Annual Report **2003**

november AG

Financial key figures of the november Group since 1997 (IAS)

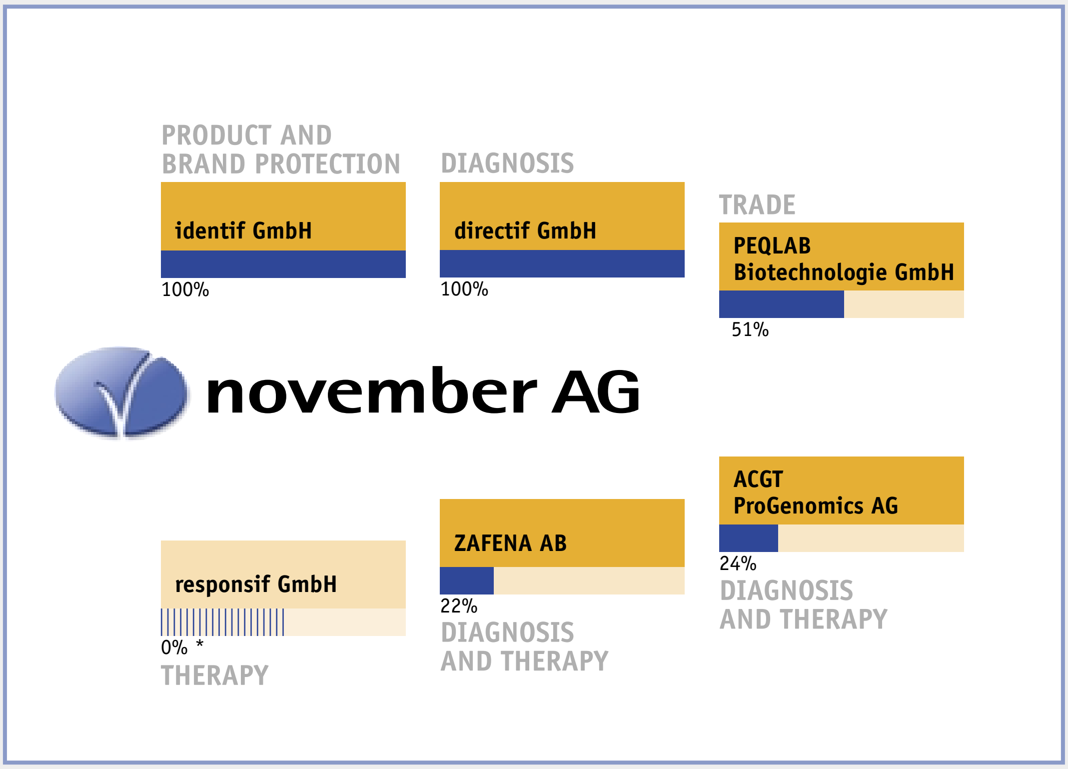
(in **TEUR**, exceptions: employees, net earnings per share)	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	Changes 02/03
Revenues	34	206	1,267	1,808	3,695	3,855	4,424	15%
R&D costs	178	574	1,397	3,294	5,232	6,218	3,432	-45%
Restructuring						1.272		-100%
Operating income/loss (EBIT)	-400	-993	-2,798	-6,301	-8,642	-9,703	-4,449	-54%
Net income/loss	-324	-1,063	-2,924	-4,175	-7,122	-5,924	-2,817	-52%
Net earnings per share as per IAS 33 in EUR	-8.06	-5.64	-2.78	-0.72	-1.07	-0.87	-0.41	-47%
Employees (on average of the year)*	6	16	39	69	80	88	63**	-28%
Total liquidity	2,716	2,347	2,625	35,034	24,079	15,859	12,495	-21%
Shareholder's Equity	713	573	951	37,536	32,046	26,122	26,516	2%
Balance sheet total	2,967	3,822	4,311	43,254	35,010	29,583	28,646	-3%

* Starting in 2001, the number of employees has been converted to full time employees

** MBO of the therapeutic business unit in January 2003

The november family

The focus of november AG is on the development of product and technology platforms in the fields of molecular medicine as well as product and brand protection. These are commercialized through clearly structured and specialized subsidiaries as well as other affiliates and partners. This provides the basis for sustained corporate growth.



* full participation in economic success of the therapeutical project **plus** i.a. participation option of up to 50%

SECURITY FOR BUSINESSES AND CONSUMERS – identif GmbH

(Spin-off effective as of 31 December 2003)
This wholly owned november subsidiary has succeeded in developing and perfecting DNA-based technologies for the production and scanning of product codes. Falsification-proof markings using the *identif GmbH* products are already being used for labeling drugs today. These DNA codes are supplemented by nanometric security features, which are used, for instance as an innovative security feature on banknotes.

CERTAINTY FOR PATIENTS – directif GmbH

(Spin-off effective as of 31 December 2003)
directif GmbH, another wholly owned subsidiary of november AG, develops products to automatically detect e.g. pathogens quickly and cheaply on the basis of DNA fragments in patient samples. To this end, the individual steps which are today necessary to carry out a diagnosis are all integrated in a single plastic cartridge thus miniaturizing a full-scale laboratory to the area of a credit card. This compact, complete system puts diagnosis back in the hands of the doctor in whom you trust, so improving the treatment of the patient.

EQUIPMENT SUPPLIER FOR THE BIOTECH INDUSTRY – PEQLAB Biotechnologie GmbH

PEQLAB Biotechnologie GmbH, a 51% subsidiary of november AG, offers researchers in universities and industry a broad range of molecular biology research equipment, materials and services. The company is already very well established on the market and currently accounts for the greatest share of earnings of the november Group.

INNOVATIVE THERAPIES – responsif GmbH (management buy-out in early 2003)

The former Therapy project team of november AG has been spun off into a separate company by the name of *responsif GmbH* which develops methods for reactivating the immune system of cancer patients in the fight against cancer cells. At present, november is only participating in *responsif GmbH* on an the basis of an agreement under which it enjoys options for participating and separate profit share rights.

PARTICIPATING INTERESTS:

ACGT ProGenomics AG was founded in the year 2000 and is primarily concerned with the development of a test method for Alzheimer's disease based on a proprietary technology platform. The planned long-term orientation of the company is on the research, development and licensing of drug delivery systems for therapeutic applications. november AG holds 23.88 percent of the shares in the company, which is based in Halle an der Saale.

ZAFENA AB is a Swedish biotech firm with headquarters in Linköping. *ZAFENA* develops, produces and markets products for blood banks, the diagnosis and therapy of cardiovascular diseases, as well as in the field of aging. november AG holds a 22.40 percent share in this company.

november AG

Joined strengths – joint success

Dear Shareholders, Business Partners and Customers,

PD Dr. Wolf M. Bertling

Despite the altogether difficult economic climate in which we have to operate, we once again succeeded in 2003, thanks to major progress in our projects, in significantly increasing the value of our company.

Borne by this success, the price of november's shares more than quadrupled from spring 2003 to the end of the year. However, november AG continues to represent a good investment as well. With a market capitalization which, at the time of production of this report, amounted to considerably more than EUR 50 million, november's shares have once again moved into the focus of interest for institutional investors. This is also reflected in the significantly oversubscribed capital increase which was successfully carried out in December. The additional funds will help us to promote our cutting-edge technologies even more. At the end of 2003, total liquidity amounted to EUR 12.5 million.

Successful product launch

The basis for our success are our products. Even, and especially in economically difficult times, these offer genuine customer benefit, as the successful launch of our product and brand protection systems show: They help companies assure their existing sales, prevent illegal production and, through clear marking of original products, provide effective protection against unfounded warranty claims arising from inferior imitation products.

Also now, in early 2004, our order books keep filling up.

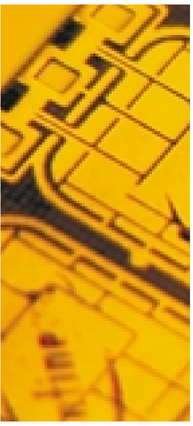
Herein, follow-on contracts, such as that from Bristol-Myers Squibb, are important to note. This pharma company intends to extend the range of its products using our marking system and has decided to apply our DNA marking system to all HIV drugs sold in future in Germany. The broad-based market entry of our products is also being supported by the introduction of innovative security features based on new technologies. One example of this are novel banknote security features of the kind we have developed in cooperation with Hueck Folien.

Therapy due for clinical testing

We take reporting transparency very seriously. We therefore promised our shareholders last year to continue reporting on the activities of the hived-off Therapy business. All relevant information is willingly offered to us by *responsif GmbH*. I am therefore very pleased to inform you that the Ethic Commission has agreed to initial trials of our immune-therapy approach on patients and that the preparations for this are currently in progress. november AG has both participating rights and separate profit-sharing rights in the success of Therapy.

Prominent development partners

The successful strategy of november AG to team up with competent industrial partners also continued last year. In November, an agreement was signed with Siemens Medical Solutions to upgrade the existing development cooperation into a full strategic partnership in the field of Diagnostics, as a result of which november AG will receive a significant sum. Since December, the development consortium has been completed by the firm of Wilden AG, a specialist in the series production of medical plastics systems. The rapid further development of our diagnosis system is therefore guaranteed.



New future-oriented group structure

Following the management buy-out of the former Therapy business division as an independent company operating under the name *responsif GmbH*, the transformation of november AG into a holding company was continued step by step. This process was completed for the time being on 31 December 2003 with the spin-off of the remaining Product/Brand Protection division and the Diagnosis division as private limited companies which are wholly owned by november AG.

The previous corporate structure was aimed at making optimum use of research and development synergies between the various divisions. With nearing market readiness, however, strategic partnerships and marketing and sale of the products take on a stronger focus. The decision to transform the november Group into a holding is therefore both logical and makes good economic sense.

The new subsidiaries are able to respond even faster and more flexibly to the needs of their market segments and their customers. At the same time, this structure makes it much easier for the entry of strategic and financial partners, still further strengthening the prospects for success of the companies of the november Group.

At the same time as restructuring, we have also pursued a consistent cost savings program, as a result of which, for instance, we have succeeded in reducing the administrative overheads by over 40 percent. The management board has also been reshaped in line with the leaner and more efficient structure of november AG. Thus, for example, the activities of the former business development director are now being taken care of at subsidiary company level.

The parent company, november AG, will now be able to focus even more strongly on matters of strategic control. Freed from the needs of the operating business, opportunities which present themselves, e.g. for enlarging the technology portfolio, can be grasped much earlier and used to greater advantage. Besides the realization of synergy effects, strengthening the technology platform and establishing and building relationships with international partners to strengthen our financial and marketing capabilities have high priority. One initial example of this is our participation in the formation of the Swedish biotech company *Zafena AB*, which has been created out of a cooperation without drain on our liquidity. This is a meaningful, close-to-market, and promising addition to the diagnostic and therapeutic portfolio of the november Group.

Prospects 2004

Thanks to innovative products with direct customer benefit and revolutionary technology platforms, we are ideally placed also for the coming years. With the conclusion of important agreements, the foundation was laid in the year under review for sustainable growth of the november Group; we will continue to pursue this growth course with determination also in 2004. To this end, we will give special thrust to the marketing of our product and brand protection systems in the SME sector.

The reorganization of the november Group in the year under review presented special challenges for our personnel. I would therefore like to express my thanks to them, but also to our customers and partners, for their strong commitment and good cooperation. I equally wish to thank our investors for the faith they are continuing to place in us and am delighted that they are continuing to accompany november AG so positively.

Dr. Wolf M. Bertling

Dear Shareholders,

Prof. Dr. Dr. h.c. Karl Wilhelm Pohl

november AG has fully mastered the challenges posed last year. We have succeeded in placing november AG in a promising position for the commercialization of our developments. This was only possible through uncompromising reorganization and restructuring of the entire company, which we completed at the end of 2003.

A "thank you" to our shareholders

I would like to take this opportunity, also in the name of my fellow supervisory board members, to thank you for the trust with which you confirmed us in office at the ordinary general meeting in May 2003 with a majority of 99.8 percent.

Intensified committee work

At its meetings during the year under review, the supervisory board of november AG performed the duties incumbent upon it pursuant to the German Companies Act (AktG), the company's statutes and the German Corporate Governance Code. It monitored and advised the company's management board. To this end, it established an accounts and auditing committee, as well as a sales and marketing committee. The latter is playing a material role in providing support for the market launch of the products of *identif GmbH*, the former Product and Brand Protection division.

At four meetings during the past financial year 2003, the management board informed the supervisory board on the progress of business as well as on the situation of the company and of *PEQLAB Biotechnologie GmbH*. The chairman of the supervisory board and his fellow board members maintained regular intensive contact with the management board, and discussed with it the strategy, business development and risk management of the enterprise. The supervisory board was also kept regularly informed by the management board of all material developments and decisions. All measures requiring the consent of the supervisory board were discussed in detail.

Restructuring of the november Group

During the year under review, the supervisory board concerned itself in close detail with a large number of topics relevant to the company. One of its main focuses was on optimizing the opportunity and risk profile of november AG. The supervisory board therefore encouraged the management board in its strategy of concentrating the available resources on development projects which are closest to market, and gave its consent to the management buy-out of the Therapy division, i.e. the business with the highest development risk, while at the same time ensuring that the shareholders of november AG will be able to continue participating in full in the success of Therapy

In the course of the restructuring process, the management board of november AG was reduced in size. At the end of February, CFO Hans-Dieter Tresser left the company, while at the end of June, Dr. Thomas Schulze, who had responsibility on the management board member for the field of business development, also left us in order to take up office as managing director of a young biotechnology company. The post of head of finance was immediately filled with the appointment of Mr. Alexander Offer as Director Finance. Because of the transfer of responsibilities to the business divisions which have since been spun off, it was decided, however, not to refill the position formerly held by Dr. Schulze.

Capital increase

In order to ensure sufficient liquidity in the near and mid-term until the company is able to operate at a profit, the management and supervisory boards decided to take advantage of the improving climate for investment. Pursuant to a resolution of the management board, which was approved by the supervisory board, it was decided to make use of the authorized capital permitted under Art. 4a Paragraph 4 of the statutes, and a capital increase against cash contributions was consequently carried out in December 2003 by the issue of 657,120 shares, whereby existing shareholders were excluded from subscribing pursuant to Art. 186 Clause 3 Sentence 4 AktG (Companies Act). The capital increase was significantly oversubscribed and was successfully placed with institutional investors.

Waiver of bonus

The price of november AG's shares developed positively during the course of the year. Based on the share performance the supervisory board members were entitled to receive a bonus in accordance with the company's statutes. The supervisory board has decided to forego the bonus for the financial year 2003.

Unqualified auditor's certificate

The financial statements of november AG and the consolidated financial statements as at 31 December 2003 as well as the management report of november AG and the consolidated management report for the year ended 31 December 2003, together with the bookkeeping, have been audited by the firm of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft, Nuremberg.

The auditor has confirmed that the bookkeeping and annual financial statements as at 31 December 2003 are in compliance with German law, that the annual financial statements have been prepared in accordance with good accounting principles and practice and provide a true and fair view of the financial and earnings situation of the company, and that the management reports accurately reflect the annual financial statements. The auditor thereupon certified the annual financial statements without reservations.

All members of the supervisory board received the aforesaid documents, the proposal of the management board concerning appropriation of the deficit for the period as well as the reports of the auditor in good time before the meeting to discuss the annual financial statements. The supervisory board itself also examined the documents. The results of the audit were discussed in detail at the meeting of the supervisory board on 18 March 2004 in the presence of the auditor, who reported on the main findings of his audit, and of the management board. At the meeting, the management board explained the annual financial statements in detail.

The annual financial statements and the audit reports met with no objections.

The supervisory board approved the annual financial statements, which are therefore deemed adopted pursuant to Article 172 AktG. The supervisory board concurs with the proposal of the management board to carry the deficit for the period forward to the new account.

The supervisory board wishes to thank the management board and all employees of the company for their excellent cooperation and commitment and for the positive development of the company during the past year.

Prof. Dr. Dr. h.c. Karl Wilhelm Pohl, Heidelberg University

Chairman of the supervisory board
Erlangen, 18 March 2004

Open communication builds trust

The year under review was characterized not only by operating and technological successes of november AG, but also by powerful positive changes in the price of november's shares. At the start of the year, the shares were not wholly able to escape the influence of the continuing weakness of the overall economic environment. By building our communication with institutional and private investors, however, we succeeded in regaining investor confidence in the course of the year. This can substantially be attributed to the new orientation of the financial department by Alexander Offer. In December 2003 this enabled us to successfully carry out a capital increase in a gross volume of EUR 3.35 million. This is a clear indication of the trust enjoyed by november also on the part of institutional investors.

Key figures for november AG's shares

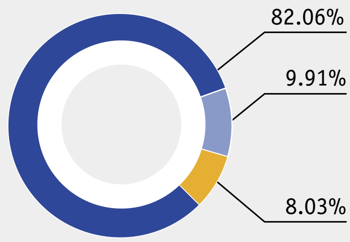
All figures in EUR	2003	2002	Trend
Earnings per share (IAS 33)	-0.41	-0.87	↑↑
Highest/lowest (XETRA closing prices)	9.31/1.40	9.10/2.84	↑
Shareholders' equity	26,515,807	26,121,840	→
Average number of shares*	6,859,809	6,811,200	→
Market capitalization at year-end	46,303,584	19,411,920	↑↑↑

* up to the capital increase in December 2003: 6,811,200; today: 7,468,320

Direct contact with our investors

Over 80 percent of november's shares are owned by private investors. Personnel of the company are available to give timely, open and technologically competent answers to inquiries from this important group of investors and in direct contact with them. The main instrument for communication with our investors are the numerous publications in which we provide regular information on progress within the november Group. These are made available not only through print and online media but also through the company's homepage and the mailing list of november AG. This email service is already used by over 500 investors in order to keep themselves constantly informed. You are cordially invited to join it, too.

Shareholder segmentation



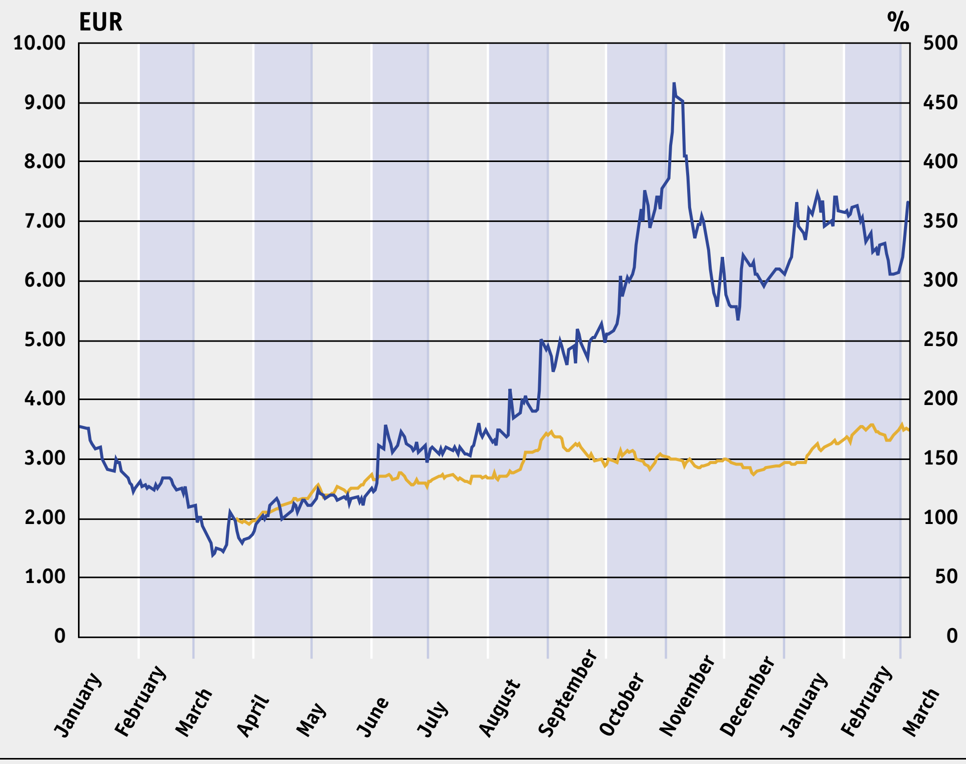
Free float	**82.06%**
Essential Management GmbH	**9.91%**
Dr. Wolf M. Bertling (CEO november AG)	**8.03%**

Number of shares after capital increase in December 2003: **7,468,320**

november share still a worthwhile investment

As the price chart shows, the shares of november AG developed very positively in the course of the year 2003. Initially running parallel to the Prime Standard IG Biotech Index, they far outstripped it in the second half of the year. The shares closed the year at a price of EUR 6.20 (XETRA closing price on 30 December 2003). The price therefore quadrupled between spring 2003 and the end of the year.

Share price development of november shares since January 2003



ISIN: DE0006762909
Stock Exchange Code: NBX (Reuters NBXG.DE)
Home Exchange: Frankfurt
Prime Standard Indices: Prime IG Biotechnology Performance, Prime All Share, Technology All Share

november AG (XETRA Closing Price, %)
Prime IG Biotechnology Performance Index (%)

The market environment for the products developed by november improved continuously in the year under review. The reinforced cost-cutting efforts in the health system mean enhanced marketing prospects for our diagnostic developments. At the same time, the recognition of product piracy as a global problem is triggering a powerful security need on the part of brand owners and consumers, resulting in increased demand for our product and brand protection products.

november AG can also look forward to participate in the success of *responsif GmbH* in the field of innovative cancer therapy solutions. This former business division of november AG, which became independent under a management buy-out in early 2003, is currently planning the clinical testing of a therapeutic protein which operates by reactivating patients' immune response. november AG holds options to special profit share rights as well as to business shares in *responsif GmbH*, which ensures that november AG shareholders will fully participate in its economic success.

Conversion into holding brings increased growth potential

To strengthen the profile of the individual development areas of november AG, it was decided at the end of the year to also spin off the remaining divisions as separate companies and to convert november AG into a holding. This new structure will make it crucially easier for the entry of strategic and financial partners and thus further increase the growth potential for november's shares.

Outlook 2004

We will once again focus, and further strengthen, our IR efforts on providing open and timely communication with our investors concerning economic and technological developments at november AG.

The arguments for an investment in november AG have been presented at many events. One of the main focuses of investor interest at these events was on the national and international marketing opportunities for our product and brand protection systems, which have been on the market since 2002 and 2003 respectively. november AG sees especially the USA not only as an important sales market for our products, but also as a country with considerable investor potential. Therefore, we increased our efforts to address investors in the USA last year, and will also continue this strategy in 2004.

At national and European level, working with strong partners such as Siemens and with an orientation to industrial markets also outside of biotechnology, november is well placed to benefit from the present economic recovery and political development.

Corporate Governance principles of november AG *(declaration of conformity pursuant to Art. 161 of the Stock Corporation Act (AktG))*

convenience translation:
only the German version is binding

Foreword

The Management Board and the Supervisory Board of november AG appreciate the German Corporate Governance Code (http://www.corporate-governance-code.de) and oblige themselves follow the recommendations of the code as far as possible.

The Corporate Governance principles also apply to the november Group. The Executive and Supervisory Board will ensure its enforcement.

The German Corporate Government Code allows to deviate from individual recommendations. This enables companies to reflect sector and enterprise-specific requirements. These deviations have to be disclosed and explained annually ("comply or explain"). The deviations of november AG are listed and explained hereafter, including parts of the original recommendations. Numbers in brackets refer to the numbering within the German Corporate Governance Code in the version of 21 May 2003.

1. *Management Board,*
Composition and Compensation
(4.2.1)

"The Management Board shall be comprised of several persons and have a Chairman or Spokesman."

Deviation:
Since 1 July 2003, november AG's founder PD Dr. Wolf M. Bertling is sole director and CEO of the company. In accordance with the statute the Management Board may be comprised of one or several persons. A lean Board structure reflects the reorientation of november AG as a holding.

2. *Management Board,*
Composition and Compensation
(4.2.3)

"The overall compensation of the members of the Management Board shall comprise a fixed salary and variable components. Variable compensation should include one-time and annually-payable components linked to the business performance as well as long-term incentives containing risk elements."

Deviation:
2004 will be the first year in which the compensation of the CEO does not comprise one-time and annually-payable components or incentives containing risk elements.

3. *Management Board, Composition and Compensation*

(4.2.4)

"Compensation of the members of the Management Board shall be reported in the Notes of the Consolidated Financial Statements subdivided according to fixed, performance-related and long-term incentive components. The figures shall be individualized."

Deviation:
2004 will be the first year in which compensation of the members of the Management Board will be reported in individualized figures.

4. *Supervisory Board, Tasks and Responsibilities*

(5.1.2)

"An age limit for members of the Management Board shall be specified."

Deviation:
Until now, the statutes do not specify an age limit for members of the Board. Supervisory Board and Management Board will decide on this in due course.

5. *Supervisory Board, Composition and Compensation*

(5.4.5)

"(Compensation of the members of the Supervisory Board shall consider) the exercising of the Chair and Deputy Chair positions in the Supervisory Board as well as the chair and membership in committees."

Deviation:
The statute does not provide for a compensation for the chair position in committees of the Supervisory board or the membership in such committees.

6. *Transparency*

(6.6)

"The shareholdings, including options and derivatives, held by individual Management Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1% of the shares issued by the company."

Deviation:
All shareholdings held by individual Management Board and Supervisory Board members are reported in the Notes to the Consolidated Financial Statements, even if they are lower than 1% of the shares issued by the company. november AG thus exceeds the guidelines of the Corporate Governance Code and documents its profound commitment toward transparency.

Management Board Supervisory Board

Highlights 2003

January

Relaunch of the november homepage

The new homepage of november AG went online at the beginning of the year. This now makes it even easier for interested parties to obtain all the latest information about the products, research fields and business activities of november AG. Detailed investor information on the november stock, Financial Calendar and the Corporate Governance guidelines are additionally provided. Jobseekers will find their own special page with current vacancies. An online form is available for those wishing to receive our email newsletter; this means that at the same time as press and analysts, they will also be provided with all relevant information on november AG. More than 500 shareholders are already making use of this service.

February

Cooperation with Hueck Folien in the field of banknote security

To implement industrial scale mass production for the machine-readable color-intensive nanocluster layers of our *brandsealing* technology, november AG has since February been cooperating with the Austrian company Hueck Folien GmbH, one of the leading European suppliers of technical films for high-security uses. The goals of the cooperation include the development of a *brandsealing* color switch feature for banknotes. This could replace existing non-machine-readable security elements such as hologram strips.

MBO of the Therapy division

With effect as from 1 January, the supervisory board of november AG gives its approval to a management buy-out (MBO) of the Therapy division into *responsif GmbH*. Following completion of key preclinical studies, clinical trials for the immune-therapy approach to cancer treatment are in preparation. Strategic and financial partners are needed for this, and winning such partners is easier for a separate company. Options on profit shares and participating rights in the success of the business mean that the interests of the november shareholders remain fully preserved even after the management buy-out of the Therapy division.

March

Strategic cooperation with leading certification society SGS

november AG succeeds in winning the renowned SGS Group (Societé Générale de Surveillance) – with over 1000 offices in more than 120 countries – as a partner for the introduction and certification of product and brand protection systems at international customers of november AG.

May

Management changes

Alexander Offer, previously senior vice president at an independent investment bank, takes over as head of the financial department. The annual general meeting confirms the new supervisory board of november AG, which was reconstituted in December 2002, with a majority of 99.8 percent.

August

Falsification-proof banknotes using november technology

The cooperation with Hueck Folien is crowned by success. Hueck acquires a license for the jointly developed banknote security feature which is given the name “Colour Switch“. In addition to payments which are due immediately, the agreement also provides for turnover-related license revenues for november AG. Hueck firmly expects to win first customers already in 2004. The market potential is huge: Every year, around a dozen new currencies are re-launched throughout the world.

November

Strategic partnership with Siemens Medical Solutions

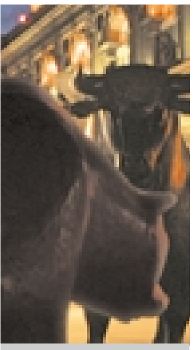
november AG and the Medical Solutions Division of Siemens AG update their long-standing co-operation by conclusion of a strategic partnership. By this means both companies team up for production and marketing of the jointly developed diagnostic device which, for the first time, will allow the genetic material of pathogens to be analyzed directly at the point-of-care. This will make expensive and time-consuming laboratory analysis superfluous in future. Based on the payment of a significant sum to november AG, Siemens is granted an option to form a joint company in the future.

December

Medical plastics specialist Wilden AG becomes production partner for the diagnostic unit

Wilden AG of Regensburg, one of the market leaders in the field of precision plastic components for medical applications, becomes the production partner for the so-called cartridge, the central unit of the diagnostic system developed jointly with Siemens Medical Solutions. Within the cartridge, all the steps from processing of the patient sample to identification of the pathogen are performed fully automatically. This calls for extremely stringent production precision. Wilden also agrees to undertake optimization of the cartridge prototypes to the production needs of cost-effective mass production.

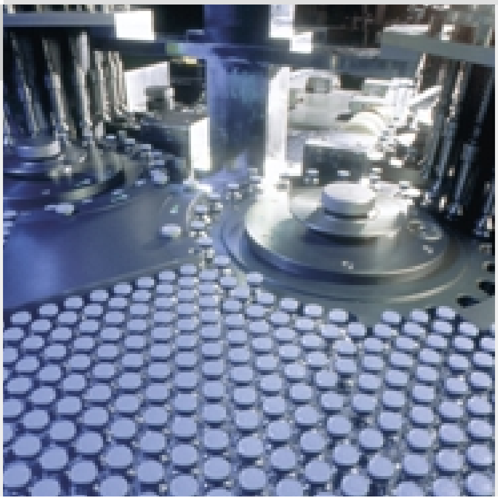
Capital increase successfully completed



The window for obtaining funding for promising firms is opened once more. As one of the first listed biotech companies, november AG succeeds in December in carrying out a capital increase against cash contributions. Shares under the authorized capital worth around EUR 3.35 million are placed with institutional investors. This means a further boost to the already good liquidity position of november AG and a further increase in its marketing strength. november AG is one of only few companies in Germany to successfully carry out a capital increase in 2003.

Business divisions become wholly owned subsidiaries

As of 31 December 2003, the Product and Brand Security division and the Diagnostics division were spun off into *identif GmbH* and *directif GmbH* respectively, both of which are wholly owned subsidiaries of november AG. As independent operating entities, the two new private limited companies will be able to respond even faster and more flexibly in future to the needs of the market and the customers, and thus also enhance the market opportunities for their products. The shareholders of november AG will also benefit from this step. It will make financial and strategic partnerships with major international companies very much easier and significantly increase the value of the former business divisions. For the time being, therefore, the strategic reorganization of november AG is now completed



From manufacturing ...

over delivery ...

identif TECHNOLOGIES

Product labeling for maximum security

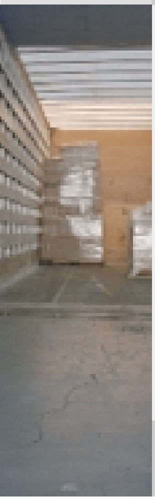
identif GmbH develops product and brand protection systems based on machine-readable biological and physical codes. In this way, we assist our customers in sustainably assuring their sales potential, for example by preventing illegal surplus production by fraudulent suppliers and in protecting themselves against unfounded liability claims arising from unauthorized products.

Owners of brands throughout the world find themselves facing the same problem: How can low-cost overseas production be combined with highest quality assurance and effective protection against unlicensed products? In today's business climate, when product liability lawsuits can cost millions, not to mention the image loss, it is essential to prevent illegal or counterfeit products from reaching the customers. This is even more important in the case of products where safety is a key factor, e.g. vehicle or aircraft parts or the highly sensitive area of prescription drugs.

According to estimates of the World Health Organization, up to seven percent of all pharmaceuticals consumed throughout the world are not original products. Authorities such as the Food and Drug Administration (FDA)in the USA are therefore strongly encouraging the introduction of individual, permanently secure and machine-readable labeling systems for the US pharma market.

While conventional systems are either not machine-readable, e.g. holograms, or can be easily copied, e.g. barcodes, the product marking systems from *identif Technologies* meet all the criteria called for by the FDA and combine very simple application with 100 percent security and automated readability.

To meet differing customer requirements, *identif GmbH* offers two complementary systems: *brandprotection* und *brandsealing*. Both systems allow individual codes to be produced for customers and products, they are machine-readable, and *to the storehouse:*



identif Technologies provide maximum security

they guarantee long-term security against illegitimate interference in the production and distribution processes of a company.

The *brandprotection* system is based on patented DNA identification technology. The codes consist of a unique sequence of DNA units, which can be authenticated anywhere within seconds using a hand-held scanner. A code with only 20 characters already allows over a billion different combinations and thus ensures 100 percent security. As the marking can be applied on the packaging so as to be invisible for the customers, it is also known as a covert security feature.

Since the middle of 2002, we have been supplying the pharmaceuticals company Bristol-Myers Squibb (BMS) with DNA-coded labels for one of their cancer drugs. This has enabled BMS to reliably safeguard their distribution chain. Because of the great success of the system, BMS have recently renewed the contract and also extended it to cover a broader range of products. In future, also all HIV drugs from BMS which are sold in Germany will be equipped with *brandprotection* labeling.

The second system, *brandsealing*, is based on the special properties of nanometric metal clusters. Applied in thin film systems, they are characterized by a brilliant color switch when viewed from different angles. The *brandsealing* system is especially suited for film application and for the direct marking of metallic surfaces, and hence, for instance, for the marking of safety-relevant spare parts in the automotive and aircraft sectors. In cooperation with Infineon Technologies, we also develop an application on chipcard modules. Known as “Colour Switch“, the metal cluster technology is being marketed by our development partner and licensee, Hueck Folien, as a new, machine-readable security feature for banknotes.

directif DIAGNOSTIC SOLUTIONS

The future of diagnostics

directif GmbH is developing the world's first fully automated molecular analysis system for point-of-care nucleic acid diagnosis. Other key markets addressed by us include, for example, the food and environmental analysis sectors.

Our most important partners in the development team are Siemens Medical Solutions as our strategic partner, and Wilden AG, a global leader in the field of medical plastics systems, for the series production.

Fast and reliable diagnosis at the point-of-care

Patients expect their doctor to give them comprehensive advice and to provide them with a fast and dependable diagnosis. The faster a reliable diagnosis can be made, the sooner effective therapy can begin, and hence the smaller the risk of lasting health damage.

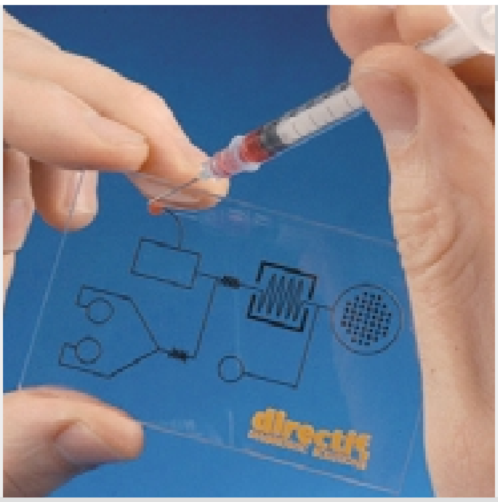
Especially in the case of non-specific symptoms, the ideal approach would be, for example, to directly identify the pathogen on the basis of its genetic information (nucleic acids). This is, in fact, already possible today, but the current analytical methods used are time-consuming and expensive. Today, therefore, at least one day usually elapses between a sample being taken from the patient and diagnosis being provided by the doctor. With the technology currently being developed by *directif GmbH*, this situation will change.

Convincing unique features

At the heart of the *directif* product family is a novel electrochemical method for analyzing nucleic acids. Thanks to the integration of all the analytical steps in one disposable cartridge and the development of a fully automated control unit (analyzer), analysis can be performed without the cost-intensive laboratory infrastructure required by competing methods and without the need for specially trained personnel. The result is available within a time of two hours. The effective operating time amounts to only a few minutes.

Old-fashioned diagnosis –

diagnosis today:



The Unique Selling Propositions of our products will be:

- easy operation (no specially trained personnel or special infrastructure necessary)
- high speed (less than two hours between taking of sample and diagnosis)
- cost savings (through integration and automation of all the analytical steps)

Broad range of uses

One typical area in which the patients could in future benefit from fast diagnosis is with the new influenza viruses that everyone reads about in the newspapers. Modern drugs are indeed available to combat them, but they have to be taken within a few hours from infection. This is only possible with the aid of nucleic acid diagnosis. Also in the case of SARS, a virus infection that occurred in several outbreaks for the first time in 2003, methods for fast detection of the pathogen at genetic level could help in future to stop the infection from spreading.

Nucleic acid diagnosis is also the control method of choice in the development of initial HIV vaccines. The aim is thereby to prepare the immune system for the pathogen by confronting it with non-infectious fragments of the virus particle. If vaccination is successful, the body will create antibodies against HIV. But it is precisely the antibodies that are also detected in the classical AIDS test. It would therefore not be possible to tell whether a patient is infected or has only been vaccinated. Nucleic acid diagnosis, on the other hand, is able to detect whether there are actually infectious viruses present in the blood.

Nucleic acid diagnostics can also play an important role in the choice of appropriate therapies. Drugs often have completely different effects on different patients. One reason for this are genetic variations within the population. Many of these factors have been understood in the last few years. Thus, for instance, nucleic acid diagnosis of a blood sample is able to show whether the breast cancer in an individual patient has a certain hormone receptor which will provide a target for attack by a specific drug. Only if this is the case is there any point in using that particular drug.

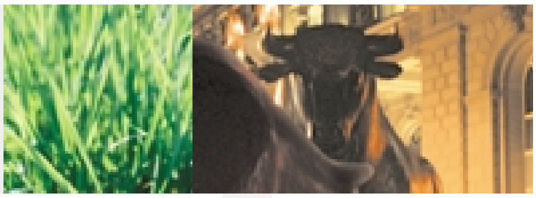
In the field of environmental and food analysis, it is possible with the aid of nucleic acid analysis to detect minimal bacterial contamination or, for instance, the use of genetically modified raw materials.

automated systems ...

lead to improved care for patients

Successful in times of change

Business development 2003



Goals for 2003 achieved

november AG began early on in the year to push forward the development of close-to-market projects. The company also succeeded in winning renowned industrial companies, for instance Siemens AG, as development partners, and thus in significantly shortening development times. Working with these partners will also enhance the perception of november AG on the market and in this way facilitate the marketing of our products.

The central goals for the year 2003 were the development of new markets for the product and brand protection systems, strengthening the development efforts in the field of the diagnostic systems, and strategic restructuring of the november Group to assure our long-term business success.

In the financial year 2003, november AG made significant progress in the implementation of this strategy:

- Strategic cooperation with the SGS Group, the world's biggest testing and certification organization in terms of sales turnover. This means that also in countries in which november AG does not have a presence, its customers have a competent contact partner for the establishment of effective product and brand protection systems.

- License agreement with the Austrian company Hueck Folien GmbH after successful joint development of a novel machine-readable security feature for banknotes. This opens up a highly lucrative market of around a dozen newly created currencies throughout the world every year.

- Upgrade of the existing development cooperation with Siemens Medical Solutions into a strategic partnership in the field of diagnostics, with prospects of a future joint venture. The renewed Siemens engagement is convincing proof for the intrinsic worth and potential of the november technologies.

- Microfluidics specialist Wilden AG is a new partner in the development consortium for the diagnosis device. As a leading company in the production of plastic systems for medical applications, Wilden will be responsible for mass production of the exchangeable diagnosis units (cartridges).

Corporate restructuring successfully completed

With successful product launches and growing nearness to market, it is essential to create independent, decentralized structures in order to be able to respond to the needs of customers and partners with the greatest possible flexibility. The management board therefore decided to put the necessary structures in place as early as possible in order to ensure the continuing success of the november Group.

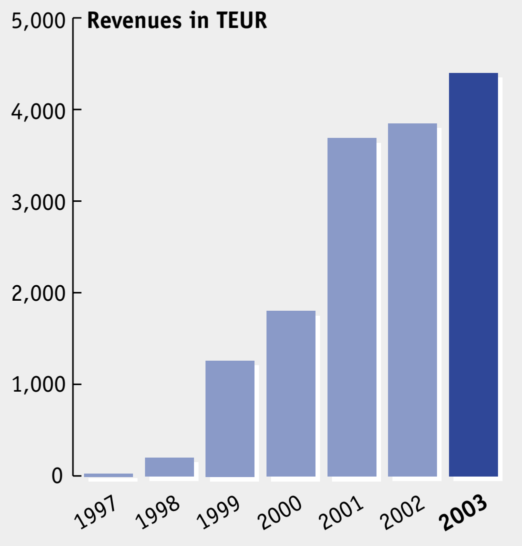
Already at the beginning of the financial year 2003, *responsif GmbH* was created from the former *responsif Therapeutic Solutions* division under a management buy-out. The managing director of *responsif GmbH* previously worked as project manager in the Therapy division of november AG. By way of start-up funding, november AG granted a loan to the newly formed company. november AG holds options for the gradual acquisition of a participating interest in *responsif GmbH* and already on partial exercise of the option will receive a significant share in the success of therapy development.

At the end of the financial year 2003, the remaining *identif Technologies* and *directif Diagnostic Solutions* divisions were spun off as wholly owned subsidiaries of november AG. The managing directors of the new companies were project managers of the relevant divisions at the time of spin-off.

15 percent growth in group revenues

In the year under review, total sales revenues of the companies included in consolidation, i.e. november AG, *identif GmbH, directif GmbH* and *PEQLAB Biotechnologie GmbH,* amounted to EUR 4.4 million (previous year: EUR 3.9 million), equivalent to an increase of 15 percent. Despite growing sales of the *identif* division, the revenues were - as in the previous years - mostly earned by our *PEQLAB* subsidiary.

Change in revenues



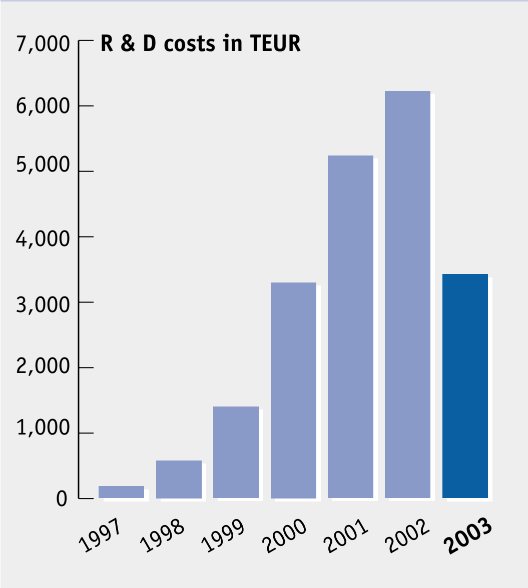
The costs of revenues of TEUR 2,336 (previous year: TEUR 2,131) in the year under review mostly comprise the production costs for the products sold by *PEQLAB Biotechnologie GmbH*.

Gross profit increased over the previous year by 21 percent to TEUR 2,088 (2002: TEUR 1,724). This meant a slight rise in consolidated gross margin to 47 percent (previous year: 45 percent).

Significant cost reduction

Research and development costs fell significantly by 45 percent to EUR 3.4 million (previous year: EUR 6.2 million). This was largely due to the management buy-out of the research-intensive *responsif Therapy* division with effect as from 1 January 2003. As in the previous year, the research and development costs were, in accordance with International Accounting Standards, not capitalized.

Change in R & D costs

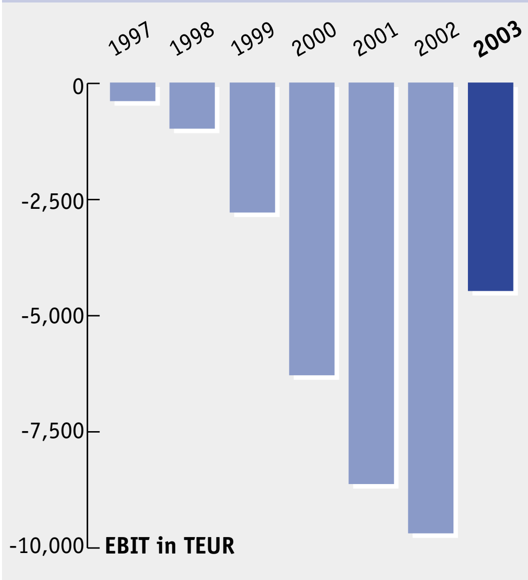


Despite the substantial growth in revenues, the costs for sales and marketing of the november Group were only slightly up on the previous year at EUR 2.2 million (2002: 2,1 million). This is an indication for the effective use of resources in the november Group.

Group operating result up 54 percent

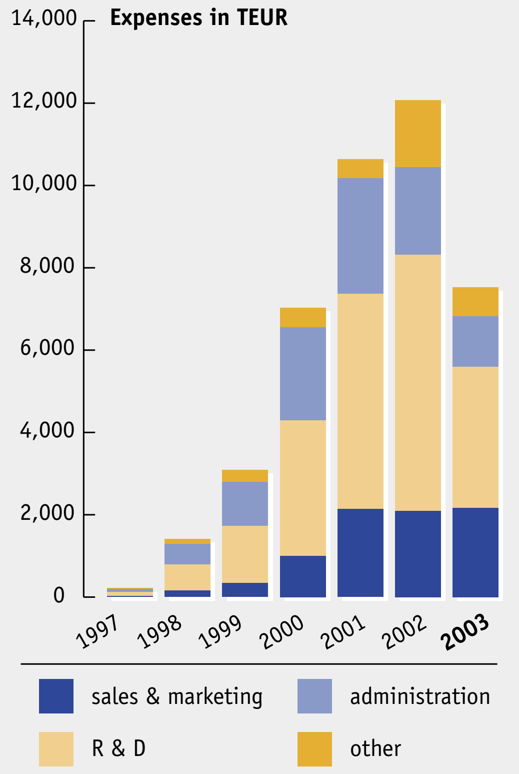
The group operating loss (EBIT) for the financial year 2003 amounted to EUR 4.4 million and was thus 54 percent less than the previous year's figure of EUR 9.7 million. The reduction results mostly from the transfer of the therapy division into the *responsif GmbH* and from an uncompromising cost cutting program. Significant savings were also achieved in administration, as evidenced by the 42 percent reduction in general administrative expenses to EUR 1.2 million (previous year: EUR 2.1 million).

Change in EBIT



A significant reduction was also achieved in the *other operating expenses*. These fell in the year under review to TEUR 526, equivalent to a cut of 64 percent. In the previous year, this item was inflated by restructuring expenses, especially in connection with the management buyout of the *responsif GmbH*.

Structure of operating expenses



The consolidated net loss in the year under review amounted to around EUR 2.8 million and was thus significantly less than the figure for the previous year of EUR 5.9 million. At EUR -0.41, the earnings per share (IAS 33) also saw a substantial improvement (previous year: EUR -0.87, IAS 33).

The accumulated deficit increased by the consolidated net loss to EUR 24.2 million (previous year: EUR 21.4 million).

On 31 December 2003, the consolidated balance sheet total stood at EUR 28.6 million (previous year: EUR 29.6 million).

Further improvement in total liquidity through capital increase

In order to take advantage of the marked improvement in the climate on the capital market and to acquire additional funds for the promotion of our marketing activities as well as our product pipeline, the management board decided on a capital increase in the fourth quarter of 2003. The supervisory board approved this decision.

Partial use was made of the capital authorized under Art. 4a Clause 4 of the statues, and a capital increase against cash contribution was carried out with the issue of 657,120 new shares, whereby existing shareholders were excluded from subscribing pursuant to Art. 186 Paragraph 3 Sentence 4 of the German Companies Act (AktG). All the new shares were subscribed by the consortium leader, the company Concord Effekten AG of Frankfurt am Main, and placed with institutional investors at a price of EUR 5.10 per share. The issue met with keen interest and was significantly oversubscribed. The gross inflow of funds into the company amounted to EUR 3,351,312.-. Following the capital increases, the capital stock now stands at EUR 7,468,320.-. The newly acquired funding resources are being primarily used to further expand the marketing activities for the innovative product protection solutions *(identif)*, enabling us to follow on and build on the previous successes such as winning the pharma company Bristol-Myers Squibb or Hueck Folien as customers. The new funds will also enable us to press ahead with the development of integrated systems for point-of care nucleic acid diagnostics *(directif)*.

Total liquidity was further improved and, including investments, stood at EUR 12.5 million at the end of 2003 (previous year: EUR 15.9 million). Liquidity per share at the end of the financial year amounted to EUR 1.67 (previous year: EUR 2.33).

The decrease in the item *other current assets* by 84 percent to EUR 1.3 million (previous year: EUR 8.3 million) is largely due to part of a loan against borrower's note having fallen due in 2003. The residual term of the still outstanding part of the loan in an amount of EUR 1 million is less than one year.

Including scheduled depreciation and amortization, the property, plant and equipment amount to TEUR 1,156 on 31 December 2003 (previous year: TEUR 1,833). Investments in property, plant and equipment in the year under review total TEUR 151 (previous year: TEUR 611). As in the previous year, the biggest item was *"operating and office equipment"*, with an amount of TEUR 136 (previous year: TEUR 274). Because of the management buy-out of the Therapy division, november AG sold property, plant and equipment in the year under review, and especially laboratory equipment and installations in laboratories, in a book value of TEUR 430 to *responsif GmbH*. With effect as of 19 December 2003, property, plant and equipment with a total book value of TEUR 498 were transferred at market values internally to the *identif GmbH* and *directif GmbH* subsidiaries under the spin-off agreements by way of a capital increase against contributions in kind.

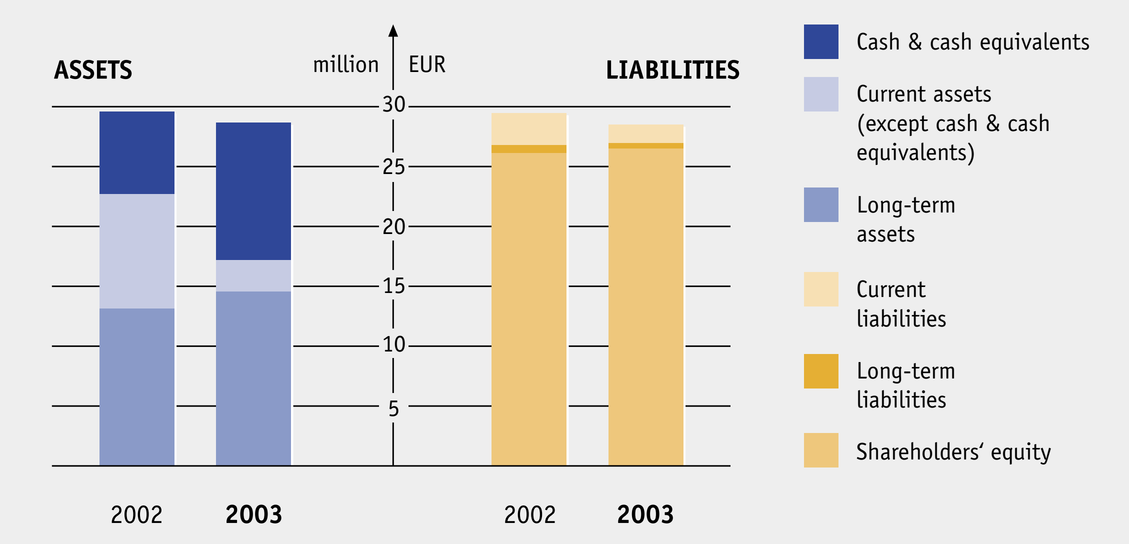
The 59 percent increase in investments was mainly due to the granting of a loan to *responsif GmbH*.

The capitalized deferred taxes at the end of 2003 amounted to EUR 10.3 million (previous year: EUR 8.6 million). This item relates to tax reduction claims arising from the anticipated utilization of existing taxable loss carry forwards in future years.

The accruals formed in the previous year for, among other things, the transfer of business activities to *responsif GmbH* were fully used up. As a result, the accruals decreased by 46 percent to TEUR 793 (previous year: TEUR 1,473).

In the previous year the item *"bonds"* comprised the convertible bonds issued to personnel of november AG under the employee capital participation scheme (2002: TEUR 124). As different conditions applied to conversion depending on the date of issue, the chosen structure resulted in very high administrative expenses.

Balance sheet structure **Comparison 2003/2002**



A voluntary buy-back offer of the management board was accepted by all the holders, the bonds were redeemed at nominal value, and the item was wound up with effect as of 31 December 2003. However, november AG continues to take a highly positive view of employee capital participation schemes as it sees them as an important tool for winning and motivating qualified personnel. The company is therefore looking at ways for achieving this goal in future, while avoiding the disadvantages of the former scheme.

As a result of the capital increase against cash contribution under authorized capital, which was successfully carried out in December 2003, the subscribed capital has increased to EUR 7,468,320 (previous year: EUR 6,811,200). The capital increase was recorded in the commercial register on 5 December 2003.

Including the consolidated net loss of EUR 2.8 million, shareholders' equity amounted to EUR 26.5 million (previous year: EUR 26.1 million); the equity ratio was therefore 93 percent (previous year: 88 percent). Thanks to the favorable equity position, the property, plant and equipment, the intangible assets and the net current assets are all funded out of own resources.

First-rate employees as a factor for success

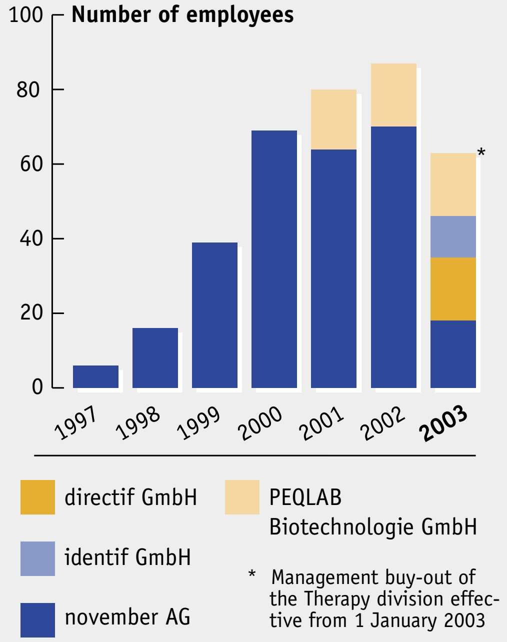
Our employees played a crucial role in ensuring that, despite the extensive corporate restructuring of the group in the year under review, november AG outstripped the development in the industry as a whole in 2003.

The two wholly owned subsidiaries, which have been created from the former business divisions, are able to draw on the individual strengths and long-standing professional experience of their personnel in the fields of research and development, marketing and sales, project management and quality control. Financial and accounting systems and central services, however, continue to be provided by november AG. Our interdisciplinary teams are characterized by outstanding creativity and efficient working. The november Group has an excellent network of connections in industry and science.

Fall in employee numbers due to management buy-out of Therapy

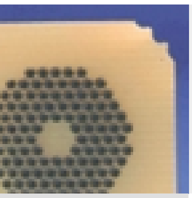
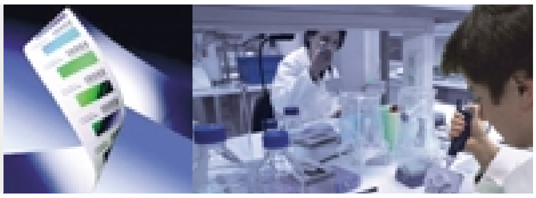
On average during the financial year 2003, the november Group employed 63 people on a full-time basis, 83 including people employed in companies november AG holds a minority interest in. Compared to the average figure in 2002 of 88 november employees, this represents a considerable drop. However, the fall was largely due to the management buy-out of the Therapy business on 1 January 2003, in the course of which 21 employees were transferred to *responsif GmbH*.

Employee development within the november Group



* Management buy-out of the Therapy division effective from 1 January 2003

Research and development 2003

november AG focuses its research and development activities on two areas which at the end of the year were spun off into wholly owned subsidiaries. The new company *identif GmbH* develops system solutions for industrial product and brand protection, while the main focus of *directif GmbH* is on analytic products for nucleic acid diagnosis. Additionally, since December 2000, november AG has held 51 percent of the shares in *PEQLAB Biotechnologie GmbH*, a commercial company which is also based in Erlangen and supplies equipment, reagents and services for molecular biology basic research. Another main research activity aimed at developing innovative immunotherapy treatment methods was already spun off under a management buy-out in early 2003 as *responsif GmbH*.

New products for sustainable success

In the year 2003, the november Group further extended its portfolio of product and brand protection solutions. One result of this work was the successful development of a new security feature for banknotes. In contrast to the hologram strips used today, the new feature is machine-readable and therefore allows counterfeit notes to be identified quickly and easily. Through our development partner, the company Hueck Folien GmbH, which has also acquired a license for the new technology, the security strips, which have a brilliant color switch effect through the use of nanostructures, are now being launched on the market. They are therefore able to supplement the marking of smart card modules of the kind that have already undergone several months' testing together with Infineon Technologies. To support its outstanding research work in the field of nanofunctionalized surfaces, november AG will, as a member of an industrial research consortium, receive a six-figure grant over the next three years from the German Education and Research Ministry. This is further proof for the potential of our technology.

In the year under review, the former *directif* division achieved a number of important milestones on the way to developing an innovative diagnosis system for near-patient nucleic acid diagnostics. A first prototype for the diagnosis unit (cartridge) was already presented in the first quarter, and since then has been continuously improved. Although only small-sized, the cartridge contains all the steps needed for diagnosis. This represents a major advance as compared to existing systems. The key element of the cartridge is a biochip patented by november AG which is able to directly detect genetic material. Since November 2003, Siemens Medical Solutions and november AG have intensified their cooperation and entered into a strategic partnership. The task of Siemens is to develop the central control unit (analyzer) for the diagnosis system. Several prototypes have already been produced. At present, coordination between the cartridge and the analyzer is being optimized and the clinical validation of the diagnosis process is being prepared.

Development at subsidiaries and affiliates

Growth in revenues at PEQLAB Biotechnologie GmbH

Considering the continuing difficult climate on the market for laboratory diagnostics materials, our *PEQLAB* subsidiary can look back on a successful year. As in 2002 the company generated an annual net profit.

PEQLAB, in which november AG has held a 51 percent share since December 2000, is a one-stop shop for the molecular biology sector, with currently 17 employees, supplying innovative reagents and laboratory equipment, including some products developed and produced in-house. Additionally, together with another partner, it provides services for basic molecular research. The customers include in particular academic research institutes and biotechnology companies. Nearly all of the company's products are sold under its own brand and have a reputation on the market for reliable high quality.

Through the increase in its product range, *PEQLAB* as in previous years was able to achieve substantial revenue growth. *PEQLAB's* revenues in the financial year under review amounted to TEUR 4,031 (previous year: TEUR 3,765). On a year-on-year basis, revenue growth stood at 7 percent. This is a very good result considering the difficult market conditions, which were characterized by a reduction in R&D spending in response to uncertainties about the economic development

Companies originating from november AG

responsif GmbH

A special place in the company relationships of the november Group is held by *responsif GmbH*. Created from the former Therapy division, this now independent company develops innovative immunotherapy procedures for a variety of diagnostic indications and also works as a contract research organization, providing molecular biology and biotechnology services. This "hybrid" business model increases the company's chances of success. Since October 2003, *responsif GmbH* has been certified to DIN ISO 9001:2000.

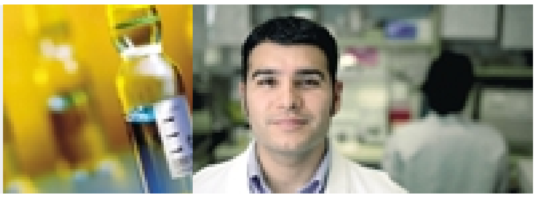
november AG holds options to business shares as well as special profit share rights. As a result, the financial interests of the november shareholders are fully safeguarded despite the management buy-out. To underline this, *responsif GmbH* continues to report all relevant progress to november AG.

Reactivation of the immune system

The basis for the cancer therapy initially developed at november AG and now being further developed by *responsif GmbH* is the specific stimulation of an individual's immune system against tumor cells. Most tumors are virtually invisible to the immune system and are therefore able to spread largely unhindered. In order to stop this fatal development, the concept being pursued by *responsif* provides for tumor cells to be taken from the patient, killed, coated with a protein which stimulates immune response, and subsequently reinjected into the patient. The aim is to trigger a specific immune response, enabling remaining tumor cells and metastases to be detected and eliminated by the body's own system, with minimal stress on the patient.

According to *responsif GmbH*, the preclinical trials for one kind of tumor were completed as scheduled in the first quarter of 2003. The preparations for the first clinical trials are now under way. The first illness this will be used for are renal cell carcinomas (kidney). The local Ethics Commission has already given its consent to a clinical feasibility study, which is now expected to begin in the first half year of 2004.

Events after the balance sheet date

Successful deals at the start of the year

With the announcement of the spin-off of the former Product/Brand Protection and Diagnostics divisions as at 31 December 2003, november AG already set the course at the beginning of 2004 for the future development of the company.

Since then, there have also been other positive developments for the november Group:

- In February, november AG took an over 20 percent holding in *Zafena AB*, a newly formed Swedish biotech company, which will i.a. further pursue the medical products developed by november AG for analyzing blood coagulation. The investment required only minor funds, since it was done mostly through the transfer of patents and licenses. Prior to this, the license agreement with Medirox AB of Sweden was discontinued by mutual agreement.

- In March, november and Bristol-Myers Squibb announced the conclusion of a follow-on contract for the marking of drugs packaging. In future, all HIV medication products sold in Germany will also be secured by a DNA code.

Outlook 2004

Anticipated development in the industry

Less risk for non-medical biotech developments

Depending on the area of operation of each company, different aspects of the development in the biotechnology sector have to be taken into account. For all companies the capital market seems to be becoming more responsive towards funding for the biotech industry once more., This can be seen from the successful capital increase at november AG in late 2003. This means that the financial situation on the participations market could also become less tense. It remains to be seen how the process of concentration in the pharmaceutical industry will affect the business prospects for biotech companies engaged in the field of drug development. When mergers occur, existing cooperation arrangements usually become subject to renegotiation. Also the uncertainties about the effects of the health sector reform that came into force in Germany in January on sales of the pharmaceutical industry here could result in investment decisions, for instance about the purchase of licenses for innovative biotech substances, being postponed for an indefinite period. The prospects for companies whose focus is on other, e.g. diagnostic, development activities are likely not to be affected by the factors outlined above.

Anticipated development of november AG

Diagnostics and product protection expected to benefit

For the product portfolio of november AG and its subsidiaries, the cost-reducing measures in the health sector can be expected to result in improved sales opportunities. For instance, the diagnostic system developed by *directif GmbH* will, for the first time, allow nucleic acid diagnosis to be made directly at the point-of-care and can therefore make a significant contribution to cutting health care costs. The same also applies to the product and brand protection systems. Investments in these products primarily fall within the sphere of sales and marketing, so are likely to be less badly affected by cuts in research budgets. As the successful extension and broadening of the customer relationship with Bristol-Myers Squibb shows, even the pharmaceutical companies which are particularly hard hit by the cost-cutting measures in the health sector are using the opportunity to build competitive advantages through patient protection and improved distribution channel controls.

While the overall economic development is not predictable, the november Group does expect it to see a recovery, and therefore hopes to continue on its growth course also in 2004.

Following the spin-off of the business divisions of november AG as subsidiaries, the main focus of the parent company for the current financial year is on economic optimization. The subsidiaries, meanwhile, will be free to concentrate on bringing their products to market as quickly as possible and on further growing their sales revenue.

Already in the financial year 2003, the Product and Brand Protection division, which now operates as *identif GmbH*, succeeded in significantly increasing its sales. Also in 2004, top priority will be given to expanding the marketing network, with the aim of winning further customers, licensees and also strategic partners at both national and international level. Licensees such as Hueck Folien will develop and market their own products on the basis of our technologies. We expect to see one of our technologies in use for the first time in banknotes already in the course of the current year 2004.

With conclusion of a strategic partnership with Siemens Medical Solutions and an agreement put in place for series production by Wilden AG at the end of the year 2003, *directif GmbH*, the former Diagnostics division, achieved two major milestones and has thus laid the foundations for successful further development of the innovative diagnostics device. The further development of this novel system will be pushed ahead in collaboration with these partners. Besides continuous improvement of the cartridge and analyzer prototypes, extending the spectrum of uses to include viral and bacterial applications as well as transfer to series production are the main milestones for the coming year.

Our subsidiary *PEQLAB Biotechnologie GmbH* will turn its attention to the further increase in revenues and earnings. Despite a still difficult market environment, the company is aiming for growth in 2004 of more than 10 percent. To achieve this, its sales range will be expanded by innovative additions in the fields of laboratory equipment, PCR reagents and products for DNA/RNA isolation. *PEQLAB* is also planning a sharp increase in its export activities and intends to further enlarge its sales team in the second half of the year.

According to the voluntary reporting of *responsif GmbH*, the company in which november AG holds options for profit share rights and participation rights even after the management buy-out, will start on clinical trials for its immunotherapy solution in 2004, and is also planning to increase its contract research activities. To assure the success of the business model, the company aims to enter into further strategic and financial partnerships.

Chances and risks

As a development company working in the biotechnology sector, the november Group has extraordinary potential for success. However, these opportunities are also accompanied by both general and specific development risks.

Especially the revenue and financial targets are based on assumptions on which the company has in some cases only little or no influence. Should the basis for target definition change, the expectations would have to be adjusted accordingly.

Effective risk management

In accordance with the German law relating to control and transparency in business companies (KonTraG), november AG already implemented a structured, group-wide risk management system in 1999 for the control, management and avoidance of company risks. This system is supported by the work of the supervisory board, a policy of openness and transparency in communication with the public, and a system of corporate management that meets the requirements of the German Corporate Governance Code, deviating from the recommendations of the latter in only a few, substantiated cases.

The basis on which risk review is performed are the goals as formulated in the business plan. The existing system was also rigorously applied during the 2003 financial year. It allows critical developments to be recognized, analyzed, and appropriate countermeasures to be adopted at an early stage, and is being continuously further developed and improved. Through proactive measures, therefore, the management is able to respond to any possible risks when they are already only starting to emerge. To this end, november AG ensures an efficient exchange of information:

- november AG and its subsidiaries have a risk manual in which discernible and predefined business risks and appropriate risk tolerance limits are defined which, if reached, automatically trigger a risk report to the management board. At november AG, risk owners are primarily the first and second management tier, the managing directors of affiliates, as well as certain specialists within the company (safety officer, IT, quality management).

- The management is kept informed of all major project developments at regular meetings and through constant exchange of information.

- With the exception of the management board, all actions or transactions which involve a level of risk are not carried out by one employee alone.

- Company controlling is based to a large extent on multi-year plans which reflect the financial situation of the entire group of companies and are updated on a revolving basis. Under a strategic management process involving, among others, the management of affiliates, the controllers and the management board, monthly target/actual comparisons are undertaken and timely countermeasures initiated in the event of any significant deviations.

november AG also has an effective range of instruments for dealing with general business risks:

- Like any other company, november AG is subject to general business risks such as the loss of parts of the management or important employees. november AG seeks to meet these risks by developing and skilling its personnel and through organizational measures such as the duty to maintain records and to keep other persons informed.

- The protection of intellectual property is the subject of active measures within the company and is additionally supported by external patent lawyers. This relates to both license management as well as the assertion and defense of our own protection claims.

- november AG takes out insurance to reduce the risk arising from a variety of events and liability risks. The nature and scope of cover is kept under constant review and is adjusted as and when necessary. Despite these precautionary measures, however, damage or compensation claims cannot be completely ruled out.

- To support the risk management system, november AG has a quality management system certified to DIN ISO 9001:2000. The issue of work instructions and standard operating procedures ensures that work steps are carried out in a uniform manner.

- IT risks are limited through stringent access restrictions.

The general market risks for the technologies and products developed apply to biotechnology companies just as to all others. To take account of them, november AG pursues active risk management also in this area:

- The whole portfolio of november AG is actively steered by the management board by submitting it to regular market review in terms of opportunities and risks.

- Through continuous screening of the relevant publications and databases, market and technology developments are recognized at an early stage.

The november Group is also subject to specific risks arising from business developments or from the markets the company seeks to address:

- Because of its size, november AG is currently restricted to the development of particular technologies and components for its products. It is therefore dependent to a significant degree on development and sales partners. november AG seeks to reduce this risk by the conclusion of binding agreements and by stringent project controlling.

- The product and brand protection systems offered by *identif GmbH* fall within the category of capital goods and as such are dependent on the willingness of companies to invest. A negative development in the economy as a whole could therefore also directly affect the success of *identif*.

- Our *PEQLAB Biotechnologie GmbH* subsidiary procures some of its supplies from the US dollar area. The resulting foreign exchange risk is limited through dollar currency options. In the past year, it was not necessary to make use of currency options of this kind as the purchasing prices fell due to the continuing weakness of the dollar.

- Pursuant to the purchase and participation agreement concluded with *responsif GmbH* on 21 February 2003, november AG has granted *responsif* a loan in an amount of EUR 1.65 million. Repayment of the loan will depend to a large extent on successful development of the potential immunotherapy substances and the influx of further funding.

The risks outlined above, which are only partially controllable, nevertheless do not lessen november AG's confidence in being able to continue the positive development of the past also in the financial year 2004. No imponderable risks or other factors which would be liable to jeopardize the continued existence of the company became known to the management during the period under review.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended
31 December 2003 (IAS)

november AG
Gesellschaft für Molekulare Medizin

Consolidated balance sheet
for the year ended 31 December 2003
according to International Accounting Standards (IAS)

Consolidated Balance Sheet ASSETS	Note	12/31/2003 EUR	12/31/2002 TEUR	Change %
CURRENT ASSETS				
Cash & cash equivalents	(1)	11,456,013	6,859	67
Short-term marketable securities	(2)	39,052	0	
Trade accounts receivable	(3)	437,141	462	-5
Inventories	(4)	791,717	760	4
Other current assets	(5)	1,326,539	8,277	-84
Prepaid expenses	(6)	35,522	100	-64
Total current assets		**14,085,984**	**16,458**	**-14**
LONG-TERM ASSETS				
Property, plant and equipment	(7)	1,156,186	1,833	-37
Intangible assets	(8)	101,803	113	-10
Goodwill	(9)	1,296,307	1,486	-13
Investments	(10)	1,691,824	1,064	59
Investments valued acc. to the equity method	(11)	0	0	0
Deferred taxes	(12)	10,313,531	8,629	20
Total long-term assets		**14,559,651**	**13,125**	**11**
TOTAL ASSETS		**28,645,635**	**29,583**	**-3**

Consolidated balance sheet
for the year ended 31 December 2003
according to International Accounting Standards (IAS)

Consolidated Balance Sheet LIABILITIES	Note	12/31/2003 EUR	12/31/2002 TEUR	Change %
CURRENT LIABILITIES				
Trade accounts payable	(13)	387,821	739	-48
Advance payments received	(13)	13,752	15	-8
Current portion of amounts owed to banks	(13)	129,244	129	0
Other current liabilities	(13)	211,978	279	-24
Accrued expenses	(14)	793,413	1,473	-46
Total current liabilities		**1,536,208**	**2,635**	**-42**
LONG-TERM LIABILITIES				
Bonds	(13)	0	124	-100
Long-term portion of amounts owed to banks	(13)	437,203	566	-23
Total long-term liabilities		**437,203**	**690**	**-37**
Minority interests	**(15)**	**156,417**	**136**	**15**
SHAREHOLDERS' EQUITY				
Subscribed capital	(16)	7,468,320	6.811	10
Additional paid-in capital	(16)	43,243,809	40,690	6
Accumulated deficit	(16)	-24,196,322	-21,379	13
Total shareholders' equity		**26,515,807**	**26,122**	**2**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**28,645,635**	**29,583**	**-3**

Consolidated income statement according to International Accounting Standards (IAS) 1 January to 31 December 2003

	Note	2003 EUR	2002 TEUR	Change %
Revenues	(17)	4,424,297	3,855	15
Costs of revenues	(18)	2,335,807	2,131	10
Gross profit	**(19)**	**2,088,490**	**1,724**	**21**
Costs of sales	(20)	2,165,886	2,100	3
General administrative expenses	(21)	1,234,633	2,126	-42
Research and development costs	(22)	3,431,628	6,217	-45
Other operating income	(23)	1,010,698	651	55
Other operating expenses	(24)	525,909	1,445	-64
Amortization of goodwill	(9)	189,703	190	
Operating income/loss		**-4,448,571**	**-9,703**	**-54**
Interest income and expenditure	(25)	127,017	280	-55
Other financial expenses	(26)	-146,099	-167	-13
Financial result		**-19,082**	**113**	**-117**
Result before taxes and minority interests		**-4,467,653**	**-9,590**	**-53**
Income tax	(27)	1,671,229	3,715	-55
Result before minority interests		**-2,796,424**	**-5,875**	**-52**
Minority interests	(15)	-20,479	-49	-58
Consolidated net loss		**-2,816,903**	**-5,924**	**-52**
Loss carry-forward		-21,379,419	-15,455	38
Accumulated deficit	**(16)**	**-24,196,322**	**-21,379**	**13**
Earnings per share (undiluted) (EPS)	(28)	-0.41	-0.87	
Average shares outstanding		**6,859,809**	**6,811,200**	

Change in shareholders' equity for the financial year 2003 and the corresponding period of the previous year

The changes in shareholders' equity (IAS 1.86) are shown in the following table (all figures in thousand euro (TEUR)):

Note (16)	Subscribed capital	Add. paid-in capital	Accumul. deficit	Total shareholders' equity
31 December 2001	**6,811**	**40,690**	**-15,455**	**32,046**
Consolidated net loss 2002	0	0	-5,924	-5,924
31 December 2002	**6,811**	**40,690**	**-21,379**	**26,122**
Change in shareholders' equity through contributions in cash:				
- Capital increase under Authorized Capital III	657	2,694	0	3,351
- Costs of capital increase	0	-140	0	-140
Consolidated net loss 2003	0	0	-2,817	-2,817
31 December 2003	**7,468**	**43,244**	**-24,196**	**26,516**

Cash flow statement (IAS)
1 January to 31 December 2003

	Note	2003 EUR	2002 TEUR
CASH FLOW FROM OPERATING ACTIVITIES			
Consolidated net loss		-2,816,903	-5,924
Adjustment for:			
Minority interests	(15)	20,479	49
Depreciation and amortization of long-term assets (incl. unscheduled depreciation and depreciation of goodwill)		586,695	1,433
Income from change in deferred taxes	(12)	-1,684,397	-3,716
Change in net current assets:			
Decrease in inventories, trade receivables and other assets		7,008,415	154
Decrease in trade payables and other liabilities		-1,099,143	586
Net cash from operating activities		**2,015,146**	**-7,418**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of assets:			
Disbursements for investments		-180,798	-640
Proceeds from the sale of assets		471,324	4
Disbursements in connection with investments		-627,554	6,971
Net cash from investing activities		**-337,028**	**6,335**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from additions to equity		3,210,869	0
Disbursement for the repayment of loans		-129,131	-129
Disbursement for the redemption of bonds		-123,484	-8
Cash employed for financing activities		**2,958,254**	**-137**
Cash and cash equivalents at the start of the period		6,858,693	8,079
Cash and cash equivalents at the end of the period	**(29)**	**11,495,065**	**6,859**

The following notes are an integral part of these consolidated financial statements.

LIQUIDITY INCLUDING INVESTMENTS (short- and long-term):

	Anhang	2003 EUR	2002 TEUR
Cash and cash equivalents at the end of the period		11,495,065	6,859
Investments (short-term portion)	(5/10)	1,000,000	9,000
Total liquidity at the end of the period		**12,495,065**	**15,859**

Notes on the consolidated financial statements for the financial year 2003

The company

november AG Gesellschaft für Molekulare Medizin, which is domiciled in Erlangen, was founded on 26 November 1996 and is registered as No. HR B 6565 in the commercial register kept at Fürth Local Court (Bavaria). Following the IPO on 10 April 2000, the company was listed in the "Neuer Markt" (New Market) segment of the Frankfurt Stock Exchange, but since 1 January 2003 has been included in the "Prime Standard" premium segment of the German Stock Exchange.

The object of the enterprise is the development and marketing of molecular biological analysis and therapy methods as well as the development and marketing of medical and non-medical procedures and equipment insofar as these are not subject to statutory regulation. A further object of the enterprise is the performance of corresponding analyses in the field of human and veterinary medical diagnostics and environmental analysis insofar as only the technical but not the diagnostic aspects are concerned, which latter must be conducted by licensed physicians. A further object of the enterprise is the performance of consultancy and research contracts in the aforesaid sectors insofar as such consultancy is provided only to professionals and does not constitute consultancy services to patients. The company is further authorized to do all business as may appear useful to the object of the enterprise, whether directly or indirectly, provided such business is not subject by law to the issue of a special license. The company is authorized to form enterprises of a like or similar nature, to acquire or represent such enterprises or acquire participating interests in them. The company may also conclude intercompany agreements and set up branch establishments at home and abroad.

General Principles – Application of the International Accounting Standards (IAS)

As a company listed on the stock exchange, november AG is required by law to draw up consolidated financial statements. As these consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), november AG is exempted from the requirement to produce consolidated financial statements in accordance with the German Commercial Code (Art. 292a HGB). The interpretations of the Standing Interpretations Committee (SIC) have been applied.

The accounting, valuation and consolidation methods employed deviate from the applicable provisions of Arts. 290 ff. German Commercial Code in the following points:

- Deferred taxes: The consolidated financial statements of november AG according to IAS include capitalized deferred taxes for losses which can be offset for tax purposes against future profits. Under the accounting rules of the German Commercial Code, deferred taxes cannot be formed for this purpose.

- In the consolidated financial statements according to IAS, the shares in *ACGT ProGenomics AG* acquired in the financial year 2001 under a share swap deal are shown at the market value of the november shares issued; in the individual financial statements prepared according to the German Commercial Code, on the other hand, they are shown at nominal value. In both cases, the value of the shares has been written down.

- In the IAS consolidated financial statements for the financial year 2000, the costs for the IPO were set against the additional paid-in capital and therefore did not affect income; in the individual financial statements, on the other hand, they were carried as expenses.

- The external costs for the capital increase through contributions in cash which was undertaken in the year under review have been set against additional paid-in capital in accordance with SIC 17 and therefore do not affect income; in the individual financial statements prepared according to the German Commercial Code, on the other hand, they are carried as expenses in the income statement.

To make the financial statements clearer and to enhance their information value, some items have been aggregated in the balance sheet and the income statement but are reported separately in these notes. The income statement has been prepared using the cost of sales method.

The consolidated financial statements are drawn up in euros (EUR).

Because of the disposal of the former "Therapy" division with effect as of 1 January 2003, comparison of items in the income statement with those for the previous year is only possible to a limited extent.

The consolidated balance sheet, income statement and cash flow statement have been structured in the manner specified by the German Stock Exchange (Deutsche Börse AG) for structured quarterly reports.

Consolidated companies

Pursuant to IAS 27 and in compliance with SIC 12, the following companies have been included in the consolidated financial statements:

- november AG Gesellschaft für Molekulare Medizin, domiciled in Erlangen, as the parent company.

- *identif GmbH*, domiciled in Erlangen, as a subsidiary company. november AG holds 100% of the voting shares. (Nominal capital including paid-in contribution to capital for the capital increase according to resolution: TEUR 379.7)

- *directif GmbH*, domiciled in Erlangen, as a subsidiary company. november AG holds 100% of the voting shares. (Nominal capital including paid-in contribution to capital for the capital increase according to resolution: TEUR 196.9)

- *PEQLAB Biotechnologie GmbH*, domiciled in Erlangen, as a subsidiary company. november AG holds 50.94% of the voting shares (share in the nominal capital: TEUR 16.3).

In early December 2003, november AG founded two private limited companies, *identif GmbH* and *directif GmbH*, each with an original capital contribution in cash of EUR 25,000.

By transfer and contribution agreements of 19 December 2003, two business divisions of november AG, namely *identif Technologies* and *directif Diagnostic Solutions*, were spun off to these companies as of 31 December 2003. The managing directors of the two new companies managed the respective business divisions prior to spin-off.

At the same time, control and profit transfer agreements were concluded with effect as of 31 December 2003 and the nominal capital of both subsidiaries increased by contributions in kind. Therefore, including the paid-in contribution to capital for performance of the capital increase which has been resolved, the nominal capital as at 31 December 2003 of *identif GmbH* amounted to TEUR 379.7 and that of *directif GmbH* to TEUR 196.9.

In both cases, november AG as the parent company is the sole owner of all the shares of these companies. As wholly owned subsidiaries, the spun-off divisions have been consolidated in the financial statements as at 31 December 2003.

PEQLAB Biotechnologie GmbH was acquired by notarial agreement of 15 December 2000 by contribution in kind, with new november shares being issued in return for *PEQLAB* shares. The company was consolidated for the first time for a full year in the financial year 2001.

As required by IAS 28, the interest acquired with effect as of 1 November 2001 in **ACGT ProGenomics AG**, domiciled in Halle, in an amount of 23.88% of the shares (previous year: 24.95%) of *ACGT ProGenomics AG* is shown separately in the consolidated financial statements under “investments valued according to the equity method”. As at 31 December 2003, the value of this investment was written down in full.

The cut-off date for the consolidated financial statements is the same as the cut-off date for november AG (31 December 2003). The cut-off date for the financial statements of *identif GmbH*, *directif GmbH* and *PEQLAB Biotechnologie GmbH* is identical to that for the consolidated financial statements.

As of 1 January 2003, the *responsif Therapeutic Solutions* division was transferred to *responsif GmbH* under a management buy-out. Pursuant to IAS 27 and SIC 12, *responsif GmbH* is not included among the consolidated companies of november AG.

Consolidation principles

The individual financial statements included in the consolidated financial statements have been prepared according to uniform accounting and valuation methods.

Capital consolidation has been done according to the acquisition method of IAS 22 (Business Combinations), with the historical costs of investments being set off against the proportional revalued shareholders’ equity of the subsidiaries at the time of acquisition. The assets and liabilities acquired are shown at their market value at the time of acquisition. Any remaining difference is shown as goodwill.

Goodwill in an amount of TEUR 1,897 resulting from the initial consolidation of *PEQLAB Biotechnologie GmbH* is being written down in accordance with IAS 22 over an expected useful life of 10 years.

The shareholding in *ACGT ProGenomics AG* is valued in the financial statements according to the equity method. Although the uncertainties concerning the funding of the business model of the company had been reduced by the joining of new shareholders in 2002 and 2003, the attributable value that was already reduced in previous years was written down in full as of 31 December 2003 because future financing of the company was not to be considered as being secured at the cut-off date.

Intercompany receivables and liabilities as well as income and expenses between the consolidated companies have been eliminated without affecting the operating result.

Due to only insignificant intercompany profits/losses, no elimination has been done.

Accounting and valuation principles

To a very limited extent, estimates and assumptions have to be made in the consolidated financial statements which may affect the level and reporting of the assets and liabilities, income and expenses, and indirect liabilities shown. The actual values may differ from the estimates.

The reporting, valuation and aggregation of individual items in the balance sheet, the income statement, the cash flow statement and the statement of changes in shareholders' equity as well as the scope of the explanations has been done on the principle of materiality. Assets and liabilities with a residual term of up to one year are shown as current assets and liabilities, those with a residual term of more than one year as long term assets and liabilities. The residual term has in all cases been calculated from the balance sheet cut-off date.

Cash and cash equivalents are capitalized at nominal values.

Marketable securities are shown at historical cost or the market value on the balance sheet cut-off date, whichever is lower.

Receivables and other assets are shown at historical cost or attributable value, whichever is lower. Discernible risks have been allowed for by appropriate charges.

Inventories are shown at historical or production cost. A fixed value applies for laboratory material.

Property, plant and equipment is shown at historical/production cost, reduced by scheduled depreciation for use. Assets of minor value are written down in full in the year of acquisition.

Regular straight-line depreciation is based on the following periods of useful life:

- Buildings on land owned by others
  7 - 10 years
- Other operational and office equipment
  1 - 23 years

Additions in the first half of the year are written down at the full annual rate, additions in the second half of the year at half the annual rate.

Intangible assets are shown at acquisition cost, reduced by regular straight-line depreciation pro rata temporis. The periods of useful life on which depreciation is based are between 1 and 10 years.

The goodwill arising from the capital consolidation of *PEQLAB Biotechnologie GmbH* is being written down over an expected useful life of 10 years. The value is reviewed at each balance sheet cut-off date.

In accordance with IAS 38, research and development costs are booked as expenses for the financial year.

Investments are valued at net book value.

Capitalized **deferred taxes** are claims to tax reductions arising from the anticipated use of existing loss carry-forwards in subsequent years. Deferred taxes arising from differing time periods for valuations in commercial and tax balance sheets of the consolidated companies or resulting from consolidation matters did not occur. The deferred taxes are calculated at a rate of 38%, made up from a corporate income tax rate of 25%, a special solidarity surcharge of 5.5% of corporate income tax, and the rate of local trade tax of the city of Erlangen after allowance for its tax deductibility.

Liabilities are shown at their repayment value. Currency conversion has been done as required by IAS 21 at the daily rate on 31 December 2003.

Accrued expenses are shown in accordance with IAS 37 at the amount which, pursuant to reasonable commercial assessment, is necessary as at the balance sheet cut-off date to cover future payment obligations, discernible risks and uncertain obligations of the group. In each case, the amount is shown which, on careful consideration of all factors, appears most probable.

Revenues are deemed realized on the passing of risk of goods or the provision of services and are shown accordingly in the income statement.

Discontinuing operations

On 21 February 2003 november AG concluded a purchase and participation agreement with *responsif GmbH*. Through this agreement, the entire "Therapy" division was transferred with retrospective effect as from 1 January 2003 to *responsif GmbH*. Together with transfer of the business activities, which began at the start of the year, the employees of the division were also transferred to the new company. The former Therapy division of november AG comprised the following activities: Immunotherapy (stimulation of the immune system to fight tumor cells) and Drug Delivery (the transport of drugs in artificial protein envelopes). The Biological Marking activities (monitoring of quality assurance programs in the meat industry) were also transferred to *responsif GmbH*.

Already in the previous year, the value of the assets was reviewed in accordance with IAS 36. Comparison between the book values and market or useful economic values in the financial year 2002 showed a need for unscheduled write-down of assets in an amount of TEUR 652.

In the segmentation of some of the financial information contained in these notes, the previous year's figures for the former Drug Delivery and Immunotherapy projects are included in the responsif Therapeutical Solutions segment, and the Biological Marking in the "Other" segment.

The purchase and participation agreement concluded at the start of the financial year 2003 also includes the transfer of various current and long-term assets as at 1 January 2003 at book values, which matched the current market value. november AG also assumed contractual commitments towards third parties and towards the employees transferred to *responsif GmbH*. In return, *responsif GmbH* is granting november AG rights to acquire business shares and to increase the participating interests as well as separate profit-sharing rights.

Pursuant to IAS 27 and SIC 12, *responsif GmbH* is not required to be included in the consolidated financial statements of november AG.

Pursuant to IAS 35, the key financial information is broken down in the segmental reporting into operations that have been transferred and those that are being continued.

The accruals made pursuant to IAS 37 in the previous year's financial statements for personnel measures, especially in connection with transfer of the Therapy business, were completely consumed in the financial year under review.

All expenses in connection with the strategic reorientation of november AG are shown in the previous year's figures in the income statement under "Other operating expenses" ***(23)***.

Explanatory notes on the consolidated balance sheet

Current assets

1. *Cash and cash equivalents*

The cash and cash equivalents available on the balance sheet cut-off date amounted to TEUR 11,456 (previous year: TEUR 6,859) and consisted of money at call or on deposit at German banks, with a residual term of less than one year and with negligible risk.

As security for the loan of the Kreditanstalt für Wiederaufbau described under ***(13)*** "Amounts owed to banks", a credit balance of TEUR 288 (previous year: TEUR 336) has been pledged to the lender. Additionally, a sum of TEUR 250 has been deposited at a German bank as security for a guarantee credit.

As at 31 December 2003, total liquidity amounted to EUR 12.5 million (previous year: EUR 15.9 million). A breakdown is provided under ***(28)***.

2. *Marketable securities*

The marketable securities (TEUR 39, previous year: TEUR 0) consisted entirely of shares in the firm of Medirox AB, Sweden, which are listed on the Nordic Growth Market, Stockholm. The claim to transfer of these shares was already shown in the previous year under "Other current assets" ***(5)***.

Valuation was done at the share price on the day of transfer of the shares and was retained on the balance sheet cut-off date. The difference of TEUR 38 between the valuation on 31 December 2002 and the share price at the time of transfer was shown in the income statement under "Other financial expenses" ***(25)***.

3. *Trade accounts receivable*

The trade accounts receivable in an amount of TEUR 437 (previous year: TEUR 462) are shown at nominal value and have a residual term for the full amount of less than one year. Where necessary, default risks have been allowed for by appropriate charges.

4. *Inventories*

The inventories are shown at acquisition or production cost or the attributable value on the balance sheet cut-off date, whichever is lower. (See following table)

As at the balance sheet cut-off date, the inventories amounted to TEUR 792 (previous year: TEUR 760) and were made up as follows:

(in TEUR)	12/31/2003	12/31/2002
Laboratory, consumption and other materials	20	21
Finished and unfinished goods and goods purchased for resale	727	725
Prepayments made	45	14
Total	**792**	**760**

5. *Other current assets*

The balance sheet sum of TEUR 1,327 (previous year: TEUR 8,277) is made up as follows:

(in TEUR)	12/31/2003	12/31/2002
Portion of investments due within one year	1,000	8,000
Tax prepayments	156	97
Claim on MediRox to acquisition of shares	0	77
Other	171	103
Total	**1,327**	**8,277**

The portion due from investments within one year is to be seen in connection with the borrower's note explained under ***(10)***. The amount contained in the previous year's figure accrued completely in the year 2003 to the cash and cash equivalents ***(1)***.

The tax prepayments relate to withholding tax on investment and interest income, plus special solidarity surcharges, paid during the financial years 2002 and 2003 but not yet assessed and amounting to altogether TEUR 156 (previous year: TEUR 97).

The claim shown in the previous year against MediRox AB, Sweden, to transfer of shares has been fulfilled. The shares are now at the free disposal of november AG and are shown under ***(2)*** "Marketable securities". The difference as against the share price at the time of transfer of the shares is shown under ***(25)*** "Other financial expenses".

The "Other" item includes grants of public institutions in an amount of TEUR 111 (previous year: TEUR 0).

6. *Prepaid expenses*

The prepaid expenses in an amount of TEUR 36 (previous year: TEUR 100) mostly relate to expenses paid in advance for Designated Sponsoring and for insurance premiums. In deviation from the previous year, the prepaid expenses are shown as a separate balance sheet item (previous year: "Other current assets and prepaid expenses) and the previous year's figure broken down accordingly.

Long-term assets

The composition of and change in the fixed assets is shown in detail in the "Statement of changes in assets of the group" which is annexed to these notes.

7. *Property, plant and equipment*

Additions to the property, plant and equipment of the november Group in the year under review amounted to TEUR 151 (previous year: TEUR 611). Of this sum, "Buildings on land owned by others" accounted for TEUR 2 (previous year: TEUR 108), "Technical equipment and machinery" for TEUR 13, and "Operational and office equipment" for TEUR 136 (previous year: TEUR 274). The item "Other operational and office equipment" included new assets of minor value in an amount of TEUR 23 (previous year: TEUR 36), which were written off in full in the year of acquisition.

During the year under review, november AG disposed of property, plant and equipment with a book value of TEUR 430 to *responsif GmbH*. This mostly consisted of laboratory equipment as well as installations in laboratory premises. A company vehicle as well as IT accessories with a book value of TEUR 19 were also sold.

As at 31 December 2003, the value of property, plant and equipment, including scheduled depreciation, stood at TEUR 1,156 (previous year: TEUR 1,833).

8. *Intangible assets*

The figure of TEUR 102 (previous year: TEUR 113) is made up of patents and similar rights acquired for consideration as well as IT software.

9. *Goodwill*

As in the previous year, the goodwill resulted from the acquisition of *PEQLAB Biotechnologie GmbH* in the year 2000. As in the previous year, depreciation and amortization of goodwill amounted to TEUR 190 and is shown in the income statement under "Depreciation and amortization of goodwill". The period of depreciation and amortization is 10 years. As at 31 December 2003, goodwill stood at TEUR 1,296 (previous year: TEUR 1,486).

10. *Investments*

As at 31 December 2003, the investments of november AG amounted to TEUR 1,692 (previous year: TEUR 1,064)

The "Investments" include a loan made in the financial year 2003 to *responsif GmbH* in an amount of TEUR 1,650 with a term of up to 10 years. From 1 April 2004, the loan bears interest at a rate of 4% p.a.. The loan has a postponement of priority.

Also included in the "Investments" are two loans of *PEQLAB Biotechnologie GmbH*, plus interest (9% p.a.) accrued up to the balance sheet cut-off date, in an amount of altogether TEUR 42 (previous year: TEUR 38).

The item further included a loan granted to *ACGT ProGenomics AG*, which was already written down to EUR 1 in the financial year 2001 and was fully written down on 31 December 2003. This loan was granted by november AG in the financial year 2000 in an amount of EUR 127,823, plus accrued interest. The loan has a postponement of priority. As in the previous financial year, the interest for the year 2003 in an amount of TEUR 7 (previous year: TEUR 7) has been fully written down. Because of the unclear financial situation at *ACGT ProGenomics AG* in the financial year 2004, there was no possibility to make a write-up as at 31 December 2003

In the previous year, the portion of a loan against borrower's note of a German bank with a term of more than one year in an amount of TEUR 1,000 was shown under "Investments". As at 31 December 2003, the residual term had fallen to less than one year, for which reason this item now appears under ***(5)*** "Other current assets".

This investment comprised a large part of the proceeds from the IPO in the financial year 2000. Of the original amount of the loan against borrower's note, namely EUR 28 million, EUR 27 million has already been repaid in the contractually agreed tranches, so as at 31 December 2003 a sum of only EUR 1 million was still outstanding.

The interest payable on the loan is made up of a guaranteed rate of 1% p.a. and an additional return payable at maturity which is linked to the development of a fund portfolio. A projection based on the value of the fund as at 31 December 2003 shows a final variable interest rate (before discounting) of 1.27% p.a. (previous year: 0.83%). Payment of the additional interest is due at the end of the financial year 2004. Pursuant to IAS, only the guaranteed interest is included in the annual result for 2003.

The value review according to the effective rate of interest method as required by IAS regulations showed that in determining the net book value, there was no need to take any charge on the value.

11. *Investments valued according to the equity method*

The shareholding acquired in *ACGT ProGenomics AG* under a share swap deal in the course of the financial year 2001 was written down to EUR 1 at the end of the financial year 2001 because of the uncertain financing situation of *ACGT* at that time. Although it was possible to ensure the continued existence of the company in the financial years 2002 and 2003 through the entry of other shareholders, no write-up was made because of the restrictions on the freedom of action of the existing shareholders.

As at the end of the financial year 2003, the funding of *ACGT* for the following year continued to be uncertain and will depend on the positive outcome of measures which are currently being taken.

As in the previous year, for the sake of completeness, the shareholding is shown under "Investments valued according to the equity method". This position was fully written down on 31 December 2003.

12. *Deferred taxes*

The capitalized amount of TEUR 10,314 (previous year: TEUR 8,629) comprises the loss carry-forwards of november AG accrued since the IPO up to 31 December 2003 which pursuant to IAS are expected to be able to offset against tax payable on future profits. Loss carry-forwards of the subsidiaries are not included in figure as at 31 December 2003.

A value review of the capitalized claims for deferred taxes was conducted as at 31 December 2003. Planning calculations based on appropriate market analyses which forecast the business prospects as well as the future revenues, earnings and cash flows showed that with a high level of probability a taxable income will be earned in future years which will be at least sufficient to allow offset of the loss carry-forwards which can currently not be used for tax purposes.

On the basis of the income and financial planning of the november Group for the years 2004-2011, the values attributed to the deferred taxes capitalized as at 31 December 2003 are appropriate.

Of the capitalized deferred taxes, a sum of TEUR 3,234 is attributable to the business divisions that have been transferred to *responsif GmbH*. The corresponding loss carry-forwards will continue to be eligible for offset against taxes on the future profits of november AG.

The loss carry-forwards attributable to the period before the IPO on 10 April 2000 have not been capitalized. The reason for this is the hitherto unclear interpretation of Art. 8 Para. 4 KStG (Corporate Income Tax Act) relating to the offsetability of losses incurred before the IPO against future profits of november AG.

13. *Liabilities*

The following table shows the liabilities existing as at 31 December 2003 in a total amount of TEUR 1,180 (previous year: TEUR 1,852), broken down by maturity. The previous year's figures are stated in brackets.

(in TEUR)	Under 1 year		1 to 5 years		Over 5 Jahre		Total	
Trade accounts payable and prepayments received	402	(754)	0	(0)	0	(0)	402	(754)
Amounts owed to banks	129	(129)	352	(416)	85	(151)	566	(696)
Other liabilities	212	(279)	0	(0)	0	(0)	212	(279)
Bonds	0	(0)	0	(123)	0	(0)	0	(123)
Total liabilities	**743**	**(1,162)**	**352**	**(539)**	**85**	**(115)**	**1,180**	**(1,852)**

The **"Trade accounts payable"** are shown at their repayment amounts; totaling TEUR 388 (previous year: 739), they all have a residual term of less than one year.

At the end of the year under review, the **"Amounts owed to banks"** were made up as follows:

- In the financial year 2001, a loan of TEUR 511 from the Kreditanstalt für Wiederaufbau (KfW) was disbursed to november AG by Sparkasse Kulmbach. The loan is to be repaid in 16 equal installments and bears interest at a rate of 4.75% p.a. throughout the term of the loan. As at 31 December 2003, the liability stood at TEUR 383 and is secured by the hypothecation of credit balances in an amount of TEUR 288. The residual term is 6 years.

- As at the balance sheet date, there were also bank liabilities of *PEQLAB Biotechnologie GmbH* in a total amount of TEUR 183 (previous year: TEUR 248), with interest rates of between 4.2% and 7.1% p.a. and residual terms of between 2 and 11 years. The loans are secured by blanket assignment of all trade accounts receivable of *PEQLAB Biotechnologie GmbH*.

The **"Other liabilities"** shown at the end of the financial year 2003 in a total amount of TEUR 212 (previous year: TEUR 279) primarily relate to payroll and sales taxes (TEUR 66, previous year: TEUR 115), amounts owed for social security (TEUR 82, previous year: TEUR 103), as well as overpayments received (TEUR 57, previous year: TEUR 51). The residual term for the total amount is less than one year.

The item **"Bonds"** shown in the previous year referred to convertible bonds in a total amount of TEUR 124 issued to the employees of november AG in the financial years 2000 to 2002 under the employee capital participation scheme. The management decided at the end of the financial year 2003 to make a voluntary offer to the holders to redeem the bonds at the issuing price. The redemption offer was accepted by all the holders of the convertible bonds. As at 31 December 2003, all the bonds had been repaid to the holders at their nominal value.

14. *Accrued expenses*

The accrued expenses changed as follows during the year under review:

(in TEUR)	01/01/2003	Used	Writeback	Addition	12/31/2003
Tax accruals	10	0	0	13	23
Personnel provisions	212	189	0	211	234
Outstanding invoices	423	418	5	97	97
Other	828	742	64	417	439
Total	**1,473**	**1,349**	**69**	**738**	**793**

The **"Other"** item includes uncertain expenses for the preparation and audit of the annual financial statements (TEUR 57, previous year: TEUR 114) and the management report (TEUR 30, previous year: TEUR 45), for the general meeting (TEUR 80, previous year: TEUR 100), for emoluments to the supervisory board members (TEUR 88, previous year: TEUR 88), for litigation risks (TEUR 15, previous year: TEUR 28), for possible license fees (TEUR 124, previous year: TEUR 0), and for other uncertain obligations (TEUR 45, previous year: TEUR 79).

Discounting pursuant to IAS 37 has not been undertaken as the individual provisions and accruals are expected to be used within one year or the amounts involved would be insubstantial.

Accruals made in the previous year for restructuring measures, including also in connection with the transfer of business divisions to *responsif GmbH*, in a total amount of TEUR 654, were completely used up in the financial year 2003.

15. *Minority interests*

This item refers to the share of shareholders' equity of *PEQLAB Biotechnologie GmbH* held by minority shareholders in an amount of TEUR 156 (previous year: TEUR 136). The change against the previous year is shown in the income statement under the position "Minority interests".

16. Shareholders' equity

The change in shareholders' equity is shown in the relevant statement.

Capital stock
As at 31 December 2003, the capital stock amounted to EUR 7,468,320 (31 December 2002: EUR 6,811,200), divided into 7,468,320 (31 December 2002: 6,811,200) no-par bearer shares. Compared to 31 December 2002, the capital stock has increased by EUR 657,120. The capital increase against contributions in cash was recorded in the commercial register on 5 December 2003.

Additional paid-in capital
As at 31 December 2003, the additional paid-in capital stood at EUR 43,243,809 (previous year: EUR 40,690,060). Compared to 31 December 2002, therefore, the additional paid-in capital was EUR 2,553,749 higher.

Authorized capital
The management board was authorized, with the consent of the supervisory board, to make capital increases under **authorized capital I** either in cash or through contributions in kind in return for the issue of up to 242,791 no-par bearer shares up to a maximum amount of EUR 242,791 by not later than 31 December 2003. Use had not been made of this authorization by the balance sheet cut-off date and it therefore expired on 31 December 2003.

The management board is authorized, with the consent of the supervisory board and by not later than 28 May 2007, to increase the capital stock of the company under **authorized capital II (new)** by the issue of new bearer shares for contributions in cash or in kind by up to EUR 400,000.

The management board is further authorized, with the consent of the supervisory board and by not later than 14 May 2006, to increase the capital stock of the company by the issue of new bearer shares in one or several tranches, though by altogether at most EUR 1,000,000 **(authorized capital III – new)**. The capital increases can be in the form of cash or contributions in kind. The management board and supervisory board have decided to make use of this authorization in an amount of EUR 657,120 in cash, whereby subscription rights of the existing shareholders are excluded. The necessary entry was made in the commercial register on 5 December 2003. The cash contribution was made in full by 31 December 2003. Authorization therefore continues to exist, on the same terms and conditions as aforesaid, until 14 May 2006 in respect of an amount of EUR 342,880.

The management board is further authorized, with the consent of the supervisory board and by not later than 6 August 2005, to increase the capital stock of the company by the issue of new bearer shares in one or several tranches, though by altogether at most EUR 1,760,000 **(authorized capital IV)**. The capital increases can be in the form of cash or contributions in kind.

As at the balance sheet cut-off date of 31 December 2003, therefore, the management board was authorized to increase the capital of the company by up to EUR 2,502,880 under authorized capital.

Contingent capital
In the year 1999, a resolution was adopted on a contingent capital increase **(contingent capital I)** of up to EUR 63,911 by the issue of no-par bearer shares for purposes of granting conversion rights to the holders of convertible bonds. Contingent capital I expired on 31 December 2003. Up to the time of the balance sheet cut-off date, no shares had been issued under contingent capital I.

Additionally, a resolution was adopted in the year 2000 on a contingent capital increase **(contingent capital II)** of up to EUR 580,000 by the issue of up to 580,000 no-par bearer shares for the issue of convertible bonds to persons eligible pursuant to the conditions as laid down from time to time. The eligible persons are the employees and officers of november AG as well as employees of companies related to november AG within the meaning of Art. 15 AktG (Companies Act). The contingent capital increase may only be conducted to the extent that convertible bonds are issued and the holders of the convertible bonds exercise their right thereunder to purchase new shares. Up to the time of the balance sheet cut-off date, no shares had been issued under contingent capital II.

The annual general meeting of 28 May 2002 additionally resolved to increase the capital stock by up to EUR 2,760,000, divided into up to 2,760,000 shares **(contingent capital III)**. The contingent capital increase will only be carried out if and insofar as the holders or creditors of convertible bonds or option certificates which are attached to convertible or option bonds issued on or before 28 May 2007 by the company or companies in which it directly or indirectly holds a majority participating interest pursuant to the authorizing resolution of the meeting of shareholders of 28 May 2002 exercise their conversion or option rights or the holders or creditors of convertible bonds issued on or before 28 May 2007 by the company or companies in which it directly or indirectly holds a majority participating interest pursuant to the authorizing resolution of the meeting of shareholders of 28 May 2002 who have a duty to convert fulfil their duty to convert. The new shares are entitled to participate in profits from the start of the financial year in which they are created through the exercise of conversion or option rights or the fulfillment of conversion duties.

The management board is authorized, with the consent of the supervisory board, to specify the further details for the performance of a conditional capital increase.

As at the balance sheet cut-off date, the capital of november AG had increased by altogether EUR 3,403,911.

Accumulated deficit
On inclusion of the net loss for the financial year 2003 of TEUR 2,817, the accumulated deficit as at 31 December 2003 amounted to TEUR 24,196 (previous year: TEUR 21,379).

Explanatory notes on the income statement and segmental report

The financial information is segmented according to the subsidiary companies included in the consolidated financial statements. The business divisions of november AG (*identif Technologies*, *directif Diagnostic Solutions*, *responsif Therapeutic Solutions*) were spun off or transferred in the financial year 2003 into separate private limited companies. In this business report, *identif GmbH* and *directif GmbH* are fully consolidated in the financial statements. However, as these two companies were only spun off on 31 December 2003, the figures stated below for the period up to 30 December 2003 only relate to the former business divisions. *PEQLAB Biotechnologie GmbH* is, as already in the previous year, likewise included as a subsidiary company in the consolidated financial statements. Pursuant to IAS 27 and SIC 12, *responsif GmbH* is not consolidated with november AG.

The previous year's figures in the segment "Other" refer to the former "Biological Marking" division. The "*responsif Therapeutic Solutions*" division comprises the work areas of Drug Delivery and Immunotherapy, which have since been transferred. The segment "*PEQLAB*" also includes the administrative expenses of *PEQLAB Biotechnologie GmbH*.

Amounts relating to the "General administration" of november AG or resulting from group activities are shown in the column "Transition".

Gross assets

The gross assets include all capitalized assets which are used by a business division for its operating activities. They do not include cash and cash equivalents, marketable securities, tax discounts included in the "Other assets", the investments (long-term and short-term portion), the investments valued according to the equity method or the capitalized deferred taxes.

The sum of TEUR 667 (previous year: TEUR 332) shown in the "Transition" column is made up as follows:

(in TEUR)	12/31/2003	12/31/2002
Intangible assets	88	22
Property, plant and equipment	511	254
Trade accounts receivable	27	0
Other assets and prepaid expenses	41	56
Total	**667**	**332**

Liabilities

The liabilities for the business divisions comprise the "Trade accounts payable", the "Prepayments received", parts of the "Other liabilities" and that part of the "Accruals" resulting from the operating activity of the segment concerned.

Investments/Depreciation and amortization

The investments relate to additions to the gross assets in the year under review as detailed above. Depreciation and amortization has been taken on a time basis on the depreciable fixed assets

(in TEUR)		identif Technologies	directif Diagnostic Solutions	responsif Therapeutic Solutions	PEQLAB	Other	Transition	Group
Revenues and other	2003	220	504		4,096		615	5,435
operating income	2002	27	250	255	3,886	60	27	4,505
Research and development	2003	1,255	2,177					3,432
costs	2002	1,090	1,513	3,074		541		6,218
Depreciation and	2003	102	100		62		228	492
amortization	2002	69	93	857	55	29	330	1,433
Operating income/loss	2003	-1,742	-1,688		115		-1,133	-4,448
	2002	-1,785	-1,272	-4,091	205	-500	-2,260	-9,703
Gross assets	2003	533	281		2,471		667	3,952
	2002	501	477	431	2,864	128	332	4,733
Liabilities	2003	96	179		249		68	592
	2002	178	289	794	498	116	502	2,377
Investments	2003	84	20		44		22	170
	2002	339	47	154	56	7	37	640
Employees (average on	2003	11	17		17		18	63
full-time basis)	2002	10	10	25	17	3	23	88

17. Revenues

The companies included in consolidation were able to increase their revenues in the year under review by 15% to TEUR 4,424 (previous year: TEUR 3,855).

Company (in TEUR)	2003	2002
november AG	393	90
PEQLAB Biotechnologie GmbH	4,031	3,765
Total	**4,424**	**3,855**

The revenues break down by geographical sales markets as follows:

Financial year (in TEUR)	Home	EU	Other	Total
2003	3,704	362	358	4,424
2002	3,363	98	394	3,855

18. Costs of revenues

The costs of revenues in the year under review amounted to TEUR 2,336 (previous year: TEUR 2,131). Besides the directly attributable costs such as costs of materials and personnel expenses, they also include production-related overheads including depreciation and amortization of property, plant and equipment (IAS 2).

19. Gross profit

The gross profit in the year under review amounted to TEUR 2,088 (previous year: TEUR 1,724), equivalent to an increase of 21% over the previous year. The gross margin amounted to 47% (previous year: 45%).

20. Costs of sales

Compared to the previous year, the costs of sales increased by 3% to TEUR 2,166 (previous year: TEUR 2,100) and, in addition to the sales and marketing expenses of *PEQLAB Biotechnologie GmbH*, also included the market launch of the products of the spun-off *identif Technologies* division.

21. General administrative expenses

In the financial year 2003, it was possible to reduce the general administrative expenses by 42% to TEUR 1,235 (previous year: TEUR 2,126). The general administrative expenses comprise the costs attributable to general administration and to the management. In particular, they include personnel expenses, depreciation and amortization of property, plant and equipment, proportional rental and energy costs, costs for the general meeting, costs for office supplies, and legal, consultancy and accounting costs.

22. Research and development costs

Research and development expenditure fell in the year under review by 45% to TEUR 3,432 (previous year: TEUR 6,217) and is covered in full in the income statement. Not counting the costs of the "*responsif Therapeutic Solutions*" and "Other" segments, which were included in the previous year's figure, the research and development costs increased over the previous year by 32%.

The research and development costs break down as follows:

Type of costs (in TEUR)	2003	2002
Personnel expenses	1,223	3,167
Outside services	573	965
Patent-related costs	296	579
Costs of premises	205	383
Depreciation and amortization	200	356
Costs of materials	138	275
Other expenses	797	492
Total	**3,432**	**6,217**

The "Other expenses" primarily relate to allocated costs of the central departments such as quality management and IT services, office costs, consultancy costs, costs for repairs/maintenance as well as advertising and travel expenses.

The research and development expenses are attributable to the projects as follows:

(in TEUR)	identif Technologies	directif Diagnostic Solutions	responsif Therapeutic Solutions	Other	Total
2003	1,255	2,177			3,432
2002	1,090	1,513	3,074	540	6,217

23. *Other operating income*

The "Other operating income" in the financial year 2003 amounted to TEUR 1,011 (previous year: TEUR 651) and comprised essentially grants towards expenses from institutions organized under public law in an amount of TEUR 390 (previous year: TEUR 484), income from on-billing of services (TEUR 409, previous year: TEUR 0), income from the writeback of accruals (TEUR 70, previous year: TEUR 41), proceeds from the sale of property, plant and equipment and inventories (TEUR 34, TEUR 1), as well as rental income from *PEQLAB Biotechnologie GmbH* (TEUR 29, previous year: TEUR 29).

The grants received break down among the segments and former business divisions as follows:

Segment (in TEUR)	2003	2002
directif Diagnostic Solutions	253	250
identif Technologies	64	0
responsif Therapeutic Solutions	73	234
	390	**484**

The income in the financial year 2003 for the *responsif Therapeutic Solutions* division comprised grants for expenses already incurred in the previous year.

24. *Other operating expenses*

The "Other operating expenses" amounted in the year under review to TEUR 526 (previous year: TEUR 1,445). They chiefly comprised costs arising in connection with the transfer of former business divisions to *responsif GmbH* and other restructuring expenses, as well as costs for buildings and allocations to accruals. The item also included expenses of TEUR 409 for onbilled services, which were offset by other operating income (23) in the same amount.

The previous year's figures included restructuring costs, especially in connection with the transfer of the Therapy division, in an amount of TEUR 1,272.

25. *Interest income and expenditure*

The period under review saw income from interest of TEUR 127 (previous year: TEUR 280). The item breaks down as follows:

(in TEUR)	2003	2002
Other interest and similar income	186	326
Other interest and similar expenses	59	46
Total	**127**	**280**

26. *Other financial expenses*

This item comprises all equity-related expenses. In the year under review, these amounted to TEUR 146 (previous year: TEUR 167). In addition to the expenses for designated sponsoring (TEUR 70, previous year: TEUR 117) and stock exchange listing (TEUR 6, previous year: TEUR 8), the item also includes a specific bad debt charge on the interest claim accrued in the financial year on the loan to *ACGT ProGenomics AG* (TEUR 7, previous year: TEUR 7). The depreciation on the book value of the shareholding and the accounts payable of the *ACGT ProGenomics AG* are included herein, as well. It also contains writedowns on investments and marketable securities. One such was a writedown of TEUR 38 on the marketable securities detailed under ***(2)***. The reason for this was the difference between the market price at the time of transfer and the calculatorial value of the claim to transfer of the shares on the basis of the share price on 31 December 2002. A writedown was also made on investments in an amount of TEUR 25.

27. *Income tax*

The figure of TEUR 1,671 shown for the financial year 2003 (previous year: TEUR 3,715) mostly comprises income in connection with deferred taxes. This relates wholly to taxable losses which have not yet been utilized. Of the previous year's figure, a sum of TEUR 1,687 relates to deferred taxes for the *responsif Therapeutic Solutions* division which has since been transferred. These taxes continue to be attributable to november AG.

The following table shows a transition statement from the anticipated tax income for the financial year 2003 to the declared tax income. For calculation of the anticipated tax income, the overall tax rate of 38% is multiplied by the result before tax.

Transition statement:

(in TEUR)	
Anticipated tax income	1,702
Actual income tax	-13
Tax latency from difference between HGB and IAS	54
Non-tax-deductible amortization of goodwill	-72
Declared tax income	**1,671**

Earnings per share

28. *Earnings per share – IAS 33*

Pursuant to IAS 33, the earnings per share are calculated by dividing the consolidated result, adjusted for minority interests, by the weighted average number of shares outstanding during the year.

For calculating the average value of the outstanding shares, IAS 33 requires that shares which have been issued for cash be included in the calculation from the point in time at which cash payment can be demanded. Shares which are issued in connection with a company acquisition must, pursuant to IAS 33, be included in the calculation from the time of initial consolidation. The weighted average calculated in accordance with the foregoing is therefore 6,859,809 shares for the year 2003 (previous year: 6,811,200 shares).

The undiluted earnings per share amounted to EUR -0.41 (previous year: EUR -0.87).

The diluted earnings per share additionally includes potential shares which would have been in circulation if the option rights associated with the convertible bonds had been exercised. As the group made a loss in the financial year under review and the diluted loss per share would be smaller if potential shares were included, no figure for diluted earnings per share is shown for the year under review.

Material costs

The material costs calculated according to the total cost method break down as follows:

(in TEUR)	2003	2002
Costs of raw materials and supplies and goods purchased for resale	2,275	2,292
Costs of external services	603	960
Total	**2,878**	**3,252**

Personnel expenses

The personnel expenses calculated according to the total cost method break down as follows:

(in TEUR)	2003	2002
Wages and salaries	3,069	3,973
Social security contributions and other benefit costs	606	800
Restructuring costs		300
Pension costs	31	31
Total	**3,706**	**5,104**

Employees

The employees of the november Group in full-time terms are accounted for by the individual segments as follows (previous year's figures in brackets):

	identif Technologies	directif Diagnostic Solutions	responsif Therapeutical Solutions	PEQLAB	Other	Admin.	Total
Group							
Average	12(10)	14(10)	(25)	17(17)	(3)	20(23)	**63**(**88**)
12/31/2003	11(11)	17(11)	(26)	17(18)	(0)	18(22)	**63**(**88**)

The total full-time employees include one management board member (previous year: three management board members). In calculating the average number of employees, part-time employees have been aggregated as full-time employees.

Explanatory notes on the cash flow statement

29. *Cash and cash equivalents*

As at the balance sheet cut-off date, the cash and cash equivalents shown in the cash flow statement were made up as follows:

(in TEUR)	12/31/2003	12/31/2002
Cash in hand and on deposit	11,456	6,859
Short-term marketable securities	39	
Cash and cash equivalents	**11,495**	**6,859**

Total liquidity taking into account the loan against borrower's note explained under ***(5)*** and ***(10)*** was as follows:

(in TEUR)	12/31/2003	12/31/2002
Cash and cash equivalents	11,495	6,859
Other current assets	1,000	8,000
Investments		1,000
Total liquidity	**12,495**	**15,859**

Zinszahlungen/-zuflüsse

The cash flow from operating activities includes interest payments in an amount of TEUR 59 (previous year: TEUR 44) and interest income in an amount of TEUR 178 (previous year: TEUR 316).

Other explanatory notes

Declaration pursuant to Art. 285 No. 16 HGB in conjunction with Art. 161 AktG

The declaration as required by Art. 161 AktG (Companies Act) has been issued and made available to the shareholders.

Financial management and financial risk management

Financial instruments
Financial instruments are contractual financial transactions involving a right to payment. According to IAS 32 (Financial Instruments: Disclosure and Presentation), they include:

- Original financial instruments such as trade receivables and payables as well as financial receivables and financial payables.

- Derivative financial instruments such as hedging transactions which are used to protect against risks arising from changes in currency rates or interest rates.

As in the previous financial year, no derivative financial instruments were used by the november Group during the year under review.

The original financial instruments result from the trade receivables or payables, financial receivables (loans, marketable securities, cash and cash equivalents) and financial liabilities (bonds, loans) as shown in the balance sheet.

The "Other receivables/liabilities" and "Trade accounts receivable and payable" are, by definition, financial instruments, but in view of their relatively minor significance for the financial management of the company (companies) do not need to be shown in detail under financial instruments. Because of their short-term nature, there are no significant differences between their book value and market value.

The financial receivables are shown under ***(5)*** and ***(10)***.

Financial management and financial risk management
The financial management of november AG is designed to ensure the ability to meet the short, medium and long-term liquidity requirements of the company as determined on the basis of the planning accounts for the ongoing business activities as well as for special needs. Consequently, substantial portions of the total liquidity are held in asset forms which are available at short notice and which involve very little or no risk. These include in particular current account credit balances held at banks, call money and money on deposit with a term of less than one year, which together account for the overwhelming majority of the financial resources of november AG available at short notice.

The task of financial risk management is to keep the risk involved in the investment strategy at the lowest possible level and, by constantly monitoring developments on the capital markets, to select the best risk-optimized investment alternatives at any time.

Contingent liabilities

For a guarantee credit, which is deposited as security for rent, a bank credit balance in an amount of TEUR 250 has been assigned as collateral to the guarantor.

As security for a loan of the Kreditanstalt für Wiederaufbau, a credit balance of TEUR 288 has been hypothecated to the disbursing bank.

In connection with the spin-off of *identif GmbH* and *directif GmbH*, several applications for grants together with all rights and duties have been transferred to the new subsidiary companies. november AG has given undertakings towards the respective project carriers to secure the co-financing for the share of the project costs to be borne by the subsidiaries themselves.

november AG gave an undertaking after the balance sheet cut-off date to issue a further loan of up to TEUR 1,000 to *responsif GmbH* during the financial year 2004.

Leasing

As in the previous financial year, there were no capitalizable leasing agreements within the meaning of IAS 17 during the year under review. Expenses for operating leasing during the financial year are included in the income statement in an amount of TEUR 427 (previous year: TEUR 616)

Other financial obligations

Rental and leasing obligations
All other financial obligations are shown at nominal value and are expected to cause the following outflows during the next five years:

(in TEUR)	2004	2005 to 2008	after 2008
Real estate	**554**	**2,223**	**2,625**
november AG	435	1,748	2,427
PEQLAB Biotechnologie GmbH	119	475	198
Movables	**57**	**31**	**0**
Vehicles leasing	53	29	0
Operational and office equipment	4	2	0

Relationships with related companies and persons

Rental agreement with Langer & Partner GbR
Dr. Bertling (CEO of november AG), Dr. Steib (deputy supervisory board chairman of november AG) and other shareholders and former supervisory board members of november AG each hold a 20% share in Langer & Partner GbR.

Since 1998 and 1999, november AG has rented the office and laboratory buildings used by it from Langer & Partner GbR. In the year 2001, the tenancy agreement was converted into a leasing agreement which was concluded “at arms length“, on the basis of expert opinions prepared by independent auditors and real estate experts.

The total tenancy period is 13.5 years, starting on 1 November 2000. During the financial year under review, the leasing costs amounted to TEUR 357. The leasing rate for the subsequent financial year of TEUR 359 is payable in monthly installments of approx. TEUR 30 each, which are due at the beginning of each month. This amount is made up of a contractually agreed percentage of the total investment costs plus depreciation and amortization, as well as an amount for administration and maintenance which increases annually by a fixed percentage.

november AG has been granted a unilateral purchase option which can be exercised at the end of the fixed tenancy period. The purchase price is to be based on the total investment costs less depreciation and amortization on the buildings.

Additionally, a further tenancy agreement was concluded "at arms length" with Langer & Partner GbR on 14 December 2001 for an adjacent plot of land with a car park and buildings. The tenancy agreement has been concluded for an indefinite term. The rental currently amounts to TEUR 73 p.a..

Purchase agreement with Dr. Bertling

Under a purchase agreement of 11 March 1998, november AG acquired several industrial property rights and applications for such rights from Dr. Bertling for a net purchase price of EUR 57,661. The agreement provides that in the event of Dr. Bertling being deprived of his commercial signatory powers or of his management responsibility or of being required to take a cut in annual salary or of being dismissed from the management board as the member responsible for Technology, he will be paid a profit-related license fee with a minimum amount of approx. EUR 1 million.

Exclusive license agreement of November 1998

Dr. Wolf M. Bertling also holds a 10% share in the above-mentioned license agreement as one of the licensors. The licensors have granted november AG an exclusive license for utilization of the subject matter of the license. The agreement requires november AG to pay a profit-related license fee to the licensors in future.

Contract for services with the "Fine Arts" advertising agency

A contract for services was concluded in the financial year 2002 with the Fine Arts advertising agency of Munich. Fine Arts fulfils the criteria of IAS 24.3 e) as a company closely related to the management of november AG. The agency was selected according to economic criteria on the basis of competitive offers. The agency has provided marketing services defined in the contract in return for a fixed fee as well as other services paid for according to its general scale of charges. november AG purchased services from the agency in an amount of TEUR 13 during the financial year 2003 (previous year: TEUR 181).

Consultancy agreement with Prof. Dr. Dr. h.c. Karl Wilhelm Pohl

During the financial year 2002, a consultancy agreement was concluded with the supervisory board chairman of november AG, Prof. Dr. Dr. h.c. Karl Wilhelm Pohl. The agreement provides in particular for consultancy services to november AG in the field of customer acquisition. The agreement expired on 31 May 2003. In the financial year 2003, november AG purchased such services in an amount of TEUR 22 (previous year: TEUR 15).

Company notification pursuant to Art. 25 Para. 1 WpHG (Securities Trading Act)

22 December 2003: By notification of 18 December 2003, Essential Wagniskapital GmbH & Co. KGaA, domiciled in Schwäbisch Hall, has informed us pursuant to Arts. 21 and 41 WpHG that as a result of the capital increase undertaken by november AG on 11 December 2003 the voting rights of Essential Wagniskapital GmbH & Co. KGaA in november AG of Erlangen have fallen to less than 10% of the capital stock.

Essential Wagniskapital GmbH & Co. KGaA has also informed us that its general partner, Essential Management GmbH, is also the general partner in Essential Invest GmbH & Co. KGaA. Hence the voting rights might be attributable to Essential Management GmbH as the general partner. Therefore, it states, any attribution of voting rights must be done at general partner level, that is Essential Management GmbH. In summary, Essential Wagniskapital GmbH & Co. KG has notified us that shares and voting rights held in november AG of Erlangen are as follows: Essential Invest GmbH & Co. KGaA: 164,000 shares/voting rights (2.20%), Essential Wagniskapital GmbH & Co. KGaA: 652,337 shares/voting rights (8.73%). Therefore, altogether 816,337 shares/voting rights - or a quota of 10.93% - are attributable to the general partner.

12 January 2004: Correcting the notification of 18 December 2003, Essential Wagniskapital GmbH & Co. KGaA pursuant to Arts. 21 Para. 1 and 22 Para. 1 WpHG has informed us on 7 January 2004 as follows: The voting rights held in november AG by Essential Wagniskapital GmbH & Co. KGaA, domiciled in Blätteräcker 14, 74523 Schwäbisch Hall (former Glasauer Wagniskapital KGaA) have fallen to less than 10% on 11 December 2003 and now amount to 8.73%. On behalf and by order of Essential Invest GmbH & Co. KGaA, Essential Wagniskapital GmbH has also informed us that the voting rights held in november AG by Essential Invest GmbH & Co. KGaA, domiciled in Blätteräcker 14, 74523 Schwäbisch Hall, have exceeded the limits of 5% and 10% on 11 December 2003 and amount to 10.93% with 8.73% being attributed to it pursuant to Art. 22 Para. 1 Nr. 1 WpHG. In addition, Essential Wagniskapital GmbH & Co. KGaA has informed us on behalf and by order of Essential Management GmbH, domiciled in Blätteräcker 14, 74523 Schwäbisch Hall, that the voting rights of the latter held in november AG exceeded the limits of 5% and 10% on 11 December 2003 and amounts to 10.93%. These voting rights are to be attributed to Essential Management GmbH pursuant Art. 22 Para. 1 Nr. 1 WpHG.

16 January 2004: By notification of 15 January 2004, Essential Wagniskapital GmbH & Co. KGaA, domiciled in Blätteräcker 14, 74523 Schwäbisch Hall, has informed us pursuant to Arts. 21 Para. 1 and 22 Para. 1 WpHG on behalf and by order of Essential Invest GmbH & Co. KGaA that the voting rights held in november AG by Essential Invest GmbH & Co. KGaA, domiciled in Blätteräcker 14, 74523 Schwäbisch Hall, have fallen to less than 10% on 8 January 2004 and amount to 9.91% including 7.97% to be attributed to it pursuant Art. 22 Para. 1 Nr. 1 WpHG. In addition, Essential Wagniskapital GmbH & Co. KGaA, on behalf and by order of Essential Management GmbH, domiciled in Blätteräcker 14, 74523 Schwäbisch Hall, has informed us on 15 January 2004 that on 8 January 2004 the voting rights in november AG held by the latter have fallen to less than 10% and amount to 9.91%. These voting rights are to be attributed to Essential Management GmbH pursuant Art. 22 Para. 1 Nr. 1 WpHG.

Information on the supervisory board and the management board

The members of the management board and the supervisory board hold the following offices or positions (shown in italics) on legally constituted boards of directors or similar governing bodies of business enterprises.

Mangement board

PD Dr. Wolf M. Bertling
(CEO), Erlangen,
chairman of the board of directors
Profos AG
Ribopharma AG
VCH Private Ventures GmbH & Co. KGaA

Mr. Hans-Dieter Tresser, former CFO, left november AG on 28 February 2003, and Dr. Thomas Schulze, former COO, on 30 June 2003.

The total emoluments of the management board in the year 2003 amounted to TEUR 248 (previous year: TEUR 377) and resulted exclusively from fixed salary components. As at 31 December 2003, there were no payment components with long-term incentive effect which were required to be shown separately.

The members of the management board are entitled to acquire convertible bonds under the employee participation scheme of november AG. Dr. Bertling holds no such convertible bonds. The former management board members who left november AG in the year 2003 returned the altogether 16,000 convertible bonds held by them to the company at a nominal value of EUR 1.00.

Supervisory board

At an extraordinary general meeting of shareholders of november AG on 30 December 2002, a new supervisory board was elected and was confirmed in office by the ordinary general meeting in May 2003.

The supervisory board elected by the ordinary general meeting on 27 May 2003 consists of the following members:

Prof. Dr. Dr. h.c. Karl Wilhelm Pohl,
Cologne, Heidelberg university, chairman
Lawyer, senior partner in a Cologne-based firm of business lawyers
Brandenburgische Schlösser GmbH (deputy chairman)
SERVICEDOC.COM AG (chairman)
Softline AG

Dr. med. Leo Steib, Erlangen, deputy chairman
Physician and biologist

Mr. Horst Linn, Eschenfelden, Entrepreneur
ANTISENSE PHARMA GmbH
SiCrystal AG
S-ReFIT AG

Mr. Günter Frankenne, Berg
Business consultant
Fairvest AG (chairman)
KEY NEUROTEK AG
IGENEON AG
LCG International AG (chairman)
QUINTIS GmbH (chairman of the advisory board)
XERION AG (chairman)

Dr. Werner J. Schönfeld,
Münchenstein (Switzerland)
Business consultant
NOVARIA AG

Mr. Walter Schurmann, Kössen (Austria)
Lawyer and accountant
ELIA Tuning & Design AG (deputy chairman)
Essential Wagniskapital KGaA
Essential Invest KGaA
Horizonte Stiftungen AG
Oberdorfer AG (chairman)
Providentia Rechtsanwalts AG
Providentia Steuerberatungs AG
Renairgy AG (deputy chairman)

For the emoluments of the supervisory board of november AG, accruals were made for the financial year 2003 in an amount of TEUR 88 (previous year: TEUR 88). Each of the supervisory board members receives emoluments in the same amount, with the exception of the chairman, who receives emoluments in the double amount.

Number of shares and rights to shares of november AG held by members of the management and supervisory boards

Member	Shares held on 12/31/2003	Shares held on 12/31/2002
1. Executive board		
Dr. Wolf M. Bertling	599,657	888,292
Dr. Thomas Schulze (up to 6/30/2003)	–	4,554
Hans-Dieter Tresser (up to 2/28/2003)	–	–
2. Supervisory board		
Prof. Dr. Dr. h.c. Karl Wilhelm Pohl (chair.)	–	–
Dr. Leo Steib (deputy chair.)	113,748	113,748
Günter Frankenne	90	90
Horst Linn	6,000	6,000
Dr. Werner J. Schönfeld	200	–
Walter Schurmann	1,641	1,641

Altogether, the members of the management board and the supervisory board hold 599,657 and 121,679 shares in the company respectively. In the first quarter of 2003, Dr. Bertling donated 288,635 shares from his own holding to the Nobis Stiftung, a foundation created by him with the purpose of promoting the ethics and acceptance of biotechnology.

Erlangen, March 2004
Dr. Wolf M. Bertling

Statement of changes in assets of the group

for the financial year ended 31 December 2003

	ORIGINAL COSTS			
Figures in EUR	**01/01/03**	**Addition**	**Disposal**	**12/31/03**
I. INTANGIBLE ASSETS				
Industrial property rights and similar rights, including licenses to such rights and assets	267,081	29,972	356	296,697
Goodwill	1,897,033			1,897,033
	2,164,114	**29,972**	**356**	**2,193,730**
II. PROPERTY, PLANT AND EQUIPMENT				
Buildings on land owned by others	1,000,059	2,371		1,002,430
Technical equipment and machinery	225,308	12,617		237,925
Other operational and office equipment	2,807,243	136,550	1,130,132	1,813,661
Prepayments made on technical equipment	3,960		3,960	0
	4,036,570	**151,538**	**1,134,092**	**3,054,016**
III: INVESTMENTS				
Investments valued according to the equity method	1,632,000			1,632,000
Loans to undertakings in which the company holds a participating interest	143,646			143,646
Other loans				
- long-term portion *)	1,064,271	1,653,454	1,000,000	1,717,725
- short-term portion **)	8,000,000	1,000,000	8,000,000	1,000,000
	10,839,917	**2,653,454**	**9,000,000**	**4,493,371**
Total	**17,040,601**	**2,834,964**	**10,134,448**	**9,741,117**

*) The long-term portion of the "Other loans" is shown under the balance sheet item "Investments"***(9)***.

) The short-term portion of the "Other loans" is shown under the balance sheet item "Other current assets"*(5)***.

CUMULATIVE DEPRECIATION AND AMORTIZATION					BOOK VALUES	
	01/01/03	Addition	Disposal	12/31/03	12/31/03	12/31/02
	154,542	40,352		194,894	101,803	112,539
	411,023	189,703		600,726	1,296,307	1,486,010
	565,565	**230,055**		**795,620**	**1,398,110**	**1,598,549**
	471,130	67,322		538,452	463,978	528,929
	22,531	45,062		67,593	170,332	202,777
	1,709,943	244,254	662,412	1,291,785	521,876	1,097,300
					0	3,960
	2,203,604	**356,638**	**662,412**	**1,897,830**	**1,156,186**	**1,832,966**
	1,631,999	1		1,632,000	0	1
	143,645	1		143,646	0	1
	0	25,900		25,900	1,691,825	1,064,271
					1,000,000	8,000,000
	1,775,644	**25,902**		**1,801,546**	**2,691,825**	**9,064,273**
	4,544,813	**612,595**	**662,412**	**4,494,996**	**5,246,121**	**12,495,788**

Auditors' report

We have audited the consolidated financial statements consisting of the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash flow statement and the notes to the consolidated financial statements, drawn up by november AG Gesellschaft für Molekulare Medizin, Erlangen, for the financial year from 1 January 2003 to 31 December 2003. The preparation and content of the consolidated financial statements are the responsibility of the company's management board. Our responsibility is to express an opinion, based on our audit, as to whether the consolidated financial statements comply with the International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS).

We have conducted our audit of the consolidated financial statements in accordance with German auditing regulations and the standards of the Institut der Wirtschaftsprüfer (German Institute of Auditors, IDW) for auditing financial statements. According to these regulations, the audit is required to be planned and conducted in such manner as to be able to judge with reasonable certainty whether the consolidated financial statements are free of material misepresentations.

In the course of the audit, the evidence supporting the figures reported and the disclosures made in the consolidated financial statements are to be assessed on the basis of random samples. The audit must include an assessment of the accounting principles applied and the main appraisals of the management board as well as an evaluation of the overall picture presented by the consolidated financial statements.

We believe that our audit provides a sufficiently reliable basis for our opinion.

It is our opinion that the consolidated financial statements are in compliance with the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) and provide a true and fair view of the financial and earnings position of the group and its cash flows during the financial year.

Our audit, which also included the consolidated management report drawn up by the management board for the financial year from 1 January 2003 to 31 December 2003, did not give rise to any objections on our part. In our opinion, the consolidated management report and the additional information given in the consolidated financial statements provide an altogether true and fair view of the position of the group and accurately discloses the risks that may affect future developments.

We further confirm that the consolidated financial statements and the consolidated management report for the financial year from 1 January 2003 to 31 December 2003 satisfy the conditions for exemption of the company from the obligation to prepare consolidated financial statements and a consolidated management report in accordance with German law.

Nuremberg, 17 March 2004

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Bömelburg	Morgenroth
Auditor	Auditor

Glossary

amino acid	Protein building block
antibody	Protein that is produced by the immune system in response to exogenous proteins; detection of antibodies is used as a proof for successful vaccination
biotechnology	Use of living or dead organisms or biologically active parts of organisms in technological processes
brandprotection	System for machine-readable marking and on-site authentication of goods or packaging using **>> DNA** as a biotechnological code (**>> identif GmbH**)
brandsealing	System for visible and machine-readable marking of surfaces, either directly or by means of a label (**>> Cluster, identif GmbH**)
cluster	Signal-enhancing nanoscopically small metal particles (e.g. gold), with marked color-changing effect when applied in thinfilms. Basis for **>> brandsealing**
cartridge	In this context: Plug-in measuring device for one-time use within an appropriate analytic system for the analysis of **>> nucleic acids**
directif GmbH	Development of integrated systems for nucleic acid diagnosis at the **>> point-of-care**. Former division of november AG, spun off effective as of 31 December 2003
DNA	Deoxyribonucleic acid. Chain molecule consisting of four different building blocks. In nature, the carrier of genetic information with a high information storage density. Synthetically manufactured DNA chains are used as the product code for **>> brandprotection**. Illnesses can be diagnosed e.g. by the detection of pathogen specific **>> nucleic acids**
drug delivery system	System for the transport of pharmaceutically active ingredients within the body. Prevents active ingredients from i.e. being degraded by the body before reaching the place at which they are intended to take effect
HIV	“Humane Immunodeficiency Virus“, pathogen responsible for AIDS (“Acquired Immunodeficiency Syndrome“)
identif GmbH	Development of solutions for product security and brand protection. Former division of november AG, spun off effective as of 31 December 2003
immunotherapie	Treatment of illnesses by influencing the immune system (usually by stimulating it)

molecular biology Science of the molecular structure and function of the **>> nucleic acids**

molecular medicine Field of medicine that combines experimental medical research with the methods of **>> molecular biology**

nano- International number prefix: 10^{-9}; one nanometer equals a millionth millimeter

nucleic acid Carrier of genetic information. Changes at nucleic acid level can trigger illnesses **>> directif GmbH**

point-of-care The place of treatment, e.g. hospitals, doctors' surgeries. For example: patient-near diagnostics with systems from **>> directif GmbH**

preclinics First phase of drug testing, aimed at determining the effects and safety of a substance prior to clinical testing on humans. Additionally: toxicological testing

protein Long chain of **>> amino acids**

recombinant Obtained or produced by genetic engineering methods

responsif GmbH Former Therapy division of november AG developing novel approaches to tumor **>> immunotherapy**. Management buy-out effective as of 1 January 2003.

SARS "Severe Acute Respiratory Syndrome", serious respiratory illness caused by a virus. First time detection in November 2002 in China

Boards and officers

Management board

PD Dr. Wolf M. Bertling, Erlangen

Founder and CEO

Management

Alexander G. Offer, Director Finance, CFO

Astrid Dickert, Director Controlling

Supervisory board

Professor Dr. Dr. h.c. Karl Wilhelm Pohl, Cologne, Heidelberg University
Chairman of the supervisory board
Lawyer, senior partner in a Cologne-based
firm of business lawyers

Dr. Leo Steib, Erlangen
Deputy chairman
Physician and biologist

Günter Frankenne, Berg
Business consultant

Horst Linn, Eschenfelden
Entrepreneur

Dr. Werner J. Schönfeld, Münchenstein (Switzerland)
Business consultant

Walter Schurmann, Kössen (Austria)
Lawyer and accountant

Substitute members

Dr. Hartwig Ingwersen, Erlangen

Dr. Peter Kaut, Munich

Frau Dr. Agnieszka Janosza-Jankowski,
Rheinfeld (Switzerland)

Dr. Albert Scheller, Bad Heilbrunn

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Corporate calendar

24 March 2004:	Press conference on financial results 2003 and analysts' conference
11 May 2004:	Release of first quarter report
21 May 2004:	Annual general meeting
11 August 2004:	Release of second quarter report/six-months-statement
9 November 2004:	Release of third quarter report/nine-months-statement

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