

Interim Report

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

(1 July 2004 to 30 September 2004)

and

***9-MONTHS'-STATEMENT 2004
(1 January 2004 to 30 September 2004)***

Letter to shareholders

Dear shareholders,

When this report will be published, you may have already received information through our ad hoc release or from your bank that november will be issuing **convertible bonds**. Additionally, we would like to take the opportunity and give you first-hand information on this capital measure within the scope of this quarterly report.

With the financial markets recovering, november AG has decided to implement the **resolution of the Annual General Meeting** dating back to 21 May 2004 already this year. By issuing convertible bonds, a financial instrument which **combines the safety of a fixed-interest security with the growth potential of a company stock**, we intend to raise up to 31.1 million EUR in order to **accelerate marketing** of november AG's products, **to speed up existing and promote new developments**, and to further expand the november Group. A solid and reliable capital base puts us well ahead of our competitors. It allows self-confident negotiations with partners and leads to flexibility which is becoming an ever-important factor. By strengthening entrepreneurial freedom, this fosters the steadiness of the company for the benefits of its shareholders.

Between 8 November 2004 and 7 December 2004, existing shareholders of november AG are **entitled to subscribe** to one convertible bond at a face value of EUR 500 for every 120 november shares. The convertible bond offers a **dynamic coupon of up to 8 % p.a.** as well as a **dynamic conversion premium of up to 40 %**. In order to make the convertible bonds even more attractive, we have added a **100 % capital guarantee** which secures your investment at maturity in 2020. The offering prospectus and additional information are available for download on our homepage www.november.de.

The past three months have been the **most successful quarter** of november AG since the IPO, both regarding revenues and operational result. This strong position supported our decision to implement the capital measure.

Continuing the positive trend of the first six months, the **consolidated revenues** rose to 3.8 million EUR which is a **30 percent increase on a nine-months basis** (previous year's period: 2.93 million EUR). In **direct comparison of the third quarters**, the revenues increase even amounted to **38 percent**. Due to intensified marketing activities, the **sales and marketing expenses** for the past nine months **increased** to 1.724 million EUR (previous year's period: 1.532 million EUR). Within the same period, **research and development expenses** were again **significantly reduced by 15 percent** and totaled 2.113 million EUR (previous year's period: 2.492 million EUR), reflecting the increased maturity and market readiness of our products. november AG's **total liquidity after nine months** of the financial year 2004 is still favorable and amounted to **9.074 million EUR** (31 December 2003: 12.495 million EUR). Amounting to **-3.087 million EUR**, the nine-months **consolidated operating result (EBIT)** was significantly improved in comparison to the previous year's period (-3.512 million EUR). The **net earnings per share** (EPS according to DVFA/SG) improved to **EUR -0.26** (previous year's nine months EPS: EUR -0.33).

This successful development is based on the progress made by the group companies during the past quarter:

- identif GmbH has further increased its marketing activities. To support this, they attended several industry events, trade fairs, and conferences like for instance the supply chain focused "Trax Supply Chain Summit" in Washington D.C. (USA), the "Materialica" trade fair in Munich (Germany), the "Proflex" trade fair in Dresden (Germany), as well as Nuremberg (Germany) based "Fachpack" trade fair and exhibition. Moreover, identif's products were presented within the scope of a seminar held by the "Bundesverband deutscher Krankenhausapotheker" (German Federal Association of Hospital Pharmacists), thus addressing important multipliers in the field of drug safety. Since September, new product brochures are also available. The evaluation of a possible future collaboration between the US American chemical company DuPont and identif was carried out in an intensified manner and was accompanied by several joint meetings with potential customers.
- In the third quarter, milestone payments by Siemens AG significantly contributed to the improved nine months results. Development within the diagnostic project is well within the limits of the jointly accepted roadmap. In the past quarter, directif has taken action to improve its in-house production capacity for pre-massproduction diagnostic cartridges. One of the first steps toward reaching this goal was the moving to a new building where assembly and filling of the diagnostic cartridges can be carried out in a hygienically perfect environment, already back in July.
- To maintain highest quality standards, both wholly owned subsidiaries, identif GmbH and directif GmbH, have successfully passed a total quality management audit. Since August, they are fully **certified according to ISO 9001**, a standard which the parent company has been complying with since 1998.
- After successful first six months, the positive development at **PEQLAB Biotechnologie GmbH** continued in the third quarter, too. Compared to the previous year's period, the lab supply company **generates a net profit since 2002** was able to **increase its nine-months revenues by 17 percent** compared to previous year's period. To support the growth process, PEQLAB has further enhanced its portfolio, especially in the field of diagnostics: since the third quarter, the company is marketing partner for Cepheid's Real Time PCR devices. The **export ratio** currently amounts to **11 percent** and has improved by 53 percent in comparison to previous year's period.

Following the approval of the Ethics Commission after extensive pre-clinical development, **responsif GmbH**, the former therapy division of november AG, has successfully recruited first patients and started initial clinical tests. A second therapeutic approach for triggering a tumor specific immune response has just entered pre-clinics.

Information regarding subsidiaries and report on important relations

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 (*molecular fingerprint*)

One of identif GmbH's major product security systems is based on synthetic DNA codes. 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 reading device**. As the marking is not visible to the naked eye, it is called a "covert" feature in security business terms.

DNA codes can be applied as an adhesive **label** 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.

nanotech cluster codes (*nano-optical seals*)

For the labeling of a broad variety of surfaces, for instance **industrial spare parts**, **chip cards**, or **banknotes**, identif GmbH offers 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. Being visible for the end user, this is called an "overt" feature in technical terms. Moreover, due to its unique color scale these nano-optical seals also have a broad range of application as optically attractive, machine-readable features for adhesive 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 a golden contact pad. With identif's technology it is now possible to directly label the chip module area to display the issuers company logo, for example, be it a bank or an insurance company. Including a code that can be read within the split of a second, the labeling is a combined marketing and security enhancement tool. 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 to protect the manufacturer from diversion and to improve his position against product liability claims at the same time. In an additional approach, a novel cluster-based **security feature for banknotes** has been developed together with our 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 laboratory analytic techniques, this allows a much faster and simpler 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 **speed up the diagnostic process** but also puts diagnosis back in the hands of the trusted medical doctor, thus **improving the medical treatment of patients**.

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. Despite the negative market sentiment, PEQLAB has been showing a continued growth both on a quarterly as well as annual basis. The company is a prime example for first-class products and a motivated service-oriented team.

responsif GmbH

responsif GmbH was spun-off from november AG's former therapeutic division to become a separate company. november AG holds both options to business shares as well as to special profit share rights in responsif. 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.

Not all types of cancer allow the use of patient derived tumor cells and thus a personalized therapy approach. To cope with that, responsif GmbH is developing techniques to trigger a **specific immune response** against certain proteins that can be found on many types of cancer cells and which differentiate them from normal cells.

november AG shares

At the end of the third quarter, the medium price for november AG's shares had for a long time been close to 4.50 EUR. After the end of the quarter, the stock price significantly rose. At the end of October, when this report was written, the range was 5.50 EUR to 5,90 EUR. Considering the high number of shares being transferred, this indicates a regained **strong interest also by institutional investors**.

Events following the end of the quarter

At the beginning of November, november AG published the decision to issue **convertible bonds** following the resolution by the annual general meeting held on 21 May 2004. The convertible bond features a dynamic coupon, a dynamic conversion premium as well as a capital guarantee at maturity. The offering prospectus and detailed information for existing shareholders and other investors are available on the company homepage www.november.de.

After the end of the quarter, too, **identif GmbH** has continued to intensify its product presentation and public relations activities. One highlight in this respect was the **joint press conference with Bristol-Myers Squibb**, where the perils of counterfeit drugs were demonstrated accompanied by the presentation of the positive results of the joint project. Additionally, identif GmbH attended important industrial events like the "Surfacts" trade fair which is traditionally held in fall in Karlsruhe (Germany) where predominantly customers from the automotive or watch industry were addressed. identif was actively promoting its products on an international basis, too. One example for this is the presentation on **China HighTech Fair**, which took place at Shenzhen (PR China) in mid October. Here the goal was to test the Chinese market for identif's brand protection products.

Among other criteria, november's accumulated five-year revenue growth of almost 250 percent qualified the company to be ranked among Germany's fastest growing technology driven companies, again. The "Technology Fast 50" list is published by Deloitte, one of Germany's leading auditing and consulting companies. november AG was also included in last years "Technology Fast 50".

Biotechnology is a key technology for the 21st century. Its vast potential will not only help to improve the life of each individual by offering new diagnostic techniques or potent therapies, but will also lead to economic growth. Therefore, november AG has become one of the first members of the newly founded "BIO Germany" association. This action group will act as common organ of Germany's biotech industry and promote the development of this innovative sector.

Outlook

A successful placement of the convertible bonds will strengthen our marketing capabilities, allow us to commercialize our patented technologies even more successfully than today and thus speed up the growth of the november group.

Through contracts like the one that is currently being negotiated with DuPont, the second largest US-American chemical company, **identif GmbH** would be able to significantly **improve its presence on international markets**. These negotiations follow the successful completion of an evaluation process under a letter of intent that was signed back in May 2004.

In accordance with the project development plan, **directif GmbH** continues to optimize the performance of the diagnostic system. Additional applications for the nucleic acid testing system are also currently being developed and will support future commercialization.

On an annual basis, **PEQLAB Biotechnologie GmbH** expects **net positive results, again, with an overall revenue growth well over 10 percent**. It will continue its growth path by constant broadening and adaptation of its product portfolio according to customer demands.

First results of the now started clinical tests carried out by **responsif GmbH** are expected not before next year.

On the **group level**, too, we expect an **annual revenue growth rate** in the **two-digit percent scale**.

The management

Important figures of november AG

figures in TEUR	01/01/2004 to 09/30/2004	01/01/2003 to 09/30/2003
Revenues	3,800	2,930
Selling and marketing expenses	1,724	1,532
Research and development expenses	2,113	2,492
Operating income (EBIT)	-3,087	-3,512
Balance sheet total	26,969	25,805
Total liquidity	9,074	10,074*
Average number of employees (adjusted to FTE; not including employees in minority participations)	63	64

* On 31 December 2003 total liquidity amounted to TEUR 12,495.

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 September 2004 (IFRS)
november Aktiengesellschaft, Erlangen*

ASSETS

	Quarterly Report 09/30/2004 EUR	Annual Report 12/31/2003 TEUR	Changes in %
<i>Current Assets</i>			
Cash and cash equivalents	9,073,552	11,456	-21
Short-term investments / marketable securities	0	39	0
Trade accounts receivable	501,433	437	15
Inventories	1,091,821	792	38
Other current assets	218,350	1,327	-84
Prepaid expenses	26,781	35	-23
Total current assets	10,911,937	14,086	-23
<i>Non-current assets</i>			
Property, plant and equipment	1,112,443	1,156	-4
Intangible assets	116,090	102	14
Goodwill	1,154,029	1,296	-11
Investments	2,254,494	1,692	33
Deferred taxes	11,420,135	10,314	11
Total non-current assets	16,057,191	14,560	10
Total assets	26,969,128	28,646	-6

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

LIABILITIES AND SHAREHOLDERS' EQUITY

	Quarterly Report 09/30/2004 EUR	Annual Report 12/31/2003 TEUR	Change in %
<i>Current liabilities</i>			
Trade accounts payable	484,521	388	25
Advance payments received	0	14	-100
Current portion of amounts owed to banks	115,743	129	-10
Other current liabilities	263,539	212	24
Accrued expenses	980,361	794	23
Total current liabilities	1,844,164	1,537	20
<i>Non-current liabilities</i>			
Long-term loans	332,004	437	-24
Total non-current liabilities	332,004	437	-24
Minority interests	194,363	156	25
<i>Shareholders' equity</i>			
Subscribed capital	7,468,320	7,468	0
Additional paid-in capital	43,243,809	43,244	0
Accumulated deficit	-26,113,532	-24,196	8
Total shareholders' equity	24,598,597	26,516	-7
Total liabilities and shareholders' equity	26,969,128	28,646	-6

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

	9-Months' Statement 01/01 to 09/30/2004	9-Months' Statement 01/01 to 09/30/2003	Changes in %	3rd Quarter Report 07/01 to 09/30/2004	3rd Quarter Report 07/01 to 09/30/2003	Changes in %
	EUR	TEUR		EUR	TEUR	
Revenues	3,799,662	2,930	30	1,542,026	1,117	38
Cost of revenues	1,898,108	1,651	15	720,312	639	13
Gross profit	1,901,554	1,279	49	821,714	478	72
Selling and marketing expenses	1,724,256	1,532	13	579,029	531	9
Research and development expenses	2,112,617	2,492	-15	620,730	756	-18
General and administrative expenses	1,295,128	908	43	440,292	231	91
Other operating expenses	330,743	462	-28	59,445	71	-16
Other operating income	616,809	745	-17	259,163	113	129
Amortization of goodwill	142,277	142	0	47,425	47	0
Operating income / loss	-3,086,658	-3,512	-12	-666,044	-1,045	-36
Interest income and expenses	170,600	101	69	61,522	25	146
Other income and expenses	-26,391	-108	-76	-4,601	-17	-73
Financial result	144,209	-7	-2,160	56,921	8	612
Result before taxes (and minority interests)	-2,942,449	-3,519	-16	-609,123	-1,037	-41
Income tax						
a.) Tax expenses	43,419	10	334	31,406	7	349
b.) Income from deferred tax	1,106,604	1,279	-13	242,969	377	-36
Result before minority interests	-1,879,264	-2,250	-16	-397,560	-667	-40
Minority interests	-37,946	-15	153	-24,152	-8	202
Consolidated net loss	-1,917,210	-2,265	-15	-421,712	-675	-38
Net income per share in EUR						
Undiluted net income per share (EPS)	-0.26	-0.33		-0.06	-0.10	
Undiluted net DVFA/SG income per share	-0.26	-0.33		-0.06	-0.10	
Weighted average number of shares outstanding (undiluted)	7,468,320	6,811,200		7,468,320	6,811,200	

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

	01/01 to 09/30/2004	01/01 to 09/30/2003
	EUR	TEUR
Cash flow from operating activities:		
Consolidated net loss of the reporting period	-1,917,210	-2,265
<i>Adjustments for:</i>		
Minority interests	37,946	15
Depreciation and amortization	417,168	438
Income from chance in deferred taxes	-1,106,604	-1,279
<i>Change in net working capital</i>		
Decrease in inventories, trade accounts receivables and other assets	752,533	1,945
Increase in trade accounts payable and other liabilities (previous year: decrease)	321,457	-1,359
Net cash used in operating activities	<u>-1,494,710</u>	<u>-2,505</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	-245,434	-146
Proceeds from the sale of assets	0	463
Disbursements in connection with investments (previous year: proceeds)	-562,669	72
Net cash from investing activities	<u>-808,103</u>	<u>389</u>
Cash flow from financing activities		
Disbursements for the repayment of loans	-118,700	-119
Disbursements for the redemption of bonds	0	-49
Net cash used in financing activities	<u>-118,700</u>	<u>-168</u>
Decrease in cash and cash equivalents	-2,421,513	-2,284
Cash and cash equivalents at the beginning of the period	<u>11,495,065</u>	<u>6,859</u>
Cash and cash equivalents at the end of the period ^{*)}	<u>9,073,552</u>	<u>4,575</u>

*) *The total liquidity per 30 September 2004 amounted to TEUR 9,074 and is fully composed of deposits at banks (31 December 2003: TEUR 12,495. The figure of 31 December 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 September 2004*

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

	Subscribed capital	Additional paid-in capital	Accumulated deficit	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 09/30/2004			-1,917	-1,917
30 September 2004	7,468	43,244	-26,113	24,599

*Statement of changes in shareholders' equity
for the corresponding period of the previous year from
1 January to 30 September 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 09/30/2003			-2,265	-2,265
30 September 2003	6,811	40,690	-23,644	23,857

Explanatory notes

General explanations / changes in consolidated companies

The accounting and valuation methods were continued in accordance with the IFRS consolidated financial statements as 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.

Since August 2004, november holds a 22.4 % share in the Swedish biotech company ZAFENA AB, Vreta Kloster. Zafena is not included in the consolidated financial statements. If the equity participation is only of minor importance on the group level (materiality), a valuation according to IAS 28 (Investments in associated companies) can be omitted in favor of IAS 39 (Financial instruments). In accordance with IAS 39 (Financial Instruments), the participation is recognized at fair value which matches the costs of purchase at the date of the acquisition.

Balance sheet development and total liquidity

The **balance sheet total** at the end of the third quarter amounted to **TEUR 26,969**. This is a reduction by TEUR 1,677 in comparison to 31 December 2003 (TEUR 28,646).

In the reporting period the november Group invested about TEUR 207 (previous year's period: TEUR 118) into property, plant and equipment, including TEUR 187 that were predominantly invested in R&D equipment.

Total liquidity of the november Group amounted to **9.1 million EUR** at the end of the third quarter (31 December 2003: 12.5 million EUR). This is **equivalent to 34 % of the balance sheet total**. At the cut-off date 30 September 2004, total liquidity consisted only of deposits at banks.

The position "trade accounts receivable" amounting to TEUR 501 (31 December 2003: TEUR 437) can mainly be attributed to the PEQLAB operations. The increase in inventories by TEUR 300 to TEUR 1,092 in comparison to 31 December 2003 is mainly due to increased stock at PEQLAB Biotechnologie GmbH.

The decrease by TEUR 1,109 in the position "other current assets" to a total of TEUR 218 in the reporting period (31 December 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.

On 30 September 2004, the balance sheet position "investments" amounted to TEUR 2,254 which is an increase of TEUR 562 in comparison to 31 December 2003 (TEUR 1,692). This includes i.a. loans to responsif GmbH totaling TEUR 2,150.

In accordance with the relevant IFRS standards, the deferred tax assets were increased in the reporting period 1 January to 30 September 2004 by TEUR 1,106 to TEUR 11,420 (31 December 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.

From 1 January to 30 September 2004, the total amount of current and financial liabilities was increased by TEUR 16 to TEUR 1,196 (31 December 2003: TEUR 1,180). In the same period, the accrued expenses were increased by TEUR 186 to TEUR 980 (31 December 2003: TEUR 794).

The shareholders' equity of the november Group was reduced by the full amount of the net loss of the reporting period of TEUR 1,917 to TEUR 24,599. As of 30 September 2004, the **equity ratio** of the november Group amounts to **91%**.

Based on the XETRA closing price of 30 September 2004 (EUR 5.25), the company's **market capitalization** totaled **39.2 million EUR**.

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

Between 1 January and 30 September 2004, the november Group increased its **sales and marketing expenses** by TEUR 192 or 13 % to a total of **TEUR 1,724** (previous year's period TEUR 1,532). They pertain to the operations of the subsidiaries identif GmbH and PEQLAB Biotechnologie GmbH.

On a nine months basis, **research and development expenses** totaled TEUR 2.113. This is a **decrease** of TEUR 379 or **15 %** as compared to the previous year's period (1 January to 30 September 2003: TEUR 2,492). The continued reduction is especially due to the achieved market readiness of identif GmbH's products. R&D expenditures for each subsidiary are as follows:

TEUR	identif GmbH	directif GmbH	Total
01/01 to 09/30/2004	688	1,425	2,113
01/01/ to 09/30/2003	980	1,512	2,492

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.

During the reporting period of 1 January to 30 September 2004, general and administrative expenses amounted to TEUR 1,295 (previous year's period: TEUR 908). This increase is due i.a. 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 331, previous year's period: TEUR 462) includes, among other items, TEUR 214 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 617 (previous year's period: TEUR 745) and mainly consisted of billed services provided to responsif GmbH, grants received from public bodies, as well as dissolution of accruals.

The position "other expenses" within the financial result (TEUR 26; previous year's period: TEUR 108) includes, among others, expenses related to stock market listing and designated sponsoring.

Operating result and net income for the reporting period

For the period of 1 January to 30 September 2004, the **consolidated operating result** amounted to **TEUR -3,087** (previous year's period: TEUR -3,512). Including financial and tax result as well as minority interests, the **consolidated net result** amounted to **TEUR -1,917**, which is a 15% improvement compared to previous year's period (TEUR -2,265). The **accumulated deficit** as of 30 September 2004 increased by the full amount of the consolidated net loss to **TEUR -26,113** (31 December 2003: TEUR -24,196). After nine months of the financial year 2004, the **undiluted income per share** (EPS and DVFA/SG) is **EUR -0.26** (previous year's period: EUR -0.33).

Segmental Report

Figures in TEUR	identif GmbH	directif GmbH	PEQLAB Biotechnologie GmbH	november AG Holding	Group
Revenues and other operating income 09/30/2004	303	451	3,365	297	4,416
09/30/2003	72	198	2,893	511	3,674
Operating result 09/30/2004	-858	-1,270	128	-1,087	-3,087
09/30/2003	-1,405	-1,358	93	-842	-3,512

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

The Group revenues after nine months of the current financial year can be subdivided by region as follows:

Figures in TEUR	01/01 to 09/30/2004	01/01 to 09/30/2003
Domestic	3,295	2,675
EU	268	109
Rest of world	237	146
Total	3,800	2,930

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 09/30/2004	Shares held on 12/31/2003
<u>1. Executive Board</u>		
Dr. Wolf M. Bertling	599,657	599,657
<u>2. Supervisory Board</u>		
Dr. Leo Steib (Chairman)	113,748	113,748
Dr. Agnieszka Jankowska (Deputy chairwoman)*	-	
Günter Frankenne	90	90
Horst Linn	6,000	6,000
Dr. Werner J. Schönfeld	200	200
Walter Schurmann	1.682	1.641
Prof. Dr. Dr. h.c. Karl Wilhelm Pohl**		-

* Member of the Supervisory Board since 07/20/2004

** Member and Chairman of the Supervisory Board until 07/20/2004

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.

Changes within the Supervisory Board during the third quarter 2004

On 20 July 2004, Prof. Dr. Dr. h.c. Karl Wilhelm Pohl (Cologne/Germany) resigned from the Supervisory Board of november AG at his own request. His supportiveness is thankfully acknowledged by november AG. Former substitute member Dr. Agnieszka Jankowska moved to the Supervisory Board. In its meeting on 20 September 2004, Dr. Leo Steib was elected as new Chairman and Dr. Agnieszka Jankowska was elected as new Deputy Chairwoman.

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 September 2004 (previous year's period: 64 employees). This only includes employees working in companies that were fully consolidated.

Business development within the first nine months of the year 2004

During the first nine months of the financial 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, or IT.

In the first quarter 2004, a contract was signed with pharma company **Bristol-Myers Squibb (BMS)** that covers the **labeling of all HIV drugs** sold by BMS in Germany. Since then, **identif GmbH** successfully expanded its distribution network and is aiming at further internationalization. To support this, a **letter of intent** was signed with **DuPont**, the second largest US-American chemical company, under which both companies evaluate **joint approaches for commercialization** of identif GmbH's labeling technologies. This may include joint development, joint marketing but also a direct equity participation in identif GmbH by DuPont.

In the first nine months of 2004, **directif GmbH** together with strategic partner Siemens Medical Solutions, achieved important progress in the development of their diagnostic system. Already in the first quarter, an important milestone was reached by receiving an expert opinion that confirmed the "freedom to operate" with regard to november AG's / directif GmbH's industrial protection rights. In the second quarter, the optimization of the diagnostic device prototypes was carried out according to plan. The **integrated cartridge** was **successfully and reproducibly tested with clinical blood samples**. For reaching these goals, directif has received significant **milestone payments** in the third quarter.

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 by mutual consent in the first quarter. In return, november AG acquired a **22.4 percent share** in the **Swedish biotech and pharma company Zafena AB**, which will continue the development of the above-mentioned blood coagulation monitoring device. Zafena also develops innovative solutions for the stabilization of fractionated blood products, thus providing companies of the november Group access to the attractive markets of blood banking, blood preparations, and blood-based diagnostics.

In the period between 1 January and 30 September 2004, the **november Group** increased its **revenues** to TEUR 3,800 which is an **improvement by 30 percent** compared to the previous year's period. If only the third quarters are compared, the revenue increase even amounted to outstanding 38 percent. In the reporting period, our subsidiary **PEQLAB Biotechnologie GmbH** was able to **improve its revenues by 17 percent**. Like in the previous year, PEQLAB will generate a **net positive result**. On an annual basis, we expect an overall revenue growth for PEQLAB of well over 10 percent. This will lead to **a two-digit revenue growth on the Group level**, too.

As of 30 September 2004, the **Group's total liquidity** amounted to **TEUR 9,074** (31 December 2003: TEUR 12,495).

After nine months of the financial year 2004, the **net earnings per share** (EPS and DVFA/SG) have improved to **EUR -0.26** (previous year's period: EUR -0.33). No extraordinary risks are expected for the ongoing financial year.

Review Report

for november Aktiengesellschaft

We have reviewed the accompanying interim financial statements of november AG for the period January 1 - September 30, 2004, consisting of the consolidated balance sheet, consolidated profit and loss account, statement of changes in equity, consolidated cash flow statement, and explanatory notes. The preparation of an interim report in accordance with International Financial Reporting Standards (IFRS) and German stock market regulations is the responsibility of the company's management. Our responsibility is to issue a report on this interim financial statements based on our review.

We conducted our review of the interim financial statements in accordance with the generally accepted standard for the review of financial statements promulgated by the German Institute of Certified Public Accountants (IDW). This standard requires that we plan and perform the review in such a way that, in the course of our critical appraisal, we are able with moderate assurance to exclude that the interim financial statements does not deviate in any significant way from International Financial Reporting Standards and the supplementary German stock exchange regulations and that it provides not a true and fair presentation of the net assets, financial position and results of operations.

A review is limited primarily to inquiries of company personnel and analytical procedures and thus does not provide the assurance for an affirmative audit opinion obtainable from an audit of financial statements. In accordance with our review engagement, we have not performed an audit and, accordingly, we cannot express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the preparation of the interim financial statements does not conform with International Financial Reporting Standards and the supplementary German stock exchange regulations or does not give a true and fair presentation of the net assets, financial position and results of operations.

Nuremberg, 5 November 2004

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Bömelburg Morgenroth
Wirtschaftsprüfer Wirtschaftsprüfer

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 → <i>Point-of-Care</i> . 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.
Cluster	Signal-enhancing metal particles on a submicroscopical scale. Show strong color effect when incorporated into nanotechnological thin films. Basis for identif's → <i>nano-optical seals</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>molecular fingerprint</i> . Pathogen-specific → <i>nucleic acids</i> are detected by directif's diagnostic system.
molecular fingerprint	System for machine-readable labeling and on-site identification of goods or packaging based on synthetic → <i>DNA</i> as a biotechnological code
nucleic acids	Carrier of the genetic information. Diseases can be related to changes on the nucleic acid level (→ <i>directif GmbH</i>)
nano-optical seals	System based on nanotechnologically manufactured → <i>cluster</i> codes for optical and machine-readable marking of surfaces, either directly or via labels
Real Time PCR	Laboratory technique for the quantitative detection of DNA, e.g. in food analysis (amount of genetically modified ingredients) or diagnostics (determination of virus load in blood samples).
SmartCard	Customer, bank, or phone cards equipped with an "intelligent" computer chip

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