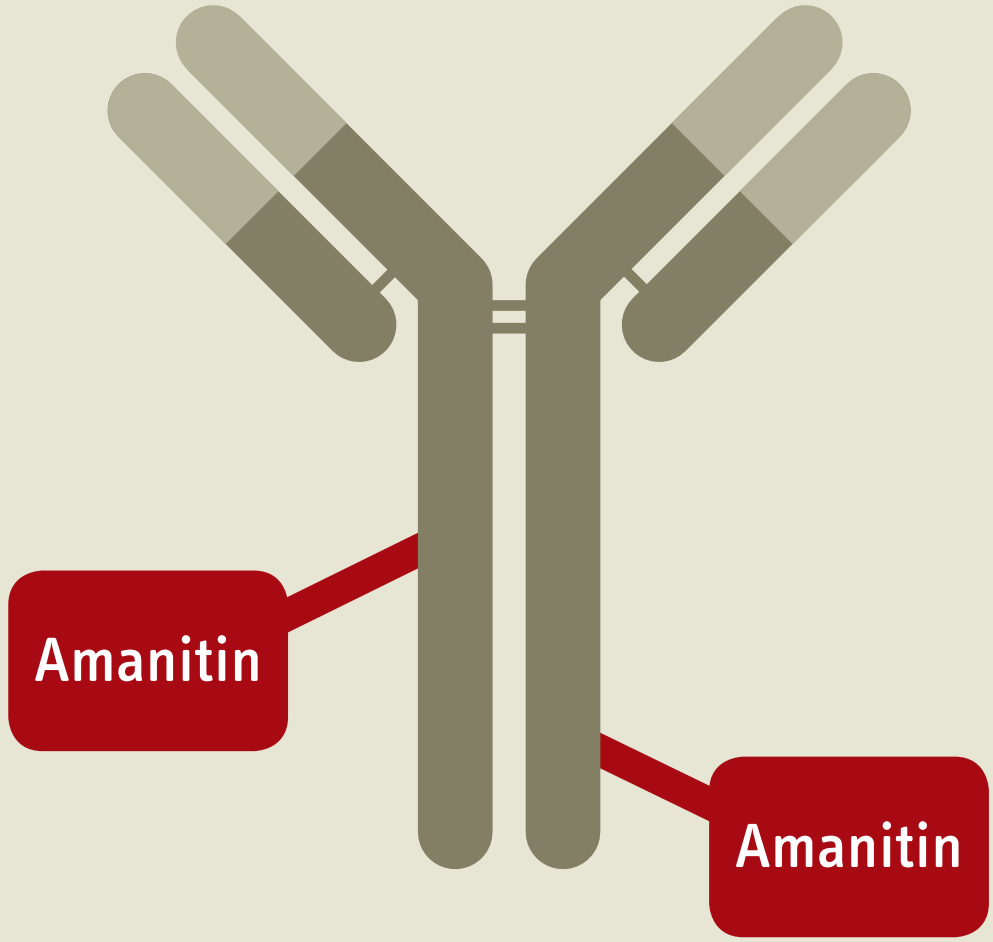
WILEX
Focused Cancer Therapies

ANNUAL REPORT 2015



Antibody Targeted Amanitin Conjugates

Innovative cancer therapies

Key figures

	2015[1] € '000	2014[1] € '000	Change in %
Earnings			
Sales revenue	2,284	3,597	(36%)
Other income	1,638	1,413	16%
Operating expenses	(10,438)	(10,586)	(1%)
of which research and development costs	(4,445)	(5,572)	(20%)
Operating result	(6,517)	(5,576)	17%
Earnings before tax	(6,514)	(5,608)	16%
Net loss for the period	(6,552)	(5,701)	15%
Earnings per share in €	(0.75)	(0.73)	2%
Balance sheet at end of period			
Total assets	12,102	15,030	(19%)
Cash and cash equivalents	1,306	2,197	(41%)
Equity	9,480	11,876	(20%)
Equity ratio[2] in %	78.3	79.0	(1%)
Cash flow statement			
Cash flow from operating activities	(4,796)	(6,620)	(28%)
Cash flow from investing activities	(207)	(196)	6%
Cash flow from financing activities	4,102	(38)	n.a.
Employees (number)			
Employees as of the end of the period[3]	55	52	6%
Employees as of the end of the period (full-time equivalents)[3]	49	46	6%

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

[2] Equity/total assets

[3] Including members of the Executive Management Board

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

JANUARY 2015
Grant from the Federal Ministry of Education and Research for PSMA antibody drug conjugates

FEBRUARY 2015
EU grant for peptide-drug conjugates as part of the ETN MAGICBULLET

MARCH 2015
Financing commitment by main shareholder dievini

MILESTONES

Contents

@ = *Internet reference*

APRIL 2015

Rights issue successfully completed

Announcement of results from a collaboration between Heidelberg Pharma and the MD Anderson Cancer Center in the NATURE journal

About us

WILEX is a biopharmaceutical company focused on oncology and antibodies. The parent company WILEX AG no longer pursues clinical development activities in Munich, instead acting exclusively as a holding company. Operations concentrate on the research and development activities of the subsidiary Heidelberg Pharma GmbH in Ladenburg.

Heidelberg Pharma works with the toxin Amanitin and an ADC technology with the goal of coupling this highly effective agent with various antibodies to make it usable for treating cancer. This innovative technology platform is progressively being developed for therapeutic antibody drug conjugates for use in proprietary projects and partnerships.

Our goal is to develop our own Antibody Targeted Amanitin Conjugates (ATACs) and prepare them for early clinical development. We also provide contract research services and work with various partners on ATAC candidates. The aim is for early out-licensing of our technology for our partners' antibodies.

The drug candidate MESUPRON® has been out-licensed to two partners for further development and subsequent marketing. The diagnostic and therapeutic drug candidates REDECTANE® and RENCAREX® are available for out-licensing and further development for external partners.

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.

We continue to aim for strong partnerships with international pharmaceutical and biotech companies as well as important scientific research institutions.

WILEX portfolio

Product	Technology/target	Indication	Research + preclinical	Clinical development			Partners
				I	II	III	
ADC platform							
PSMA-ATAC	Antibody Amanitin conjugate/PSMA	Prostate cancer					Proprietary
ATAC Nr. 2	Antibody Amanitin conjugate/n.a.	Haematological tumours					Proprietary
HuMAB 5B1-ATAC	Antibody Amanitin conjugate/n.a.	Metastatic pancreatic cancer					MabVax
Antibodies							
RENCAREX® [1]	Antibody/CAIX (therapeutic)	Non-metastatic ccRCC [2]					To be partnered, (ROW) Esteve (Southern Europe)
REDECTANE® [3]	Antibody/CAIX (diagnostic)	Kidney cancer					To be partnered
Partnering projects							
MESUPRON® [4]	uPA inhibitor	Solid tumours					Link Health (China)
MESUPRON® [4]	uPA inhibitor	Solid tumours					RedHill (Rest of world)

[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)

[3] The Phase III REDECT trial for diagnosing ccRCC was successfully completed. As agreed with the FDA, a confirming study is required; it will, however be carried out at a potential partner.

[4] WILEX AG completed Phase IIa trials for MESUPRON® in the pancreatic cancer and breast cancer indications. The current figures refer to the partner's status quo.

NOVEMBER 2015
Presentation of financing strategy for further development of ADC technology

DECEMBER 2015
Implementation of two corporate actions

JANUARY 2016
Granting of an important basic patent for ATACs in the United States

MILESTONES

Letter to the shareholders

Dear Ladies and Gentlemen,
We have put great effort into realigning our company. Key technology development goals were achieved, so today we also look back on the positive aspects of the financial year 2015 – and into the future with optimism.

We are concentrating on making the highly potent compound Amanitin usable as a cancer therapy. This compound offers a completely new biological point of attack against tumour cells. Our subsidiary Heidelberg Pharma's proprietary ATAC (Antibody Targeted Amanitin Conjugates) technology will make this possible.

At the forefront of our activities are new industry partnerships, our company's financing and the systematic advancement of this technology.

Amanitin – a factor of success for an innovative technology and our own product pipeline

By focusing on refining antibody technologies already in clinical use, we aim to make Amanitin a powerful weapon in the fight against cancer. The compound's unique biological mode of action has the potential for superior efficacy, including treatment of drug-resistant or quiescent tumour cells. These characteristics address major challenges in cancer therapy.

In 2015, we began to build our own ATAC product pipeline while also collaborating with other companies. Since then, partners have licensed promising antibodies to us that we are currently testing as ATAC molecules. Funding commitments from Germany's Federal Ministry of Education and Research for our own initial research project with a PSMA ATAC against prostate cancer support our strategy.

The publication of results from a research collaboration between Heidelberg Pharma and the MD Anderson Cancer Center in the United States in the prestigious journal NATURE last year was very important. And in early 2016 a vital basic patent for our technology was granted in the United States.

Partnerships and licence agreements

Unfortunately, we also suffered a setback. Our licensing partner Roche terminated its collaboration with Heidelberg Pharma for strategic reasons. However, we were able to join forces with other biotech and pharmaceutical companies for early-stage research partnerships and test their antibodies with our toxin linker technology. Although we are unable to comment on these ongoing collaborations due to the early stage of the research, we are optimistic that we will have interesting news to report as these partnerships progress.

Advances were also made in the clinical portfolio of WILEX AG. Our Chinese partner Link Health submitted an investigational new drug (IND) application to the China Food and Drug Administration (CFDA) for a Phase I study with MESUPRON® and made milestone payments totalling €500 thousand. We regularly exchange information with our partner RedHill Biopharma in Israel about the further development of MESUPRON®.

In addition, we continue to conduct discussions about renewed out-licensing of our antibody projects RENCAREX® and REDECTANE®. Our pharmacology service business is operating successfully and according to plan.

Financing and capital measures

The Company's financing is vitally important for technology development. We aim to use the cash we have to set up compound production and complete additional development steps for our own ATAC candidates.

In April 2015 a capital increase was successfully completed, generating proceeds of €4.16 million. Along with the Supervisory Board, we agreed in November on a comprehensive financing strategy for advancing our ATAC technology. Our main shareholder dievini has promised us substantial support and is prepared to invest up to €10 million. In December we completed two capital increases without publishing prospectuses. We plan to arrange further financing during the first half of 2016, after which the Company's financing is expected to be secured into the second quarter of 2017 based on current planning.

Personnel news

The Annual General Meeting of WILEX AG elected a new Supervisory Board in July 2015. Dr Mathias Hothum, Managing Director of dievini Verwaltungs GmbH, was elected to the Supervisory Board to replace Professor Iris Löw-Friedrich.

Financial performance of the Group

After the Roche partnership ended, we were forced to revise our financial outlook for 2015 downward in terms of revenue. Costs were reduced further, especially by largely eliminating our rental obligations in Munich. However, in the context of the 2013 sale of our former US subsidiary WILEX Inc. to Nuclea, we had to write off a loan receivable and recognise additional risk provisions as a precaution. Because of these accounting steps we just missed our target of a significant further reduction in operating expenses. The WILEX Group continues to report a loss.

Implementation of the strategy

Our goals in the 2016 financial year are further refining the ATAC technology, expanding our customer-specific research business and building our own product pipeline. We are working on ensuring that existing research agreements on the ADC technology culminate in licence agreements for specific antibody drug conjugates and that we find a partner for at least one other clinical project. Our plans for 2016 are ambitious, but we are confident that we are on the right path for achieving our goals.

We would like to sincerely thank our shareholders, business partners and employees for their continued support, even in difficult times.

Munich, 21 March 2016

Yours sincerely,

Dr Jan Schmidt-Brand

Spokesman of the Executive Management Board and Chief Financial Officer

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: M&A transactions, the status of partnering negotiations, restructuring and financing. 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 also obtained information about all significant events that were particularly important for the assessment of the status, restructuring, strategy implementation and achievement of goals, as well as for the development and management of WILEX AG and its subsidiary Heidelberg Pharma GmbH. The Chairman of the Supervisory Board, in particular, regularly discussed the strategy and reviewed the progress of business with the Executive Management Board. The Chairman of the Supervisory Board was advised promptly of all important resolutions taken by the Executive Management Board and, when necessary, arranged for the discussion of important issues by the Supervisory Board or the appropriate Supervisory Board sub-committees.

Main topics at the meetings of the Supervisory Board in the 2015 financial year
In the 2015 financial year (1 December 2014 to 30 November 2015), the Supervisory Board met for eight regular meetings. All members of the Supervisory Board, with the exception of Professor Iris Löw-Friedrich, attended at least half of the meetings. In addition, several conference calls were conducted as part of the regular monitoring and advisory activities with regard to the Executive Management Board.

In the 2015 financial year, the Supervisory Board dealt in particular with the following topics requiring its approval:

- Budget and the corporate goals for the 2015 financial year;
- Implementation of the restructuring programme, discussion and approval of a budget for settling the labour law proceedings with former WILEX employees;
- Focus on further developing and marketing the ADC technology and on developing the Company's own ATAC pipeline;
- A share capital increase and determination of the final scope of the rights issue using authorised capital in April 2015;
- Specification of a far-reaching financing strategy, including again increasing the share capital by way of two capital increases in November 2015;
- Review of and support for M&A activities;
- Business development activities for the existing WILEX portfolio;
- Termination of the research partnership between WILEX subsidiary Heidelberg Pharma GmbH and Roche;
- Election of a new Supervisory Board by the Annual General Meeting; and
- The director's contract of Dr Paul Bevan.

The full Supervisory Board approved all of the actions submitted for approval following in-depth reviews and discussions.

The Supervisory Board was 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. The Supervisory Board approved pursuing further development of Heidelberg Pharma's ADC technology not only as part of technology partnerships but also with a view to developing the Company's own ATAC candidates. This means that Heidelberg Pharma will not just offer the toxin linker technology as such but will also refine licensed antibodies with the proprietary ATAC technology into specific development candidates. Establishing its own pipeline is to become an increasingly important aspect of the Company's overall strategy.

The restructuring measures at the parent company approved in early 2014 were largely brought to a close during the past year. The Supervisory Board was regularly informed about the status of MESUPRON® activities at partners and about negotiations with potential licensing partners about the options for the two Phase III projects (REDECTANE® und RENCAREX®).

The Supervisory Board provided constructive assistance in all processes during the 2015 financial year and received regular reports from the Executive Management Board on the implementation of the restructuring measures and the realignment measures.

Moreover, the Supervisory Board discussed the Company's licensing activities and financing strategies at length. In order to secure the Company's financing, it was agreed in March 2015 that its share capital would be increased in return for cash contributions. The final scope of this rights issue using authorised capital was determined by the Supervisory Board in April 2015. WILEX AG obtained gross issuing proceeds from the rights issue of €4.16 million to finance the further development of the ADC technology, in particular to advance drug production, as well as to enhance its equity. In November 2015, a far-reaching financing strategy was approved. The first step was to increase the share capital by a total of 1,373,684 shares with expected gross issuing proceeds of €2.5 million. The two capital increases were successfully completed in December.

A new Supervisory Board was elected at the Annual General Meeting of WILEX AG on 30 July 2015. Professor Christof Hettich, Dr Georg F. Baur, Dr Friedrich von Bohlen and Halbach, Dr Birgit Kudlek and Andreas Krebs were re-elected to the Supervisory Board. Professor Iris Löw-Friedrich decided not to stand for re-election. Dr Mathias Hothum, Managing Director of dievini Verwaltungs GmbH, was elected in her place.

In July 2015, the Supervisory Board followed the recommendation of the Compensation Committee to extend the term of office of Dr Paul Bevan until 31 March 2016 and renew his director's contract with the same level of remuneration. 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.

Corporate governance

The Supervisory Board together with the Executive Management Board decided on 4 February 2016 to implement the recommendations and suggestions of the German Corporate Governance Code ("GCGC") to a large extent. 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.

www.wilex.com

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

Professor Christof Hettich, the Chairman of the Supervisory Board, is a partner of the Rittershaus law firm, which provides legal consulting services for the WILEX Group. This has been identified as a potential conflict of interest. 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 held one meeting in July 2015. Among the items discussed was the extension of Executive Management Board appointments. The director's contract of Dr Paul Bevan was renewed until 31 March 2016. The Nomination Committee did not hold any meetings in the 2015 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 2015 financial year. The Supervisory Board followed this recommendation. Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, was elected by the Annual General Meeting on 30 July 2015 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 2015 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 2015 with the auditor, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft. The Audit Committee discussed the quarterly reports and the half-yearly report for 2015 with the Executive Management Board prior to publication. The committee also dealt in depth with the Company's risk management system.

The Research and Development Committee convened one meeting during the reporting year at which it dealt mainly with the reasons for the termination of the research partnership with Roche, the status of in-house research activities at Heidelberg Pharma and the successful preparatory work and considerations for building the Company's own ATAC product portfolio.

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 2015, including the underlying accounting, and issued an unqualified audit certificate. The auditors conducted their audit in compliance with the generally accepted German standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). The 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 with the auditors both at the meetings of the Audit Committee on 20 January 2016, 17 February 2016 and 16 March 2016, and at today's financials meeting of the Supervisory Board. 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 express its thanks to its long-standing member, Professor Iris Löw-Friedrich, who stepped down from the Supervisory Board at the end of 30 July 2015, for her dedicated and constructive collaboration.

The Supervisory Board would like to take this opportunity to thank the Executive Management Board and all employees of WILEX AG and its subsidiary Heidelberg Pharma for the impressive commitment they showed in the 2015 financial year. It is due to their commitment that key milestones were reached.

Munich, 16 March 2016

For the Supervisory Board

Professor Christof Hettich

Chairman of the Supervisory Board

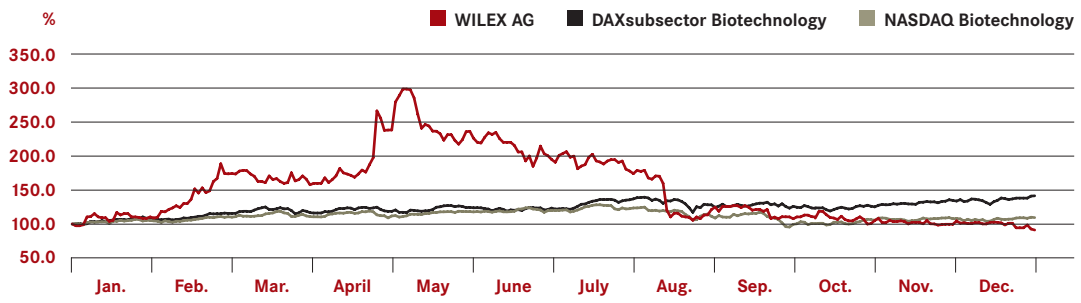
Investor relations

Share price performance

For most indices 2015 was very positive until mid-year. In the second six months, however, the international indices and the DAX gave up most of their gains. For instance, the US NASDAQ Biotechnology Index was unable to repeat the previous year's strong performance (+34 %), but was still well into positive territory, up 12 %. The DAXsubsector Biotechnology Index added an unusually robust 44 %, nearly doubling its 23 % gain in 2014, while the DAX closed up 9 %.

In 2015, the stock exchange price of WILEX shares was very volatile. Beginning the year at a price of € 1.76, WILEX shares gained steadily in the initial months. In early May the share price was buoyed to a high of € 5.55 (+ 300 %) by a positive news flow and a successful capital increase. During the summer months, WILEX lost some value owing to factors including profit taking from the previous months during a period of low trading volume. The termination of the partnership between Roche and Heidelberg Pharma in August 2015 caused a massive drop and brought WILEX's share price back to its level at the start of 2015. November and December 2015 saw additional corporate actions, and WILEX shares closed out the year down 9 % at € 1.65.

WILEX's share price performance, indexed as of 1 January 2015



Trading and liquidity

At 14,090 shares, the average daily trading volume of WILEX's shares in the 2015 financial year (1 December 2014 to 30 November 2015) was down substantially from the previous year's level of 71,261 shares on average per day. The market capitalisation at the end of November 2015 was € 19.4 million, 24 % higher than the prior-year level of € 15.6 million. WILEX's current market capitalisation is approximately € 20 million. Earnings per share decreased to – € 0.75.

Key share figures as of the end of the reporting period[1]	**FY 2015**	**FY 2014**
Number of shares issued	9,305,608	7,818,876
Market capitalisation in €million	16.94	15.64
Closing price (XETRA) in €	1.820	2.00
High[2] in €	5.55 (on 06.05.2015)	3.33 (on 18.07.2014)
Low[2] in €	1.730 (on 06.01.2015)	0.47 (on 10.02.2014)
Volatility (260 days; XETRA) in %	79.51	178.38
Average daily trading volume[2] in shares	14,090	20,006
Average daily trading volume[2] in €	46,910	70,786
Earnings per share	(0.75)	(0.73)

[1] As of the end of the period

[2] All stock exchanges

Source: Bloomberg

Annual General Meeting

The Annual General Meeting of WILEX AG took place on Thursday, 30 July 2015 in Munich. A total of 6,041,283 shares of WILEX AG (corresponding to an equivalent number of votes) out of the share capital of €9,305,608 (which is denominated in 9,305,608 no par value bearer shares) were present at the voting. This corresponds to 64.92% of the Company's share capital.

In addition to regular items such as the approval of the annual financial statements, formal approval of the actions of the members of the Executive Management Board and Supervisory Board and the appointment of the auditor, the agenda at the Annual General Meeting included the election of new Supervisory Board members of WILEX AG. The following persons were re-elected to the Supervisory Board: Professor Christof Hettich, Dr Georg F. Baur, Dr Friedrich von Bohlen and Halbach, Dr Birgit Kudlek and Andreas Krebs. Professor Iris Löw-Friedrich decided not to stand for re-election. Dr Mathias Hothum, Managing Director of dievini Verwaltungs GmbH, was elected in her place.

Another item on the agenda was the lifting of the self-restriction with regard to authorised capital and contingent capital that the Company had imposed in connection with the capital reduction implemented in 2014. The utilisation of all authorised capital for the rights issue in April 2015 made this necessary in order to give the Company the required flexibility for additional capitalisation measures.

All proposed resolutions were adopted by majorities of more than 99%.

Financing strategy and capital increases

Shortly before the end of the reporting period, WILEX announced a comprehensive financing strategy that also includes €10 million in support from main shareholder dievini. The first two corporate actions (private placement and rights issue) were completed in December 2015 and generated net issue proceeds of €2.5 million. After entry of the capital increases in the Commercial Register on 9 December 2015, the share capital of the Company now amounts to €10,679,292.00. Given a difference in dividend rights, the new shares will be traded separately at the stock exchanges under the ISIN DE000A169P97/WKN A16 9P9 until the planned inclusion in the Company's current listing, which will take place after the Annual General Meeting adopting resolutions regarding the 2014/2015 financial year. For more details, see the Report on post-balance sheet date events.

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Shareholder structure of WILEX AG	
DH-Holding GmbH & Co. KG and affiliated companies[1]	≈ 55.6 %
UCB	≈ 10.6 %
Gilbert Gerber	≈ 3.4 %
Corporate bodies (held directly)	≈ 1.1 %
Free float	≈ 29.3 %

[1] Comprises dievini Hopp BioTech holding GmbH & Co. KG, Curacyte GmbH and 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 General Meeting.

General information[1]	
Listed:	Regulated Market (Prime Standard)
Stock exchange symbol:	WL6/WL6G.DE/WL6.GR
WKN/ISIN:	000A11QVV/DE000A11QVV0
New shares:	ISIN DE000A169P97/WKN A16 9P9
Share capital:	€ 10,679,292
Admitted capital:	10,679,292 bearer shares of common stock
Designated sponsors:	Equinet Bank

[1] As of 21 March 2016

www.wilex.com Please see cover page 3 for the current financial calendar. The current conference list is available on the website.

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

for the financial year from 1 December 2014 to 30 November 2015

1 BUSINESS AND OPERATING ENVIRONMENT

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

Chapters 1 to 5 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”.

1.1 Corporate structure, locations and reporting

WILEX GmbH was founded in 1997 by a team of physicians and cancer research specialists from the Technische Universität München (TUM). The Company 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. The space originally rented by WILEX AG was handed over completely to new tenants in 2015, and since October 2015 WILEX AG has rented its current office premises from them.

The subsidiary Heidelberg Pharma GmbH (hereinafter also referred to as "Heidelberg Pharma") 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.

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London, as applicable in the European Union (EU), taking into account the recommendations of the International Financial Reporting Standards Interpretation Committee (IFRS IC). The provisions applicable in accordance with section 315a (1) German Commercial Code (Handelsgesetzbuch - HGB) were also taken into account. The IFRS consolidated financial statements include WILEX AG as the parent company as well as the subsidiary Heidelberg Pharma GmbH for the full 2015 financial year (1 December 2014 to 30 November 2015). “WILEX” will be used as a synonym for the Group hereinafter. Each entity’s full corporate name is stated whenever facts specific to WILEX AG as the parent company or Heidelberg Pharma as the subsidiary are reported.

Applying IFRS 8 Operating Segments, WILEX reported on three segments from financial years 2011 to 2014: Customer Specific Research (Cx), Diagnostics (Dx) and Therapeutics (Rx). WILEX also prepared segment reporting. As the research and development activities at the Munich site were discontinued in 2014, there is no need for segment reporting as of the financial year 2015 because the Company’s activities now focus mainly on the ADC technology and customer-specific research.

The WILEX Group had 55 employees and Executive Management Board members (49 full-time equivalents) as of the close of the financial year at the Ladenburg (49 employees) and Munich (6 employees) sites.

1.2 Business activities

Following its restructuring, the purpose of WILEX AG as a holding company is to act as the parent company of the Group and to out-license the portfolio of diagnostic and therapeutic oncology drug candidates along with the related intellectual property rights. A core team remains in Munich, mainly performing functions relating to Group strategy, finance, alliance and data management, investor relations, legal affairs, contract management and patents. In addition, talks on marketing the two clinical antibody programmes are continuing and strong support is provided to partners for further developing an out-licensed clinical drug candidate.

Research and development activities focus on the operations of WILEX's subsidiary Heidelberg Pharma GmbH ("Heidelberg Pharma") in Ladenburg, which refines and markets the Company's own novel technology platform for therapeutic antibody drug conjugates ("ADC technology") and offers preclinical services. The ADC technology primarily concentrates on researching the natural toxin Amanitin and using it for tumour therapy. Due to the way it functions, this is known as the ATAC (Antibody Targeted Amanitin Conjugates) technology. Heidelberg Pharma is the first company to develop Amanitin's very efficient biological mode of action into a cancer therapy.

For detailed information regarding the products and the current status of development, please see chapter 3, "Course of business in 2015". A summary of markets and competitors is contained in chapter 2, "Economic environment in 2015".

1.3 Management and control

In keeping with the dual management structure in German corporate law, the Company is managed and controlled by both an Executive Management Board and a Supervisory Board. The Executive Management Board runs the Company's business and closely cooperates with the Supervisory Board. 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".

1.4 Corporate strategy and goals

WILEX is committed to the interests of shareholders and employees, who are at the centre of the Company's strategic, value-driven management. Its research and development work is aimed at developing new cancer therapies for patients.

Going forward, WILEX AG's existing clinical R&D projects will only be further developed in cooperation with licensing partners. These potential partnerships for REDECTANE® and RENCAREX® and the out-licensing of MESUPRON® are capable of generating upfront and milestone payments plus royalties on net sales in the event of successful development and regulatory approval of the product candidates.

New licence agreements are expected to be signed in 2016 for existing WILEX product candidates. With MESUPRON® the aim is for the licensing partners to begin clinical trials and assume responsibility for the performance and financing of these trials.

In recent years Heidelberg Pharma has acquired extensive knowledge concerning the highly effective toxin Amanitin, which can be linked with various antibodies. The result is a platform

approach enabling a series of new development projects and research alliances based on these Antibody Targeted Amanitin Conjugates (ATACs). An important objective for the coming year is making Amanitin and the required linkers available on a commercial scale and ensuring that GMP requirements can be met for the resulting ATAC development candidates.

Heidelberg Pharma intends to develop and market this technology as part of a hybrid business model. Firstly, the Company will produce its own ATAC molecules based on licensed antibodies, test these as development candidates and thus build its own pipeline. This was enabled by licensing suitable antibodies in recent years and applying an extensive selection and optimisation process.

In order to achieve this goal, the development candidates with their individual components must be produced and tested for efficacy and tolerability. An important aim in the coming year is to complete this evaluation procedure and begin cell line and process development.

Secondly, work is underway with partners to improve their antibodies by producing ATACs as part of early-stage research partnerships. These early-stage collaborations are expected to culminate in licence agreements based on which the cooperation partners would make payments for technological support and the granting of licences.

Heidelberg Pharma's own development activities and envisaged out-licensing take place exclusively for specific antigens (biological target proteins). Given that numerous tumour-specific antigens exist, this facilitates the development of the Company's own substance candidates as well as parallel alliances with various pharmaceutical and biotech companies. These may be developed for different products and in different indications. The hybrid business model of business-to-business activities and building a proprietary ATAC portfolio offers a prime opportunity for unlocking the technology's potential.

WILEX aims to leverage these ATAC alliances and the preclinical service business to continually generate sales revenue and licence payments from partnerships. Up to now, this income has not been sufficient to finance WILEX's ongoing research activities, so R&D activities must also be financed in the medium term by raising capital.

1.5 Internal management system

Cash funds, cash reach, sales revenue and other income from grants 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 the expenses related to the research and development activities of the projects constitute an important measure of performance. These are still clearly exceeding income and will continue to do so in the medium term. Hence, the average change in cash funds, i.e. the cash flow in a given period, is a key financial indicator. The ratio of liquid funds to cash usage shows for how long sufficient cash will be available.

The section entitled "Overall assessment of the financial year 2015 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 2015

2.1 Macroeconomic environment

The hallmarks of the geopolitical situation in 2015 were the conflicts in the Middle East and the resulting wave of refugees, the ongoing economic and political pressure in Europe and the economic slowdown in Asia. The downturn in emerging markets, particularly China, and the resulting low commodities prices led to considerable financial market uncertainty.

The International Monetary Fund (IMF) reported a global growth rate for 2015 of 3.1% (2014: 3.4%), much lower than the long-term average. Economic growth in emerging and developing markets slowed for the fifth consecutive year to 4.0% (2014: 4.6%). In view of an economic turnaround the euro zone is expected to see its gross domestic product (GDP) increase 1.5% (2014: 0.9%).[1] At GDP growth of 1.5% in 2015, Germany's economy lagged slightly behind the previous year's figure (2014: 1.6%)[2]. On the whole, however, confidence grew that the German economy is robust enough to master these challenges in the coming year.[3]

The uncertainty and the development of the global economy last year did not directly impact on WILEX's business activities, but they did exert a considerable influence on financial markets.

Despite EUR/USD exchange rate volatility during the year, the euro gave up some 10% of its value and closed out 2015 at USD 1.086. The strength of the dollar was given a boost by US economic expansion of 2.5% (2014: 2.4%) and by the ECB's interest rate and money supply policy. Oil price developments and the continued upheaval in the Middle East played a significant role in the development of the exchange rate in 2015. Fluctuations in the EUR/USD exchange rate had a positive effect in the financial year and may also affect WILEX's income and expenses in future.

Stock market performance was relatively good for the first eight months of the year, but lost steam in August in view of global anxiety over a sharper economic downturn in China. In addition, pharmaceutical and biotechnology shares suffered from the drive by presidential candidate Hillary Clinton to challenge pricing policies for innovative drugs.

2.2 Development of the pharmaceutical and biotechnology industry

Given the ageing global population and market developments in emerging economies such as China or India, the general growth trend in the health care industry is unbroken. According to the industry report from the US market research institute IMS Health, pharmaceutical spending reached the USD 1 trillion mark in 2014 for the first time, an increase of approximately 20% year-on-year. It is expected to rise to USD 1.2 trillion in 2017.[4]

There is general agreement that the biotech sector remains the strongest and possibly the only growth sector. North America continues to be the largest market, generating around 40% of global pharmaceutical revenue.

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[1] http://www.imf.org/external/pubs/ft/weo/2016/update/01/pdf/0116.pdf
[2] http://www.imf.org/external/pubs/ft/weo/2016/update/01/pdf/0116.pdf
[3] http://www.zew.de/en/press/3241/zew-indicator-of-economic-sentiment---economic-optimism-increases
[4] IMS Institute for Healthcare Informatics, The Global Use of Medicines: Outlook through 2017, November 2012

In 2015, the US Food and Drug Administration (FDA) approved 45 drugs, whereas it had only approved an average of some 28 new drugs per year from 2006 to 2014.[5] FDA approved numerous new treatments for various types of cancer in the year under review, including four drugs for treating multiple myeloma and others for treating lung, skin, breast and colon cancer, among other cancers.

BioCentury reports that 83 companies in the industry went public in 2015 and generated IPO proceeds of USD 8 billion. More than 220 capital increases brought in an additional USD 29.3 billion in capital. In the record year of 2014, 116 IPOs generated around USD 9.1 billion, but with capital increases of USD 11 billion only one-third of these issuing proceeds were generated.[6]

The positive impetus from the United States reached Europe in 2015. Year-on-year, 82% more capital was raised on stock exchanges, although the volume remained well below US levels. Europe saw 125 financing deals bringing in € 5.05 billion, 130% more than in the previous year. The number of IPOs remained at the previous year's level with 25 European biotech companies going public in 2015. Twenty-one firms elected to list on European stock exchanges and four chose the NASDAQ exchange in the United States. All told they raised capital of € 1.21 billion (2014: € 1.25 billion). Evidently, the most attractive segment for investors was oncology.[7] At the end of 2015 there were 191 listed biotech firms which obtained financing totalling € 6.26 billion (2014: € 3.44 billion). The EU's subsidy programmes also had a significant impact.[8]

In Germany the mood in 2015 was also much brighter and reflected a significantly improved financing situation. Biotech companies raised € 553 million, or around 38% more capital than in 2014. Particularly gratifying was the 53% increase in venture capital over the previous year. Private investors provided € 263 million to German biotech firms in 2015. Curetis AG took the leap with an IPO on the Euronext exchange, while Pieris AG chose to list on the NASDAQ.[9]

2.3 Oncology

According to the WHO's latest World Cancer Report published in February 2015, there were 14 million new cases of cancer worldwide in 2012,[10] resulting in more than 8.2 million deaths.[11] In Germany, more than 221,000 people died of cancer in 2012. Demand for cancer therapies is expected to continue to grow steadily over the next few years, reaching a volume of USD 225 billion by 2017.[12] Particularly the number of targeted cancer treatments, for example antibody therapies, is expected to multiply. Targeted drugs already make up 46% of cancer sales.[13] Datamonitor reports an annual growth rate of 13.7% and a market volume of up to USD 13.7 billion for 2014 in the seven largest pharmaceutical markets (the US, Japan,

[5] www.fda.gov/Drugs/DevelopmentApprovalProcess/DrugInnovation/ucm474696.htm
[6] Biocentury 4 January 2016 and Biocentury 18 January 2016, all information
[7] BIOCOM Facts & Trends 2015 from October 2015 and 2016 from January 2016, all information
[8] BIOCOM Facts & Trends 2016 from January 2016
[9] http://www.biodeutschland.org/pressemitteilung-anzeigen/items/biotech-branche-sendet-klares-signal-zum-wachstum.html, 13 January 2016
[10] WHO World Cancer Report
[11] GLOBOCAN 2008, International Agency for Research on Cancer (IARC), latest available data 2008
[12] GIA, Cancer Therapies - Global Strategic Business Report, October 2011
[13] http://www.fiercepharma.com/story/cancer-drug-market-zooms-toward-100b-thanks-costly-targeted-therapies/2014-05-06

France, Germany, Italy, Spain and the UK).[14] 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 powerful therapeutic agents is predicted to reach USD 31.7 billion, after growing at an annual rate of 10.6%.[15]

In 2015, scientific discussion in the field of antibody drugs again centred on cancer immunotherapy and loaded antibodies (ADCs).

The field of antibody drug conjugates (ADC) was very active again in 2015 with more than ten ADC transactions and positive feedback from the FDA on at least two ADC products. Particularly notable was the granting of a breakthrough therapy designation to inotuzumab ozogamicin for acute lymphoblastic leukaemia (ALL). Under joint development by UCB and Pfizer, this ADC consists of a humanised monoclonal antibody for CD22 linked to calicheamicin, a cytotoxic agent. It is currently in a Phase III clinical trial for ALL. In terms of development seven companies reported positive clinical data in 2015. At the end of the year, two ADC compounds were in Phase III clinical trials, 11 compounds were in Phase II studies and more than 35 were in Phase I trials. The ADC segment grew further and promises a bright future as a cancer therapy. As in the previous year, two products are on the market. Sales revenue of around USD 760 million is expected for Roche's Kadcyla in 2015[16], up more than 40% over the prior-year figure. For Adcetris, Seattle Genetics anticipates sales revenue in its regions of approximately USD 220 million, an increase of more than 23% over 2014.[17]

Heidelberg Pharma has an innovative, promising ADC technology with the toxin Amanitin that could participate in this growth market.

2.3.2 Cancer diagnostics: monoclonal antibodies

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.[18] Five technologies are in clinical development, of which two are in Phase III trials and one is in a pivotal trial. 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. WILEX has a near-to-market

[14] Datamonitor, Market and Product Forecasts: Targeted Cancer Therapies 2011-21 - Eurozone price cuts impact targeted cancer therapies market, July 2012

[15] 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

[16] Bank of America Merrill Lynch Research, Roche Consensus, 9 December 2015

[17] Cowen and Company Research, Seattle Genetics, 30 October 2015

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

project candidate in this field with the radioactively labelled antibody REDECTANE®. It is the only radiopharmaceutical diagnostic agent for clear cell renal cell carcinoma (ccRCC) in clinical development.

3 COURSE OF BUSINESS IN 2015

3.1 Research and development of the development and product candidates

3.1.1 Projects at Heidelberg Pharma

Amanitin as an innovative compound for cancer therapy

Heidelberg Pharma is working on making the compound Amanitin available as a new cancer therapy. Amanitin has a unique biological mode of action which could be used as the basis for developing highly effective, innovative drugs. Amanitin is a member of the amatoxin group of natural poisons, which occur in the death cap (Amanita phalloides), among others. It works by inhibiting RNA polymerase II, which results in programmed cell death, or apoptosis. All other cytotoxic drugs used to date, including other ADCs, either function as what are known as “spindle poisons” (tubulin inhibitors) or work via DNA, which makes them dependent on cell division. This new mode of action for cancer therapy offers the possibility of breaking through drug resistance or destroying latent tumour cells, which could produce major clinical advances.

To enable therapeutic use of this natural toxin, Heidelberg Pharma takes advantage of the already clinically proven ADC technology, which is being refined for use with Amanitin. The core of the ADC technology consists in using a chemical compound (linker) to crosslink a suitable antibody to a 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 potentially offers new approaches to tumour therapy. In this way, new cytotoxic substances such as Amanitin can be developed 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. This technology belongs to what is called “precision medicine”.

The aim is to develop second-generation ADCs, known as ATACs (Antibody Targeted Amanitin Conjugates). 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.

Building an own ATAC pipeline

WILEX decided in 2015 to prioritise building its own pipeline. This move stems from the successful in-licensing of antibodies and the data generated from the ATACs produced from these. This data gives credence to the hope that the Company will be able to unlock the advantages of products based on Amanitin in the form of specific ATACs.

PSMA-ATAC project: The first proprietary project is a PSMA-ATAC. In January 2015, Heidelberg Pharma received a research grant commitment for the development of PSMA antibody drug conjugates for the treatment of prostate cancer. The new research project with a total estimated cost of € 1.8 million will run for 30 months and receive grants from the Federal Ministry of Education and Research (BMBF) totalling € 0.9 million, which will be disbursed to Heidelberg Pharma after successful performance and verification of costs.

PSMA is overexpressed in prostate cancer specifically and is a promising target for an ADC approach, as it shows very low expression in normal tissues.

In pilot studies, Heidelberg Pharma investigated the anti-tumour potency of several monoclonal antibodies targeting the prostate-specific membrane antigen (PSMA) conjugated to amatoxin. After humanisation and de-immunisation of the chosen anti-PSMA antibody, this was used to produce various ATACs, which will be tested preclinically for safety, tolerability and efficacy.

In 2016, the most promising PSMA-ATAC will be chosen as lead compound and developed further. To this end, the efficacy and tolerability of various chemical versions of the development candidate will be compared and the best version determined. Cell line and process development will then begin for this version.

In addition to the PSMA project, Heidelberg Pharma has licensed antibodies for various haematological and solid tumours and is in the process of collecting data for other projects, which can be either licensed or developed further.

In parallel with product development, the Company is preparing the manufacturing steps for GMP production. Since ADCs comprise various components (antibody, linker, toxin), this is a complex undertaking. An important goal in this context is the chemical synthesis of Amanitin as an alternative to current biological manufacturing. The advances achieved in the financial year 2015 give reason for optimism that chemical synthesis in conjunction with other product advantages is feasible.

ATAC partnerships

Licensing model for toxin linker technology: Heidelberg Pharma's business model comprises granting licences relating to the ATAC technology and its application to antibodies provided by customers. The necessary preclinical work related to designing, optimising, profiling and manufacturing new ATACs is also performed by Heidelberg Pharma. Integrated into licence agreements, toxin linker prototypes are made available and cross-linked to antibodies developed by partners, and tested biologically. These technology collaborations generate short-term sales revenue from the technological support of the customer and the granting of access by Heidelberg Pharma to its own ADC technology. In the long term, they are intended to provide attractive potential for generating sales revenue and creating added value through these licence agreements.

The term of the first comprehensive licence agreement with Roche began in 2013 and was extended in October 2014. In August 2015, Heidelberg Pharma was informed that Roche is discontinuing the collaboration for strategic reasons. Work on all Roche projects was halted by the end of November 2015 and the licensing rights were returned to Heidelberg Pharma in full.

Product partnerships: In this model, Heidelberg Pharma contributes the toxin linker technology to the cooperative partnership as a contribution in kind, while other biotechnology companies contribute their antibodies or innovative antibody formats. Together, novel ATACs

will be developed up to the preclinical stage, in which their efficacy and tolerability can be meaningfully assessed. Through the consolidation of the relevant skills and resources at project level, 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. This type of collaboration is currently underway with US-based MabVax. The focus of the partnership is a 5B1 antibody that specifically binds to proteins in metastatic pancreatic cancer. Good anti-tumour effects have been demonstrated *in vitro* and *in vivo*. Additional steps will be taken in 2016 toward selecting a development candidate.

European MAGICBULLET training network: The European Union supports promising research projects within the Horizon 2020 Framework Programme for Research and Innovation and in February 2015 granted the ETN MAGICBULLET consortium a subsidy for the period from 2015 to 2018 for the development of new peptide-based concepts for anti-tumour therapies.

Heidelberg Pharma is part of the ETN MAGICBULLET consortium which consists of seven academic research groups from Germany, Italy, Hungary and Finland, and two pharmaceutical companies (Heidelberg Pharma and Exiris in Italy). The aim of the consortium is to develop and validate an array of new peptide-drug conjugates combining tumour-specific peptides with potent cytotoxic drugs. Heidelberg Pharma's task is to identify, modify and validate novel tumour-specific peptide-drug conjugates based on its expertise in linker technology as well as to investigate the biological activity *in vitro* and *in vivo*. A kick-off meeting of the consortium took place in September.

Collaboration with the MD Anderson Cancer Center: Pioneering results from a collaboration between Heidelberg Pharma and the MD Anderson Cancer Center were published in the NATURE journal in April 2015.

In preclinical studies, research groups from MD Anderson and Heidelberg Pharma demonstrated the extraordinary efficacy of ATAC therapeutics in the treatment of a colorectal cancer subpopulation with alterations in the status of the tumour suppressor gene TP53. The purpose of this gene is to suppress the formation of a tumour in healthy cells. Cancer cells change their genetic make-up in such a way that this protective function can no longer be fully exercised. The research collaboration showed that this change in the genetic make-up (hemizygosity) also makes the ATACs much more effective because the gene of the Amanitin target (POLR2A, RNA polymerase II) is also altered by this change in the gene. The hemizygous gene status of TP53 and POLR2A leads to reduced RNA polymerase II mRNA and protein levels in tumour cells and thus to significantly higher sensitivity of these cancer cells towards ATACs.

In preclinical *in vitro* and *in vivo* studies, ATACs exhibited an approximately ten times higher antitumoural activity on POLR2A hemizygous cancers compared to homozygous cancers. Further data indicates similar gene status alterations in other tumours.

This makes ATACs a promising therapeutic strategy for patients suffering from highly resistant malignancies. In a clinical setting, the selection of patients based on TP53 or POLR2A gene status could allow the expansion of the therapeutic window of ATACs and ensure high efficacy while minimising toxicity. WILEX believes that this would be the first personalised strategy for an ADC.

Heidelberg Pharma and the MD Anderson Cancer Center are currently reviewing whether to step up their cooperation on this subject.

Customer specific preclinical service business

In addition to its core business of technology, Heidelberg Pharma has the technical 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. Here, both standard models and innovative developments for selected customers are offered in the specified indications. Finally, Heidelberg Pharma develops customer-specific efficacy models on request to support customers' individual research activities.

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 the human tumours with syngeneic mouse and rat 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.

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.

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.

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.

3.1.2 WILEX AG clinical pipeline

MESUPRON® – oral uPA inhibitor

With MESUPRON®, WILEX AG developed an oral uPA/serine protease inhibitor until Phase II that is designed to block the activity of tumour-relevant serine proteases such as uPA, plasmin and thrombin. This aims to prevent tumour growth and metastasis. On the basis of the Phase II data produced at WILEX, MESUPRON® will be developed further by licensing partners as combination therapy with other drugs.

In 2014, the rights to the development and, if development is successful, to the potential commercialisation of MESUPRON® were out-licensed to Link Health Co., Guangzhou, China (Link Health), and RedHill Biopharma Ltd., Tel Aviv, Israel (RedHill). More information about the two licence agreements can be found in chapter 4.3.

In the second quarter of 2015, WILEX AG reached an agreement with its partner Link Health on the immediate transfer of a number of MESUPRON® patents. Link Health needs these patents to apply for grants under a national subsidy programme. A partial amount of the agreed milestone payments totalling € 400 k thus became due and € 375 k was paid after deducting local taxes and other local levies. The remaining amount of € 100 k became due and was paid after the end of the reporting period. Link Health is currently preparing the kick-off of clinical development in China. For more information please see the report on post-balance sheet date events.

The Company is in regular dialogue with its two partners, RedHill and Link Health, on the further clinical development of MESUPRON®.

WILEX AG will no longer develop these product candidates itself and no further significant costs for maintenance of intellectual property will be incurred as these will be borne by the Company's partners.

REDECTANE® – diagnostic antibody

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. 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. In September 2012, agreement was reached with the FDA to conduct a confirmatory diagnostic performance study. WILEX drew up the development strategy and trial design for a confirmatory Phase III trial (REDECT 2), for which it received a special protocol assessment (SPA) from the FDA in 2013.

WILEX AG will no longer conduct the REDECT 2 trial, The rights to the product candidate were returned to WILEX by the Belgian firm IBA Pharma SPRL in 2014. It is now both possible and the goal to find a new partner for REDECTANE® and arrange its financing, development and commercialisation outside of WILEX.

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 show no evidence of metastases at the time of first diagnosis, but have a high risk of relapse within a few years after surgery. RENCAREX® is designed to prevent relapsing tumour cells or metastases (adjuvant therapy).

RENCAREX® (INN: Girentuximab) was tested in the 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.

Subsequent retrospective biomarker and subgroup analysis of the ARISER data indicated that RENCAREX® could deliver a well-tolerated and effective therapy for ccRCC patients with a high CAIX score. WILEX therefore held talks with regulatory authorities (the FDA and European agencies) in the third quarter 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. This is because trials conducted by other companies in this special indication have not yet been successful either. So far, no drug has been approved by the FDA or the EMA for the adjuvant therapy of this form of renal cell carcinoma.

Further development of this immunotherapy at WILEX is ruled out on account of the discontinuation of R&D activities at the Munich site. Another option would be to further develop it together with a future partner. However, talks held with different partners have not yet resulted in a satisfactory outcome.

3.2 Other key events in the 2015 financial year

3.2.1 Capital increase in March/April 2015

In March/April 2015, WILEX AG implemented a rights issue from authorised capital. The shareholders of WILEX AG exercised their subscription and additional subscription rights for all 1,486,732 new no par value bearer shares at a price of € 2.80 per share within the 14-day subscription period. The corporate action was completed upon its entry in the Commercial Register on 10 April 2015. This generated gross issue proceeds of € 4.16 million.

3.2.2 Personnel news

At the Supervisory Board meeting on 24 March 2015, the appointment of Dr Paul Bevan as Head of Research and Development was unanimously extended until 31 March 2016.

3.2.3 Annual General Meeting – Election of a new Supervisory Board

In addition to regular items such as the approval of the annual financial statements, formal approval of the actions of the members of the Executive Management Board and Supervisory Board and the appointment of the auditor, the agenda at the Annual General Meeting of Wilex AG, which took place at the Munich Conference Centre, Hanns-Seidel-Stiftung, on 30 July 2015, included the re-election of the Supervisory Board members of WILEX AG. The following persons were re-elected to the Supervisory Board: Professor Christof Hettich, Dr Georg F Baur, Dr Friedrich von Bohlen and Halbach, Dr Birgit Kudlek and Andreas Krebs. Professor Iris Löw-Friedrich decided not to stand for re-election. Dr Mathias Hothum, Managing Director of dievini Verwaltungs GmbH, was elected in her place.

Another item on the agenda was the lifting of the self-restriction with regard to Authorised Capital and Contingent Capital that the Company had imposed in connection with the capital reduction implemented in 2014. The utilisation of all authorised capital for the rights issue in April 2015 makes this necessary in order to give the Company the required flexibility for additional capitalisation measures.

3.2.4 Termination of the collaboration with Roche

Heidelberg Pharma was informed on 12 August that Roche is discontinuing their collaboration in the field of Antibody-Targeted Amanitin Conjugates (ATACs). The licence agreement that was signed in 2013 had been expanded in October 2014. Work on all projects was halted by the end of November 2015. All of the licensing rights were returned to Heidelberg Pharma in full and Roche made payments for all commissioned services. No further payments have been agreed.

As a consequence of the termination of the collaboration, WILEX AG revised its financial guidance for the current financial year.

3.2.5 Presentation of financing strategy – Announcement of two capital increases

On 23 November 2015 WILEX AG unveiled a financing strategy for further development of the ADC technology. With the assistance of main shareholder dievini, the aim is to secure financing for the Company into the second quarter of 2017. Additional funds will be raised on the capital markets. The multi-level financing package comprises several capital measures. To safeguard short-term financing, two capital increases from authorised capital without publishing prospectuses were resolved and carried out in December 2015. For more information please see the report on post-balance sheet date events.

The terms for further financing measures are currently being drawn up in the Company. In particular, securities prospectuses will probably have to be prepared for upcoming capital measures. Corresponding preparations will now begin. The individual steps and details of the further financing measures planned for the first half of 2016 will be announced by the Company at a later date. WILEX plans to use the issue proceeds primarily to finance the further development of its own ADC technology (Antibody Targeted Amanitin Conjugates – ATACs).

4 NON-FINANCIAL KEY PERFORMANCE INDICATORS AND CONTRACTS

4.1 Manufacturing and supply

WILEX AG did not conduct clinical trials in the 2015 financial year. Suppliers of Heidelberg Pharma are selected on the basis of market standards and due diligence, but are not subject to regulatory supervision.

4.2 Manufacturing and import permit and certifications

WILEX AG was 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. It is expected to expire no later than 1 August 2016. As a consequence of the restructuring measures implemented in 2014, laboratory activity at the Munich site ceased and the Company no longer maintains a functional GMP/GLP infrastructure. Heidelberg Pharma does not yet have a GMP/GLP structure.

4.3 Licence agreements und important contracts

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

4.3.1 Contracts entered into by WILEX AG

Contracts relating to the antibody Girentuximab

Several of these agreements concern the development and potential 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.

Contracts relating to REDECTANE®

There are currently no contracts with partners for the diagnostic candidate REDECTANE®.

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. WILEX AG could receive undisclosed licence payments for this in case of successful further development and approval.

Contracts relating to MESUPRON®

In 2006, WILEX AG had 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.

In March 2014, WILEX AG concluded a licensing and development partnership for MESUPRON® with Link Health Co., Guangzhou, China (Link Health). Link Health received the exclusive licensing rights for the development and potential subsequent marketing of MESUPRON® in China, Hong Kong, Taiwan and Macao. Link Health is responsible for performing and financing the entire clinical development of MESUPRON® in China in all oncological indications, as well as for a subsequent regulatory process and the future marketing of the product. Under the terms of the agreement, WILEX AG received an upfront payment and, in the case of successful clinical development, is entitled to milestone payments of over € 7 million as well as staged royalty payments in the mid-single-digit percentage range.

In June 2014, WILEX AG signed an exclusive licence agreement for MESUPRON® with RedHill Biopharma Ltd., Tel Aviv, Israel (RedHill) under which RedHill acquired the exclusive development and subsequent marketing rights to MESUPRON® in all indications outside of China, Hong Kong, Taiwan and Macao. WILEX AG received an upfront payment of USD 1 million and, in the event of successful product development and marketing following regulatory approval, would be entitled to staged royalty payments ranging from the mid-teens up to 30%. RedHill is responsible for the entire development and would be responsible for regulatory approval and subsequent marketing of MESUPRON®.

4.3.2 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 Targeted Amanitin Conjugates and had specialist expertise in the utilisation of Amanitin based on this ADC technology. In accordance with the contractual arrangements, the licensors granted Heidelberg Pharma GmbH an exclusive licence to the licensed patent rights and the know-how for the development, production and distribution of ATACs.

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. This licence agreement was extended in October 2014 and the research work with selected Roche antibodies deepened. In August 2015 termination of the research partnership with Roche was announced against a backdrop of strategic changes at Roche. The licensing rights were returned to Heidelberg Pharma in full.

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 Targeted Amanitin Conjugates as oncology therapeutics.

Heidelberg Pharma has also entered into contracts for the manufacture and optimisation of ATACs. Firstly, there is a licence agreement between Heidelberg Pharma and a scientific institute covering knowledge relating to the fermentation technique developed there for the

manufacture of Amanitin from certain types of mushrooms. Secondly, Heidelberg Pharma has placed orders with an external subcontractor for manufacturing optimisation and humanisation of certain antibodies. The in-licensing of additional technology components is currently being investigated.

Heidelberg Pharma's technology for manufacturing and developing ATACs is currently being reviewed by several interested parties as part of material transfer agreements (MTAs). If the outcome is positive, additional cooperation and licence agreements may be signed granting target-related exclusivity (selected target proteins) for the ATAC technology.

4.4 Patents

A strong patent position is essential for successful marketing and licensing of WILEX's clinical product candidates or early-stage research projects, which is why the Company endeavours to safeguard its product candidates, as well as their manufacture and utilisation, through patents or to licence these.

At the end of the 2015 financial year, WILEX AG held licensed intellectual property rights, owned more than 100 patents and 30 patent applications worldwide 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.

More than 45 patents and 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, among others, 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.

The uPA-based patent family currently comprises well over 90 patents and patent applications. 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. In the 2014 financial year, nine patent families with 60 patents and patent applications for the lead compound MESUPRON® and for WX-UK1 were out-licensed to RedHill, while seven patents and patent applications were out-licensed in China and Hong Kong to Link Health.

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 four more international patents were filed, which have already been nationalised and regionalised in many countries. In 2015, two further priority applications were submitted to the European Patent Office. In the financial years 2013 and 2014, through the granting of European intellectual property rights, patent protection was intensified for efficient protection of the ADC technology through improved toxin linker technology.

4.5 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. After restructuring in 2014 WILEX AG only employs a five-person administrative team at the Munich site plus an Executive Management Board, which primarily takes care of holding company activities for the Group. Heidelberg Pharma has 49 employees including one member of the Executive Management Board allocated to it, which means that the WILEX Group had 55 employees at the end of the reporting period (including members of the Executive Management Board) (30 November 2014: 52). Two Heidelberg Pharma employees are financed externally through the EU's HORIZON 2020 programme and are employed temporarily for the duration of the project.

The employees are distributed as follows among business areas:

Employees	**30.11.2015**	**30.11.2014**
Administration	15	16
Research and development	23	18
Manufacturing, service and distribution	17	18
Employees, total	**55**	**52**

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 2015 financial year. A total of 2,400 options were returned because employees left the Company. WILEX issued a total of 1,431,931 subscription rights to employees and members of the Executive Management Board under the 2005 and 2011 plans, of which 1,142,888 options (814,835 for current or former Executive Management Board members and 328,053 for current or former employees) were outstanding and 1,134,314 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 2015 financial year concerns the period from 1 December 2014 to 30 November 2015. 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.

The basis of consolidation comprises WILEX AG, Munich, Germany, and Heidelberg Pharma GmbH, Ladenburg, Germany.

Applying IFRS 8 Operating Segments, WILEX reported on three segments in previous years: Customer Specific Research (Cx), Diagnostics (Dx) and Therapeutics (Rx). As a consequence of last year's restructuring measures, which led to the discontinuation of research and development activities at the Munich site, business activities as of this year do not differ materially in their risk/reward profiles. R&D activities have since focused on the operations of WILEX's subsidiary Heidelberg Pharma in Ladenburg. As a result, WILEX discontinued its reporting on segments at the beginning of the 2015 financial year.

The WILEX Group recognised earnings before tax of -€ 6.5 million (previous year: -€ 5.6 million) in the 2015 financial year. The net loss for the year was € 6.6 million (previous year: € 5.7 million). Earnings per share fell from -€ 0.73 in the previous year to -€ 0.75. As expected, expenditures were higher than revenue and other income.

5.1 Sales revenue and other income

In financial year 2015 WILEX posted sales revenue of € 2.3 million (previous year: € 3.6 million), which was mainly attributable to Heidelberg Pharma (€ 1.9 million). Of this figure, the service business accounts for € 1.0 million and the ADC technology for € 0.9 million. In the previous year, Heidelberg Pharma reported sales revenue of € 1.7 million, of which € 1.0 million was from the ADC technology and € 0.7 million from the service business.

Moreover, a milestone payment was due to the parent company in 2015 from Link Health for the out-licensing of MESUPRON® (€ 0.4 million). In the previous year, this arrangement had brought in sales revenue of € 1.2 million.

Income	**2015** **€ million**	**2014** **€ million**
Sales revenue	2.3	3.6
Other income	1.6	1.4
Income	**3.9**	**5.0**

At € 1.6 million, other income was up compared to the previous year (€ 1.4 million). This item is mainly influenced by income from accrued liabilities and provisions not utilised in the amount of € 0.9 million (previous year: € 0.5 million). In the financial year ended, these are comprised as follows:

- Vacant rental premises: € 356 k
- Employees' actions against wrongful dismissal: € 53 k

- Executive Management Board bonuses for 2012 and 2013: € 435 k
- Other: € 43 k

The Company also received grants from the Federal Ministry of Education and Research (BMBF) supporting Heidelberg Pharma projects in the amount of € 0.3 million (previous year: € 0.3 million). Furthermore, there was income from exchange rate differences totalling € 27 k (previous year: € 29 k) as well as income from subletting and sales of fixed assets of € 0.3 million (previous year: € 0.1 million). Other items amounted to € 0.1 million (previous year: € 0.5 million) and largely stem from the allocation of costs.

Other income	**2015** **€ '000**	**2014** **€ '000**
Income from grants	328	274
Liabilities and provisions not utilised to date	887	488
Income from subletting and sales of fixed assets	303	104
Income from exchange rate gains	27	29
Income from measurement item	0	209
Income from cost allocation	45	141
Other items	48	168
Total	**1,638**	**1,413**

5.2 Operating expenses

Operating expenses including depreciation, amortisation and impairments fell to € 10.4 million in 2015 (previous year: € 10.6 million). A more significant cost reduction was prevented by the write-off in full of a loan receivable (€ 2.0 million) and the recognition of a risk provision set up in the event the Company is held liable under a rent guarantee (€ 0.4 million), each in the context of the 2013 sale of US subsidiary WILEX Inc. to Nuclea Biotechnologies Inc., Pittsfield, MA, USA (Nuclea).

Operating expenses	**2015** **€ million**	**2014** **€ million**
Cost of sales	1.1	1.3
Research and development costs	4.5	5.6
Administrative costs	4.5	3.2
Other expenses	0.3	0.5
Total	**10.4**	**10.6**

Cost of sales concerns costs directly related to revenues of the respective product candidates and services. At € 1.1 million, the costs of sales were 15% lower than in the previous year (€ 1.3 million) and represent 11% of total costs. These exclusively concerned expenses of Heidelberg Pharma for customer specific research.

Research and development (R&D) costs fell by 20% from € 5.6 million in the previous year to € 4.5 million due to the discontinuation of R&D activities at the Munich site. R&D costs account for 43% of all costs.

Administrative costs were € 4.5 million, up 41% on the prior-year level (€ 3.2 million) and accounting for 43% of operating expenses. This item also includes consulting costs for the restructuring measures and, broadly speaking, costs for the Annual General Meeting and the stock market listing. Furthermore, the write-off in full of a receivable (€ 2.0 million) from Nuclea as the result of prolonged payment difficulties and the recognition of a provision set up in the event the Company is held liable under a rent guarantee in respect of the lessor of the legal successor to the former WILEX Inc. (€ 0.4 million) are included in administrative costs.

Other expenses for activities in the areas of business development, marketing and commercial market supply amounted to € 0.3 million (previous year: € 0.5 million) – down 40% on the previous year – and account for 3% of total costs.

5.3 Segment reporting

As the research and development activities at the Munich site were discontinued in 2014, there was no longer any need for segment reporting since the start of the 2015 financial year. Given its internal reporting structures, the Company therefore stopped providing segment information. Business activities are centred on ADC technology and preclinical services business and are therefore performed almost exclusively in the former Customer Specific Research segment. This means that no business activities are conducted that differ materially in their risk/reward profiles.

In the comparative 2014 reporting period, WILEX still reported on three segments: Customer Specific Research (Cx), Diagnostics (Dx) and Therapeutics (Rx).

The Therapeutics (Rx) segment comprised the following programmes in the 2014 financial year: RENCAREX®, MESUPRON® until sold, WX-554 and WX-037 until returned to UCB, and all research and preclinical activities. The Diagnostics (Dx) segment included the imaging diagnostic candidate REDECTANE®. The Customer Specific Research (Cx) segment comprised services related to the ADC technology platform and the preclinical services business.

Income and expense items and assets that could not be apportioned accurately to the therapeutic programmes and the diagnostic agent of WILEX AG were defined as “not allocated”. This applied 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 2014 segment result:

2014	**Rx**	**Dx**	**Cx**	**Not allocated**	**Consoli-dation**	**Group**
	€ ‘000	**€ ‘000**	**€ ‘000**	**€ ‘000**	**€ ‘000**	**€ ‘000**
Sales revenue	1,853	0	1,743	0	0	3,597
Other income	237	252	337	607	(20)	1,413
Operating expenses	(4,589)	(1,363)	(4,653)	0	20	(10,586)
Operating result	**(2,499)**	**(1,111)**	**(2,573)**	**607**	**0**	**(5,576)**
Financial result	0	0	(350)	319	0	(31)
Income taxes	93	0	0	0	0	93
Profit/loss for the year	**(2,593)**	**(1,111)**	**(2,923)**	**926**	**0**	**(5,701)**
Total comprehensive income	**(2,593)**	**(1,111)**	**(2,923)**	**926**	**0**	**(5,701)**

5.4 Financing and liquidity

Despite multiple extensive negotiations, no significant financing via commercialisation contracts was obtained in the financial year 2015 that would have contributed to relieving the strained liquidity situation.

The Group had cash and cash equivalents of € 1.3 million (30 November 2014: € 2.2 million) at the close of the financial year. As of the end of 2015, these cash and cash equivalents would not have been sufficient to safeguard the Company's continued existence beyond the first quarter of 2016.

At the end of November 2015 WILEX presented a comprehensive strategy for the Company's financing. The multi-stage financing package comprises various corporate actions that the Company expects to carry out during the first half of the financial year 2016. For purposes of short-term financing of the Company, two capital increases from authorised capital without publishing prospectuses were performed in December 2015. With the assistance of main shareholder dievini, the Company's financing was secured into the second quarter of 2017. For more information on this and the other capital increases performed after the reporting date, please see the report on post-balance sheet date events.

Finance income was € 3 k (previous year: € 87 k). The year-on-year decline is due to reduced liquidity and thus limited interest on credit balances. 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 € 0.5 k, financing expenses were reduced considerably year-on-year (previous year: € 118 k), because no interest was owed on shareholder loans in contrast to most of the previous year. The financial result was therefore € 3 k (previous year: -€ 31 k).

The Company's liquidity ratio (cash positions plus bank credit balances divided by current liabilities) was 50% as of 30 November 2015 (previous year: 70%).

5.5 Cash flow statement

The net cash outflow from operating activities during the reporting period was € 4.8 million (previous year: € 6.6 million). The significant year-on-year improvement is attributable to the restructuring programme, which has been completed in the meantime, and the associated savings.

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

The net change in cash from financing activities was the result of € 4.1 million from the rights issue in April 2015. In the previous year, this item amounting to -€ 38 k for the repayment of finance lease agreements was no longer a material item.

Furthermore, there was also a positive exchange rate effect in the amount of € 10 k (previous year: € 131 k).

Total net outflow of cash and cash equivalents in the 2015 financial year was € 0.9 million (previous year: € 6.7 million). This corresponds to an average outflow of cash of € 0.1 million per month (previous year: € 0.6 million per month). Adjusted for the effect from the capital increase during the financial year, the average cash outflow in 2015 was € 0.4 million per month.

Cash flow	2015 € million	2014 € million
Cash as of 1 December 2014	2.2	8.9
Net change in cash from operating activities	(4.8)	(6.6)
Net change in cash from investing activities	(0.2)	(0.2)
Net change in cash from financing activities	4.1	(0.04)
Exchange rate effects	0.01	0.1
Cash as of 30 November 2015	**1.3**	**2.2**

5.6 Assets

Until the commitment was made by the main shareholder dievini in November 2015, it had to be assumed that the Group would have been in danger of becoming insolvent in or shortly after the first quarter of 2016 without significant liquidity inflows from licensing or financing efforts.

With the multi-stage financing package and the various corporate actions already completed in December 2015 or scheduled to be completed in the first half of 2016, the Company's cash reach was extended and the prerequisite for preparing the financial statements on a going-concern basis was fulfilled.

Non-current assets fell to € 10.0 million as of 30 November 2015 (previous year: € 12.1 million). They mainly comprise Heidelberg Pharma's goodwill (€ 6.1 million) as well as the recognition of the intangible assets not yet available for use "In Process Research & Development" (IP R&D) (€ 2.6 million) identified in connection with the purchase price allocation.

Financial assets amounted to € 0 as of 30 November 2015 (previous year: € 1.8 million). The loan receivable from Nuclea (previous year: € 1.8 million) was written off in full as the result of prolonged payment delays in the financial year.

As of 30 November 2015 property, plant and equipment stood at € 1.0 million (previous year: € 1.1 million) and intangible assets excluding goodwill and capitalised, not yet ready for use IP R&D remained at € 0.3 million.

The other non-current assets of € 0.1 million were below the previous year's figure (€ 0.2 million).

Development expenses for WILEX's product and development 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	30.11.2015 € million	30.11.2014 € million
Non-current assets	10.0	12.1
Cash and cash equivalents	1.3	2.2
Other current assets	0.8	0.7
Total	**12.1**	**15.0**

Current assets fell to € 2.1 million (previous year: € 2.9 million). The cash and cash equivalents included in this item amounted to € 1.3 million and were down on the prior-year figure of € 2.2 million on account of the cash used in operating activities, despite the capital increase carried out during the year.

Other current assets increased to € 0.8 million (previous year: € 0.7 million).

Inventories and prepayments made at € 0.3 million hovered around the prior-year figure. At a total of € 0.5 million the **trade receivables** and **other receivables** also remained at nearly the same level as the previous year (€ 0.4 million) at the relevant reporting dates.

At the end of the financial year, total assets amounted to € 12.1 million, down € 2.9 million from the previous year's figure of € 15.0 million, which had been given a boost by a higher net cash figure.

5.7 Liabilities

Non-current liabilities of € 5 k were reported for a pension liability (previous year: € 0). As of the 30 November 2014 balance sheet date this figure had amounted to € 3 k for an anniversary liability.

Current liabilities decreased to € 2.6 million at the close of the reporting period (previous year: € 3.2 million). This figure includes € 0.3 million in **trade payables** (unchanged from the previous year) in addition to the provisions described in greater detail below (€ 0.5 million) and other current liabilities (€ 1.9 million; previous year: € 2.1 million).

There were no longer any **lease liabilities** as of the 2015 balance sheet date (previous year: € 0.1 million).

Provisions, which were set up to cover the risk of the Company possibly being held liable under a rent guarantee (€ 0.4 million) for the former subsidiary WILEX Inc. and also in the context of restructuring (€ 0.1 million), therefore totalled € 0.5 million. They comprise provisions for staff costs and legal expenses in connection with the ongoing claims for the reinstatement of the employees made redundant. In the previous year, provisions of € 0.7 million were recognised for restructuring and for unused office and laboratory space. The Company was able to mostly reverse the latter provisions to profit or loss in this financial year after successfully subletting the space and terminating the original lease.

Other current liabilities are comprised as follows:

Other current liabilities	**30.11.2015 € million**	**30.11.2014 € million**
Provisions for holidays not taken	0.1	0.1
Other deferred income	0.2	0.3
Social security and other taxes	0.2	0.2
Other liabilities	1.4	1.5
Total	**1.9**	**2.1**

5.8 Equity

Following the rights issue successfully completed in April 2015 and entry of this capital measure in the Commercial Register, the total number of WILEX shares issued as of the reporting date increased from 7,818,876 by 1,486,732 to 9,305,608.

The equity of the WILEX Group at the end of the reporting period was € 9.5 million (30 November 2014: € 11.9 million). The capital reserve was € 188.0 million (30 November 2014: € 185.4 million) and the losses accumulated since WILEX's foundation totalled € 187.9 million (30 November 2014: € 181.3 million). The equity ratio was 78.3% (30 November 2014: 79.0%).

Balance sheet structure - Equity and liabilities	**30.11.2015 € million**	**30.11.2014 € million**
Equity	9.5	11.9
Non-current liabilities	0.0	0.0
Current liabilities	2.6	3.1
Total	**12.1**	**15.0**

5.9 Overall assessment of the 2015 financial year by the Executive Management Board

During the initial months of 2015 WILEX AG was still putting every effort toward the restructuring and realignment of the Company. We were able to complete all restructuring measures and continue to work on implementing the new WILEX strategy. Progress was made on the scientific side and important financial milestones were met. A particular success was the publication of trendsetting data from the collaboration with MD Anderson Cancer Center in the prominent industry journal NATURE and the pledge of various grants.

This good news lifted our share price and enabled a first round of financing, which was completed in April with gross issuing proceeds of € 4.16 million.

Termination of the partnership with Roche in August 2015 dealt the Company a severe setback and had a strong impact on our share price performance. In recent years the collaboration had been going very well and proceeding according to plan, which is why its termination was a surprise to us. This forced WILEX to revise its financial outlook for the year as a whole. The loss of around € 1 million in sales revenue and other income had a corresponding impact on the 2015 operating result.

Unfortunately, we were unable to sign any major licence agreements in 2015. Our low share price therefore affected the opportunities for raising capital. At the end of November 2015, the Executive Management Board and Supervisory Board approved a comprehensive financing strategy. The first phase of the multi-stage package comprised two capital increases from authorised capital without publishing prospectuses in December 2015. Other transactions are expected to be completed in the first half of 2016. Our main shareholder dievini supports this strategy and has demonstrated its continued support.

Thanks to the financing package consisting of the corporate actions performed and planned and based on our updated planning, WILEX is expected to have sufficient financing into the second quarter of 2017 to create the conditions necessary for refining the ADC technology and partnering activities as well as guarantee the Company's continued existence as a going concern.

Comparison of target and actual performance in relation to certain targets and key indicators in the 2015 financial year:

Goals	Target 2015	Actual 2015
ADC	– Start of the CMC development process for the sale of GMP Amanitin – Naming of an ATAC development candidate for the Company (antibody + toxin) – Further development of the ADC technology platform for expanding the therapeutic window for ATACs – Expansion of business-to-business activities	– CMC development process for GMP-compliant Amanitin begun – PSMA-ATAC defined as first development candidate and grants received for project Therapeutic window for ATACs expanded, supplementing of preclinical data with various animal models – Additional research agreements (MTAs) signed – Licence agreement with Roche terminated, severe setback in partnership business and for WILEX's valuation – The journal NATURE publishes trendsetting data from research collaboration with MD Anderson
Portfolio	– MESUPRON®: Advancing development activities at partners Link Health and RedHill	– Link Health is currently preparing an application for funding and the kick-off of clinical development in China; extensive information exchange with RedHill about the development strategy
	– Further development and commercialisation of RENCAREX®	– No financing obtained or partnership agreed
	– New partner for development and commercialisation of REDECTANE®	– No financing obtained or partnership agreed
Realignment	– Downsizing of office and laboratory space in Munich	– Takeover of entire leased space by another tenant – WILEX is subtenant of smaller office space
Financing	– Substantial financing from licence agreements – Financing through capital measures	– Milestone payments from Link Health and Roche, but no significant funding secured – Capital increase completed in March/April 2015 – Announcement of a financing strategy in November 2015

Financial outlook	Guidance 03/2015 € million	Guidance 10/2015 € million	Actual 2015 € million
Sales revenue and other income	4.0 – 6.0	3.0 – 5.0	3.9
Operating expenses	(7.0) – (10.0)	(7.0) – (10.0)	(10.4)
Operating result	(2.0) – (5.0)	(3.0) – (6.0)	(6.5)
Total funding requirement	(3.0) – (5.0)	(3.0) – (5.0)	(5.0)*
Funds required per month	(0.3) – (0.4)	(0.3) – (0.4)	(0.4)*

* Not including the completed capital increase

Whereas sales revenue and other income as well as funding requirements were within the adjusted outlook in the financial reporting for the first nine months, the Company could not reduce operating expenses as planned. Although these were lower than in the prior year despite the provision set up in connection with risks from the sale of WILEX Inc., the reported operating result did not improve. As in previous years, the WILEX Group reported a loss.

Total assets and equity decreased year-on-year because the negative cash flow from operating activities exceeded the newly raised liquid funds from the capital increase.

6 CORPORATE GOVERNANCE

6.1 Statement on Corporate Governance pursuant to Section 289a German Commercial Code for the 2015 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 24 June 2014.

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 4 February 2016. 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 2015 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	Market-place	Price in €	Number	Volume in €
Andreas R. Krebs (Supervisory Board)	07.04.2015	Purchase by way of subscription	OTC	2.80	2,380	6,664.00
Dr Jan Schmidt-Brand (Executive Management Board)	07.04.2015	Purchase by way of subscription	OTC	2.80	5,732	16,049.60
dievini Hopp BioTech holding GmbH & Co. KG[1)]	07.04.2015	Purchase by way of subscription	OTC	2.80	411,178	1,151,298.40
ievini Hopp BioTech holding GmbH & Co. KG[1)]	07.04.2015	Purchase by way of over-subscription	OTC	2.80	543,455	1,521,674.00

1) The Supervisory Board members Dr von Bohlen and Professor Hettich are Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, which holds the shares.

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	27,005
Dr Friedrich von Bohlen und Halbach	Member of the Supervisory Board	Indirect[1)]	3,414,917
Professor Christof Hettich	Chairman of the Supervisory Board	Indirect[1)]	3,414,917
		Indirect[2)]	33,804
Andreas R. Krebs	Member of the Supervisory Board	Direct	14,880
Dr Jan Schmidt-Brand	Spokesman of the Executive Management Board	Direct	35,828

1) Dr von Bohlen and Professor Hettich are Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, which presumably holds the shares.
2) In his capacity as Managing Director of NewMarket Venture Verwaltungs GmbH

The members of the Supervisory Board listed above directly held 41,885 shares in the Company as of 30 November 2015; one member of the Executive Management Board directly holds 35,828 shares.

The shareholdings of the corporate bodies increased due to the capital increases implemented in November/December 2015. For more information please see the report on post-balance sheet date events and in the notes.

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 2015 financial year

Ethical standards, professionalism and compliance with statutory requirements are among the key ingredients of WILEX AG's corporate governance. In the 2015 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:

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 WILEX, has been identified as a potential conflict of interest by the Supervisory Board. All consulting contracts agreed with the Rittershaus law firm are 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, WILEX has appointed officers who monitor compliance with the respective statutory requirements in

their given departments, analyse and report violations to the responsible member of the Executive Management Board and initiate the necessary measures in coordination with the Executive Management Board. 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 included in chapter 7.2.

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 capital market-oriented 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 2015 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 Supervisory Board is responsible for determining the compensation 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 AG, there is no contractual entitlement to a settlement. The director's contract with Dr Paul Bevan ending on 31 March 2015 was extended during the year for an additional year to end 31 March 2016.

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 a salary, only Dr Schmidt-Brand receives the following benefits: Heidelberg Pharma also makes payments into a defined-contribution, reinsured pension commitment. The amount was € 10,567 in 2015. Payments were also made into a pension fund; an amount of € 2,688 (previous year: € 2,688) was expensed for this in the reporting period.

No further benefit obligations exist towards the members of the Executive Management Board.

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 and refers to the achievement of defined milestones, the securing of the Company's further funding and the performance of its shares.

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. This represents 37% of his fixed salary (previous year: 37%). Dr Paul Bevan's annual bonus is capped at € 87 k or 63% of his fixed salary (part-time basis) (previous year: 63%).

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. For Dr Schmidt-Brand and Dr Bevan, this might yield a maximum of 8,000 stock options a year. However, no stock options were issued to current or previous members of the Executive Management Board in the 2015 and 2014 financial years.

6.3.4 Remuneration component with incentive and risk features

For information on the remuneration component of the stock options described below, please refer to the capital reduction in a 4:1 ratio that was implemented in the 2014 financial year. As a result, now only four options entitle the holder to acquire one share, while prior to the capital reduction one option entitled the holder to acquire one share (in accordance with the terms of exercise of the option plan).

At the same time, following the 4:1 capital reduction, the exercise prices and reference prices quadrupled compared with the situation prior to the measure.

2005 Stock Option Plan

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. 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 2015 held a total of 175,180 options granted under the 2005 Stock Option Plan. At the reporting date 30 November 2014, four former members of the Executive Management Board held a total of 554,155 options under this plan.

Taking into account the 2014 capital reduction described above, four of these stock options now entitle the holder to the acquisition of one new share in return for payment of the exercise price. After the rights issue carried out in April 2015, during which new shares were offered at an issue price of € 2.80, this exercise price was € 11.20 as of the balance sheet date (and thus also on average).

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 € 11.20 per share. Accordingly, the reference price was set at 11,20 € + 10 % x 11,20 € = € 12.32. The stock options issued under the 2005 Stock Option Plan can now be exercised in full because the options have vested and the waiting period has expired. However, no stock options have been exercised to date under the 2005 Stock Option Plan.

2011 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. Taking into account the 2014 capital reduction at a ratio of 4:1 described above, four of these stock options now entitle the holder to the acquisition of one new share in return for payment of the exercise price of € 3.53. As a result,

the conversion price for one share is € 3.53 x 4 = € 14.12. The reference price is € 3.53 + 20% X 3,53 € = € 4.24.

In view of the terms of exercise under the option plan, the April 2015 capital increase has no effect on the exercise price or the option ratio because the share capital increase granted direct subscription rights to shareholders. 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 2015 reporting date, the active members of the Executive Management Board held a total of 68,000 options under the 2011 Stock Option Plan. At the reporting date 30 November 2015, two former members of the Executive Management Board held a total of 17,500 options under this 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 2015 financial year: The variable remuneration of the current Executive Management Board for 2014 has neither been determined nor paid yet. Given the Company's difficult situation, no variable remuneration was granted for 2012 and 2013.

Executive Management Board member	**Fixed remuneration**		**Variable remuneration [1)]**		**Other remuneration (non-cash remuneration)[3) 4)]**		**Total remuneration[1) 2)]**	
in €	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Dr Jan Schmidt-Brand [2)]	217,242	217,242	70,000	70,000	13,255	2,688	300,497	289,930
Dr Paul Bevan	138,250	138,250	65,464	65,464	0	0	203,714	203,714
Professor Olaf G. Wilhelm [3) 4)]	0	99,667	0	0	0	109,219	0	208,886
Dr Thomas Borcholte [5)]	0	21,083	0	0	0	0	0	21,083
Total	**355,492**	**476,242**	**135,464**	**135,464**	**13,255**	**111,907**	**504,211**	**723,613**

[1)] The exact variable remuneration is usually determined and paid in the following financial year. The figures shown here for the 2015 financial year are based on provisions that were determined on the basis of assumptions and historical data.

[2)] The remuneration of Dr Schmidt-Brand refers to his work as Chief Executive Officer and 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.

[3)] The remuneration of Professor Wilhelm includes an offsetting for leave days and a compensation payment.

[4)] A company car was made available to Professor Wilhelm until his director's contract expired.

[5)] After the expiration of his director's contract, Dr Borcholte was available to the Company as an advisor in the 2014 financial year. In this capacity, he received remuneration of € 83 k plus out-of pocket expenses.

An expense of 5 k (previous year: € 0 k) was recognised for former members of the Executive Management Board. A further € 5 k (previous year: € 1 k) was spent in 2015 for the pension agreement in place for the former Chairman of the Executive Management Board, Professor Olaf G. Wilhelm.

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	01.12.2014 Number	Additions Number	Expiry / Return Number	Exercise Number	30.11.2015 Number
Dr Jan Schmidt-Brand	60,000	0	0	0	60,000
Dr Paul Bevan	183,180	0	0	0	183,180
Total	**243,180**	**0**	**0**	**0**	**243,180**

Executive Management Board member	Expense in the IFRS statement of comprehensive income in €	Fair value of the options [1] in €
Dr Jan Schmidt-Brand	18,691	95,256
Dr Paul Bevan	2,521	433,767
Professor Olaf G. Wilhelm	0	676,052
Dr Thomas Borcholte	0	440,528
Total	**21,212**	**1,645,602**

[1] As of the respective issue date.

As in the previous year, no expense was recognised for former members of the Executive Management Board. The following figures apply to the previous period:

Executive Management Board member	01.12.2013 Number	Additions Number	Expiry / Return Number	Exercise Number	30.11.2014 Number
Dr Jan Schmidt-Brand	60,000	0	0	0	60,000
Dr Paul Bevan	183,180	0	0	0	183,180
Professor Olaf G. Wilhelm	290,770	0	14,000	0	276,770
Dr Thomas Borcholte	158,000	0	4,500	0	153,500
Total	**691,950**	**0**	**18,500**	**0**	**673,450**

Executive Management Board member	Expense in the IFRS statement of comprehensive income in €	Fair value of the options [1] in €
Dr Jan Schmidt-Brand	18,691	95,256
Dr Paul Bevan	2,521	433,767
Professor Olaf G. Wilhelm	1,830	676,052
Dr Thomas Borcholte	0	440,528
Total	**23,042**	**1,645,602**

[1] 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 compensation is paid

in four equal instalments on the last day of February and on 31 May, 31 August and 30 November of each financial year.

Members of a Supervisory Board committee are paid a flat fee of € 3,000, while chairpersons of such committees are paid € 7,000 per financial year and committee. In each case, 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.

In the 2015 financial year, the members of the Supervisory Board were paid remuneration of € 196,331 (previous year: € 215,250) without reimbursement of travel expenses.

The table below shows the individual remuneration.

Supervisory Board member	Fixed compensation		Attendance allowance		Committee fee		Total remuneration [1]	
in €	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Professor Christof Hettich	35,000	35,000	18,000	16,500	7,000	7,000	60,000	58,500
Dr. Georg F. Baur	25,000	25,000	8,250	8,250	7,000	7,000	40,250	40,250
Dr Friedrich von Bohlen und Halbach	15,000	15,000	7,500	7,500	10,000	10,000	32,500	32,500
Andreas R. Krebs	15,000	15,000	6,750	7,500	6,000	6,000	27,750	28,500
Dr Birgit Kudlek	15,000	15,000	8,250	9,000	6,000	6,000	29,250	30,000
Dr Mathias Hothum [1]	5,081	0	1,500	0	0	0	6,581	0
Professor Iris Löw-Friedrich [2] [3]	0	15,000	0	7,500	0	3,000	0	25,500
Total	**110,081**	**120,000**	**50,250**	**56,250**	**36,000**	**39,000**	**196,331**	**215,250**

[1] Dr Mathias Hothum has been a member of the Supervisory Board since 30 July 2015.
[2] Professor Iris Löw-Friedrich left the Supervisory Board effective at the end of the Annual General Meeting on 30 July 2015.
[3] Professor Iris Löw-Friedrich waived her remuneration in the 2014/2015 financial year.

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

As a result of the rights issue carried out in March/April, which was entered in the Commercial Register on 13 April 2015, the Company's subscribed capital increased from € 7,818,876 by € 1,486,732 to € 9,305,608 compared with the end of the previous year. It is composed of 9,305,608 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.

No shareholder was prohibited from selling, pledging or otherwise disposing of the Company's securities (shares and options) as of 30 November 2015.

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
Dietmar Hopp and companies controlled by him[1)]	approx. 51.7%
UCB	approx. 12.2%

[1)] Shares of dievini Hopp BioTech holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH and Curacyte AG (current as of the Annual General Meeting in July 2015)

The shareholdings of Mr Dietmar Hopp, including the companies he controls, exceeded the 50% threshold and his status therefore changed to majority shareholder. He exercises far-reaching control over WILEX AG and its subsidiaries or can exert significant influence over the Company.

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 increase of the share capital, which was entered in the Commercial Register in April 2015, has no effect on the Company's contingent capital.

A 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 Annual 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 € 4,460,205.00 by issuing up to 4,460,205.00 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). In the event of any future utilisations of authorisations to increase the share capital (authorised capital/contingent capital), the Executive Management Board will also take into account the percentage limits in existence to date in relation to the existing share capital in view of the reduced share capital. The Annual General Meeting on 30 July 2015 resolved to lift the self-restriction with regard to authorised capital and contingent capital that the Company had imposed in connection with the capital reduction implemented in 2014. The utilisation of all authorised capital for the rights issue in April 2015 makes this necessary in order to give the Company the required future flexibility for any additional capitalisation measures. After removing the self-restriction, authorised capital amounted to € 4,460,205 as of 30 November 2015. Authorised capital changed after the end of the financial year. For more information please see the report on post-balance sheet date events.

The shareholders generally have a subscription right in connection with 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 rights 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 rights while this authorisation is in effect; or

b) to avoid fractions of shares.

The Executive Management Board is also authorised to exclude shareholders' subscription rights in connection with capital increases in return for contributions in kind with the approval of the Supervisory Board. Finally, the Executive Management Board is authorised to determine both the additional content of the rights embodied in the shares and the conditions of the share issue, subject to the approval of the Supervisory Board. The Supervisory Board 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. There are no significant agreements which take effect upon a change of control of the Company following a takeover bid.

6.4.8 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.

6.5 Closing statement from the dependent company report

In the financial year 2015, during the period from 13 April to 30 November, WILEX was a dependent company within the meaning of section 17 (1) of the German Stock Corporation Act because a majority of its shares are held by DH-Holding GmbH & Co. KG and its affiliated companies (Curacyte GmbH, dievini Hopp BioTech holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH), all of which represent the same general interests of the investor, Mr Dietmar Hopp. Pursuant to section 312 (1) of the German Stock Corporation Act, the Executive Management Board of WILEX AG therefore prepared a dependent company report that includes the following closing statement:

“In accordance with section 312 (3) of the German Stock Corporation Act, the Executive Management Board of WILEX AG hereby declares that, with respect to the legal transactions listed in this dependent company report and measures that the Company took or failed to take during the period from 13 April to 30 November 2015, and according to the circumstances that were known to the Executive Management Board when those legal transactions were performed or when the Company took or failed to take those measures, the Company received appropriate consideration for each legal transaction and was not placed at a disadvantage due to the Company taking or failing to take those measures.”

7 RISK REPORT

7.1 Risk management and control

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

The Company’s risk strategy is defined by the Executive Management Board and coordinated with the Supervisory Board. The Chief Financial Officer 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.

WILEX 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.

All material risks are addressed in a risk report that was made available to the Executive Management Board fortnightly in 2015. In the future, reports will be made monthly or in shorter intervals 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 and IFRSs.

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 with the support of 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-eye principle when approving expenditures). These controls also include the utilisation of IT-based solutions that define different access and permission rights and thus grant limited access, especially in connection with the Group's finance and accounting department.

If necessary, 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 potential drugs and diagnostic agents used in cancer therapies. The time between the commencement of drug development and marketing approval generally spans many years. There is a high risk that none of the product candidates or ATAC development candidates will receive regulatory approval. In fact, it became clear in October 2012 that even a late-stage product (Phase III) can miss its clinical development targets or meet them much later than planned.

To date, neither WILEX itself nor a licensing partner has completed clinical development for any of the product candidates in the WILEX portfolio or achieved regulatory approval for them. As of 2014, this is no longer planned, either. To date, just one project (MESUPRON®) has been completely handed over to a licensee for further development and marketing. This means the Group and WILEX AG cannot finance themselves independently from sales or licence revenue and are 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 results of operations, financial position and net assets of WILEX AG and the WILEX Group to a significant degree and therefore jeopardise the continued existence of WILEX AG and the WILEX Group as a going concern.

7.4 Going-concern risks

As of the 30 November 2015 reporting date, WILEX's cash and cash equivalents were not sufficient to cover financing requirements for the next twelve months.

WILEX therefore announced a financing strategy and took the initial steps in November 2015. This is largely based on a financing commitment from the Company's main shareholder dievini for up to € 10 million. The commitment is intended to secure the capital increases planned for 2016, among others, and to ensure the Company's financing based on the current planned budget. Cash and cash equivalents totalling € 2.5 million already accrued to WILEX AG from the two capital increases in December 2015. In this context, € 2.4 million from the financing commitment made by dievini was utilised. For more information please see the report on post-balance sheet date events.

By the Executive Management Board's estimate, the cash currently on hand and the planned inflow of cash from the further corporate actions planned for the first six months of 2016 are expected to guarantee continuation of the Company's business activities for at least the next 12 months in view of the current status of the technology and licensing prospects, and based on the updated planning. At this time, WILEX expects its cash to be sufficient into the second quarter of 2017.

The commitment of liquidity was therefore a prerequisite for preparing the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis. Only in this way was it possible to prepare the IFRS consolidated financial statements and the HGB annual financial statements on a going-concern basis in accordance with IAS 1.25 and Section 252 (1) No. 2 German Commercial Code.

If the Executive Management Board were unable to implement the corporate strategy focusing on the ADC technology according to plan, and/or if the Company failed to have any opportunity to obtain additional liquidity on the capital market, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

The WILEX Group and WILEX AG might therefore be unable to satisfy their payment obligations and/or become overindebted prior to the end of the second quarter of the 2017 financial year as a result of its subsidiary Heidelberg Pharma missing budget targets. 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.

7.5 Operational risks

7.5.1 Risks arising from staff reduction or fluctuation

The restructuring programme initiated in January 2014 resulted in the closure of the R&D operations at the Munich site and the loss of jobs in key areas of the Company. All court cases in the context of actions against wrongful dismissal have been completed. These did not have a material effect on the Group's financial position and results of operations.

The employees of Heidelberg Pharma have knowledge that is essential for the subsidiary's 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.

7.5.2 Product development and technology risks

The development of drugs and diagnostic agents is subject to risks typical for the industry. WILEX AG itself has discontinued clinical development of product candidates. Like other biotechnology companies, WILEX AG has already suffered setbacks in clinical development. Licensing partners conducting development activities are also exposed to this risk, which therefore indirectly affects WILEX as the licensor.

The subsidiary Heidelberg Pharma is currently involved in early-stage research and preclinical development and to date has not collected any clinical data at all. An initial partnership with Roche was entered into to develop antibody drug conjugates, but was terminated by Roche for strategic reasons. No assurance can be given that contractual partners like Roche will not terminate cooperation agreements for various reasons. The possibility that the technology might turn out to be unusable or unsuitable for the market for certain antibodies cannot be ruled out. It is impossible to make any predictions based on successful preclinical and early clinical trials and such trials do not offer any certainty in regard to issues of a compound's 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.

7.5.3 Risks arising from production and collaboration with service providers

WILEX AG itself has discontinued clinical development of product candidates and allowed its Good Manufacturing Practice (GMP) certificate to lapse. It is expected to expire no later than 1 August 2016. Heidelberg Pharma does not yet hold such a permit at the Ladenburg site. WILEX AG's licensing partners are independently responsible for further development and production of out-licensed product candidates. As a licensor, WILEX is materially dependent on successful production by licensing partners so that it can later benefit from possible milestone or royalty payments. Licensees must themselves produce the material for trials or contract to have it produced. 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. The quality of the substance manufactured must be demonstrated 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 conducted in the past, 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. If risks associated with production at licensees were to materialise, this could negatively affect agreed milestone and royalty payments.

7.5.4 Risks arising from collaboration with licensees

WILEX has entered into alliances and partnerships for the development, future manufacture and/or marketing of development or product candidates. Problems relating to development, production or marketing may arise in the course of the partnership. These include insufficient allocation of capacity by the contracting party, 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 development or production of the drug and diagnostic candidates concerned and increase the costs for their development or production.

7.6 Financial risks

7.6.1 Financing risks

WILEX's funding requirements have been reduced further as a consequence of the restructuring programme and discontinuation of advanced development activities at the Munich site, but no substantial inflows of funds have been generated to date from sales revenue or licence payments that would have substantially extended the cash reach and eliminated the risk of the Company's inability to continue as a going concern. The Company's aim to build its own ATAC pipeline will result in a renewed rise in research and development expenses in the future. In November 2015, a comprehensive financing package was presented and kicked off. The financing commitment made by main shareholder dievini in November 2015 for up to € 10 million will secure the Company's financing into the second quarter of 2017 based on current planning. An amount of € 2.39 million of this commitment was already utilised in the initial capital increases in December 2015.

There is a high 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 planned business activities. Without additional financing, the existence of the WILEX Group and/or the parent company WILEX AG and/or Heidelberg Pharma as a going concern would be jeopardised after that.

To date, funds available to WILEX AG have also been used for the expansion and profiling of the ADC technology. The ability of Heidelberg Pharma to increase its sales revenue from the ADC technology and the service business and find additional cooperation partners 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 fails to achieve profitability in the medium term, Heidelberg Pharma will not be able to meet its payment obligations. 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 its business has been generating deficits so far. In the event of insolvency, most of WILEX AG's investments in Heidelberg Pharma's business and the shareholder loan extended by WILEX AG would be lost.

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 licensees for the technology will be found, or that it will be able to sell the business and the technology platform to a third party to preserve the solvency of WILEX AG.

In view of the Company's performance to date, there is a high risk that the Company's share price will continue to stagnate at a very low level absent a positive news flow. The ability of the Company to obtain broad-based capital market financing at acceptable terms and conditions is therefore very limited. See also the section 7.9.3 entitled "Other risks" for more information about the risk of dependence on main shareholders.

7.6.2 Risks arising from the impairment of assets

WILEX's RENCAREX® and REDECTANE® projects are potential assets that are expected to be out-licensed in full or in part in the future in order to generate cash. In view of the status of these efforts, however, the possibility that out-licensing may no longer be possible cannot be ruled out.

Assets, in particular equity investments, goodwill, not yet ready for use IP R&D licences and 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 was found to be no longer fully recoverable. As a result, the carrying amount of this asset was reduced from € 15.0 million by € 1.74 million to € 13.26 million.

The former subsidiary WILEX Inc. was sold to Nuclea on 6 September 2013. Under the terms of the agreement, Nuclea guaranteed repayment of a USD 2.5 million loan receivable from WILEX Inc. As a result of the merger of Wilex Inc. into Nuclea on 6 November 2013, a loan receivable of USD 2.5 million arose directly vis-à-vis Nuclea, which is to be repaid gradually. Currently, Nuclea is not in the position to repay the loan from WILEX along with the interest due. Although the new management of Nuclea is positive about the prospects for fresh financing, the recoverability of the loan up to full repayment must be seen as highly unlikely. Even in the case of successful subsequent financing, WILEX cannot foresee whether and for how long Nuclea would be able to make principal and interest payments. For this reason, WILEX wrote off the full amount of the loan and interest receivable as a precaution and in financial planning did not account for any additional inflow of liquidity.

In the context of the annual impairment testing, these risks will continue to exist in the future and might lead to 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 cannot be excluded.

7.6.3 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 previous research and development activities, the yearly net losses add up to a large accumulated deficit that reduces equity. There is a risk that the share capital of WILEX AG could be halved as a result of further losses, 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.

7.6.4 Risks related to the allowance of tax losses carried forward

The tax losses carried forward as of 30 November 2015 are mainly attributable to WILEX AG (loss carryforward of € 173.5 million for corporation tax; € 170.5 million for municipal trade tax) and may be carried forward indefinitely. Heidelberg Pharma GmbH carried forward a loss of € 51.9 million for corporation tax and municipal trade tax, while deferred taxes of € 0.9 million were offset against deferred tax liabilities in the past financial year. Deferred tax assets were recognised only in the same amount as the deferred tax liabilities.

In 2014, WILEX AG was subject to its first tax audit for the period from 2008 to 2010. As a result, a final determination was made that the loss carryforwards accrued by the end of the 2010 financial year amounted to € 149.8 million (corporation tax) and € 147.3 million (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 the 2011 financial year and the changed identity of the Company as a result of the restructuring measures might possibly have led to the pro-rated elimination of the tax loss carryforwards. The full utilisation 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.

7.6.5 Market risks

Given its business activities, WILEX is exposed to market risks, in particular currency risks, interest rate and price risk, liquidity risk and default 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, 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 companies are active in areas similar to those in which WILEX is active. In addition, there is the risk that competitor products might produce better efficacy data, reach the market earlier or be more commercially successful than the products developed by WILEX. Competitors could be faster and more successful at out-licensing.

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

The Company and its licensees have to cooperate with other entities to market the product candidates in the future. Through licence agreements WILEX generally receives upfront payments, payments contingent on reaching certain targets (milestone payments) and, if regulatory approval has been achieved, royalties on the planned sale of products. Hence WILEX's future sales revenue will also depend on the performance of its licensees and their 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 development and 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 or out-licensed by WILEX could have a negative impact on the Company's business operations. There is a risk that WILEX or its licensing partners 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 the products.

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. Licensees are likewise subject to product risks. If these risks were to materialise, they could negatively affect agreed milestone or royalty payments.

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. Even 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. There were a significant number of court cases during the year in connection with actions against wrongful dismissal arising from the Company's restructuring. WILEX was able to either prevail in court or arrive at an acceptable settlement in these cases. At the balance sheet date, there were no longer any court cases pending.

The former US subsidiary WILEX Inc. was sold to Nuclea on 6 September 2013. Due to rent and utility payments in arrears owed by Nuclea to the lessor Siemens Corporation, New Jersey, USA, the latter has announced that it will hold WILEX liable for these costs under a guarantee in the lease. At the time, WILEX AG had to assume this guarantee as part of the acquisition of WILEX Inc. (formerly Oncogene Science). According to Nuclea's management, Siemens reached an agreement with Nuclea about continuation of the already terminated lease, and Nuclea will pay the rent currently due. After obtaining financing, Nuclea will settle the payments in arrears. Until these payments are made, there is a risk that WILEX AG will be held liable. For this reason, a provision was recognised that reflects the expected amount for which the Company could be held liable based on sound business judgement.

7.9.2 Risks related to a possible significant influence of main shareholders

Certain shareholders of WILEX AG (DH-Holding GmbH & Co. KG and affiliated companies as well as UCB) hold a material proportion of its shares (approx. 52% and 12%, respectively) and could exercise a significant influence on the Company in the Annual General Meeting. They could block decisions by the Annual General Meeting or cause their own interests to prevail. Depending on their presence at the Annual General Meeting of WILEX AG, these shareholders could possibly exert a controlling influence over the resolutions passed at the Annual General Meeting.

In addition, there is a risk that the majority interest of DH-Holding GmbH & Co. KG could affect the Company's financing activities. In the event of corporate actions, the influence and control of this shareholder could prevent other investors from participating in financing of the Company. The minimal number of shares in free float lowers the liquidity of WILEX shares.

7.9.3 Other risks

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

Should Heidelberg Pharma perform strongly and ATAC development candidates 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.

Were WILEX unable to implement the measures described in the section "Going-concern risks", it cannot be precluded 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 Rights issues supported by main shareholder dievini

In November 2015, the Executive Management Board of WILEX AG presented and kicked off a comprehensive, multi-stage financing strategy. The first step of the strategy stipulated two capital increases from authorised capital without publishing prospectuses for purposes of short-term financing of the Company.

Private placement – Increase in share capital by around 10% using authorised capital and excluding shareholders' subscription rights

The first corporate action was a private placement with main shareholder dievini by way of an increase in share capital by around 10% using authorised capital. dievini acquired all 930,560 new no par value bearer shares at an issue price of € 1.84. Once this capital increase was entered in the Commercial Register, this lifted the Company's share capital by 10%, from € 9,305,608.00 to € 10,236,168.00.

Capital increase using authorised capital with subscription rights

The second corporate action was a capital increase using authorised capital with subscription rights. The Company's share capital was increased from € 10,236,168.00 (share capital after the implementation of the capital increase with exclusion of shareholders' subscription rights was entered in the Commercial Register) by up to € 443,124.00 to up to € 10,679,292.00 by issuing up to 443,124 new no par value bearer shares with a notional value of € 1.00 each in return for cash contributions. As in the private placement with dievini, the subscription price was € 1.84 per share.

The subscription ratio was 21 existing shares to 1 new share, and the subscription period ended on 8 December 2015. WILEX shareholders acquired all 443,124 new no par value bearer shares. Subscription rights were exercised for 184,419 New Shares and additional subscription rights were exercised by shareholders for 258,705 New Shares.

Both actions were completed on 11 December 2015 when they were entered in the Commercial Register. After partial utilisation, Authorised Capital I 2012/I now amounts to € 3,086,521.00.

All new shares from both capital increases were admitted to trading in the regulated market of the Frankfurt Stock Exchange (Prime Standard) without the publication of an offering prospectus on 15 December 2015 and carry dividend rights from 1 December 2015. Given this difference in dividend rights, the new shares will be traded separately under the ISIN DE000A169P97 / WKN A16 9P9 until the planned inclusion in the Company's current listing, which will take place after the Annual General Meeting adopting resolutions regarding the 2014/2015 financial year. Oddo Seydler Bank AG, Frankfurt, was the sole lead manager of the capital measures.

The plan is to use the net issue proceeds of € 2.5 million from both capital increases to further develop the proprietary ADC technology.

8.2 WILEX partner Link Health submits protocol for Phase I clinical trial with the uPA inhibitor MESUPRON® in China

On 13 January 2016 it was announced that Link Health had submitted an investigational new drug (IND) application to the China Food and Drug Administration (CFDA) for completing a Phase I dose-escalation study with the product candidate MESUPRON®.

This open-label, dose-escalation trial aims to investigate the safety, pharmacokinetics, pharmacodynamics and clinical activity of MESUPRON® in cancer patients in China. Following this trial, which is expected to confirm the optimal biological dose, further Phase II trials in cancer patients are planned.

The remaining amount of the agreed milestone payment totalling € 500 k was therefore due to WILEX AG and has already been paid. A partial payment was already made in the second quarter of 2015 after some MESUPRON® patents were transferred to Link Health, who needed them to apply for grants under a national subsidy programme.

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

The IMF forecasts global economic growth of 3.4% for 2016 and thus a slight increase over 2015 (3.1%). The ongoing geopolitical tensions in many regions are difficult-to-predict risks affecting economic performance again in 2016. Oil prices, which are expected to remain low, and an anticipated general decline in commodities prices will impact economic expansion. Economic growth in Asia will slow further to 6.3% (2015: 6.6%), especially in China. In contrast the United States will see a slight uptick to 2.6% (2015: 2.5%). Nonetheless, the IMF forecasts growth in the euro zone of 1.7% (2015: 1.5%) and a rate of 1.7% for Germany as well (2015: 1.5%).[19] In its annual economic report for 2016 Germany's government also anticipates an increase of 1.7%, while the Federation of German Industries (BDI) puts Germany's economic expansion at 1.9%.[20] According to the federal government, unemployment is at its lowest level since reunification and is not expected to rise this year either.[21]

9.2 Market opportunities in the biotechnology industry

Demand for diagnostic agents, drugs and special therapies will continue to grow in the medium term 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, more than 30% of all new substances are biotechnologically produced compounds.[22] Of the ten highest-revenue products worldwide, eight are biotech products.

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. New scientific evidence also strongly suggests that viruses such as HPV or hepatitis cause cancers.[23] 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. The number of deaths is expected to increase from 14 million in 2012 to 22 million per year in the next 20 years. More than 60% of new cases worldwide

[19] http://www.imf.org/external/pubs/ft/weo/2016/update/01/pdf/0116.pdf

[20] http://www.handelsblatt.com/politik/deutschland/jahreswirtschaftsbericht-die-guten-vorsaetze-der-bundesregierung/12884826.html from 27 January 2016

[21] http://www.handelsblatt.com/politik/deutschland/jahreswirtschaftsbericht-die-guten-vorsaetze-der-bundesregierung/12884826.html from 27 January 2016

[22] 9 July 2013, www.Biotechnologie.de

[23] http://www.who.int/mediacentre/factsheets/fs297/en/

are forecast to occur in Africa, Asia and Central and South America, with these regions expected to account for 70% of deaths.[24]

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.

The trend towards cooperation agreements between and takeovers or mergers of pharmaceutical and biotech companies appears to be stable, although the transaction volume will no longer reach the same record levels as in the past.[25]

In early 2016, industry information service BioCentury also forecast that the three-year boom in the biotech sector has come to an end for the time being. Still, fund managers expect a series of notable milestones to be reached this year. The focus here is more on clinical data than on regulatory approvals or market launches. Oncology and especially immuno-oncology are at the forefront, because during the year important data about trending combination therapies will be announced.[26]

Nonetheless, the German biotechnology sector has begun 2016 in a very optimistic mood and expects further growth. According to industry association BIO Deutschland, the majority of companies plan to hire employees and invest more than before in research and development. BRAIN AG, which specialises in white biotechnology, was the first German company since 2006 to go public on the Frankfurt Stock Exchange, perhaps kicking off a trend toward further IPOs in Germany. The last German biotech IPO in Frankfurt was that of WILEX AG.[27]

In 2016, the German Association of Research-Based Pharmaceutical Companies (vfa) expects a double-digit number of new cancer drugs to be approved in Europe, including Germany. Several of these introduce novel modes of action, for instance using oncolytic viruses or vaccines that attack cancer cells and activate the immune system against them.[28]

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[24] http://www.who.int/mediacentre/factsheets/fs297/en/

[25] http://investingnews.com/daily/life-science-investing/biotech-investing/top-trends-for-biotech-companies-in-2016/?nameplate_category=Biotech%20Investing, Top Trends for Biotech Companies in 2016

[26] BioCentury from 11 January 2016

[27] http://www.vfa.de/de/presse/pressemitteilungen/pm-001-2016-ausblick-auf-2016-medikamente-bringen-neue-therapie-und-praeventionsmoeglichkeiten.html

[28] http://www.vfa.de/de/presse/pressemitteilungen/pm-001-2016-ausblick-auf-2016-medikamente-bringen-neue-therapie-und-praeventionsmoeglichkeiten.html

9.3 Opportunities

ADC technology

This ADC technology has the potential to greatly improve the efficacy of many antibodies used as drugs or new antibodies. By using Amanitin, Heidelberg Pharma is dedicated to a completely new mode of action compared with other ADCs in development.

The market success of Adcetris® by Seattle Genetics and Kadcyla® by Roche/Genentech is still below the expected more than USD 1 billion, which could be due to the nature of the drug profile and the associated clinical successes. The number of ADCs in clinical development was up sharply from 2014 to 2015. This indicates that interest will continue to grow in the future. Whereas in 2014 there were 30 ADCs in development, the number stood at 48 in 2015.

Heidelberg Pharma's ATACs occupy a special position in this promising market environment due to their unique mode of action. Heidelberg Pharma sees considerable interest being shown by the pharmaceutical and biotechnology industries in this new, innovative anti-cancer treatment option. It is working on leveraging these opportunities and preparing the conjugates manufactured on the basis of the Amanitin technology for clinical development. The innovative mode of action of the Amanitin toxin used attracts attention both in scientific media and at partnering or industry conferences. The preclinical data gives clear indications of improved efficacy. 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.

The expectation is that due to the increasing maturity of the preclinical data, Heidelberg Pharma will be able to significantly expand its new or existing partnerships with pharmaceutical and biotechnology companies. Heidelberg Pharma will continue to develop the ATAC technology platform, subsequently filing for new patents, as in previous years. The aim of the Company's plan to build its own ATAC portfolio is not only to secure the in-house accumulation of data and knowledge, and therefore increase the value of possible licence agreements, but also to create additional potential for value growth with its own promising candidates.

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. Early-stage research collaborations (MTA) are currently on-going, among others, with two major pharmaceutical companies and one listed biotech company.

The current financing plan ensures that the GMP transfer important for the Company's own portfolio and possible partnerships is guaranteed for compound manufacturing, Amanitin and the start of cell development for the antibodies.

In the future, revenue will be generated from the service business and Heidelberg Pharma's technology partnerships. The talks concerning the licensing of WILEX AG products continue as well. Depending on the development strategy going forward, additional corporate actions for financing the Company's own projects have not been ruled out.

MESUPRON®

The product candidate MESUPRON® was out-licensed to Link Health, and the Company's Chinese partner will soon begin clinical development in China based on the recently

submitted application for a clinical study (IND). In August 2015, the media reported that the previously protracted IND process for oncological studies in China is expected to be reduced to a 60-day period. This streamlining of the regulatory procedures underscores China's intention to advance drug development and address the major need for anti-cancer drugs in the country. In terms of the drug approval process, the country wants to reduce the immense backlog of nearly 20,000 applications in order to bring innovative therapies to market.[29] The Chinese market represents unusually large potential from which MESUPRON® could benefit.

RENCAREX® and REDECTANE®

For the remaining product candidates, RENCAREX® and REDECTANE®, WILEX AG is striving for rapid, financially viable commercial exploitation with sale or out-licensing of the clinical projects. From the perspective of the Executive Management Board, particularly the Phase III product candidate REDECTANE® is suitable for successful out-licensing due to its advanced clinical development stage, medical need and market potential. If ongoing negotiations are fruitful, WILEX could receive licence fees in the event of successful development and regulatory approval.

Even though the expectations concerning commercialisation have not yet been met, there continues to be reason for hope 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.

9.4 Strategy

Heidelberg Pharma will work on developing research collaborations (material transfer agreements, MTAs) into longer-term, more extensive licence agreements and securing additional MTA partners for evaluation projects. In addition, the Company's own research approaches for optimising the ATAC technology are expected to supply trend-setting data in the coming year and will be expanded. This primarily relates to the creation and testing of proprietary ATAC development candidates and building the Company's own pipeline. In addition, various options for cooperation and extending the linker technology to molecules other than antibodies are being investigated.

The key steps toward implementing this strategy can be realised with the funds available from the commitment by the main investor.

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 ATAC development candidates – either independently or in collaboration with partners – is expected to boost internal value creation.

In the service business, Heidelberg Pharma will expand its portfolio of models in line with customer demand and complement its oncology range with special primary tumour models not yet available on the market.

[29] FiercePharmaAsia from 27 August 2015, Oncology trials in China may see pilot program for 60-day IND decision http://www.fiercepharmaasia.com/story/oncology-trials-china-may-see-pilot-program-60-day-ind-decision/2015-08-27

WILEX AG will continue its efforts to find new licensing partners for the Phase III product candidates RENCAREX® and REDECTANE®. At the same time, WILEX will work on possible new options for further developing and expanding the business model.

9.5 Financial forecast

9.5.1 Expected results of operations

The Executive Management Board expects the WILEX Group to generate between € 2.0 million and € 3.0 million in revenue and other income (2015: € 3.9 million) in the 2016 financial year. These will primarily comprise the sales revenue generated by Heidelberg Pharma and to a smaller extent include potential milestone payments to WILEX AG.

Other income will mainly comprise government grants. Possible sales revenue from potential licence agreements or from the commercial exploitation of RENCAREX® or REDECTANE® was not included in this planning.

Based on current planning, operating expenses will be in the range of € 7.0 million to € 10.0 million, thus below the reporting year's level (€ 10.4 million).

Earnings before interest and taxes (EBIT) in the 2016 financial year are expected to be between -€ 4.0 million and -€ 8.0 million (2015: -€ 6.5 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 various pharmaceutical partners.

WILEX assumes that expenses will continue to exceed income in the medium term after 2015.

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 2016 financial year is expected to be between -€ 4.0 million and -€ 8.0 million. This corresponds to an average monthly use of cash of -€ 0.4 million to -€ 0.6 million.

This planning does not take into account additional potential cash inflows from new licensing activities at WILEX AG or Heidelberg Pharma. Based on current planning, WILEX has secured financing into the second quarter of 2017, assuming the financing strategy can be implemented successfully.

Equity (30 November 2015: € 9.5 million) will continue to decline given the anticipated loss for the 2016 financial year. For this reason, the Company plans to implement several corporate actions in the first half of 2016 to complement its partnering activities. 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" and in chapter 8 "Report on Post-balance sheet events".

Financial outlook	Actual 2015 € million	Plan (03/2016) € million
Sales revenue and other income	3.9	2.0 – 3.0
Operating expenses	(10.4)	(7.0) – (10.0)
Operating result	(6.5)	(4.0) – (8.0)
Total funding requirement	(5.0)*	(4.0) – (8.0)
Funds required per month	0.4*	(0.4) – (0.6)

* Without taking account of the completed capital increase

10 DISCLOSURES ON THE ANNUAL FINANCIAL STATEMENTS OF WILEX AG (HGB)

The management report of WILEX AG and the Group management report for the 2015 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 are 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, Ladenburg, Germany.

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 -€ 4.3 million (previous year: -€ 2.8 million) in the 2015 financial year (1 December 2014 to 30 November 2015) according to German commercial law. The loss for the year also amounted to € 4.3 million (previous year: € 0.3 million).

Despite lower operating expenses, the results deteriorated compared to the previous year. The main reasons for the higher net loss were a drop in revenue, an impairment loss in the entire amount of the loan to Nuclea Inc. (€ 1.4 million), a write-down on the shares in Heidelberg Pharma (€ 1.7 million) and the recognition through profit and loss of a risk provision for the potential utilisation of a rent guarantee (€ 0.4 million). Last year's result included the nonrecurring extraordinary income resulting from the termination of the UCB partnership (€ 2.6 million). Compared to the issued financial planning, sales revenue and other income could be raised, but were compensated by operating expenses that were higher compared to plan. However, the operating result of -€1.7 million was in the planned range (-€0.5 million to -€2.5 million).

10.1.1 Sales revenue and other operating income

WILEX posted sales revenue of € 0.4 million in the 2015 financial year (previous year: € 1.9 million). The source is a milestone payment from Link Health for the out-licensing of MESUPRON®.

The other operating income of € 1.4 million was higher than the previous year's figure (2014: € 1.0 million) and mainly includes income from the reversal of provisions attributable to other periods (€ 0.9 million; previous year: € 0.6 million), especially from the reversal of provisions for Executive Management Board bonuses for 2012 and 2013 (€ 0.4 million) and the reversal of a provision for vacant rental premises (€ 0.4 million). In addition, it also includes income from the sale of fixtures and furniture to sub-letters (€ 0.1 million), rental income from subletting (€ 0.3 million) and other items (€ 0.1 million).

10.1.2 Operating expenses

Personnel expenses decreased from € 2.1 million in the previous year to € 1.0 million in the past financial year as a result of the reduced number of employees.

Amortisation of intangible assets and depreciation of property, plant and equipment totals € 35 k (previous year: € 0.2 million).

Other operating expenses were down year-on-year at € 2.5 million (previous year: € 3.4 million) despite a provision in the amount of € 0.4 million recognised for rent liability risks in the context of the 2013 sale of the former subsidiary WILEX Inc., which was due mainly to the discontinuation of research and development activities and other savings in connection with the realignment of the Company.

10.1.3 Interest

Net interest income totalled € 0.5 million, up from the previous year's € 0.3 million. This item comprises interest from the loan to affiliated company Heidelberg Pharma.

10.1.4 Write-down of financial assets

Write-downs of financial assets (€ 3.1 million; previous year: € 0.4 million) were partly the result of the impairment loss recognised in the full amount of a loan to Nuclea (€ 1.4 million; previous year: € 0.4 million). In addition, a write-down was necessary in the amount of € 1.7 million due to permanent impairment of the carrying amount of the equity investment in Heidelberg Pharma.

10.1.5 Extraordinary result

There were no items in 2015 that would have to be classified as an extraordinary result. The previous year's extraordinary result amounting to € 2.6 million stemmed from extraordinary income relating to the termination of the partnership between WILEX and UCB on oncology projects.

10.1.6 Financing and liquidity

Thanks to the April 2015 capital increase, WILEX AG had sufficient liquidity throughout the financial year 2015 to ensure the financing of its business operations and full implementation of the restructuring programme.

WILEX AG had cash and cash equivalents of € 1.1 million (30 November 2014: € 2.1 million) at the close of the financial year. However, these funds were insufficient at that time for ensuring business operations at the Company's locations and for further developing ATAC candidates.

For this reason, WILEX AG presented a multi-stage financing strategy in November 2015 that includes various corporate actions. In this context, the main shareholder dievini committed to providing financing of € 10.0 million. To safeguard short-term financing, two capital increases from authorised capital without publishing prospectuses were carried out in December 2015, utilising an amount of € 2.4 million of dievini's financing commitment. Based on current planning, the Company's financing has been secured into the second quarter of 2017, assuming additional successful corporate actions are carried out.

10.1.7 Capital expenditures

Amounting to € 21 k (previous year: € 25 k), the additions to property, plant and equipment and intangible assets recorded were not at a significant level.

10.1.8 Net assets and financial position

Total assets fell by around 3% to € 25.8 million from € 26.5 million the year before, despite the inflow of cash from the capital increase. This was due to the net loss for the year.

Fixed assets fell from € 16.6 million in the previous year to € 13.3 million at the end of the 2015 financial year, with the carrying amount of the equity investment in Heidelberg Pharma GmbH accounting for almost 100% 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.

Impairment testing, and therefore the calculation of the lower fair value of the equity investment, is based on a model that makes assumptions in respect of company planning and uses the present value of the cash flow calculated in this way to determine the enterprise value. Mid-term planning of the ADC business is based on a detailed six-year planning for the period from 2016 to 2021 (preclinical phase and clinical phases I and II). This is followed by a second, longer-term 17-year planning phase from 2022 to 2038 (clinical phase III, approval and market launch) that is based on model assumptions and continues the first planning phase. A terminal value for the service business is also factored into the calculation. Allowing for the risks and opportunities arising from the business activities, the weighted average cost of capital (after tax) used for the impairment test was 11.1%. Furthermore, an effective tax rate of 28.43% was used for the calculation.

Further model parameters:

- Derivation of potential sales revenue based on comparison data of approved oncological drugs
- Sustainable positive cash flows through potential licensing income not until 2026
- Maximum exploitation period for licence income extended until 2038 through patents granted and new patent applications
- Discounts for the success rates of individual clinical phases according to the scientific literature

The equity interest in Heidelberg Pharma was determined to be impaired as a result of the termination by Roche of the cooperation during the year and an impairment loss of € 1.7 million was charged on the carrying amount (previously € 15.0 million).

Due to the write-off of the loan receivable from Nuclea, no other loans have to be accounted for (previous year: € 1.5 million).

The receivables from affiliates include loan and interest receivables vis-à-vis Heidelberg Pharma under the interest-bearing, uncollateralised and indefinite loan (overdraft or credit line) granted to Heidelberg Pharma to secure its financing. Overall, this receivable (including interest) from Heidelberg Pharma increased from € 7.3 million to € 11.3 million in the financial year.

Cash and bank balances totalled € 1.1 million at the end of the year (previous year: € 2.1 million). 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 risks".

Prepaid expenses of € 22 k (previous year: € 74 k) mainly relate to advance payments to service providers.

Equity according to commercial law decreased to € 24.1 million at the balance sheet date (previous year: € 24.2 million). The subscribed capital increased to € 9.3 million as a result of the capital increase implemented during the year (30 November 2014: € 7.8 million). The capital reserve increased correspondingly from € 194.8 million in the previous year to € 197.5 million at the end of this financial year.

The accumulated losses rose by € 4.3 million on account of the net loss for the year, from € 178.4 million to € 182.7 million.

Other provisions decreased by € 0.5 million, from € 2.1 million in the previous year to € 1.6 million as of 30 November 2015, among others as a result of the reversal to profit or loss of provisions no longer required (€ 0.9 million; previous year: € 0.6 million), especially in connection with the restructuring measures and provisions for Executive Management Board bonuses. In contrast, a new provision for rent liability risks in the amount of € 0.4 million had to be recognised. Further provisions were mainly recognised for the bonus programme for the Executive Management Board and employees (€ 0.3 million), for legal and consulting costs including patent costs (€ 0.2 million) and for outstanding invoices (€ 0.4 million).

Trade payables and other liabilities remained steady as against the previous year at € 0.1 million.

10.1.9 Cash flow statement

The cash outflow from operating activities during the reporting period was € 5.2 million (previous year: € 6.6 million). The main factors affecting this item are cash operating expenses, which exceed cash income and the loan payment to Heidelberg Pharma.

The outflow of funds for investing activities was € 21 k (previous year: € 25 k), mainly due to the acquisition of tangible and intangible fixed assets.

The change in the cash flow from financing activities was driven by the capital increase and the associated gross proceeds of € 4.2 million (previous year: € 0).

Furthermore, there was also a positive exchange rate effect in the amount of € 10 k (previous year: € 131 k).

Total net outflow of cash and cash equivalents was € 1.1 million in 2015 (previous year: € 6.5 million). This corresponds to an average outflow of cash of € 0.1 million per month in 2015 (previous year: € 0.5 million). Adjusted for the effect of the capital increase, the net outflow of cash was € 5.2 million, which corresponds to an average monthly outflow of € 0.4 million.

At the end of the period, the Company had cash and bank balances of € 1.1 million (previous year: € 2.1 million).

10.2 Other disclosures

The Company had an average of five (salaried) employees during the year, all of whom worked in administration or business development, in addition to an average during the year of one member of the Executive Management Board, who was responsible for research and development.

10.3 Financial outlook for the parent company, WILEX AG

10.3.1 Expected results of operations

The Executive Management Board expects WILEX AG to generate between € 1.0 million and € 1.5 million in sales revenue and other operating income in the 2016 financial year (2015: € 1.8 million). The earnings target for 2016 does not include possible sales revenue from a potential new licence agreement.

For the remaining projects, RENCAREX® and REDECTANE®, WILEX AG is nevertheless striving for rapid, financially viable commercial exploitation by sale or out-licensing of the clinical products.

Total operating expenses in 2016 will be in the range of € 1.5 million to € 2.5 million if business proceeds as planned, thus again falling short of the level recorded for the 2015 reporting period (€ 3.5 million).

The lower expenses are attributable to a substantial decrease in planned rental expenses for the premises in Munich. Furthermore, personnel and consulting expenses are expected to decrease as well in 2016 according to the financial planning.

The operating result in the 2016 financial year is expected to come in between -€ 0.5 million and -€ 1.5 million (2015: -€ 1.7 million).

It has to be assumed that expenses will continue 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 planned net change in cash and cash equivalents in the 2016 financial year for WILEX AG's business operations will be lower. Nevertheless, the funds used in the Company's role as the parent company of Heidelberg Pharma will be around the level of the consolidated figure between -€ 4.0 million and -€ 8.0 million. This corresponds to an average monthly use of cash of -€ 0.4 million to -€ 0.6 million.

Viewed in isolation, equity (30 November 2015: € 24.1 million) would continue to decline given the anticipated loss for the 2016 financial year. However, the Company has planned several capital increases which would compensate this effect.

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" and in chapter 8 "Report on post-balance sheet events".

Munich, 15 March 2016

The Executive Management Board of WILEX AG

Consolidated statement of comprehensive income (IFRS)

for the financial year from 1 December 2014 to 30 November 2015

	Note	2015 €	2014 €
Sales revenue	22	2,283,864	3,596,634
Other income	23	1,637,574	1,413,104
Income		**3,921,438**	**5,009,738**
Cost of sales	24	(1,139,865)	(1,354,564)
Research and development costs	24	(4,444,590)	(5,571,952)
Administrative costs	24	(4,512,150)	(3,176,893)
Other expenses	24	(341,337)	(482,765)
Operating expenses		**(10,437,941)**	**(10,586,174)**
Operating result		**(6,516,503)**	**(5,576,436)**
Finance income	27	3,166	86,851
Finance costs	27	(545)	(118,073)
Financial result	27	**2,621**	**(31,222)**
Earnings before tax		**(6,513,881)**	**(5,607,658)**
Income tax	28	(37,736)	(93,191)
Net loss for the year		**(6,551,617)**	**(5,700,849)**
Comprehensive income		**(6,551,617)**	**(5,700,849)**
Earnings per share	29		
Basic and diluted earnings per share		(0.75)	(0.73)
Average number of shares issued		8,776,087	7,818,876

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

Consolidated balance sheet (IFRS)

for the financial year as of 30 November 2015

Assets	Note	30.11.2015 €	30.11.2014 €
Property, plant and equipment	9	985,053	1,052,891
Intangible assets	10	2,867,070	2,948,199
Goodwill	10	6,111,166	6,111,166
Financial assets	11	0	1,777,083
Other non-current assets	12	69,980	230,277
Non-current assets		**10,033,268**	**12,119,616**
Inventories	13	279,168	189,710
Prepayments	14	22,451	74,334
Trade receivables	15	366,749	177,359
Other receivables	15	94,604	272,033
Cash and cash equivalents	16	1,305,697	2,196,808
Current assets		**2,068,669**	**2,910,244**
Total assets		**12,101,937**	**15,029,860**

Equity and liabilities	Note	30.11.2015 €	30.11.2014 €
Subscribed capital	17	9,305,608	7,818,876
Capital reserve	17	188,033,840	185,364,837
Accumulated losses	17	(187,859,290)	(181,307,673)
Equity	17	**9,480,158**	**11,876,040**
Pension obligations	18	5,210	0
Other non-current liabilities	19	0	3,048
Non-current liabilities		**5,210**	**3,048**
Trade payables	20	279,205	276,618
Lease liabilities	20	0	77,482
Provisions	20	468,528	730,509
Other current liabilities	20	1,868,837	2,066,162
Current liabilities		**2,616,569**	**3,150,771**
Total equity and liabilities		**12,101,937**	**15,029,860**

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

Consolidated statement of changes in equity (IFRS)

for the financial year from 1 December 2014 to 30 November 2015

	Note	Share	Subscribed Capital €	Capital measures/ premium	Stock options	Accumulated losses €	Total €
				Capital reserve €			
				155,892,571	3,388,697		
As of 01 December 2013		**31,275,507**	**31,275,507**	**159,281,268**		**(175,606,823)**	**14,949,952**
Stock options	25				26,938		26,938
Net loss for the year						(5,700,849)	(5,700,849)
Effect from capital reduction		(23,456,631)	(23,456,631)	23,456,631			0
Waiver of shareholder loan				2,600,000			2,600,000
Net change in equity							**(3,073,911)**
				181,949,202	3,415,635		
As of 30 November 2014	17	**7,818,876**	**7,818,876**	**185,364,837**		**(181,307,673)**	**11,876,040**

	Note	Share	Subscribed Capital €	Capital measures/ premium	Stock options	Accumulated losses €	Total €
				Capital reserve €			
				181,949,202	3,415,635		
As of 01 December 2014		**7,818,876**	**7,818,876**	**185,364,837**		**(181,307,673)**	**11,876,040**
Stock options	25				46.168		46.168
Net loss for the year						(6,551,617)	(6,551,617)
Capital increase after accounting for capital procurement costs		1,486,732	1,486,732	2,622,835			4,109,567
Net change in equity							**(2,395,883)**
				184,572,037	3,461,803		
As of 30 November 2015	17	**9,305,608**	**9,305,608**	**188,03,840**		**(187,859,290)**	**9,480,158**

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

Consolidated cash flow statement (IFRS)

for the financial year from 1 December 2014 to 30 November 2015

	Note	2015 €	2014 €
Net loss for the year		**(6,551,617)**	**(5,700,849)**
Adjustment for items in the statement of comprehensive income			
Stock options	25	**46,168**	26,938
Depreciation, amortisation and impairment losses	24	**311,586**	489,153
Measurement item not relevant for cash flow		**2,324,002**	583,611
Finance costs	27	**545**	118,073
Finance income	27	**(3,166)**	(86,851)
Tax expense	28	**37,736**	93,191
		2,716,871	**1,224,116**
Changes in balance sheet items			
Inventories	13	(89,458)	(111,878)
Trade receivables	15	(225,049)	61,806
Other receivables	15	(1,432,379)	(1,099,275)
Prepayments	14	51,883	31,989
Financial assets	11	1,777,083	(291,793)
Other non-current assets	12	(1,689,418)	302,697
Trade payables	20	1,710	94,344
Financial liabilities	20	0	(37,500)
Provisions	20	(261,981)	(860,307)
Other liabilities	20	905,221	(121,891)
		(962,388)	**(2,031,808)**
Cash flow from operating activities		**(4,797,135)**	**(6,508,542)**
Finance costs paid	27	(690)	(154,942)
Finance income received	27	1,783	43,359
Net cash flow from operating activities		**(4,796,042)**	**(6,620,125)**
Cash flow from investing activities			
Purchase of property, plant and equipment	9	(199,101)	(195,797)
Purchase of intangible assets	10	(7,924)	0
Net cash flow from investing activities		**(207,026)**	**(195,797)**
Cash flow from financing activities			
Gross issuing proceeds	17	4,162,850	0
Cost of raising the capital	17	(37,077)	0
Repayment of finance leases	30	(23,865)	(38,444)
Net cash flow from financing activities		**4,101,907**	**(38,444)**
Influence of foreign exchange effects on cash and cash equivalents		10,048	131,111
Net change in cash and cash equivalents		**(891,111)**	**(6,723,256)**
Cash and cash equivalents			
at beginning of period	16	2,196,808	8,920,064
at end of period	16	1,305,697	2,196,808

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

Consolidated notes according to IFRSs of the WILEX Group, Munich

for the financial year from 1 December 2014 to 30 November 2015

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 18, 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 (securities identification number A11QVV / ISIN DE000A11QVV0.

"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 subsidiary Heidelberg Pharma GmbH, Ladenburg, Germany are reported.

WILEX AG is a biopharmaceutical company which after implementing an extensive restructuring programme discontinued all clinical development activities at its Munich site and now exercises a holding function as the Group parent. Research and development activities focus on the operations of its subsidiary Heidelberg Pharma GmbH in Ladenburg, which primarily enhances and markets the innovative platform technology for antibody drug conjugates (ADC technology) and also offers preclinical services.

WILEX AG out-licensed the drug candidate MESUPRON® to two partners for further development and subsequent marketing. WILEX has the diagnostic and therapeutic drug candidates REDECTANE® and RENCAREX®, which are available for out-licensing and further development for external partners.

1.1 Consolidated company

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.

2 Application of new and revised Standards

2.1 New and revised standards and interpretations

First-time application of the following standards and interpretations was mandatory in the past financial year beginning on 1 December 2014: All of the amendments listed had either no or just minor effects on the financial year just ended or the previous financial year.

Amendment to IAS 36: Impairment of Assets (effective date: 1 January 2014)

The amendments relate to the disclosure of information regarding calculation of the recoverable amount of impaired assets, if this amount is based on the fair value less costs to sell.

Approval of IFRS 13 (Fair Value Measurement) in May 2011 also led to consequential amendment of IAS 36 (Impairment of Assets). Disclosures regarding the recoverable amount of impaired non-financial assets are now only required when the recoverable amount is based on the fair value less costs to sell. Additional disclosures are also required if the recoverable amount corresponds to the net selling price when existing impairment of an asset or a cash-generating unit is recorded or reversed. The amendments must be applied for annual periods beginning on or after 1 January 2014.

Amendment to IAS 39: Financial Instruments: Recognition and Measurement (effective date: 1 January 2014)

Due to the amendment, derivatives continue to be designated as hedging instruments in a continuing hedging relationship although they are novated. Condition for this treatment is that a novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosures of Interests in Other Entities, IAS 27: Separate Financial Statements (effective date: 1 January 2014)

The amendment grants an exemption from consolidation of subsidiaries if the parent entity meets the definition of an “investment entity” (e.g. certain investment funds). Certain subsidiaries are then measured at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

Amendment to IAS 27: Separate Financial Statements (2011) (EU effective date: 1 January 2014)

The requirements for separate financial statements remain part of the amended IAS 27 as before. The other parts of IAS 27 are replaced by IFRS 10.

Amendment to IAS 28: Investments in Associates and Joint Ventures (2011) (EU effective date: 1 January 2014)

The amended IAS 28 standard contains consequential amendments resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.

New standard IFRS 10: Consolidated Financial Statements (EU effective date: 1 January 2014)

The standard replaces the consolidation guidelines in IAS 27 and SIC-12 by introducing a single consolidation model for all entities based on the concept of control regardless of the type of investee (i.e. regardless of whether the entity is controlled by investor voting rights or

by some other contractual agreement as is customary in the case of special purpose vehicles).

New standard IFRS 11: Joint Arrangements (EU effective date: 1 January 2014)

This standard outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractually agreed sharing of control and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly).

New standard IFRS 12: Disclosures of Interests in Other Entities (effective date: 1 January 2014)

IFRS 12 requires improved disclosures both regarding consolidated and unconsolidated entities in which an entity holds an interest.

Amendments to IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements, IFRS 12: Disclosures of Interests in Other Entities (effective date: 1 January 2014)

The amendments clarify the transitional rules in IFRS 10 and provide for additional relief in all three standards. In particular, this includes limiting the requirement to provide adjusted comparative information to the comparative period immediately preceding initial application.

New interpretation IFRIC 21: Levies (EU effective date: 17 June 2014)

The interpretation offers guidance on when to recognise a liability for a levy imposed by a government.

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 2014. These interpretations and standards were not yet applied by WILEX in the past financial year. All of the new and amended standards and interpretations listed would have had either no or just minor effects on the financial year just ended or the previous financial year.

2.2.1 New and revised standards and interpretations adopted by the EU

Amendments to IAS 19: Employee Benefits (EU effective date: 1 February 2015)

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed as well as permits relief if the amount of the contributions is independent of the number of years of service.

Annual Improvements 2010 - 2012 (effective date: 1 February 2015); 2011 - 2013 (effective date: 1 January 2015)

Amendments and clarifications to various IFRSs.

Amendments to IFRS 11: Joint Arrangements (effective date: 1 January 2016)

An acquirer of interests in joint operations constituting a business as defined in IFRS 3 must apply all of the principles for accounting for business combinations in IFRS 3 and other IFRSs as long as these do not contradict the guidance in IFRS 11.

IAS 16: Property, Plant and Equipment / IAS 38: Intangible Assets (effective date: 1 January 2016)

These amendments provide guidelines indicating the possible methods of depreciation of property, plant, and equipment and amortisation of intangible assets, particularly with regard to revenue-based methods.

Amendments to IAS 16: Property, Plant and Equipment / IAS 41: Agriculture (effective date: 1 January 2016)

With these amendments, bearer plants that no longer undergo significant biological transformation are brought within the purview of IAS 16 so that they can be accounted for in the same way as property, plant, and equipment.

Amendments to IAS 27: Separate Financial Statements (effective date: 1 January 2016)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

Annual Improvements 2012 – 2014 (effective date: 1 January 2016)

Amendments and clarifications to various IFRSs.

Amendments to IAS 1: Presentation of Financial Statements (effective date: 1 January 2016)

The amendments aim to remove impediments to preparers in exercising their judgement in presenting financial statements.

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

New standard IFRS 14: Regulatory Deferral Accounts (effective date: 1 January 2016)

Only entities that are first-time adopters of IFRS and that recognise regulatory deferral account balances in accordance with their previous accounting rules are permitted to continue to do so after transitioning to IFRS. This standard is intended to be a short-term, interim solution until the IASB completes its longer-term, comprehensive project on rate-regulated activities.

Amendments to IFRS 10: Consolidated Financial Statements / IFRS 12: Disclosures of Interests in Other Entities / IAS 28: Investments in Associates and Joint Ventures: Investment Entities — Applying the Consolidation Exception (effective date: 1 January 2016)

The amendments address circumstances that have arisen in connection with application of the consolidation exception for investment entities.

Amendments to IFRS 10 and IAS 28) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date: 1 January 2016)

The amendments address a conflict between the requirements in IAS 28 Investments in Associates and Joint Ventures and those in IFRS 10 Consolidated Financial Statements.

Amendments to IAS 12: Income taxes (EU effective date: 1 January 2017)

The amendment entitled *Recognition of deferred tax assets for unrealised losses* clarifies several issues.

Amendments to IAS 7: Statement of Cash Flows (EU effective date: 1 January 2017)

The amendments in *Disclosure Initiative* (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

New standard IFRS 15: Revenue from Contracts with Customers (effective date: 1 January 2018)

This standard governs the time when and amount in which revenue must be recognised. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and a number of revenue-related interpretations. IFRS 15 is mandatory for all IFRS adopters and applies to nearly all contracts with customers — the major exceptions are leases, financial instruments and insurance contracts.

New standard IFRS 9: Financial Instruments (effective date: 1 January 2018)

This standard provides comprehensive guidance on accounting for financial instruments. The new and revised classification rules for financial assets in the latest version of IFRS 9 constitute the primary changes from the predecessor standard IAS 39. These are based on the type of business model and contractual cash flows associated with the financial assets. Also completely new are the rules regarding the recognition of credit losses, which are now based on an expected loss model. Accounting for hedges was also reformed in IFRS 9 and aims to more accurately reflect risk management activity.

New standard IFRS 16: Leases (effective date: 1 January 2019)

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. For lessors the rules in IAS 17 “Leases” remain largely in effect. Going forward lessors will continue to distinguish between finance and operating leases with different accounting treatments for each.

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) and the Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable in the European Union (EU). Moreover, the supplementary provisions of Section 315a German Commercial Code (HGB) were applied.

3.2 Basis for preparation of the consolidated financial statements

The reporting period begins on 1 December 2014 and ends on 30 November 2015. It is referred to hereafter as the “2015 financial year” (“2014 financial year” for the previous period).

As of the 30 November 2015 reporting date, WILEX’s cash and cash equivalents were not sufficient to cover the Group’s financing requirements for the next twelve months. Without additional measures, cash and cash equivalents as of this date would not have lasted beyond the end of the second quarter of 2016. As a result, it would not have been possible to prepare the financial statements on a going-concern basis.

On 23 November 2015 the Executive Management Board of WILEX AG therefore presented a comprehensive, multi-stage financing strategy. This is largely based on a financing

commitment from the Company's main shareholder dievini for up to € 10 million. The aim is to secure financing for the Group into the second quarter of 2017. The first step stipulated by the strategy comprised two capital increases from authorised capital without publishing prospectuses for purposes of short-term financing of the Company (see note 34.1). In this context, € 2.4 million from the financing commitment made by dievini was utilised.

The first corporate action, a private placement with main shareholder dievini by way of an increase in share capital by 10% using authorised capital, was performed after the reporting date on 9 December 2015. dievini acquired all 930,560 new no par value bearer shares at an issue price of € 1.84. Once the performance of this capital increase was entered in the Commercial Register in December 2015, this lifted the Company's share capital by 10%, from € 9,305,608.00 to € 10,236,168.00 (see note 34.1).

The second corporate action was a rights issue using authorised capital, also on 9 December 2015. The Company's share capital was increased from € 10,236,168.00 (share capital after the implementation of the capital increase with exclusion of shareholders' subscription rights was entered in the Commercial Register) by up to € 443,124.00 to up to € 10,679,292.00 by issuing up to 443,124 new no par value bearer shares with a notional value of € 1.00 each in return for cash contributions. As in the private placement with dievini, the subscription price was € 1.84 per share (see note 34.1).

The terms for further financing measures are currently being drawn up in the Company. In particular, securities prospectuses will probably have to be prepared for upcoming capital measures. Preparations for this will now begin.

The gross proceeds of the two corporate actions were allocated to share capital in the amount of € 1,373,684.00 and to the capital reserve in the amount of € 1,153,894.56. The transaction costs to be deducted from the capital reserve for the two capital increases after the reporting date totalled around € 75 k. The net proceeds from the two capital increases accruing to the Company in December 2015 therefore amounted to € 2.45 million in aggregate.

The cash currently on hand and the planned inflow of cash from the further corporate actions planned for the first half of 2016 are sufficient in the Executive Management Board's estimation to guarantee continuation of the Company's business activities for at least the next 12 months in view of the current status of the technology and licensing prospects, and based on the updated planning. In this respect, no assets (in particular no intangible assets or goodwill) are impaired. At this time, WILEX expects its cash to be sufficient into the second quarter of 2017.

The financing commitment by dievini was therefore a necessary requirement for preparing the IFRS consolidated financial statements on a going-concern basis in accordance with IAS 1.25. At the time the financial statements were being prepared it could be assumed that the Company would continue to operate as a going concern over the next twelve months.

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 15 March 2016 and released for publication in accordance with IAS 10. The consolidated financial statements are to be approved by the Supervisory Board on 16 March 2016. The Supervisory Board can decline to approve 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 approved in the Annual General Meeting.

Due to commercial rounding up or down of exact figures, it is possible that individual figures in these consolidated financial statements may not add up exactly to the totals and that percentages given may not precisely reflect the absolute figures to which they relate.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company WILEX AG and its subsidiary Heidelberg Pharma GmbH, which it controls in accordance with IRFS 10.6/10.7.

All intra-group transactions, balances and profits and losses are eliminated in full during consolidation. Figures can be compared directly with those of the previous year because the Group structure did not change. 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.

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. The temporal method is applied pursuant to IAS 21.21 ff.

At the end of each reporting period the following steps are taken in accordance with IAS 21.23

- monetary amounts in a foreign currency are translated at the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

The translation of US dollar amounts within the Group was based on the following euro exchange rates: For reasons of materiality, no exchange rates of other currencies are shown.

- Closing rate 30 November 2015: € 1 = USD 1.0578 (previous year: € 1 = USD 1.2447)
- Average exchange rate FY 2015: € 1 = USD 1.1221 (previous year: € 1 = USD 1.3408)

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. In addition, impairment charges are recognised immediately if assets are impaired as defined by IAS 36.

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
- Leased property, plant and equipment 10 years

Expenses for the repair and maintenance and for 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 are derecognised. Any gains or losses resulting from such disposal are recognised in profit or loss in the financial year.

Impairment losses are recognised if the recoverable amount of property, plant and equipment is lower than the net carrying amount. As a consequence of the restructuring activities and the phased-out of clinical development activities at the Munich site, impairment losses were charged in the previous year 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.

In addition, impairment charges are recognised if assets are impaired as defined by IAS 38.111 in conjunction with IAS 36.

The following useful lives are assumed for intangible assets, which comprise capitalised licenses, patents and software:

- Licences und patents 12.5 to 20 years
- Software 3 years

3.6.2 Intangible assets acquired from a business combination

Intangible assets acquired from a business combination, such as the not yet ready for use intangible assets (In Process Research & Development, or IP R&D) and the acquired customer base resulting from the takeover of Heidelberg Pharma AG, 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.

The following useful lives are assumed here:

- Acquired customer base 9 years

The not yet ready for use intangible assets In Process Research & Development (IP R&D) are not yet being amortised: The development of the ADC technology and other IP components is ongoing, and no antibody-specific product licence agreement (PLA) that would specify the current use and marketability of this technology asset in the form of a therapeutic development candidate has been signed to date. Hence this asset has not yet been classified as ready for use in accordance with IFRSs. Amortisation of this asset will begin once the development work has been completed.

Goodwill and IP R&D are also not amortised. Instead, they are tested for impairment annually (compare notes 3.8 and 8).

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 determined to identify the scope of a possible impairment loss. If the recoverable amount

of the individual asset cannot be determined, 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 and motor vehicles 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 and (contract) work in progress.

Inventories are measured at the lower of cost and net realisable value based on the FIFO method. The cost of sales for internally generated inventories contains all directly attributable costs as well as a reasonable percentage of the general overhead costs. Borrowing costs are not included in the cost of inventories because the performance period is shorter than 12 months.

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 or discounting that is adequate for the maturity and risk-adjusted seems reasonable. The impairment is recognised in profit or loss.

3.14 Financial instruments

Financial instruments in accordance with IAS 39 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 result 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 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. Insignificant amounts of cash and cash equivalents are partially held in US dollars to minimise risk.

3.15 Capital 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 notional value 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 equity (e.g. from capital reserves).

The Company's capital comprises its equity including subscribed capital, capital reserves and accumulated deficits.

Due to the capital increase completed during the financial year upon its entry in the Commercial Register on 10 April 2015, the share capital totalling € 7,818,876.00 increased by € 1,486,732.00 from authorised capital to € 9,305,608.00. The capital reserve increased correspondingly from € 185.4 million to € 188.0 million.

For purposes of short-term financing of the Company, two further capital increases from authorised capital without publishing prospectuses were performed after the reporting date in December 2015. The two capital increases led to a total increase of € 1,373,684.00 in share capital from € 9,305,608.00 to € 10,679,292.00 and were completed when they were entered in the Commercial Register on 11 December 2015.

3.15.2 Capital management

The capital management programme of WILEX serves to create a solid capital base and to safeguard it in a sustainable manner so as to be able to continue to assume the going-concern premise and to operate under this 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. In the financial year ended a capital increase was carried out in this context, but no capital was borrowed from banks.

Management regularly monitors the liquidity and equity ratios 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 € ‘000	30.11.2015	30.11.2014
Liquidity	1,306	2,197
In % of total capital	10.8%	14.6%
In % of current liabilities (cash ratio)	49.9%	69.7%
Equity	9,480	11,876
In % of total capital	78.3%	79.0%
Liabilities	2,621	3,154
In % of total capital	21.7%	21.0%
Total capital	**12,102**	**15,030**

The liquidity ratios (ratio of available cash and cash equivalents to either total capital or current liabilities) declined uniformly as against the prior-year comparable figures due to the outflow of cash from operating activities. The ratio of liquidity to total capital dropped from 14.6% to 10.8%. Analogously, the cash ratio, defined as cash and cash equivalents divided by current liabilities, fell from 69.7% to 49.9%. The equity ratio was 78.3% as at 30 November 2015. Because of the comprehensive loss in the past financial year and despite the reduction in liabilities in absolute terms, this figure was slightly lower than in the previous year (79.0%) (see note 20).

Preventing the share capital from being reduced by more than half by losses in the separate financial statements prepared under German commercial law is a 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.

As a result of the discontinuation of research and development activities at WILEX AG, provisions, which by definition are uncertain in terms of amount and maturity, still comprise provisions for staff costs and legal expenses in connection with claims for the reinstatement of the employees made redundant which have been concluded in the meantime.

3.17 Income taxes

Income tax expense is composed of the current tax expense and deferred taxes. The significant loss carryforwards prevented material tax liabilities from occurring.

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 share price performance, 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 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 remuneration are contingent on the achievement of personal targets and the Company's performance targets. The performance-based remuneration 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 and there is uncertainty in terms of their amount as a result, 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.

No material future contributions to a defined benefit pension plan for a former Executive Management Board member at WILEX AG are expected due to the nature of the commitment (one-time payment in the maximum amount of € 47 k when the benefit comes due) and a reinsurance policy funded with a one-time payment of € 15 k in 2000 constituting the plan assets. If capital market developments are unfavourable, there could be a coverage gap between the future one-time payment promised to the beneficiary and the existing plan assets totalling no more than approximately € 10 k.

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. The income from the plan assets and the expenses from the defined benefit pension commitment at WILEX AG are recognised in the financial year they arise.

3.19.4 Employer's contributions to the statutory pension insurance scheme

In the 2015 financial year, WILEX paid € 220 k in employer contributions to the statutory pension insurance scheme; this expense is allocated to staff costs (previous year: € 478 k).

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 rewards 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 and reduced by discounts and similar deductions.

WILEX's business activities are aimed at generating revenue from cooperation agreements and/or licence 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 sale of goods and 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 reversal of unused liabilities and provisions from prior periods through profit or loss, other income relates 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 and non-refundable. The cash amounts received in advance are recognised over the underlying service period according to the research project's stage-of-completion. There was also income from exchange rate differences and sub-leases.

3.22 Cost of sales

All costs directly related to generating sales revenue are reported as cost of sales. Cost of sales thus comprise of 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

Interest expense comprises interest on a shareholder loan, interest expense on current liabilities and any interest portion in connection with leases. 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

Applying IFRS 8 Operating Segments, WILEX reported on three segments in previous years: Customer Specific Research (Cx), Diagnostics (Dx) and Therapeutics (Rx). As a consequence of the restructuring measures, which have been fully implemented in the meantime and which led to the discontinuation of research and development activities at the Munich site, no further business activities are conducted that differ materially in their risk/reward profiles. R&D activities have since focused on the operations of WILEX's subsidiary Heidelberg Pharma in Ladenburg. As a result, WILEX discontinued its reporting on segments at the beginning of the 2015 financial year.

The following table shows the regional distribution of 2015 sales revenue in terms of a customer's or collaboration partner's domicile:

Region	2015		2014	
	in € '000	in %	in € '000	in %
Germany	740	32%	684	19%
Europe	1,074	47%	1,479	41%
USA	67	3%	185	5%
Rest of world	403	18%	1,249	35%
Total	2,284	100%	3,597	100%

All sales revenue was generated in euros. Roche, as the cooperation partner for ADC technology for most of the year (€ 0.7 million), and Link Health as the licensee of MESUPRON® (€ 0.4 million) each were responsible for more than 10% of sales revenue.

The previous year's segment results and segment assets are listed below:

4.1 Segment result

4.1.1 Segment result as of 30 November 2014

Segment results in € '000	Rx	Dx	Cx	Not allocated	Consoli-dation	Group
Sales revenue	1,853	0	1,744	0	0	3,597
External sales revenue	*1,853*	*0*	*1,744*	*0*	*0*	*3,597*
Intersegment sales revenue	*0*	*0*	*0*	*0*	*0*	*0*
Other income	237	252	337	607	(20)	1,413
Operating expenses	(4,589)	(1,363)	(4,654)	0	20	(10,586)
of which cost of sales	*0*	*0*	*(1,355)*	*0*	*0*	*(1,355)*
of which depreciation, amortisation and impairment losses	*(154)*	*(34)*	*(302)*	*0*	*0*	*(489)*
Finance income	0	0	0	433	(346)	87
Finance costs	0	(0)	(350)	(114)	346	(118)
Earnings before tax	(2,499)	(1,111)	(2,923)	926	0	(5,608)
Income taxes	93	0	0	0	0	93
Net loss for the year	(2,592)	(1,111)	(2,923)	926	0	(5,701)

In addition to the segments, items that cannot be clearly allocated any specific segment in internal reporting are classified as “not allocated”. These items mainly comprise gains from exchange rate differences and reversal through profit or loss of provisions as well as finance income and costs.

The following table shows the regional distribution of 2014 sales revenue at segment level in terms of a customer’s or collaboration partner’s domicile:

Region / segment	Rx				Dx				Cx			
	2014		2013		2014		2013		2014		2013	
	€ ‘000	%	€ ‘000	%	€ ‘000	%	€ ‘000	%	€ ‘000	%	€ ‘000	%
Germany	0	0%	0	0%	0	0%	0	0%	684	39%	1,055	61%
Europe	650	35%	400	4%	0	0%	0	0%	829	48%	554	32%
USA	0	0%	11,009	96%	0	0%	178	100%	185	11%	121	7%
Rest of world	1,203*	65%	0	0%	0	0%	0	0%	46	3%	0	0%
Total	1,853	100%	11,409	100%	0	0%	178	100%	1,744	100%	1,730	100%

* The sales revenue was generated in China and Israel

4.1.2 Segment assets

The assets shown on the consolidated balance sheet as of 30 November 2014 amount to € 15,030 k (30 November 2013: € 22,312 k) and are allocable as follows among the various segments (taking into account consolidation effects):

30.11.2014	Rx	Dx	Cx	Not allocated	Group
Total assets in € ‘000	**0**	**1,838**	**10,495**	**2,697**	**15,030**
Total current assets	0	0	448	2,462	2,910
Total non-current assets	0	1,838	10,047	235	12,120

5 Financial risk management

5.1 Financial risk factors

Given its business activities, WILEX is exposed to certain risks, in particular market risk (including currency risks, interest and price risks), liquidity risk and default 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. However, WILEX does not use embedded derivatives or other derivative financial instruments to hedge against risks.

Responsibility for groupwide risk management rests with the full Executive Management Board. It has implemented an effective groupwide 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 groupwide 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 cooperates with different service providers worldwide and is therefore exposed to currency risks in connection with currency positions, mainly in US dollars (USD) 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 limited overall, WILEX has not 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 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.

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.

However, interest rate changes could affect the carrying amount of goodwill and not yet ready for use intangible assets (IP R&D) in the context of impairment testing.

5.1.3 Default risk

WILEX is exposed to bad debt risks in connection with its receivables. No material past due trade or other receivables were shown as of the reporting date. However, bad debt risks were identified as a potential risk and monitored in its risk management system.

The loan and interest rate receivable in respect of Nuclea Biotechnologies Inc., Pittsfield, MA, USA (Nuclea), valued at a nominal USD 2,232 k and carried at amortised cost of

€ 1,974 k as of the reporting date arising from the 2013 sale of the US subsidiary WILEX Inc. was written off in full due to prolonged payment difficulties.

The other non-current assets comprise receivables in connection with rent and lease security deposits (€ 29 k) and other receivables from service providers (€ 41 k).

The maximum default risk in connection with trade receivables is € 367 k and corresponds to the trade receivables balance sheet item. The maximum default risk from other receivables is € 95 k, which almost entirely comprises receivables from the tax authorities.

No reported financial asset is past due.

No collateral was furnished for receivables.

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

5.2 Determination and measurement of fair value

The rules in IFRS 13 Fair Value Measurement must always be applied if fair value measurement is stipulated or permitted by another IAS or IFRS, or if disclosures about fair value measurement are required. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value of a liability therefore reflects the default risk (i.e. own credit risk). Measurement at fair value assumes that the asset is being sold or the liability is being transferred in the principal market or — if such is unavailable — in the most favourable market. The principal market is the market with the largest volume and the greatest activity to which the entity has access.

Fair value is determined using the same assumptions and taking into account the same characteristics of an asset or a liability on which independent market participants would base their assessment. Fair value is a market-based, not entity-specific measurement. For non-financial assets, the fair value is determined based on the best possible use of the asset by a market participant.

WILEX uses the following hierarchy to determine and disclose the fair value of financial instruments (see note 21):

Level 1: Quoted (unadjusted) prices in an active market for identical assets and liabilities that the entity can access. The fair value of financial instruments traded on an active market is based on the quoted market price at the reporting date.

Level 2: Inputs, other than quoted prices in Level 1, that are observable for the asset or liability either directly (such as prices) or indirectly (derived from prices). The fair value of financial instruments not traded on an active market can be determined using a valuation technique. In this case, fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs. If all of the inputs required to determine fair value are observable, the instrument is classified in Level 2.

Level 3: Inputs for the asset or liability that are not observable. If important inputs are not based on observable market data, the instrument is classified in Level 3.

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

6 Going concern risk

As of the 30 November 2015 reporting date, WILEX's cash and cash equivalents were not sufficient to cover the Group's financing requirements for the next twelve months.

In order to avoid a pending insolvency, the Executive Management Board of WILEX AG therefore presented a comprehensive, multi-stage financing strategy and kicked off initial measures in November 2015.

The financing strategy is largely based on a financing commitment from the Company's main shareholder dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, for up to € 10 million.

For purposes of short-term financing of the Company, the first step was to perform, with the assistance of dievini, two capital increases from authorised capital without publishing prospectuses shortly after the reporting date (see note 3.2 Basis for preparation of the consolidated financial statements and note 34 Events after the reporting period). Cash and cash equivalents totalling € 2.5 million accrued to WILEX AG from the two capital increases in December 2015. In this context, € 2.4 million from the financing commitment made by dievini was utilised.

Without the corporate action in December 2015 made possible by the financial commitment by dievini, the funds would have lasted only until the end of the second quarter of 2016. In that case, it would not have been possible to prepare reporting on a going concern basis. The financing commitment by dievini was therefore a necessary requirement for preparing the IFRS consolidated financial statements on a going-concern basis. Only in this way it was possible to prepare the consolidated financial statements on a going-concern basis in accordance with IAS 1.25.

The terms for further necessary financing measures for complete implementation of the financing strategy are currently being drawn up in the Company. In particular, securities prospectuses will probably have to be prepared for upcoming capital measures. Preparations for this will now begin.

The remaining amount of the financing commitment from dievini after the capital increases in December 2015 totals € 7.6 million and will be used, among other things, to carry out further corporate actions in the first half of 2016.

The cash currently on hand and the planned inflow of cash from the further corporate actions planned for the first half of 2016 are sufficient in the Executive Management Board's estimation to guarantee continuation of the Company's business activities for at least the next 12 months in view of the current status of the technology and licensing prospects, and based on the updated planning. At this time, WILEX expects its cash to be sufficient into the second quarter of 2017 provided the development projects run as planned. The existing cash and the cash inflows expected from the planned corporate actions will be used to further develop WILEX's business activities with a focus on the innovative ADC technology and proprietary Antibody-Targeted Amanitin Conjugates (ATAC) development candidates by subsidiary Heidelberg Pharma GmbH. 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 ATAC development candidates – either independently or in collaboration with partners – is expected to boost internal value creation. For the remaining projects, 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 ongoing negotiations are fruitful, WILEX could receive licence fees in the event of successful development and regulatory approval.

If the Executive Management Board were unable to implement the corporate strategy focusing on the ADC technology according to plan, and/or if the Company failed to have any opportunity to obtain additional liquidity on the capital market, the continued existence as a going concern of the Group and/or its consolidated companies would be at risk.

The WILEX Group and WILEX AG might therefore be unable in the second quarter of 2017 to satisfy their payment obligations and/or become overindebted due to valuation adjustments as a result of its subsidiary Heidelberg Pharma missing budget targets. 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.

7 Critical estimates and discretionary decisions

Application of the accounting principles described under note 3 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 data and experience and other factors, including expectations of future events that are believed to be reasonable and realistic 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 concern 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 for goodwill and In Process Research & Development (IP R&D) materially concern assumptions and judgements that are made by management and regularly reviewed.

The write-off of the loan to Nuclea is based on assumptions regarding its recoverability and the creditworthiness of the borrower, which are in turn based on management estimates.

The amount of the provision to cover the risk of the Company possibly being held liable under a rent guarantee furnished to Siemens Corporation for the former WILEX Inc. is subject to assumptions based on management estimates.

7.1 Expense from the granting of stock options

WILEX recognises expenses in the amount of € 46 k (previous year: € 27 k) from the granting of stock options under staff costs (see note 25). 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 24).

7.2 Impairment test pursuant to IAS 36

The impairment tests of both goodwill (see note 8) in the amount of € 6,111 k (previous year: € 6,111 k) and the technology asset IP R&D – which is not yet ready for use – in the amount of € 2,493 k (previous year: € 2,493 k) require estimating either the fair value less costs to sell or, alternatively, the recoverable amount as the value in use, determined on the basis of the cash generating unit's expected future cash flows and a reasonable discount rate.

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.

7.3 Impairment loss on the loan to Nuclea Biotechnologies Inc. in accordance with IAS 39

Determining whether or not the loan to Nuclea is impaired requires comparing its carrying amount to the present value of expected future cash flows. The first step is to determine whether there are objective indications of impairment. If so, an impairment loss is recognised in the amount of the difference between the carrying amount and the lower present value of the future cash flows. On the one hand, this requires an assessment of the creditworthiness of borrower Nuclea and, on the other hand, an estimate of the timing and amount of expected future payments from the loan agreement. Factors such as a change in credit rating could affect the carrying amount.

7.4 Provisions relating to the rent guarantee to Siemens Corporation in accordance with IAS 37

Determining the amount of the provision for the rent guarantee furnished to Siemens Corporation requires an estimate of the expenditure required to settle the obligation at the reporting date. The expenditure required to settle the obligation must be estimated on a prudent basis as the amount the Company would be required to pay to fulfil the obligation. Estimating the financial consequences of the rent guarantee requires an assessment by management. The most likely result is given as the best possible estimate of the obligation.

Firstly, for purposes of justification this estimate requires an assessment of the creditworthiness of Nuclea, which owes the rent. Secondly, it requires an estimate of the expected future payments from the rent guarantee. Factors such as a change in credit rating could affect the carrying amount.

8 Impairment testing pursuant to IAS 36

The following is a description of impairment testing in January 2016 (previous year: January 2015) of the acquired goodwill and the intangible and not yet ready to use (and therefore not yet amortised) technology asset (IP R&D) acquired in the course of the 2011 business combination with Heidelberg Pharma.

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.

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 as a not-yet-ready-for-use technology asset in the course of the purchase price allocation performed at the time. The carrying amounts as of 30 November 2015 correspond to the value at acquisition in each case. As a general rule, the conditions under which Heidelberg Pharma operates have not changed significantly since 2011.

Impairment testing, and therefore the calculation of the recoverable amount as the fair value less costs to sell, is based on a model in which assumptions in respect of company planning are included and in which the present value of the cash flows forecast in this way are calculated to determine the enterprise value. The expected future cash flows from Heidelberg Pharma were discounted applying a company-specific risk-adjusted interest rate.

Planning is based on annual sales revenue of around € 1 million from the service business of Heidelberg Pharma, with continuous growth of 1.5% being expected from 2020 to 2038. For the 20-year period after 2038, a terminal value of € 54 k was taken into account for the service business.

The ADC business was analysed as to its future partnership and out-licensing potential, and these assumptions were used for sales revenue planning during the period from 2016 to 2038.

The ADC technology platform is a cornerstone of Heidelberg Pharma's business model. It 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 mid-term planning for the ADC business used for the impairment test comprises a detailed six-year plan for the period from 2016 to 2021 (preclinical and clinical phases I and II). This is followed by a second, longer-term 17-year planning phase from 2022 to 2038 (clinical phase III, approval and market launch) that continues the first planning phase. Mid-term planning is based on the following assumptions in the model:

- Derivation of potential sales revenue based on comparison data of approved oncological drugs
- Sustainable positive cash flows through potential licensing income from 2026
- Maximum exploitation period for licence income extended until 2038 through patents granted and new patent applications
- Discounts for the success rates of individual clinical phases according to the scientific literature

All told, the Company expects sustainable positive cash flow starting with the market phase in 2026. In the preceding phase, the model projects cumulative discounted cash flows (adjusted for tax effects) of -€ -16.5 million. During the phase after 2026, the model projects cumulative discounted cash flows (adjusted for tax effects) of € 32.2 million.

The carrying amount of the cash generating unit analysed was € 10,920 k as of the reporting date (previous year: € 10,495 k), which corresponds to the sum total of assets of Heidelberg Pharma. Allowing for the risks and opportunities arising from the business activities, the discount factor used for the impairment test was 12.3% (previous year: 13.6%) before taxes and 11.1% (previous year: 11.6%) after taxes.

The impairment test showed that there was no need to recognise impairment losses on goodwill or the IP R&D technology as of 30 November 2015. At a discount factor of 13.3% (after tax) (previous year: 15.4%) the carrying amount of the cash generating unit would equal the total present value calculated.

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

Indications necessitating impairment testing of goodwill and of the IP R&D technology in certain situations in accordance with IAS 36.12 (g) / IAS 36.14 (b) arose during the past financial year as a result of termination of the partnership by Roche in August 2015.

The calculation of fair value less cost of disposal is based on unobservable inputs (Level 3; see note 5.2). The cash flows included in the calculation are not influenced by internal transfer prices. There is an active market for the products and services of the cash-generating unit measured.

9 Property, plant and equipment

As of 30 November 2015 and 2014, property, plant and equipment comprised the following:

in € '000	Laboratory equipment (owned)	Laboratory equipment (leased)	Other office equipment	Total
2014 financial year				
Opening carrying amount	651	613	60	1,324
Additions	158	0	39	197
Disposals	(84)	0	(18)	(102)
Depreciation and impairment losses	(192)	(45)	(42)	(279)
Impairment losses	(86)	0	(1)	(87)
Net carrying amount as of 30.11.2014	448	568	37	1,053
As of 30.11.2014				
Cost	2,359	891	651	3,901
Accumulated depreciation and impairment	(1,911)	(323)	(614)	(2,848)
Net carrying amount as of 30.11.2014	448	568	37	1,053

in € '000	Laboratory equipment (owned)	Laboratory equipment (leased)	Other office equipment	Total
2015 financial year				
Opening carrying amount	448	568	37	1,053
Additions	149	0	50	199
Disposals	(42)	0	(2)	(44)
Reclassifications	568	(568)	0	0
Depreciation and impairment losses	(184)	0	(39)	(223)
Impairment losses	0	0	0	0
Net carrying amount as of 30.11.2015	939	0	46	985
As of 30.11.2015				
Cost	3,034	0	699	3,733
Accumulated depreciation and impairment	(2,095)	0	(653)	(2,748)
Net carrying amount as of 30.11.2015	939	0	46	985

Unless allocable to cost of sales, the full amount of depreciation and impairment losses totalling € 223 k (previous year: € 366 k) was recognised in profit or loss as research and development costs and as general and administrative expenses. The lower figure is due to the fact that impairment losses on property, plant and equipment of WILEX AG in the amount of € 87 k were recognised in the previous year in connection with the restructuring measures, which wasn't the case in the financial year ended. Depreciation of property, plant, and equipment amounted to € 223 k (previous year: € 279 k).

Items of property, plant and equipment sold during the year are classified as disposals (€ 44 k). The profit from disposals of property, plant and equipment totalled € 52 k (previous year: loss of € 29 k). The disposals during the past financial year (€ 102 k) also relate to disposals of property, plant and equipment. Formerly leased laboratory equipment (€ 568 k) was reclassified as the Company's own laboratory equipment.

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 present value and amortised over their estimated useful life on a straight-line basis.

No property, plant or equipment was pledged as collateral for liabilities. There are no contractual obligations for the acquisition of property, plant and equipment.

10 Intangible assets

As of 30 November 2015 and 2014, intangible assets comprised the following:

in € '000	Software	Licences	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2014 financial year							
Opening carrying amount	115	1	311	152	2,493	6,111	9,182
Additions	0	0	0	0	0	0	0
Amortisation and impairment losses	(82)	0	(16)	25	0	0	(124)
Net carrying amount as of 30.11.2014	33	1	295	127	2,493	6,111	9,059
As of 30.11.2014							
Cost	705	1,796	1,515	320	2,493	6,111	12,939
Accumulated amortisation and impairment losses	(672)	(1,795)	(1,220)	(193)	0	0	(3,879)
Net carrying amount as of 30.11.2014	33	1	295	127	2,493	6,111	9,059

in € '000	Software	Licences	Patents	Other intangible assets	Intangible assets not yet ready for use	Goodwill	Total
2015 financial year							
Opening carrying amount	33	1	295	127	2,493	6,111	9,059
Additions	0	0	8	0	0	0	8
Amortisation and impairment losses	(22)	0	(16)	(24)	0	0	(62)
Net carrying amount as of 30.11.2015	12	1	286	102	2,493	6,111	9,005
As of 30.11.2015							
Cost	705	1,796	1,523	320	2,493	6,111	12,947
Accumulated amortisation and impairment losses	(693)	(1,795)	(1,236)	(217)	0	0	(3,942)
Net carrying amount as of 30.11.2015	12	1	286	102	2,493	6,111	9,005

Unless allocable to cost of sales, € 62 k (previous year: € 124 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 decrease is due to the higher impairment losses recognised in the previous year in connection with software. No additions were recorded for the financial year just ended. Furthermore, the acquired customer base identified as an intangible asset in connection with a purchase price allocation was amortised (€ 22 k). In addition, an impairment loss was recognised for the acquired customer base (€ 29 k) as the result of the loss of a customer. No other impairment losses were recognised.

As a rule, software and patents and licences as part of intangible assets have a finite useful life.

There were no currency effects from the translation of foreign currencies into the reporting currency for any group of intangible assets. No intangible assets were pledged as collateral for liabilities. Contractual obligations for the acquisition of intangible assets do not exist.

10.1 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 8).

10.2 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 2015 during the impairment test carried out in January 2016. WILEX has not found any indication of impairment of this intangible asset.

10.3 Other intangible assets

Other intangible assets comprise a customer base (service business) acquired in the course of the business combination with Heidelberg Pharma in financial year 2011. In addition to amortisation, an impairment loss had to be recognised due to the loss of a customer.

10.4 Patents and licences

On account of the introduction of the restructuring programme in early 2014 and the realignment of the Company, the value of the previously recognised patents licences of the

parent company WILEX AG was no longer recoverable. Although the Company still aims to market its existing antibody projects, in line with a defensive approach it was nevertheless imperative in the 2014 financial year to reduce the carrying amounts of patents and licences. As a result, all previously capitalised patents and licences were written down in full. There was no need to write down the patents and licences of Heidelberg Pharma in the financial year.

10.5 Software

Software includes various capitalised office and laboratory software items written down over their useful lives.

11 Financial assets

In the past, the financial assets item included a loan receivable from Nuclea from the sale of WILEX Inc. (previous year: € 1,777 k). This receivable was written off in full due to prolonged payment difficulties.

12 Other non-current assets

The other non-current assets (2015: € 65 k; previous year: € 230 k) mainly comprise rent security in the amount of € 10 k (previous year: € 148 k) and security for leased equipment in the amount of € 19 k (previous year: € 9 k) – all of which is deposited in bank accounts. This item also includes other receivables from Heidelberg Pharma GmbH's business totalling € 36 k. In the previous year, this item included non-financial receivables from Nuclea of € 61 k and receivables from sub-letting space in the amount of € 12 k.

13 Inventories

The inventories (2015: € 279 k; previous year: € 190 k) concern work in progress within the meaning of a service (IAS 2.19) in Heidelberg Pharma's service and contract research segments. After a write-off in full in financial year 2013, the parent company WILEX AG no longer reports any inventories. The inventories recognised as an expense in the cost of sales (expenses for raw materials, consumables and supplies, and purchased goods and services) amounted to € 509 k in the financial year (previous year: € 599 k).

No inventories were pledged as collateral for liabilities.

14 Prepayments made

Prepayments are comprised as follows:

	30.11.2015 in € '000	**30.11.2014** € '000
Insurance	11	30
Prepayments to service providers	11	44
Prepayments made	**22**	**74**

Prepayments to service providers include, in particular, payments to business partners for cell culture storage, databases and IT.

15 Trade and other receivables

The business activities of Heidelberg Pharma generated € 367 k in trade receivables from a variety of sources (previous year: € 177 k).

	30.11.2015 in € ‘000	30.11.2014 in € ‘000
Trade receivables	367	177

The aging structure of trade receivables as of the reporting date was as follows:

	30.11.2015 in € ‘000	30.11.2014 in € ‘000
0 – 30 days	329	70
30 – 90 days	38	107
More than 90 days	0	0
Total	**367**	**177**

Since no trade receivables are due for more than 90 days after the invoice date, no trade receivables are recognised as past due as of the reporting date.

Other receivables are comprised as follows:

	30.11.2015 in € ‘000	30.11.2014 in € ‘000
VAT claim	94	177
Refund on withholding tax on capital gains	1	19
Other receivables	0	71
Other assets	0	5
Other receivables	**95**	**272**

Since the Company has incurred only operating losses, the withholding tax on capital gains is refunded.

16 Cash and cash equivalents

	30.11.2015 in € ‘000	30.11.2014 in € ‘000
Cash and cash equivalents	1.306	2.197
Total	**1.306**	**2.197**

Cash and cash equivalents, which exclusively consist of bank balances, were down on the prior-year figure due to expenses and, to a smaller extent, to outflows of liquid funds not recognised as an expense.

17 Equity

As of 30 November 2015, after the rights issue carried out during the year, the share capital consisted of 9,305,608 (30 November 2014: 7,818,876) no par value bearer shares with a notional value of € 1.00 per share. By the end of the subscription period on 7 April 2015 the shareholders of WILEX AG exercised their subscription and additional subscription rights for all 1,486,732 new no par value bearer shares at a subscription price of € 2.80 per share. The

gross issuing proceeds totalled € 4,162,850 million, while the cost of raising the capital amounted to € 53,283. The capital increase was recorded in the Company's Commercial Register on 10 April 2015.

The arithmetical nominal amount and any premium on the issue of shares are reported under "subscribed capital" and "capital reserves" respectively. For the most part, the capital reserve includes the premiums exceeding the par value from the issue of new shares from capital increases as well as staff costs in connection with stock options granted, and the effect from the shareholder waiver of loan repayment in 2014.

The following shares have been issued or consolidated 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**
03.07.2014	03.07.2014	(3)	(3)
09.07.2014	09.07.2014	(23,456,628)	(23,456,628)
On 30.11.2014		**7.818.876**	**7.818.876**
07.04.2015	10.04.2015	1.486.732	1.486.732
On 30.11.2015		**9.305.608**	**9.305.608**

* 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 reserves is adjusted every quarter in line with the additional expenses resulting from the share-based model. A total of € 46 k (previous year: € 27 k) was recognised in this context in the period under review (see note 25).

Furthermore, the waiver of repayment of the shareholder loan which came about due to discontinuation in 2014 of the partnership with UCB S.A., Brussels, Belgium (€ 2.5 million) resulting from the September 2014 contractual arrangement, including the interest accrued up to that point (€ 100 k), must be recognised as an addition to the capital reserves.

As of the reporting date of 30 November 2015, the capital reserves amounted to € 188,034 k (previous year: € 185,365 k). The accumulated losses since the start of the Company's

business activities in 1997 totalled € 187,859 k as of the end of the financial year (previous year: € 181,308 k).

After the reporting date, equity changed as a result of the capital increases (see note 34.1).

18 Pension obligations

WILEX has one defined benefit pension commitment, but otherwise maintains only defined contribution pension plans. With the exception of the defined benefit pension commitment, all other benefit obligations as part of defined contribution plans are covered by matching reinsurance (in terms of their amounts and maturity). The Company also has a reinsurance policy for the defined benefit commitment, which does not have matching coverage.

In 1998, WILEX AG granted a defined benefit pension commitment to Professor Olaf G. Wilhelm, the Managing Director at the time and chairman of the Executive Management Board until 31 March 2014, as part of a deferred benefit. The commitment guarantees a one-time endowment payment of € 47 k to the former employee who left the Company in 2014 at the end of his 60th year of life on 1 May 2019, or a disability benefit in the event of disability prior to that date in the amount of 85% of the endowment value, or an equivalent benefit to survivors in the case of death. The plan is therefore not based on the employee's final salary, although in the event of unfavourable capital market developments, a coverage gap could occur between the future one-time payment promised to the beneficiary and the existing plan assets. The amount of the obligation was calculated using the PUC method, and measurement was based on the Heubeck RT2005G actuarial tables. The interest rate used in the calculation was 3.95%. As at 30 November 2015, the pension obligation amounted to € 34 k (previous year: € 28 k). The present value of the pension obligation as of 30 November 2015 amounted to € 34 k (previous year: € 28 k). The Company holds a reinsurance policy that serves as plan assets and cover for the plan. The policy was funded with a one-time payment of € 15 k on 31 January 2000. The plan assets as the present value of the actuarial reserve of the reinsurance policy was valued at € 29 k as of 30 November 2015 (previous year: € 28 k). The net liability resulting from the defined benefit pension plan is therefore € 5 k (previous year: € 0 k), which is reported under pension obligations. The current service cost amounted to € 0 k in 2015 (previous year: € 0 k). In the financial year under review the interest income was € 1 k (previous year: € 1 k) and the interest expense was € 6 k (previous year: € 1 k). The net interest expense therefore amounted to € 5 k in 2015 (previous year: € 0 k). No payouts have been made to date.

A total of € 13 k was paid into Heidelberg Pharma's defined contribution pension plan in the reporting period (previous year: € 3 k) and included in the staff costs for the financial year. There is also a pension commitment in respect of a now retired employee and in respect of Dr Jan Schmidt-Brand, in relation to which reinsurance was arranged for the respective commitment amounts.

19 Other non-current liabilities

As at the 2015 reporting date, neither non-current lease liabilities nor any other non-current liabilities were reported.

In the previous year other non-current liabilities comprised a minimal amount for an anniversary payment which has since been reclassified as current.

	30.11.2015 in € '000	**30.11.2014** in € '000
Obligations from anniversary payments	0	3
Other non-current liabilities	**0**	**3**

20 Liabilities and provisions

Current **trade payables** increased slightly from € 277 k in the 2014 financial year to € 279 k in the financial year under review, and were mainly incurred for services and consulting provided.

A **current lease liability** of € 77 k was recognised in connection with several leases in the 2014 financial year. At the end of the 2015 financial year, there were no longer any significant current lease liabilities.

In the 2015 financial year, **provisions** for staff costs and potential litigation in connection with the lay-offs during restructuring were recognised in the amount of € 60 k.

Due to the premature termination of the existing lease as of 30 September 2015, the provisions recognised in the context of restructuring as of 30 November 2015 no longer include any liabilities for future expenses arising from an onerous lease for empty space. Provisions are still recognised in the amount of € 60 k for expenses relating to workforce redundancies and the results of actions against wrongful dismissal. In the previous year, the total provisions for both of these circumstances still amounted to € 731 k, which was largely reversed to profit or loss during the financial year under review.

€ '000	Onerous lease	Redundancies	Legal consulting for actions against wrongful dismissal	Total
As of 30 November 2014	**603**	**30**	**98**	**731**
Addition	14	20	0	34
Utilisation	(125)	(7)	(57)	(189)
Reversal	(492)	(23)	0	(515)
As of 30 November 2015	**0**	**20**	**41**	**60**

In addition, a provision was recognised in the event the Company were held liable for a rent guarantee furnished to the landlord of Nuclea (legal successor to WILEX Inc.) for its rent liabilities in the amount of € 408 k. Due to Nuclea's prolonged difficulties with rent payment, the landlord asserted claims against WILEX AG arising from the rent guarantee.

Provisions are by definition associated with uncertainty in terms of their amount and timing.

Other current liabilities are comprised as follows:

	30.11.2015 in € '000	30.11.2014 in € '000
Obligation for holidays not taken	138	112
Other deferred income	197	300
Social security and other taxes	138	175
Accrued liabilities	1.395	1.480
Other current liabilities	**1.869**	**2.066**

The **accrued liabilities** are composed as follows:

	30.11.2015 in € '000	30.11.2014 in € '000
Employee bonuses and profit-sharing bonuses	372	800
Costs for preparing the financial statements	120	107
Service anniversary payments	3	0
Deliveries/services	900	573
Total	**1.395**	**1.480**

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 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. The year-on-year increase is the result of deferred income at Heidelberg Pharma.

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 decrease is attributable to the fact that the Supervisory Board has resolved that bonuses not contractually guaranteed to the members of the Executive Management Board for 2012 and 2013 will not be paid. Correspondingly, the provisions for Executive Management Board bonuses for 2012 and 2013 totalling € 435 k were reversed.

As in the previous year, the other current liabilities have a remaining life of less than one year.

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 30.11.2015		Measurement as of 30.11.2014	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	Loans and Receivables	0	0	1.777	1.777
Trade receivables	Loans and Receivables	367	367	177	177
Cash and cash equivalents	Loans and Receivables	1.306	1.306	2.197	2.197
Trade payables	Financial Liabilities Amortised Cost	(279)	(279)	(277)	(277)
Lease liabilities (current)	Financial Liabilities Amortised Cost	0	0	(77)	(77)
Total		**1.394**	**1.394**	**3.797**	**3.797**
Aggregation by measurement criteria	Loans and Receivables	1.673	1.673	4.151	4.151
	Financial Liabilities Amortised Cost	(279)	(279)	(354)	(354)

Financial assets in the previous financial year comprised a loan receivable and the resulting interest receivables from Nuclea arising from the sale of WILEX Inc., which were expected to be paid by the start of 2022. On account of uncertainty regarding prolonged payment difficulties by the borrower Nuclea, the interest receivable and the loan receivable in respect of Nuclea were written off in full (see note 11).

Trade receivables all have remaining maturities of less than one year. Default risks affecting assets have only been identified for the receivables from Nuclea for which a risk provision in the full amount of the receivables was recognised.

Most of the 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 lease liabilities are measured based on a payment plan.

The carrying amounts of other assets and liabilities such as cash and cash equivalents as well as trade payables corresponded to their fair values on account of their current nature.

With the exception of the write-off of the full amount of the receivable from Nuclea (€ 2.0 million), no expense or income was incurred for loans or receivables, or for financial liabilities carried at amortised cost. No expensed interest resulting from financial liabilities was reported in the 2015 financial year (previous year: € 100 k).

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.

in € '000	**Measured at amortised cost**		**Measured at fair value**	**Not within the scope of IFRS 7**	**Balance sheet item as of 30.11.2015**
	Carrying amount	**Fair value**			
Assets					
Trade receivables	367	367	0	0	367
Cash and cash equivalents	1,306	1,306	0	0	1,306
All other recognised assets	0	0	0	10,424	10,424
Total assets	***1,673***	***1,673***	***0***	***10,424***	***12,097***
Equity and liabilities					
Trade payables	(279)	(279)	0	0	(279)
Equity and all other recognised liabilities	0	0	0	(11,818)	(11,818)
Total equity and liabilities	***(279)***	***(279)***	***0***	***(11,818)***	***12,097)***

The following figures apply to the previous year:

in € '000	Measured at amortised cost		Measured at fair value	Not within the scope of IFRS 7	Balance sheet item as of 30.11.2014
	Carrying amount	Fair value			
Assets					
Financial assets	1,777	1,777	0	0	1,777
Trade receivables	177	177	0	0	177
Cash and cash equivalents	2,197	2,197	0	0	2,197
All other recognised assets	0	0	0	10,879	10,879
Total assets	***4,151***	***4,151***	***0***	***10,879***	***15,030***
Equity and liabilities					
Trade payables	(277)	(277)	0	0	(277)
Lease liabilities (current)	(77)	(77)	0	0	(77)
Equity and all other recognised liabilities	0	0	0	(14,676)	(14,676)
Total equity and liabilities	***(354)***	***(354)***	***0***	***(14,676)***	***(15,030)***

Fair value hierarchy levels

In accordance with IFRS 13.76 ff., WILEX uses hierarchy levels to determine and disclose the fair value of financial instruments (see note 5.2).

As of the balance sheet date, the Company held no underlying financial instruments measured at fair value.

In 2015 and 2014, there were no reclassifications of items between fair value hierarchy levels.

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, financial assets 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. 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 2015 reporting date or immediately preceding it. No material trade receivables were past due as of the reporting date (see note 15). 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 2015 foreign currency risks concerning trade receivables were € 6.3 k in USD, € 0.4 k in GBP and € 0.2 k in RUB.

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

	Increase in € '000	**Decrease** in € '000
Euro vs. British pound (GBP)	0,0	0,0
Euro vs. Russian rouble (RUB)	0,0	(0,0)
Euro vs. US dollar (USD)	0,6	(0,7)

A portion of WILEX's sales revenue was affected by the given USD/EUR foreign exchange rate in the past. Both the up-front payments and the milestone payments were one-off cash transactions that were translated at the reporting date exchange rate, and recognised as revenue or accrued. However, in the 2015 financial year no revenue was generated in USD (previous year: € 907 k). Accordingly, an increase by 10% in the average exchange rate applied (i.e. the USD appreciates vis-à-vis the euro) would have had as little effect on sales revenue as a decrease in the average exchange rate by 10% (i.e. the USD depreciates vis-à-vis the euro). In the previous year revenue would have been affected by the aforementioned exchange rate changes in the amount of € 82 k (positively) and € 101 k (negatively).

The resulting cash and cash equivalents in USD are therefore 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 2015 reporting date were € 49 k (30 November 2014: € 48 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 trade payables must be classified as current. As a rule, trade payables are due within one month.

22 Sales revenue

Sales revenue in the financial year just ended totalled € 2,284 k (previous year: € 3,597).

	2015 in € '000	2014 in € '000
Sales revenue from the provision of services	1.909	1.744
Sales revenue from royalties	375	1.853
Sales revenue	**2.284**	**3.597**

All sales revenue from the provision of services was generated by Heidelberg Pharma. Of that amount, the service business accounted for € 1.0 million (previous year: € 0.7 million) and the ADC technology accounted for € 0.9 million (previous year: € 1.0 million).

Sales revenue from royalties stems from a milestone-based payment made by Link Health Co., Guangzhou, China, (Link Health) for the out-licensing of MESUPRON®.

23 Other income

Other income comprises the following items:

	2015 in € '000	2014 in € '000
Other grants	328	274
Income from exchange rate differences	27	29
Income from subletting	251	57
Income from sales of fixed assets	52	0
Reversal of accrued liabilities / other	980	1.053
Other income	**1.638**	**1.413**

The Federal Ministry of Education and Research (BMBF) has been promoting the Rhine-Neckar region – a biotech hub – as a top cluster for "Cell-based & Molecular Medicine in the Rhine-Neckar Metropolitan Area". The income item "Other grants" stems from these public funds totalling € 328 k (see note 3.21.4).

Income from exchange rate differences – especially from the EUR/USD translation – was also generated in the 2015 financial year (€ 27 k).

Moreover, considerable income of € 251 k was generated from sub-letting at the Munich site.

In addition to other items of 93 k, other income includes € 887 k (previous year: € 488 k) from a reversal through profit and loss of accrued liabilities and provisions, as well as income from the sale of furniture and fixtures (€ 52 k).

The income from a reversal of accrued liabilities and provisions is the result of the reversal through profit and loss of the following obligations:

- Vacant rental premises € 356 k
- Employees' actions against wrongful dismissal: € 53 k
- Executive Management Board bonuses for 2012 and 2013: € 435 k
- Other: € 43 k

24 Types of expenses

The statement of comprehensive income breaks down operating expenses into the following categories:

- Production
- Research and development
- Administration
- Other

Operating expenses including depreciation, amortisation and impairment losses fell by around 1.4% to € 10,438 k in 2015 (previous year: € 10,586 k). The discontinuation of clinical research activities at WILEX AG and savings in the wake of the restructuring efforts, which have now been fully implemented, were offset almost entirely by the impairment loss on the loan receivable from Nuclea.

Operating expenses	**2015** **in € '000**	**2014** **€ '000**
Cost of sales	1,140	1,355
Research and development costs	4,445	5,572
Administrative costs	4,512	3,177
Other expenses	341	482
Total	**10,438**	**10,586**

Costs of sales concern costs of the respective development candidates and services directly related to revenue. At € 1,140 k, the costs of sales were 16% lower than in the previous year (€ 1,355 k) and represent 11% of total costs.

Research and development (R&D) costs, which were € 5,572 k the previous year, fell by 20% to € 4,445 k. R&D costs account for 41% of all costs.

Administrative costs were € 4,512 k, up 42% on the prior-year level (€ 3,177 k), accounting for 45% of operating expenses. The increase is largely due to the write-off in full of the € 2.0 million loan receivable from Nuclea as the result of prolonged payment difficulties, and a provision recognised for this reason for a pending claim against the Company arising from a rent guarantee furnished to the landlord of Nuclea as the legal successor of the former subsidiary WILEX Inc. (€ 408 k).

Other expenses amounted to € 341 k (previous year: € 482 k), 29% lower than the prior-year figure and accounting for 3% of total costs.

The following expenses are recognised in the statement of comprehensive income:

	2015 in € '000	**2014** in € '000
Staff costs	3.853	4.696
Travel costs	122	175
Rental expenses	678	883
Laboratory and other internal costs	1.141	1.827
Research and development costs	966	1.210
Legal and consulting costs	849	841
Depreciation, amortisation and impairment losses	312	489
Other expenses	2.518	464
Total	**10.438**	**10.586**

Staff costs dropped year on year. The reason for this change was the higher average number of employees in the previous year (see note 25). There was a moderate decrease in rental expenses while income was generated from sub-letting the space at the Munich site (€ 251 k). Laboratory and other internal costs include expenses for inventories of € 89 k (previous year: € 90 k). External research and development costs comprise the cost of purchased services. They fell year-on-year due to the discontinuation of research and development work at WILEX AG.

Legal and consulting costs remained at the previous year's level due to the numerous efforts in connection with restructuring, funding, business development and sales. The expense item, legal and consulting costs, contains the cost of conventional legal representation as well as consulting costs related to business development and administration, 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 fell sharply in 2015 year-on-year due to a lower basis after the extensive impairment losses recognised in 2014 in connection with the gradual wind-up of clinical development activities at the Munich site.

Other expenses in the statement of comprehensive income by type of expense mainly comprise expenses relating to the impairment loss on the Nuclea loan (€ 1,645 k) and the possible rent guarantee (€ 408 k).

The expenses contained in the statement of comprehensive income include € 1,140 k in costs of sales (previous year: € 1,355 k).

25 Staff costs

Staff costs are comprised as follows:

	2015 in € '000	2014 in € '000
Wages and salaries	2.874	3.604
Social security	452	646
Bonuses	146	299
Expense from the granting of stock options	46	27
Other staff costs	336	120
Personalaufwand insgesamt	**3.853**	**4.696**

The wages and salaries item includes staff-related expenses for restructuring measures totalling € 20 k (previous year: € 30 k).Other staff costs mainly comprise expenses for training and continuing education, occupational safety and pensions.

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

* including the Executive Management Board

	2015	2014
Administration	14	18
Manufacturing, service and distribution	16	19
Research and development	21	34
Average number of employees*	**51**	**71**

Due to the restructuring measures initiated at the end of January 2014, the average headcount in the 2015 financial year was considerably lower than in the preceding year.

The granting of stock options in accordance with IFRS 2 “Share-based Payments” resulted in higher staff costs of € 46 in 2015 (previous year: € 27 k).

The capital reduction in a ratio of 4:1 in financial year 2014 should be noted in the context of the stock option plans described below (see note 17). As a result, now only four options entitle the holder to acquire one share, instead of one option to acquire one share prior to the capital reduction (in accordance with the terms of exercise of the option plan). At the same time, after the capital reduction in a ratio of 4:1, the exercise prices have quadrupled from those prior to the corporate action. Contingent capital (the maximum issuing volume) is not affected by the capital reduction and is therefore unchanged by this action.

The following is a breakdown of stock option plan measurement in the reporting year:

2005 Stock Option Plan (2005 SOP)

	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	30.04.2006	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	25.200	152.000	59.994
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	0
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	25.200	152.000	59.994
Options exercisable as of 30.11.2015	318.388	167.343	85.078	3.040	148.635	25.200	152.000	59.994
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. All outstanding options issued under the Stock Option Plan 2005 are now theoretically available for exercise because the waiting period has expired and the options have vested.

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	Risk-free interest rate	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	30.04.2006	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	30.11.2015	30.11.2014
Tranche 1	30.12.2005	0,08	1,08
Tranche 2	31.01.2006	0,17	1,17
Tranche 3	28.02.2006	0,24	1,24
Tranche 4	30.04.2006	0,41	1,41
Tranche 5	30.09.2006	0,83	1,83
Tranche 6	30.09.2007	1,83	2,83
Tranche 7	31.10.2007	1,92	2,92
Tranche 8	30.09.2010	4,83	5,83

WILEX no longer incurred any costs in 2015 under the 2005 Stock Option Plan:

	2015 € '000	2014 € '000
Expenses for the period from 2005 stock option plan	0	4

Taking into account the capital reduction described above, now four of these stock options entitle the holder to the acquisition of one new share in return for payment of the exercise price. After the rights issue in April 2015 in which new shares were offered at a subscription price of € 2.80, the exercise price was a uniform € 11.20 as of the balance sheet date (and thus also on average). The new reference price is therefore € 11.20 + 10% x € 11.20 = € 12.32.

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.

Due to the ten-year term of the options running from issuance to expiration without replacement if they fail to be exercised, it should be noted that because of time limitations on the exercise window, 570,809 stock options (447,950 for current or former Executive Management Board members and 122,859 for current or former employees) will expire during the period following the reporting date of 30 November up to publication of these consolidated financial statements.

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.

Taking into account the previous year's capital reduction at a ratio of 4:1 described above, now four stock options entitle the holder to the acquisition of one no par value bearer share of WILEX AG in return for payment of the exercise price of € 3.53. As a result, the conversion price for one share is € 3.53 x 4 = € 14.12. The reference price is € 3.53 + 20% x € 3.53 = € 4.24.

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 exercise 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 remuneration (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).

In view of the terms of exercise under the option plan, the April 2015 rights issue has no effect on the exercise price or the option ratio because the share capital increase granted direct subscription rights to shareholders. No stock options were issued to or returned by members of the Executive Management Board in the past financial year.

The stock options granted under the 2011 SOP developed as follows in the financial year just ended:

	Tranche 1
Grant date	30.03.2012
Options outstanding at the beginning of the reporting period	185.610
Options granted during the reporting period	0
Options forfeited (returned) during the reporting period	2.400
Options exercised during the reporting period	0
Options expired during the reporting period	0
Options outstanding at the end of the reporting period	183.210
Options exercisable as of 30.11.2015	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 2015 under the 2011 Stock Option Plan:

	2015 € '000	2014 € '000
Expenses for the period from 2011 stock option plan	46	23

Measurement is based on the following parameters:

	Tranche 1
Measurement date	30.03.2012
Exercise price (uniform and therefore also average)	€ 3.53
Price of the WILEX share as of the measurement date (before 1:4 capital reduction)	€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.

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.

WILEX issued a total of 1,431,931 subscription rights to employees and members of the Executive Management Board under the 2005 and 2011 plans, of which 1,142,888 options (814,835 for current or former Executive Management Board members and 328,053 for current or former employees) were outstanding and of which 1,134,314 options had vested as of the end of the reporting period (810,585 for current or former Executive Management Board members and 323,729 for current or former employees). A total of 2,400 options were returned in the financial year ended because employees left the Company. No stock options have been exercised to date.

26 Net currency gains/losses

WILEX posted a currency gain of € 27 k and a currency loss of € 2 k in the 2015 financial year, which resulted in a net currency gain of € 25 k (previous year: € 8 k).

27 Financial result

	2015 in € '000	**2014** € '000
Interest income from bank accounts/Other	3	87
Finance income	**3**	**87**
Interest expense from leasing and current liabilities to banks	0	(1)
Interest expense from shareholder loans and others	(1)	(117)
Finance costs	**(1)**	**(118)**
Financial result	**3**	**(31)**

The year-on-year improvement of the financial result is due to the fact that finance costs in the previous year still included interest expense for the shareholder loan granted by UCB. These no longer applied in financial year 2015 because of the waiver of the loan in 2014.

28 Income taxes

Due to operating losses in the reporting periods, no significant income tax was payable in the financial year ended, with the exception of € 38 k in foreign withholding tax. Neither expenses nor income from deferred taxes were included in tax expenses in 2014 and 2015.

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 IFRSs. Reconciliation of the differences is shown in the following table.

	2015 in € '000	2014 in € '000
Earnings before tax	(6.514)	(5.608)
Tax rate	32,98%	32,98%
Expected tax income	**2.148**	**1.849**
Deferred taxes on losses for the period not qualifying for recognition	(2.092)	(1.603)
Change in non-recognised temporary differences	126	(55)
Non-deductible operating expenses / Other	(144)	(99)
Reported tax expense	38	93

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

	2015 € '000	2014 € '000
Deferred tax assets		
Intangible assets	5	0
Other current assets	0	21
Other non-current assets	641	332
Different carrying amount of the equity investment	109	109
Recognised tax loss carryforwards	706	847
Other provisions	0	3
	1,462	**1,313**
Deferred tax liabilities		
Intangible assets	731	748
Property, plant and equipment	16	136
Other non-current assets	369	207
Other liabilities / provisions	312	204
Other	34	18
	1,462	**1,313**
Deferred income taxes, net	**0**	**0**

As in the previous year, € 109 k of the deferred tax assets resulted from outside basis differences in respect of different measurements of the equity investment.

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. Deferred tax assets on loss carryforwards are recognised only in an amount that corresponds to the amount in which deferred tax liabilities offset such deferred tax assets.

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

	2015 € '000	2014 € '000
Loss carryforwards		
for corporation tax	225,431	216,569
for trade tax	222,454	213,742
Deductible temporary differences	**0**	**0**
Loss carryforwards used or offset	**2,526**	**2,860**

The tax loss carryforwards shown are mainly attributable to WILEX AG (corporation tax loss carryforward of € 173,522 k; municipal trade tax loss carryforward of € 170,544 k) and may be carried forward indefinitely. Other tax loss carryforwards concern the subsidiary Heidelberg Pharma. Heidelberg Pharma has € 51,909 k in losses carried forward for corporation tax and municipal trade tax purposes. Deferred tax assets (amounting to € 706 k) were recognised in the financial year just ended for € 2,526 k in tax loss carryforwards and offset against correspondingly high deferred tax liabilities.

Note the following in regards to the tax loss carryforwards 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.

In the past financial year, the Company was subject to its first tax audit for the period from 2008 to 2010. As a result, a final determination was made that the loss carryforwards accrued by 31 December 2010 amounted to € 149.8 million (corporation tax) and € 147.3 million (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 carryforwards 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 after 2010 and the changed identity of the Company as a result of the restructuring measures might possibly have led to the pro-rated elimination of the tax loss carryforwards.

In 2011, WILEX AG acquired 100% of the shares in Heidelberg Pharma, as a result of which the tax loss carryforwards of € 40,286 k accumulated by Heidelberg Pharma up to the acquisition date are at risk. The only thing that is not in doubt is that the tax loss carryforwards 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.

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 carryforwards taken over. As of 30 November 2015, € 731 thousand (previous year: € 745 thousand) in deferred tax liabilities were determined; the Company continues to make use of the option to offset them against deferred tax assets 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.

	2015	2014
Net loss for the year attributable to equity providers (in € '000)	**(6,552)**	**(5,701)**
Corporate actions during the financial year		
Number of issued shares at the beginning of the financial year (in thousand)	**7,819**	**31,276**
Number of shares newly issued during the financial year (in thousand)	1,487	0
Number of shares consolidated during the financial year (in thousand)	0	23,457
Number of issued shares at the end of the financial year (in thousand)	**9,306**	**7,819**
Average number of shares issued during the financial year (in thousand)	8,776	7,819
Basic earnings per share based on issued shares (in € per share)	**(0.75)**	**(0.73)**
Corporate actions after the 2015 financial year		
Number of issued shares at the end of the financial year (in thousand)	**9,306**	**7,819**
Number of shares newly issued after the financial year (in thousand)	1,374	0
Number of shares consolidated after the financial year (in thousand)	0	0
Number of issued shares used for calculating earnings per share (in thousand)	**10,679**	**7,819**
Average number of shares issued during the financial year (in thousand)	10,679	7,819
Basic earnings per share based on issued shares (in € per share)	**(0.61)**	**(0.73)**

In principle, it should be noted that due to the capital reduction conducted during the 2014 financial year (see note 17), the number of shares used for this calculation was adjusted in accordance with IAS 33.64.

Basic earnings per share in 2015

As of the reporting date, 9,305,608 shares had been issued. After the reporting date but before approval is given for publication of these financial statements, 1,373,684 new no par value bearer shares were issued. As a result the divisor used in this calculation is the new average number of shares, i.e. 10,679,292. The basic earnings per share in 2015 thus amount to -€ 0.61. Where reference is made to the average shares outstanding as of the 2015 reporting date, the basic earnings per share as of 30 November 2015 amount to -€ 0.75 (based on 9,305,608 shares).

Basic earnings per share in 2014

The basic earnings per share for 2014 (-€ 0.73) are calculated using a uniform divisor of 7,818,876 shares. This figure was determined by consolidating the average number of shares by a ratio of 4:1 and thus reducing the number of outstanding no par value shares by 23,456,628 to 7,818,876 shares. Prior to this, the Company's share capital had been reduced by three shares from 31,275,507 to 31,275,504 to obtain an even reduction ratio for the ordinary capital reduction. Where reference is made to the average shares outstanding as of the 2014 reporting date, the basic earnings per share as of 30 November 2014 also amount to -€ 0.73 (based on 7,818,876 shares).

29.2 Diluted

The basic and diluted earnings per share of WILEX are calculated based on the same number of shares in accordance with IAS 33.47 because the average market price of WILEX shares during the entire period fell below the exercise price of the stock options.

30 Leases, guarantees and obligations

A total of € 19 k in security deposits were made available for finance and operating leases as of the reporting date (previous year: € 9 k), € 9 k of which were repaid in December 2015 due to the expiration of the finance leases. In the past financial year, there was one new operating lease acquisition for which a security deposit of € 10 k was paid.

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. All finance leases have now expired and have been reclassified as property, plant and equipment (see note 9).

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, all finance leases offered an option to purchase the leased equipment once the given lease expired. This option was exercised in each case and the relevant asset purchased.

The net carrying amount of all assets acquired under finance leases as of the reporting date was € 0 k due to the expiration of all such leases (previous year: € 99 k).

WILEX will therefore no longer incur any minimum obligations under finance leases in future reporting periods.

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
30.11.2015	0	0	0	**0**
30.11.2014	77	0	0	**77**
Discounting effect				
30.11.2015	0	0	0	**0**
30.11.2014	0	0	0	**0**
Present value of minimum lease payments				
30.11.2015	0	0	0	**0**
30.11.2014	77	0	0	**77**

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 2018. All of the parent company's office premises used at present are rented under leases expiring at the end of December 2016. The leases can be terminated by giving six months notice as of the end of a month. 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**
2015	555
2014	689

The decrease in expenses is due to the change in WILEX AG's rental situation. The Company was able to terminate the original lease for the office and laboratory space in Munich as of 30 September 2015 with the subsequent lessee assuming all of the lease obligations. From 1 October 2015 onwards, WILEX has rented the – much smaller – offices needed in Munich under a sublease.

WILEX has pledged bank accounts with a balance of € 10 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 30.11.2015	**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	77	7	0	84
Obligations under operating leases (laboratory and other office equipment, vehicles)	17	26	0	43
	94	**33**	**0**	**127**

Below are previous year's figures:

Obligations as of 30.11.2014	**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	653	688	0	1.340
Obligations under operating leases (laboratory and other office equipment, vehicles)	15	4	0	20
	668	**692**	**0**	**1.360**

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.

As of the 2015 reporting date, the Company has a contingent liability in the context of the 2013 sale of former subsidiary WILEX Inc. to Nuclea. The leasing of premises by the former subsidiary WILEX Inc. was originally based on a sub-lease between Siemens Corporation, New Jersey, USA, as landlord and WILEX Inc. as sub-letter. As part of the acquisition of

Oncogene Science (later: WILEX Inc.), WILEX AG assumed a rental payment guarantee and a guarantee for payment of damages in case of default in respect of the landlord in 2010. After the sale of the entity and as a result of the merger of WILEX Inc. into Nuclea Biotechnologies Inc. (Nuclea) on 6 November 2013, Nuclea entered into the agreement as tenant. The monthly rent amounts to USD 56 k, or USD 673 k per year. The sub-lease was signed in 2010 for an initial period ending on 31 January 2016. The guarantee furnished by WILEX AG for WILEX Inc. in respect of the landlord remained in effect even after the merger of WILEX Inc. with Nuclea. On the basis of a separate agreement between Nuclea and Siemens Corporation, the lease was extended to 27 February 2019 without the involvement of WILEX AG. Currently, the tenant's rent payments are in arrears for a prolonged period up to 31 January 2016. In accordance with the principle of prudence, WILEX AG has recognised a provision for the liability from the rent guarantee in the amount of € 408 k. In addition, there is a possibility in the future that the agreement could result in WILEX AG being held liable in respect of the landlord for damages due to the default of the current tenant Nuclea and for rent in arrears from the period after 31 January 2016. Currently, the Company believes that Nuclea will fulfil its obligations in respect of the landlord arising from the lease in the period after 31 January 2016 and that the landlord does not have grounds to assert legal claims against WILEX AG for damages due to default.

Another contingent liability existed until the end of the 2014 comparative period in that WILEX might have had the obligation under the lease at that time to return the laboratory equipment at the Munich site to its original condition if the lessor had so desired at the end of the lease. However, during the financial year WILEX was able to terminate the lease for the office and laboratory space in Munich as of 30 September 2015 with the subsequent lessee assuming all of the lease obligations, including the obligation to return the laboratory equipment to its original condition, which will result in considerable savings. From 1 October 2015 onwards, WILEX has rented the – much smaller – offices needed in Munich under a sublease.

In the past financial year, WILEX entered into agreements to sub-let office and laboratory space left unused due to workforce redundancies. This generated income of € 251 k (previous year: € 57 k). WILEX can also expect minimum payments of € 2 k from sub-leases already terminated as of the reporting date.

31 Corporate bodies and remuneration

31.1 Executive Management Board

The Executive Management Board members of WILEX AG in reporting period were:

Dr Jan Schmidt-Brand, Chief Financial Officer and Spokesman of the Executive Management Board

Dr Paul Bevan, Head of Research and Development

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 remuneration 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.

31.2 Supervisory Board

As of 30 November 2015, the Supervisory Board of WILEX AG, which was elected at the Annual General Meeting on 30 July 2015, comprised the following members:

- Professor Christof Hettich, Lawyer and partner at RITTERSHAUS Rechtsanwälte Partnerschaftsgesellschaft mbB, Mannheim/Frankfurt am Main/Munich; Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf; and Chairman of the Management Board of SRH Holding SdbR, Heidelberg (Chairman of the Supervisory Board of WILEX AG)
- Dr Georg F. Baur, Entrepreneur (Deputy Chairman of the Supervisory Board of WILEX AG)
- Dr Friedrich von Bohlen und Halbach, Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf
- Andreas R. Krebs, Managing Partner, CologneInvest GmbH, Cologne
- Dr Birgit Kudlek, Chief Operating Officer & Chief Development Officer AENOVA Holding GmbH, Starnberg
- Dr Mathias Hothum, Managing Director of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf (new member of the Supervisory Board of WILEX AG since 30 July 2015)

At the end of the Annual General Meeting on 30 July 2015 Professor Iris Löw-Friedrich (Chief Medical Officer and Executive Vice President Global Projects and Development, UCB S.A., Brussels, Belgium) stepped down from the Supervisory Board of WILEX AG.

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 remuneration 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.

In addition, 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; 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 i.L., 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 (currently inactive)
Companies of the Vetter Group:	Member of the Advisory Boards
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	
Molecular Health GmbH, Heidelberg	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
Hussel GmbH, Hagen	Chairman of the Advisory 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
AC Immune SA, Lausanne. Switzerland	Member of the Board of Directors
Cosmo S.p.A., Milan, Italy	Non-executive member of the Board of Directors
CureVac AG, Tübingen	Chairman of the Supervisory 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 GmbH, Heidelberg	Chairman of the Advisory Board
Novaliq GmbH, Heidelberg	Chairman of the Advisory Board
SYGNIS AG, Heidelberg	Member of the Supervisory Board
Wyss Translational Center, Zurich, Switzerland	Member of the Evaluation 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
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

In addition to being a member of the Supervisory Board of WILEX AG, Dr Mathias Hothum is also the Chairman or a member of the following bodies:

Company	Position
Apogenix GmbH, Heidelberg	Member of the Advisory Board
AC Immune SA, Lausanne, Switzerland	Member of the Board of Directors
CureVac AG, Tübingen	Member of the Supervisory Board
Cytonet GmbH & Co. KG, Weinheim	Member of the Advisory Board
Joimax GmbH, Heidelberg	Chairman of the Advisory Board
Novaliq GmbH, Heidelberg	Chairman of the Advisory Board

Dr Birgit Kudlek is neither the Chairwoman nor a member of other control bodies as defined by Section 125 (1) sentence 5 German Stock Corporation Act. Professor Iris Löw-Friedrich also was a member of the Supervisory Board of Evotec AG, Hamburg, while she was a member of the Supervisory Board of WILEX AG.

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 Remuneration of corporate bodies

A detailed description of the remuneration model and the information on remuneration of each Executive Management Board and Supervisory Board member are included in the remuneration 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 remuneration report is included in chapter 6, "Corporate governance", of the combined management report.

31.3.1 Executive Management Board

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.

The members of the Executive Management Board received total remuneration of € 504 k (previous year: € 724 k) in financial year 2015, € 355 k (previous year: € 476 k) of which was fixed remuneration, € 136 k (previous year: € 136 k) was variable remuneration and € 13 k (previous year: € 112 k) was paid in the form of other benefits or non-cash remuneration.

For information on the remuneration component of the stock options described below, please refer to the capital reduction in a 4:1 ratio that was implemented in the 2014 financial year. As a result, now only four options entitle the holder to acquire one share, instead of one

option to acquire one share prior to the capital reduction (in accordance with the terms of exercise of the option plan).

At the same time, following the 4:1 capital reduction, the exercise prices and reference prices quadrupled compared with the situation prior to the measure.

The serving Executive Management Board members (Dr Schmidt-Brand and Dr Bevan) received a total of 243,180 stock options as of 30 November 2015 (30 November 2014: 243,180) from this 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 € 529 k as of the end of the reporting period (previous year: € 529 k). The expenses for the current members of the Executive Management Board incurred in connection with the share-based remuneration in the financial year just ended totalled € 21 k (previous year: € 21 k). The comparison figures for the previous financial year refer to the previous Executive Management Board with four members.

31.3.2 Supervisory Board

In accordance with the Company's Articles of Association, the members of the Supervisory Board receive a fixed remuneration 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 remuneration, nor are they granted options or similar rights. Supervisory Board members are not entitled to a settlement if their membership ends.

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.

In the 2015 financial year, the members of the Supervisory Board were paid remuneration of € 196 k (previous year: € 215 k) without reimbursement of travel expenses.

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 2015, the Executive Management Board held 35,829 shares (representing 0.39% of the Company's share capital of 9,305,608 shares).

The Supervisory Board for its part held 41,885 shares directly and 3,448,721 shares indirectly (representing 0.45% and 37.06%, respectively, of the Company's share capital). Chapter 6.2.3, Shares held by the Supervisory Board and the Executive Management Board, of the combined management report contains a disclosure of the shareholdings of the individual Board members.

32.2 Directors' dealings

As a rule, reportable transactions are published on WILEX's website www.wilex.com under the tab "Press+Investors > Announcements > Directors' Dealings".

In the 2015 financial year, WILEX AG's executives reported the following transactions (directors' dealings) subject to disclosure in accordance with Section 15a German Securities Trading Act (Wertpapierhandelsgesetz).

Name	Date	Transaction	Market-place	Price in €	Number	Volume in €
Andreas R. Krebs (Supervisory Board)	07.04.2015	Purchase by way of subscription	OTC	2.80	2,380	6,664.00
Dr Jan Schmidt-Brand (Executive Management Board member)	07.04.2015	Purchase by way of subscription	OTC	2.80	5,732	16,049.60
dievini Hopp BioTech holding GmbH & Co. KG[1]	07.04.2015	Purchase by way of subscription	OTC	2.80	411,178	1,151,298.40
dievini Hopp BioTech holding GmbH & Co. KG[1]	09.04.2015	Purchase by way of subscription	OTC	2.80	543,455	1,521,674.00

[1] The Supervisory Board members Professor Christof Hettich and Dr Friedrich von Bohlen und Halbach have management responsibilities at dievini Hopp BioTech holding GmbH & Co. KG, which is a shareholder of WILEX AG.

32.3 Other transactions

- In 1998, WILEX granted a defined benefit pension commitment to Professor Olaf G. Wilhelm that promises the beneficiary a one-time payment of € 47 k upon reaching the age of 60. The defined benefit pension commitment is based on plan assets funded with a one-time payment of € 15 k into a reinsurance policy in 2000. WILEX assumes that no substantial future payments to the plan will be necessary. The beneficiary is expected to retire on 1 May 2019.

  Furthermore, Heidelberg Pharma granted Dr Jan Schmidt-Brand a defined contribution pension commitment in 2012 in his capacity as Managing Director of the company for which matching reinsurance was arranged.

- Since 2005, WILEX has issued a total of 1,006,515 subscription rights to current and former members of the Executive Management Board under the 2005 and 2011 Stock Option Plans (2005 Plan: 894,515; 2011 Plan: 112,000), of which 814,835 options were outstanding after returns following employees leaving the Company (2005 Plan: 729,335; 2011 Plan: 85,500).

  As of the end of the reporting period, 810,585 of these options are vested (2005 Plan: 729,335; 2011 Plan: 81,250). No stock options have been exercised to date.

- The Rittershaus law firm provided legal consulting services for WILEX AG and Heidelberg Pharma of approximately € 39 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. Furthermore, no transactions that were not at arm's length within the meaning of IAS 24.23 were entered into.

32.4 Expenses for the auditors

Deloitte & Touche Wirtschaftsprüfungsgesellschaft was appointed the auditor of the Company's consolidated financial statements at its Annual General meeting on 30 July 2015. The following fees for services were recorded as expenses in the periods reviewed:

	2015 € '000	2014 € '000
Auditing services	80	70
Other verification services	16	0
Expenses for auditors	**96**	**70**

Audit fees (€ 80 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.

32.5 Disclosures regarding the majority shareholder

Mr Dietmar Hopp (Germany) informed us on 13 April 2015 in accordance with section 21 (1) of the German Securities Trading Act that his share of the voting rights of WILEX AG exceeded the 50% voting right threshold on 13 April 2015 and on that day amounted to 51.67% (corresponding to 4,808,356 voting rights). A total of 49.83% of the voting rights, or 4,636,818 voting rights, are attributable to Mr Hopp pursuant to section 22 (1) sentence 1 no. 1 of the German Securities Trading Act. The attributed voting rights are held via the following companies he controls and whose share of the voting rights of WILEX AG amounts to 3% or higher in each case: Curacyte GmbH, dievini Hopp BioTech holding GmbH & Co. KG, DH-Capital GmbH & Co. KG, DH-Holding GmbH & Co. KG, DH-Holding Verwaltungs GmbH.

As a result of the capital increase shortly after the reporting date, Mr Hopp further increased his share of the voting rights of WILEX AG via his controlled companies (see note 34.1).

33 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 2016. It has been made permanently available to all shareholders and interested parties on the Company's website (www.wilex.com).

34 Events after the reporting period

34.1 Rights issues supported by main shareholder dievini

In November 2015 the Executive Management Board of WILEX AG presented and kicked off a comprehensive, multi-stage financing strategy. The first step of the strategy stipulated two capital increases from authorised capital without publishing prospectuses for purposes of short-term financing of the Company.

Private placement – Increase in share capital by around 10% using authorised capital and excluding shareholders' subscription rights

The first corporate action was a private placement with main shareholder dievini by way of an increase in share capital by around 10% using authorised capital. dievini acquired all 930,560 new no par value bearer shares at an issue price of € 1.84. Once this capital increase was entered in the Commercial Register, this lifted the Company's share capital by 10%, from € 9,305,608.00 to € 10,236,168.00.

Capital increase using authorised capital with subscription rights

The second corporate action was a capital increase using authorised capital with subscription rights. The Company's share capital was increased from € 10,236,168.00 (share capital after the implementation of the capital increase with exclusion of shareholders' subscription rights was entered in the Commercial Register) by up to € 443,124.00 to up to € 10,679,292.00 by issuing up to 443,124 new no par value bearer shares with a notional value of € 1.00 each in return for cash contributions. As in the private placement with dievini, the subscription price was € 1.84 per share.

The subscription ratio was 21 existing shares to 1 new share, and the subscription period ended on 8 December 2015. WILEX shareholders acquired all 443,124 new no par value bearer shares. Subscription rights were exercised for 184,419 New Shares and additional subscription rights were exercised by shareholders for 258,705 New Shares.

Both actions were completed on 11 December 2015 when they were entered in the Commercial Register. After partial utilisation, Authorised Capital I 2012/I now amounts to € 3,086,521.00.

All new shares from both capital increases were admitted to trading in the regulated market of the Frankfurt Stock Exchange (Prime Standard) without the publication of an offering prospectus on 15 December 2015 and carry dividend rights from 1 December 2015. Given this difference in dividend rights, the new shares will be traded separately under the ISIN DE000A169P97 / WKN A16 9P9 until the planned inclusion in the Company's current listing, which will take place after the Annual General Meeting adopting resolutions regarding the 2014/2015 financial year. Oddo Seydler Bank AG, Frankfurt, was the sole lead manager of the capital measures.

In the period when the financial statements were prepared, WILEX AG's executives reported the following transactions (directors' dealings) subject to disclosure in accordance with Section 15a German Securities Trading Act (Wertpapierhandelsgesetz).

Name	Date	Transaction	Market-place	Price in €	Number	Volume in €
dievini Hopp BioTech holding GmbH & Co. KG[1]	07.12.2015	Subscription of private placement	OTC	1.84	930,560	1,712,230.40
dievini Hopp BioTech holding GmbH & Co. KG[1]	04.12.2015	Purchase by way of subscription	OTC	1.84	148,897	273,970.48
dievini Hopp BioTech holding GmbH & Co. KG[1]	11.12.2015	Purchase by way of oversubscription	OTC	1.84	219,728	404,299.52
Dr Jan Schmidt-Brand (Executive Management Board member)	8.12.2015	Purchase by way of subscription	OTC	1.84	1,705	3,137.20

[1] The Supervisory Board members Dr von Bohlen and Professor Hettich are Managing Directors of dievini Verwaltungs GmbH, the general partner of dievini Hopp BioTech holding GmbH & Co. KG, which holds the shares.

34.2 WILEX partner Link Health submits protocol for Phase I clinical trial with the uPA inhibitor MESUPRON® in China

On 13 January 2016 it was announced that Link Health had submitted an investigational new drug (IND) application to the China Food and Drug Administration (CFDA) for completing a Phase I dose-escalation study with the product candidate MESUPRON®.

This open-label, dose-escalation trial aims to investigate the safety, pharmacokinetics, pharmacodynamics and clinical activity of MESUPRON® in cancer patients in China. Following this trial, which is expected to confirm the optimal biological dose, further Phase II trials in cancer patients are planned.

The remaining € 100 k of the originally agreed milestone payment totalling € 500 k was therefore due to WILEX AG and has already been paid. After withholding € 25 k in local levies and local taxes, a partial payment of € 375 k was already made in the second quarter of 2015 after some MESUPRON® patents were transferred to Link Health, which needed them to apply for grants under a national subsidy programme.

Munich, 15 March 2016

WILEX AG, the Executive Management Board

Dr Jan Schmidt-Brand
Spokesman of the Executive Management Board

Dr Paul Bevan
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, 15 March 2016

The Executive Management Board of WILEX AG

Dr Jan Schmidt-Brand
Spokesman of the Executive Management Board and CFO

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, cash flow statement and statement of changes in equity, together with the Group management report, which was combined with the management report, for the financial year from 1 December 2014 to 30 November 2015. 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 “Going concern risks”, “Financing risk” and “Overall assessment of the risk situation” of the Group management report. Therein it is disclosed that the continued existence of the WILEX Group as a going concern depends substantially on the successful commercialisation of the ADC technology of the subsidiary Heidelberg Pharma GmbH and the implementation of the financing strategy according to schedule. Should the planning assumptions made turn out to be incorrect as regards the amounts or dates of the financial inflows and/or WILEX be unable to obtain the liquidity required for the further development of the ADC technology on the capital market, the continued existence of the WILEX Group as a going concern would be jeopardised.

Mannheim, 15 March 2016

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Buhleier
Wirtschaftsprüfer [German Public Auditor]

Schmidt
Wirtschaftsprüfer [German Public Auditor]

Glossary

Adjuvant therapy: Supportive therapy after surgery

Amanitin: toxin that is a member of the amatoxin group of natural poisons occurring in the death cap (Amanita phalloides), among others

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.

Antibody Targeted Amanitin Conjugate (ATAC): antibody drug conjugate using the amanitin toxic. ATACs are second-generation ADCs characterised by improved efficacy, also as regards quiescent tumour cells. Quiescent tumour cells 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.

Antigen: Structure onto which an antibody specifically binds

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

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

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

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

Combination therapy: Therapy with two or more substances

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

EMA: European Medicines Agency

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

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

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

Inhibitor: Substance which reduces or inhibits specific biological activities

INN: International Nonproprietary Name

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

Linker: Bridging molecule, used e. g. to connect a toxin to an antibody

MESUPRON®: Name under which the oral uPA inhibitor is being developed (formerly WX-671)

Metastasis: Malignant spread of a tumour in an organism

Metastases: The spread of malignant tumour cells in the body and the formation of secondary tumours

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 anti- body, 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

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.

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

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

Placebo: Dummy drug with no active ingredients

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

Protease: An enzyme that splits proteins, subdividing them into smaller parts

PSMA: Prostate-specific membrane antigen. PSMA is overexpressed in prostate cancer specifically and is a promising target for an ADC approach, as it shows very low expression in normal tissues.

R&D: Research and development

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

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)

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

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

Financial calendar

Date	Type of report/event
22 March 2016	Annual Report 2015, Financial press conference and analysts' meeting
14 April 2016	3-month Financial Report 2016
13 May 2016	Annual General Meeting 2016
14 July 2016	Half-yearly Financial Report 2016
13 October 2016	9-month Financial Report 2016

Please see our website for the current financial calendar. The current list of conferences for 2016 is also available there. @ *www.wilex.com*

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

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