evotec

Evotec AG, Third Quarter Report 2007

For further information please contact:

Anne Hennecke
Senior Vice President,
Investor Relations &
Corporate Communications

+49.(0)40.560 81-286
+49.(0)40.560 81-333 Fax
anne.hennecke@evotec.com

Evotec AG
Schnackenburgallee 114
22525 Hamburg
Germany
www.evotec.com

Dear shareholders,

In the third quarter of 2007 Evotec executed significant steps towards the implementation of its strategic plan to transform our Company into a CNS drug discovery and development company. After the sale of our majority-owned subsidiary, Evotec Technologies GmbH, in December 2006 for EUR 23 million in cash to PerkinElmer Inc., the Company in the third quarter alone

1. contributed its library synthesis business into a joint venture with the Indian based Research Support International Ltd.,
2. sold its Chemical Development Business to Aptuit, Inc. for £31.5 million (approx. EUR 46.4 million) in cash and
3. acquired the US biotechnology company Renovis Inc, subject to shareholder approval.

Renovis brings us a cohesive and world-class team of CNS scientists in the center of the U.S. biotechnology industry in San Francisco California, which increases our global reach. With compounds in late-stage preclinical development and $85 million in cash, Renovis adds complementary pipeline projects to our R&D portfolio and sufficient cash to fund their future development. Three Renovis programs are expected to enter Phase I clinical trials in 2008/2009: a P2X7 antagonist program for inflammatory disorders including rheumatoid arthritis, inflammatory bowel disease and chronic obstructive pulmonary disease; a VR1 antagonist program for inflammatory pain in partnership with Pfizer and a P2X3 antagonist program for chronic persistent pain. Concomitant to the proposed transaction, we are pursuing a listing on NASDAQ which we expect to complete in the first quarter of 2008 to gain a broader footage in the US biotechnology industry and capital markets. These transactions strengthen Evotec's financial position and allow us to accelerate our CNS pipeline development.

During the third quarter, our development programs continued to progress as planned. In October, we released compelling, top-line, proof-of-concept data in elderly insomnia patients for our lead compound EVT 201. These confirmed earlier data from adult insomniacs demonstrating desirable advantages in sleep onset, maintenance, and lack of hangover. The compound is expected to be attractive to potential partners as it addresses key limitations of competitive therapies and the aim is to out-license EVT 201 in 2008.

As part of our continuing transition to a CNS focused drug discovery and development company, the financial profile of our collaborative research and development business has changed. We have divested, or contributed to joint ventures, some of our non-core service activities, thus reducing our current revenue stream. In addition, we are engaging into collaborations which give us the opportunity to share in the downstream upside from our research and, as a result, increasingly forego short-term direct research payments in exchange for later milestones and royalties. These payments have lead and will increasingly lead to higher volatility in our revenue and margin development. Although the successful development of our proprietary pipeline projects becomes increasingly important for the successful development of our Company, we strongly believe that the collaborative business remains an important strategic part of our future.

Operational Highlights

Evotec to acquire Renovis, seek NASDAQ listing. On September 19, 2007, Evotec AG and Renovis, Inc. entered into a definitive agreement under which Evotec will acquire Renovis in a stock-for-stock transaction valued at approximately US$ 151.8 million. The merger will create an emerging global pharmaceutical company with three clinical candidates, a strong late stage preclinical pipeline focusing on areas of neurological and inflammatory diseases, and pro-forma cash of approximately US$ 175 million* (approx. EUR 128 million)**, plus future proceeds of approximately US$ 64 million from the disposal of the Chemical Development Business. The combined company will have approximately 430 people, located in Hamburg (Germany), Oxford (UK) and San Francisco (USA).

* as of 31 Aug 2007, prior to the payment of transaction cost
** as of 31 Aug 2007, 1 EUR = 1.3647 USD

Evotec sells Chemical Development Business to Aptuit for GBP 31.5 million in cash. The transaction announced on September 11, 2007 and expected to close end of November 2007, will enable Evotec to focus further on its strategy to provide high value research solutions to its partners through collaborative research and partnering of preclinical and clinical programs developed internally. The Chemical Development business contains Evotec's capabilities in process research & development, custom preparation, analytical development, pilot plant manufacturing and formulation. With approximately 210 people based in Oxford and Glasgow, UK, the divested business generated EUR 26.8 million of third-party revenues for the full-year 2006.

Library Joint Venture established in India. According to Evotec's strategy to focus its capabilities on high value-added technology platforms, the Company has decided to transfer its library business to India. In a joint venture with Research Support International Limited (RSIL), Evotec-RSIL Ltd. offers the design, synthesis, management and commercialisation of compound libraries at competitive prices for our customers. In 2006, the library business generated revenues of EUR 6.6 million.

European centre for modern drug discovery established in Hamburg. On September 6, 2007, the European ScreeningPort was established with the support of the German Federal Ministry of Education and Research (BMBF), the Free and Hanseatic City of Hamburg, Evotec AG and Norgenta, the north German life science agency. Both Evotec AG and the City of Hamburg invested into the new company. The European ScreeningPort will provide the link between research results generated in academia and the pharmaceutical and biotechnological industry by translating scientific discoveries into results that companies, such as Evotec, can build upon. It will enable a more systematic and efficient search for promising new compounds which can subsequently be further developed.

Pipeline Progress

- On September 5, 2007 Evotec reported details of the *first* proof-of-concept Phase II study with its lead compound **EVT 201** in adult insomniacs. The pre-specified intention-to-treat analysis of the double-blind, placebo controlled cross-over study of two doses of EVT 201 (1.5mg and 2.5mg) in 67 patients showed highly statistically significant and clinically meaningful effects on all primary and secondary efficacy endpoints. These include a strong effect on sleep onset and a particularly large effect on sleep maintenance throughout the night (up to, and including, hour 8) without perceived drug hangover effects. In addition to these objective measures, the majority of patients with EVT 201 reported good to very good sleep quality, almost a doubling compared to placebo.
  Top-line results of the *second* parallel-design proof-of-concept Phase II study in 144 elderly insomnia patients (age 65+) were reported on 16 October. This study nicely confirmed the robust effects on sleep onset and sleep maintenance seen in the previous study and indicated that the same doses (1.5mg and 2.5mg) have hypnotic efficacy in the elderly without significant residual effects.

The ongoing Phase Ib cognition / brain imaging study to determine dose-related changes in neuronal activity in specific brain areas produced by two single doses of **EVT 101** is expected to deliver top-line data by end 2007/early 2008. Regulatory approval for a second Phase Ib repeat dose cognition study with higher doses of EVT 101 has been obtained. The goal is to assess effects of longer-term treatment with higher doses on CNS function, safety and tolerability and EVT 101 brain penetration. Evotec is also preparing for a Phase II proof-of-concept study under a US IND in patients with central neuropathic pain following spinal cord injury. Following review of the IND submitted in September, the FDA has asked Evotec to conduct two additional preclinical studies prior to the start of Phase II, and to provide the results of a completed preclinical study which is currently in the reporting phase. Satisfactory review of these additional studies would delay the start of Phase II until mid 2008.

- First results from the ongoing Phase I PET (positron emission tomography) dose-finding study with **EVT 302** are encouraging. The single dose part has been completed; the repeat dose part is expected to be complete by end 2007. In addition, the repeat dose safety and tolerability study with 14 days dosing in young and 28 days dosing in elderly subjects is expected to be complete by end 2007. To date, EVT 302 has been demonstrated to be safe and well tolerated in all subjects without significant adverse effect findings. A further Phase I tyramine interaction study has started to confirm there is no cardiovascular liability with foods that contain high amounts of tyramine. Following positive Phase I results, Phase II POC studies in smoking cessation are planned to start in the first quarter of 2008.

I. Management Report of the First Nine Months of 2007

Evotec divested its Tools and Technologies Division, Evotec Technologies (ET), effective January 1, 2007. ET is therefore no longer consolidated in the results of the first nine months of 2007. In addition, on September 11, 2007 we sold a major line of business, our Chemical Development Business, to Aptuit effective November 30, 2007. From this date onwards, this business will no longer be consolidated in the Evotec group accounts.
As a consequence, all amounts shown and discussed in the following disclosures are related to the continuing operations for 2007 and 2006 for a better comparison. The discontinued operations are stated separately in the consolidated financial statements. A discussion of the business sold to Aptuit is provided on page 10.

Financial Highlights

- Nine months **revenues** of EUR 23.2 m were significantly lower than in the first nine months of 2006 (EUR 29.9 m), primarily due to two milestone payments recorded in the first nine months of the previous year. The reduction of library synthesis revenues following the transfer of this business into a joint venture with RSIL and foreign exchange effects also contributed to the decline. Adjusting for currency, transferred businesses and milestone payments, revenues would have amounted to EUR 23.2 m (2006: EUR 21.9 m; +6%)
- Increasing investments into the advancement and enhancement of our CNS pipeline resulted in a 22% increase in R&D expenditures and contributed to a 19% increase in SG&A costs, incl. transaction costs.
- The lower gross profit and the high investment in R&D programs and SG&A activities led to an increase in the Group **operating loss** to EUR 36.7 m (2006: EUR 25.0 m).
- **Net loss** for the first nine months of 2007, however, remained at last year's level at EUR 23.6 m (2006: EUR 24.6 m), mainly as a result of a non-operating gain from the divestment of ET to PerkinElmer.
- **Cash** after the first nine months of 2007 amounted to EUR 60.4 m (December 31, 2006: EUR 78.1 m). The 2007 cash position does not yet include the proceeds from the disposal of Evotec's Chemical Development Business to Aptuit, Inc. of approximately EUR 46.4 m.
- Full-year **2007 financial targets** can be confirmed

A. Report on the financial situation and results

1. Results

Revenues

Evotec **revenues** for the first nine months of 2007 were EUR 23.2 million, 23% below last year's level (2006: EUR 29.9 million). This is mainly the result of three effects:

(i) Almost half of the effect is a result of the timing of milestone payments, which last year included two single-digit million Euro milestone payments, one from Boehringer Ingelheim (Services Division) and one from Takeda (Pharmaceuticals Division). This year, milestones are expected at the year-end.
(ii) The reduction of library synthesis revenues by EUR 4.0 million in particular following the transfer of this business into a joint venture with RSIL.
(iii) The lower exchange rate of the US dollar against Evotec's reporting currency, the Euro, affected revenues negatively. At constant 2006 currencies (UK Sterling and US dollar), revenues in the first nine months of 2007 would have been approximately one million higher (EUR 24.1 million).
Adjusting for currency, transferred businesses and milestone payments, revenues would have amounted to EUR 23.2 million (2006: EUR 21.9 million; +6%).

Revenues in Evotec's *Services Division* amounted to EUR 22.5 million (2006: EUR 27.1 million). This is mainly a result of the reduction in library revenues in the first nine months of 2007 (-82% or EUR 4.0 million) due to the successful completion of Evotec's multi-year compound library collaboration with Merck and Co. Inc. at the end of 2006 and the strategic decision to transfer Evotec's entire library business into a joint venture in India. The milestone payment from Boehringer Ingelheim in 2006 and adverse effects from foreign exchange also had a negative impact on 2007 revenue performance. Assay development, screening as well as discovery chemistry services continued to perform strongly.
Revenues in Evotec's *Pharmaceuticals Division* were EUR 0.7 million, predominately resulting from ongoing database access fees in the Takeda collaboration. Last year's revenues of EUR 2.9 million included a milestone payment for the selection of an Alzheimer's disease target candidate and FTE-based payments from Takeda.

Currency effect on revenues and gross margin

	01-09/2007	01-09/2007 const. f/x*	01-09/2006
Revenue in €m	**23.2**	**24.1**	**29.9**
Gross margin in %	**20.0**	**23.4**	**33.8**

*Currency pro-forma adjustment using UK Sterling and US dollar exchange rates of the first nine months of 2006.

Operating cost structure

Costs of revenue for the first nine months of 2007 were EUR 18.6 million (2006: EUR 19.8 million) yielding a **gross margin** of 20.0% (2006: 33.8%). The difference over last year is primarily the result of the following effects:

(i) the Q1 + Q3 2006 single digit million Euro milestone payments from Boehringer Ingelheim and Takeda contributed approximately 8% points to the 2006 margin;
(ii) currency effects, i.e. the weak US dollar and the strong operating currency UK Sterling, contributed –3.5% points to the 2007 margin;
(iii) The remaining gap of approximately 2.5% points is mainly a result of a different mix of revenues towards projects with higher risk-bearing, milestone-earning transaction models, for which the reward is potential future milestones instead of short-term profits.
Gross margins in the future will be more volatile, also depending on milestone revenues, as described in more detail in the 2006 Annual Report.

R&D expenditure for the first nine months of 2007 increased by 22% to EUR 26.6 million (2006: EUR 21.8 million). The operational expenses for our discovery and development programs grew significantly - especially in the second and third quarter, due to our sizable clinical development program for EVT 201, EVT 302 and the EVT 100 family. R&D expenses in the first quarter 2006 were above the annual level because they included major parts of the acquisition cost for the EVT 300 program from Roche.

SG&A expenses for the first nine months of 2007 increased by 19% to EUR 12.5 million (2006: EUR 10.6 million). The increase is mainly accounted for in the Pharmaceuticals Division and is primarily a result of extraordinary expenses related to the acquisitions of Neuro3d and Renovis. Increased investment in Business Development and licensing resources as well as the set-up of a new ERP system also contributed to these increases.

Other operating income and expenses in 2007 result mainly from the sublease of facilities and administrative support services rendered to Evotec Technologies/PerkinElmer with a positive profit contribution.

Financial results

The Group **operating loss** amounted to EUR 36.7 million (2006: EUR 25.0 million). The increase is a result of lower gross profit and the high investment in the advancement and enhancement of our R&D pipeline and related SG&A activities.

For the first nine months of 2007, **net loss** remained on last year's level at EUR 23.6 million (2006: EUR 24.6 million). This is primarily a result of a non-operating profit from the divestment of Evotec Technologies to PerkinElmer (EUR 11.2 million), but also from the divestment of shares previously owned in Direvo Biotech AG (EUR 0.5 million) and high interest income due to increased cash levels (EUR 1.0 million).
Loss per share for the first nine months of 2007 was EUR (0.33) (2006: EUR (0.37)).

Segment reporting

Services Division for the period from 1 January to 30 September

Euro in thousands	Continuing operations			Discontinued operations			
	YTD Q3 2007	YTD Q3 2006	Changes in %	YTD Q3 2007	YTD Q3 2006	Total 2007	Total 2006
Total Revenue	22,547	27,136	(16.9)	18,810	20,571	41,357	47,707
–Thereof 3rd party	22,547	27,058	(16.7)	18,810	20,571	41,357	47,629
Gross profit	3,931	7,639	(48.5)	4,938	7,471	8,869	15,110
Gross margin	17.4%	28.2%		26.3%	36.3%	21.4%	31.7%
– Research and development expenses	1,114	2,212	(49.6)	-	-	1,114	2,212
– Selling, general and administrative expenses	7,787	7,487	4.0	2,546	2,651	10,333	10,138
– Amortization of intangible assets	73	60	21.7	-	-	73	60
– Restructuring expenses	-	-		521	-	521	-
– Restructuring income	-	-		(86)	-	(86)	-
– Other operating expenses	677	285	137.5	-	995	677	1,280
– Other operating income	(703)	-		-	-	(703)	-
Operating income (loss)	(5,017)	(2,405)	108.6	1,957	3,825	(3,060)	1,420
Operating income (loss) before amortization and impairment	(4,944)	(2,345)	110.8	1,957	3,825	(2,987)	1,480

Services Division for the period from 1 July to 30 September

Euro in thousands	Continuing operations			Discontinued operations			
	Q3 2007	Q3 2006	Changes in %	Q3 2007	Q3 2006	Total Q3 2007	Total Q3 2006
Total Revenue	7,225	9,024	(19.9)	6,124	8,569	13,349	17,593
–Thereof 3rd party	7,225	8,980	(19.5)	6,124	8,569	13,349	17,549
Gross profit	1,235	1,995	(38.1)	1,749	3,488	2,984	5,483
Gross margin	17.1%	22.1%		28.6%	40.7%	22.4%	31.1%
– Research and development expenses	448	848	(46.6)	-	-	448	848
– Selling, general and administrative expenses	2,375	2,151	10.4	658	925	3,033	3,076
– Amortization of intangible assets	45	8	462.5	-	-	45	8
– Restructuring expenses	-	-		521	-	521	-
– Restructuring income	-	-		(86)	-	(86)	-
– Other operating expenses	383	47	714.9	-	344	383	391
– Other operating income	(401)	-		-	-	(401)	-
Operating income (loss)	(1,615)	(1,059)	52.5	656	2,219	(959)	1,160
Operating income (loss) before amortization and impairment	(1,570)	(1,051)	49.4	656	2,219	(914)	1,168

Pharmaceuticals Division for the period from 1 January to 30 September

Euro in thousands	Continuing operations			Discontinued operations			
	YTD Q3 2007	YTD Q3 2006	Changes in %	YTD Q3 2007	YTD Q3 2006	Total 2007	Total 2006
Total Revenue	754	2,872	(73.7)	-	-	754	2,872
–Thereof 3rd party	652	2,872	(77.3)	-	-	652	2,872
Gross profit	718	2,487	(71.1)	-	-	718	2,487
Gross margin	95.2%	86.6%		-	-	95.2%	86.6%
– Research and development expenses	25,698	19,870	29.3	-	-	25,698	19,870
– Selling, general and administrative expenses	4,838	2,883	67.8	-	-	4,838	2,883
– Amortization of intangible assets	2,097	2,392	(12.3)	-	-	2,097	2,392
– Other operating expenses	862	-		-	-	862	-
– Other operating income	(880)	-		-	-	(880)	-
Operating income (loss)	(31,897)	(22,658)	40.8	-	-	(31,897)	(22,658)
Operating income (loss) before amortization and impairment	(29,800)	(20,266)	47.0	-	-	(29,800)	(20,266)

Pharmaceuticals Division for the period from 1 July to 30 September

Euro in thousands	Continuing operations			Discontinued operations			
	Q3 2007	Q3 2006	Changes in %	Q3 2007	Q3 2006	Total 2007	Total 2006
Total Revenue	217	1,967	(89.0)	-	-	217	1,967
–Thereof 3rd party	154	1,967	(92.2)	-	-	154	1,967
Gross profit	200	1,941	(89.7)	-	-	200	1,941
Gross margin	92.2%	98.7%		-	-	92.2%	98.7%
– Research and development expenses	9,904	6,197	59.8	-	-	9,904	6,197
– Selling, general and administrative expenses	1,510	851	77.4	-	-	1,510	851
– Amortization of intangible assets	502	798	(37.1)	-	-	502	798
– Other operating expenses	292	-		-	-	292	-
– Other operating income	(295)	-		-	-	(295)	-
Operating income (loss)	(11,713)	(5,905)	98.4	-	-	(11,713)	(5,905)
Operating income (loss) before amortization and impairment	(11,211)	(5,107)	119.5	-	-	(11,211)	(5,107)

2. Financing and financial position

Cash flow and cash equivalents

Cash flow from operating activities for the first nine months 2007 was EUR (28.8) million (2006: EUR (12.7) million). The decrease over the first nine months 2006 is primarily a result of an increased operating loss and changes in assets and liabilities.
“Adjustments to reconcile the reported 2007 net loss to net cash used in operating activities” includes amortization (EUR 2.2 million), depreciation (EUR 3.2 million), compensation expense (EUR 0.6 million) and in particular the extraordinary income from the sale of Evotec Technologies (cash received in December 2006) and the equity holding in Direvo Biotech AG (EUR 11.7 million).
Cash flow from investing activities was EUR 15.8 million (2006: EUR (1.1) million), thereof EUR 18.9 million due to the acquisition of cash in Neuro3d S.A., EUR (2.9) million due to the purchase of laboratory equipment (incl. assets from Combinature) and EUR (0.7) million due to payments for minority shares in Evotec Technologies, purchased in 2006.
Cash flow from financing activities was EUR (3.1) million, mainly resulting from loan repayments. The large decrease over the first nine months of 2006 (EUR 17.8 million) is primarily a result of a capital increase in 2006 in the amount of EUR 18.5 million.
In total, **cash and cash equivalents** at the end of September 2007 amounted to EUR 60.4 million (end of December 2006: EUR 78.1 million). The decrease mainly results from the continued high level of investment in the advancement and enhancement of our R&D pipeline, including related SG&A activities, and an increase in working capital by EUR 10.6 million compared to the extraordinarily low level of working capital recorded at year-end 31 December 2006. The proceeds from the disposal of Evotec’s Chemical Development Business to Aptuit, Inc. for approximately EUR 46.4 million are not yet included.

3. Assets and liabilities

All material changes of assets and liabilities during the first nine months of 2007 are described in the attached Notes to the interim consolidated financial statements.

Evotec’s **capital structure** changed in the second quarter 2007 due to the issuance of 5.7 million new shares for the acquisition of Neuro3d S.A. on a share for share basis. The price per share amounted to EUR 3.69. The capital increase was registered in the trade register on 16 July 2007. The total number of shares outstanding now is 73,868,447. Evotec’s equity ratio as of 30 September 2007 amounted to 79.8%.

4. Human resources

Employees and management

At the end of September 2007, the Evotec Group employed a total of 577 people. Thereof, approximately 367 will remain as part of the continuing operations. The increase in headcount for the continuing operations from approximately 347 employees at the end of September 2006 is mainly a result of strengthening the pharmaceutical operations as well as the discovery biology team including Combinature and fragment-based drug discovery.

B. Discussion of the Chemical Development Business (Discontinued Operations)

Revenues for the Chemical Development Business (discontinued operations) for the first nine months of 2007 amounted to EUR 18.8 million (2006: EUR 20.6 million). The 9% decline is mainly a result of lower pilot plant revenues. The decision to use the plant for Evotec's internal development projects resulted in reduced capacity for revenue-bearing projects.

Gross profit was EUR 4.9 million (2006: EUR 7.5 million) yielding a gross margin of 26.3% (2006: 36.3%). The decline over last year is primarily the result of three effects: (i) In 2007, planned full capacity utilisation in the pilot plant resulted in full allocation of its running cost to cost of revenues, while in 2006, due to the planned under utilization, the equivalent of 4.8% gross margin was shown in other operating expenses. (ii) Lower than anticipated revenues in formulation against increased fixed cost following the expansion of capacity in 2007. (iii) Currency effects.
Restructuring expenses of EUR 0.5 million include transaction costs resulting from the sale of the Chemical Development Business to Aptuit. The restructuring income of EUR 0.1 million relates to the book gain of selling the pilot plant in the context of this transaction. The other operating expenses shown in 2006 resulted from the planned unused capacities in the pilot plant and facility space. As mentioned above, these costs are fully included into cost of goods sold from the beginning of 2007 onwards.

Due to the lower gross profit levels, the operating result decreased to EUR 2.0 million (2006: EUR 3.8 million).

C. Risks and Opportunities Report

During the first nine months of the year 2007, Evotec was not faced with exceptional, material events, other than the acquisitions and divestments described above on page 1, 2 and 3 of this report. The Company continues to operate under its comprehensive and reliable risk management system. In order to comply fully with the SEC regulations as enforced in the Sarbanes-Oxley Act, Evotec plans to implement an additional internal control system to further minimize potential risks of fraud or accounting-related mistakes.
General business risks, as described in the 2006 Annual Report, continue to impact our projected financial performance. Currency effects, due to a disadvantageous exchange rate between US Dollar and UK Sterling, can be increasingly, but not completely, hedged by natural hedging through expenses for clinical trials in the USA. From our latest transactions we do not foresee any material warranty or future liability claims.
The company monitors closely business opportunities that might qualify for in-licensing, acquisition or partnering, as described in the Annual Report 2006 and has started its search for a partner in the further development and marketing of its insomnia drug candidate EVT 201, based on the differentiated product profile that resulted from the clinical studies described above.

Specific business risks

Evotec's Pharmaceuticals Division

The inherent risk of clinical development is the biggest risk to business success in this division. Evotec strives to minimize this risk by thorough program selection, development planning and through mitigation, given our intent to partner compounds after proof-of-concept. Most recently, the Pharmaceuticals Division has delivered on its ambitious targets after successful completion of its two proof-of-concept Phase II studies of our lead compound EVT 201. The positive results obtained increase the chances for successful partnering as we intend to partner the compound before starting any further clinical trials. However, despite the excellent efficacy data shown with EVT 201, proceeds from out-licensing, targeted for 2008, might not be realised in the foreseen time-frame and/or might not be sufficient to cover Evotec's substantial expenditures on other internal discovery and development programs. This might potentially expose Evotec to reduced cash reserves and altered short-to-mid-term profitability. Similarly, the timely development of the Company's clinical assets and discovery projects might require additional, unbudgeted activities to optimise value generation. Evotec will constantly review the maintenance of financial reserves and has taken and will take adequate measures to keep defined minimum levels. The planned divestiture of the Chemical

Development business further reduces the financial risk and gives the Company increased freedom to advance and enhance its clinical pipeline.

Evotec's Services Division
Evotec's service business is on track to deliver against its financial objectives in the short- to mid-term. In the first nine months of the year 2007, different parts of the business had to cope with adverse currency effects and evolving and strengthening competition in individual disciplines in low-cost countries. Initiatives, such as fragment-based drug discovery, offer a unique and innovative technology platform to differentiate from the competition. In return for creating downstream value through high-value result-based deals, there are however, scientific or technical delivery risks in the shorter term, which can only be partly contained by high quality project work. Evotec's financial performance and particular the service business margins are thus exposed to the possible failure or delay of certain milestone payments due later this year. Due to the expected payment dates late in the financial year, there is a risk that certain milestone payments might not be realised in 2007.

Despite successful differentiation in certain business areas, overall cost containment will continuously be of great importance to remain competitive.

Business opportunities

Concerning Evotec's business opportunities, the Company continues to invest in the development of its proprietary CNS pipeline and high value-added collaborations and will report on its progress on a continuous basis. In this context, Evotec may achieve its targets earlier than anticipated and may also achieve additional unexpected value creation through substantial collaborations or new endeavours. According to our systematic approach to capture external business opportunities, extraordinary expenditures for scouting and evaluating these value-driving events can, however, unforeseeably increase spending levels.

D. Important events after the end of the first nine months of 2007

Library Joint Venture in India
The joint venture with Research Support International Limited (RSIL), Evotec-RSIL Ltd., for the synthesis of compound libraries was incorporated on October 18, 2007.

E. Outlook

2007 financial targets confirmed

Evotec confirms its financial targets for the year 2007. Revenues for the continuing operations are expected to be in the range of EUR 30 - 35 million. The sale of the Chemical Development business to Aptuit Inc. will contribute a non-operating profit of approximately GBP 17 million (approx. EUR 25 million) in Q4 2007 subject to the final closing of the books. Including the cash proceeds from this transaction, the targeted year-end cash position improves significantly to between EUR 93 million and EUR 98 million.

II. Interim Consolidated Financial Statements

Condensed consolidated statements of operations according to IFRS for the period from 1 January to 30 September

Evotec AG and Subsidiaries

Euro in thousands except share data and per share data							
	Continuing operations			**Discontinued operations**			
	YTD Q3 2007	**YTD Q3 2006**	**Changes in %**	**YTD Q3 2007**	**YTD Q3 2006**	**Total 2007**	**Total 2006**
Revenue:							
– Drug discovery products & development of technologies	9	2	350.0	-	10,743	9	10,745
– Drug discovery services	23,190	29,929	(22.5)	18,810	20,571	42,000	50,500
Total revenue	**23,199**	**29,931**	**(22.5)**	**18,810**	**31,314**	**42,009**	**61,245**
Cost of revenue:							
– Drug discovery products & development of technologies	3	1	200.0	-	5,824	3	5,825
– Drug discovery services	18,563	19,804	(6.3)	13,872	12,388	32,435	32,192
Total costs of revenue	**18,566**	**19,805**	**(6.3)**	**13,872**	**18,212**	**32,438**	**38,017**
Gross profit	**4,633**	**10,126**	**(54.2)**	**4,938**	**13,102**	**9,571**	**23,228**
Operating costs and expenses:							
– Research and development expenses	26,629	21,843	21.9	-	2,240	26,629	24,083
– Selling, general and administrative expenses	12,533	10,552	18.8	2,546	6,504	15,079	17,056
– Amortization of intangible assets	2,170	2,451	(11.5)	-	630	2,170	3,081
– Restructuring expenses	-	-		521	-	521	-
– Restructuring income	-	-		(86)	-	(86)	-
– Other operating expenses	1,460	285	412.3	-	995	1,460	1,280
– Other operating income	(1,504)	-		-	-	(1,504)	-
Total operating costs and expenses	**41,288**	**35,131**	**17.5**	**2,981**	**10,369**	**44,269**	**45,500**
Operating loss	**(36,655)**	**(25,005)**	**46.6**	**1,957**	**2,733**	**(34,698)**	**(22,272)**
Other non-operating income (expense):							
– Interest income	1,363	900	51.4	126	87	1,489	987
– Interest expense	(377)	(404)	(6.7)	(67)	(91)	(444)	(495)
– Loss from equity investments	-	-		-	-	-	-
– Other income from financial assets	11,676	-		-	-	11,676	-
– Foreign currency exchange gain (loss), net	408	116	251.7	119	58	527	174
– Other non-operating expense	-	(325)		-	(268)	-	(593)
– Other non-operating income	62	387	(84.0)	-	6,630	62	7,017
Total non-operating income	**13,132**	**674**	**1848.4**	**178**	**6,416**	**13,310**	**7,090**
Loss before taxes and minority interests	**(23,523)**	**(24,331)**	**(3.3)**	**2,135**	**9,149**	**(21,388)**	**(15,182)**
– Income tax benefit (expense)	(49)	(299)	(83.6)	-	(428)	(49)	(727)
– Deferred tax benefit (expense)	-	-		(145)	(223)	(145)	(223)
– Minority interests	-	-		-	-	-	-
Net income (loss)	**(23,572)**	**(24,630)**	**(4.3)**	**1,990**	**8,498**	**(21,582)**	**(16,132)**

Weighted average shares outstanding	**71,141,686**	**65,795,671**		**71,141,686**	**65,795,671**	**71,141,686**	**65,795,671**
Net loss per share	(0.33)	(0.37)		0.03	0.13	(0.30)	(0.25)

Condensed consolidated statements of operations according to IFRS for the period from 1 July to 30 September

Evotec AG and Subsidiaries

Euro in thousands except share data and per share data

	Continuing operations			Discontinued operations			
	Q3 2007	**Q3 2006**	**Changes in %**	**Q3 2007**	**Q3 2006**	**Total 2007**	**Total 2006**
Revenue:							
– Drug discovery products & development of technologies	-	2	(100.0)	-	5,093	-	5,095
– Drug discovery services	7,379	10,946	(32.6)	6,124	8,569	13,503	19,515
Total revenue	**7,379**	**10,948**	**(32.6)**	**6,124**	**13,662**	**13,503**	**24,610**
Cost of revenue:							
– Drug discovery products & development of technologies	-	1	(100.0)	-	2,982	-	2,983
– Drug discovery services	5,945	7,114	(16.4)	4,375	4,693	10,320	11,807
Total costs of revenue	**5,945**	**7,115**	**(16.4)**	**4,375**	**7,675**	**10,320**	**14,790**
Gross profit	**1,434**	**3,833**	**(62.6)**	**1,749**	**5,987**	**3,183**	**9,820**
Operating costs and expenses:							
– Research and development expenses	10,185	6,757	50.7	-	505	10,185	7,262
– Selling, general and administrative expenses	3,822	3,065	24.7	657	2,209	4,479	5,274
– Amortization of intangible assets	548	805	(31.9)	-	270	548	1,075
– Restructuring expenses	-	-		521	-	521	-
– Restructuring income	-	-		(86)	-	(86)	-
– Other operating expenses	596	47	1,168.1	-	344	596	391
– Other operating income	(618)	-		-	-	(618)	-
Total operating costs and expenses	**14,533**	**10,674**	**36.2**	**1,092**	**3,328**	**15,625**	**14,002**
Operating loss	**(13,099)**	**(6,841)**	**91.5**	**657**	**2,659**	**(12,442)**	**(4,182)**
Other non-operating income (expense):							
– Interest income	383	346	10.7	41	27	424	373
– Interest expense	(138)	(141)	(2.1)	(22)	(48)	(160)	(189)
– Loss from equity investments	-	-		-	-	-	-
– Other income from financial assets	-	-		-	-	-	-
– Foreign currency exchange gain (loss), net	416	(190)	(318.9)	127	38	543	(152)
– Other non-operating expense	5	-		-	-	5	-
– Other non-operating income	24	125	(80.8)	-	7	24	132
Total non-operating income	**690**	**140**	**392.9**	**146**	**24**	**836**	**164**

evotec

Loss before taxes and minority interests	**(12,409)**	**(6,701)**	**85.2**	**803**	**2,683**	**(11,606)**	**(4,018)**
– Income tax benefit (expense)	(15)	(426)	(96.5)	-	(155)	(15)	(581)
– Deferred tax benefit (expense)	8	12	(33.3)	(145)	(217)	(137)	(205)
– Minority interests	-	-		-	-	-	-
Net (income) (loss)	**(12,416)**	**(7,115)**	**74.5**	**658**	**2,311**	**(11,758)**	**(4,804)**
Weighted average shares outstanding	**73,868,177**	**68,057,204**		**73,868,177**	**68,057,204**	**73,868,177**	**68,057,204**
Net loss per share	(0.17)	(0.10)		0.01	0.03	(0.16)	(0.07)

Condensed consolidated balance sheets according to IFRS

Evotec AG and Subsidiaries

Euro in thousands	30/09/2007	31/12/2006	Δ in %
Assets			
Current assets:			
– Cash and cash equivalents	60,432	78,723	(23.2)
– Trade accounts receivable	7,355	6,189	18.8
– Accounts receivable due from related parties	270	454	(40.5)
– Inventories	3,016	4,782	(36.9)
– Current tax receivables	803	1,127	(28.7)
– Prepaid expenses and other current assets	8,985	3,115	188.4
Total current assets	**80,861**	**94,390**	**(14.3)**
Non-current assets:			
Long-term investments	10	-	
Property, plant and equipment	19,604	34,669	(43.5)
Intangible assets, excluding goodwill	2,529	4,461	(43.3)
Goodwill	46,570	50,541	(7.9)
Other non-current financial assets	58	56	3.6
Convertible Bonds	8	-	
Other non-current assets	-	1,980	(100.0)
Total non-current assets	**68,779**	**91,707**	**(25.0)**
Assets classified as held for sale	**18,755**	**19,429**	**(3.5)**
Total assets	**168,395**	**205,526**	**(18.1)**

Liabilities and stockholders' equity			
Current liabilities:			
– Current maturities of long-term loans	1,345	2,586	(48.0)
– Current portion of finance lease obligations	852	1,197	(28.8)
– Trade accounts payable	13,491	11,480	17.5
– Accounts payable to related parties	5	4	25.0
– Advanced payments received	44	413	(89.3)
– Provisions	4,402	5,232	(15.9)
– Deferred revenues	1,932	2,975	(35.1)
– Current tax payables	-	-	
– Other current liabilities	2,055	24,553	(91.6)
Total current liabilities	**24,126**	**48,440**	**(50.2)**
Non-current liabilities:			
Long-term loans	3,750	6,296	(40.4)
Long-term finance lease obligations	1,164	1,827	(36.3)
Deferred revenues	585	1,119	(47.7)
Provisions	1,431	1,653	(13.4)

evotec

Other non-current liabilities	-	1,980	(100.0)
Total non-current liabilities	**6,930**	**12,875**	**(46.2)**
Liabilities classified as held for sale	**3,012**	**7,035**	**(57.2)**
Stockholders' equity:			
– Share capital	73,868	68,079	8.5
– Treasury shares	(93)	(83)	12.0
– Additional paid-in capital	626,082	610,071	2.6
– Reserve	(37,072)	(34,009)	9.0
– Retained deficit	(528,458)	(506,876)	4.3
– Minority interests	-	(6)	(100.0)
Total stockholders' equity	**134,327**	**137,176**	**(2.1)**
Total liabilities and stockholders' equity	**168,395**	**205,526**	**(18.1)**

Condensed consolidated statements of cash flows according to IFRS
Evotec AG and Subsidiary

Euro in thousands	30/09/2007	30/09/2006
Cash flows from operating activities:		
– Net loss	(23,572)	(24,630)
– Adjustments to reconcile net loss to net cash used in operating activities	(5,326)	7,099
– Change in assets and liabilities	(3.968)	(400)
– Transactions with discontinued operations	4.034	5.277
Net cash provided by (used in) operating activities	**(28,832)**	**(12.654)**
Cash flows from investing activities:		
– Purchase of long-term investments	(695)	-
– Purchase of property, plant and equipment	(2,659)	(1,069)
– Purchase of intangible assets	(238)	-
– Cash acquired	18,915	-
– Proceeds from sale of investments in affiliated companies	500	-
Net cash provided by (used in) investing activities	**15,823**	**(1,069)**
Cash flows from financing activities:		
– Proceeds from capital increase	147	18,733
– Transaction costs	-	(727)
– Purchase of own stock	(59)	(83)
– Proceeds from increase of loans	419	8,146
– Repayment of loans	(3,628)	(8,246)
Net cash used in financing activities	**(3,121)**	**17,823**
Net increase (decrease) in cash and cash equivalents	**(16,130)**	**4,100**
– Exchange rate difference	(1,513)	(43)
– Cash and cash equivalents at beginning of year	78,075	51,849
Cash and cash equivalents at end of the third quarter	**60,432**	**55,906**

Consolidated statements of changes in stockholders' equity according to IFRS

Evotec AG and Subsidiaries

Euro in thousands except share data	Share capital Shares	Share capital Amount	Additional paid-in capital	Own shares	Unearned compen-sation	Reserve Foreign currency translation	Revaluation reserve	Retained deficit	Minority interest	Total Stock-holders' equity
Balance at 1 January 2006	**62,759,424**	**62,759**	**596,525**	**-**	**(1,622)**	**(35,856)**	**1,271**	**(474,408)**	**-**	**148,669**
Capital increase	5,228,701	5,229	12,606	-	-	-	-	-	-	17,835
Capital increase (stock option)	76,227	76	95	-	-	-	-	-	-	171
Stock option plan	-	-	677	-	99	-	-	-	-	776
Minority interests	-	-	-	-	-	-	-	-	-	-
Income and expense recognised directly in equity:										
– Foreign currency translation	-	-	-	-	-	1,384	-	-	-	1,384
– Revaluation	-	-	-	-	-	-	-	-	-	-
– Net loss	-	-	-	-	-	-	-	(16,132)	-	(16,132)
Total income and expense recognised directly in equity										**(14,748)**
Balance at 30 September 2006	**68,064,352**	**68,064**	**609,903**	**-**	**(1,523)**	**(34,472)**	**1,271**	**(490,540)**	**-**	**152,703**
Balance at 1 January 2007	**68,078,819**	**68,079**	**610,071**	**(83)**	**(1,312)**	**(33,934)**	**1,237**	**(506,876)**	**(6)**	**137,176**
Capital increase	5,726,012	5,726	15,403	-	-	-	-	-	-	21,129
Capital increase (stock option)	63,616	63	79	-	-	-	-	-	-	142
Stock option plan	-	-	529	-	97	-	-	-	-	626
Purchase of treasury stock	-	-	-	(59)	-	-	-	-	-	(59)
Transfer of treasury stock	-	-	-	49	-	-	-	-	-	49
Minority interests	-	-	-	-	-	-	-	-	6	6
Income and expense recognised directly in equity:										
– Foreign currency translation	-	-	-	-	-	(3,130)	-	-	-	(3,130)
– Revaluation	-	-	-	-	-	-	(30)	-	-	(30)
– Net income	-	-	-	-	-	-	-	(21,582)	-	(21,582)
Total income and expense recognised directly in equity										**(24,742)**
Balance at 30 September 2007	**73,868,447**	**73,868**	**626,082**	**(93)**	**(1,215)**	**(37,064)**	**1,207**	**(528,458)**	**-**	**134,327**

Notes to the interim consolidated financial statements for the period ended 30 September 2007

1. Basis of presentation

The accompanying unaudited and unreviewed consolidated financial statements of Evotec have been prepared in accordance with International Financial Reporting Standards (IFRS) according to Section 315a HGB in conjunction with IAS 34. The accounting policies used to prepare interim information are the same as those used to prepare the audited consolidated financial statements for the year ended 31 December 2006.
The interim consolidated financial statements do not include all of the information and footnotes required under IFRS for complete financial statements according to IAS 1. As a result, these interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2006 (2006 Annual Report).
In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

2. Basis of consolidation

The basis of consolidation changed. Following the divestment of Evotec Technologies GmbH (ET), all numbers reported since 1 January 2007 exclude the results of ET. As of 1 April 2007, Evotec also acquired 100% shares in Neuro3d S.A. which was fully consolidated from this date onwards. Therefore the year-to-date financial statements 2006 and 2007 are not fully comparable

3. Discontinued operations

The presentation of the YTD Q3 2006 has been changed, showing continuing and discontinued operations.
The discontinued operation is a component of the Company that is classified as held for sale, and represents a separate major line of business operations. According to IFRS 5 discontinued operations are separately disclosed from the continuing operations. Due to the decision of disposing a major line of business in the third quarter 2007 all data presented for the statements of operations were shown under discontinued operations. All data in the Notes refer to continuing operations except where otherwise indicated. Discontinued operations include ET and the Chemical Development Business.

4. Basis of estimation

In the first three quarters of 2007 the Company has used the same estimation processes as those used to prepare the audited consolidated financial statements for the year ended 31 December 2006. No material alterations of estimations were recorded in the first nine months 2007.

5. Acquisition

The Company acquired in a share-for-share deal 100% of shares in Neuro3d S.A., Mulhouse, France, a company working in the field of drug discovery and development in CNS. This acquisition was effective as of 1 April 2007. Evotec issued 5,726,012 shares to acquire those shares. The purchase price was allocated to assets and liabilities acquired. The following pro forma information is based on the scenario where the investment in Neuro3d occurred as of 1 January 2006:

	Continuing operations	Continuing operations
Euro in thousands	01-09/2007	01-09/2006
Pro forma revenues	28,367	30,112
Pro forma net loss	19,569	29,878

The pre-acquisition carrying amounts of Neuro3d, which equal the recognised amounts as of the date of the acquisition, for total assets were T€ 22,799 including cash in the amount of T€ 18,915, and the total liabilities were T€ 1,059. Fair value adjustments have been booked for potential future adjustments in context of the Neuro3d acquisition in the amount of T€ 711 as well as an amount of T€ 100 for proprietary assays and know-how shown in R&D due to the early stage of those projects. The basis for calculating the purchase price of Neuro3d was the stock price of Evotec 20 days before signing. The net loss of Evotec starting from the date of the acquisition included a net loss of T€ 44 from Neuro3d.

6. Trade accounts receivables

Due to a very low level at year-end 2006 Trade Accounts Receivables are higher at 30 September 2007 than at year-end 2006, which include the Chemical Development Business.

7. Prepaid expenses and other current assets

The prepaid expenses and other current assets include as of 30 September 2007 an amount of T€ 3,166 for research and development tax credits in France from the acquisition of Neuro3d, capitalised transaction related costs for the acquisition of Renovis Inc. as well as T€ 1,980 for the portion of the purchase price in escrow for the sale of Evotec Technologies GmbH, which was shown under other non-current assets at 31 December 2006.

8. Long-term investments

With effective date 31 May 2007, Evotec sold its interest in Direvo Biotech AG which was accounted for under the equity method of accounting. This sale resulted in other income from the sale of investments in the amount of T€ 511.
Evotec has invested into the newly founded European ScreeningPort GmbH, which will be run as a public private partnership. The European

ScreeningPort GmbH is a drug discovery service centre fueled by research results generated in Academia. Evotec holds a stake of 19.9% of the European ScreeningPort GmbH. The long-term investment per end of September 2007 amounts to T€ 10.

9. Property, plant and equipment and intangible assets

The main additions in the first nine months ending 30 September 2007 relate to assets acquired in the nuclear magnetic resonance (NMR) field from Combinature Biopharm AG with effective date 1 June 2007, amounting to T€ 733 for machinery and equipment, T€ 147 for laboratory equipment and T€ 238 for intangible assets.

10. Trade accounts payables

The increase of trade accounts payables as of 30 September 2007 in comparison to year end is mainly due to the increased activities of the Pharmaceutical Division in the field of clinical trials and longer payment periods. The 2006 figure still includes the Chemical Development Business.

11. Other current liabilities

Due to the sale of Evotec Technologies GmbH being effective 1 January 2007, the other current liabilities decreased by the purchase price received before year end (T€ 22,167).

12. Income taxes

Income taxes were calculated at 30 September 2007 using the expected weighted average tax rates for the year 2007. As at 30 September 2007, Evotec recorded additional valuation allowances with respect to tax benefits of tax losses carried forward.

13. Stock options programme

In the first nine months 2007, 475,000 options were granted and 63,616 options were exercised. As of 30 September, 2007, the total number of options available for future exercise amounted to 3,914,879 (approximately 5% of shares in issue). Options have been accounted for under IFRS 2 using the fair value method at the measurement date.

14. Segment information

Following the divestment of ET the Company's primary segments include from 1 January 2007 onwards two reportable operating segments which are: (i) Pharmaceuticals Division and (ii) Services Division. Segmentation is based on the same basis as those used for the consolidated financial statements for the year ended 31 December 2006.

The following represents segment data of the Company's primary segments for the interim period ended 30 September 2007:

Segment reporting according to IFRS

Euro in thousands							
	Pharmaceuticals Division		**Services Division**		**Not allocated**		
	continuing	**discontinued**	**continuing**	**discontinued**	**continuing**	**discontinued**	**Total**
Revenue:							
– Drug discovery products & development of technologies	-	-	9	-	-	-	9
– Drug discovery services	754	-	22,538	18,810	(102)	-	42,000
Total revenue	**754**	**-**	**22,547**	**18,810**	**(102)**	**-**	**42,009**
– Cost of revenue	36	-	18,616	13,872	(86)	-	32,438
Gross profit	**718**	**-**	**3,931**	**4,938**	**(16)**	**-**	**9,571**
– Research and development expenses	25,698	-	1,114	-	(183)	-	26,629
– Selling, general and administrative expenses	4,838	-	7,787	2,546	(92)	-	15,079
– Amortization of intangible assets	2,097	-	73	-	-	-	2,170
– Restructuring expenses	-	-	-	521	-	-	521
– Restructuring income	-	-	-	(86)	-	-	(86)
– Other operating expenses	862	-	677	-	(79)	-	1,460
– Other operating income	(880)	-	(703)	-	79	-	(1,504)
Operating income (loss)	**(31,897)**	**-**	**(5,017)**	**1,957**	**259**	**-**	**(34,698)**
– Interest income	-	-	-		1,363	126	1,489
– Interest expense	-	-	-		(377)	(67)	(444)
– Other income from financial assets	-	-	-		11,676	-	11,676
– Foreign currency exchange gain (loss), net	-	-	-		408	119	527
– Other non-operating expense	-	-	-			-	-
– Other non-operating income	226	-	36		(200)	-	62
Net income (loss) before taxes and minority	**(31,671)**	**-**	**(4,981)**	**1,957**	**13,129**	**178**	**(21,388)**
– Total assets	9,337	-	100,028	-	59,030	-	168,395
– Total liabilities	9,425	-	15,820	-	5,811	-	31,056
– Capital expenditures	2,973	-	902	-	-	-	3,875

evotec

The following represents segment data of the Company's primary segments for the interim period ended 30 September 2006:

Euro in thousands	Pharmaceuticals Division		Services Division		Tools & Technologies	Not allocated		
	continuing	discon-tinued	continuing	discon-tinued	discon-tinued	continuing	discon-tinued	Total
Revenue:								
– Drug discovery products & development of technologies	-	-	2	-	11,494	(751)	-	10,745
– Drug discovery services	2,872	-	27,134	20,571	-	(77)	-	50,500
Total revenue	**2,872**	**-**	**27,136**	**20,571**	**11,494**	**(828)**	**-**	**61,245**
– Cost of revenue	384	-	19,497	13,100	5,469	(433)	-	38,017
Gross profit	**2,488**	**-**	**7,639**	**7,471**	**6,025**	**(395)**	**-**	**23,228**
– Research and development expenses	19,871	-	2,211	-	2,417	(416)	-	24,083
– Selling, general and administrative expenses	2,883	-	7,487	2,651	4,150	(115)	-	17,056
– Amortization of intangible assets	2,392	-	60	-	1,122	(493)	-	3,081
– Restructuring expenses	-	-	-	-	-	-	-	-
– Restructuring income	-	-	-	-	-	-	-	-
– Other operating expenses	-	-	285	995	-	-	-	1,280
– Other operating income	-	-	-	-	-	-	-	-
Operating income (loss)	**(22,658)**	**-**	**(2,404)**	**3,825**	**(1,664)**	**629**	**-**	**(22,272)**
– Interest income	-	-	-	-	19	968	-	987
– Interest expense	-	-	-	-	(846)	351	-	(495)
– Other income from financial assets	-	-	-	-	-	-	-	-
– Foreign currency exchange-- gain (loss), net	-	-	-	-	39	135	-	174
– Other non-operating expense	-	-	-	-	(593)	-	-	(593)
– Other non-operating income	209	-	306	-	6,628	(126)	-	7,017
Net income (loss) before taxes and minority	**(22,449)**	**-**	**(2,098)**	**3,825**	**3,583**	**1,957**	**-**	**(15,182)**
– Total assets	10,575	-	100,979	-	23,426	55,852	-	190,832
– Total liabilities	4,620	-	16,790	-	23,961	(7,159)	-	38,212
– Capital expenditures	413	-	1,627	-	1,644	-	-	3,684

A detailed analysis of segment data as well as a description of material changes to prior year's profit and loss statement, including the Company's development in the interim period is given in the interim management report.

15. Material related party transactions with the continuing operations

During the first nine months, no material related party transactions with the continuing operations were performed.

16. Shareholdings of the Boards of Evotec AG

	Number of shares	Share options
Management Board		
Joern Aldag	298,056	602,600
Supervisory Board		
Prof Dr Heinz Riesenhuber	132,480	0
Peer Schatz	3,892	0
Dr Hubert Birner	0	0
Dr Peter Fellner	0	0
Dr William Jenkins	0	0
Mary Tanner	46,690	0

30 September 2007

Pursuant to §15a of the German Securities Trading Act (Wertpapierhandelsgesetz), the above table lists separately for each member of our Management and Supervisory Board, the number of Company shares held, and rights for such shares granted to each board member as of 30 September 2007.

Forward looking statements

Information set forth in this report contains forward-looking statements, which involve a number of risks and uncertainties. Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of Evotec's products, the timing of the completion of the transaction between Evotec and Renovis, the anticipated benefits of the business combination transaction involving Evotec and Renovis, including future financial and operating results, the combined company's plans, objectives, expectations and intentions, the anticipated timing and results of the combined company's clinical and pre-clinical programs, and other statements that are not historical facts. Evotec cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. These include risks and uncertainties relating to: the ability to obtain regulatory approvals of the transaction on the proposed terms and schedule; the parties' ability to complete the transaction because conditions to the closing of the transaction may not be satisfied; the failure to successfully integrate the businesses; unexpected costs or liabilities resulting from the transaction; the risk that synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships and revenues; the need to develop new products and adapt to significant technological change; implementation of strategies for improving internal growth; use and protection of intellectual property; general worldwide economic conditions and related uncertainties; future legislative, regulatory, or tax changes as well as other economic, business and/or competitive factors; and the effect of exchange rate fluctuations on international operations.

The risks included above are not exhaustive. The most recent reports on Form 10-K, Form 10-Q, Form 8-K and other periodic reports filed by Renovis with the Securities and Exchange Commission contain additional factors that could impact the combined company's businesses and financial performance. The parties expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the parties' expectations or any change in events, conditions or circumstances on which any such statement is based.

Additional information

Renovis has filed a Current Report on Form 8-K that includes as an exhibit the Agreement and Plan of Merger between Evotec and Renovis. Evotec intends to file a Registration Statement on Form F-4 with the Securities and Exchange Commission in connection with the proposed merger. Evotec and Renovis expect to mail a joint proxy statement/prospectus, which will form part of the Registration Statement on Form F-4, to shareholders of Renovis in connection with the proposed merger. This document will contain important information about the merger and should be read before any decision is made with respect to the merger. Investors and stockholders will be able to obtain free copies of this document and any other documents filed or furnished by Evotec or Renovis through the website maintained by the Securities and Exchange Commission at www.sec.gov. Free copies of these documents may also be obtained from Evotec, by directing a request to Evotec's Investor Relations department at Schnackenburgallee 114, 22525 Hamburg, Germany, or from Renovis, by directing a request to Renovis' Investor Relations department at Two Corporate Drive, South San Francisco, California 94080.

In addition to the documents referenced above, Renovis files or furnishes annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information filed or furnished by Renovis at the SEC's Public Reference Room at Station Place, 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the Public Reference Room. Renovis's SEC filings are also available to the public at the SEC's web site at www.sec.gov, or at their web site at www.renovis.com.