuneration of the Executive Management Board of WILEX AG and explains the structure as well as the remuneration received by the Executive Management Board members. The principles and the amount of remuneration received by the members of the Supervisory Board are also described. The remuneration report follows the recommendations of the German Corporate Governance Code and satisfies the requirements in accordance with the applicable provisions of Section 314 (1) no. 6, Section 315 (2) no. 4 and Section 289 (2) no. 5 German Commercial Code including the German Act on Disclosure of Management Board Remuneration (Vorstandsvergütungs-Offenlegungsgesetz).

6.3.1 Remuneration of the Executive Management Board

The full Supervisory Board is responsible for determining the remuneration of the Executive Management Board in accordance with Section 107 (3) German Stock Corporation Act. Remuneration consists of a salary (fixed remuneration), other benefits (non-cash remuneration), a variable remuneration 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. The director's contract of Dr Thomas Borcholte expired on 31 December 2013, after the end of the financial year. The director's contract of Professor Olaf G. Wilhelm expires on 31 March 2014.

6.3.2 Salary and benefits

The annual salary of members of the Executive Management Board is determined for the term of office and paid in equal amounts over twelve months. It depends on the financial position of WILEX AG and the level of remuneration 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 the Chief Executive Officer Professor Olaf G. Wilhelm. The Executive Management Board members Dr Paul Bevan, Dr Thomas Borcholte and Dr Jan Schmidt-Brand do 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. 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 € 982 (previous year: € 941) in the financial year just ended. WILEX AG also made payments into a pension fund on behalf of Dr Jan Schmidt-Brand; an amount of € 2,688 (previous year: € 672 for three months) was expensed for this in the reporting period.

The Company has no such obligations towards any other Executive Management Board members.

WILEX AG also assumed the costs of eight economy class return flights between Germany and the United Kingdom for the Executive Management Board member Dr Paul Bevan until the expiry of his (full-time) Executive Management Board contract on 31 March 2013. Since his part-time Executive Management Board activities began on 1 April, no more flight costs have been assumed unless these flights are for business trips and are charged as travel expenses.

6.3.3 Variable remuneration

Variable remuneration is contingent on the achievement of personal targets and WILEX's performance targets. The performance-based remuneration 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 pro rata variable remuneration of Professor Olaf G. Wilhelm amounts to a maximum of 50% of his fixed remuneration (previous year: 50%). For Dr Thomas Borcholte and Dr Paul Bevan, it amounts to a maximum of 33% and 63% of their respective fixed remuneration (previous year: 33% in both cases). The increase in Dr Bevan's variable remuneration is attributable to the reduction in his salary from 1 April 2013 to reflect part-time arrangements; his maximum variable remuneration remained unchanged. Taking his total fixed remuneration in the 2013 calendar year into account, his variable remuneration for 2013 amounts to a maximum of 51%.

Dr Jan Schmidt-Brand receives a maximum annual bonus of € 80 k, of which he is entitled to receive a maximum of € 40 k for his work as a member of the Executive Management Board of WILEX AG and a maximum of € 40 k as Managing Director of Heidelberg Pharma. In addition, the members of the Executive Management Board are entitled to stock options

above and beyond their base salary as a component of their bonus, the granting of which depends on achievement of milestones. In Professor Wilhelm's case, this might yield a maximum of 28,000 stock options a year, and a maximum of 8,000 stock options a year each for Dr Bevan, Dr Borcholte and Dr Schmidt-Brand.

6.3.4 Remuneration component with incentive and risk features

The remuneration component with incentive and risk features is based, for one, on the **2005 Stock Option Plan** adopted by the Annual General Meeting on 8 September 2005. A total of 900,000 stock options could be granted to the Executive Management Board members under the 2005 Stock Option Plan. No options were issued to members of the Executive Management Board under this plan in the 2013 and 2012 financial years. The authorisation to grant options under the 2005 Stock Option Plan has expired in the meantime. 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 at the reporting date 30 November 2013 held a total of 587,950 options granted under the 2005 Stock Option Plan. At the reporting date 30 November 2013, two former members of the Executive Management Board held a total of 141,385 options. The stock options can be exercised after an initial waiting period of two years from the grant date.

Each of these options entitles the holder to the acquisition of one new share in return for payment of the exercise price, which was € 3.10 as of the balance sheet 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 € 3.10 per share. Accordingly, the reference price was set at € 3.41. No stock options have been exercised to date under the 2005 Stock Option Plan .

For another, this remuneration component is based on the **2011 Stock Option Plan** adopted by the Annual General Meeting on 18 May 2011. Up to 346,924 stock options (30% of the total volume) may be granted to the members of the Executive Management Board thereunder. This authorisation remains in effect through 1 July 2016. The stock options may only be exercised when they have vested after four years and the performance target has been achieved. In order for the performance target to be achieved, the price of WILEX's share on the ten trading days preceding the onset of the respective exercise period must exceed the exercise price by a minimum of 20% as well as surpass the gains of the TecDAX during the maturity of the given stock option. Each of these options entitles the holder to the acquisition of one new share in return for payment of the exercise price, which was € 3.53 as of the balance sheet date. Accordingly, the reference price was set at € 4.24. No stock options were issued to or returned by members of the Executive Management Board in the past financial year.

As of the 30 November 2013 reporting date, the active members of the Executive Management Board held a total of 104,000 options under the 2011 Stock Option Plan.

Overall, the following fixed and variable remuneration components as well as non-cash remuneration for Executive Management Board members were recognised as an expense in the 2013 financial year: The variable remuneration of the current Executive Management Board for 2012 and 2013 has not yet been determined or paid.

Executive Management Board member	Fixed remuneration		Variable remuneration [1]		Other remuneration (non-cash remuneration) [2]		Total remuneration[1]	
in €	2013	2012	2013	2012	2013	2012	2013	2012
Professor Olaf G. Wilhelm[2]	299,000	299,000	112,125	74,750	13,182	13,182	424,307	386,932
Dr Paul Bevan[3]	180,333	264,500	65,464	43,643	2,214	16,050	248,011	324,193
Dr Thomas Borcholte	253,000	253,000	62,618	41,745	180	180	315,797	294,925
Dr Jan Schmidt-Brand [4]	217,242	54,311	70,000	15,000	2,688	2,640	289,930	71,951
Peter Llewellyn-Davies	0	226,279	0	101,026	0	21,187	0	348,492
Total	**949,575**	**1,097,090**	**310,206**	**276,164**	**18,263**	**53,239**	**1,278,045**	**1,426,493**

[1] The exact variable remuneration is usually determined and paid in the following financial year. The figures shown here for the 2013 financial year are based on provisions that were determined on the basis of assumptions and historical data.
[2] A company car is made available to Professor Wilhelm.
[3] A company car was also made available to Dr Paul Bevan until March 2013.
[4] The remuneration of Dr Schmidt-Brand refers to his work as Chief Financial Officer of WILEX AG and as Managing Director of Heidelberg Pharma GmbH. A portion of € 157 k of the total remuneration is attributable to his work as a member of the Executive Management Board of WILEX AG.

Professor Olaf G. Wilhelm and Dr Thomas Borcholte did not receive remuneration for their activities as executive directors of WILEX Inc. in 2013 and 2012.

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	01.12.2012	Additions	Expiry / Return	Exercise	30.11.2013
	Number	Number	Number	Number	Number
Professor Olaf G. Wilhelm	290,770	0	0	0	290,770
Dr Paul Bevan	183,180	0	0	0	183,180
Dr Thomas Borcholte	158,000	0	0	0	158,000
Dr Jan Schmidt-Brand	60,000	0	0	0	60,000
Total	**691,950**	**0**	**0**	**0**	**691,950**

Executive Management Board member	Expense in the IFRS statement of comprehensive income	Fair value of the options [1]
	in €	in €
Professor Olaf G. Wilhelm	7,285	676,052
Dr Paul Bevan	2,081	433,767
Dr Thomas Borcholte	2,081	458,755
Dr Jan Schmidt-Brand	15,211	95,256
Total	**26,658**	**1,663,829**

[1] As of the respective issue date.

The year-on-year decrease in expenses arises from the across-the-board reduction in the exercise price for the tranches from the 2005 Stock Option Plan of € 3.10 as part of the February 2012 capital increase. No expense was recognised for former members of the Executive Management Board (2012: € 5 k).

The following figures apply to the previous financial year:

Executive Management Board member	**01.12.2011** Number	**Additions** Number	**Expiry / Return** Number	**Exercise** Number	**30.11.2012** Number
Professor Olaf G. Wilhelm	262,770	28,000	0	0	290,770
Dr Paul Bevan	175,180	8,000	0	0	183,180
Dr Thomas Borcholte	150,000	8,000	0	0	158,000
Dr Jan Schmidt-Brand [1] [2]	0	60,000	0	0	60,000
Peter Llewellyn-Davies [3]	131,385	8,000	8,000	0	131,385
Total	**719,335**	**112,000**	**8,000**	**0**	**823,335**

Executive Management Board member	**Expense in the IFRS statement of comprehensive income** in €	**Fair value of the options** [4] in €
Professor Olaf G. Wilhelm	134,082	676,052
Dr Paul Bevan	84,300	433,767
Dr Thomas Borcholte	71,999	436,170
Dr Jan Schmidt-Brand [1]	17,255	95,256
Peter Llewellyn-Davies [3]	63,064	325,835
Total	**370,700**	**1,967,079**

[1] Dr Schmidt-Brand was appointed to the Executive Management Board of WILEX AG effective 1 September 2012.

[2] The 60,000 stock options listed were granted to him in his capacity as Managing Director of Heidelberg Pharma GmbH and before he was appointed to the Executive Management Board.

[3] Peter Llewellyn-Davies stepped down from the Executive Management Board of WILEX AG on 31 August 2012.

[4] As of the respective issue date.

6.3.5 Remuneration of the Supervisory Board

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

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, remuneration is limited to activities in a maximum of two committees. Over and above this individual limit, WILEX AG 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 allowance must be paid with the Supervisory Board member's fixed remuneration. Members of Supervisory Board committees do not receive an attendance allowance for committee meetings.

The remuneration paid to Supervisory Board members who were not in service 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 remuneration, nor are they granted options or similar rights. Supervisory Board members are not entitled to a settlement if their membership ends.

The total remuneration paid by WILEX AG to the Supervisory Board for the 2013 financial year amounted to € 145,667 plus expenses (previous year: € 207,847). The substantial year-on-year reduction is principally due to a waiver by Supervisory Board members of one-third of the total remuneration for the 2013 financial year to which the Supervisory Board members are entitled in accordance with the Articles of Association, in order to make a contribution to the cost-cutting programme.

The table below shows the individual remuneration.

Supervisory Board member	**Fixed remuneration [1)]**		**Attendance allowance [1)]**		**Committee fee [1)]**		**Total remuneration [1)]**	
in €	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Professor Christof Hettich	23,333	35,000	12,000	18,000	4,667	7,000	40,000	60,000
Dr Georg F. Baur	16,667	25,000	6,000	9,000	4,667	7,000	27,333	41,000
Dr Friedrich von Bohlen und Halbach	10,000	15,000	6,000	9,000	6,667	10,000	22,667	34,000
Andreas R. Krebs	10,000	15,000	6,000	9,000	4,000	6,000	20,000	30,000
Professor Iris Löw-Friedrich	10,000	15,000	6,000	9,000	2,000	3,000	18,000	27,000
Dr Birgit Kudlek	10,000	7,782	4,000	6,000	3,667	1,500	17,667	15,282
Total	**80,000**	**113,347**	**40,000**	**60,000**	**25,667**	**34,500**	**145,667**	**207,847**

[1)] The Supervisory Board waived one third of its remuneration in 2013.

6.4 Disclosures under Section 289 (4) and 315 (4) German Commercial Code as well as explanatory report

6.4.1 Summary of subscribed capital

The Company's subscribed capital amounted to € 31,275,507.00 at the end of the financial year. It is composed of 31,275,507 no par value bearer shares. These shares are fully paid in. The Company does not hold any treasury shares.

6.4.2 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.

Beyond this, no shareholder was prohibited from selling, pledging or otherwise disposing of the Company's securities (shares and options) as of 30 November 2013.

6.4.3 Equity interests exceeding 10% of voting rights

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 [1)]	about 47%
UCB	about 14%

[1)] Shares of dievini Hopp BioTech holding GmbH & Co. KG, Verwaltungsgesellschaft der DH-Holding Verwaltungs GmbH and Curacyte GmbH

6.4.4 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.

6.4.5 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.

6.4.6 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 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 German Stock Corporation Act.

Pursuant to Section 179 (1) 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.

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

In accordance with Article 5 (4) of the Articles of Association, the Company's share capital is contingently increased by € 986,491 through the issue of up to 986,491 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 item 9.1 (5) of the above-mentioned resolution by the Annual General Meeting, the shares will be issued at the exercise price set in each case as the issue price and also at the specific terms and conditions determined in this resolution. The new shares participate in profits from the start of the financial year in which they are issued.

In accordance with Article 5 (6) of the Articles of Association, the Company's share capital is contingently increased by € 1,156,412.00 through the issue of up to 1,156,412 new no par value bearer shares (Contingent Capital 2011/I). The contingent capital increase is exclusively for the purpose of satisfying subscription rights issued on the basis of the authorisation resolved by the General Meeting on 18 May 2011 in respect of Agenda item 6. The conditional capital increase will only be implemented to the extent that the holders of the subscription rights issued under the "WILEX 2011 Stock Option Plan" exercise their right to subscribe for shares of the Company and the Company does not grant treasury shares or offer a cash settlement to satisfy the option rights. The new shares participate in profits from the start of the financial year for which, at the time they are issued, a resolution regarding the appropriation of net profits has not yet been adopted.

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 in connection with all contingent capital. The Supervisory Board is authorised to change the wording of the Articles of Association to reflect the scope of the respective capital increase from Contingent Capital.

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 € 5,946,937.00 by issuing up to 5,946,937 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 24 May 2017 (Authorised Capital 2012/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 clause 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 (3) sentence 4 of the German Stock Corporation Act subject to the exclusion of shareholders' subscription right 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 is authorised to amend the wording of the Articles of Association to reflect the scope of the capital increase from Authorised Capital 2012/I.

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

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

WILEX AG and UCB agreed a strategic alliance on 8 January 2009, under which five oncological programmes were taken over from UCB. If WILEX AG 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 oncological programmes (WX-554, WX-037 and three undisclosed antibody projects) (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.

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.

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.

6.4.9 Remuneration 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 remuneration agreements that provide for remuneration to members of the Executive Management Board or employees in the event of a takeover bid.

7 Risk report

7.1 Risk management and control

Managing and controlling risk is important to the management of the WILEX Group. 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 is responsible for the Company's risk management and control. The Controlling department regularly reports the current status of risk management to the full Executive Management Board.

The WILEX Group has established a comprehensive and efficient system across its divisions, 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 unequivocally assigned to specific risk officers. 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 subsidiaries are included.

WILEX distinguishes between short-term risks that might affect the Company in the next 12 months and longer-term strategic risks. Unforeseen risks are discussed alongside the usual risk management process, and countermeasures are put in place at 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. The risk early

warning system is reviewed by the Company's auditor at least once a year in order to ensure that it meets the requirements of Section 91 (2) German Stock Corporation Act.

7.2 Internal control system for financial reporting

Pursuant to Section 315 (2) no. 5 German Commercial Code in conjunction with Section 91 and 93 German Stock Corporation Act, 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 comprises 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 AG fulfils the requirements of the German Commercial Code.

Financial control in the Group is divided into the areas of planning, monitoring and reporting. On the basis of its strategic business planning, WILEX prepares annual budgets for internal management and control purposes that are applicable not only to the Group but also to the parent company and subsidiary. Based on these plans, a monthly as well as a more comprehensive quarterly variance analysis is prepared for all financial and non-financial key performance indicators and reported to the Executive Management Board in conjunction with the relevant departments. This control tool enables the Finance department and the Executive Management Board to identify opportunities and risks at an early stage.

The corporate bodies of WILEX AG periodically review the effectiveness of the internal control system to ensure reliable financial reporting. Internal reviews have not uncovered any material weaknesses, and minor defects were remedied immediately. In particular, regular reports on this system are submitted to the Audit Committee of the Supervisory Board, which usually discusses the audit activities.

To ensure reliable financial reporting, WILEX AG observes the International Financial Reporting standards (IFRS) and the provisions of the German Commercial Code (HGB). In addition, the Company uses an internal control system (ICS) which follows the framework "Internal Control – Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Framework). In keeping with the COSO Framework, the ICS has the following components:

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

The Company'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 AG also includes external experts in the process, e. g. in connection with questions related to the measurement of stock option grants, the preparation of securities prospectuses and purchase price allocations.

Specific risks related to the Group's financial reporting process may arise from unusual or complex transactions. Transactions that are not routinely processed also entail inherent risks. Additional risks related to the financial reporting process arise from the latitude given to employees in regards to the recognition and measurement of assets and liabilities. To prevent these risks, WILEX AG consults with auditing firms, e.g. the auditor of the Company's annual financial statements, and has established a team of professional finance specialists. The risks are monitored both as part of the monthly reporting system and during the year via the internal control system. External third-party opinions are solicited and the Audit Committee is consulted in connection with special topics.

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. A software-based invoice management system that has greatly simplified and accelerated invoice processing was introduced at the end of the 2012 financial year. The control activities also serve to ensure that the bookkeeping records provide reliable and plausible information and that all measures taken significantly reduce the risk of a negative impact on the financial reporting.

Thanks to WILEX's organisational, control and monitoring structures, the internal control and risk management system makes it possible to record, process and measure all transactions pertaining to the Company and to present them appropriately through the accounting of the Group companies and the Group. 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.

7.3 General business risks

WILEX is exposed to the risks typical for a biotechnology company, namely those arising from the development and production of drugs and diagnostic agents used in cancer therapies. The time between the commencement of drug development and marketing approval spans many years. There is a high risk that none of the product candidates from the product pipeline or the ADC technology will receive regulatory approval. In fact, it became clear in October 2012 that even a late-stage product can miss its clinical development targets or these may be substantially delayed.

To date, WILEX AG has not completed clinical development for any of its product candidates or achieved regulatory approval for them, nor has any project been completely handed over to a licensee for further development and marketing. This means the Company cannot finance itself independently from sales or licence revenue and is dependent on funding from equity providers or licensees. Up to now, traditional external financing has not been an alternative for biotechnology companies.

Some of the individual risks set forth below are related to each other and can affect each other, in a positive or negative way. Should these risks manifest themselves, either

individually or together with other risks or other circumstances, this may severely compromise WILEX's business activities, its achievement of key corporate goals and/or its ability to fund its operations, as well as adversely affecting the Company's results of operations, financial position and net assets to a significant degree.

7.4 Going-concern risks

As of the 30 November 2013 reporting date, WILEX's cash and cash equivalents were not sufficient to cover its financing requirements for the next twelve months providing the structure of the Company or the Group remained unchanged. No new cash and cash equivalents have been generated from capital measures or licence agreements since then, which means that the funds would not have lasted beyond the third quarter of 2014. This would have made the assumption of a going-concern prognosis untenable. In order to significantly extend the cash reach, the Executive Management Board's priority was to try to conclude one or more commercialisation agreements by the end of January 2014 to avoid otherwise inevitable restructuring measures. Until the end of January, several companies were conducting due diligence or were in specific contract negotiations with WILEX, though this did not lead to reliable commitments such as in the form of a binding declaration of intent or advanced contract preparation.

For this reason, a restructuring programme was initiated on 29 January 2014 that takes account of this going-concern risk. Due to the implementation of the catalogue of measures initiated before the end of January, which will lead to substantially lower liquidity requirements in the future, a cash reach of over twelve months into the third quarter of 2015 is possible. The timely implementation of the restructuring plan was a prerequisite for preparing the HGB single-entity financial statements and the IFRS consolidated financial statements on a going-concern basis.

This set of planned measures will lead to a review of the absolute necessity of all external service contracts, but also to a review of the further implementation of ongoing trials as well as the contracts concluded with the clinical trial sites and clinical research organisations (CROs) for this purpose. The closure of all R&D departments and the related redundancies are expected to generate significant internal savings. WILEX is also working hard on subletting or re-letting parts of its rented premises in Munich, which would generate further savings. This will enable WILEX to substantially reduce its operating expenses for 2014 and 2015 and extend its cash reach into the third quarter of 2015.

Heidelberg Pharma is not affected by this measure. As its sales revenue from customer-specific research (Cx) rises, the subsidiary is expected to make a positive contribution to the Group's earnings. Ideally, the research agreements already concluded in the area of ADC technology will lead to licence agreements for specific antibody drug conjugates that hold prospects of significant future milestone payments and licence payments through various partnerships. In addition, participation in the development of ADC product candidates – either independently or in collaboration with partners – is expected to boost internal value creation.

For the remaining projects, MESUPRON®, RENCAREX® and REDECTANE®, WILEX AG is striving for rapid, financially viable commercial exploitation with sale or out-licensing of the clinical products in order to extend the Group's cash reach.

If the Executive Management Board were unable to increase the sales revenue or achieve commercial exploitation of the clinical projects or if the subordination and the loan agreement for the shareholder loan extended by UCB were to be terminated and as a result repayment of € 2.5 million plus interest to UCB were to become due, this would jeopardise the Group

and/or Company's existence as a going concern and the shareholders could lose some or all of their invested capital.

However, even then the WILEX Group and WILEX AG might be unable to satisfy their payment obligations and/or become over indebted from the third quarter of the 2015 financial year. This would jeopardise the Group's and/or Company's existence as a going concern and the shareholders could lose some or all of their invested capital.

7.5 Operational risks

7.5.1 Risks arising from staff reduction

WILEX mainly employs highly qualified employees for research, preclinical and clinical development, quality assurance and regulatory affairs who are instrumental in building up the Company's expertise. The restructuring programme initiated in January 2014 results in the closure of the R&D operations at the Munich site and the loss of jobs in key areas of the Company. A significant number of court cases is pending at present due to actions against "wrongful dismissal". If these are successful or if court settlements are reached, they could adversely affect the Group's earnings and shorten the currently planned cash reach.

The redundancies, which are to be completed by the end of July 2014 at the latest, could give rise to risks in the operating units in relation to clinical development and compliance with the associated mandatory regulations. Due to the lack of qualified staff, WILEX will no longer be able to maintain the manufacturing permit, GLP and GMP from the end of April 2014, which will have to be reported to the competent authorities.

Commercial exploitation of the clinical development projects could prove difficult if the corresponding scientific expertise and staff knowledge of the clinical trials and data is no longer available. In the case of successfully out-licensed projects, the implementation of clinical trials by potential licensing partners could be delayed because WILEX no longer has the knowledge required to provide support.

7.5.2 Product development risks

The development of drugs and diagnostic agents is subject to risks typical for the industry. These include difficulties related to patient recruitment or involving cooperation with clinical study sites and contract research organisations. It is impossible to make any predictions based on preclinical and early clinical trials and such trials do not offer any certainty in regard to issues of safety and efficacy in a later trial. WILEX cannot eliminate the possibility that the approval of a drug candidate might be delayed or rejected even after a successful registration trial, for instance if execution does not satisfy regulatory requirements. Like other biotechnology companies, WILEX has already suffered setbacks in clinical development.

7.5.3 Manufacturing risks

WILEX obtains the material for its clinical trials from subcontractors. This situation involves risks, including the risk of generally finding no suitable manufacturers as well as problems during or after production entailing potential quality or capacity issues, problems with the production facilities or problems arising from a possible interruption of supplies or delays in delivery for whatever reason. WILEX must be able to demonstrate the quality of the substance manufactured by the service provider to the regulatory authorities. On account of faulty workmanship, a lack of or inadequate documentation or other quality defects, trials

might also be discontinued, repeated or terminated at the request of regulatory authorities. In addition, WILEX is liable to third parties, particularly to patients participating in clinical trials, for damages caused by defective clinical trial material produced by the subcontractor, which may result in claims being brought against WILEX. For such cases, WILEX has taken out the corresponding insurance for its clinical trials.

7.5.4 Risks arising from collaboration with service providers

In conducting its preclinical and clinical trials, WILEX collaborates 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 trial centres and doctors, its CROs and service 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 for implementing clinical trials and the timelines.

7.5.5 Risks arising from collaboration with licensees

WILEX has entered into multiple alliances and partnerships for the development, manufacture and/or marketing of product candidates. Problems relating to production or marketing may arise in the course of the partnership. These include insufficient allocation of capacity by the contracting party for the purposes of the cooperation, financial difficulties experienced by the contracting party, a change in its business strategy and thus a termination of the agreement, a change in the ownership structure of the contracting party or the partial or entire absence of agreed payments such as milestone payments or licence payments. Such circumstances could impair the contractual relationships, delay the production of the drug and diagnostic candidates concerned and increase the costs for their production.

For example, a licence agreement concluded with Prometheus in 2011 for the marketing rights to RENCAREX® in the US was terminated by mutual agreement in the past financial year. Also in 2013, a development partnership was entered into with the US company Nuclea for a CAIX companion diagnostic test for the therapeutic agent RENCAREX®, which would be essential for the further development of RENCAREX® by a potential partner. Were the development or regulatory approval of this companion diagnostic not to be successful, the development of RENCAREX® at a future licensing partner would be severely delayed or might prove impossible. In 2009 WILEX signed a licence agreement with IBA concerning the diagnostic candidate REDECTANE®. Talks are currently held with IBA on terminating the collaboration and cancelling existing agreements.

7.5.6 Technology risk at the subsidiary Heidelberg Pharma

The ADC technology developed by Heidelberg Pharma is still in its infancy, which is why no clinical data at all is available for this technology. Initial research and licensing partnerships were concluded to develop antibody drug conjugates and perform clinical testing of these in the future. We cannot preclude that the technology might turn out to be useless or unsuitable for the market. In addition, the risks described in sections 7.5.1 to 7.5.5 could also materialise at Heidelberg Pharma GmbH, impacting on its business development. Furthermore, the employees of Heidelberg Pharma have knowledge that is essential for the subsidiary's operations and further development of business and that is crucial for the

cooperation agreements entered into. Staff turnover in key areas of the ADC technology could give rise to the risk that this knowledge will be irretrievably lost, which in turn would have a negative impact on potential future partnerships.

7.6 Financial risks

7.6.1 Financing risks

There is a risk that the funds at the parent company WILEX AG and/or at Heidelberg Pharma for generating cash flows will not be sufficient to ensure financing of the business activities planned beyond the third quarter of 2015. In this case, the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern would be jeopardised.

The restructuring programme initiated at the end of January 2014 and the discontinuation of research and development activities at WILEX AG will dramatically reduce the financing requirements of WILEX AG and thus of the WILEX Group. The projects RENCAREX®, MESUPRON®, REDECTANE®, WX-554 and WX-037 are potential assets that are expected to be out-licensed, disposed of or returned to the partner in full or in part at some stage in the future in order to generate cash.

If the disbursements for restructuring expenses factored into the corporate planning at the parent company prove to be too low, the planned income in connection with the restructuring plan does not materialise and/or the costs resulting from the restructuring cannot be reduced to the extent planned and/or risks that cannot be identified at present arise from the discontinuation of the existing development activities and associated agreements, this would have a negative impact on the financial position of the Group and the entities included in consolidation due to the tense financial situation and give rise to the risk of insolvency and a going-concern risk for the entire WILEX Group and its consolidated entities.

At the present time, the planning assumes that a large share of the funds available to WILEX AG will be used for the expansion and profiling of the ADC technology. WILEX's current cash reach, which extends into the third quarter of 2015, nevertheless assumes that the sales revenues underlying the planning for Heidelberg Pharma will in fact be generated. Failure by Heidelberg Pharma to generate the target level of sales revenue could shorten the cash reach of the WILEX Group. The executive management of Heidelberg Pharma assumes that, in spite of the risks arising from product research and development described above, the ADC technology will prove to be marketable in the long term and additional licensees for the technology will be found.

The ability of Heidelberg Pharma to increase its sales revenue from the service business and find additional cooperation partners for its ADC technology is a key pillar of the business model. This is because the success of such partnerships depends not only on upfront payments and milestone payments by licensing and cooperation partners, but also on the ability of these partners to achieve successes in clinical development and also to generate the projected sales revenue and any resulting licence fees.

If Heidelberg Pharma fails to cover its costs sustainably by increasing sales revenue and achieve profitability in the medium term, it cannot be ruled out that the subsidiary might require further financial support – for instance through additional shareholder loans or capital increases – to avoid insolvency because the business continues to generate deficits. In the

event of an insolvency, most of WILEX AG's investments in Heidelberg Pharma's business would be lost.

All this can have a significantly negative effect on Group's net assets, financial position and earnings and pose a going-concern risk.

7.6.2 Risks from financial liabilities

In 2010, WILEX AG's shareholder UCB granted it an unsecured loan that is subject to subordination and is not limited in time. The Company is exposed to the risk of possible termination of the loan agreement at any time by the lender in the total amount of € 2.5 million plus interest. Were the lender to exercise its right, WILEX AG would be required to repay the loan principal within one month. In this case, the Company would become insolvent within a few months and the existence of the Group and/or the entities included in consolidation would be jeopardised. If instead the loan repayment claim were contributed as a contribution in kind as part of a rights issue, for example, there would be a risk that the existing shareholders' holdings will be diluted.

7.6.3 Risks arising from the impairment of assets

Assets, in particular equity investments, goodwill, licences as well as trade receivables are subject to an inherent impairment risk. Such impairment risks might be triggered by a negative development of business of WILEX AG or its subsidiary or by the insolvency of a creditor. An impairment loss must be recognised if the regular impairment test reveals that there are objective indications of impairment which, in turn, arise from events that may have occurred after the initial measurement of the asset.

The carrying amount of the investment in Heidelberg Pharma reported in WILEX AG's HGB single-entity financial statements was tested for impairment in the annual impairment testing and written down by approximately 22% to €15 million (previous year: €19.2 million). Here, impairment losses of € 4.2 million were charged on the basis of the option provided in Section 253 (3) sentence 4 German Commercial Code for temporary impairment. In spite of the start-up losses incurred by Heidelberg Pharma, the Executive Management Board firmly believes that the investment of WILEX AG will not be permanently impaired on account of the future revenue potential and expected future payment surpluses. However, due to the external validation of the value of the Company, which is indirectly derived from the market capitalisation of WILEX AG on the stock exchange and which decreased substantially following the announcement of the restructuring programme and is lower than the original value of the investment in Heidelberg Pharma, this was deemed a necessary step.

In the context of the annual impairment testing, this risk will continue to exist in the future and might lead to additional impairment losses. This would have a negative effect on the earnings and equity of WILEX AG, which in turn could impact the Group's share price as well as its net assets, financial position and results of operations. Furthermore, a potentially negative effect on the value of the intangible assets as well as on the goodwill recognised in the IFRS consolidated balance sheet can not be excluded.

7.6.4 Halving of the share capital due to an increasing accumulated deficit

WILEX AG is not yet a profitable company and has posted operating losses in all of its past financial years. Due to the high expenses, particularly for research and development, the net losses each year add up to a large accumulated deficit that reduces equity. There is a risk,

therefore, that the share capital of WILEX AG could be halved, which would trigger a mandatory notification.

As soon as half of the equity under German commercial law has been depleted by the accumulated deficit, the Executive Management Board is required by Section 92 (1) German Stock Corporation Act to convene the Company's General Meeting immediately and disclose this fact. Convening a General Meeting would entail both organisational and financial costs for WILEX AG and might also have a negative impact on the Company's share price.

7.6.5 Risks related to the allowance of tax losses carried forward

The tax losses carried forward as of 30 November 2013 are mainly attributable to WILEX AG (loss carry-forward of € 176.3 million for corporation tax; € 173.4 million for municipal trade tax) and may be carried forward indefinitely. Heidelberg Pharma GmbH carried forward a loss of € 45.4 million for corporation tax and municipal trade tax, while deferred taxes of € 0.8 million were recognised on losses carried forward in the past financial year. Deferred tax assets were recognised in the same amount as the deferred tax liabilities.

The Group companies have not yet been subject to a tax audit. Due to the capital increases as part of the fourth financing round in April 2005 and the IPO in November 2006, WILEX AG may have lost its losses carried forward accumulated until the end of 2006, which amount to € 67.2 million (corporation tax) and € 65.0 million (municipal trade tax). Effective 1 January 2008, under newly enacted Section 8c German Corporation Tax Act (Körperschaftsteuergesetz) the acquisition by an acquirer or parties related to it of 25% to 50% of the subscribed capital of a loss corporation results in the pro-rated elimination of its tax loss carry-forwards whilst the acquisition of more than 50% of the subscribed capital results in the complete elimination thereof. Because capital increases also cause shifts in shareholdings and thus adverse acquisitions of equity as defined in Section 8c German Corporation Tax Act, the capital increases carried out since 2008 might possibly have led to the pro-rated elimination of the tax loss carry-forwards. The full transfer of Heidelberg Pharma's tax loss carry-forward in excess of the value of the hidden reserves may also be jeopardised by WILEX AG's acquisition of this company in March 2011.

7.6.6 Market risks

Given its business activities, WILEX is exposed to market risks, in particular currency risks, interest rate and price risk, liquidity risk, default risk and, to a smaller extent, credit risk. WILEX'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. WILEX does not use embedded derivatives or other derivative financial instruments to hedge against risks.

WILEX collaborates with different service providers and cooperation partners worldwide and, on account of service costs incurred in foreign currency, is therefore exposed to currency risks in connection with currency positions in US dollars and Swiss francs, which may have a negative but also a positive effect on expenses within the Group.

7.7 External risks

7.7.1 Risks resulting from competition and technological change

The business area of oncology, in which WILEX is active, is extremely competitive on account of the high unmet medical need and enormous market potential. Various pharmaceutical, chemical and biotechnology companies as well as research and scientific institutes are active 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. Competing technologies could turn out to be safer, more economical and more effective. In addition, there is the risk that competitor products could 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.

7.7.2 Risks and dependencies related to the provision of health care and spending by the pharmaceutical industry

Following regulatory approval of a drug, the framework within which public health authorities, research institutes, private health insurance providers and other organisations (such as the German Institute for Quality and Efficiency in Health Care, IQWiG) operate also impacts on the business activities of WILEX and its partners. Health care reforms in the key markets of the United States, Europe and Japan are putting increasing pressure on health care budgets and thus on the pharmaceuticals market. Overall, this situation could cause potential cooperation partners or investors to refrain from making new commitments in drug development and also pose a risk for WILEX.

7.8 Strategic risks

7.8.1 Marketing risks

Since WILEX does not have a distribution or marketing structure of its own, the Company has to cooperate with other entities to market its product candidates. Through such licence agreements WILEX generally receives upfront payments, payments contingent on reaching certain targets (milestone payments) and royalties on the planned sale of products that have received regulatory approval. Hence WILEX's future sales revenue will also depend on the performance of its cooperation partners. The continued existence of the Group and/or the entities included in consolidation would be materially affected if WILEX AG or its subsidiary Heidelberg Pharma failed to conclude the requisite licence agreements for individual product candidates on reasonable terms or if cooperation agreements entered into did not bring about the expected success or were terminated.

7.8.2 Risks related to industrial property rights

WILEX endeavours to protect its drug and diagnostic candidates and technologies in all major economies through patents. Nevertheless, WILEX is unable to ensure that patents will be issued on the basis of pending or future patent applications. Even if patents are issued, there is no certainty that they will not be contested, circumvented or declared invalid.

Any infringement by third parties of the patents or the industrial property rights used by WILEX could have a negative impact on the Company's business operations. There is a risk that WILEX might infringe the industrial property rights of third parties, including those of whose existence WILEX is unaware. This could lead to time-consuming and cost-intensive litigation or force WILEX to purchase licences from third parties for developing or marketing its drug and diagnostic candidates.

7.8.3 Product risks

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

7.9 Other risks

7.9.1 Legal risks

In principle, WILEX AG and its subsidiary could become party to a legal dispute, for example in a drug safety, patent, licensing, liability or labour law case, as the plaintiff, defendant or intervener. A court case or even an arbitration case may be time-consuming and expensive. A significant number of court cases is pending at present due to actions against "wrongful dismissal" arising from the initiated restructuring. If these are successful or if court settlements are reached, they could adversely affect the Group's earnings and shorten the currently planned cash reach.

7.9.2 Risks related to a possible significant influence of main shareholders

Certain shareholders of WILEX AG (dievini and affiliated companies as well as UCB) hold a material proportion of its shares (approx. 47% and 14%, respectively) and could exercise a significant influence on the Company in the General Meeting. They could block decisions by the General Meeting or cause their own interests to prevail. Depending on their presence at the General Meeting of WILEX AG, these shareholders could possibly exert a controlling influence over the resolutions passed at the General Meeting.

7.9.3 Risks arising from the sale of the subsidiary WILEX Inc.

The former subsidiary WILEX Inc., which is part of the Diagnostics segment, was sold to Nuclea on 6 September 2013. This also eliminated from the Group the risks associated with the development and manufacture of biomarker tests from this date, though possible risks arising from the business activities prior to the sale of WILEX Inc. to Nuclea must still be indirectly allocated to WILEX AG.

Nevertheless, the share agreement contains commitments by the buyers and by WILEX Inc. itself that could be classified as risks. Under the terms of the agreement, Nuclea originally guaranteed repayment of WILEX AG's USD 2.5 million loan receivable from WILEX Inc., which remained after WILEX AG had waived an amount of USD 3.5 million of this loan. As a result of the merger of WILEX Inc. into Nuclea on 6 November 2013, a loan receivable of

USD 2.5 million now exists directly vis-à-vis Nuclea. If Nuclea as the borrower failed to pay the instalments due, bad debt losses of USD 2.5 million could be recorded.

WILEX Inc.'s lease runs until the beginning of 2016 and WILEX AG assumed a rental payment guarantee to the landlord for WILEX Inc. in 2010. As a result of the merger of WILEX Inc. into Nuclea, the latter now has entered into the agreement as tenant. There is a risk that WILEX AG might be externally liable to the landlord if Nuclea failed to meet its obligations to the landlord under the lease. However, WILEX AG does not assume that this liability materialising is significantly likely.

7.9.4 Other risks

The laboratory operations in the WILEX Group are subject to environmental, health protection and occupational health and safety laws and regulations; non-compliance with these may result in financial losses. There is also growing influence of IT systems that are becoming increasingly complex. Risk could arise from the use of computer systems, networks, software and data storage devices. Other risks related to environmental protection, IT security, purchasing as well as general safety requirements are not deemed significant. WILEX has taken organisational precautions in order to fulfil the requirements in question and control the internal processes.

7.10 Overall assessment of the risk situation

If the radical cost-cutting measures are implemented as planned, the WILEX Group is now able to demonstrate a cash reach of at least twelve months. This safeguards the going-concern prognosis assuming the WILEX Group's realignment is a success. An integral part of this is the successful refinement and out-licensing of the ADC technology that is considered the main value driver. The successful commercial exploitation of the current clinical projects of WILEX AG and any successful further development at a partner are not part of the future financial planning and constitute an opportunity. If the measures described cannot be implemented at all or cannot be implemented within the required scope and time frame, this could have a negative impact on the current cash reach (until the third quarter of 2015) and thus jeopardise the continued existence of the Group and the entities included in consolidation.

Should Heidelberg Pharma perform strongly and the clinical projects of WILEX AG be out-licensed, the risks discernible from a present-day perspective and the danger to the Company's and the Group's continued existence as a going concern would be substantially reduced. Based on the measures implemented, WILEX currently assumes that the Company's opportunities outweigh the risks presented. The Executive Management Board believes that the product portfolio plus the clinical data and the related intellectual property rights are suitable for pushing ahead the clinical development of individual candidates at a licensing partner and thus generating license fees.

Were WILEX unable to implement the measures described in the section "Going-concern risks", we cannot preclude that the Group companies might then be unable to meet their payment obligations and/or might become overindebted, thus jeopardising the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern.

8 Report on post-balance sheet date events

8.1 Discontinuation of product development at the Munich site

The beginning of the 2014 financial year saw WILEX continue intensive efforts to find licensing and financing partners, which were not successful. A restructuring programme was therefore initiated at the end of January 2014 which means that WILEX AG will progressively scale back its own development activities and reduce its workforce at the Munich site by 80% (see also chapter 1.1). The aim of this programme is to reduce WILEX AG's cash requirement, thereby safeguarding long-term financing of the Company's remaining activities and its realignment with existing cash funds and projected sales revenue.

After the measures have been implemented, there will be a core team of eight employees plus the Executive Management Board in Munich to continue working on the commercial exploitation of the advanced clinical programmes and to continue the ongoing talks on the marketing and/or financing of the MESUPRON®, RENCAREX® and REDECTANE® projects. With its 42 employees, Heidelberg Pharma in Ladenburg will continue to develop and market customer-specific contract research operations, and the ADC technology in particular, and thus generate revenue for the Group.

As a result of the initiated restructuring and the termination notices issued, a number of actions against WILEX AG because of wrongful dismissal were filed with the labour court.

8.2 Changes on the Executive Management Board

On 24 February 2014, WILEX AG announced that Professor Olaf G. Wilhelm would not continue as a member of the Executive Management Board when his Board contract expires on 31 March 2014. As a co-founder of the Company (1997) and CEO of WILEX AG since 2001, Professor Wilhelm is stepping down in mutual agreement with the Supervisory Board on account of the direction the Company will take in the future.

Dr Thomas Borcholte, who has been WILEX AG's Chief Business Officer since 2007, stepped down from this position after his employment contract ended on 31 December 2013.

Dr Jan Schmidt-Brand, who has been the company's Chief Financial Officer since 2012, will be appointed Spokesman of the Executive Management Board of WILEX AG effective 1 April 2014. Going forward, he will hold both posts and continue to serve as Managing Director of Heidelberg Pharma GmbH.

Dr Paul Bevan will remain responsible for the Group's R&D activities and make himself available as the main point of contact for licensing talks in connection with WILEX's projects.

After the end of the reporting period, no other significant events occurred which have a direct influence on the business performance of the WILEX Group.

9 Report on expected developments and on opportunities

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.

9.1 Economic environment

According to the World Bank, the prospects for the global economy are better than they have been for a long time.[22] The World Bank currently predicts global growth of 3.2% to 3.5% between 2014 and 2016. While GDP in the industrialised countries is expected to rise from 1.3% to 2.4% between 2013 and 2016, GDP in the emerging and developing economies is forecast to increase from 4.8% to 5.7%[23].

The forecast for the German economy is equally promising. The European Commission and the German government are both forecasting GDP growth of 1.8% for Germany in 2014, increasing to 1.9% in 2015[24]. Following meagre growth of 0.7% in 2013, the German economy thus shows a definite improvement.[25]

9.2 Market opportunities in the biotechnology industry

Demand for diagnostic agents, drugs and special therapies will continue to grow in industrialised countries and above all in emerging markets, with antibody-based biotechnology treatment options and small-molecule compounds still playing a major role. By now, 31% of all new substances are biotechnologically produced compounds, compared with just 12% in 2005.[26] Of the ten highest-revenue products worldwide, eight are biotech products.

The WILEX Group has specialised in the research and development of drugs and diagnostic agents for cancer diseases. Tumour diseases are amongst the most frequent causes of death in industrialised countries, and the number of cancer diagnoses will continue to rise as a result of numerous factors such as higher life expectancy, unhealthy lifestyles and changes in the environment. There are 14 million new cases of cancer worldwide per year, and the WHO expects this figure to nearly double by 2030. The report concluded that the number of cancer deaths worldwide will also rise. According to estimates by the International Agency for Research on Cancer (IACR), 8.2 million people died from cancer in 2012. The number of deaths is expected to increase to 13 million per year in the next 20 years.[27] Accordingly, there is an urgent medical need for cancer therapies that are both effective and well tolerated. Innovative technologies provide new perspectives for the industry. Trends include personalised therapies, epigenetics, cancer immunotherapy and antibody drug conjugates (ADC).

ADCs, the next generation of antibody therapies, are slated to make an important contribution to this sector's growth. The first two products launched by Seattle Genetics and Genentech/Roche received regulatory approval and have considerable earnings potential. However, there are also good prospects for ADC candidates in early stages of product development, as impressive licensing agreements concluded last year by competitors and big pharmaceutical firms showed. WILEX believes that its innovative ADC technology will enable it to participate in this encouraging trend.

[22] Handelsblatt.de, 15 January 2014, Konjunkturausblick: Weltbank prophezeit Wachstum (Economic outlook: World Bank predicts growth) http://www.handelsblatt.com/politik/konjunktur/nachrichten/konjunkturausblick-weltbank-prophezeit-wachstum-/9333864.html
[23] Ibid.
[24] Reuters, 5 November 2013, http://de.reuters.com/article/topNews/idDEBEE9A403H20131105
[25] Tagesschau 5 November 2013, http://www.tagesschau.de/wirtschaft/konjunkturprognose114.html
[26] 9 July 2013, www.Biotechnologie.de
[27] Spiegelonline.de, 3 February 2014, http://www.spiegel.de/gesundheit/diagnose/krebs-zahl-der-krebskranken-steigt-rasant-a-950754.html as per the World Cancer Report 2014, http://www.iarc.fr/en/publications/books/wcr/index.php

The trend towards cooperation agreements between and takeovers or mergers of pharmaceutical and biotech companies appears to be stable, because biotechnology is the engine for innovations in the pharmaceutical industry with highly promising drug candidates, diagnostic agents and technologies. Entering into cooperation agreements with major pharmaceutical companies has evolved into a key funding alternative for biotech companies, especially because there was a decline last year in the willingness of venture capital companies and institutional investors in Germany and Europe to invest in biotech companies. In the United States, on the other hand, the risks inherent in the industry, especially in financing the early stage of a development, are well accepted. The exceedingly positive trend for biotech and pharmaceutical companies in North America is illustrated by the total funding volume of USD 30.2 billion in 2013, of which around USD 3.6 billion was venture capital financing and approximately USD 9.5 billion was generated through capital increases on the capital markets.[28] Financing activities got off to an equally dynamic start in 2014. Successes in both clinical development and regulatory decisions (rising number of regulatory approvals and simplified procedures) and increasing out-licensing of products and milestone payments from partnerships are the factors that rekindle the willingness to invest in biotech companies.[29]

9.3 Opportunities

The sale of WILEX Inc. and the radical cost-cutting programme at WILEX AG led to a sizeable reduction of costs and a significant extension of the cash reach. This has given WILEX more time to licence its advanced clinical projects and the assets contained therein as well as to continue to develop and market the ADC technology. Even though the expectations concerning commercialisation have not yet been met, there are hopes that one or several candidates will be out-licensed and developed further by partners given the quality of the clinical data, the need for therapies and diagnostic agents in the intended indications, the product candidates' IP situation, but also in view of the talks being conducted with potential partners and the regulatory authorities. This could generate substantial licence income for WILEX AG. The remaining core team at WILEX AG will continue to work on finding partners and concluding licences for RENCAREX®, REDECTANE® and MESUPRON®.

Heidelberg Pharma's ***ADC technology*** is benefiting from the considerable interest being shown by the pharmaceutical and biotechnology industries in this new, innovative anti-cancer treatment option. The market launch of Adcetris® and Kadcyla® by Seattle Genetics and Roche/Genentech, respectively, as well as the over 30 new ADCs currently in clinical development in the sector suggest that this interest will continue to grow in the near future.

Heidelberg Pharma's ATACs (Antibody Targeted Amanitin Conjugates) occupy a special position in this promising market environment. Although none of the conjugates manufactured on the basis of the amanitin technology is ready for clinical development, the mode of action of the amanitin toxin used is fundamentally different to that of other ADCs. The preclinical data gives clear indications of improved efficacy. Among other things, the preclinical testing showed on many occasions that ATACs have the potential to be effective, even in the case of existing therapy resistance or quiescent tumour cells.

[28] BioCentury, 6 February 2014 (BCIQ data search: Total of 704 financings in 535 companies in North America in 2013)
[29] BioCentury, 13 January 2013, Buyside View XXII: 'Grown up' means growth, http://www.biocentury.com/biotech-pharma-news/finance/2014-01-13/2014-buyside-view-focus-on-biotech-hcv-and-ms-launches-immunotherapy-orphans-a1

Heidelberg Pharma will continue to develop its ATAC technology platform in 2014, subsequently filing for new patents, as in previous years. The licence agreement with Roche signed in September 2013 is viewed by the market as a major validation of the technology platform by a strong pharmaceutical partner. It is expected that, due to this positive signal, Heidelberg Pharma will be able to significantly expand the number of existing partnerships with pharmaceutical and biotechnology companies.

At the present time, within the scope of several partnerships, Heidelberg Pharma is testing the fundamental applicability of its technology platform for various antibodies that target cancer cells and are supplied by the partner. Each partnership demonstrates the potential for a series of ATACs that can be brought to preclinical and, subsequently, clinical development. Awarding the licence rights for the exclusive testing, development and marketing of each individual ATAC guarantees Heidelberg Pharma significant revenues in the form of customary upfront payments, milestones and royalties, which increase as the project matures.

In addition to its existing focus on partnerships in the pharmaceutical industry, Heidelberg Pharma has secured itself the rights to various antibodies that are particularly interesting for the production and development of ATACs. Heidelberg Pharma aims to develop these ATACs further on its own until they are ready for clinical development and possibly also to continue their development after this time.

Heidelberg Pharma is also capitalising on the trend that the pharmaceutical giants are outsourcing their early compound research and development. The service business offers this research capacity to pharmaceutical companies and institutions.

9.4 Strategy

Despite intensive efforts, WILEX was unable to secure funding for Phase III of its advanced clinical projects in the 2013 financial year. While the licence agreements concluded with Roche for the ADC technology, with UCB for the antibody project for non-oncology indications and the development agreement with Nuclea for the CAIX test make an important contribution, they are not sufficient in the short- to medium-term to ensure the financing of all of the WILEX Group’s activities on a sustainable basis.

Nevertheless, the Executive Management Board firmly believes that the clinical projects are worth their while and is continuing to work on forging new partnerships. To achieve this goal, it was absolutely imperative to extend the Group’s cash reach. For this reason, the Executive Management Board started the 2014 restructuring programme described in the report on post-balance sheet date events, including the discontinuation of all research and development activities plus a radical headcount reduction, at the end of January 2014.

Going forward, WILEX will concentrate on marketing the advanced clinical development projects and the service business and continue to develop the ADC technology through Heidelberg Pharma. Due to the realignment of the Group, it can be assumed that the current segmentation will no longer exist in 2014.

The following planning is expected to be implemented in 2014:

WILEX AG’s development activities along with all related activities such as quality management including quality assurance, CMC (chemistry, manufacturing and controls), preclinical testing including bioanalytics as well as the area of regulatory approval will be discontinued at the Munich facility. The staff reductions defined are scheduled to be completed by the end of July.

Due to the discontinuation of development activities, it can be assumed that the ongoing trials with WX-554 and WX-037 will not be completed by WILEX AG. WILEX is currently holding talks with its partner UCB on the course of action to be taken, giving priority to regulatory and ethical principles. The respective national authorities and ethics commissions of all study centres will be informed and the continuation of the clinical trials will be coordinated with the authorities.

The termination of the agreement with WILEX's partner IBA and the return of the marketing rights to WILEX will be negotiated to open up opportunities for new partnerships.

The remaining core team in Munich will continue the ongoing talks on the commercial exploitation and any financing of the MESUPRON®, RENCAREX® and REDECTANE® projects, secure the intellectual property rights and patents, ensure the provision of information for regulatory authorities and partners and comply with the transparency requirements of Deutsche Börse AG and all contractual obligations under existing agreements.

Heidelberg Pharma will continue its cooperation with Roche in the field of ADC technology, likewise developing existing early research collaborations (material transfer agreements, MTAs) further into longer-term, more extensive licence agreements and securing additional MTA partners for evaluation projects. Moreover, some of Heidelberg Pharma's own research approaches for further improving the ADC technology will supply trend-setting data in the coming year that will go beyond the existing toxin linker approaches and involve optimising antibodies for use in ADC technology.

In the service business, Heidelberg Pharma will expand its portfolio of inflammation models and complements its oncology range with special primary tumour models not yet available on the market. In addition, Heidelberg Pharma will increasingly position itself as a specialist provider of comprehensive ADC research services comprising ADC synthesis and analytical quality control, as well as *in vitro* and *in vivo* testing. This explicitly also includes the work with alternative toxins used by customers and is not limited to Heidelberg Pharma's ATAC (Antibody Targeted Amanitin Conjugates) technology.

9.5 Financial forecast

9.5.1 Expected results of operations

The Executive Management Board expects the WILEX Group to generate between € 3.0 million and € 4.0 million in revenue and other income (2013: € 19.1 million) in the 2014 financial year. These will primarily comprise the sales revenue generated by Heidelberg Pharma and to a smaller extent include WILEX AG. As a result of the termination of the licence agreement with Prometheus, no revenue from the Prometheus agreement will be generated in the current financial year. Other income will mainly comprise government grants. Possible sales revenue from potential licence agreements or from the commercial exploitation of the discontinued clinical development projects were not included in this planning.

Based on current planning and following the successful implementation of the restructuring programme, operating expenses will be in the range of € 8.0 million to € 11.0 million, thus substantially below the previous year's level (€ 24.1 million). This requires the cost-cutting measures to be implemented as planned. A larger portion of operating expenses is

attributable to WILEX AG as a result of follow-up costs to be incurred until the restructuring has been completed later this financial year.

Earnings before interest and taxes (EBIT) in the 2014 financial year are expected to be between -€ 4.5 million and -€ 7.5 million (2013: -€ 5.0 million).

The results of operations in the next few years will depend to a large extent on whether additional master agreements for ADC partnerships and licence agreements can be concluded with several pharmaceutical partners in the area of customer-specific research and whether the service business can be expanded further. Operating expenses will be considerably lower in the next two years because no more clinical trials will have to be financed. WILEX assumes that expenses will continue to be higher than income at least for one or two years after 2014.

9.5.2 Expected financial position and net assets

If income and expenses develop as anticipated, the net change in cash and cash equivalents in the 2014 financial year is expected to be between -€ 4.0 million and -€ 6.0 million. This corresponds to an average monthly use of cash of € 0.3 million to € 0.5 million.

This planning does not take into account additional potential cash inflows from licensing activities at WILEX AG or Heidelberg Pharma. A possible repayment of the UCB shareholder loan (€ 2.5 million plus interest) to UCB is not factored into the current planning; this would have a significant impact on the Company's liquidity and pose a threat to its continued existence as a going concern. Based on the assumptions in respect of the funding options set out in the "Going-concern risks" section of chapter 7, "Risk report", WILEX would be funded into the third quarter of 2015.

Equity (30 November 2013: € 14.9 million) will continue to decline given the anticipated loss for the 2014 financial year and because no capital measure is planned at this time. 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, "Risk report".

Financial outlook €	**Actual 2013 € million**	**Plan (03/2014) € million**
Sales revenue and other income	19.1	**3.0 – 4.0**
Operating expenses	24.1	**8.0 – 11.0**
Operating result	(5.0)	**(4.5) – (7.5)**
Total funding requirement	14.4	**4.0 – 6.0**
Funds required per month	1.2	**0.3 – 0.5**

10 Disclosures on the annual financial statements of WILEX AG (HGB)

The management report of WILEX AG and the Group management report for the 2013 financial year have been combined in accordance with Section 315 (3) in conjunction with Section 298 (3) German Commercial Code (HGB). The annual financial statements of WILEX AG prepared in accordance with the German Commercial Code and the combined management report will be published in the Federal Gazette at the same time.

Domiciled in Munich, WILEX AG is the parent company of the WILEX Group. WILEX AG wholly owns the company Heidelberg Pharma GmbH.

The business activities, economic conditions, non-financial key performance indicators including important contracts, and the risks and opportunities for WILEX AG have been described in detail for the Company in the relevant sections or do not differ materially from the situation of the Group.

10.1 Results of operations, financial position and net assets of WILEX AG

WILEX AG recognised a result from ordinary activities of -€ 8.3 million (previous year: -€ 16.4 million) in the 2013 financial year (1 December 2012 to 30 November 2013) according to German commercial law. The net loss for the year decreased by € 2.3 million to € 14.1 million (previous year: net loss of € 16.4 million).

As in the previous year, earnings were dominated by research and development expenses which, in line with expectations, were considerably higher than sales revenue and other operating income. The positive earnings trend can be attributed to the substantially reduced expenses. Furthermore, the sale of WILEX Inc. resulted in positive one-off effects. The earnings of WILEX AG came under pressure from the extraordinary factors described below such as the recognition of a provision for restructuring measures, the full write-down of the capitalised business start-up and expansion expenses in accordance with Section 269 of the old version of the German Commercial Code, as well as different impairment losses on assets, which were accounted for in the extraordinary result.

10.1.1 Extraordinary factors affecting WILEX AG resulting from the 2014 restructuring programme

The annual financial statements of WILEX AG as of 30 November 2013 could only be prepared on a going-concern basis and a cash reach beyond the third quarter of 2014 could only be assumed if significant cash flows had been generated by the end of January 2014 through the near-term conclusion of a major licence or financing agreement or, alternatively, if the future cash and cash equivalents required were substantially reduced by the implementation of a far-reaching restructuring plan no later than the end of January 2014.

On 29 January 2014, after the end of the reporting year, WILEX, with the approval of the Supervisory Board, therefore initiated an extensive package of restructuring measures and to focus on contract research and the ADC technology at its subsidiary Heidelberg Pharma. At the site in Munich, the clinical development activities are being phased out and the headcount will be reduced by 80% to 8 employees by the end of July. In addition to lay-offs, the restructuring plan also includes substantial cost reductions from the planned sub-letting of space no longer required for research and development activities.

After the measures have been implemented, there will still be a core team in Munich to continue the ongoing talks on the marketing and/or financing of the MESUPRON®,

RENCAREX® and REDECTANE® projects. Heidelberg Pharma in Ladenburg will continue to develop and market customer-specific contract research services, and the ADC technology in particular, and thus generate revenue for the Group.

Due to the initiation of the restructuring measures, the Company's cash reach is now safeguarded at least until the third quarter of 2015, which means that at the time the financial statements were being prepared it could be assumed that the Company would continue to exist as a going concern over the next twelve months.

Since only the restructuring measures initiated in January 2014 ensured that the financial statements could be prepared on a going-concern basis, the expenses resulting from the discontinuation of the research and development activities were already taken into account on the 30 November 2013 reporting date.

At the reporting date, provisions for restructuring measures in the amount of € 1.6 million, mainly for expected staff costs and vacant rental premises, were recognised as accounting effects that pushed down earnings. In addition, fixed assets were impaired by € 4.4 million, as described in more detail below:

In earlier financial years, business start-up and expansion expenses were capitalised in accordance with Section 269 of the old version of the German Commercial Code. This capitalisation extended to the RENCAREX® and REDECTANE® programmes, both of which are based on the antibody Girentuximab. As a result of missing the endpoint in the ARISER trial, but taking into account valid indications of the efficacy of the antibody in the subgroup analysis, a 30% impairment loss had already been recognised on the fair value of the capitalised expenses in the previous year.

The impairment testing in 2013 concluded that the capitalised expansion expenses must be written down in full as due to the phasing-out of clinical development it is possible that no more revenue will be generated from license agreements against which capitalised expenses would be eliminated. The Executive Management Board therefore deems a 100% write-down on the net carrying amount appropriate, which is why an impairment loss of € 1.5 million was recognised.

As a consequence of the restructuring programme initiated and the phasing-out of clinical development activities, various impairment losses were charged in particular on laboratory equipment, laboratory facilities and other operating and office equipment. These total € 0.3 million and were determined based on the expected proceeds from the sale of the laboratory equipment and devices that could presumably be obtained on the market.

Due to the introduction of the restructuring programme and the realignment of the Company, the value of the previously capitalised licenses is no longer recoverable. Although the Company still aims to market and advance its existing projects, in line with the principle of prudence it nevertheless seems imperative to reduce the carrying amounts of the licenses. As a result, all previously capitalised licenses were written down in full by € 0.7 million.

In addition, a receivable from Nuclea for development work in connection with the sale of WILEX Inc. was written down in fully by USD 2.5 million or € 1.9 million. This was performed on the due assumption that the CAIX Dx could not be directly used as a companion diagnostic for RENCAREX®. However, WILEX AG would participate in the sales revenue generated from the marketing by Nuclea.

10.1.2 Other own work capitalised

The Company made use of the option to recognise expenses in the 2008, 2009 and 2010 financial years in accordance with Section 269 of the old version of the German Commercial Code. As already explained, a full write-down was necessary, which corresponds to an impairment loss of € 1.5 million. The net carrying amount of the own work capitalised as of 30 November 2013 was € 0 (2012: € 5.7 million).

10.1.3 Sales revenue and other operating income

WILEX posted sales revenue of € 11.4 million in the 2013 financial year (previous year: € 13.9 million). In 2013, as in 2012, almost all of the sales revenue was generated under the licence agreement with Prometheus that was terminated at the end of October 2013. Prior-year sales revenue was higher as this had been generated during a full twelve-month period; however, the cooperation agreement with Prometheus was terminated at the end of October 2013 and a final payment made to WILEX.

The other operating income of € 1.5 million was comparable with the prior-year figure (2012: € 1.6 million). This item includes income from the grant awarded by the Federal Ministry of Education and Research (BMBF) that subsidises one of WILEX's research projects, which contributed other operating income of € 0.5 million in the past financial year. In addition, income from the reversal of provisions in the amount of € 0.8 million and exchange differences of € 0.2 million were recorded.

10.1.4 Operating expenses

Personnel expenses decreased from € 7.4 million in 2012 to € 5.5 million in the past financial year as a result of lay-offs in the 2013 financial year and the departure of staff during the year.

The item **amortisation and write-downs of intangible assets and depreciation and write-downs of property, plant and equipment and other own work capitalised** (€ 4.4 million; previous year: € 10.0 million) mainly shows the amortisation of the expenditure for expanding business operations (€ 4.2 million). This item also includes depreciation on fixed assets (€ 0.2 million).

Other operating expenses were down year-on-year at € 7.4 million (previous year: € 12.3 million) due to the progress made in and the completion of the clinical trials.

10.1.5 Interest

Net interest income improved significantly to € 0.3 million (previous year: -€ 0.2 million) as a result of higher interest income as well as lower interest expense because the dievini shareholder loan had been converted in the previous year and therefore does not generate any further interest payments. The UCB loan principal of € 2.5 million remains as it is with annual interest of 6.0%.

10.1.6 Write-down of financial assets

The write-down of the equity interest in Heidelberg Pharma by € 4.2 million from € 19.2 million to € 15.0 million is shown as a **write-down of financial assets**. In the previous

year, this item concerned a write-down of the equity investment in WILEX Inc. in the amount of € 0.4 million.

10.1.7 Extraordinary result

The extraordinary result (€ -5.8 million) includes items incurred outside of operating activities. It included extraordinary income of € 0.2 million from the sale of WILEX Inc. during the year and also restructuring provisions (€ 1.6 million) and impairment losses on fixed assets (€ 4.4 million) classified as extraordinary expense in connection with the cessation of development activities at the Munich site. No extraordinary items had been recognised for the previous year.

The extraordinary result is comprised as follows:

Extraordinary income:	**€ million**
Sales proceeds WILEX Inc.	0.2
	0.2
Extraordinary expenses:	
Provision for expected loss from personnel expenses	0.7
Provision for expected loss from vacant rental premises	0.9
Impairment of intangible assets	0.7
Impairment of fixed assets and laboratory equipment	0.3
Impairment of expenses for expanding business operations	1.5
Impairment of Nuclea development contribution	1.9
	6.0
Extraordinary result	**5.8**

10.1.8 Financing and liquidity

Throughout 2013, WILEX AG had sufficient liquidity to ensure the financing of its ongoing trials. WILEX AG did not implement any financing measures in the 2013 financial year. Contrary to the original planning at the beginning of the 2013 financial year, there were no significant external cash inflows under licence agreements like upfront payments or other payments.

The WILEX AG had cash and cash equivalents of € 8.7 million (30 November 2012: € 23.1 million) at the close of the financial year. Had the existing structures been maintained, these cash and cash equivalents would not have been sufficient to safeguard the Company's continued existence beyond July 2014. The Executive Management Board was therefore forced to draw up an emergency plan in parallel to ensure the assumption of a positive going-concern prognosis.

On 29 January 2014, the Executive Management Board, with the approval of the Supervisory Board, took action because no financing was secured and no licence agreements were concluded for the Phase III and Phase II programmes and the Company is unable to continue to finance these trials from its own funds. WILEX initiated extensive **restructuring measures** to reduce funding requirements. The expenses in connection with the discontinuation of the research and development activities amount to around € 6.0 million and were factored into the 2013 annual financial statements.

10.1.9 Capital expenditures

All of the funds used in connection with the further development of drug and diagnostic candidates were recorded under current research and development expenses, which are reported under other operating expenses.

Amounting to € 24 k, the additions to property, plant and equipment and intangible assets recorded were not at a significant level.

10.1.10 Net assets and financial position

Total assets fell by around 44% to € 31.2 million from € 55.6 million the year before, mainly due to the outflow of cash for financing the clinical trials and the Company's operations.

The business start-up and expansion expenses recognised were written down in full in view of the economic situation and the restructuring measures initiated. The figure recognised for this decreased from € 5.7 million in the previous year to € 0 as of 30 November 2013 due to depreciation and amortisation of € 4.2 million and impairment losses of € 1.5 million.

Fixed assets fell from € 21.3 million in the previous year to € 17.4 million at the end of the 2013 financial year, mainly due to the impairment of the investment in the remaining subsidiary Heidelberg Pharma by € 4.2 million. At € 15.0 million, this investment nevertheless accounts for around 86% of non-current assets. The impairment test for the carrying amount of the equity investment requires the estimation of the value in use based on the expected future cash flows of Heidelberg Pharma and of the appropriate discount rate, which was determined to be 11.6% after taxes.

Mid-term planning comprises a detailed five-year plan for the period from 2014 to 2018. Cash flow projections are based on model assumptions that are related to an internal customer analysis and apply probabilities concerning potential new contracts. The current customer base has been analysed as to its future contract potential and provides the basis for mid-term planning.

This is followed by a second, longer-term 14-year planning phase that is based on model assumptions and continues the first planning phase. Sales related to the ADC technology are adjusted using model assumptions rooted in probabilities.

The carrying amount of the investment in Heidelberg Pharma of € 19.2 million was written down by € 4.2 million to € 15.0 million in the financial year. In spite of the start-up losses incurred by Heidelberg Pharma, the Executive Management Board firmly believes that the investment will not be permanently impaired on account of the future revenue potential and expected future cash flows. However, due to the external validation of the value of the Company determined on the stock exchange, which decreased substantially following the announcement of the restructuring programme and was at times lower than the original value of the investment in Heidelberg Pharma, this became a necessary step.

Inventories relate to raw materials, consumables and supplies, as well as laboratory materials, which were written down in full by € 26k.

Cash and bank balances totalled € 8.7 million at the end of the year (previous year: € 23.1 million). The decrease corresponds to the net loss for the year, the outflow of cash for operating activities as well as non-cash components such as depreciation/amortisation/write-downs and deferred revenue. For more information on the Company's strained financial

position and a possible threat to its continued existence as a going concern, we refer to chapters 7.4 “Going-concern risks” and 7.6.1 “Financing risk”.

Prepaid expenses of € 0.1 million (previous year: € 0.7 million) mainly relate to advance payments to service providers.

Equity according to commercial law decreased to € 24.6 million at the balance sheet date (previous year: € 38.6 million). Subscribed capital nevertheless remained unchanged year-on-year at € 31.3 million, as did the capital reserves at € 171.3 million. The accumulated losses rose by € 14.0 million on account of the net loss for the year, from € 164.0 million to € 178.0 million.

Other provisions increased by € 0.6 million, from € 3.1 million in the previous year to € 3.7 million as of 30 November 2013 mainly on the basis of the provisions to be recognised for restructuring measures.

Trade payables fell from € 0.9 million in 2012 to € 0.1 million, principally as a consequence of a lower level of activity due to the progress of the relevant trial or its termination.

Liabilities arising from the shareholder loan granted by UCB are recognised as liabilities to other long-term investees and investors and amount to € 2.6 million including accrued interest, as in the previous year.

Deferred income of € 1 k (previous year: € 10.2 micllion) is no longer significant following the end of the deferral of the upfront payments made by Prometheus for the out-licensing of the US commercial rights to RENCAREX®.

10.1.11 Cash flow statement

The cash outflow from operating activities during the reporting period was € 14.8 million (previous year: € 1.3 million). The main factors affecting this item are operating expenses, which exceed income, and the associated loss for the year.

The total cash outflow from investing activities was € 24 k (previous year: € 4.6 million), and is attributable to the acquisition of equipment and intangible assets.

The net cash outflow from financing activities in the 2013 financial year was € 21 k (previous year: net cash inflow of € 25.6 million) and is therefore no longer significant.

Furthermore, there was also a positive exchange rate effect in the amount of € 0.4 million.

Total net outflow of cash and cash equivalents was € 14.4 million (previous year: inflow of € 19.7 million). This corresponds to an average outflow of cash of € 1.2 million per month in 2013 (previous year: inflow of € 1.6 million).

At the end of the period, the Company had cash and bank balances of € 8.7 million (previous year: € 23.1 million).

10.2 Other disclosures

Averaged over the year, WILEX AG had 59 salaried employees, 42 of whom worked in research and development and 17 in administrative positions (averages in each case). These figures include members of the Executive Management Board.

10.3 Financial outlook for the parent company, WILEX AG

10.3.1 Expected results of operations

Assuming the initiated restructuring measures will be implemented as planned and the development activities will be phased out, the Executive Management Board expects the WILEX Group to generate between € 0.5 million and € 1.5 million in sales revenue and other operating income in the 2014 financial year (2012: € 12.9 million). The earnings target for 2014 does not include potential sales revenue from a licence agreement for the programmes to be discontinued or possible commercial exploitation of the antibody Girentuximab.

Total operating expenses in 2014 will be in the range of € 5.0 million to € 7.0 million if business proceeds as planned, thus falling significantly short of the level recorded for the 2013 reporting period (€ 17.3 million).

The lower expenses are attributable to a substantial overall decrease in research and development costs and personnel expenses.

The operating result in the 2014 financial year is expected to come in between -€ 3.5 million and -€ 6.5 million (2013: -€ 4.4 million).

The Company aims at marketing its discontinued development programmes in subsequent years. Even if these fail to materialise, earnings in the 2015 financial year could still improve, but expenses are expected to exceed income in the short and medium term.

10.3.2 Expected financial position and net assets

If income and expenses develop as anticipated, the net change in cash and cash equivalents in the 2014 financial year is expected to be between -€ 4.0 million and -€ 6.0 million. This corresponds to an average monthly use of cash of € 0.3 million to € 0.5 million.

Equity (30 November 2013: € 24.6 million) will continue to decline given the anticipated loss for the 2014 financial year. 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, "Risk report".

Munich, 27 March 2014

The Executive Management Board

Consolidated financial statements according to IFRSs of the WILEX Group, Munich

for the financial year

from 1 December 2012 to 30 November 2013

Consolidated statement of comprehensive income (IFRS)

for the financial year from 1 December 2012 to 30 November 2013

	Note	2013 €	2012 €
Sales revenue	22	13,316,509	16,141,569
Other income	23	5,789,505	1,699,603
Income		**19,106,014**	**17,841,171**
Cost of sales	24	(3,678,100)	(6,746,092)
Research and development costs	24	(12,427,010)	(12,780,437)
Administrative costs	24	(4,243,980)	(4,855,641)
Other expenses	24	(3,720,479)	(2,369,191)
Operating expenses		**(24,069,569)**	**(26,751,361)**
Operating result		**(4,963,555)**	**(8,910,189)**
Finance income	27	83,592	30,455
Finance costs	27	(160,236)	(508,497)
Financial result	27	**(76,644)**	**(478,042)**
Earnings before tax		**(5,040,199)**	**(9,388,231)**
Income tax	28	(121)	(2,565)
Net loss for the year		**(5,040,320)**	**(9,390,797)**
Net currency gain/loss from consolidation		0	(9,711)
Comprehensive income		**(5,040,320)**	**(9,400,507)**
Earnings per share	29		
Basic and diluted earnings per share		(0.16)	(0.36)
Average number of shares issued		31,275,507	25,931,980

Consolidated balance sheet (IFRS)

for the financial year as of 30 November 2013

Assets	Note	30.11.2013 €	30.11.2012 €
Property, plant and equipment	10	1,324,275	2,086,534
Intangible assets	11	3,071,272	4,106,758
Goodwill	11	6,111,166	6,111,166
Other non-current assets	12	2,298,314	227,674
Non-current assets		**12,805,027**	**12,532,132**
Inventories	13	77,832	258,210
Prepayments	14	106,323	734,759
Trade receivables	15	240,214	269,550
Other receivables	15	162,113	562,894
Cash and cash equivalents	16	8,920,064	23,363,335
Current assets		**9,506,545**	**25,188,748**
Total assets		**22,311,572**	**37,720,880**

Equity and liabilities	Note	30.11.2013 €	30.11.2012 €
Subscribed capital	17	31,275,507	31,275,507
Capital reserve	17	159,281,268	159,211,811
Accumulated losses	17	(175,606,823)	(170,518,867)
Net currency gain/loss from consolidation	17	0	(47,637)
Equity	17	**14,949,952**	**19,920,815**
Lease liabilities	19	25,203	129,746
Other non-current liabilities	19	51,479	930,901
Non-current liabilities		**76,682**	**1,060,646**
Trade payables	20	190,736	904,365
Lease liabilities	20	90,723	210,501
Financial liabilities	20	2,637,500	2,637,500
Other current liabilities	20	4,365,979	12,987,053
Current liabilities		**7,284,938**	**16,739,419**
Total equity and liabilities		**22,311,572**	**37,720,880**

Consolidated statement of changes in equity (IFRS)

for the financial year from 1 December 2012 to 30 November 2013

	Note	Shares	Subscribed capital	Capital measures/ premium	Stock options	Capital reserve	Currency translation differences	Accumulated losses	Total
			€			€	€	€	€
				132,267,971	2,762,459				
As of 1 December 2011		**21,613,035**	**21,613,035**			**135,030,430**	**(37,926)**	**(161,128,070)**	**(4,522,532)**
Stock options	25				556,781				556,781
Net currency gain/loss from consolidation	26						(9,710)		(9,710)
Net loss for the year								(9,390,797)	(9,390,797)
Capital increase after accounting for capital procurement costs	17	9,662,472	9,662,472		23,624,600				33,287,072
Net change in equity									**24,443,346**
				155,892,571	3,319,240				
As of 30 November 2012	**17**	**31,275,507**	**31,275,507**			**159,211,811**	**(47,637)**	**(170,518,867)**	**19,920,815**

				155,892,571	3,319,240				
As of 1 December 2012		**31,275,507**	**31,275,507**			**159,211,811**	**(47,637)**	**(170,518,867)**	19.920.815
Stock options	25				69,457				69,457
Net currency gain/loss from consolidation	26						47,637		47,637
Net loss for the year								(5,087,957)	(5,087,957)
Net change in equity									**(4,970,863)**
				155,892,571	3,388,697				
As of 30 November 2013	**17**	**31,275,507**	**31,275,507**			**159,281,268**	**0**	**(175,606,823)**	**14,949,952**

Consolidated cash flow statement (IFRS)

for the financial year from 1 December 2012 to 30 November 2013

	Note	2013 €	2012 €
Net loss for the year		**(5,040,320)**	**(9,390,797)**
Adjustment for items in the statement of comprehensive income			
Stock options	25	69,457	556,781
Depreciation, amortisation and impairment losses	24	1,715,904	671,864
Finance costs	27	160,236	947,118
Finance income	27	(83,543)	(468,726)
Tax expense	28	0	2,565
		1,862,053	**1,709,602**
Changes in balance sheet items			
Inventories	13	32,997	215,688
Trade receivables	15	19,862	(62,059)
Other receivables	15	(21,138)	2,016,373
Prepayments	14	619,298	219,421
Other non-current assets	12	(2,064,270)	22,762
Trade payables	20	(725,238)	(546,601)
Other liabilities	20	(9,041,815)	1,186,036
		(11,180,304)	**3,051,619**
Cash flow from operating activities		**(14,358,571)**	**(4,629,575)**
Finance costs paid	27	(166,841)	(508,503)
Finance income received	27	73,047	30,280
Net cash flow from operating activities		**(14,452,365)**	**(5,107,798)**
Cash flow from investing activities			
Purchase of property, plant and equipment	10	(143,972)	(201,633)
Purchase of intangible assets	11	(28,198)	(42,810)
Net cash flow from investing activities		**(172,170)**	**(244,443)**
Cash flow from financing activities			
Proceeds from capital increases		0	33,829,993
Capital increase costs	17	0	(409,628)
Change in shareholder loan	20	0	(7,771,250)
Other financing activities	27	0	(39,835)
Repayment of finance leases	30	(224,320)	(266,556)
Net cash flow from financing activities		**(224,320)**	**25,342,723**
Influence of foreign exchange effects on cash and cash equivalents		405,584	(47,787)
Net change in cash and cash equivalents		**(14,443,271)**	**19,942,695**
Cash and cash equivalents			
at beginning of period		23,363,335	3,420,640
at end of period	16	8,920,064	23,363,335

Consolidated notes according to IFRSs of the WILEX Group, Munich

for the financial year

from 1 December 2012 to 30 November 2013

1 Business and the company

WILEX was established in 1997 in Munich, Germany, as WILEX Biotechnology GmbH by a team of physicians and oncologists 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, the shares of WILEX AG 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 ISIN DE0006614720.

"WILEX" will be used as a synonym for the Group hereinafter. Each entity's full corporate name is used whenever facts specific to WILEX AG as the parent company or the subsidiaries are reported.

WILEX is a biopharmaceutical company that focuses on the research, development, manufacturing and approval of drugs and diagnostic agents in oncology as well as on the respective in- and out-licensing of intellectual property rights. WILEX has a portfolio of therapeutic and diagnostic product candidates and, through its subsidiary Heidelberg Pharma, is also active in the fields of preclinical contract research and ADC technology.

Restructuring programme
On 29 January 2014, WILEX, with the approval of the Supervisory Board, initiated an extensive package of cost-cutting measures and resolved to focus on contract research and the ADC technology at its subsidiary Heidelberg Pharma GmbH. Despite intensive efforts to obtain project funding and licensing partnerships, WILEX AG has been unable so far to generate sufficient cash to justify and guarantee maintaining its current scope of business activities. The clinical development activities are being phased out and the headcount at the Munich site will be reduced by 80% to 8 employees plus the Executive Management Board. Work will continue on commercial exploitation of the Company's advanced clinical programmes. These measures became necessary to extend the Company's cash reach and thus ensure its continued existence as a going concern. The measures have a material impact on the consolidated financial statements. For more information, we refer to note 3 ff.

1.1 Consolidated companies

1.1.1 Heidelberg Pharma GmbH

On 3 November 2010, WILEX AG had signed an agreement, with the approval of the Supervisory Board, with all shareholders of Heidelberg Pharma AG (hereinafter also "Heidelberg Pharma") regarding the acquisition of all shares in Heidelberg Pharma in return for WILEX shares. Following the Extraordinary General Meeting's approval on 15 December 2010 and the recording of the capital increase in the Commercial Register on 17 March 2011, WILEX AG acquired all of the shares in Heidelberg Pharma AG by way of a non-cash capital increase in return for 3,200,000 new WILEX shares subject to the exclusion of shareholders' subscription rights.

Upon recording in the Commercial Register on 17 March 2011 ("acquisition date"), Heidelberg Pharma AG became a wholly-owned subsidiary of WILEX AG and thus an

integral part of the WILEX Group. Heidelberg Pharma completed the change in its legal structure from an AG (German stock corporation) to a GmbH (German limited liability company) as of 1 December 2011.

1.2 Companies no longer consolidated

1.2.1 WILEX Inc.

WILEX Inc., the US subsidiary founded in October 2010 in Cambridge, MA, was sold to the US-based company Nuclea Biotechnologies Inc., Pittsfield, MA (hereinafter referred to as "Nuclea") effective 6 September 2013 under a share deal agreement. As a member of the WILEX Group, WILEX Inc. focused on the production, quality assurance, approval, marketing and sale of the developed diagnostic assays and sold them under the Oncogene Science brand to customers in the pharmaceutical industry and scientific institutions as well as to reference laboratories.

WILEX Inc. was a wholly-owned subsidiary of WILEX until 6 September 2013, the date on which it was sold to Nuclea, and has not been a part of the WILEX Group since. In accordance with IAS 27, it is no longer included in the consolidated financial statements at the reporting date. However, its contributions to earnings accumulated until the date of the sale are still included.

2 APPLICATION OF NEW AND REVISED STANDARDS

2.1 New and revised standards and interpretations whose application has no effect or no material effect on the consolidated financial statements:

First-time application of the following standards and interpretations was mandatory in the past financial year beginning on 1 December 2012: None of the amendments listed affected the financial year just ended or the previous financial year.

IAS 12: Deferred Tax – Recovery of Underlying Assets

The amendments to IAS 12 contain an exception to the basic principle behind IAS 12 which applies mainly to investment property in accordance with IAS 40 and will therefore be irrelevant for WILEX.

IAS 1: Presentation of Items in Other Comprehensive Income

The presentation of items in other comprehensive income will be adjusted accordingly when the changes are applied.

2.2 New and revised standards and interpretations whose application in the consolidated financial statements was voluntary or who were not yet applicable

Application of the following interpretations and standards was voluntary or not yet required as of 1 December 2012.

2.2.1 New and revised standards and interpretations adopted by the EU

The IASB issued a package of five standards in May 2011:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements

- IFRS 12 Disclosures of Interests in Other Entities
- IAS 27 (2011) Separate Financial Statements
- IAS 28 (2011) Investments in Associates and Joint Ventures

Amendments to IFRS 10, IFRS 11 and IFRS 12 were also published in June 2012 to clarify the content of certain transitional provisions on the first-time adoption of these standards. The IFRSs as adopted by the EU are only required to be applied for annual periods beginning on or after 1 January 2014. The IFRSs applied in the EU therefore differ from the IASB's instructions. Early, voluntary application is permitted provided all five standards are applied at the same time. WILEX has not made use of this option, however. Management does not expect the improvements and amendments listed below to materially affect measurement or accounting in future financial statements.

IFRS 10: Consolidated Financial Statements

This standard replaces the rules concerning consolidated financial statements in IAS 27 and SIC 12. Material changes relate to the control principle, which as of now will have no effect whatsoever on the WILEX, because WILEX only has one wholly-owned subsidiary.

IFRS 11: Joint Arrangements

This standard replaces the rules in IAS 31 and SIC 13 and governs the classification of joint arrangements. A joint arrangement is a contractual agreement between two or more parties to exercise joint control over something.

IFRS 12: Disclosure of Interests in Other Entities

IFRS 12 is a standard concerning notes to the financial statements. It is applicable to companies that hold interests in subsidiaries, joint arrangements, associated companies and/or unconsolidated structured entities. The requirements of IFRS 12 are generally more far-reaching than those in the currently applicable standards.

IFRS 14: Regulatory Deferral Accounts

This standard was issued in January 2014 and is effective for reporting periods beginning on or after 1 January 2016. The standard permits entities that are first-time adopters of IFRS to continue to recognise regulatory deferral account balances in their financial statements in accordance with their previous GAAP, with a small number of restrictions.

IAS 36: Impairment of Assets

The objective of this standard is to prescribe the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount (the higher of an asset's fair value less costs to sell and its value in use). It was amended in relation to the recoverable amount for non-financial assets (clarification of the required disclosures).

IAS 27: Separate Financial Statements

IAS 27 (amended in 2011) describes the accounting and disclosure requirements for separate financial statements, which are those presented by a parent or an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments.

IAS 28: Investments in Associates and Joint Ventures

IAS 28 Investments in Associates and Joint Ventures (amended in 2011) sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, with a limited number of specific exceptions.

Furthermore, application of the following interpretations and standards was voluntary or not yet required as of 1 December 2012. In these cases, WILEX also elected to refrain from early, voluntary application of the standards and interpretations adopted by the EU. The improvements and amendments listed below are again also not expected to materially affect measurement or accounting in future financial statements.

IAS 19: Employee benefits

The revisions to IAS 19 (amended in 2011) change the treatment of defined-benefit retirement plans and termination benefits. WILEX has not instituted any defined-benefit retirement plans.

IAS 39: Financial instruments: Recognition and Measurement

This standard provides guidance on the recognition and measurement of financial assets, financial liabilities and individual contracts for the purchase or sale of non-financial items. The amendment relates to derivatives which in spite of being novated are still designated as hedging instruments in a continuing hedging relationship.

IFRS 13: Fair Value Measurement

IFRS 13 specifies uniform guidelines for fair value measurement and the associated disclosures.

IFRS 7: Amendments with respect to the offsetting of financial assets and financial liabilities and related disclosures

The amendments to IFRS 7 provide clarification on application problems that exist with regard to the requirements for the offsetting of financial assets and financial liabilities.

The amendments to IFRS 7 require for financial instruments the disclosure of information about rights of set-off and associated agreements in an enforceable master netting arrangement or similar agreement.

IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 has no relevance for WILEX.

2.2.2 New and revised standards and interpretations that have been approved by the IASB, but have not yet been adopted by the EU

IFRS 9: Financial Instruments

According to IFRS 9, all financial assets currently covered by the scope of IAS 39 must be subsequently measured either at amortised cost or at fair value. Debt instruments held as part of a business model for the purpose of collecting contractual cash flows, and whose contractual cash flows solely constitute interest and principal payments on the outstanding capital, must be carried at amortised cost in subsequent periods. All other instruments must be measured at fair value through profit or loss.

3 Key accounting policies

The significant accounting policies applied are explained below.

3.1 Statement of conformity

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the European Union (EU).

3.2 Basis for preparation of the consolidated financial statements

The consolidated financial statements as of 30 November 2013 could only be prepared on a going-concern basis and a cash reach beyond the third quarter of 2014 could only be assumed if WILEX AG had generated significant cash flows by the end of January 2014 by concluding a major licence or financing agreement in the near term or, alternatively, if the future cash and cash equivalents required were substantially reduced by the implementation of a far-reaching restructuring plan no later than the end of January 2014. As the planned external cash flows were not realized through out-licensing, for a positive going-concern prognosis it was necessary to discontinue the research and development activities that were generating high cash outflows. Accordingly, by implementing restructuring measures that entailed in particular massive lay-offs in the area of research and development at the end of January 2014, the Executive Management Board prepared the way for extending the Company's cash reach until at least the third quarter of 2015, so that at the time the financial statements were being prepared it could be assumed that the Company would continue as a going concern at least for the next twelve months.

As a consequence of the measures in the restructuring programme, WILEX AG deviates from the measurements and the accounting policies applied up to now in individual balance sheet items for the financial year ended 30 November 2013.

The reason for the partial deviation from accounting policies applied in the past lies in the restructuring programme for preventing an impending insolvency in the third quarter of 2014 unless the corporate structure was changed. Only by implementing radical measures associated with the restructuring programme was it possible to prepare the consolidated balance sheet on a going-concern basis in accordance with IAS 1.25. The content of the restructuring programme that was inevitable for the continued existence of WILEX AG necessitates a deviation from the accounting policies applied in the previous year for, in part, property, plant and equipment, intangible assets, inventories, other receivables (non-cash receivable from Nuclea) and deferred liabilities.

For the assets that will no longer be used for operations due to the discontinuation of research and development activities at WILEX AG, the fair value less costs of disposal was used to determine the recoverable amount or the assets were written down in full. The reporting of the anticipated losses for future rental expenses and future staff costs as an expense was based on the assumption that for large areas of the rented space and also employment in the area of research and development as a consequence of the discontinuation of research and development activities the previous supposition that pending transactions would balance out in the future is no longer tenable and onerous contracts exist.

As outlined below, the preparation of the consolidated financial statements is based on historical cost, except for the deviations mentioned above. Historical cost is in turn generally based on the fair value of the consideration paid in return for an asset.

In accordance with Section 325 (3) German Commercial Code, WILEX publishes these IFRS consolidated financial statements in the Federal Gazette (Bundesanzeiger). These consolidated financial statements exempt the Company from preparing consolidated financial statements in accordance with the German Commercial Code.

These consolidated financial statements were prepared by the Executive management Board on 27 March 2014 and released for publication in accordance with IAS 10. The Supervisory Board can decline to adopt the consolidated financial statements and Group management report released by the Executive Management Board, in which case the consolidated financial statements would have to be adopted in the Annual General Meeting. The reporting period begins on 1 December 2012 and ends on 30 November 2013. It is referred to hereafter as the “2013 financial year” (“2012 financial year” for the previous period).

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company WILEX AG and its controlled subsidiary Heidelberg Pharma GmbH. An entity is “controlled” when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances and profits and losses are eliminated in full during consolidation. Comparability with the previous year’s figures is neither given nor available due to the change in the Group structure because WILEX Inc. was sold on 6 September 2013. Until that date, Wilex Inc. was a wholly-owned subsidiary of WILEX and has not been a part of the WILEX Group since. In accordance with IAS 27, it is no longer included in the consolidated financial statements at the reporting date. However, its contributions to earnings accumulated until the date of the sale are still included.

The annual financial statements of the subsidiary are adjusted, if necessary, to bring their accounting policies in line with those used by the Group.

3.4 Foreign currencies

The consolidated financial statements are prepared in euros (€), the Group’s functional currency.

The Group had one subsidiary domiciled outside of the euro zone until the sale on 6 September 2013. The functional currency of WILEX Inc. was the US dollar (USD) because the Company was an independent foreign economic entity until its sale. Reflecting deconsolidation, the financial statements of WILEX Inc. as of the disposal date are translated into euros for the purposes preparing 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.

The translation of the annual financial statements prepared in the foreign currency is explained below.

Consequently, assets and liabilities are translated using the closing rate prevailing on the disposal date, equity is translated at the historical rate and both expenses and income are translated at the average exchange rate in the period during which the entity was part of the Group, except where substantial fluctuations in exchange rates have occurred. Currency translation differences arising from consolidation are recognised in other comprehensive income as currency gains or losses. These foreign exchange differences were 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 1.3589 (previous year: € 1 = USD 1.2996)
- Average exchange rate: € 1 = USD 1.3230 (previous year: € 1 = USD 1.2857)

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) and non-monetary items in foreign currencies measured at historical cost 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.

WILEX carries out transactions in US dollars, Swiss francs (CHF), British pounds (GBP) and, to a smaller extent, in other foreign currencies as well.

Differences may result from commercial rounding of exact figures.

3.5 Property, plant and equipment

WILEX 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 and is recognised at historical cost less accumulated depreciation and impairment losses.

The cost less net carrying amount is depreciated on a straight-line basis over the useful life of the asset. The expected useful lives, net carrying amounts and depreciation methods are reviewed at every reporting date and all necessary changes to estimates are applied prospectively. Depreciation of property, plant and equipment is based on the following useful lives:

- 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 depreciated over their expected useful life. In the event of disposal, the cost and associated accumulated depreciation and impairment losses are derecognised. Any gains or losses resulting from such disposal are recognised in profit or loss in the financial year.

As a consequence of the restructuring programme initiated and the phasing-out of clinical development activities, impairment losses were charged on laboratory and other office equipment of WILEX AG in order to measure it at its fair value less costs to sell as the recoverable amount.

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

See note 3.20 for information on the accounting treatment of finance leases recognised in property, plant and equipment.

3.6 Intangible assets

3.6.1 Separately acquired intangible assets

Intangible assets not acquired in a business combination with a determinable useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is on a straight-line basis over the expected useful life of the asset and is recognised as an expense. The expected useful life and the amortisation method are reviewed at every reporting date and all necessary changes to estimates are applied prospectively. Separately acquired intangible assets with an indefinite useful life are carried at cost less accumulated impairment losses.

The following useful lives are assumed for intangible assets:

- Licences und patents 12.5 to 20 years
- Software 3 years
- Acquired customer base 9 years

As a consequence of the restructuring programme initiated and the phasing-out of clinical development activities, impairment losses were charged on licences and patents of WILEX AG in order to recognize them at their fair value less costs to sell as the recoverable amount.

3.6.2 Intangible assets acquired from a business combination

Intangible assets acquired from a business combination are recognised separately from goodwill and measured at fair value, i.e., cost, as of the date of acquisition.

In subsequent periods, intangible assets with a definite useful life that were acquired in a business combination are measured in the same way as separately acquired intangible assets: at cost less accumulated amortisation and any accumulated impairment losses.

3.6.3 Research and development costs

Costs for research activities are recognised as expenses in the periods in which they are incurred.

Internally generated intangible assets resulting from development activities are recognised if and only if the following has been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Group’s intention to complete production of the intangible asset and use or sell it.
- The Group’s 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 from the use 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 Group’s ability to measure reliably the expenditure attributable to the intangible asset during its development.

Since these requirements have not been met, no intangible assets could be recognised in the development phase.

At present, all research and development costs are therefore recognised in the income statement for the financial year in which they arise.

3.7 Impairment of property, plant and equipment and intangible assets with the exception of goodwill

The Company reviews the carrying amounts of property, plant and equipment and intangible assets at every reporting date to determine whether there is reason to believe that these assets are impaired. If there is indication of impairment, the recoverable amount of the asset is estimated to determine the scope of a possible impairment loss. If the recoverable amount of the individual asset cannot be estimated, then the recoverable amount of the cash generating unit to which the asset belongs is estimated.

In the case of intangible assets with an indefinite useful life and those not yet available for use, an impairment test is performed at least once a year and in all cases where there is indication of impairment.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The estimated future cash flows are discounted using a pre-tax rate when determining the value in use. On the one hand, this pre-tax rate takes into account the current market estimate of the present value of the funds. On the other hand, it reflects the risks inherent in the asset to the extent that these have not already been incorporated into the cash flow estimate.

If the estimated recoverable amount of an asset or a cash generating unit falls below the carrying amount, then the relevant carrying amount is decreased to the recoverable amount. The impairment is recognised immediately in profit or loss.

If there is a subsequent reversal of the impairment loss, the carrying amount of the asset or the cash generating unit is increased to the new estimate of the recoverable amount. The increase in carrying amount is limited to the amount that would have resulted if no impairment losses had been recognised in previous years. An impairment reversal is recognised immediately in profit or loss.

3.8 Goodwill

The goodwill resulting from a business combination is recognised at cost less impairment losses, as required, and is reported separately in the consolidated balance sheet.

For purposes of impairment testing, the goodwill must be distributed among each of the Group’s cash generating units expected to derive benefit from the synergies generated by the business combination.

Cash generating units to which the goodwill is allocated must be tested for impairment at least annually. As soon as there is some indication of impairment, the cash generating unit must be tested immediately.

If the recoverable amount of a cash generating unit is less than the carrying amount of the unit, then the impairment loss must be initially allocated to the carrying amount of the allocated goodwill and subsequently pro rata to the other assets based on the carrying amounts of each asset within the cash generating unit. Any impairment loss on goodwill is

recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised on goodwill may not be reversed in future periods.

3.9 Other non-current assets

When leases for buildings and laboratory equipment are signed, rent security or security for leased equipment must be paid to the landlord or lessor. Depending on the duration of the lease, this item is allocated to non-current or current assets as of the reporting date.

3.10 Inventories

Inventories comprise raw materials, consumables and supplies, (contract) work in progress and finished products.

Inventories are measured at the lower of cost and net realisable value. The cost of sales for internally generated inventories contains all directly attributable costs as well as a reasonable percentage of the general overhead costs.

As a consequence of the restructuring programme initiated and the phasing-out of clinical development activities, impairment losses were charged on inventories.

3.11 Trade receivables

Trade receivables belong to the category of loans and receivables (see note 3.14), which are measured at amortised cost. This means that they 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.

3.12 Prepayments made

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.

3.13 Other receivables

Receivables are initially recognised at fair value and subsequently at amortised cost, 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 is recognised in profit or loss.

The non-cash receivable from Nuclea for a CAIX in vitro diagnostic agent was originally measured at the date of the initial measurement. At the 30 November 2013 closing date, however, this asset was written down in full as a consequence of the discontinuation of research and development activities.

3.14 Financial instruments

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

- Financial assets or financial liabilities at fair value through profit or loss. This category comprises two sub-categories:
    - Financial assets or liabilities held for trading (AFVPL-Tr.): This category comprises the financial assets and liabilities held for trading such as for instance interest-bearing securities, shares and borrower’s note loans. In

particular, the liabilities held for trading include derivative financial instruments with a negative fair value. Financial assets and liabilities held for trading are recognised at the fair value at every balance sheet date. The remeasurement gains or losses are recognised the net profit/loss for the period. 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 net profit/loss for the period. 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: Non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss are allocated to this category. 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. The following are excluded from classification as held-to-maturity investments: (a) financial assets that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity designates as available for sale; and (c) those that meet the definition of loans and receivables.

WILEX currently does not recognise any of the financial instruments listed above.

- 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 profit or loss at the time the amortised cost is determined. A financial asset is impaired if there are objective indications of impairment which, in turn, arise from events that may have occurred after the initial measurement and have a negative effect on the value that was recognised on addition. Depending on the type and nature of the respective financial asset, the insolvency of a debtor for instance or even a reduction in the performance and fair value of an investment or other financial assets may constitute indications of and events leading to impairment. Premiums or discounts are recognised in net financial result over the relevant term. They are also measured at amortised cost.

Financial liabilities are initially measured at fair value. After initial recognition, all financial liabilities shall be measured at amortised cost using the effective interest method, except for:

(a) Financial liabilities at fair value through profit or loss.

(b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

(c) The financial guarantee contracts as defined in IAS 39.9.

(d) Commitments to provide a loan at a below-market interest rate.

All financial liabilities of WILEX shall subsequently be measured at amortised cost using the effective interest method. These financial assets and financial liabilities 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).

The net profit always contains all other expenses and income associated with the financial instruments in the given measurement category. Besides interest income and dividends, in particular this includes the results of both the initial and the subsequent measurement.

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.

A class of financial instruments encompasses financial instruments that are grouped in accordance with the disclosures required under IFRS 7 and the features of the financial instruments an entity uses.

The trade and settlement dates generally do not coincide in regular cash purchases or sales of financial assets. There is the option to use either trade date accounting or settlement date accounting in connection with such regular cash purchases or sales. The WILEX Group uses trade day accounting in connection with regular cash purchases and sales of financial assets at the time of both initial measurement and disposal.

WILEX does not utilise hedge accounting for hedging currency risks. Potential currency risks concern the US dollar in particular, which is the reporting currency of WILEX Inc. Insignificant amounts of cash and cash equivalents are held in US dollars to minimise risk.

3.15 Equity and equity management

3.15.1 Composition of equity

The Group’s equity consists of the subscribed capital, which is denominated in common bearer shares with a pro-rata interest in the Company’s share capital of € 1.00 each. Additional costs directly attributable to the issue of new shares and a capital measure are recognised under equity as a deduction from the issue proceeds.

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 until the disposal of WILEX Inc., because this entity had a different functional currency.

3.15.2 Equity management

The equity management programme of WILEX serves to create a solid equity base and to safeguard it in a sustainable manner so as to be able to continue to operate under the going-concern premise. Given the losses the Company has incurred since its founding, it focuses mainly on using cash 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. Management regularly monitors the equity ratio and the sum of the items recognised in equity. There were no changes during the reporting year in the Company's strategy or objectives as they relate to its capital management programme.

In principle, WILEX is interested in furthering its constructive, trustful and, in most cases, long-standing cooperation with its providers of equity.

Preventing the share capital reported in the separate financial statements prepared under German commercial law from being halved is the primary quantitative control variable of equity management.

3.16 Liabilities and provisions

Liabilities are recognised if a legal or constructive obligation exists towards third parties. With the exception of financial liabilities, liabilities are carried at their settlement amount. In contrast, financial liabilities are initially measured at their fair value. They are subsequently measured at amortised cost. All liabilities that fall due within at least one year are recognised as non-current liabilities; they are discounted to their present value.

Provisions are recognised if the Group has a present obligation from a past event, it is probable that the Group will have to meet this obligation and its amount can be estimated reliably. The provision amount recognised is the best estimated amount as of the reporting date for the expenditure required to fulfil the present obligation, taking into account the risks and uncertainties inherent in the obligation. If it is expected that the amount required to settle the provision will be reimbursed by a third party in whole or in part, this claim is recognised accordingly under other receivables.

A liability for restructuring expenses is recognised if the Group has prepared a detailed formal restructuring plan which, in turn, has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Solely the direct expenditures arising from the restructuring are considered in the measurement of a restructuring liability. Hence this only concerns amounts arising from the restructuring that are not associated with the Group's continuing operations.

Liabilities include, for the first time, provisions for vacant space and future rental expenses for the laboratories and offices that will no longer be used as a consequence of the discontinuation of research and development activities at WILEX AG plus other provisions for staff costs and expenses for possible legal disputes.

3.17 Income taxes

Income tax expense is composed of the current tax expense and deferred taxes. The current tax expense item is insignificant due to the history of loss carryforwards.

Deferred income taxes are recognised by applying the balance sheet liability method for temporary differences which arise between the tax base of the assets and liabilities and their carrying amounts in the financial statements according to IFRS. Deferred income taxes are to be measured in accordance with the tax rates (and tax regulations) that are applicable as 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 and deferred tax liabilities are not recognised when the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and

liabilities in transactions which are not business combinations and affect neither accounting profit nor taxable profit (tax loss).

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.

If relevant, current or deferred taxes are recognised in profit or loss, unless they are related to items that are either recognised in other comprehensive income or directly in equity. In this case, the current or deferred tax must also be recognised in other comprehensive income or directly in equity.

3.18 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 common shares outstanding during the period under review. The Treasury Stock Method is used to calculate the effect of subscription rights. It is assumed that the options are converted in full in the reporting period. The number of shares issued to the option holder as consideration for the proceeds generated, assuming exercise at the exercise price, is compared with the number of shares that would have been issued as consideration for the proceeds generated assuming the average market value of the shares. The difference is equal to the dilutive effect resulting from the potential shares and corresponds to the number of shares issued to the option holder compared to another market participant receiving no consideration. The proceeds assumed from the issue of potential common shares with dilutive effect must be calculated as if they had been used to repurchase common shares at fair value. The difference between the number of common shares issued and the number of common 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 3.19) 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.

3.19 Employee and Executive Management Board member benefits

3.19.1 Share-based payment

Equity-settled share-based payment provided to employees in the form of stock options is recognised at the fair value of the relevant option prevailing on the respective grant date. Additional information on calculation of the fair value of share-based payment is presented in note 25.

The fair value calculated upon equity-settled share-based payment is recognised as an expense using the straight-line method over the period until vesting with a corresponding increase in equity and is based on the Company's expectations with regard to the equity instruments which are likely to vest. At each reporting date, the Group must review its estimates regarding the number of equity instruments vesting. The effects of changes to the original estimates, if any, must be recognised as in profit or loss in such a way that the

cumulative expense reflects the change in the estimate and results in a corresponding adjustment in the reserve for equity-settled share-based payments to employees.

3.19.2 Profit-sharing scheme

WILEX 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.

Bonus entitlements and variable compensation are contingent on the achievement of personal targets and the Company's performance targets. The performance-based compensation of the members of the Executive Management Board and non-executive personnel is based for one on corporate goals and for another on performance targets that are fixed on an individual basis. These goals and targets comprise and essentially refer to the achievement of defined milestones in clinical development, the securing of the Company's further funding and the future performance of WLEX's shares.

Since profit-sharing payments are made subsequently as of the reporting date, the Company recognises a corresponding provision that is measured using estimates and judgements based on previous payments.

3.19.3 Pension costs

Payments for defined-contribution pension plans for current and former Executive Management Board members and managing directors are recognised as expenses when the beneficiaries have performed the work that entitles them to the contributions. Currently there is a pension plan at Heidelberg Pharma into which contributions are still being paid. Regarding the WILEX AG pension plan, no additional contributions are expected due to a previous one-time payment.

The payments into a defined contribution plan as pledged in exchange for the work performed by the beneficiaries are expensed in the financial year in question.

3.20 Leases

The lease of equipment for which essentially all opportunities and risks associated with ownership are transferred to WILEX 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.

3.21 Recognition of revenue and earnings

Sales revenue and other income are measured at the fair value of the consideration received or receivable.

WILEX's business activities are aimed at generating revenue from cooperation agreements and/or out-licensing agreements (depending on the design of the given contract in the form of upfront payments, milestone payments, cost reimbursements and royalties). WILEX also generates sales revenue from the provision of services as part of its customer specific contract research.

3.21.1 Sales revenue from cooperation and out-licensing agreements

Sales revenue from such agreements can consist of up-front payments, milestone payments or cost reimbursements for current project development and management.

Up-front payments are due as prepayments at the start of a given cooperation. Revenue recognition in connection with up-front payments requires a case-by-case analysis of the overall circumstances and is therefore contingent on the content of the relevant contract. Revenue is recognised upon receipt of the invoice providing all conditions in IAS 18.14 ff. have been satisfied. Where individual conditions have not been met, the up-front payments received are recognised as deferred income and recognised on a pro-rata basis in profit or loss over the term of the defined work to be performed.

Milestone payments are contingent upon achievement of contractually stipulated targets. Milestones and the resulting sales revenue are not posted as such until the respective targets triggering the payments have been met in full.

The cooperation agreements also normally generate sales revenues in the form of cost reimbursements for ongoing project development with the respective partner that are billed as the costs are incurred and reported as sales.

3.21.2 Sales revenue from the sale of goods

Sales revenue from the sale of goods is recognised when the goods have been delivered, legal transfer of ownership has taken place and the following conditions have been met at the time:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of sales revenue can be estimated reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The costs incurred or to be incurred in respect of the transaction can be estimated reliably.

3.21.3 Sales revenue from the provision of services

Income from service contracts is recognised according to the percentage of completion. The percentage of completion is determined as follows:

- Income from customer-specific research is calculated on a time-and-materials basis and recognised at the contractually agreed hourly rates and directly incurred costs.

3.21.4 Other income

In addition to the income from the deconsolidation of WILEX Inc., the exchange rate gains, and the significant reversal of unused provisions for expenses from prior periods through profit or loss, other income relates mainly to government grants, such as those from the Federal Ministry of Education and Research (BMBF). These government grants are used to support certain projects by reimbursing research expenses from public funds. Reimbursement is based on the project costs incurred. The cash amounts received in advance are recognised according to the stage-of-completion method of the underlying service period.

3.22 Cost of sales

All costs directly related to generating sales revenue are reported as cost of sales. Cost of sales thus comprises staff costs, material costs and other costs directly attributable to manufacturing in reference to the respective goods and services sold.

3.23 Research and development

Research and development activities comprise all associated costs not related to the generation of sales revenue, including staff costs, consulting costs, amortisation and impairment losses, material and cost of sales, third party services, laboratory costs and fees for legal advice. They are recognised as expenses in the period in which they are incurred.

3.24 Interest income

Interest income is recognised in the statement of comprehensive income at the time it is generated, taking into account the effective yield on the asset.

3.25 Interest expense

Since the Group does not own qualifying assets, borrowing costs are recognised as an expense in the period in which they are incurred.

4 Segment reporting in accordance with IFRS 8

According to IFRS 8, an operating segment is a component of an entity whose business activities may generate sales revenue and incur expenses, whose operating results are regularly monitored by the entity's primary decision maker (the full Executive Management Board), and for which separate financial data are available.

Segmentation information is provided for the Group's operating segments based on the Group's management structure and the structure of its intragroup reporting. Segment results contain components that may be attributed directly to a single segment or, if possible, allocated to all segments on a reasonable basis. Intragroup pricing between segments is determined on an arm's length basis involving third parties.

In accordance with IFRS measurements and based on its internal management and organisational structure WILEX has been reporting on three operating segments since the 2011 financial year, all of which have materially different risk/reward profiles. The WILEX Group comprises three operating segments, each of which is explained below, along with its separate core business and core projects.

4.1 Therapeutics (Rx)

WILEX AG is a biopharmaceutical company focused on oncology. It develops therapeutic products based on antibodies and small molecules for the targeted treatment and detection of various types of cancer. Therapeutics in the 2013 financial year comprised the following product candidates: RENCAREX®, MESUPRON®, WX-554, WX-037 as well as all preclinical and research activities of WILEX AG. Since the end of January 2014, development activities have been successively discontinued, following which the Company will focus exclusively on the commercial exploitation of its product candidates.

4.2 Diagnostics (Dx)

In the 2013 financial year, WILEX Inc. focused on the production and marketing of a multitude of biomarker tests and in vitro diagnostics related to oncology. Since the sale of WILEX Inc. as of 6 September 2013, this segment has solely comprised the diagnostic candidate REDECTANE®. In the Diagnostics segment, WILEX AG will also discontinue its research and development activities and concentrate exclusively on commercial exploitation.

4.3 Customer Specific Research (Cx)

The subsidiary Heidelberg Pharma provides customer specific services in connection with a novel technology platform for therapeutic antibody drug conjugates (ADCs), which is still being developed. The company aims at entering into collaborative partnerships with research institutes as well as pharmaceutical and biotechnology companies in the form of licensing models for the toxin linker technology and performs contract work related to manufacturing, optimising and profiling new Antibody Targeted Amanitin Conjugates (ATACs) based on antibodies that are owned by the respective customers.

A possible ADC collaboration can be broken down into three steps:

- Material Transfer Agreements (MTA)

This phase concerns a non-exclusive agreement on testing a customer's antibodies.

- Technology Licence Agreements (TLA)

In this phase, the antibody that was tested during the MTA phase is further refined and tied to a toxin via a linker.

- Product Licence Agreement (PLA)

In this phase, the drug candidate defined in the PLA Phase is subject to further research by the customer and refined in clinical trials. Heidelberg Pharma receives up-front, milestone and licence payments for achieving the individual trial phases as well as for commercialisation.

As a second model, Heidelberg Pharma will contribute the toxin linker technology to product partnership as a contribution in kind, while other biotechnology companies will contribute their antibodies or innovative antibody formats. Together, novel ATACs will be developed up to the preclinical stage including GMP production, in which their efficacy and tolerability can be meaningfully assessed. Through the provision of the relevant skills and resources, the internal contribution to the value chain is expected to be increased. A decision will later be taken with the partner in question as to whether joint clinical development is possible or whether direct licensing or sale of the product to third parties is preferable.

Furthermore, Heidelberg Pharma performs work on drug metabolism, pharmacology and pharmacokinetics especially in oncology in its preclinical service business.

The two fee-for-service areas cannot be clearly separated from each other because they are interdependent.

At this time the business of Heidelberg Pharma is based solely on the fee-for-service model, which means that its services are billed individually.

4.4 Segment result

4.4.1 Segment result as of 30 November 2013

Segment results in € '000	Rx	Dx	Cx	Not allocated	Consoli-dation	Group
Sales revenue	11,408	178	1,731	0	(1)	13,317
External sales revenue	*11,408*	*178*	*1,730*	*0*	*0*	*13,317*
Intersegment sales revenue	*0*	*0*	*1*	*0*	*0*	*1*
Other income	815	4,609	366	0	0	5,790
Operating expenses	(13,805)	(5,863)	(4,403)	0	1	(24,070)
of which cost of sales	*(820)*	*(1,256)*	*(1,603)*	*0*	*0*	*(3,678)*
of which depreciation, amortisation and impairment losses	*(1,134)*	*(228)*	*(354)*	*0*	*0*	*(1,716)*
Finance income	0	0	0	474	(390)	84
Finance costs	0	(172)	(228)	(150)	390	(160)
Earnings before tax	(1,582)	(1,248)	(2,533)	323	0	(5,040)
Net loss for the year	(1,582)	(1,248)	(2,533)	323	0	(5,040)

The Group's intersegment sales revenue amounted to € 1 k. The Customer Specific Research (Cx) segment generated sales revenue of € 1 k with the Therapeutics (Rx) segment.

The Therapeutics segment accounted for most of the external sales revenue, all of which was generated through a single customer in connection with the out-licensing and cooperation agreement for RENCAREX® in the US market. Hence sales revenue of € 11,186 k (previous year: € 14,186 k) – which comprises a large portion of the revenue from the Therapeutics segment as well as all of the external revenue from the Diagnostics segment – is allocated to the US market. The domestic market was the source of 61% of the revenue of the Customer Specific Research (Cx) segment, while the US market accounted for 7%. The remaining 32% of segment revenue was generated by the European market. In the previous year, the corresponding distribution was 75%, 20% and 5%.

The following exceptional items were significant in the past financial year in connection with the restructuring programme: staff costs and expenses for possible legal disputes of € 734 k (previous year: € 350 k as well as deferred expenses for an onerous lease of € 857 k (previous year: € 0 k) and impairment losses in the amount of € 3,024 k (previous year: € 0). Furthermore, an expense of € 69 k (previous year: € 557 k) was recognized from the granting of stock options.

The following table shows the effects of these items on the segments:

Expenses connected with the restructuring programme at segment level	**Rx € '000**	**Dx € '000**	**Cx € '000**	**Total € '000**
Expected losses				
Human resources	624	110	0	**734**
Vacant rental premises	728	129	0	**857**
Impairment losses				
Intangible assets	682	120	0	**802**
Tangible fixed assets and laboratory equipment	271	48	0	**319**
Non-cash receivable from Nuclea (CAIX test)	1,618	285	0	**1,903**
Total	**3,923**	**692**	**0**	**4,615**

As a consequence of the sale of WILEX Inc., which was allocated to the Dx segment, the gain on disposal and the individual components of the consideration received (€ 4,076 k) and of the disposal of assets (-€ 192 k) were allocated to the Dx segment (see note 6).

4.4.2 Segment result as of 30 November 2012

Segment results	**Rx € '000**	**Dx € '000**	**Cx € '000**	**Not allocated € '000**	**Consoli-dation € '000**	**Group € '000**
Sales revenue	13,873	353	2,064	0	-148	16,142
External sales revenue	13,873	342	1,926	0	0	16,142
Intersegment sales revenue	0	11	137	0	0	148
Other income	388	9	245	1,064	-7	1,700
Operating expenses	-18,346	-3,837	-4,724	0	155	-26,751
of which cost of sales	*-3,163*	*-1,711*	*-1,872*	*0*	*0*	*-6,746*
of which depreciation, amortisation and impairment losses	*-192*	*-65*	*-415*	*0*	*0*	*-672*
Finance income	0	0	1	249	-219	30
Finance costs	0	-144	-105	-479	219	-508
Earnings before tax	-4,084	-3,618	-2,520	834	0	-9,388
Net loss for the year	-4,084	-3,621	-2,520	834	0	-9,391

4.5 Segment assets

The assets shown on the consolidated balance sheet amount to € 22,312 k (previous year: € 37,721 k) and are allocable as follows among the various segments (taking into account consolidation effects):

- The Rx segment reported assets of € 121 k (previous year: € 1,260 k), € 0 k (previous year: € 210 k) of which were classified as non-current and € 121 k (previous year: € 1,050 k) of which were classified as current.
- The Dx segment reported assets of € 2,155 k (previous year: € 665 k), € 2,130 k (previous year: € 278 k) of which were classified as non-current and € 25 k (previous year: € 387 k) of which were classified as current.
- The Cx segment reported assets of € 8,091 k (previous year: € 10,878 k), € 7,544 k (previous year: € 10,457 k) of which were classified as non-current and € 547 k (previous year: € 421 k) of which were classified as current.
- Non-current assets totalling € 3,132 k (previous year: € 1,587 k) and current assets amounting to € 8,814 k (previous year: € 23,331 k) cannot be allocated to a specific segment. The largest item here is cash and cash equivalents.

Since the disposal of the subsidiary WILEX Inc., the assets from all segments as well as the unallocable assets have been located in Germany, with the exception of the loan receivable from Nuclea.

Taking into account consolidation effects, investments in financial year 2013 amounted to € 172 k (previous year: € 244 k). The Cx segment accounts for € 144 k of this figure (previous year: € 37 k), the Dx segment accounts for € 4 k (previous year: € 0 k) while € 24 k (previous year: € 204 k) cannot be allocated to a specific segment.

Liabilities are not tracked by management at segment level. For this reason, no disclosure in accordance with IFRS 8.28(d) is made here.

5 Financial risk management

5.1 Financial risk factors

Given its business activities, WILEX 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. WILEX'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. WILEX does not use embedded derivatives or other derivative financial instruments to hedge against risks.

Responsibility for group-wide risk management rests with the full Executive Management Board. It has implemented an effective group-wide risk management system throughout the entire WILEX Group and monitors compliance with the risk management principles approved by the Supervisory Board with the help of the respective individuals responsible for the individual fields of risk identified as well as in cooperation with Controlling. 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.

The group-wide risk management system serves to identify and analyse risks to which WILEX is exposed, making it possible to take appropriate countermeasures as necessary. The principles underlying the risk management system are reviewed and adjusted in a

regular and ongoing process in order to ensure that any changes in and requirements of WILEX's business environment are covered. Internal guidelines and training ensure that every employee is aware of their tasks and duties in connection with the risk management system and duly carries them out.

5.1.1 Market risk

5.1.1.1 Currency risk

WILEX had one subsidiary during the year that reported in a foreign currency and the Group also cooperates with different service providers worldwide and is therefore exposed to currency risks in connection with currency positions, mainly in US dollars (USD), Swiss francs (CHF), British pound (GBP) and, to a lesser extent, in other foreign currencies. This 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.

As the currency risk is still limited overall, WILEX has not yet concluded any hedging transactions but is attempting to achieve financial hedging by matching cash inflows and outflows in the same currency.

5.1.1.2 Price risk

WILEX is not exposed to risks from share price fluctuations related to equity securities, nor to risks from changes in the price of commodities.

5.1.2 Default, liquidity and interest risk

Mainly cash, cash equivalents and receivables constitute financial instruments that might expose WILEX to concentrations of default, liquidity and interest rate risks. WILEX has no obligations under long-term financial investments. WILEX 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. The current financial liabilities shown on the balance sheet concern a shareholder loan from UCB Pharma S.A., Brussels, Belgium (UCB).

Given the contractually fixed interest rates and short maturities, market-driven interest rate fluctuations do not have a direct effect on the financial assets and liabilities such that the interest rate risk plays a secondary role for WILEX.

5.1.3 Bad debt risk

WILEX is exposed to bad debt risks in connection with receivables. No material past due trade or other receivables were recognised as of the reporting date. Bad debt risks were perceived as a potential risk in the course of the WILEX's development and included in its risk management system.

The maximum default risk in connection with trade receivables is € 240 k and corresponds to the trade receivables balance sheet item. The maximum default risk in connection with other receivables is € 162 k. An amount of € 98 k from sponsored projects is outstanding; a further € 48 k relates to receivables from the tax authorities and € 16 k relates to other items.

The bad debt risk in connection with the other non-current assets (€ 2,298 k) principally entails the receivable in USD from Nuclea equivalent to € 2,130 k at the reporting date.

No financial assets are overdue, but the development work to be performed by Nuclea with an original value of USD 2.5 million (€ 1.9 million) was no longer considered recoverable in connection with the restructuring measures initiated at WILEX AG and the discontinuation of development activities for RENCAREX and was therefore written off in full to € 0.

5.1.4 Cash flow and fair value interest rate risk from financial instruments

WILEX invests liquid funds only in interest-bearing 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 3.14).

Furthermore, 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. during the year that were deposited with a US bank were also protected through a comparable deposit insurance system.

The default risk in connection with these credit balances is therefore minimal.

5.2 Determination of fair value

The carrying amounts of financial assets and liabilities such as cash and cash equivalents as well as trade receivables and payables are more or less equal to their fair value on account of the short maturities.

6 Sale of WILEX Inc.

At the beginning of September 2013, WILEX AG signed the agreement on the sale of WILEX Inc. to Nuclea, as a result of which WILEX Inc. is no longer included in the consolidated financial statements (see note 1.2.1).

Since WILEX Inc. had not been acquired or founded (in 2010) exclusively with a view to resale, IAS 5.32 is not relevant and the disposal is therefore not classified as a discontinued operation. As an identifiable cash-generating unit, WILEX Inc. nevertheless meets the criteria of IFRS 5.4 as a disposal group.

Further reasons for this classification:

- The disposal of WILEX Inc. with (individual) total assets of approximately € 447 k is not significant for the consolidated balance sheet as of 30 November 2013. The individual items on the WILEX Inc. balance sheet (accumulated losses/financial liabilities) neutralise each other on the liabilities side and are consolidated in the consolidated balance sheet. In addition, there are no significant assets or liabilities, i.e. assets or liabilities whose disposal does not permanently change the consolidated balance sheet on completion of the sale.
- As the Dx (Diagnostics) segment under which WILEX Inc. was reported continues to exist, the definition of a discontinued operation is not relevant.
- WILEX AG's intention in selling WILEX Inc. was to focus on its core business.

The calculation of the gain on disposal is presented below:

- **Consideration received**
  - In the form of cash and cash equivalents € 0 k
  - In the form of development work and a loan receivable € 4,076 k

  Total consideration received € 4,076 k

- **Assets disposed of due to loss of control**

  Current assets
  - Cash and cash equivalents € 0 k
  - Trade receivables € 38 k
  - Inventories € 146 k
  - Other € 12 k

  Non-current assets
  - Property, plant and equipment € 247 k
  - Intangible assets € 4 k

  Current liabilities
  - Liabilities -€ 173 k

  Non-current liabilities
  - Liabilities -€ 25 k

  Net assets sold € 249 k

Gain on disposal of subsidiaries as of 30.11.2013

- Total consideration received € 4,076 k
- Total net assets sold -€ 249 k
- Cumulative gains/losses on financial instruments € 0 k
- Cumulative exchange rate gain from equity € 57 k

Gain on disposal **€ 3,884 k**

The gain on disposal is included in the consolidated loss or, if considered at segment level, in the DX segment.

- **Net cash flow from the disposal**
  - Sale price settled with cash and cash equivalents € 0 k
  - Less: Cash and cash equivalents paid out in connection with the sale € 0 k

  Total net cash flow from the disposal € 0 k

7 Going concern risk

As of the 30 November 2013 reporting date, WILEX's cash and cash equivalents were not sufficient to cover its financing requirements for the next twelve months if the structure of the Group remained unchanged. No new cash and cash equivalents have been generated from capital measures or licence agreements since then, which means that the funds would not have lasted beyond the third quarter of 2014. As a result, it would not have been possible to prepare the financial statements on a going-concern basis. In order to significantly extend the cash reach, the Executive Management Board's priority was to try to conclude one or more commercialisation agreements by the end of January 2014 to avoid otherwise inevitable restructuring measures. Until the end of January, several companies were conducting due diligence or were in specific contract negotiations with WILEX, though this did not lead to reliable commitments such as in the form of a binding declaration of intent or advanced contract preparation.

For this reason, WILEX AG initiated a restructuring programme on 29 January 2014 that is intended to counteract this going-concern risk and to extend the Company's cash reach. Due to the implementation of the catalogue of measures initiated before the end of January, which will lead to substantially lower liquidity requirements in the future, a cash reach of over twelve months into the third quarter of 2015 is possible. The timely implementation of the restructuring plan was therefore a prerequisite for preparing the IFRS consolidated financial statements on a going-concern basis.

This set of planned measures will lead to a review of the absolute necessity of all external service contracts, but also to a review of the further implementation of ongoing trials as well as the contracts concluded with the clinical trial sites and clinical research organisations (CROs) for this purpose. The closure of all research and development departments and the related redundancies are expected to generate significant internal savings. WILEX AG is also working hard on subletting or re-letting parts of its rented premises in Munich, which would generate further savings. This will enable WILEX to substantially reduce its operating expenses for 2014 and 2015 and extend its cash reach into the third quarter of 2015.

Heidelberg Pharma is not affected by this measure. As its sales revenue from customer-specific research (Cx) rises, the subsidiary is expected to make a positive contribution to the Group's earnings. Ideally, the research agreements already concluded in the area of ADC technology will lead to licence agreements for specific antibody drug conjugates that hold prospects of significant future milestone payments and licence payments through various partnerships. In addition, participation in the development of ADC product candidates – either independently or in collaboration with partners – is expected to boost internal value creation.

For the remaining projects, MESUPRON®, RENCAREX® and REDECTANE®, WILEX AG is striving for rapid, financially viable commercial exploitation with sale or out-licensing of the clinical products in order to extend the Group's cash reach.

Failure by the Executive Management Board to increase the sales revenue or achieve commercial exploitation of the clinical projects would jeopardise the Group and/or the consolidated entities' existence as a going concern and the shareholders could lose some or all of their invested capital.

However, even then the WILEX Group and WILEX AG might be unable to satisfy their payment obligations and/or become over indebted from the third quarter of the 2015 financial

year. This would jeopardise the Group's and/or consolidated entities' existence as a going concern and the shareholders could lose some or all of their invested capital.

8 Critical estimates and discretionary decisions

Application of the aforementioned accounting principles requires the Management Board to assess facts, perform estimates and make assumptions with respect to the carrying amounts of assets and liabilities that cannot be readily determined from other sources.

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.

The assumptions underlying the estimates are regularly reviewed. Changes in the estimates that concern only a specific period are considered solely in that period; if the changes concerns both the current and subsequent reporting periods, then they are considered in all relevant periods.

Assumptions underlying the recognition of sales revenue and other income are based on estimates by the Executive Management Board.

Determining the expense from the measurement of stock options and the parameters underlying the impairment test materially concern assumptions and judgements that are made by management and regularly reviewed.

8.1 Recognition of sales revenue

A material portion of WILEX's sales revenue of € 13,317 k (previous year: € 16,142 k) arises from cooperation with Prometheus, which has been discontinued in the meantime, and/or the licence agreement with Prometheus and the resulting accrual of payments that are recognised as other current or non-current liabilities. This requires forward-looking estimates especially in terms of winding-up the development of RENCAREX® and the Phase III registration trial as well as its subsequent approval process in order to be able to accrue the payments received over the period of time work is performed. Because approval of RENCAREX® for the adjuvant treatment of clear cell renal cell cancer is no longer achievable since the failure to meet the primary endpoint in the ARISER trial in October 2012, adjustment of the parameters underlying the accruals, the accrual period and total costs was necessary. Effective from the termination of the cooperation agreement at the end of October 2013, all sales revenue was recognised.

8.2 Expense from the granting of stock options

WILEX recognises expenses in the amount of € 69 k (previous year: € 557 k) from the granting 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 change the relevant parameters and adjust its calculations and staff costs accordingly (see note 25).

8.3 Impairment test pursuant to IAS 36

The impairment tests of both goodwill in the amount of € 6,111 k (previous year: € 6,111 k) and the technology asset In Process Research & Development (IP R&D) – which is not yet ready for use – in the amount of € 2,493 (previous year: € 2,493 k) require either estimating the value in use based on the cash generating unit's probable expected future cash flows and the reasonable weighted average cost of capital or estimating the fair value less costs to sell.

Factors such as revenue that is lower than expected and the resulting decrease in net cash flows as well as changes in the WACC could have a material effect on the determination of the value in use and/or the fair value less costs to sell and, in the final analysis, on the impairment of the goodwill or the IP R&D technology asset acquired.

9 Impairment testing pursuant to IAS 36

The following is a description of impairment testing of the goodwill and the intangible and not yet amortised technology asset acquired in the course of the 2011 business combination with Heidelberg Pharma.

The assessment of the recoverability of laboratory and office equipment and of patents and licences at WILEX AG is presented subsequently.

For purposes of annual impairment testing, goodwill and the IP R&D technology asset are assigned to WILEX's lowest cash generating unit, which is monitored by the Executive Management Board and at the same time constitutes the Customer Specific Research (Cx) segment.

WILEX AG acquired Heidelberg Pharma in March 2011. This acquisition generated goodwill of € 6,111 k. Furthermore, an IP R&D asset consisting of the ADC technology with a net carrying amount of € 2,493 k was identified in the course of the purchase price allocation performed at the time. The carrying amounts as of 30 November 2013 correspond to the value at acquisition in each case.

Impairment tests are based on a discounted cash flow model using assumptions in respect of company planning and serve to determine an asset's value in use. Mid-term planning comprises a detailed five-year plan for the period from 2014 to 2018. Cash flow projections are based on model assumptions that are related to an internal customer analysis and apply probabilities concerning potential new contracts. On the basis of detailed mid-term planning, the current customer base was analysed as to its future contract potential and extended to include potential customers.

This is followed by a second, longer-term 14-year planning phase that is based on model assumptions and continues the first planning phase. Sales related to the ADC technology are adjusted using model assumptions rooted in probabilities.

The ADC technology platform is a cornerstone of Heidelberg Pharma's business model. The ADC technology is expected to be used to optimise antibodies for specific customers and manufacture corresponding antibody-drug conjugates (ADC) to improve cancer treatments in the future. Heidelberg Pharma intends to market the ADC technology to third parties and plans to generate sales revenue in the form of milestone and licence payments. Particularly in the final phase of an ADC agreement (product licence agreement), these payments are essential to the business model. They come due as soon as the contractual partner pursues development of a drug candidate and completes the approval process. The development

phase comprises the execution of several clinical trials and can therefore take several years, which necessitates a second long-term planning phase for purposes of the impairment test.

The carrying amount of the cash generating unit analysed was € 8,091 k as of the reporting date (previous year: € 10,901 k), which corresponds to the sum total of assets of the Cx segment.

Allowing for the risks and opportunities arising from the business activities, the weighted average cost of capital used for the impairment test was 14.1% (previous year: 14.9%) before taxes and 11.6% (previous year: 10.3%) after taxes.

The impairment test showed that there was no need to recognise impairment losses as of 30 November 2013. Not until a weighted average cost of capital of 17.2% (after tax) (previous year: 19.0%) is reached would the carrying amount of the cash generating unit equal the total present value calculated.

The underlying income tax rate is 28.43%, as in the previous year.

There were no events during the financial year just ended that would have indicated a need to conduct a specific impairment test.

As a consequence of the gradual discontinuation of research and development activities at WILEX AG, the Company's laboratory equipment and other office equipment, as well as the patents and licences, laboratory supplies and non-cash receivables were tested for impairment. Due to the lack of future potential use for these assets of WILEX AG in the Company and the intention to sell, the recoverable amount was calculated and carried as the fair value less costs to sell in each case based on market prices.

10 Property, plant and equipment

As of 30 November 2013 and 2012, property, plant and equipment comprised the following:

€ '000	**Laboratory equipment (owned)**	**(Laboratory equipment (leased)**	**Other office equipment**	**Total**
2012 financial year				
Opening carrying amount	1,342	642	90	2,074
Additions	271	137	69	477
Reclassifications	(135)	0	0	(135)
Depreciation and impairment	(223)	(49)	(57)	(329)
Net carrying amount as of 30.11.2012	1,256	729	102	2,087
As of 30.11.2012				
Cost	2,476	885	604	3,965
Accumulated depreciation and impairment	(1,220)	(156)	(502)	(1,878)
Net carrying amount as of 30.11.2012	1,256	729	102	2,087

€ '000	Laboratory equipment (owned)	(Laboratory equipment (leased)	Other office equipment	Total
2013 financial year				
Opening carrying amount	1,256	729	102	2,087
Additions	112	5	27	(144)
Disposals	(303)	0	0	(303)
Depreciation and impairment	(413)	(122)	(69)	(604)
Net carrying amount as of 30.11.2013	651	613	60	1,324
As of 30.11.2013				
Cost	2,285	891	631	3,806
Accumulated depreciation and impairment	(1,633)	(278)	(571)	(2,482)
Net carrying amount as of 30.11.2013	651	613	60	1,324

Unless allocable to cost of sales, € 604 k (previous year: € 329 k) in depreciation and impairment losses were recognised in profit or loss as research and development costs and as general and administrative expenses. The year-on-year increase is due to impairment losses charged on property, plant and equipment at WILEX AG in connection with the initiated restructuring measures (€ 293 k; previous year: € 0 k).

WILEX did not sign new finance leases pursuant to IAS 17 (see note 3.20) in the financial year just ended. Finance lease assets are measured at fair value and amortised over their estimated useful life on a straight-line basis.

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

11 Intangible assets

As of 30 November 2013 and 2012, intangible assets comprised the following:

€ '000	Software	Licences	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2012 financial year							
Opening carrying amount	230	1,041	330	263	2,493	6,111	10,467
Additions	48	0	46	0	0	0	93
Amortisation and impairment	(85)	(119)	(52)	(86)	0	0	(342)
Net carrying amount as of 30.11.2012	193	922	324	177	2,493	6,111	10,218
As of 30.11.2012							
Cost	686	1,796	502	320	2,493	6,111	11,907
Accumulated amortisation and impairment	(494)	(874)	(179)	(143)	0	0	(1,689)
Net carrying amount as of 30.11.2012	193	922	324	177	2,493	6,111	10,218

€ '000	Software	Licences	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2013 financial year							
Opening carrying amount	193	922	324	177	2,493	6,111	10,218
Additions	20	0	4	0	0	0	24
Amortisation and impairment	(97)	(921)	(16)	(24)	0	0	(1,059)
Net carrying amount as of 30.11.2013	115	1	312	152	2,493	6,111	9,182
As of 30.11.2013							
Cost	705	1,796	1,515	320	2,493	6,111	12,939
Accumulated amortisation and impairment losses	(589)	(1,795)	(1,204)	(167)	0	0	(3,755)
Net carrying amount as of 30.11.2013	115	1	311	152	2,493	6,111	9,182

Unless allocable to cost of sales, € 1,059 k (previous year: € 342 k) in amortisation and impairment losses were recognised in profit or loss as research and development costs and as general and administrative expenses. The year-on-year increase is due to impairment losses in connection with the restructuring measures initiated at WILEX AG (€ 802 k; previous year: € 0 k). Additions to this item mainly concern software. In addition, the acquired customer base identified as an intangible asset in connection with a purchase price allocation was amortised.

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

11.1 Goodwill

The goodwill recognised arises from the business combination with Heidelberg Pharma. The assets and liabilities acquired as well as the deferred tax assets and liabilities are recognised separately as of the acquisition date.

Goodwill of € 6,111 k was identified in connection with the acquisition of Heidelberg Pharma and the subsequent purchase price allocation; it will be tested for impairment annually in accordance with IAS 36 (see note 9).

11.2 Intangible assets not yet ready for use

In the purchase price allocation for Heidelberg Pharma carried out in 2011, the novel ADC technology still under development and not yet ready for use was defined as IP R&D and identified as an intangible asset. The carrying amount is € 2,493 k.

The Company believes that the ADC technology has the potential to improve the efficacy of many antibody-based compounds, including those marketed.

This technology will not be amortised until its development has been successfully completed and the technology can thus be deemed ready for use, i.e. a therapeutic agent can be marketed. Subsequent costs are recognised through profit and loss as research and development expenses. They are not capitalised pursuant to IAS 38 in keeping with the treatment of other development costs and given WILEX's industry-related specificities. It is typical for the biotechnology industry that particularly the technical feasibility pursuant to IAS 38.57 (a) as well as any future economic benefits pursuant to IAS 38.57 (c) are uncertain, even in projects where the research has largely been completed. This IP R&D technology asset was tested for impairment as of 30 November 2013 during the impairment test carried out in November 2013. WILEX has not found any indication of impairment of this intangible asset.

11.3 Other intangible assets

Other intangible assets comprise a customer base acquired in the course of the business combination with Heidelberg Pharma in financial year 2011. No impairment losses had to be recognised in addition to amortisation.

11.4 Patents and licences

Due to the introduction of the restructuring programme and the realignment of the Company, the value of the previously recognised patents licences of the parent company WILEX AG is no longer recoverable. Although the Company still aims to market and advance its existing projects, in line with a defensive approach it nevertheless seems imperative to reduce the

carrying amounts of the licences. As a result, all previously recognised patents and licences were written down in full.

12 Other non-current assets

The other non-current assets (2013: 2,298 k; previous year: € 228 k) mainly comprise rent security in the amount of € 148 k (previous year: € 148 k) and security for leased equipment in the amount of € 20 k (previous year: € 80 k) – all of which is deposited in bank accounts. In addition, this item for the first time includes loan and other non-current interest receivables from Nuclea amounting to € 2,130 k.

13 Inventories

The inventories (2013: € 78 k; previous year: € 258 k) mainly concern incomplete research and development services. The inventories of WILEX AG were written down in full in the reporting period as a result of the initiated restructuring measures.

No inventories were pledged as collateral for liabilities.

14 Other assets and prepayments

Other assets and prepayments are comprised as follows:

	30.11.2013 € ‘000	**30.11.2012** € ‘000
Insurance	46	54
Prepayments to service providers	59	680
Other	1	1
Other assets and prepayments	**106**	**735**

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

15 Trade and other receivables

The business activities of the two Group companies generated € 240 k in trade receivables from a variety of sources (previous year: € 270 k).

	30.11.2013 € ‘000	**30.11.2012** € ‘000
Trade receivables	240	270
Total	**240**	**270**

Other receivables are comprised as follows:

	30.11.2013 € '000	30.11.2012 € '000
VAT claim	21	48
Refund on withholding tax on capital gains	28	9
Receivables from other services (without current account)	3	28
Other receivables	105	23
Other receivables Prometheus	0	452
Other assets	5	3
Other receivables	**162**	**563**

Since the Company has incurred only operating losses, the withholding tax on capital gains was refunded. Security deposits (2013: € 5 k; 2012: € 0 k) are categorised as other assets. The other receivables (2013: € 105 k; previous year: € 23 k) mainly concern receivables in connection with a sponsored project.

Receivables of WILEX AG due from Nuclea that constitute a development service and were written down in full to their original amount (€ 1,903 k) are therefore no longer recognised.

16 Cash and cash equivalents

	30.11.2013 € '000	30.11.2012 € '000
Cash and cash equivalents	8,920	23,363
Total	**8,920**	**23,363**

Cash and cash equivalents were down on the prior-year figure due to the expenses incurred for the ongoing research projects.

17 Equity

As of 30 November 2013, the share capital consisted of 31,275,507 (30 November 2012: 31,275,507) no par value bearer shares with a pro-rata interest in the 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 *		**10,845,000**	**10,870,000**
On 30.11.2004 *		**10,845,000**	**10,870,000**
29.04.2005	31.05.2005	6,521,598	6,521,598
08.09.2005	10.11.2005	0	(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**
17.03.2011	17.03.2011	3,200,000	3,200,000
On 30.11.2011		**21,613,035**	**21,613,035**
01.02.2012	03.02.2012	3,201,928	3,201,928
24.08.2012	27.08.2012	6,460,544	6,460,544
On 30.11.2012		**31,275,507**	**31,275,507**
On 30.11.2013		**31,275,507**	**31,275,507**

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

Since the mandatory application of IFRS 2 in respect of the accounting for stock options, 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 € 69 k (previous year: € 557 k) was recognised in this context in the period under review (see note 24).

As of the reporting date of 30 November 2013, the capital reserve amounted to € 159,281 k (previous year: € 159,212 k). The accumulated losses since the start of the Company's business activities in 1997 totalled € 175,607 k as of the end of the financial year (previous year: € 170,519 k).

18 Pension obligations

WILEX's pension plans are based solely on the defined-contribution model. The benefit obligations are covered by matching reinsurance (in terms of their amounts and maturity), and for this reason the fair value of the claims for reimbursement is reported in accordance with the associated obligations.

In 1999, WILEX 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 allocation to the pension provision totalled € 1 k in the financial year just ended (previous year: € 1 k).

An addition to Heidelberg Pharma's pension plan of € 53 k was made in the reporting period (previous year: € 11 k) and included in staff costs. Heidelberg Pharma has a pension commitment in respect of an employee who has since retired and in respect of Dr Jan Schmidt-Brand for which matching reinsurance was arranged.

The reinsurance cover matches because the payments under the reinsurance policy both in terms of their amount and the payments to the beneficiary are identical.

This is not shown in the balance sheet because the pension obligation is offset in each case against the asset value of the reinsurance policy.

19 Lease liabilities and other non-current liabilities

Lease liabilities of € 25 k (previous year: € 130 k) were recognised as of the reporting date because of finance leases for several items of laboratory equipment with a term of 36 months each.

Other non-current liabilities are comprised as follows:

	30.11.2013 € ‘000	30.11.2012 € ‘000
Accruals prepayment Prometheus (non-current)	0	784
Provision for rent	0	79
Obligations from anniversary payments	51	68
Other non-current liabilities	**51**	**931**

Due to the termination of the Prometheus licence agreement during the year and the final payment received, deferral of the upfront payment is no longer possible. On account of the sale of WILEX Inc., which had concluded a staggered lease, there is no longer a need to report an item for deferred rental income.

A service anniversary bonus was granted to all employees for 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 (2013: 1.24%; previous year: 1.43%) 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 € 26 k (previous year: gain of € 8 k) in financial year 2013, which was recognised in the statement of comprehensive income.

20 Lease liabilities, trade payables, financial liabilities and other current liabilities

A current lease liability of € 91 k (previous year: € 211 k) was recognised as of the reporting date in connection with several leases in addition to the **non-current lease liability** described in note 19.

Current **trade payables** decreased from € 904 k in the 2012 financial year to € 191 k in the 2013 financial year. They were mainly incurred for services provided in connection with research and development services.

Financial liabilities in the amount of € 2,638 k (previous year: € 2,638 k) concern the shareholder loan and, after contribution of the share of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, (dievini) in a combined cash/non-cash capital increase in August 2012, only include the loan disbursement from UCB and the resulting interest liability.

Other current liabilities are comprised as follows:

	30.11.2013 € '000	**30.11.2012** € '000
Obligation for holidays not taken	236	383
Accruals Prometheus (current)	0	9,402
Other deferred income	188	0
Social security and other taxes	145	207
Accrued liabilities	3,797	2,995
Other current liabilities	**4,366**	**12,987**

Due to the termination of the licence agreement with Prometheus during the year, deferred income is no longer required to be reported for this item. The deferred liabilities include expenses of € 1,591 k arising from onerous leases and employment contracts.

The **accrued liabilities** are composed as follows:

	30.11.2013 € '000	**30.11.2012** € '000
Employee bonuses and profit-sharing bonuses	1,155	1,056
Costs for preparing the financial statements	110	93
Rent	0	35
Service anniversary payments	7	10
Deliveries/services	934	1,451
Onerous leases and employment contracts	1,591	350
Total	**3,797**	**2,995**

WILEX recognises accruals for goods and services where it 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 work and trials, as well as the cost of production for the basic material.

Employee bonuses are granted depending on the performance of the Company and of individual employees or members of the Executive Management Board, and are due for payment in the following financial year. The year-on-year increase is attributable to the fact that bonuses for the members of the Executive Management Board for 2012 had not yet been paid and continue to be deferred.

The deferred liabilities comprise an obligation to be recognised for restructuring expenses comprising staff costs and deferred rent for vacant space.

Due to the termination of the licence agreement with Prometheus during the year, deferred income is no longer required to be reported for this item.

A total of € 772 k in deferred liabilities were reversed to profit or loss during the year (see note 23).

21 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 3.14):

in € '000	Measurement category according to IAS 39	Measurement as of 30.11.2013		Measurement as of 30.11.2012	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	Loans and Receivables	8,920	8,920	23,363	23,363
Other non-current assets	Loans and Receivables	2,298	2,298	228	228
Trade receivables	Loans and Receivables	240	240	270	270
Other receivables	Loans and Receivables	162	162	563	563
Other non-current liabilities	Financial Liabilities Amortised Costs	(77)	(77)	(1,061)	(1,061)
Trade payables	Financial Liabilities Amortised Costs	(191)	(191)	(904)	(904)
Financial liabilities	Financial Liabilities Amortised Costs	(2,638)	(2,638)	(2,638)	(2,638)
Other current liabilities	Financial Liabilities Amortised Costs	(4,457)	(4,457)	(13,198)	(13,198)
Total		**4,257**	**4,257**	**6,623**	**6,623**

Aggregation by measurement criteria	Loans and Receivables	11,620	11,620	24,424	24,424
	Financial Liabilities Amortised Costs	(7,363)	(7,363)	(17,801)	(17,801)

The other receivables all have remaining maturities of substantially less than one year. There are no discernible default risks. The other non-current assets (see note 12) comprise an amount corresponding to the balance of the rent security accounts or the value of the development service to be provided.

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. The other current and non-current liabilities include the respective current lease liabilities of € 91 k (previous year: € 211 k) and non-current lease liabilities of € 25 k (previous year: € 130 k). Lease liabilities are measured based on a payment plan.

The carrying amounts of financial assets and liabilities such as cash and cash equivalents as well as trade receivables and payables were more or less equal to their fair value on account of the short maturities.

No expense or income was incurred for loans and receivables as well as financial liabilities carried at amortised cost. A total of € 150 k (previous year: € 475 k) were recognised as interest expense related to financial liabilities.

The table below presents the reconciliation of the balance sheet items related to the classes of financial instruments broken down by carrying amount and fair value.

€ '000 2013	Measured at amortised cost		Measured at fair value	Not within the scope of IFRS 7	Balance sheet item as of 30.11.2013
	Carrying amount	Fair Value			
Cash and cash equivalents	8,920	8,920	-	-	8,920
Non-current assets	169	169	-	12,636	12,805
Trade receivables	240	240	-	-	240
Other receivables	162	162	-	184	346
Non-current liabilities	25	25	-	(52)	(77)
Trade payables	(191)	(191)	-	-	(191)
Financial liabilities	(2,638)	(2,638)	-	-	(2,638)
Other current liabilities	(91)	(91)	-	(4,366)	(4,457)

The following figures apply to the previous year:

€ '000 2012	Measured at amortised cost		Measured at fair value	Not within the scope of IFRS 7	Balance sheet item as of 30.11.2012
	Carrying amount	Fair Value			
Cash and cash equivalents	23,363	23,363	-	-	23,363
Non-current assets	228	228	-	12,304	12,532
Trade receivables	270	270	-	-	270
Other receivables	563	563	-	993	1,556
Non-current liabilities	(130)	(130)	-	(931)	(1,061)
Trade payables	(904)	(904)	-	-	(904)
Financial liabilities	(2,638)	(2,638)	-	-	(2,638)
Other current liabilities	(211)	(211)	-	(12,987)	(13,198)

Risks from financial instruments:

In respect of risks from financial instruments, see for example the section on the management of financial risks (see note 5).

Financial instruments with an inherent default and liquidity risk mainly comprise cash and cash equivalents as well as other 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 (Sparkassen-Finanzgruppe). 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 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. WILEX 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 meet 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 business customers; they were invoiced as of the 30 November 2013 reporting date or immediately preceding it. No material trade receivables were past due as of the reporting date. No bad debt allowances are necessary in the Executive Management Board's view because WILEX does not expect any default risks to arise.

WILEX 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. 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, WILEX aims to pay liabilities in foreign currencies using existing bank balances in the respective currency in order to keep the risk of exchange rate fluctuations as low as possible. Translated into the respective currency, as of 30 November 2013 foreign currency risks concerning trade receivables were € 21 k in USD, € 1 k in RUB and € 19 k in GBP.

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. British pound (GBP)	2	(2)
Euro vs. Russian rouble (RUB)	0	0
Euro vs. US dollar (USD)	2	(2)

A material portion of WILEX's sales revenue depends on the given USD/EUR foreign exchange rate. Both the up-front payments and the milestone payments are one-off cash transactions that are translated at the reporting date exchange rate and recognised as

income or accrued. There are ongoing foreign currency risks in respect of the revenue from the cost reimbursements for services largely rendered in euros but passed on in US dollars. In the 2013 financial year, € 11,171 k (previous year: € 14,463 k) of all revenue was generated in USD, of which € 820 k (previous year: € 3,163 k) concern cost reimbursements. Accordingly, an increase by 10% in the average exchange rate applied (i.e. the USD appreciates vis-à-vis the euro) would have boosted revenue from the cost reimbursements by € 75 k. Conversely, a decrease by 10% in the average foreign exchange rate (i.e. the USD weakens vis-à-vis the euro) would have lowered revenue by € 91 k.

Given that both operating income and sales revenue from the upfront payment and milestone payment by Prometheus have already been collected and are limited to accrued items, the euro exchange rate relative to other currencies does not have any effect in this case. Solely the resulting cash and cash equivalents in USD are exposed to foreign currency risks. WILEX monitors the USD exchange rate throughout the year in order to intervene as necessary by selling or buying foreign currencies without however hedging such transactions by means of derivative financial instruments. Cash and cash equivalents in USD as of the 30 November 2013 reporting date were € 1,048 k (30 November 2012: € 2,969 k).

Given the contractually fixed interest rates and short maturities, potential market-driven interest rate fluctuations do not have material effects on the financial assets and liabilities.

Non-derivative financial liabilities in the form of loan liabilities and trade payables must both be classified as current. As a rule, trade payables are due within one month. The same is true for liabilities from the shareholder loan, which can be called due or repaid within one month by either of the contractual parties.

22 Sales revenue

Sales revenue in the financial year just ended totalled € 13,317 k (previous year: € 16,142).

	2013	**2012**
	€ ‘000	€ ‘000
Sales revenue from the sale of goods	166	284
Sales revenue from the provision of services	1,731	1,926
Sales revenue from royalties	11,420	13,932
Sales revenue	**13,317**	**16,142**

WILEX posted € 11,005 k in sales revenue from the licence agreement with Prometheus (previous year: € 13,874 k). These comprise cost reimbursements and elements of the up-front payment that are recognised as revenue on a pro-rata basis. After termination of the Prometheus licence agreement and the receipt of a final payment, no more sales revenue or other income will be recognised from this agreement in future. The other sales revenue from usage fees is from the commercialisation of biomarker tests and customer specific services.

23 Other income

Other income comprises the following items:

	2013 in € '000	2012 in € '000
Other grants	741	642
Income from exchange rate differences	245	1,013
Income from the sale of WILEX Inc.	3,884	0
Reversal of accrued liabilities / other	920	45
Other income	**5,790**	**1,700**

The Federal Ministry of Education and Research (BMBF) has been promoting the Rhine-Neckar region – a biotech hub – as a leading-edge cluster for "Cell-based & Molecular Medicine in the Rhine-Neckar Metropolitan Area" and the Munich site as a leading-edge cluster "m^4 - Personalised Medicine and Targeted Therapies". The income item "other grants", which is attributable to the Customer Specific Research (Cx) and Therapeutics (Rx) segments, stems from these public funds.

Income from exchange rate differences – especially from the EUR/USD translation – was also generated in the 2013 financial year.

Income from the sale of WILEX Inc. (see note 6) comprises a loan repayment, royalties on product sales and a non-cash receivable for development work.

Other income additionally includes € 772 k from a reversal through profit and loss of unneeded provisions.

24 Types of expenses

The statement of comprehensive income breaks down operating expenses into the following categories:

- Manufacturing (cost of sales)
- Research and development
- Administration
- Other

Operating expenses including depreciation, amortisation and impairment losses fell by 10% to € 24,070 k in 2013 (previous year: € 26,751 k). This decrease is attributable to the sale of WILEX Inc. in early September 2013 (consolidated expenses for just ten months), lower clinical development costs as well as cost savings.

Operating expenses	2013[1)] € '000	2012 € '000
Cost of sales	3,678	6,746
Research and development costs	12,427	12,780
Administrative costs	4,244	4,856
Other expenses	3,721	2,369
Total	**24,070**	**26,751**

1) WILEX Inc. consolidated until 06.09.2013

Costs of sales concern costs directly related to revenues of the respective product candidates and services. At € 3,678 k, the costs of sales were 45% lower than in the previous year (€ 6,746 k) and represent 15% of total costs.

Research and development (R&D) costs, which were € 12,780 k the previous year, fell by 3% to € 12,427 k. R&D costs account for 52% of all costs.

Administrative costs were € 4,244 k, down 14% on the prior-year level (€ 4,856 k); they represent 18% of operating expenses.

Other expenses amount to € 3,721 k (previous year: € 2,369 k), 57% higher than the prior-year figure and accounting for 15% of total costs.

The operating expense types R&D, administration and other include expenses resulting from the discontinuation of R&D activities at WILEX AG in the amount of around € 4,615 k, which is comprised and distributed as follows (see note 1, restructuring programme):

Expenses connected with the restructuring programme	R&D costs € '000	Administrative costs € '000	Other expenses € '000	Total € '000
Expected losses				
Human resources	500	234	0	**734**
Vacant rental premises	600	257	0	**857**
Impairment losses				
Intangible assets	802	0	0	**802**
Tangible fixed assets and laboratory equipment	319	0	0	**319**
Non-cash receivable from Nuclea (CAIX test)	0	0	1,903	**1,903**
Total	**2,221**	**491**	**1,903**	**4,615**

The following expenses are recognised in the statement of comprehensive income:

	2013 € '000	2012 € '000
Staff costs	9,651	11,365
Travel costs	298	366
Rental expenses	2,314	1,561
Laboratory and other internal costs	2,188	3,255
Research and development costs	4,047	8,080
Legal and consulting costs	1,797	1,452
Depreciation, amortisation and impairment losses	1,716	672
Other expenses	2,059	0
Total	**24,070**	**26,751**

Staff costs declined as a result of the 2013 cost-cutting measures, but also due to the sale of WILEX Inc. during the year. Rental expenses were dominated by deferred income for potentially vacant space in connection with the restructuring measures initiated (€ 857 k).

Laboratory and other internal costs include expenses for raw materials, consumables and supplies as well as other purchased merchandise of € 1,011 k (previous year: € 1,000 k). External research and development costs comprise the cost of purchased services, especially from service providers in the area of clinical development. They fell year on year due to the progress or completion of the clinical trials.

Legal and consulting costs increased due to numerous funding and business development projects. The expense item, legal and consulting costs, contains the cost of conventional legal representation as well as consulting costs related to business development, costs related to industrial property rights and patents and costs related to the development of ongoing research and development activities.

Depreciation, amortisation and impairment losses rose sharply year-on-year owing to extensive impairment losses charged in connection with the gradual wind-up of clinical development activities at the Munich site.

The expenses enumerated here contain € 3,678 k in costs of sales (previous year: € 6,746 k).

25 Staff costs

Staff costs are comprised as follows:

	2013 in € '000	2012 in € '000
Wages and salaries	7,271	8,276
Social security	1,027	1,167
Bonuses	904	1,087
Expense from the granting of stock options	69	557
Expense from the measurement of service anniversaries	0	5
Other staff costs	380	273
Total staff costs	**9,651**	**11,365**

The wages and salaries item includes expenses for restructuring measures of € 543 k (previous year: € 245 k).

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

	2013 *	2012
Administration	22	25
Manufacturing, service and distribution	30	30
Research and development	58	72
Average number of employees*	**110**	**127**

* Employees of WILEX Inc. were only included until 6 September
** including the Executive Management Board

Due to the cost-cutting measures initiated at the end of 2012 and the sale of WILEX Inc. during the year, the average headcount in the 2013 financial year was lower than in the preceding year.

The granting of stock options in accordance with IFRS 2 "Share-based Payments" resulted in considerably lower staff costs of € 69 kin 2013 (previous year: € 557 k). On the one hand, this was mainly due to across-the-board adjustment in the previous year of the exercise price to € 3.10 as a result of a rights issue. This reduction led to increased expenses for the 2005 Stock Option Plan in the 2012 financial year. On the other hand, no new options were issued in the financial year ended – unlike in the previous financial year.

The following is a breakdown of stock option plan measurement in the reporting year:

2005 Stock Option Plan (2005 SOP)

Tranche	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	26,000	152,000	72,016
Options granted during the reporting period	0	0	0	0	0	0	0	0
Options forfeited (returned) during the reporting period	0	0	0	0	0	0	0	4,317
Options exercised during the reporting period	0	0	0	0	0	0	0	0
Options expired during 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	26,000	152,000	67,699
Options exercisable as of 30.11.2013	318,388	167,343	85,078	3,040	148,635	26,000	152,000	58,026
Maximum term	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years

The options defined as vested in the table above cannot be exercised until the next exercise window, according to the option terms. At that point, they can be exercised provided that WILEX AG's share price then is still 10% higher than the relevant reference price.

The fair value of stock options has been calculated on the basis of a binominal model. The fair values are illustrated in the following. Settlement is carried out in equity securities.

	Issue date	Expected term	Share price on issue date €	Total term	Exercise price (on issue date) €	Volatility in %	Risk-free interest rate in %	Option value (rounded) €
Tranche 1	30/12/2005	24 months	6.90	10 years	5.52	42.54	2.86	2.42
Tranche 2	31/01/2006	24 months	6.90	10 years	5.52	40.40	2.97	2.36
Tranche 3	28/02/2006	25 months	6.90	10 years	5.52	41.69	3.06	2.44
Tranche 4	28/04/2006	24 months	6.90	10 years	5.52	40.61	3.44	2.40
Tranche 5	30/09/2006	24 months	6.90	10 years	5.52	43.25	3.56	2.48
Tranche 6	30/09/2007	24 to 48 months	9.84	10 years	9.73	45.3-47.4	4.06 - 4.15	2.92 to 4.08
Tranche 7	31/10/2007	24 to 47 months	9.02	10 years	9.62	47.4 - 50.1	4.06 - 4.08	2.55 to 3.57
Tranche 8	30/09/2010	24 to 48 months	4.70	10 years	4.34	61.7 - 72.0	0.72 - 1.20	1.96 to 2.33

An expected dividend yield of 0% was assumed for all eight tranches as of the measurement date. The stock options had the following maximum terms as of the reporting date:

	Issue date	30.11.2013	30.11.2012
Tranche 1	30/12/2005	2.08	3.08
Tranche 2	31/01/2006	2.17	3.17
Tranche 3	28/02/2006	2.24	3.24
Tranche 4	28/04/2006	2.41	3.41
Tranche 5	30/09/2006	2.83	3.83
Tranche 6	30/09/2007	3.83	4.83
Tranche 7	31/10/2007	3.92	4.92
Tranche 8	30/09/2010	6.83	7.83

The exercise price for all stock options issued until the reporting date was reduced to € 4.10 (the subscription price fixed for the capital increase) across the board in accordance with Article 7 (1i) of the 2005 Stock Option Plan once the rights issue had been recorded in the Commercial Register on 4 December 2009 (2009 Repricing). Furthermore, the subscription price in connection with the rights issue was reduced to € 3.10 per option on 3 February 2012 (2012 Repricing). 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:

	Additional fair value per option (2012 repricing)	Additional fair value per option (2009 repricing)
Tranche 1 - 5	€ 0.48	€ 0.37
Tranche 6	€ 0.48	€ 0.67 to € 0.89
Tranche 7	€ 0.48	€ 0.67 to € 0.88
Tranche 8	€ 0.34 to € 0.45	n.a.

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

Model parameters		
	Repricing 2012	Repricing 2009
Share price on issue date	3.65 €	3.91 €
Expected term of the options in months	5 - 32	7 - 22
Exercise price at expected exercise date (changed options)	3.10 €	4.10 €
Exercise price at expected exercise date (initial options)	4.10 €	5.52 € - 9.73 €
Expected dividend yield	0%	0%
Risk-free interest rate for the term	0.09% - 0.34%	0.56% - 1.26%
Expected volatility for the term	36.59% - 53.97%	63.83% - 70.18%

The additional fair value calculated based on repricing in 2009 amounts to € 399 k for all options as of 4 December 2009; the figure based on repricing in 2012 is € 464 k for all options as of 3 February 2012. At the time of the respective change in exercise price, the majority of the stock options had already vested, so most of the amount for repricing in 2009 (€ 336 k) as of 4 December 2009 and repricing in 2012 (€ 436 k) was already recognised. The additional fair value of the stock options that had not yet vested will be recognised on a straight-line basis over the remaining vesting period.

WILEX incurred the following costs in 2013 under the 2005 Stock Option Plan:

	2013 € '000	**2012** € '000
Expenses for the period from 2005 stock option plan	12	482

In the meanwhile, the authorisation to grant stock options from the 2005 SOP expired. New options can now only be issued from the new plan described below.

2011 Stock Option Plan (2011 SOP)

The Annual General Meeting resolved on 18 May 2011 to authorise WILEX AG to issue a total of 809,488 stock options as part of the 2011 Stock Option Plan to employees of WILEX AG and its affiliates.

A stock option entitles the holder to subscribe for one no par value bearer share of WILEX AG. The first time the stock options can be exercised is after a lock-up period of four years from the respective issuing date. The stock options can only be exercised if WILEX's share price during the ten trading days preceding the start of the relevant exercise period ("reference price") exceeds the issuing price by at least 20% (absolute performance target). Furthermore, it must be noted that the options can only be exercised as long as the reference price exceeds the exercise price at least by the ratio by which the TecDAX on the last trading day prior to the relevant exercise period exceeds the TecDAX on the issuing date (relative performance target). The payout amount per employee for the exercised stock options continues to be limited to three times the annual gross compensation (including all benefits subject to income tax, such as company cars, etc.) that the beneficiary received from the Company or its affiliates in the twelve months preceding the exercise date (cap agreement).

The stock options granted under the 2011 SOP developed as follows in 2013:

	Tranche 1
Grant date	30/03/2012
Options outstanding at the beginning of the reporting period	252,787
Options granted during the reporting period	0
Options forfeited (returned) during the reporting period	35,899
Options exercised during the reporting period	0
Options expired during the reporting period	0
Options outstanding at the end of the reporting period	216,888
Options exercisable as of 30.11.2013	0
Maximum term	10 years

The 2011 SOP was classified and measured as an equity-settled share-based payment. The fair value of the capital reserves to be recognised as a liability due to the stock option plan was calculated based on a Monte Carlo model. In the financial year just ended, there was no change to the plan, and it was not revoked.

WILEX incurred the following costs in 2013 under the 2011 Stock Option Plan:

	2013 € ‘000	2012 € ‘000
Expenses for the period from 2011 stock option plan	57	75

Measurement is based on the following parameters:

	Tranche 1
Measurement date	30.03.2012
Exercise price	€ 3.53
Price of the WILEX share as of the measurement date	€3.82
Expected vesting period until the measurement date	4.81 years
Expected volatility of the WILEX share	57.83%
Expected dividend yield of the WILEX share	0.00%
Risk-free interest rate	0.61%
Maximum vesting period	10 years

The expected volatility was calculated based on the historical volatility of the WILEX share over the past five years.

The fair value of the stock options granted in the 2012 financial year as part of the 2011 SOP amounted to € 2.13 per option as of the measurement date.

The total expense for the granting of stock options under both plans for the period thus amounted to € 69 k (previous year: € 557 k).

During the financial year just ended, no new stock options were granted to members of the Company's Executive Management Board, executives of affiliates and non-executive employees of the Company or affiliates.

In the financial year just ended, 40,216 stock options were returned on account of members leaving the Company during the year and the sale of WILEX Inc. This means that 1,185,071 options – 833,335 for current or former members of the Executive management Board and 351,736 for current or former employees – had been issued as of the end of the financial year.

26 Net currency gains/losses

WILEX posted a currency gain of € 76 k (previous year: € 320 k) in the 2013 financial year.

Consolidation after the sale of WILEX Inc. led to a realised currency gain of € 48 k that was recognised in profit or loss (previous year: unrealised currency loss of € 10 k). This gain is due to the reversal of the net exchange rate differences, which previously were recognised in other income and accumulated as a separate component of equity.

27 Financial result

	2013 € '000	**2012** € '000
Interest income from bank accounts/Other	83	30
Finance income	**83**	**30**
Interest expense from leasing and current liabilities to banks	(10)	(33)
Interest income from shareholder loans	(150)	(475)
Finance costs	**(160)**	**(508)**
Financial result	**(77)**	**(478)**

The year-on-year improvement of the financial result is due to the lower interest expense for the outstanding shareholder loan from UCB.

28 Income taxes

Due to operating losses, no significant income tax was payable in the 2013 and 2012 financial years. Neither expenses nor income from deferred taxes were included in tax expenses in the 2012 and 2013 financial years.

Deferred tax assets or liabilities were determined using the tax rates in effect in each case. 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%).

A tax rate of 28.43% (unchanged from the previous year) was applied to the subsidiary Heidelberg Pharma.

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.

	2013 € ‘000	**2012** € ‘000
Earnings before tax	(5,040)	(9,388)
Tax rate	32.98%	32.98%
Expected tax income	**1,662**	**3,096**
Deferred taxes on losses carried forward for the period not qualifying for recognition	(1,620)	(3,135)
Change in non-recognised temporary differences	(15)	43
Effect from different tax rate	0	(12)
Non-deductible operating expenses/Other	(27)	5
Reported tax expense	0	(3)

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

	2013 € '000	2012 € '000
Deferred tax assets		
Unrealised income	0	0
Intangible assets	72	0
Property, plant and equipment	0	0
Other current assets	32	0
Other non-current assets	291	275
Other equity investments	109	116
Recognised tax loss carryforwards	799	783
Other provisions	0	0
	1,303	**1,174**
Deferred tax liabilities		
Intangible assets	752	825
Property, plant and equipment	205	152
Other non-current assets	108	0
Other provisions	204	195
Other	34	2
	1,303	**1,174**
Deferred income taxes, net	**0**	**0**

Of the deferred tax assets, a total of € 109 k resulted from outside basis differences in respect of different measurements of the equity investments.

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

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

	2013 € '000	2012 € '000
Loss carryforwards		
for corporation tax	221,690	210,247
for trade tax	218,863	207,581
Deductible temporary differences	**0**	**0**
Recognised tax loss carryforwards	**-2,880**	**-2,791**

The tax loss carry forward shown are mainly attributable to WILEX AG (corporation tax loss carryforward of € 176,255 k; municipal trade tax loss carryforward of € 173,427 k) and may be carried forward indefinitely. Other tax loss carry forward concern the subsidiary

Heidelberg Pharma. Heidelberg Pharma has € 45,436 k in losses carried forward for corporation tax and municipal trade tax purposes. Deferred tax assets (amounting to € 799 k) were recognised in the financial year just ended for € 2,880 k in tax loss carry forward.

Note the following in regards to the tax loss carry forward available to WILEX AG and Heidelberg Pharma: 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. Regarding WILEX AG, it has to be noted that 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). Effective 1 January 2008, under amended Section 8c German Corporation Tax Act (Körperschaftsteuergesetz) the acquisition by an acquirer or parties related to it of 25% to 50% of the subscribed capital of a loss corporation results in the pro-rated elimination of its tax loss carry forward whilst the acquisition of more than 50% of the subscribed capital results in the complete elimination thereof. Because capital increases also cause shifts in shareholdings and thus adverse acquisitions of equity as defined in Section 8c German Corporation Tax Act, the capital increases carried out since 2008 might possibly have led to the pro-rated elimination of the tax loss carry forward.

Tax loss carry forward in the amount of € 40,286 k that Heidelberg Pharma accumulated up to the acquisition date are at risk because WILEX AG acquired all shares in Heidelberg Pharma. The only thing that is not in doubt is that the tax loss carry forward corresponding to the undisclosed reserves transferred may be retained. The undisclosed reserves result from the difference between the transaction price under German tax law and the equity of Heidelberg Pharma under German tax law; they amount to € 12,808 k.

In 2011, WILEX AG acquired 100% of the shares in Heidelberg Pharma. A purchase price allocation carried out in connection with this transaction resulted in the identification of intangible assets and goodwill. The deferred tax liabilities determined in connection with the valuation amounted to € 800 k; they were offset in the same amount by deferred tax assets from tax loss carry forward taken over. As of 30 November 2013, deferred taxes on these amounted to € 752 thousand (previous year: € 789 thousand); the Company continues to make use of the option to offset deferred taxes in accordance with IAS 12.74.

29 Earnings per share

29.1 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.

	2013	2012
Net loss for the year attributable to equity providers (in € '000)	(5,040)	(9,391)
Average number of shares issued (in thousands)	31,276	25,932
Basic and diluted earnings per share (in € per share)	(0.16)	(0.36)

To the extent that reference is made to the shares outstanding as of the reporting date, basic earnings per share as of 30 November 2013 remain at -€ 0.16 per share based on the number of shares issued, which did not change in the financial year ended (31,275,507 shares). In the previous year therefore, basic earnings per share would have been -€ 0.30 based on 31,275,507 shares.

29.2 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.

30 Leases, guarantees and obligations

30.1 Finance leases

Laboratory equipment was purchased in prior periods by means of finance leases with terms of 36 months in each case subject to capitalisation and depreciation of the purchase cost in property, plant and equipment (see note 10). The total of € 10 k in paid interest is shown in the statement of comprehensive income under "Finance costs" (previous year: € 33 k). A total of € 20 k in security were made available for leases (previous year: € 80 k). There was no new acquisition in the reporting period.

The net carrying amount of all finance leases as of the reporting date was € 148 k (previous year: € 563 k). These leases do not stipulate contingent lease payments, nor do they impose restrictions in respect of dividends, additional liabilities or other leases. Whilst price adjustment clauses were not stipulated, there is the option to purchase the leased equipment once the given lease expires.

WILEX will incur the following minimum obligations in the next reporting periods under finance leases:

Obligation under finance leases (laboratory equipment) as of	up to 1 year in € '000	1-5 years in € '000	after 5 years in € '000	Total in € '000
30.11.2013	91	25	0	**116**
30.11.2012	210	148	0	**358**
Discounting effect				
30.11.2013	-	4	0	**4**
30.11.2012	-	18	0	**18**
Present value of minimum lease payments				
30.11.2013	91	21		**112**
30.11.2012	210	130	0	**340**

The interest rates applicable to the liabilities from finance leases were determined on the date the lease was signed in each case and range from 7.0% to 8.5%. The current lease liabilities correspond to the respective present values.

30.2 Operating leases, guarantees and obligations

WILEX has also leased laboratory and office equipment under operating leases, which will expire at different times until 2016. All of the parent company's office and laboratory premises used at present are rented under leases expiring at the end of December 2016. The leases for the premises of the subsidiary Heidelberg Pharma may be terminated on short notice. 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 statement of comprehensive income, together with the obligations under lease agreements for company cars:

Expenses from operating leases and tenancy agreements	in € '000
2013	1,136
2012	1,236

The decrease in expenses is due to the sale of WILEX Inc. during the year. WILEX has pledged bank accounts with a balance of € 148 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 30.11.2013	up to 1 year in € '000	1-5 years in € '000	more than 5 years in € '000	Total in € '000
Rental obligations for laboratory and office premises	648	1,330	0	1,978
Obligations under operating leases (laboratory and other office equipment, vehicles)	31	13	0	44
	679	**1,343**	**0**	**2,022**

Below are previous year's figures:

Obligations as of 30.11.2012	up to 1 year in € '000	1-5 years in € '000	more than 5 years in € '000	Total in € '000
Rental obligations for laboratory and office premises	1,147	2,983	0	4,130
Obligations under operating leases (laboratory and other office equipment, vehicles)	57	57	0	114
	1,204	**3,040**	**0**	**4,244**

These leases do not stipulate contingent lease payments, nor do they impose restrictions in respect of dividends, additional liabilities or other leases. No price adjustment clauses were stipulated, and there is no obligation to purchase the leased equipment once the given lease expires.

There is a contingent liability in that WILEX may have the obligation under the existing lease to return the laboratory to its original condition if the lessor so desires at the end of the lease. But WILEX does not believe in the likelihood of such an outcome.

31 Corporate bodies and compensation

31.1 Executive Management Board

The Executive Management Board members of WILEX AG in reporting period were:

Professor Olaf G. Wilhelm, Chairman of the Executive Management Board

Dr Paul Bevan, Head of Research and Development

Dr Thomas Borcholte, Chief Business Officer

Dr Jan Schmidt-Brand, Chief Financial Officer

The director's contract of Dr Thomas Borcholte expired on 31 December 2013, after the end of the financial year. The director's contract of Professor Olaf G. Wilhelm expires on 31 March 2014.

In parallel to his work as a member of the Executive Management Board, Dr Jan Schmidt-Brand acts as the Managing Director of Heidelberg Pharma, a position he has held since 2004. In the interests of transparency, the compensation of Dr Schmidt-Brand is presented in full, which means that the amounts that he has earned as Managing Director of the subsidiary Heidelberg Pharma are also listed below.

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

Company	Position
DETEK AG, Hanover	Chairman of the Supervisory Board

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

31.2 Supervisory Board

The Supervisory Board members of WILEX AG as of 30 November 2013 were:

- Professor Christof Hettich, lawyer and partner, RITTERSHAUS Rechtsanwälte, and Managing Director, dievini Verwaltungs GmbH (Chairman of the Supervisory Board)
- Dr Georg F. Baur, Entrepreneur (Deputy Chairman of the Supervisory Board)
- Dr Friedrich von Bohlen und Halbach, Managing Director, dievini Verwaltungs GmbH
- Professor Iris Löw-Friedrich, Chief Medical Officer and Executive Vice President Development, UCB S.A.
- Andreas R. Krebs, Managing Partner, CologneInvest GmbH
- Dr Birgit Kudlek, Senior Executive, Sandoz International GmbH

31.2.1 Supervisory Board committees

For reasons of efficiency, a joint Compensation and Nomination Committee was established, which covers both areas separately 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; Andreas R. Krebs is a member 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 Dr Friedrich von Bohlen and Halbach; Professor Iris Löw-Friedrich, Andreas R. Krebs and Dr Birgit Kudlek are additional members.

The Supervisory Board also established an Audit Committee, whose tasks include the discussion and preparatory examination of consolidated financial statements and quarterly reports of the Group as well as the preselection of the auditor of the financial statements. The Audit Committee is chaired by Dr Georg F. Baur. Its further members are Dr Friedrich von Bohlen und Halbach and Dr Birgit Kudlek.

31.2.2 Other appointments of the Supervisory Board members

In addition to being a member of the Supervisory Board of WILEX AG, Professor Christof 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
LTS Lohmann Therapie-Systeme AG, Andernach	Member 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	Vice Chairman of the Advisory Board
SRH Holding SdbR, Heidelberg	Chairman of the Supervisory Board

Companies of the Vetter Group: Vetter Pharma-Fertigung GmbH & Co. KG, Vetter Pharma-Fertigung Verwaltungs-GmbH, Arzneimittelgesellschaft mbH Apotheker Vetter & Co., Vetter Injekt System GmbH & Co. KG, Vetter Injekt System Verwaltungs-GmbH, Ravensburg	Member of the Advisory Boards
AC Immune SA, Lausanne (Switzerland)	Member of the Board of Directors
CureVac GmbH, Tübingen	Member of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr Georg F. Baur is also the Chairman or a member of the following bodies:

Company	**Position**
Franz Haniel & Cie. GmbH, Duisburg	Vice Chairman of the Supervisory Board
J.F. Müller & Sohn AG, Hamburg	Chairman of the Supervisory Board
TAKKO Fashion GmbH, Telgte	Chairman of the Advisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Dr Friedrich 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
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
Immatics GmbH, Tübingen	Member of the Advisory Board
Molecular Health AG, Basel, Switzerland	Chairman of the Board of Directors
SYGNIS AG, Heidelberg	Member of the Supervisory Board

In addition to being a member of the Supervisory Board of WILEX AG, Andreas R. 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 and the Shareholders' Council
Merz KGaA, Frankfurt am Main	Chairman of the Advisory Board
Senator GmbH & Co KGaA, Groß-Bieberau	Member of the Supervisory Board

Professor Iris Löw-Friedrich and Dr Birgit Kudlek are neither the Chairwoman nor a member of other control bodies as defined by Section 125 (1) sentence 5 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.

31.3 Compensation of corporate bodies

A detailed description of the compensation model and the information on compensation of each Executive Management Board and Supervisory Board member are included in the compensation report, which is part of the combined management report. These disclosures were subject to the audit of the annual financial statements and consolidated financial statements. The compensation report is included in chapter 6, "Corporate governance", of the combined management report.

31.3.1 Executive Management Board

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.

The members of the Executive Management Board received total compensation of € 1,278 k (previous year: € 1,426 k) in financial year 2013, € 950 k (previous year: € 1,097 k) of which was fixed compensation, € 310 k (previous year: € 276 k) was variable compensation and € 18 k (previous year: € 53 k) was paid in the form of other benefits or non-cash compensation.

The Executive Management Board received a total of 691,950 stock options as of 30 November 2013 (30 November 2012: 823,335, which still included Peter Llewellyn-Davies) from the stock option programme with a long-term incentive and a risk element. The cumulative fair value of all stock options granted to the Executive Management Board was € 1,664 k as of the end of the reporting period (previous year: € 1,967 k). The expenses incurred in connection with the share-based compensation in the financial year just ended totalled € 27 k (previous year: € 371 k).

31.3.2 Supervisory Board

In accordance with the Company's Articles of Association, the members of the Supervisory Board receive a fixed compensation for each full financial year of service on the Supervisory Board. Members of a Supervisory Board committee are paid a flat fee per financial year and committee. 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.

Due to the economically strained situation at WILEX, all members of the Supervisory Board waived their right to one-third of their compensation in the 2013 financial year.

The total compensation paid by WILEX to the Supervisory Board for the 2013 financial year amounted to € 146 k plus expenses (previous year: € 208 k).

32 Related party transactions

Balances and transactions between the Company and its subsidiaries which are related parties were eliminated in consolidation and are not outlined in this note. Details concerning transactions between the Group and other related parties are listed below.

32.1 Shares held by the Management Board and the Supervisory Board

As of 30 November 2013, the Executive Management Board held 242,717 shares (representing 0.78% of the Company's share capital of 31,275,507 shares). The Supervisory Board for its part held 158,023 shares directly and 9,976,356 shares indirectly (representing 32.40 % of the Company's share capital). Chapter 6.2.3, Shares held by the Supervisory Board and the Executive Management Board, contains a disclosure of the shareholdings of the individual Board members.

32.2 Directors' dealings

In the 2013 financial year, the Company's executives reported two transactions subject to disclosure in accordance with Section 15a German Securities Trading Act (Wertpapierhandelsgesetz) (Directors' dealings), which are described individually and in detail in the Corporate Governance Report, Chapter 6.2.2 Directors' Dealings, in the combined management report. All directors' dealings were also posted immediately after publication on WILEX's website www.wilex.com under the tab "Press+Investors > Announcements > Directors' Dealings".

32.3 Other transactions

In 1999, WILEX granted a pension commitment to Professor Olaf G. Wilhelm as part of a deferred benefit. WILEX assumes that no additional payments to the plan will be necessary. No retirements are expected in the next five years either.

Furthermore, Heidelberg Pharma granted Dr Schmidt-Brand a pension commitment in his capacity as an executive of the Company for which matching reinsurance was arranged.

WILEX signed a loan agreement for up to € 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. The interest rate is 6% p.a. During the cash/non-cash capital increase in August 2012, the loan by shareholder dievini was converted into new shares as part of a contribution in kind with the existing repayment claim, including interest. The only outstanding loan as of the 30 November 2013 reporting date is the loan from UCB.

The remaining loan is unsecured and is not limited in time. The lender is entitled to terminate the loan. In that case, it would have to be repaid within one month. In lieu of asking for repayment of the loan, the lender 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 external assessor confirms the value of the respective claim to repayment.

As a result, WILEX issued a total of 833,335 subscription rights to current and former members of the Executive Management Board under the 2005 and 2011 Stock Option Plans,

of which 774,835 options had vested as of the end of the reporting period (45,500 options from the 2011 plan; all 729,335 options from the 2005 plan since 2011). No stock options have been exercised to date.

The Rittershaus law firm provided legal consulting services for WILEX AG and Heidelberg Pharma of approximately € 13 k in the reporting period. Rittershaus is a related party because the chairman of the Supervisory Board, Professor Christof Hettich, is a partner in this law firm.

No other relationships to related parties exist.

33 Expenses for the auditors

Deloitte & Touche Wirtschaftsprüfungsgesellschaft was appointed the auditor of the Company's consolidated financial statements at its Annual General Meeting on 14 June 2013. The following fees for services were recorded as expenses in the periods reviewed:

	2013 € '000	2012 € '000
Auditing services	95	88
Other verification services	7	74
Expenses for auditors	**102**	**162**

Audit fees (€ 95 k) solely concern the statutory audit of the consolidated financial statements pursuant to IFRS and the audit of the annual financial statements pursuant to HGB.

34 Declaration of Conformity with the German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act

The Declaration of Conformity 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 2014. It has been made permanently available to all shareholders and interested parties on the Company's website (www.wilex.com).

35 Events after the reporting period

35.1 Discontinuation of product development at the Munich site

The beginning of the 2014 financial year saw WILEX continue making intensive efforts to find licensing and financing partners, which were not successful however. A restructuring programme was initiated at the end of January 2014 with which WILEX AG will progressively scale back its own development activities and reduce its workforce at the Munich site by 80%. This programme became necessary in order to reduce WILEX AG's cash requirements, thereby safeguarding long-term financing of the Company's remaining activities and its realignment with existing cash funds and projected sales revenue.

After the measures have been implemented, there will be a core team of eight employees plus the Executive Management Board in Munich to continue working on the commercial exploitation of the advanced clinical programmes and to continue the ongoing talks on the

marketing and/or financing of the MESUPRON®, RENCAREX® and REDECTANE® projects. With its 42 employees, Heidelberg Pharma in Ladenburg will continue to develop and market customer-specific contract research operations, and the ADC technology in particular, and thus generate revenue for the Group.

As a result of the initiated restructuring and the termination notices issued, a number of actions against WILEX AG because of wrongful dismissal were filed with the labour court.

35.2 Changes on the Executive Management Board

On 24 February 2014, WILEX AG announced that Professor Olaf G. Wilhelm would not continue as a member of the Executive Management Board when his Board contract expires on 31 March 2014. As a co-founder of the Company (1997) and CEO of WILEX AG since 2001, Professor Wilhelm is stepping down in mutual agreement with the Supervisory Board on account of the direction the Company will take in the future.

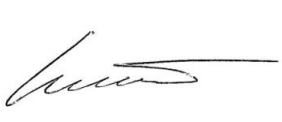
Dr Thomas Borcholte, who has been WILEX AG's Chief Business Officer since 2007, stepped down from this position after his employment contract ended on 31 December 2013.

Dr Jan Schmidt-Brand, who has been the Company's Chief Financial Officer since 2012, will be appointed Spokesman of the Executive Management Board of WILEX AG effective 1 April 2014. Going forward, he will hold both posts and continue to serve as Managing Director of Heidelberg Pharma GmbH.

Dr Paul Bevan will remain responsible for the Group's R&D activities and make himself available as the main point of contact for licensing talks in connection with WILEX's projects.

After the end of the reporting period, no other significant events occurred which have a direct influence on the business performance of the WILEX Group.

Munich, 27 March 2014



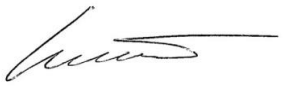
Professor Olaf G. Wilhelm	Dr Jan Schmidt-Brand	Dr Paul Bevan
Chief Executive Officer	Chief Financial Officer	Head of Research and Development

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 WILEX Group, and the combined management report includes a fair review of the development and performance of the business and the position of the WILEX Group and of WILEX AG, together with a description of the material opportunities and risks associated with their expected development.”

Munich, 27 March 2014

Executive Management Board



Professor Olaf G. Wilhelm
Chief Executive Officer

Dr Jan Schmidt-Brand
Chief Financial Officer

Dr Paul Bevan
Head of Research and Development

Auditors' report

We have audited the consolidated financial statements prepared by Wilex AG, Munich, comprising the balance sheet, statement of comprehensive income, notes, statement of changes in equity and cash flow statement, together with the Group management report, which was combined with the management report, for the financial year from 1 December 2012 to 30 November 2013. The preparation of the consolidated financial statements and Group management report in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315 (1) HGB [Handelsgesetzbuch: German Commercial Code] are the responsibility of the Company's Executive Management Board. 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]. 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 management report of the parent company and the Group 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 the Executive Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the 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 of Wilex AG, Munich, 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 ", subsections "Financing risk", "Going concern risks" and "Overall assessment of the risk situation", and 9 "Anticipated developments and report on opportunities" in the Group management report. Therein it is disclosed that the continued existence of the Group as a going concern depends substantially on the successful commercialisation of the activities of the subsidiary Heidelberg Pharma GmbH as well as the implementation of the restructuring programme of Wilex AG in the near future. Should the planning assumptions made in respect of the restructuring programme of Wilex AG or the successful commercialisation of the activities of the subsidiary Heidelberg Pharma GmbH turn out to be inappropriate in terms of amount or timing, the WILEX Group would be dependent on the short-term provision of further financing, since otherwise its solvency would be endangered.

Mannheim, 28 March 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Schmidt
Wirtschaftsprüfer [German Public Auditor]

Prof. Dr. von Pock
Wirtschaftsprüfer [German Public Auditor]

Glossary

Adjuvant therapy:
Supportive therapy after surgery

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

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.

Antigen:
Structure onto which an antibody specifically binds

ARISER:
Adjuvant RENCAREX® **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).

Assay:
Test procedure

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

BMBF:
Bundesministerium für Bildung und Forschung (Federal Ministry of Education and Research)

CAIX:
Antigen that binds to the antibody Girentuximab

Chemotherapy:
Use of cell toxins to destroy tumour cells in the body

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

Diagnostic agent:
A tool, gene or protein that aids in the diagnosis of an illness

dievini:
dievini Hopp BioTech holding GmbH & Co. KG, Walldorf

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

EGFR:
Epidermal Growth Factor Receptor is a protein found in cell membranes

ELISA:
An **E**nzyme **L**inked **I**mmuno**S**orbent **A**ssay is an immunological test procedure (assay) based on an enzymatic colour reaction.

EMA:
European medicines Agency

Enzymes:
Proteins that act as catalysts to facilitate or accelerate chemical reactions

Esteve:
Laboratorios del Dr. Esteve S.A., Barcelona, Spain

Expression:
The use of genetic information to synthesise the corresponding protein

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

Gemcitabine:
A specific chemotherapeutic agent (Gemzar®)

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 radio labelled 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 overexpressed (HER2-receptor positive), i. e. there are approximately 10 to 100 times as many of these receptors on the cell surface. Overexpression of the receptors means that signal transduction is enhanced, which results in accelerated tumour cell division. If there is no overexpression of HER2 receptors, this is referred to as HER2-receptor negative.

Hypoxia:
Lack of oxygen in tissue

IBA:
IBA Pharma S.A., Louvain-la-Neuve, Belgium, IBA Pharma SPRL, IBA Molecular North America Inc., IBA Molecular Compounds Development SARL, IBA Molecular Holding SA, and Rose Holdings SARL

IDMC:
Independent Data Monitoring Committee – a body that monitors clinical trials in terms of drug safety, tolerance and efficacy

IHC test:
Immunohistochemical test with which antibodies can be used to make proteins visible in tissue

Inhibitor:
Substance which reduces or inhibits specific biological activities

INN:
International Nonproprietary Name

Intravenous (IV):
Administration via a vein

Investigational Medicinal Product Dossier (IMPD):
Application for the implementation of clinical trials in the European Union

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

In vitro:
Refers to a procedure or reaction that takes place in a test tube

In vivo:
Refers to a procedure or reaction that takes place in the body

IP R&D:
In Process Research & Development acquired under a business combination

Kinase:
A type of enzyme that phosphorylates proteins

Level of Evidence I:
The highest prognosis factor or quality estimate for establishing scientific proof; it is issued and may also be incorporated into evidence-based medical guidelines

Linker:
Bridging molecule, used e. g. to connect a toxin to an antibody

Malignant cells:
Cells or tumours that damage the host body

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.

MESUPRON®:
Name under which the oral uPA inhibitor is being developed (formerly WX-671)

Metastases:
The spread of malignant tumour cells in the body and the formation of secondary tumours

Metastasis:
Malignant spread of a tumour in an organism

Molecule:
A chemical structure composed of at least two particles (atoms)

Monoclonal antibodies:
Monoclonal antibodies are produced by cells created when an antibody producing cell (such as a B lymphocyte) fuses with an immortalised cancer cell. This procedure is carried out in the laboratory and produces a hybrid cell (hybridoma) possessing the properties of both cells. Since these cells originate from the same cell, they are all identical and are therefore described as “monoclonal”. They produce large amounts of a specific antibody, which binds to a specific antigen.

Oncology:
Research field which focuses on cancer studies

Oral:
Administration via the mouth

Overexpressed:
Too many copies of a substance, e. g. a protein

PAI-1:
Plasminogen activator inhibitor 1

PET/CT:
PET/CT is a combination of two imaging procedures. Whereas PET (positron emission tomography) is a radionuclide imaging procedure that can visualise biochemical and physiological processes, CT (computer tomography) is a radiological method which shows the anatomic structures that are necessary to localise the PET signal.

Pharmacodynamics:
Explores and describes the physiological effects of drugs on the body or on micro organisms 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, examining absorption, distribution, metabolism, and excretion.

Pharmacology:
A scientific discipline investigating the characterisation, effect and application of drugs and their interaction with the organism

Phenotype:
Physical appearance or outwardly observable characteristics of an organism

Phase I:
Clinical trial of a substance carried out on a low number of healthy subjects or patients under strict supervision that serves to investigate toxicity, pharmacokinetics, form of administration and safe dosage of a substance

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

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

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

Placebo:
Dummy drug with no active ingredients

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

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

Preclinical:
The preclinical phase comprises all in vitro and in vivo test systems for examining the features of a substance prior to the start of the clinical phases.

Primary tumour:
A tumour that triggers a malignant disease

Prometheus:
Prometheus Laboratories Inc., San Diego, CA, USA

Protease:
An enzyme that splits proteins, subdividing them into smaller parts

R&D:
Research and development

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:
Renal 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).

REDECTANE®:
Development name for the antibody Girentuximab radioactively labelled with iodine-124 (INN Iodine (124I) Girentuximab), formerly CA9-SCAN

RENCAREX®:
Development name for the therapeutic antibody Girentuximab (formerly WX-G250)

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.

Therapeutic agent:
Drug applied for the treatment of illnesses

Thrombin:
Enzyme that enables blood to coagulate

Toxicology:
Scientific discipline investigating the effects of poisonous substances (toxins) or investigating substances for poisonous effects

UCB:
UCB Pharma S.A., Brussels, Belgium

uPA:
Urokinase-type plasminogen activator

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

Contact

WILEX AG
Dr. Jan Schmidt-Brand
Chief Financial Officer
Tel. +49 (0) 89 – 41 31 38 – 23
E-mail: jan.schmidt-brand@wilex.com

Sylvia Wimmer
Associate Manager Corporate Communications
Tel. +49 (0) 89 – 41 31 38 – 29
E-mail: investors@wilex.com

IR/PR support
MC Services AG
Katja Arnold (CIRO)
Executive Director
Tel. +49 (0) 89 – 21 02 28 – 40
E-mail: katja.arnold@mc-services.eu

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WILEX AG
Grillparzerstr. 10 · 81675 Munich · Germany · www.wilex.com