

Interim Report

***FOR THE FIRST QUARTER
OF THE FINANCIAL YEAR 2003***

(2003-01-01 to 2003-03-31)

Letter to shareholders

Dear shareholders.

In the past three months, november AG has continued its successful development.

Not long ago, we have published the annual report 2002 in which we did not only demonstrate that we had successfully reached our financial targets for the past year but also described the evolutionary process of november AG from a technology platform provider towards a product-driven company with own products and a sales force being established. We will continue to follow this promising road to success in this year, too.

As already started in the past year, we will consistently continue our concentration to near-market projects. To achieve this, we have spun off our strongly research-oriented therapeutic business unit during the first quarter to *responsive GmbH*. In this course, we have taken measures to protect your interests as november AG's shareholders: In return for licenses and intellectual property rights regarding the spun off technologies, we received the right for a stepwise participation in *responsif GmbH* as well as for a high disproportionate share of future profits achieved by the successful development of the immunotherapeutic approach.

From the operational point of view, the financial year 2003 started promising, too. We were able to increase the group revenues by encouraging 18 percent to TEUR 954 in the first quarter (previous year: TEUR 810). Especially due to the market launch of our *identif Technologies*, selling and marketing expenses rose by 27 percent to TEUR 451 in the same period, (previous year: TEUR 355). Because of the therapy spin-off, the comparability of some key figures to last year's period is limited. One example are the research and development costs which decreased for the first time in absolute numbers. On the level of the remaining business units, R&D costs have been increased according to plan by 32 percent. The consolidated operating income of -1.275 million EUR improved by 40 percent in the reporting period (previous year: -2.139 million EUR).

Project development

At the end of the first quarter 2003, november AG has two business units: *identif Technologies* for the development of innovative industrial security solutions and *directif Diagnostic Solutions* which focuses on the development of near-patient nucleic acid testing.

identif Technologies

november AG develops new methods for authentication purposes and for the surveillance of the supply or distribution chain of branded products as well as security relevant investment and consumer goods of all kind. In this field, Siemens Automation and Drives is one of our co-development and sales partners. An especially attractive market for our products is the pharmaceutical industry.

brandsealing (Cluster)

For the labeling of high-use surfaces, for instance industrial spare parts, chip cards, or banknotes, november offers the cluster technology. It is based on extremely stable ultra-thin layers, which show a highly specific color shift effect depending on the viewing angle. Due to its machine readability within milliseconds, the generated spectral code guarantees high security against forgery, thus clearly rendering it superior to holograms or other security technologies.

In early February, we have announced a cooperation with Hueck Folien GmbH, one of the world's leading companies for technical films for security applications. This is an important step towards the successful implementation of our cluster technology. In the course of the cooperation, cost effective production of cluster markings will be provided as well as access to high potential markets like the banknote sector.

The study with Infineon Technologies AG which lasted about a year ago has come close to its successful completion. All technical adaptations for the application of cluster markings as a "water mark" for the unambiguous visible marking of Infineon components like smart card chip modules have been carried out successfully. A prototype for the cordless reader was also finished as scheduled and was already presented in March at the press conference on the financial results 2002.

brandprotection (DNA)

brandprotection is the brand name under which november AG is commercializing DNA based product security solutions. november AG has developed forgery-proof product security labels on the basis of synthetic nucleic acids in combination with easy-to-use scanners. The system takes advantage of the high information storage capacity of DNA, a genuine property of DNA as carrier of the genetic code.

Leading pharmaceutical companies increasingly adopt the issue of safe drug packaging. We want our products to become an integral part in their strategic concepts. This is also pursued by our key account management that has been established in the past year and is still being expanded. We are in constant contact with leading companies, e.g. by presenting our DNA security system at a seminar in late May organized by the International Association for Pharmaceutical Technology (APV) on how to fight counterfeit drugs.

Bristol-Myers Squibb GmbH, Munich, is our first reference customer in the pharmaceutical industry. Since the end of last year, we jointly evaluate our system for surveillance of the pharmaceutical supply chain. The establishment of new security features is a multi-step process. After completion of the adaptation phase, the labeling systems have now been delivered to the customer. Practical evaluation will most likely be finished in the middle of the year.

Within our preferred industries, e.g. the pharmaceutical or security printing sector, resonance for our products remains at a very high level. Negotiations regarding additional field studies are continuing. Also in the last quarter, we have expanded our international marketing structure.

directif Diagnostic Solutions

On the basis of our patented electrochemical detection of nucleic acids, november AG together with Siemens Medical Solutions develops world's first fully automated system for the molecular near-patient analysis of nucleic acids. This product family has a broad range of applications: Besides viral and bacterial pathogens, gene sequences related to the occurrence of diseases like cancer can be detected as well.

Our system will allow testing without the need for a costly laboratory infrastructure or specialist personnel. In a modular set up, it contains an analyzer unit and a disposable one-way cartridge which integrates all steps from sample preparation through PCR (amplification of genetic material) to detection of the nucleic acid in question. The cartridge also carries all necessary reagents for the test. This integration is unique to the market and accelerates analysis time to less than two hours. Analysis costs can thus be significantly reduced.

A first prototype of the integrated cartridge was already presented at last quarter's press conference on the financial results 2002. In cooperation with a leading microfluidics company, we have successfully integrated all components on an area comparable to a credit card.

We are also very pleased to announce that members of the *directif* team received the *Jack Raper Award* for the development of an innovative fully electronic bio-chip. This prestigious prize is awarded annually for outstanding scientific contributions at the *IEEE International Solid State Circuits Conference*, the world's largest and most important event in the field of microelectronics. The chip was developed within the framework of a research consortium funded with 5 million EUR by the German Ministry of Research (BMBF). Besides november AG, the consortium comprises Infineon Technologies AG, Fraunhofer Institute for Silicon Technology, several business units of Siemens AG, and Eppendorf Instrumente GmbH.

responsif Therapeutical Solutions

Effective as of the beginning of the year, the therapy division of november AG was spun off and will in the future be continued within the independent *responsif GmbH*. All technologies, licenses and industrial property rights that are not related to the remaining business units diagnostics or product security have been transferred to that company. This includes immunotherapeutic approaches to cancer therapy, drug delivery, as well as biological labeling.

With pre-clinical development coming close to its end, we decided to spin off our therapeutic division. The opportunities that lie within future later stage drug development are going to be profitably used together with new strategic and also financial investors. Initial financing was provided by november AG in return for participation rights. According to *responsif GmbH*, negotiations together with additional investors are currently conducted.

During the first quarter, *responsif GmbH* has taken up its regular business activities at full scale. The company reports positive development on project level, too. Currently, the technology regarding the production of the therapeutical protein is transferred to the GMP certified manufacturer who will secure its supply in high purity. At the same time, intensive preparations regarding clinical trials are being carried out, according to *responsif GmbH*.

PEQLAB Biotechnologie GmbH

The consolidated revenues of the first three months of 2003 have been achieved by our subsidiary *PEQLAB Biotechnologie GmbH*. The revenues rose 18 percent to about 954 TEUR. This very satisfying development is another indicator for the successful implementation of *PEQLAB's* one-stop-shop strategy for molecular biology research. Since December 2000, november AG has held a 51 percent stake in the company which markets reagents and laboratory equipment, some of which are developed and produced by itself, and working in association with partner companies, provides services in the field of basic research in molecular biology. The main customers are academic research institutions and biotech companies.

november AG share

For some time during the first three months of 2003, the price for november AG shares had been strongly declining. At present, analysts of the Bayerische Landesbank rate november AG's performance as "neutral" compared to other competitors. We believe that once we meet our anticipated goals, especially regarding the marketing of *identify Technologies*, we will receive better ratings in the future. Consequently, after matching our result forecast for the year 2002, the price for november AG shares has significantly recovered.

Outlook

On the basis of the negotiations with potential customers from different industries that are well under way, we expect a substantial broadening of our customer base for our **identif Technologies** in the next quarters. We expect that the cooperation with Hueck Folien GmbH will have significant impact on the establishment of our cluster technology. After the successful adaptation of the technology, negotiation with Infineon regarding a possible in-licensing of our cluster technology seem very promising but have not been concluded, yet.

Despite the early prototype stage of development, several diagnostic companies have already expressed their serious interest in our **directif Diagnostic Solutions**. This underlines the high market potential of our systems for near-patient nucleic acid testing. Experts forecast very strong future growth for this very attractive segment of the diagnostic market.

Since 1 May 2003, Dipl. Kfm. Alexander Offer is new Head of Finance with november AG. He had previously been working for several years in different fields as Vice President of an independent investment bank and will significantly strengthen the management of november AG, particularly in investor relations as well as regarding mergers & acquisitions.

As in the past year, we would like to provide an early guidance on our financial targets for the current financial year. Of course, at the end of the first quarter, the range will be still rather large. Nevertheless, on the basis of the encouraging start, we expect that the earnings per share for 2003, including income from deferred tax, will be in the range between -0.65 and -0.85 EUR, thus better than the EPS of 2002 (-1.07 EUR). We believe that the total liquidity of EUR 13.1 million at the end of the first quarter is a convenient basis to accomplish break-even. The equity ratio remains unchanged at 92 percent.

The management

Important figures of november AG

figures in TEUR	2003-01-01 to 2003-03-31	2002-01-01 to 2003-03-31
Revenues	954	810
Research and development	882	1,598
Operating income (EBIT)	-1,275	-2,139
Balance sheet total	27,583	33,521
Overall liquidity	13,089	21,539
Average number of employees (adjusted to FTE) *)	64	89

*) In deviation from previous year, part time employees were converted to full time employees to calculate the average number of employees. Previous year's figures were adjusted accordingly. The reduction in the number of employees compared to the previous year mainly resulted from the spin-off of our responsif Therapeutic Solutions division in the first quarter of the fiscal year 2003.

november AG is operating in very fast and newly developing markets. For this reason, the company decided not to publish any figures concerning the biotech industry since comparability would be missing and because there are no reliable figures available today.

*Consolidated balance sheet on March 31, 2003 (IAS)
november AG, Erlangen
Gesellschaft für Molekulare Medizin*

Assets

	Quarterly Report 2003-03-31 EUR	Annual Report 2002-12-31 TEUR	Change in %
<i>Current Assets</i>			
Cash and cash equivalents	4,049,988	6,859	-41
Short-term investments / marketable securities	39,052		100
Trade accounts receivable	1,264,109	462	174
Inventories	702,221	760	-8
Prepaid expenses and other current assets	8,473,988	8,377	1
Total current assets	14,529,358	16,458	-12
<i>Non-current assets</i>			
Property, plant and equipment	1,320,127	1,833	-28
Intangible assets	126,348	113	12
Goodwill	1,438,584	1,486	-3
Investments	1,065,134	1,064	.
Investments valued according to the equity-method	1	.	.
Deferred taxes	9,103,902	8,629	6
Total non-current assets	13,054,096	13,125	-1
Total assets	27,583,454	29,583	-7

Consolidated balance sheet on March 31, 2003 (IAS)
 november AG, Erlangen
 Gesellschaft für Molekulare Medizin

Liabilities and shareholders' equity

	Quarterly Report 2003-03-31 EUR	Annual Report 2002-12-31 TEUR	Change in %
<i>Current liabilities</i>			
Trade accounts payable	293,946	739	-60
Advance payments received		15	-100
Accrued expenses	857,976	1,473	-42
Current portion of amounts owed to banks	129,347	129	
Other current liabilities	244,689	279	-12
Total current liabilities	1,525,958	2,635	-42
<i>Non-current liabilities</i>			
Bonds	109,494	124	-12
Long-term loans	512,270	566	-9
Total non-current liabilities	621,764	690	-10
Minority interest	142,214	136	5
<i>Shareholders' equity</i>			
Share capital	6,811,200	6,811	
Additional paid-in capital	40,690,060	40,690	
Accumulated deficit	-22,207,742	-21,379	4
Total shareholders' equity	25,293,518	26,122	-3
Total liabilities and shareholders' equity	27,583,454	29,583	-7

Consolidated statement of income (IAS)
from January 1 until March 31, 2003
november AG, Erlangen
Gesellschaft für Molekulare Medizin

	3-Months- Report 01-01 - 2003-03-31	3-Months- Report 01-01 - 2002-03-31	Change in %
	EUR	TEUR	
Revenues	953,762	810	18
Cost of revenues	553,837	480	15
Gross profit	399,925	330	21
Selling and marketing expenses	450,732	355	27
Research and development expenses	881,940	1,598	-45
General and administrative expenses	378,103	587	-36
Other operating expenses	318,347	22	1.347
Other operating income	401,512	140	187
Amortization of goodwill	47,426	47	
Operating income / loss	-1,275,111	-2,139	-40
Interest income and expenses	51,821	97	-47
Other income / expenses	-73,524	-26	185
Financial result	-21,703	71	-131
Result before income tax (and minority interest)	-1,296,814	-2,068	-37
Income tax			
a.) Tax expenses			
b.) Income from deferred tax	474,768	911	-48
Result before minority interest	-822,046	-1,157	-29
Minority interest	-6,276	8	-175
Consolidated net loss	-828,322	-1,149	-28
Net income per share in EUR			
Undiluted net income per share (EPS)	-0.12	-0.17	
Undiluted net DVFA/SG income per share	-0.12	-0.17	
Weighted average shares outstanding (undiluted)			
	6,811,200	6,811,200	

Previous years figures include our *responsif Therapeutic Solutions* division, which has been spun-off on January 1, 2003.

Cash flow statement (IAS)
from January 1 until March 31, 2003
november AG, Erlangen
Gesellschaft für Molekulare Medizin

	01-01- 2003-03-31	01-01- 2002-03-31
	EUR	TEUR
Cash flow from operating activities:		
Consolidated net loss	-828,322	-1,149
<i>Adjustments for:</i>		
Minority interests	6,276	-8
Depreciation and amortization	145,366	178
Income from change in deferred taxes	-474,768	-911
<i>Change in net working capital:</i>		
Increase in inventories, trade accounts receivable and other assets	-840,984	-207
Decrease in trade accounts payable and other liabilities	-1,109,394	-275
Net cash used in operating activities	-3,101,826	-2,372
Cash flow from investing activities:		
Purchase of property, plant and equipment	-42,869	-110
Proceeds from disposal of a subsidiary, net of cash transferred	443,960	
Proceeds from investments	863	
Net cash from investing activities	400,228	-110
Cash flow from financing activities:		
Cash repayments of amounts borrowed	-54,064	-54
Proceeds from issuance of bonds and loans	-13,990	-3
Net cash used in financing activities	-68,054	-57
Decrease in cash and cash equivalents	-2,769,652	-2,539
Cash and cash equivalents at the beginning of period	6,858,693	8,079
Cash and cash equivalents at the end of period *)	4,089,041	5,540

*) The overall liquidity per 2003-03-31 amounts to TEUR 13,089 (2002-12-31: TEUR 15,859). It is composed of the balance sheet positions "Cash and cash equivalents" (TEUR 4,089) and a borrower's note (TEUR 9,000). The part of the borrower's note which is due for repayment within the next year is shown under the position "Prepaid expenses and other current assets" (TEUR 8,000), the rest is shown in the position "Investments" (TEUR 1,000).

*Statement of changes in equity
for the period January 1, 2003 until March 31, 2003*

The changes in equity are shown in the following table
(figures in TEUR)

	Subscribed capital	Additional paid-in capital	Accumulated deficit	Total shareholders' equity
December 31, 2002	6,811	40,690	-21,379	26,122
Result-affecting changes in equity:				
-Consolidated net loss from January 1 to March 31, 2003			-828	-828
March 31, 2003	6,811	40,690	-22,207	25,294

*Statement of changes in equity
for the corresponding period of the previous year from
January 1, 2002 until March 31, 2002*

	Subscribed capital	Additional paid-in capital	Accumulated deficit	Total shareholders' equity
December 31, 2001	6,811	40,690	-15,455	32,046
Result-affecting changes in equity:				
-Consolidated net loss from January 1 to March 31, 2002			-1,149	-1,149
March 31, 2002	6,811	40,690	-16,604	30,897

Explanatory notes

General explanations / changes in consolidated companies

The accounting and valuation methods were continued in accordance to the IAS consolidated financial statements per 2002-12-31. There were no relevant changes compared to the notes of the consolidated financial statements mentioned above. As part of a management-buy-out our *responsif Therapeutic Solutions* division has been spun-off into the *responsif GmbH* effective as of January 1, 2003. The *responsif GmbH* is not to be consolidated according to IAS 27 and SIC 12.

The statement of income for the previous year includes research and development cost (TEUR 929) and other income (TEUR 49), pertaining to the previous *responsif Therapeutic Solutions* division.

Balance sheet development and overall liquidity

The balance sheet total per 2003-03-31 amounted to TEUR 27,583 and was reduced by TEUR 2,000 in comparison to 2002-12-31.

In the reporting period of Jan. 1 through March 31, 2003, investments of about TEUR 20 (previous year's period: TEUR 99) by the november group predominantly concerned the balance sheet position "Property, plant and equipment". Moreover, non-current assets at a book value of TEUR 440 have been sold to the *responsif GmbH* in the reporting period.

The overall liquidity of the november group amounted to EUR 13.1 million at the end of the first quarter of 2003 (2002-12-31: EUR 15.9 million). It consists of the balance sheet position "Cash and cash equivalents", "Short-term investments/marketable securities" and a borrower's note, which is included in the positions "Prepaid expenses and other current assets" and "investments". Total liquidity amounts to 47% of the balance sheet total. These financial funds are a convenient basis to develop our divisions *identif Technologies* and *directif Therapeutic Solutions* until break-even.

The increase of the position "Trade accounts receivable" by TEUR 802 to TEUR 1,264 compared to 2002-12-31 can be ascribed to the spin-off of the *responsif Therapeutic Solutions* division. It is mainly for services provided by november AG and receivables from the sale of property plant and equipment.

In accordance to the relevant IAS standards, the deferred tax assets were increased to TEUR 9,104 (2002-12-31: TEUR 8,629). As in the previous year, the calculation is based on a corporate tax rate of 38 percent, as well as the assumption that the deferred tax loss carried-forward will be utilized as planned in the future. A change in corporate taxation might require an adjustment of this position at a later point in time.

During the reporting period, the total amount of current and financial liabilities was reduced by TEUR 1,177 to TEUR 2,148.

The shareholders' equity per 2003-03-31 was reduced to TEUR 25,294 by the full amount of the net loss of the reporting period of TEUR 828 in comparison to 2002-12-31. The equity ratio remains unchanged at 92 percent of the balance sheet total.

Based on the XETRA closing price on 2003-03-31, the company's market cap totals EUR 11.5 million, so that the book value of net assets ran well above market cap on this date. According to IAS 36, this is an indicator for a possible impairment in value of the assets included in that standard. As of March 31, 2003, no need for adjustments in value could be identified. By the time this report was drawn up in early May 2003, market cap has already risen to about EUR 17 million.

Research and development expenses, other operating expenses

In the first three months on 2003, research and development expenses amounted to TEUR 882 (previous year period: 1,598 TEUR). Last year's figures include R&D expenditures of TEUR 929 of the *responsif Therapeutic Solutions* division. Adjusted R&D costs increased by 32% from last year.

It is subdivided into the different projects in the following table:

Figures in TEUR	identif Technologies	directif Diagnostic Solutions	Other	Total
01/01 – 03/31/03	399	483		882
01/01 – 03/31/02	263	406	929	1,598

The research and development expenses of the reporting period are essentially made up of personnel expenses, expenses for outside services, cost of materials, expenses for patents and premises, apportionment of overhead and management cost, as well as depreciation on R&D-equipment.

Selling and marketing expenses are up 27% from last year (TEUR 355) to TEUR 451 in the first quarter of 2003. In addition to the *PEQLAB* operations this figure includes the costs associated with the market launch of *identif Technologies*.

General and administrative expenses amount to TEUR 378 for the first three months of 2003 and could thus be significantly reduced by 36% from last year's period (TEUR 587).

In the reporting period, other operating expenses total TEUR 318 (previous year: TEUR 22). Apart from corrections for restructuring expenditures (TEUR 72) and other expenses, costs of TEUR 227, which incurred in association with services provided to *responsif GmbH*, are included herein. These costs are met by other operating income of the same amount.

Other operating income of the reporting period amount to TEUR 401 (previous year: TEUR 140) and are primarily related to grants received from public bodies (TEUR 145) in addition to the above mentioned income from services provided to *responsif GmbH* (TEUR 227).

Outside the scope of the operational income, costs for stock market listing and Designated Sponsoring (equity related costs) of TEUR 34 are displayed under the position of "general and administrative expenses".

Operating result and net income for the reporting period

Despite increased expenditures on selling and marketing, the operating result of TEUR -1,275 could be substantially improved from last year (TEUR -2,139) in particular because of the spin-off of the *responsif Therapeutic Solutions* division. The consolidated net result, including financial and tax result as well as minority interests, for the first quarter of 2003 totals TEUR -828, and has improved by 28% from last year's corresponding period (TEUR -1,149). The change in the accumulated deficit per 2003-03-31 to TEUR -22,208 (2002-12-31: TEUR 21,279) is completely accounted for by the consolidated net loss for the first quarter. The undiluted earnings per share (EPS and DVFA/SG) are EUR -0.12 (previous year: EUR -0.17).

Business segment information

figures in TEUR	business segments				
	identif Technologies	directif Diagnostic Solutions	PEQLAB Biotechn. GmbH	Administration / Other	Group
Earnings					
2003-03-31	3	74	975	303	1,355
2002-03-31	4	62	829	55	950
Operating result					
2003-03-31	-501	-409	23	-388	-1,275
2002-03-31	-299	-342	-20	-1,478	-2,139

Administrative costs for our subsidiary are included in the *PEQLAB* column. Overhead costs, which cannot be assigned to any of the divisions, as well as expenses associated with the consolidation, are summarized in the segment "Administration/Other". The figures for the previous year in this column also include the operational income (TEUR 49) and the operational result (TEUR –889) of the previous *responsif Therapeutic Solutions* division.

The group revenues within the first three months were generated by the subsidiary *PEQLAB Biotechnologie GmbH*. They are subdivided by region in the following table:

figures in TEUR	01-01 – 2003-03-31	01-01 – 2002-03-31
Domestic	904	733
EU	18	28
Rest of World	32	49
Total	954	810

Number of shares and rights on shares of november AG, that are held by members of the executive or supervisory board of the company as well as changes concerning related parties

Board member	Shares held on 2003-03-31	Shares held on 2002-12-31
1. Executive Board		
Dr. Wolf M. Bertling (Chairm.)	599,657	888,292
Hans-Dieter Tresser (until 2003-02-28)		
Dr. Thomas Schulze	4,554	4,554
2. Supervisory Board		
Prof. Dr. Dr. h.c. Karl Wilhelm Pohl (Chairman)		
Dr. Leo Steib (Dep. chairman)	113,748	113,748
Günter Frankenne	90	90
Dr. Werner J. Schönfeld		
Horst Linn	6,000	6,000
Walter Schurmann	1,641	1,641

The executive board members hold a total of 604,211, the members of the supervisory board hold a total of 121,479 of the company's shares. Dr. Bertling donated 288,635 of his shares as part of an endowment into the Nobis-Foundation for the promotion of ethics and acceptance of biotechnology, which was founded by himself.

The members of the executive board are entitled to participate in the company's employee participation program based on convertible bonds. Dr. Thomas Schulze holds 6,000 convertible bonds. Hans-Dieter Tresser, who was CFO until 2003-02-28, has returned his 10,000 bonds at face value.

The company itself does not hold own shares.

Our employees

On average, 64 employees worked within the group in full-time terms throughout the reporting period from January 1 to March 31, 2003 (corresponding period 2002 on average: 89). 67 percent of them were employed in research and development (previous year: 83 percent). The significant reduction in the number of employees resulted from natural turnover, as well as the spin-off of the *responsif Therapeutic Solutions* division at the beginning of the year 2003.

On the reference date, a total of 109,494 convertible bonds at a face value of 1.00 EUR each had been issued to the employees. After a holding period of two years, but not later than five years after the issuance, the bonds can be converted into november AG stock for a price of 5.01 EUR (employee participation program 2000) or 5.60 EUR (employee participation program 2001). In the first quarter of 2003 the number of outstanding bonds decreased by TEUR 14.

Business development during the first three months of the year 2003

In the first three months of 2003, we significantly boosted our marketing and sales efforts in the ***identif Technologies*** division. For the marketing of our products we pursue a two-pronged strategy: On the one hand, we intensively approach and attend potential major customers with our own key account management, which we set up and expanded throughout the last year. On the other hand, we broaden our potential customer base by directly addressing various industries through specialized media, trade fairs, and special events. Herein, we are supported by our development partner Siemens A&D. During this phase, we expect first, yet moderate revenues through temporary projects. These projects will then serve as a basis for a broader application of our systems as the "gold standard for security technology". The integration of a new security technology into established industrial processes requires precise preparation and entails extensive coordination within the group of our customers, in particular the large companies. Additionally, we will significantly increase our focus also on smaller potential customers in order to gain additional market shares. Furthermore, we have been extending our international sales structure since the beginning of this year. In this effort, we engaged a further key account manager for the U.S. market, who is supposed to develop new markets for us on commission and temporary basis. We are also acquiring partners with a long standing network in the area of security relevant system solutions for the markets of North-East Asia and South Africa.

The development of our cluster technology succeeds according to plan. All major milestones have been accomplished. One highlight is the completion of the prototype of the cordless reading device, which is an integral part in the technology package we offer.

Development work in our ***directif Diagnostic Solutions*** division went along equally successful. In the context of our press conference on the financial results 2002 in the first quarter of this year, we presented the prototype of the fully integrated diagnostic unit (cartridge). Together with the newly developed electronic bio-chip, we will carry out the technical proof-of-concept on clinical samples in the coming months. In addition to our technical partner Siemens, we are aspiring the cooperation with a large diagnostic-manufacturer, who has access to the major markets, in order to market our product in the future.

The spin-off of the therapeutic division has resulted in special expenses such as the agreed-upon start-up financing of the *responsif GmbH* in the past quarter. Through the design of the spin-off we reduced a considerable development risk for november AG yet ensuring an adequate long-term success participation at the same time. According to information supplied by *responsif GmbH*, the preparation for the clinical trials succeeds as planned. Therefore, we assume a successful continued development of the immunotherapeutic drug.

In the first quarter, *PEQLAB Biotechnologie GmbH* substantially contributed to the positive development again. After showing positive net earnings in 2002, the company achieved satisfyingly high revenues of TEUR 954 in the period from 2003-01-01 until 2003-03-31. In a still difficult market environment the company was able to increase revenues by 18%. This is particularly positive because most of the sales of the *PEQLAB* operations are usually generated in second half of the year, especially in the fourth quarter. The gross margin for the first three months was 42 percent.

The careful management of the financial resources available to us is given a high priority at november AG, which can be seen for instance in the significant reduction of overhead costs in the first quarter. The total liquidity of the group amounted to 13 Mio. EUR by the end of the first quarter.

During the first three months of the current financial year net earnings per share (EPS and DVFA/SG) amounted to EUR -0.12 and remains, hence, below previous year's net earnings per share (EUR -0.17). For this financial year we expect earnings per share, including income from deferred tax assets, between -0.65 and -0.85 EUR, which will be better than last year's EPS (-0.87). We don't expect any extraordinary risks for the ongoing fiscal year.

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