

Interim Report

***FOR THE SECOND QUARTER
OF THE FINANCIAL YEAR 2004***

(1 April 2004 to 30 June 2004)

and

***6-MONTHS'-STATEMENT 2004
(1 January 2004 to 30 June 2004)***

Letter to shareholders

Dear shareholders.

The group structure optimization that was carried out at the end of last year and the transformation of november AG into a development and holding company is an important step forward to future expansion and thus was the main focus of the **Annual General Meeting** that was held on 21 May in Erlangen. The changes and benefits were explained comprehensively by the management and supervisory board of november AG as well as by the managing directors of the newly founded wholly-owned subsidiaries. Shareholders that attended the meeting also used the opportunity to get first-hand information regarding the development stage of the products. With **great majority**, the november AG's shareholders have approved all proposals of the management and the supervisory board. I would like to express my gratitude to all of you for this expression of trust into the management.

Since then, the companies that belong to the november AG holding have made good progress again:

- At the end of May, **identif GmbH** and **US-based chemical company DuPont** have signed a **letter of intent (LOI)**, under which the possibilities of a future joint marketing of the product security and brand protection solutions are currently being evaluated. Such a cooperation would also include a direct equity participation into identif GmbH. Already within the scope of the LOI, DuPont actively supports identif GmbH by providing contacts to potential customers on American markets. This confirms our strategic approach that the entry of product-focused partners can be facilitated by the creation of specialized subsidiaries. Direct customer approach on industrial trade fairs and congresses was also extended. In order to further establish identif GmbH within the industry, company representatives contributed as experts to brand protection workshops, again.
- **directif GmbH** has continued to optimize the prototypes of the diagnostic system as scheduled. **Fully automatic detection of DNA sequences from clinical blood samples was carried out reproducibly** within the integrated cartridge.
- Our subsidiary **PEQLAB Biotechnologie GmbH** has experienced a successful first half of 2004. Compared to previous year's period, the company that **generates a net profit since 2002** was able to **increase its revenue by 20 percent**. This is a remarkably good result considering the still difficult market conditions for laboratory supplies. To support further growth, PEQLAB has further expanded its product portfolio in the second quarter. This now includes "Xiri" pipet robots and "nanodrop" spectrophotometers for microarray applications (biochips). International marketing was expanded as planned, too. This is reflected in the **export ratio** which currently amounts to **12 percent** and has **almost doubled** in comparison to previous year's period.

The former therapy division (management buy-out in January 2003) provides positive news, too: In early July, **responsif GmbH** was awarded with the **Medtech Pharma Special Prize** within the renowned **Northern Bavarian Business Plan Competition**. After already being among the ten finalists of the nationwide "science4life Venture Cup 2004" in June, this again confirms the high quality of the responsif GmbH's business concept. Moreover, with a press release at the end of May, responsif GmbH has announced the **initialization of first clinical tests** for its tumor therapy approach. These tests will focus on drug tolerance. Additional partners for this clinical feasibility study are the Erlangen University Hospital (Medizinische Klinik III), the Urological University Hospital at the "Waldkrankenhaus" Erlangen, and the blood donation service of the Bavarian Red Cross at Nürnberg.

On the group level, a favorable **revenue increase by 25 percent to EUR 2.258 million** for the first half year (previous year's period: EUR 1.813 million) shows that we have been successfully intensifying our marketing activities. This caused an increase in sales and marketing expenses amounting to TEUR 1,145 (previous year's period: TEUR 1,001) which is fully within plan. At the same time, **research and development expenses were significantly reduced by 14 percent** and totaled EUR 1.492 million after six months (previous year's period: EUR 1.736 million). This reflects the increased maturity and market readiness of our products. The successful capital increase of December 2003 resulted in a gross inflow of funds of EUR 3.35 million. These additional funds will be predominantly used for intensifying and accelerating our marketing activities. Thus november AG's **total liquidity** at the end of the first half year amounted to **favorable EUR 9.647 million** (previous year: EUR 11.437 million). The **consolidated operating result (EBIT)** for the first six months totaled EUR -2.421 million and remained slightly below previous year's figure (EUR -2.467 million). The net earnings per share (EPS according to DVFA/SG) were improved to EUR -0.20 (previous year's six months figure: EUR -0.23).

Information regarding subsidiaries and report on important relations

Effective as of 31 December 2003, november AG has spun off its former business divisions "product security / brand protection" (identif Technologies) and "diagnosis" (directif Diagnostic Solutions) into two wholly-owned subsidiaries. The managing directors of the new companies were project managers of the relevant divisions at the time of spin-off. november AG is thus being transformed into a holding. While the parent company will still be responsible for strategic development and provides central services, the subsidiaries are enabled to position themselves in the market as technology leaders with a clear-cut profile and are even more attractive for strategic partners.

identif GmbH

The subsidiary identif GmbH focuses on the development and marketing of new products that **protect against product piracy** or **diversion** and support efficient **supply chain management**.

DNA Codes (B-ident)

B-ident is the brand name under which identif GmbH is commercializing forgery-proof product security codes on the basis of synthetic nucleic acids. The patented system takes advantage of the high information storage capacity of DNA. For the first time ever, **authenticity of goods**

can be verified anywhere anytime using a hand-held DNA code reader. As the marking can not be detected with the bare eye, it is called a “covert” feature in security business terms.

DNA codes can be applied as a sticky **label** - a very efficient way to protect against fraudulent substitution - or be **printed directly** on the packaging using current industrial printing solutions. If the label is used to seal a product box, the product is also protected against fraudulent substitution.

nanotechnological cluster codes (N-ident)

For the labeling of a broad variety of surfaces, for instance **industrial spare parts, chip cards, or banknotes**, identif GmbH offers *N-ident* cluster codes that are based on extremely stable ultra-thin layers, which show highly specific **bright color effects**. These optical codes offer fast and easy **machine readability** and guarantee highest **counterfeit protection** – a combination which holograms or comparable features can not compete with. Displaying colors, this is called an “overt” feature in technical terms. Moreover, due to its unique color scale *N-ident* also has a broad range of application as an optically attractive, machine-readable feature for sticky labels, technical foils or direct labeling. identif GmbH has established an extensive product line on the basis of these patented optical codes.

The concept is complemented by a broad range of cooperations. One example is the development of a **direct labeling** technology for **SmartCard chip modules** with **Infineon Technologies AG**. Such “intelligent” cards are equipped with an integrated computer chip and can easily be recognized by the golden contact pad. In the future, the chip module area can be labeled and may, for example, display the issuers company logo, be it a bank or insurance company. This is not a mere marketing tool but also adds a new security feature whose code can be read in the split of a second. At the moment, the transfer of the technology into production scale for various applications is in preparation. Similarly, e.g. original automotive spare parts can be labeled in order to protect consumers from poor quality goods as well as protect the manufacturer from diversion and at the same time improving his position against product liability claims. In an additional approach, a novel *N-ident* based **security feature for banknotes** has been developed together with our development partner and licensee **Hueck Folien GmbH** (Austria).

directif GmbH

Together with **Siemens Medical Solutions** directif GmbH develops the world's first fully automated system for **laboratory independent nucleic acid testing**. In a highly effective manner, pathogens and genetic factors that may promote certain diseases are selectively identified by specific gene fragments. Compared to standard analytic techniques, this allows a much earlier and more accurate diagnosis. Apart from viral and bacterial pathogens, gene sequences that are crucial for effective drug action may be detected as well. If they are present, a drug may fail to help. This knowledge will help to avoid strenuous medication attempts that are certain to fail due to the patient's genetic variation. Such "personalized medicine" is believed to become more and more important in the future. 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 or food.

directif GmbH has achieved to integrate all individual steps which are necessary today to carry out a diagnosis in a single plastic cartridge and succeeded in miniaturizing a **full-scale laboratory** to the **area of a credit card**. The analysis itself is carried out **fully automatically** with the help of a so-called analyzer. This control unit has the size of a desktop laser printer. **Net operating time is reduced to a few minutes**. Instead of having to wait for days, the results can now be obtained after only two hours. This does not only significantly **reduce costs** but also puts diagnosis back in the hands of the doctor in whom you trust, so **improving the treatment of the patient**.

Already at the end of last year, important development partners had been won. Firstly by expanding the existing R&D cooperation with **Siemens Medical Solutions** (Germany) into a full **strategic partnership** including the option for a future participation. Secondly, **Wilden AG** (Regensburg/Germany), one of the leading manufacturers in the field of precision plastic components for medical applications, was chosen as **production partner** for the cartridge. Wilden will undertake the optimization of the cartridge prototypes to the needs of cost-effective mass production.

PEQLAB Biotechnologie GmbH

Since December 2000, november AG holds a majority stake in PEQLAB Biotechnologie GmbH (Erlangen/Germany). PEQLAB is a **one-stop shop for molecular biology**. The company supplies innovative reagents and laboratory equipment, including some products being developed and produced in-house. PEQLAB's customers include academic research institutes and biotech companies.

responsif GmbH

Effective as of 1 January 2003, responsif GmbH was spun-off from november AG to a separate company under a management buy-out with the former project manager becoming its managing director. november AG holds options to business shares as well as to special profit share rights. This safeguards the financial interests of the november shareholders even after the management buy-out. To underline this, responsif GmbH continues to voluntarily report all relevant progress to november AG.

The basis for the novel **cancer therapy** approach that was initially developed at november AG and is now being further developed by responsif GmbH is the **re-activation of the patient's immune system** against tumor cells. Using surgically removed, inactivated and **specifically labeled tumor cells**, the aim is to trigger a specific autologous immune response that will detect and eliminate spreading tumor cells and metastases with minimized side effects. **Renal cell carcinoma** was chosen as the first indication for clinical testing. In Germany alone, each year 12,000 patients are diagnosed with this kind of tumor. For all European countries, the incident rate is 40,000.

november AG shares

At the end of the second quarter, the price for november AG's shares has stabilized between 4.60 EUR and 4.90 EUR thus far above the 52-weeks-low of 2,96 EUR.

In the second quarter, Concord Effekten AG, designated sponsor for XETRA trading of november AG's shares, as well as First Berlin Equity Research both have published updates to their research reports. These can be ordered via the issuers' research divisions.

Events after end of the quarter

On 20 July, **Prof. Dr. Dr. h.c. Karl Wilhelm Pohl** (Cologne/Germany) has for personal reasons asked to be immediately released of his duties as **Chairman of the Supervisory Board**. He **leaves the Supervisory Board on his own request**. Prof. Pohl had been member of the Supervisory Board of november AG since December 2002. Until the election of a new Chairman, the board will be headed by the current Deputy Chairman Dr. Leo Steib (Feucht/Germany). The members of the Supervisory Board, the Board of Directors and the Management of november AG regret Prof. Pohl's decision and thank him for his always excellent cooperation. His important contributions include in particular the successfully completed restructuring phase, the planning and shaping of november AG's commercial success and the current negotiations with strategic partners.

Dr. Agnieszka Jankowska (Rheinfeld/Switzerland) is moving up to november AG's Supervisory Board. She was elected as Substitute Member on the Extraordinary General Meeting of 30 December 2002. Dr. Jankowska is a **business consultant** and holds academic degrees in political sciences and economics. During her career within the **multinational chemical, pharmaceutical and diagnostics industry** she has specialized on **technology transfer** and **industrial alliances**. On her last position between 1992 and 1998 with F. Hoffmann-La Roche (Switzerland), she was in charge of licensing agreements regarding PCR, a key technology for molecular biology. Since 1999 she is managing partner of the consulting firm AKonsult where she successfully supported november AG's subsidiary PEQLAB Biotechnologie GmbH in the field of **strategic business development**.

november AG is very pleased that industry specialist Dr. Jankowska is now joining the Supervisory Board and we are looking forward to a good, constructive collaboration.

Outlook

The significantly higher revenues from november AG's core products in comparison with previous year's figures show that we are on the right track. In the next quarters, too, we expect the **stable increase of identif GmbH's revenues** to continue. The fact that national and international companies, e.g. DuPont, have expressed their interest in identif GmbH's product marking technology is another clear indication of the products' potential. identif GmbH therefore is going to further intensify its **marketing activities** as planned. This will also be supported by the participation at Nürnberg's "Fachpack" packaging fair at the end of September. Apart from addressing potential customers directly, **internationalization** is a very important aspect. In this field, november AG is supporting its subsidiary. As member of a Bavarian industry delegation, november AG's CEO Dr. Wolf M. Bertling has visited Moskow (Russia) and was able to discuss the marketing opportunities of identif GmbH's products in **Eastern Europe and Russia**. Existing contacts to China are currently being intensified, too,

for example by presenting identif GmbH's products at "Szenzhen High Tech" fair at the beginning of the fourth quarter.

Based on the achieved progress within the scope of the cooperation between **directif GmbH** and Siemens Medical Solutions, product development is carried out fully within the specified timeframe. The completion of certain development steps qualifies for **milestone payments** by Siemens. In the next quarters, the system will be further optimized and a serial production version of the cartridge will be developed as well. In connection with the market launch that is scheduled for 2005, preparations for market entry will be carried out.

On a year-on-year basis, our subsidiary **PEQLAB Biotechnologie GmbH** is aiming for **positive net earnings** again with a **revenue growth in 2004 of significantly more than 10 percent**. To achieve this, PEQLAB is planning to further **strengthen its sales team** in the second half of the year.

As reported, **responsif GmbH**, the company which separated from november Group under a management buy-out, has initiated a first clinical feasibility study for its novel immunotherapeutic cancer treatment. **Patients' recruitment** is to begin soon. By achieving this important step, responsif GmbH has timely moved further towards its aim to start **clinical testing**.

[The management](#)

Important figures of november AG

figures in TEUR	01/01/2004 to 06/30/2004	01/01/2003 to 06/30/2003
Revenues	2,258	1,813
Selling and marketing expenses	1,145	1,001
Research and development expenses	1,492	1,736
Operating income (EBIT)	-2,421	-2,467
Balance sheet total	27,135	26,537
Total liquidity	9,647	11,437
Average number of employees (adjusted to FTE; not including employees in minority participations)	63	64

november AG is operating in very fast and newly evolving markets. For this reason, the company decided not to publish any biotech industry figures due to a lack of comparability and reliability.

*Consolidated balance sheet on 30 June 2004 (IFRS)
november AG, Erlangen*

Assets

	Quarterly Report 06/30/2004 EUR	Annual Report 12/31/2003 TEUR	Change in %
<i>Current Assets</i>			
Cash and cash equivalents	9,647,395	11,456	-16
Short-term investments / marketable securities	0	39	0
Trade accounts receivable	539,104	437	23
Inventories	865,409	792	9
Other current assets	251,141	1,327	-81
Prepaid expenses	47,232	35	35
Total current assets	11,350,281	14,086	-19
<i>Non-current assets</i>			
Property, plant and equipment	1,085,697	1,156	-6
Intangible assets	87,455	102	-14
Goodwill	1,201,455	1,296	-7
Investments	2,232,759	1,692	32
Deferred taxes	11,177,166	10,314	8
Total non-current assets	15,784,532	14,560	8
Total assets	27,134,813	28,646	-5

*Consolidated balance sheet on 30 June 2004 (IFRS)
november Aktiengesellschaft, Erlangen*

Liabilities and shareholders' equity

	Quarterly Report 06/30/2004 EUR	Annual Report 12/31/2003 TEUR	Change in %
<i>Current liabilities</i>			
Trade accounts payable	291,013	388	-25
Advance payments received	0	14	-100
Current portion of amounts owed to banks	122,450	129	-5
Other current liabilities	234,727	212	11
Accrued expenses	916,861	794	15
Total current liabilities	1,565,051	1,537	2
<i>Non-current liabilities</i>			
Long-term loans	379,242	437	-13
Total non-current liabilities	379,242	437	-13
Minority interests	170,211	156	9
<i>Shareholders' equity</i>			
Subscribed capital	7,468,320	7,468	0
Additional paid-in capital	43,243,809	43,244	0
Accumulated deficit	-25,691,820	-24,196	6
Total shareholders' equity	25,020,309	26,516	-6
Total liabilities and shareholders' equity	27,134,813	28,646	-5

Consolidated income statement (IFRS)
1 January to 30 June 2004
november Aktiengesellschaft, Erlangen

	6-Months' Statement 01/01 to 06/30/2004	6-Months' Statement 01/01 to 06/30/2003	Changes in %	2nd Quarter Report 04/01 to 06/30/2004	2nd Quarter Report 04/01 to 06/30/2003	Changes in %
	EUR	TEUR		EUR	TEUR	
Revenues	2,257,636	1,813	25	1,115,303	859	30
Cost of revenues	1,177,796	1,012	16	559,998	458	22
Gross profit	1,079,840	801	35	555,305	401	38
Selling and marketing expenses	1,145,227	1,001	14	572,849	551	4
Research and development expenses	1,491,887	1,736	-14	754,878	854	-12
General and administrative expenses	854,836	676	26	393,043	298	32
Other operating expenses	271,298	392	-31	160,166	73	119
Other operating income	357,646	632	-43	225,753	230	-2
Amortization of goodwill	94,852	95		47,426	47	
Operating income / loss	-2,420,614	-2,467	-2	-1,147,304	-1,192	-4
Interest income and expenses	109,078	75	45	62,151	23	170
Other income / expenses	-21,790	-90	-76	-4,290	-17	-75
Financial result	87,288	-15	-682	57,861	6	864
Result before taxes (and minority interests)	-2,333,326	-2,482	-6	-1,089,443	-1,186	-8
Income tax						
a.) Tax expenses	12,013	4	200	5,082	4	27
b.) Income from deferred tax	863,635	902	-4	399,806	428	-7
Result before minority interests	-1,481,704	-1,584	-6	-694,719	-762	-9
Minority interests	-13,794	-6	130	-3,907		
Consolidated net loss	-1,495,498	-1,590	-6	-698,626	-762	-8
Net income per share in EUR						
Undiluted net income per share (EPS)	-0.20	-0.23		-0.09	-0.11	
Undiluted net DVFA/SG income per share	-0.20	-0.23		-0.09	-0.11	
Weighted average shares outstanding (undiluted)	7,468,320	6,811,200		7,468,320	6,811,200	

Cash flow statement (IFRS)
1 January to 30 June 2004
november Aktiengesellschaft, Erlangen

	01/01 to 06/30/2004	01/01 to 06/30/2003
	EUR	TEUR
Cash flow from operating activities:		
Consolidated net loss of the reporting period	-1,495,498	-1,590
<i>Adjustments for:</i>		
Minority interests	13,794	6
Depreciation and amortization	278,148	292
Income from change in deferred taxes	-863,635	-902
<i>Change in net working capital:</i>		
Decrease in inventories, trade accounts receivable and other assets	888,031	1,645
Increase in trade accounts payable and other liabilities (previous year: decrease)	35,637	-1,379
Net cash used in operating activities	-1,143,523	-1,928
Cash flow from investing activities:		
Purchase of property, plant and equipment	-98,459	-103
Proceeds from the sale of assets	0	445
Disbursements in connection with investments (previous year: proceeds)	-540,934	748
Net cash from investing activities	-639,393	1,090
Cash flow from financing activities		
Disbursements for the repayment of loans	-64,754	-65
Disbursements for the redemption of bonds	0	-18
Net cash used in financing activities	-64,754	-83
Decrease in cash and cash equivalents	-1,847,670	-921
Cash and cash equivalents at the beginning of period	11,495,065	6,859
Cash and cash equivalents at the end of period *)	9,647,395	5,938

*) *The total liquidity per 30 June 2004 amounts to TEUR 9,647 and is fully composed of deposits at banks (31 December 2003: TEUR 12,495. The figure of 12/31/2003 was composed of the balance sheet positions "cash and cash equivalents", "marketable securities" and a borrower's note, which was shown under the position "other current assets").*

*Statement of changes in shareholders' equity
for the period 1 January to 30 June 2004*

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

	Subscribed capital	Additional paid-in capital	Accumulated deficit t	Total shareholders' equity
31 December 2003	7,468	43,244	-24,196	26,516
Result-affecting changes in equity:				
-Consolidated net loss 01/01 to 06/30/2004			-1,496	-1,496
30 June 2004	7,468	43,244	-25,692	25,020

*Statement of changes in shareholders' equity
for the corresponding period of the previous year from
1 January to 30 June 2003*

	Subscribed capital	Additional paid-in capital	Accumulated deficit	Total shareholders' equity
31 December 2002	6,811	40,690	-21,379	26,122
Result-affecting changes in equity:				
-Consolidated net loss 01/01 to 06/30/2003			-1,590	-1,590
30 June 2003	6,811	40,690	-22,969	24,532

Explanatory notes

General explanations / changes in consolidated companies

The accounting and valuation methods were continued in accordance to the IFRS consolidated financial statements per 31 December 2003. There were no relevant changes compared to the notes of the consolidated financial statements mentioned above. Effective as of 31 December 2003, the former business units identif Technologies and directif Diagnostic Solutions have been spun off to wholly-owned subsidiaries (identif GmbH, directif GmbH). Like PEQLAB Biotechnologie GmbH, they are fully included in the consolidated financial statements of november AG.

Balance sheet development and total liquidity

The balance sheet total per 30 June 2004 amounted to TEUR 27,135 and was reduced by TEUR 1,511 during the first six month of the financial year (12/31/2003: TEUR 28,646).

In the reporting period the november Group invested about TEUR 95 (previous year's period: TEUR 104), mainly into property, plant and equipment including an advance payment on technical equipment.

Total liquidity of the november Group amounted to **EUR 9.6 million** at the end of the second quarter (12/31/2003: EUR 12.5 million). This is **equivalent to 35 % of the balance sheet total**. At the cut-off date, total liquidity consists only of deposits at banks.

In comparison to 31 December 2003, the position "trade accounts receivable" increased by TEUR 102 to TEUR 539 (12/31/2003: TEUR 437) and mainly consists of receivables regarding PEQLAB Biotechnologie GmbH customers.

The position "inventories" also increased and totaled TEUR 865 at the end of the second quarter 2004 (12/31/2003: TEUR 792), which was mainly due to increased stock at PEQLAB Biotechnologie GmbH.

On 30 June 2004, the position "other current assets" amounted to TEUR 251. Its decrease in comparison to the end of the financial year 2003 (12/31/2003: TEUR 1,327) is mainly due to the repayment of the final portion of a borrower's note as well as settled receivables regarding tax refunds.

The balance sheet position "investments" includes two loans to responsif GmbH amounting to a total of TEUR 2,150 (12/31/2003: TEUR 1,650).

In accordance to the relevant IFRS standards, the deferred tax assets were increased in the reporting period by TEUR 864 to TEUR 11,177 (12/31/2003: TEUR 10,314). 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 first six months of the financial year 2004, the total amount of current and financial liabilities was reduced by TEUR 153 to TEUR 1,027. Compared to 12/31/2003, the accrued expenses were increased by TEUR 123 to TEUR 917.

The shareholders' equity of the november Group was reduced by the full amount of the net loss of the reporting period of TEUR 1,495 to TEUR 25,020. As of 30 June 2004, the **equity ratio** of the november Group amounts to **92% of the balance sheet total**.

Based on the XETRA closing price of 30 June 2004 (EUR 4.90), the company's **market capitalization** totaled **EUR 36.6 million**.

Expenses for sales and marketing, research and development, other operating expenses

In the first half year 2004, the sales and marketing expenses of the november Group increased by TEUR 144 or 14 % compared to previous year's period and totaled TEUR 1,145 (1 January to 30 June 2003: TEUR 1,001). They pertain to the operations of the subsidiaries identif GmbH and PEQLAB Biotechnologie GmbH.

In the first six months, research and development expenses were reduced by 14 % (TEUR 244) to TEUR 1,492 compared to last year's corresponding period (1 January to 30 June 2003: TEUR 1.736). The continuous decrease can mainly be attributed to the achieved maturity and marketability of identif GmbH's products. R&D expenditures for each subsidiary are as follows:

TEUR	identif GmbH	directif GmbH	Total
01/01 to 06/30/2004	487	1,005	1,492
01/01 to 06/30/2003	718	1,018	1,736

The research and development expenses are essentially made up of personnel expenses, cost of materials, expenses for outside services, as well as depreciation on R&D equipment.

On 30 June 2004, general administrative expenses totaled TEUR 855 (previous year: TEUR 676). The increase is especially due to changes in allocation of personnel expenses and costs in the course of spinning off the two former business units into wholly owned subsidiaries.

The position "other operating expenses" (TEUR 271, previous year: TEUR 392) includes, among others, TEUR 145 which incurred in association with services that were charged to responsif GmbH's account and which are matched by "other operating income" of the same amount.

The "other operating income" of the reporting period amounted to TEUR 358 (previous year: TEUR 632) and mainly consisted of billed services provided to responsif GmbH as well as grants received from public bodies.

The position of "other expenses" within the financial result amounted to TEUR 22 (previous year: TEUR 90) includes, among others, equity related expenses including costs for stock market listing and designated sponsoring.

Operating result and net income for the reporting period

For the period of 01/01/2004 to 06/30/2004 the consolidated operating result amounted to TEUR -2,421 (previous year's period: TEUR -2,467). The consolidated net result including financial and tax result as well as minority interests was improved by 6 % to TEUR -1,495 in comparison to previous year's period (TEUR -1,590). The accumulated deficit per 06/30/2004 increased by the full amount of the consolidated net loss to TEUR -25,692 (12/31/2003: TEUR -24,196). After the first six months of the financial year 2004, the undiluted income per share (EPS and DVFA/SG) is EUR -0.20 (previous year's period: EUR -0.23).

Segmental Report

figures in TEUR	identif GmbH	directif GmbH	PEQLAB Biotechnologie GmbH	november AG Holding	Group
Revenues and other operating income 06/30/2004	174	72	2,175	194	2,615
06/30/2003	3	179	1,819	444	2,445
Operating result 06/30/2004	-639	-1,131	52	-703	-2,421
06/30/2003	-1,023	-870	38	-612	-2,467

The segment "november AG Holding" includes all income/expenses of the parent company as well as positions connected to the consolidation.

The Group revenues within the first six months of the current financial year were for the most part generated by the subsidiary PEQLAB Biotechnologie GmbH. They are subdivided by region in the following table:

figures in TEUR	01/01 to 06/30/2004	01/01 to 06/30/2003
Domestic	1,977	1,693
EU	104	42
Rest of World	177	78
Total	2,258	1,813

Number of shares and rights to shares of november AG held by members of the management and supervisory boards as well as changes concerning related parties

Board member	Shares held on 06/30/2004	Shares held ozum 12/31/2003
1. Executive Board		
Dr. Wolf M. Bertling	599,657	599,657
2. Supervisory Board		
Prof. Dr. Dr. h.c. Karl Wilhelm Pohl (Chairman)	-	-
Dr. Leo Steib (Deputy chairman)	113,748	113.748
Günter Frankenne	90	90
Horst Linn	6,000	6,000
Dr. Werner J. Schönfeld	200	200
Walter Schurmann	1,682	1,641

The members of the executive board hold a total of 599,657, the members of the supervisory board hold a total of 121,720 of the company's shares.

The company itself does not hold own shares.

Our employees

On average, 63 employees (recalculated to full-time terms) worked within the november Group throughout the reporting period from 1 January to 30 June 2004 (previous year's period: 64 employees). This only includes employees working in companies that were fully consolidated.

Business development during the first six months of the year 2004

During the first half year 2004, the newly founded wholly-owned subsidiaries identif GmbH (product security and brand protection) and directif GmbH (diagnostics) have become fully operational. By means of control and profit transfer agreements the november AG shareholders will continue to participate in full from the companies' successful development. On the Annual General Meeting of 21 May 2004, november AG's shareholders have approved the spin-offs with a large majority. The parent company will continue to provide services like accounting, controlling, IT.

After the signing in the first quarter 2004 of a contract with pharma company Bristol-Myers Squibb (Germany) that covers the labeling of all HIV drugs, **identif GmbH** is also always determined to expand its distribution network and aims at further internationalization. In order to support this efforts, a **letter of intent** was signed with US-based chemical company **DuPont** under which both companies evaluate approaches for a possible **joint commercialization** of

identif GmbH's marking technologies. This may include development cooperations, joint marketing but also a direct equity participation in identif GmbH by DuPont.

During the first half year, **directif GmbH** has followed its plan for development of the diagnostic product in cooperation with its strategic partner Siemens Medical Solutions. Already in the first quarter, an expert opinion had confirmed the significance of november AG's / directif GmbH's protection rights ("freedom to operate"). This was an important milestone. During the second quarter, the optimization of the diagnostic device prototypes was carried out according to plan. The **integrated cartridge** was **successfully tested with clinical blood samples** and delivered reproducible results.

To enhance the chances for successful marketing of novel products for monitoring of the blood coagulation status, a licensing agreement with the former Swedish development partner Medirox AB was discontinued with mutual consent in the first quarter. In return, november AG is taking a 22.4 percent share in the founding of the Swedish biotech and pharma company Zafena AB. Zafena plans to speed up product development. Zafena also develops innovative products, e.g for the stabilization of blood preparations. The participation provides market access within the fields of blood banking, blood preparations, and bioanalytics.

During the first half year 2004, the november Group was able to increase the group revenues to TEUR 2,258. This is an increase of 25% compared to previous year's period. When comparing only the second quarters of 2004 and 2003, respectively, the increase even amounts to 30%. Most of the revenues were generated by **PEQLAB Biotechnologie GmbH**. Our subsidiary was able to **increase its revenues by 20%** and, like in the previous year, generates **a net profit**. For the ongoing financial year, we expect a revenue increase of significantly higher than 10%.

In the reporting period, the Group's total liquidity decreased by TEUR 2,848 to TEUR 9,647.

During the first six months of the current financial year, net earnings per share (EPS and DVFA/SG) improved to EUR -0.20 in comparison to previous year's period net earnings per share (EUR -0.23). We don't expect any extraordinary risks for the ongoing fiscal year.

Review Report

For november Aktiengesellschaft

Having been so engaged, we have conducted a review of the interim consolidated report for the period of 1 January to 30 June 2004 (consisting of the consolidated balance sheet, the consolidated profit and loss statement, the consolidated equity capital development, the consolidated cash flow statement and explanatory comments in the notes to the consolidated financial statements of november Aktiengesellschaft). The preparation of the consolidated interim report in accordance with the International Financial Reporting Standards (IFRS) and the German provisions of the law concerning stock exchange activities is the responsibility of the company's legal representatives. Our responsibility is to render an opinion on the consolidated interim report on the basis of our review.

We have conducted our review of the consolidated interim report in accordance with those principles applicable to the auditing of financial statements which are prepared by the Institute of Public Accountants ("IDW"). According to these principles, the audit is to be planned and conducted in a manner which enables us to rule out, with a certain degree of assurance, the possibility that the consolidated interim report has not, in material aspects, been prepared in conformity with the International Financial Reporting Standards and the supplementary German provisions of the law concerning stock exchange activities, or that it does not present a true and fair view of the company's assets, liabilities, financial position and profit or loss position.

A review of this type is primarily limited to interviewing employees and to analytical assessments, and thus does not ensure the level of certainty attained in the context of an audit of the company's annual financial statements. As we have not been engaged to conduct an official audit of the company's financial statements, we are not in a position to issue an official auditor's certificate.

During our review we have not found any indication or events which might lead to the assumption that the consolidated interim report are in material aspects - not in compliance with the International Financial Reporting Standards and the supplementary German provisions of the law concerning stock exchange activities, or that it does not present a true and fair view of the company's assets, liabilities, financial position and profit or loss position.

Nürnberg, 26 July 2004

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Bömelburg
Auditor

Morgenroth
Auditor

Glossary

identif GmbH	Development of solutions for product security and brand protection. Former division of november AG, spun off effective as of 31 December 2003 (wholly-owned subsidiary).
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 (wholly-owned subsidiary).
responsif GmbH	Former Therapy division of november AG developing novel approaches to tumor immunotherapy. Management buy-out effective as of 1 January 2003.
<i>B-ident</i>	(formerly known as: brandprotection) system for machine-readable labeling and on-site identification of goods or packaging based on →DNA as a biotechnological code
Cluster	Signal-enhancing metal particles on a submicroscopical scale. Show strong color effect when incorporated into nanotechnological thin films. Basis for → <i>N-ident</i>
DNA	Deoxyribonucleic acid. Chain-like molecule on the basis of four different building blocks. In nature carrier of genetic information with high storage capacity. Synthetic DNA molecules are the basis of the → <i>B-ident</i> product codes. Pathogen-specific → <i>nucleic acids</i> are detected by the directif diagnostic system
nuclec acid	Carrier of the genetic information. Diseases can be related to changes on the nucleic acid level (→directif GmbH)
<i>N-ident</i>	(formerly known as: brandsealing) system based on nanotechnological →Cluster codes for optical and machine-readable marking of surfaces, either directly or via labels
Point-of-Care (POC)	Place where patients are treated, e.g. hospitals, surgeries. One example: near-patient diagnostic systems from →directif GmbH
SmartCard	customer, bank, or phone cards equipped with an "intelligent" computer chip

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