

**november Aktiengesellschaft, Cologne
Annual Financial Statements as at December 31, 2010 &
Management Report for the Fiscal Year
from January 1 to December 31, 2010**

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**1. Balance Sheet as at December 31, 2010 [HGB]
of november Aktiengesellschaft, Cologne**

ASSETS	12/31/2010 EUR '000	12/31/2009 EUR '000
Non-current assets		
Intangible assets	9	3
Property, plant and equipment	26	30
Financial fixed assets	1,520	1,520
	1,555	1,553
Current assets		
Trade accounts receivable	5	3
Receivables from affiliated companies	56	67
Other assets	58	50
Cash and cash equivalents	14	30
	133	150
Prepaid expenses	0	1
Loss not covered by equity	895	2,260
Total assets	2,583	3,964

**Balance Sheet as at December 31, 2010 [HGB]
of november Aktiengesellschaft, Cologne**

LIABILITIES AND EQUITY	12/31/2010 EUR '000	12/31/2009 EUR '000
Shareholders' equity		
Subscribed capital	5,142	4,681
Contingent capital 2010 EUR 2,571 thousand (2009: EUR 0 thousand)		
Additional paid-in capital	468	51,176
Accumulated deficit	- 6,505	- 58,117
thereof not covered by shareholders' equity	895	2,260
thereof covered by shareholders' equity	- 5,610	- 55,857
Total	0	0
Provisions		
Tax provisions	42	42
Other provisions	225	277
	267	319
Liabilities		
Trade accounts payable	71	44
Liabilities to affiliated companies	598	642
Liabilities to companies with whom there is a participation relationship	1,631	
Other liabilities	16	2,959
	2,316	3,645
Total liabilities and shareholders' equity	2,583	3,964

This year, liabilities to companies with whom there is a participation relationship were shown separately for the first time.

**2. Income Statement for the Fiscal Year
from January 1 to December 31, 2010 [HGB]
of november Aktiengesellschaft, Cologne**

	2010	2009
	EUR '000	EUR '000
Sales revenues	590	472
Other operating income	200	158
Personnel expenses	- 478	- 401
Depreciation/amortization	-16	-22
Other operating expenses	- 528	- 817
Other interest and similar income	1	0
Interest and similar expenses	- 63	- 96
Result from ordinary operating activities	- 294	- 706
Extraordinary income	1,198	1,904
Extraordinary result	1,198	1,904
Income tax	0	- 42
Net income for the year	904	1,156
Loss brought forward 01/01	- 58,117	- 68,634
Withdrawal from additional paid-in capital	50,708	0
Income from capital reduction	0	9,361
Accumulated deficit 12/31	- 6,505	- 58,117

3. Notes for the Fiscal Year from January 1 to December 31, 2010 of november Aktiengesellschaft, Cologne ("november AG" or "the Company")

3.1. The Company

november AG is a financial and administrative holding company with a technological focus, with the companies within the group specializing in the fields of medical technology, biotechnology and environmental technology. The existing companies should further expand their focus on these areas of technology. The Company plans to incorporate additional medium-sized technology businesses that are already established on the market and that generate future growth-driven sales with positive margins. Corresponding negotiations are continuing with companies that could form the subject of possible takeovers. No conclusive result had materialized at the time this report was prepared.

Another object of the Company is the development and marketing of molecular biological analysis and therapy methods and of medical and non-medical measures and equipment, provided this is not in conflict with public-law requirements. A further object of the Company is the performance of corresponding analyses in the field of human and veterinary medical diagnostics and environmental analysis, provided this involves the technical procedure and not the diagnostic element, which must be provided by physicians, and also consulting services and the performance of research contracts in these fields, provided such consulting services are provided within the relevant professional circles and do not involve patient consulting services.

Additionally, the Company's object includes the establishment, the purchase, the sale, the holding and administration of participating interests in companies that are in particular active in the aforementioned areas of business, the pooling of such companies under a uniform management structure and the provision of consultancy services for companies; it also includes the purchase, sale, use and administration of all types of industrial property rights, as well as financial transactions, provided this does not require any special official or statutory license.

The Company is also authorized to conduct its business activities through subsidiaries, participating interests and joint ventures, and to conclude inter-company agreements and cooperation agreements with other companies. The Company is entitled to establish branches in Germany and in other countries.

The Company is further authorized to conduct all transactions that directly or indirectly serve the object of the Company, provided no special official or statutory license is required for this.

3.2. General comments on the single-entity financial statements in accordance with the German Commercial Code [HGB]

The annual financial statements of november AG as at December 31, 2010 were prepared in accordance with the accounting and valuation principles of the German Commercial Code [HGB], taking into account the new provisions of the German Accounting Law Modernization Act [Bilanzrechtsmodernisierungsgesetz, BiMoG]. It was also necessary to comply with the provisions of the German Stock Corporation Act [Aktiengesetz]. The statutory classification structures of §§ 266 and/or 275 HGB were followed.

Since its shares are quoted in the “Prime Standard” segment of the German Stock Exchange, the Company is classed as a large company as defined by § 267 para. 3 HGB.

In addition to the single-entity financial statements pursuant to the German Commercial Code [HGB], november AG has also prepared consolidated financial statements in accordance with IFRS accounting rules.

Presentation of the individual items in the income statement is unchanged on the previous year.

The total cost method is used for the income statement.

The annual financial statements are drawn up in Euros (EUR).

3.3. Accounting and valuation methods

Intangible assets and property, plant and equipment are carried at cost, reduced by scheduled depreciation/amortization. In addition, unscheduled depreciation/amortization to the lower fair value is applied where necessary.

Scheduled depreciation/amortization is calculated on a straight-line basis over the average useful life. Depreciation is calculated on a pro-rata basis for additions during the year. Minor-value assets up to a value of EUR 150.00 are immediately recognized as expense in the year of acquisition. Minor-value assets with a value from EUR 150.00 to EUR 1,000.00 are pooled with other assets and depreciated over 5 years.

Financial fixed assets are recognized at cost or at the lower fair value in the event of anticipated long-lasting impairment.

Receivables and other assets are carried at the lower of cost or fair value.

Provisions are measured at their settlement amounts, based on prudent commercial judgment.

Liabilities are measured at their settlement amount.

The annual financial statements are prepared based on the going concern principle. november AG has been undergoing restructuring since the end of the insolvency plan proceedings in April 2007. The Company's Management Board assumes that the Company will continue its process of financial stabilization. Provided that the measures introduced prove effective, the Management Board of november AG believes that november Aktiengesellschaft will continue as a going concern.

3.3.1. Notes to the balance sheet

As at December 31, 2010, the total assets as defined by § 267 HGB amounted to EUR 2,583 thousand (December 31, 2009: EUR 3,964 thousand).

Non-current assets

The composition of and development in the non-current assets is detailed in the statement of changes in non-current assets, which is affixed to these Notes as an annex. (cf. Annex 3.1).

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment rose by EUR 17 thousand during the period under review as a result of additions, and fell by EUR 16 thousand due to depreciation/amortization. No unscheduled depreciation was applied during the period under review. The property, plant and equipment was not encumbered with third-party rights as at the balance-sheet date.

Financial fixed assets

As at December 31, 2010, november AG's financial assets amounted to EUR 1,520 thousand (December 31, 2009: EUR 1,520 thousand). These largely relate to the 100% holding in PROGEN Biotechnik GmbH.

Receivables and other assets

Trade accounts receivable rose from EUR 3 thousand (December 31, 2009) to EUR 5 thousand as at December 31, 2010, while receivables from affiliated companies fell from EUR 67 thousand (December 31, 2009) to EUR 56 thousand. As at December 31, 2010, other assets amounted to EUR 58 thousand (December 31, 2009: EUR 50 thousand).

Cash in hand and credit balances at banks

On the reporting date of December 31, 2010, the Group's liquidity was EUR 14 thousand (December 31, 2009: EUR 30 thousand), which mainly consisted of deposits at banks.

Shareholders' equity

The result for the year from January 1 to December 31, 2010 meant that equity increased significantly to EUR -895 thousand (December 31, 2009: EUR - 2,260 thousand) and/or the loss not covered by equity was reduced.

- Share capital

As at December 31, 2010, the share capital amounted to EUR 5,142 thousand (December 31, 2009: EUR 4,681 thousand), divided into 5,142,462 (December 31, 2009: 4,680,505) no-par-value bearer shares.

On November 11, 2009, the Management Board decided, with the consent of the Supervisory Board, to increase the Company's share capital by up to EUR 1,560 thousand to up to EUR 6,241 thousand through the issue of no-par value bearer shares in return for cash contributions, at an issue price of EUR 1.00. The capital increase was registered in the Commercial Register on March 26, 2010 and increased the share capital by EUR 461,957.

- Authorized capital

As at December 31, 2010, november AG had authorized capital of up to EUR 6,558,800.00.

Through the AGM of May 22, 2007, the Management Board is authorized to increase the Company's share capital, with the consent of the Supervisory Board, on one or more occasions by May 21, 2012 by a total amount of up to EUR 7,020,757.00 through the issue of up to 7,020,757 new, no-par value bearer shares in return for cash or non-cash contributions (authorized capital). The new shares must be offered for subscription to shareholders. The new shares may also be offered to a bank or to several banks with the obligation to offer them to shareholders for subscription (indirect subscription right).

The Management Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- for fractional amounts,

- if the capital increase is effected in return for a cash contribution and if the overall pro-rata amount of the share capital attributable to the new shares for which the subscription right is excluded does not either on the effective date or on the exercise date of this authority exceed 10% of the existing share capital and if the issue price is not significantly below (as defined by §§ 203 paras. 1 and 2, 186 para. 3 sentence 4 of the German Stock Corporation Act [AktG]) the market price of the shares of the same class and features that are already listed on the

stock exchange at the time the issue amount is definitively specified by the Management Board.

- for capital increases in return for non-cash capital contributions for the issuing of shares for the purposes of acquiring companies or participating interests in companies and for acquiring rights or other assets.

The Management Board is authorized, with the consent of the Supervisory Board, to specify the content of the respective share rights, the other terms of the share issue and the further details relating to the implementation of capital increases from the authorized capital. The Supervisory Board is authorized to amend the wording of the Articles of Association in line with the scope of the capital increases from the authorized capital and, if the authorized capital is not used up or is not fully used up by May 21, 2012, to adapt the authorization after expiry of the deadline.

The authorized capital was registered in the Company's Commercial Register on November 19, 2007 (§ 5 of the Articles of Association).

On November 11, 2009, november AG's Management Board decided, with the approval of the Supervisory Board, to use part of the authorized capital pursuant to § 5 of the Articles of Association and to increase the Company's share capital from EUR 4,681 thousand by up to EUR 1,560 thousand to up to EUR 6,241 thousand by issuing no-par value bearer shares in return for cash contributions, at an issue price of EUR 1.00 per share. Shareholders are granted the statutory subscription right. The new shares are offered to shareholders for subscription at a ratio of 3:1. No trading of subscription rights is to take place. The subscription right for fractional amounts is excluded. To be able to map the subscription ratio for accounting purposes, the Company ensured that the subscription right from one share will not be taken up. The rights agent is VEM Aktienbank AG, Munich, which is also authorized to subscribe to and acquire the new shares.

By the end of March 2010 several new and existing investors had subscribed to a total of 461,957 shares at an issue price of EUR 1.00 per share. The shares are admitted for trading. The reduction in the authorized capital from EUR 7,020,757 to EUR 6,558,800 was registered in the Company's Commercial Register. The Company's share capital has increased by EUR 461,957 from EUR 4,680,505 to EUR 5,142,462.

- Contingent capital

The share capital has been conditionally increased by a total amount of up to EUR 2,571,231 through the issue of up to 2,571,231 new no-par-value bearer shares. This comprises the "Contingent Capital 2008" in an amount of EUR 468,050 and the "Contingent Capital 2010" in an amount of EUR 2,103,181.

The ordinary General Meeting of the Company held on December 30, 2008 adopted a resolution authorizing the issue of share options, the creation of contingent capital and a corresponding amendment to the Articles of Association (Contingent Capital 2008). The contingent capital increase by up to EUR 468,050 through the issue of 468,050 new no-par value bearer shares serves to grant subscription rights to members of the Company's Management Board and members of the general management of the affiliated companies (§ 15 of the German Stock Corporation Act [AktG]) and also to employees of the Company, where the General Meeting held on December 30, 2008 authorized the issue of such subscription rights. The contingent capital increase will only be implemented to the extent that subscription rights are issued and that the holders of such rights make use of their subscription rights and that the Company does not grant treasury shares in fulfillment of the subscription rights or pay the differential amount per share between the exercise price and the average closing price of the Company's share in the Präsenzhandel segment of the regulated market on the Frankfurt Stock Exchange or, if such a price is not determined, in the XETRA-Handel segment during the four weeks immediately preceding the exercise period in which the subscription right is exercised. The new shares participate in profits from the start of the fiscal year in which they are created as a result of the exercising of subscription rights. The Management Board is authorized, with the agreement of the Supervisory Board, to specify further details regarding the implementation of the contingent capital increase. The Supervisory Board will specify the details where members of the Management Board are involved.

The AGM on July 21, 2010 increased the Company's contingent share capital by up to EUR 2,103,181 through the issue of up to 2,103,181 new no-par value shares. (Contingent Capital 2010). The contingent capital increase will only be implemented to the extent that the holders of conversion and/or option rights that are issued by the Company up to July 20, 2015 on the basis of the AGM's authorization make use of their conversion/option rights or fulfill their conversion obligations under such bonds and provided that other forms of settlement are not used. The new shares shall be entitled to share in the Company's profits from the start of the fiscal year in which they are created as a result of the exercising of conversion/option rights or as a result of the fulfillment of conversion obligations. The new shares shall be issued at the respective conversion/option price to be determined in accordance with the aforementioned AGM resolution. The Management Board is authorized, with the agreement of the Supervisory Board, to specify further details regarding the implementation of the contingent capital increase. The Supervisory Board is authorized to amend the wording of the Articles of Association in line with the respective use of the contingent capital.

Acquisition of treasury stock

At the General Meeting on July 21, 2010, the Company was authorized to acquire treasury stock. The authorization is limited to the acquisition of treasury stock with an imputed share in the share capital of up to 10%. The authorization can be exercised in full or in partial amounts, on one or more occasions. The authorization is valid until July 20, 2015.

- Additional paid-in capital

As at December 31, 2010, the additional paid-in capital amounted to EUR 468 thousand (December 31, 2009: EUR 51,176 thousand). The withdrawal of EUR 50,078 thousand from the additional paid-in capital was for correction purposes. In the interim financial statements as at September 30, 2008, the additional paid-in capital was reduced, in accordance with § 229 para. 2 sentence 1 of the German Stock Corporation Act [AktG], by up to 10% of the share capital remaining after the capital reduction, by offsetting against the loss carry-forwards. In the audited annual financial statements of november AG as at December 31, 2008, the Company inadvertently omitted to show the offsetting between the additional paid-in capital and loss carryforward as already recognized in the interim financial statements as at September 30, 2008. Instead, the additional paid-in capital was stated at EUR 51,176 thousand with an accumulated deficit of EUR 68,633 thousand. The same inconsistency appeared in the audited annual financial statements of november AG as at December 31, 2009, which showed additional paid-in capital of EUR 51,176 and an accumulated deficit of EUR 58,116. By offsetting the additional paid-in capital, without affecting profit or loss, against the accumulated deficit carried forward, the correction was incorporated into the current account.

- Accumulated deficit

After including the net result for the 2010 fiscal year of EUR 904 thousand (December 31, 2009: EUR 1,156 thousand) and after withdrawing an amount of EUR 50,708 thousand from the additional paid-in capital, the Company's accumulated deficit as at December 31, 2010 was EUR -6,505 thousand (December 31, 2009: EUR -58,117 thousand). As at the reporting date of December 31, 2010, the negative equity stood at EUR -894 thousand; this was significantly lower (by an amount of EUR 1,366 thousand) than the previous year's figure (December 31, 2009: EUR -2,260 thousand).

As at December 31, 2010, the negative shareholders' equity was set against liabilities to the shareholder Camkan in an amount of EUR 1,631 thousand, of which an amount of EUR 1,376 thousand has a waiver of priority attached.

Provisions

	01/01/2010 EUR '000	Used EUR '000	Writeback/ reclassification EUR '000	Addition EUR '000	12/31/2010 EUR '000
Corporation tax	42	0	0	0	42
Personnel	76	75	1	111	111
Outstanding invoices	26	9	17	11	11
Other provisions	217	78	77	83	103
	319	162	95	205	267

Provisions of the previous year

Provisions in an amount of EUR 267 thousand (December 31, 2009: EUR 319 thousand) include tax provisions (EUR 42 thousand), staff provisions (EUR 111 thousand), provisions for outstanding invoices (EUR 11 thousand), provisions for financial statement/auditing costs (EUR 45 thousand) and Supervisory Board remuneration (EUR 47 thousand).

Trade accounts payable

Trade accounts payable rose by EUR 26 thousand to EUR 70 thousand (December 31, 2009: EUR 44 thousand).

Liabilities to affiliated companies

The liabilities to affiliated companies in an amount of EUR 598 thousand relate to PROGEN Biotechnik GmbH and loans, deliveries and other services.

Liabilities to companies with whom there is a participation relationship

The liability to companies with whom there is a participation relationship relates solely to liabilities to the shareholder CAMKAN in an amount of EUR 1,631 thousand. In the previous year, the liability was shown under other liabilities.

Other liabilities

The other liabilities fell by EUR 2,944 thousand to EUR 15 thousand. This reduction was largely due to the loan waivers of the shareholder alpha in an amount of EUR 1,186 thousand. The income was recognized in profit/loss. It was also due to the first-time recognition of liabilities to the shareholder CAMKAN under the previous item of liabilities to companies with whom there is a participation relationship.

Statement of liabilities of november AG

	Remaining term	Remaining term	Remaining term	Status	Status
	< 1 year	> 1 year < 5 years	> 5 years	12/31/2010	12/31/2009
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Trade accounts payable	70	0	0	70	44
Liabilities to affiliated companies	598	0	0	598	642
Liabilities to companies with whom there is a participation relationship	1,448	183	0	1,631	0
Other liabilities	15	0	0	15	2,959
- of which in respect of taxes	5	0	0	5	59
	2,131	183	0	2,314	3,645

3.3.2. Notes to the Income Statement

Sales revenues

Sales revenues rose by EUR 118 thousand to EUR 590 thousand (previous year: EUR 472 thousand). This was largely due to november AG's increased cost apportionment to PROGEN Biotechnik GmbH and Multimatrix GmbH in an amount of EUR 581 thousand.

Other operating income and expenses

Other operating income rose by EUR 42 thousand to EUR 200 thousand (preceding year: EUR 158 thousand). The increase is largely due to the income, not related to the period, from the reduction in the specific and general allowance for bad debts and also from the writeback and cancellation of provisions and liabilities.

Personnel expenses rose slightly on the previous period, increasing by EUR 77 thousand to EUR 478 thousand (preceding year: EUR 401 thousand). The rise is due to the increased number of employees.

Other operating expenses fell by EUR 289 thousand to EUR 528 thousand (preceding year: EUR 817 thousand). Other operating expenses were in particular characterized by legal and consulting expenses, premises costs, selling and marketing expenses and administrative costs. Despite special expenses, the decline is in particular due to the reduced legal and consultancy expenses.

Extraordinary income

The extraordinary result fell by EUR 706 thousand to EUR 1,198 thousand (previous year: EUR 1,904 thousand). The decline is due to the aforementioned lower interest and loan waivers compared with 2009.

Income tax

As a result of the acceptance of sufficient available loss carryforwards under § 8c of the Corporation Tax Act [Körperschaftsteuergesetz], and taking into account minimum taxation, no income taxes were recognized (previous year: EUR 42 thousand). The Company has significant tax loss carryforwards. The amount of loss carryforwards has not yet been verified as part of an external tax audit. Moreover, since it is not possible to forecast profit with sufficient plausibility, it is not possible to recognize deferred tax assets.

As a result of the above effects, the result for the year (from January 1 to December 31, 2010) fell to EUR 904 thousand (previous year: EUR 1,156 thousand).

3.4. Additional information

3.4.1. Other financial obligations

Rental and leasing obligations, contingent liabilities

The rental agreement with Koerfer GmbH & Co. KG on commercial leased premises was concluded until July 31, 2014. The lessee has a special right of termination as at July 31, 2012. The gross financial obligations under the agreement up to July 31, 2014 amount to EUR 129 thousand.

On the reporting date there were no additional rental and leasing obligations or contingent liabilities over and above the recognized liabilities and provisions.

3.4.2. Contingencies

As at the balance-sheet date, there were no contingencies from bill commitments, guarantees, warranty agreements or comparable circumstances.

3.4.3. List of shareholdings pursuant to § 285 No. 11 of the German Commercial Code [HGB]

As at December 31, 2010, november AG held a 100% stake, amounting to EUR 4,760 thousand, in the capital of PROGEN Biotechnik GmbH of Heidelberg. PROGEN's net income for 2010 was EUR 875 thousand (previous year: EUR 839 thousand) and as at December 31, 2010, its equity was EUR 1,720 thousand (December 31, 2009: EUR 845 thousand).

3.4.4. Declaration pursuant to § 285 No. 16 of the German Commercial Code [HGB] in conjunction with §161 of the German Stock Corporation Act [AktG]

The declaration by the Management Board and Supervisory Board on the “Corporate Governance Code” that is prescribed by §161 of the German Stock Corporation Act [AktG] was issued and made permanently accessible to shareholders on november AG's website (www.november.de).

3.4.5. Information pursuant to § 285 No. 17 of the German Commercial Code [HGB]

The auditors' fees of EUR 25 thousand expensed in the 2010 fiscal year for the auditing of the single-entity and consolidated financial statements by UHY Deutschland AG, Auditors (2009: Rödl & Partner, Nuremberg: EUR 61 thousand) , break down as follows:

EUR 25 thousand (2009: EUR 38 thousand) in respect of auditing costs

EUR 0 thousand (2009: EUR 23 thousand) for other consultancy costs

3.5. Disclosures pursuant to § 25 para. 1 of the German Securities Trading Act [WpHG]

1. Michael Negel, Germany, informed november AG on July 6, 2010, pursuant to § 21 para. 1 of the German Securities Trading Act [WpHG] that on July 6, 2010, his share of the voting rights in november AG fell below the thresholds of 20% and 25% and now amounted to 18.68% (960,768 voting rights).

Of these, 18.68% (960,768 voting rights) of the voting rights are allocable to him pursuant to § 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act [WpHG].

Allocable voting rights are held via the following companies controlled by him, whose share of voting rights in november AG each amounts to 3% or more:

- Camkan Invest S.a.r.l.

2. Camkan Invest S.a.r.l., Luxembourg, Luxembourg, informed november AG on July 6, 2010, pursuant to § 21 para. 1 of the German Securities Trading Act [WpHG] that on July 6, 2010, its share of the voting rights in november AG fell below the thresholds of 20% and 25% and now amounted to 18.68% (960,768 voting rights).

3. In addition, ce GLOBAL AG, Munich, Germany, informed november AG on July 6, 2010, pursuant to § 21 para. 1 of the German Securities Trading Act [WpHG] that on April 1, 2010, its share of the voting rights in november AG exceeded the threshold of 5% and now amounted to 5.38% (276,725 voting rights).

4. On November 12, 2010, Biomed Beteiligungsgesellschaft mbH i.l. informed november AG pursuant to § 21 para. 1 of the German Securities Trading Act [WpHG] that on November 10,

2010, its share of voting rights in november AG fell below the thresholds of 5% and 3% and now amounted to 1.19% (60,954 voting rights).

5. Michael Negel, Germany, informed november AG on November 15, 2010, pursuant to § 21 para. 1 of the German Securities Trading Act [WpHG] that on November 10, 2010, his share of the voting rights in november AG exceeded the threshold of 20% and now amounted to 24.3158% (1,250,434 voting rights).

Of these, 24.3158% (1,250,434 voting rights) of the voting rights are allocable to him pursuant to § 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act [WpHG].

Allocable voting rights are held via the following companies controlled by him, whose share of voting rights in november AG each amounts to 3% or more:

- Camkan Invest S.a.r.l.

6. Camkan Invest S.a.r.l., Luxembourg, Luxembourg, informed november AG on November 15, 2010, pursuant to § 21 para. 1 of the German Securities Trading Act [WpHG] that on November 10, 2010, its share of the voting rights in november AG exceeded the threshold of 20% and now amounted to 24.3158% (1,250,434 voting rights).

Of these, 2.0029% (103,000 voting rights) of the voting rights are allocable to it pursuant to § 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act [WpHG].

7. On December 2, 2010, HPI AG informed november AG pursuant to § 21 para. 1 of the German Securities Trading Act [WpHG] that on November 26, 2010, its share of voting rights in november AG fell below the thresholds of 5% and 3% and now amounted to 2.57% (132,204 voting rights).

3.6. Number of shares held by and rights to shares of the members of the Company's governing organs and their total drawings

In the 2010 fiscal year the Company's Supervisory Board was comprised as follows:

Mr. Günter Frankenne, Berg bei Neumarkt/Opf., Business Consultant, Chairman of the Supervisory Board

Other offices:

- CONCENTRO AG [formerly Fairvest AG] (Chairman of the Supervisory Board)
- Epigenomics AG (Member of the Supervisory Board)
- KEY NEUROTEK AG (Chairman of the Supervisory Board)
- Verbena AG (Member of the Supervisory Board)

- 4 SC AG (Deputy Chairman of the Supervisory Board, since June 21, 2010 ordinary Member of the Supervisory Board)
- IMTM GmbH (Deputy Chairman of the Advisory Council)
- Virologik GmbH (Chairman of the Advisory Council)
- CURADIS GmbH (Deputy Chairman of the Advisory Council)

Mr. Martin Behrens, Staufen, Lawyer, Deputy Chairman of the Supervisory Board

Other offices:

- Pematech AG (Member of the Supervisory Board)
- Walter Industriebuchbinderei GmbH (Member of the Advisory Board)

Mr. Rainer Königsfeld, Haar, Medical Products Consultant, Businessman, Member of the Supervisory Board

Board member	Shares held on 12/31/2010	Shares held on 12/31/2009
1. Management Board		
Dr. Dirk Zurek	65,000	42,000
2. Supervisory Board		
Günter Frankenne (Chairman)	15	15
Martin Behrens (Deputy Chairman)	795	795
Rainer Königsfeld	0	0

At the Supervisory Board meeting on March 26, 2010, the Management Board contract with Dr. Zurek was extended for a further three years.

In the 2010 fiscal year the Management Board received total remuneration amounting to EUR 233 thousand. Dr. Dirk Zurek's Management Board contract provides for a fixed annual salary of EUR 160 thousand for 2010. In addition, Dr. Zurek received an amount of EUR 60 thousand in 2010 as variable remuneration for 2009. In 2011, the Management Board will receive variable remuneration for 2010, in accordance with a target agreement that is to be separately negotiated between the Management Board and the Supervisory Board, subject to a maximum of EUR 100 thousand. A provision of EUR 100 thousand was formed in respect of variable remuneration for the 2010 fiscal year.

An amount of EUR 13 thousand in non-cash benefits was granted to Dr. Zurek in 2010. From March 2008, Dr. Zurek's regular remuneration has been paid by the subsidiary PROGEN GmbH, where Dr. Zurek is General Manager, and offset against the employment contract between Dr. Zurek and november AG. The drawings were largely charged on to november AG as cost apportionments. In addition, the Management Board has a right to subscribe to 254,245 share options from november AG's 2010 share option scheme. After a vesting period of 2 years, the share option may be exercised in a 10-day exercise period following publication of the interim bulletins for QII and QIII at an exercise price of EUR 1.00, if the average price of november shares at this point is at least EUR 2.00.

Supervisory Board remuneration for the 2010 fiscal year totaled EUR 50 thousand. Supervisory Board remuneration is divided equally among the Supervisory Board members, with the Chairman of the Supervisory Board receiving twice the amount. According to this rule, Mr. Frankenne receives EUR 25 thousand in his capacity as Chairman of the Supervisory Board, while the two members of the Supervisory Board each receive EUR 12.5 thousand per annum.

3.7. Directors' dealings

On May 31, 2010, Dr. Dirk Zurek, member of the Management Board of november AG, acquired 23,000 shares in november AG at a price of EUR 0.81 per share as a result of a transaction subject to notification in accordance with § 15a of the German Securities Trading Act [WpHG]. As at December 31, 2010, Dr. Zurek personally held a total of 65,000 shares.

3.8. Information on relationships with related parties or companies

Related parties are defined as persons or companies who/that can be influenced by the reporting company, and/or who/that can exert an influence on the reporting company.

From november AG's point of view, the shareholders and owners of CAMKAN and alpha in particular and also CAMKAN as lender are deemed related parties.

As at December 31, 2010, short-term loans by related parties amounted to EUR 1,631 thousand.

3.9. Employees

In the period from January 1 to December 31, 2010, november AG had an average of 4 employees (previous year: 3 employees).

Cologne, March 28, 2011
november AG

The Management Board
Dr. Dirk Zurek

3.10. Schedule of non-current assets 2010

(Amounts in EUR '000)	Acquisition cost				Cumulative amortization and depreciation				Carrying amounts	
	01/01/2010	Addition	Disposal	12/31/2010	01/01/2010	Addition	Disposal	12/31/2010	12/31/2010	12/31/2009
I. Intangible assets										
Industrial property rights and similar rights and licenses in such rights and assets	247	7	0	254	244	1	0	245	9	3
	247	7	0	254	244	1	0	245	9	3
II. Property, plant and equipment										
Other equipment, operating and office equipment	1,094	11	0	1,105	1,064	15	0	1,079	26	30
	1,094	11	0	1,105	1,064	15	0	1,079	26	30
III. Financial fixed assets										
Shares in affiliated companies	17,966	0	0	17,966	16,446	0	0	16,446	1,520	1,520
Long-term investments	1	0	0	1	1	0	0	1	0	0
Other loans	4,204	0	0	4,204	4,204	0	0	4,204	0	0
	22,171	0	0	22,171	20,651	0	0	20,651	1,520	1,520
Total	23,512	18	0	23,530	21,959	16	0	21,975	1,555	1,553

3.11. Schedule of non-current assets 2009

(Amounts in EUR '000)	Acquisition cost				Cumulative amortization and depreciation				Carrying amounts	
	01/01/2009	Addition	Disposal	12/31/2009	01/01/2009	Addition	Disposal	12/31/2009	12/31/2009	12/31/2008
I. Intangible assets										
Industrial property rights and similar rights and licenses in such rights and assets	528	27	40	515	354	54	40	368	147	175
Goodwill	5,682	0	0	5,682	5,682	0	0	5,682	0	0
	6,210	27	40	6,197	6,036	54	40	6,050	147	175
II. Property, plant and equipment										
Buildings on third-party land	41	0	0	41	16	7	0	23	18	25
Technical equipment and machinery	361	46	58	349	120	54	17	157	192	241
Other equipment, operating and office equipment	1,667	28	60	1,635	1,570	47	75	1,542	93	97
Advance payments made	0	0	0	0	0	0	0	0	0	0
	2,069	74	118	2,025	1,706	108	92	1,722	0	303
III. Financial fixed assets										
Shares in affiliated companies	6,474	0	0	6,474	6,474	0	0	6,474	0	0
Financial fixed assets accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
Participating interests	6	0	0	6	0	0	0	0	6	6
Loans to affiliated companies	0	0	0	0	0	0	0	0	0	0
Loans to companies in which a participating interest is held	0	0	0	0	0	0	0	0	0	0
Other financial fixed assets	0	0	0	0	0	0	0	0	0	0
Other loans	4,290	0	170	4,120	4,290	0	170	4,120	0	0
	10,770	0	170	10,600	10,764	0	170	10,594	6	6
Total	19,049	101	328	18,822	18,506	162	302	18,366	0	544

4. Management Report for the Fiscal Year from January 1 to December 31, 2010 of november Aktiengesellschaft, Cologne ("november AG" or "the Company")

4.1. Outline of business development

The following contains the Management Board's report, in accordance with § 289 of the German Commercial Code [HGB] on the course of business and the status of november AG. In all cases, the information on prior year figures relates to the fiscal year from January 1 to December 31, 2009.

4.1.1. Overall economic conditions

According to estimates by the Institut für Weltwirtschaft [Institute for the World Economy], the strong expansion in the global economy continued into the New Year and was maintained during 2010. Although prospects for the world's economy have recently deteriorated somewhat, the weakening is likely to be moderate in the threshold nations and the economy is still likely to expand strongly during the period of 2011 covered by the forecast. The current reduction in economic momentum in the industrialized countries is considered more due to the ending of temporary incentive effects – which have so far boosted the recovery to a surprising degree – rather than to a return to an underlying recessionary trend. Overall, it is expected that although the speed of global economic expansion will lessen during 2011, global economic production will continue its marked upward trend. The predicted growth of 4.7% almost marks a return to levels in the years prior to the financial crisis. For 2011, the IfW still expects a moderate rise of just 3.6% in global gross domestic product.

So far, the global economy has recovered far more quickly than expected from the collapse in production following the financial crisis. The strong growth in production that started around the middle of 2009 continued into the New Year and was maintained in 2010. Recently, however, there have been increasing signs of a marked weakening in the economy, especially in the United States and in China, the world's two biggest national economies. For example, the IfW's global economic activity indicator, which is based on mood indicators from 41 countries, has recently shown a decline.

4.1.2. Development of business and development within the sector in the 2010 fiscal year

4.1.2.1 General information on developments since the end of the last fiscal year and on the status of november AG

Sales revenues rose by EUR 118 thousand to EUR 590 thousand (previous year: EUR 472 thousand). This was largely due to november AG's increased cost apportionment to PROGEN Biotechnik GmbH and Multimatrix GmbH in an amount of EUR 581 thousand.

During the 2010 fiscal year, the operating subsidiary PROGEN Biotechnik GmbH posted an increase in its net income for the year (EUR 875 thousand compared with EUR 839 thousand in 2009).

As already outlined in recent publications and at the General Meeting on July 21, 2010, the member of the Management Board, Dr. Dirk Zurek, worked closely with the Supervisory Board and made further significant progress towards the reorganization and financial stabilization of the november Group. The financial restructuring of the november Group was conducted in close cooperation with CAMKAN INVEST S.a.r.l., Luxembourg, ("CAMKAN") and alpha capital management GmbH, Munich, ("alpha").

These resulted in the following key indicators:

Key performance indicators as at 12/31/2010 [HGB] november Aktiengesellschaft, Cologne	01/01-12/31/2010 EUR '000	01/01-12/31/2009 EUR '000
Sales revenues	590	472
Operating result	- 232	- 610
Net income for the year	904	1,156
Number of shares on the reporting date	5,142,462	4,680,505
Share price on the reporting date (EUR)	0.8	0.8
	12/31/2010 EUR '000	12/31/2009 EUR '000
Current liquidity	14	30
Shareholders' equity	- 895	- 2,260
Equity ratio (%)	35	57
Total assets	2,583	3,964
Average number of employees	4	3

The operating result showed a marked improvement on 2009, rising by EUR 378 thousand to EUR -232 thousand and is attributable to the consistent reduction in costs and improved internal activity.

The annual surplus was EUR 252 thousand down on the preceding year. The decline was mainly due to a reduced extraordinary result as a consequence of lower interest and loan waivers by the Company's lenders.

Equity showed a further marked improvement of EUR 1,366 thousand, rising from EUR -2,260 thousand in 2009 to EUR -894 thousand.

4.1.2.2. Strategic direction

november AG is a financial and administrative holding company with a technological focus, with the companies within the group specializing in the fields of medical technology, biotechnology and environmental technology. The existing companies should further expand their focus on these areas of technology. Existing strengths will be used to expand the portfolio of the Company's own products, additional distribution products will be taken on and the services division in particular will be continually expanded using employees' existing expertise and available equipment.

The Company plans to incorporate additional medium-sized technology businesses that are already established on the market and that generate future growth-driven sales with positive margins. Finance for this will be secured through additional planned increases in share capital or through non-cash capital contributions. Corresponding negotiations are currently underway. No conclusive result had materialized at the time this report was prepared.

For november AG's current subsidiaries, work is now underway on generating organizational and administrative synergies. Functions are being centralized as far as possible.

The Management Board currently believes that, given the restructuring that has so far been implemented in some places, the planned additional capital measures and carefully targeted expansion of the Group's operating activities, the Group's continued existence can be secured.

4.1.2.3. Information on the principal subsidiary PROGEN Biotechnik GmbH

PROGEN Biotechnik GmbH's business covers two product divisions:

Laboratory diagnostics and equipment: This segment includes the traditional laboratory parameters for identifying infectious diseases, autoimmune diseases, blood coagulation problems and changes in lipometabolism as well as corresponding equipment for performing multiplex tests (e.g. the Luminex platform).

Research products: Reagents for immune histochemistry in routine pathology and biomedical research, reagents and tests for use in development work in the field of gene therapy, vectors for use in functional genome analysis.

The products come from in-house development, from cooperation ventures with scientific institutes, from the acquisition of IMMUNO GmbH's ELISA division from BAXTER Deutschland GmbH in 1998 and from outside suppliers.

PROGEN products are marketed by sales partners in the USA, Japan, China and other Asian countries, Switzerland, the Netherlands, Austria, Scandinavia and other European countries. Within the research products segment, work is focusing on further expanding the direct supply of international customers alongside sales by distribution partners.

PROGEN Biotechnik GmbH has concluded a cooperation agreement with Multimetrix GmbH under which the distribution rights for products developed by Multimetrix GmbH are transferred to PROGEN Biotechnik GmbH. As well as developments for the diagnostics market, the company also offers test developments and services for the pharmaceuticals industry.

Since October 2010, the two companies PROGEN and Multimetrix have been cooperating with MIKROGEN GmbH on the development, production and sale of multiplex assays based on Luminex® technology. This cooperation consistently utilizes the companies' respective strengths of development experience and services with a research focus on the one hand and of development experience combined with sales expertise in the routine market on the other hand. The companies are also pooling their activities in the field of equipment and order service for the Luminex® platform. Under an asset deal on January 1, 2011, the staff and laboratory equipment of Microbionix, a subsidiary of MIKROGEN that primarily focuses on providing services in the field of Luminex technology, were taken over by PROGEN/ Multimetrix.

The certification implemented in 2010 is significantly improving the acceptance of PROGEN as a supplier of IVD products among hospital and laboratory doctors.

In addition, the creation of the newly designed website with an e-commerce system in 2010, which primarily aims to facilitate global marketing of research reagents, is helping to improve presentation of the Company's profile and its activities, to enhance its market presence and to increase sales by winning new customers.

Since February 2009 there has been a loss transfer agreement between november AG (parent company) and PROGEN Biotechnik GmbH, pursuant to § 302 of the German Stock Corporation Act [AktG].

The two companies and november AG form a VAT group.

4.1.3. Financing measures

4.1.3.1. Starting position as at December 31, 2009

Loan of EUR 291 thousand by CAMKAN INVEST S.a.r.l., Luxembourg (hereinafter abbreviated to "CAMKAN") to november AG (entire loan unrestricted in time and without subordination attached; interest-free);

Loans totaling EUR 1,403 thousand by CAMKAN to november AG; (of which EUR 626 thousand and EUR 750 thousand with subordination attached and EUR 27 thousand with no subordination; an amount of EUR 626 thousand has a term until December 31, 2010 with interest of 8.5%; an amount of EUR 750 thousand is unrestricted in time and is interest-free and an amount of EUR 27 thousand is unlimited in time with an interest rate of 8.5%);

Loan of EUR 1,186 thousand by alpha capital management GmbH, Munich (hereinafter abbreviated to "alpha") to november AG (entire loan unrestricted in time and with subordination attached; interest-free).

4.1.3.2. Position as at December 31, 2010

Against the backdrop of this starting position, 2010 saw additional measures taken to restructure financial liabilities.

In January 2010, november AG succeeded in negotiating further reductions on loans. For example, the major shareholder alpha waived a loan to november AG of EUR 1,186 thousand in full, without any counter-performance. All other liabilities of november AG to the major shareholders are now interest-free. A long-term deferral, a long-term repayment or partial payments with a long-term payment schedule were also agreed with CAMKAN.

After these new arrangements had been concluded, the following financing items existed as at December 31, 2010:

Loan by CAMKAN to november AG in an amount of EUR 750 thousand (with subordination, long-term, interest-free, no repayments until January 31, 2012);

Loan by CAMKAN to november AG in a total amount of EUR 626 thousand (with subordination, mainly long-term, interest-free, repayment from 2011 in 3 annual installments);

Loan by CAMKAN to november AG in an amount of EUR 255 thousand (with subordination, mainly long-term, interest-free, repayments in moderate monthly installments).

4.1.3.3. Additional significant measures to optimize finance in 2011

In January 2011, november AG succeeded in negotiating a further reduction in its remaining liabilities to CAMKAN. The major shareholder CAMKAN waived the two loans to november AG of EUR 626 thousand and EUR 750 thousand in full, without any counter-performance.

For the remaining loan which, due to repayments in 2010 now shows a liability of EUR 255 thousand, full subordination was announced until December 31, 2011 and repayment in 2011 was waived. It has been agreed that from January 1, 2012, the loan will be repaid within 36 months in moderate monthly installments of EUR 7 thousand.

The loan waiver has resulted in extraordinary income amounting to EUR 1,376 thousand, increasing shareholders' equity in the same amount.

This constructive cooperation with the major shareholder CAMKAN represented a further key milestone towards debt write-off and financial stabilization for november AG and its subsidiaries.

4.2. Earnings position, net assts and financial situation of november AG

4.2.1. Earnings position

Sales revenues rose by EUR 118 thousand to EUR 590 thousand (previous year: EUR 472 thousand). This was largely due to november AG's increased cost apportionment to PROGEN Biotechnik GmbH and Multimatrix GmbH in an amount of EUR 581 thousand.

Other operating income rose by EUR 42 thousand to EUR 200 thousand (preceding year: EUR 158 thousand). The increase is largely due to the income, not related to the period, from the reduction in the specific and general allowance for bad debts and also from the writeback and cancellation of provisions and liabilities.

Personnel expenses rose slightly on the previous period, increasing by EUR 77 thousand to EUR 478 thousand (preceding year: EUR 401 thousand). The rise is largely due to the increased number of employees.

Other operating expenses fell by EUR 289 thousand to EUR 528 thousand (preceding year: EUR 817 thousand). Other operating expenses were in particular characterized by legal and consulting expenses, premises costs, selling and marketing expenses and administrative costs. Despite special expenses, the decline is in particular due to the reduced legal and consultancy expenses.

The extraordinary result fell by EUR 706 thousand to EUR 1,198 thousand (previous year: EUR 1,904 thousand). The decline is due to the aforementioned lower interest and loan waivers compared with 2009.

As a result of the acceptance of sufficient available loss carryforwards under § 8c of the Corporation Tax Act [Körperschaftsteuergesetz], and taking into account minimum taxation, no income taxes were recognized (previous year: EUR 42 thousand). The Company has significant tax loss carryforwards. The amount of loss carryforwards has not yet been verified as part of an external tax audit.

As a result of the above effects, the result for the year declined in the period from January 1 to December 31, 2010 and now stands at EUR 904 thousand (previous year: EUR 1,156 thousand).

4.2.2. Net assets

As at December 31, 2010, the total assets amounted to EUR 2,581 thousand (December 31, 2009: EUR 3,964 thousand).

Intangible assets and property, plant and equipment rose by EUR 17 thousand during the period under review as a result of additions, and fell by EUR 16 thousand due to depreciation/amortization. No unscheduled depreciation was applied during the period under review. The property, plant and equipment was not encumbered with third-party rights as at the balance-sheet date.

As at December 31, 2010, november AG's financial assets amounted to EUR 1,520 thousand (December 31, 2009: EUR 1,520 thousand). These largely relate to the 100% holding in PROGEN Biotechnik GmbH.

Trade accounts receivable rose from EUR 3 thousand (December 31, 2009) to EUR 5 thousand as at December 31, 2010, while receivables from affiliated companies fell from EUR 67 thousand (December 31, 2009) to EUR 56 thousand. As at December 31, 2010, other assets amounted to EUR 58 thousand (December 31, 2009: EUR 50 thousand).

On the reporting date of December 31, 2010, the Group's liquidity was EUR 14 thousand (December 31, 2009: EUR 30 thousand), which mainly consisted of deposits at banks.

The result for the year from January 1 to December 31, 2010 meant that equity increased significantly to EUR -894 thousand (December 31, 2009: EUR - 2,260 thousand) and/or the loss not covered by equity was reduced.

As at December 31, 2010, the negative shareholders' equity was set against liabilities to the shareholder CAMKAN in an amount of EUR 1,631 thousand, of which an amount of EUR 1,376 thousand has a waiver of priority attached.

Provisions in an amount of EUR 267 thousand (December 31, 2009: EUR 319 thousand) include tax provisions (EUR 42 thousand), staff provisions (EUR 111 thousand), provisions for outstanding invoices (EUR 11 thousand), provisions for financial statement/auditing costs (EUR 45 thousand) and Supervisory Board remuneration (EUR 47 thousand).

Trade accounts payable fell by EUR 26 thousand to EUR 70 thousand (December 31, 2009: EUR 44 thousand).

The liabilities to affiliated companies in an amount of EUR 598 thousand relate to PROGEN Biotechnik GmbH and loans, deliveries and other services.

The other liabilities fell by EUR 1,313 thousand to EUR 1,646 thousand (December 31, 2009: EUR 2,959 thousand). This reduction was largely due to the loan waivers of the shareholder alpha in an amount of EUR 1,186 thousand; the income from this was recorded through profit/loss.

The other liabilities mainly include liabilities from loans in respect of the shareholder CAMKAN in an amount of EUR 1,631 thousand.

4.2.3. Financial situation

4.2.3.1. Cash flow from operating activities

In the 2010 year under review, the cash flow from operating activities was EUR -439 thousand. The change over the previous year was EUR -23 thousand and was thus broadly on a par with the previous year.

4.2.3.2. Cash flow from investment activities

The cash flow from investment activities declined by EUR 655 thousand. This was primarily due to the incoming payments of EUR 711 thousand received in 2009 from the sale of consolidated companies.

4.2.3.3. Cash flow from financing activities

The inflow of funds from the equity increase and lower loan repayments improved the cash flow from financing activities by EUR 694 thousand.

4.2.3.4. Cash and cash equivalents

As a result of the transactions outlined above, the volume of cash and cash equivalents remained largely unchanged.

4.3. Report on opportunities and risks

Since 2006 the Company's development has been characterized by numerous events and insolvency/an extreme risk of insolvency. Since 2008, the Management Board member, Dr. Zurek, has therefore focused on putting november AG and its subsidiaries back on a sound footing. Consequently, the current situation and also future business development still harbor many risks, but also offer opportunities. These largely result from the business model, the sector, the Company itself and also in particular from the Group's current financing and liquidity situation.

The order in which opportunities and risks are listed below does not imply any statement on the weighting/importance of individual opportunities and risks or on the likelihood of them materializing.

4.3.1. Research and development risks

The sector in which november AG operates indirectly through its subsidiaries is characterized by rapidly changing technologies, new industry standards, the frequent introduction of improved or new products and services and constantly changing and new customer requirements. Thus, despite universal interest in Luminex technology and the possibilities it offers in the field of diagnostics dating back many years, it has so far only been able to assert itself for specific parameters such as HLA testing. Payment methods for multiple-parameter tests have not yet been clarified, in particular on the German market, which is strictly regulated by the healthcare system, although they are considered to be an

important tool for diagnostics in the future. This is currently an obstacle to greater acceptance and more rapid market penetration.

As an interface between the pharmaceuticals sector and also traditional diagnostics and research, biotechnology offers enormous potential for the future. However, these opportunities are matched by considerable specific risks. Previously, november AG's strategy for minimizing these risks was based on working on products/developments at different stages of maturity. november AG's heterogeneous product portfolio represented deliberate risk spreading. Although this fundamental concept will continue to play a partial role in future, consistent achievement of corporate planning and more market-oriented diversification of products will prove crucial. This concerns both cost aspects and also in particular revenues. For this reason, the Company will in future adopt comprehensive and stringent revolving marketing and sales planning combined with consistent sales controlling.

As part of its overall business activities, the november Group is dependent on concluding development and licensing partnerships with pharmaceutical and/or biotechnology companies. The possibility of the november Group only being able to find such partners on economically unfavorable terms or with a significant time delay cannot be excluded.

In principle, the Law Relating to Employees' Inventions [ArbEG] applies where company employees are and/or were involved in patentable inventions that came about within the company. Should the company make use of such inventions, compensation must be paid to employees as a matter of principle.

4.3.2. Planning risks

Biotechnology is a sector that harbors both enormous earnings potential but also high risks. These risks involve both research and development and also finance. By necessity, the Group's revenue and development objectives are based on assumptions. If the assumptions change, expectations must be immediately adjusted to realistic levels. Comprehensive, revised corporate planning forms part of the planned restructuring concept. Whereas in the past, the november Group primarily comprised companies that were almost exclusively development companies, the proposed future network of companies will also include medium-sized subsidiaries that have developed independent sales structures and that cover the fields of retail, development and services and thus offer a broader basis. So although the Group will continue to focus on research and development work, this will no longer form the only/central pillar. Moreover, the individual R&D work will then also be financed from the operating revenues of the individual companies. Using ongoing market and competition analyses, most of november AG's subsidiaries will in future therefore be able to engage in detailed financial and earnings planning with considerably fewer assumptions and uncertainties than in the past. Although negative impacts may result from unforeseeable

external influences (e.g. savings in public research budgets), PROGEN Biotechnik GmbH and its subsidiaries in particular will, in terms of customers and sales regions, have a broad spread that will generally enable any deviations from plans to be compensated more easily.

4.3.3. Finance and liquidity risks

During the 2010 fiscal year, november AG and its subsidiaries faced liquidity shortages and ongoing negotiations to restructure existing finance/raise new funds.

The recruitment of new investors enabled many of the problematic areas to be eliminated/ placed on a new footing.

The share capital increase of EUR 461 thousand that was decided on in November 2009 and registered in the Commercial Register on March 26, 2010 has made a significant contribution to ensuring liquidity.

However, since november AG's work as an administrative and holding company will generate further outflows of cash over the medium to long-term, additional measures will also be required to strengthen liquidity/the capital base and extend operating activity. Based on its current knowledge, the Management Board expects measures to be implemented as planned and to the necessary level. Over the medium term, additional operating participating interests should be integrated within the Group to achieve a corresponding increase in revenue and earnings potential.

4.3.4. Risk management system

november AG must implement a group-wide, structured risk management system that meets the requirements of the Law on Transparency and Control in Business [KonTraG]. In the past, and due to the events outlined at the start of the report, the risk management system had not yet been fully defined and did not yet fully meet statutory requirements. In 2010, the Supervisory Board, Management Board and General Managers worked closely together on restructuring the system, basing it on the principles of up-to-dateness, plausibility, transparency and practicality. Using Progen's certification as a basis, the tools developed for that company were extended to the whole group and adapted to the risk management requirements of a group the size of november AG. The previous somewhat informal exchange processes were changed to a structured and documented – i.e. transparent – process. Risks can thus now be monitored at any time and on an up-to-date and transparent basis. In addition, finance and controlling functions have been carried out by a special Commercial Department since August 2009. Other risks are mainly managed, controlled and where applicable averted by the Management Board and by the General Manager of PROGEN

Biotechnik GmbH. The Management Board assumes that all major risks have currently been identified, taking into account the volume of business.

The Management Board produces regular business plans for the individual consolidated companies and for the overall Group. These plans will be included when considering risks and will also be incorporated into investment controlling. The goal is to identify and analyze critical developments at an early stage, so enabling the introduction of suitable countermeasures. This will allow the Company to counteract possible risks as soon as they arise.

A fundamental requirement for an effective risk management system is an efficient exchange of information; november AG ensures this through the following measures:

november AG and its subsidiaries have a uniform risk manual that defines identifiable and pre-defined business risks and specifies corresponding risk tolerance thresholds which, if reached, trigger reporting to the Management Board. At november AG, the risk owners are the first and second management tiers, the General Managers of the subsidiaries and also technical specialists within the company (safety officers, IT, quality management, patent management).

The Management Board is notified of all key developments within the subsidiaries by means of a constant formal and informal exchange of information.

Any activities or transactions that involve risk are not performed/carried out by one single employee acting alone. For important transactions, the Management Board will also submit to the principle of approval by a second person and will in particular agree matters with the Supervisory Board.

The Company's controlling is largely based on plans that reflect the financial situation of the overall corporate Group. These plans are updated on a rolling basis and adapted to changes in underlying conditions. As part of a strategic management process involving, among others, the Management Board, the subsidiaries' management teams and the controllers, regular comparisons of targets/actual performance are carried out and prompt countermeasures are introduced in the event of significant deviations.

4.3.5. Tools to prevent general business risks

General risks such as the loss of members of the management team and key employees apply to november AG just as they do for any company. november AG counters these risks by using highly qualified employees and also through organizational measures such as documentation and information requirements.

Protection of intellectual property is pursued actively within the Company and is also supported through external patent lawyers. This includes both patent/license management and also registering and defending the Company's own industrial property claims.

november AG concludes insurance policies to reduce the risk of various damaging events and liability risks. The type and extent of protection should be continuously verified and adjusted where necessary. Despite these preventive measures, claims for damages cannot be entirely ruled out, however.

To support the risk management system, november AG has certified quality management systems. In principle, the issuing of work instructions and standardized work processes ensures that stages of work proceed in a uniform way.

IT risks are limited as far as possible by means of extensive and standardized data back-ups and through strict access restrictions.

4.3.6. General market risks relating to the technologies and products developed

november AG's portfolio of participating interests is actively managed by the Management Board, which carries out regular controlling and a market-oriented evaluation of opportunities and risks.

Market and technology developments will be identified at an early stage through continuous screening of relevant publications and databases.

4.3.7. Other risks

The presiding Management Board of november AG arranged for an experienced firm of lawyers to examine possible claims for compensation against november AG's governing organs and their advisers for 2007.

According to this examination, significant claims for compensation exist in respect of differential liability against the former Chairman of the Management Board, Dr. Claus Müller, and BIOMED Beteiligungs GmbH. According to the expert report, both are liable for compensation in respect of the difference between the amount that should have been contributed and the actual amount contributed. The potential claim for compensation under this differential liability is in the high single-digit millions. Due to the fact that Dr. Claus Müller is now personally insolvent and that BIOMED is also insolvent with no net assets of any notable value and a high volume of receivables, a substantial payment would appear unlikely even if any court case was won. On the contrary, a court case would involve high costs. It has therefore been decided not to pursue a case against Dr. Claus Müller and BIOMED.

The examination of the actions by the other governing bodies and associated advisers did not reveal any fault or only a small degree of fault. Possible claims for compensation against these organs/individuals would, at maximum, only serve to reimburse the direct process costs in connection with the 2007 contribution and would be significantly less than EUR 100 thousand. In view of the uncertainty of the evidence, the uncertain legal situation and the low amount of compensation and uncertainty over the outcome of any case, the Management Board considers that the risk of pursuing a court case is too high. Consequently, no proceedings to claim compensation from the other governing organs and their advisers will be pursued.

november AG is not engaged in any other significant legal disputes.

This Management Report outlines the existing risks and opportunities that could impact on the company in the future, in the extent currently known/discernible to the Management Board at the time of preparing the financial statements.

The Management Board issues an assurance to the best of its knowledge that the Management Report describes the course of business including business results and the position of november AG in such a way that it presents a true and fair view and also describes the main opportunities and risks associated with november AG's anticipated development.

4.4. Annual General Meeting

The Annual General Meeting was held in Cologne on July 21, 2010. The approved annual financial statements, the management report, the approved consolidated financial statements/management report, the Management Board's explanatory report and the Supervisory Board's report for the 2009 fiscal year were presented and explained. The Management Board and the Supervisory Board were granted discharge for their actions in the 2009 fiscal year.

UHY Deutschland AG, Auditors, Berlin, were elected auditors for 2010.

The resolutions authorizing the acquisition of treasury stock, the amendments to the Articles of Association to adapt them to the German Act Implementing the Shareholder Rights Directive [ARUG] and the authority to issue convertible and/or warrant bonds were adopted with a qualified majority.

4.5. Share price of november AG

On December 31, 2010, the share price closed at EUR 0.779 per share in XETRA trading on the Frankfurt Stock Exchange.

On November 11, 2009, the Management Board decided, with the consent of the Supervisory Board, to increase the Company's share capital by up to EUR 1,560 thousand to up to EUR 6,241 thousand through the issue of no-par value bearer shares in return for cash contributions, at an issue price of EUR 1.00. The capital increase was registered in the Commercial Register on March 26, 2010 and increased the share capital by EUR 461,957.

Key figures on the share in accordance with § 315 para. 4 no. 1 of the German Commercial Code [HGB]

Stock symbol:	NBXB
Stock exchange:	Frankfurt Stock Exchange, Prime Standard
Securities Code No. (WKN):	A0Z24E
ISIN:	DE000A0Z24E9
Shares outstanding	5,142,462 no-par value shares with voting rights
Price range in 2010: (EUR)	0.64 – 1.03
Analysts:	performaxx Research GmbH
Designated Sponsor	VEM Aktienbank AG

4.6. Additional information

4.6.1. Information pursuant to § 289 para. 4 no. 3 of the German Commercial Code [HGB]

On December 31, 2010, Camkan Invest S.a.r.l. held more than 10% of november AG's share capital. On December 31, 2010, Mr. Michael Negel had indirect investments through Camkan Invest S.a.r.l. amounting to more than 10% of november AG's share capital. On December 31, 2010, alpha capital management GmbH, HMR Vermögensverwaltung GmbH and alpha holding GmbH & Co. KG held more than 10% of the share capital of november AG. On December 31, 2010, Mr. Richard Hofbauer had indirect investment, through alpha capital management GmbH, HMR Vermögensverwaltung GmbH and alpha holding GmbH & Co. KG, amounting to more than 10% of november AG's share capital.

4.6.2. Information pursuant to § 289 para. 4 no. 6 of the German Commercial Code [HGB]

In accordance with § 7 para. 2 of the Articles of Association of november AG, the Supervisory Board determines the number and appointment of the ordinary Management Board members and of the deputy Management Board members, the conclusion of

employment contracts and the revocation of appointments. The Supervisory Board is also responsible for the appointment of a Management Board member as Chairman of the Management Board and for the appointment of additional Management Board members as Deputy Chairmen. According to § 7 para. 1 of the Articles of Association of november AG, the Management Board comprises one or more members. The Management Board may even comprise one single member if the share capital exceeds EUR 3,000,000.00. Deputy members of the Management Board may be appointed. In terms of representing the Company externally, such deputy members shall have the same rights as ordinary members of the Management Board. In addition, the statutory regulations regarding the appointment and also the dismissal of members of the Management Board apply.

Amendments to the Articles of Association are effected in accordance with §§ 179 et seq., § 133 of the German Stock Corporation Act [AktG]. According to § 179 of the German Stock Corporation Act [AktG], any change to the Articles of Association shall in principle require a resolution by the General Meeting. An exception is provided by changes to the Articles of Association that affect only the wording; according to § 12, para. 2 of the Company's Articles of Association, the Supervisory Board is authorized to make such changes. The required majority for resolutions to amend the Articles of Association is governed by § 133 para. 1, § 179 para. 2 of the German Stock Corporation Act [AktG]. According to these provisions, a resolution on an amendment to the Articles of Association shall in principle require a simple majority of the votes cast (simple majority of votes) and also a majority that represents at least three-quarters of the share capital represented at the time of the resolution (qualified capital majority). In derogation of the above provision, § 23 para. 1 sentence 2 of the Company's Articles of Association also permits, in addition to the simple majority of votes, a simple capital majority unless mandatory law or the Articles of Association specify a larger majority or additional requirements. The Company's Articles of Association do not specify either a larger majority or additional requirements for amendments to the Articles of Association.

4.6.3. Information pursuant to § 289 para. 4 no. 7 of the German Commercial Code [HGB]

Under a resolution adopted at the AGM on July 21, 2010, the Management Board of november AG is authorized to buy back shares. Further details regarding the powers of the Management Board to issue shares as part of the authorized and contingent capital can be found in the Notes under the comments on the shareholders' equity of november AG.

4.6.4. Explanatory report by the Management Board concerning disclosures pursuant to § 289 para. 5 of the German Commercial Code [HGB]

The internal control system includes the principles, procedures and measures to ensure the efficiency and effectiveness of accounting, to ensure proper accounting and to ensure compliance with authoritative legal provisions.

As with the overall internal control system of which it is a part, the risk management system relating to the accounting process involves inspection and monitoring processes, especially for commercial balance sheet items that involve the Company hedging against risks.

The internal control and risk management system relating to the accounting process ensures that business facts are correctly recorded, formatted and evaluated in the books and then incorporated into the external accounting procedure.

Through clear statutory and internal company rules and guidelines, Accounting ensures a uniform, correct accounting process.

november AG's internal control and risk management system ensures that the accounting of all companies included in the consolidated financial statements is uniform and in compliance with legal and statutory requirements and also internal guidelines. In particular, the uniform Group risk management system aims to identify risks in good time, to evaluate these risks and to communicate these risks in an appropriate way. The individuals to whom reports are addressed are thus provided with appropriate, relevant and reliable information, on a timely basis.

Other risks are mainly managed, controlled and where applicable averted by the Management Board and by the General Manager of PROGEN Biotechnik GmbH.

4.6.5. Declaration regarding management of the company pursuant to § 289a of the German Commercial Code [HGB]

The Management Board of the november Group manages the Company on its own responsibility. It is bound to the interests of the Company and must act in the Company's interests. Its actions are also based on the objective of a sustainable increase in shareholder value. The november Group is aware of its responsibility as regards engaging in commercial activity while complying with legal, social and ethical requirements.

The Management Board of november AG maintains regular contact with the general management teams of the individual subsidiaries. There is trusting cooperation between the Management Board and the members of the Supervisory Board. The Management Board provides the Supervisory Board with regular reports on the course of business. It also

maintains a constructive and regular exchange regarding strategy, corporate planning and the Company's profitability.

november AG's Management Board manages the Company and its business. It develops the Company's strategic direction, agrees it with the Supervisory Board and ensures it is implemented. It ensures compliance with statutory provisions and internal company guidelines and informs the Group companies of the need for compliance with such provisions and guidelines. It is also responsible for annual and multi-year planning for the Company, and for preparing the reports required by law (e.g. annual and consolidated financial statements and interim reports).

It must also ensure appropriate risk management and risk controlling as well as regular, prompt and comprehensive reporting on corporate planning, business development, the risk situation and risk management. Measures and transactions of fundamental importance are notified to shareholders and the capital market on a timely basis so as to ensure decision-making processes are transparent throughout the year and to ensure that capital market participants are kept adequately informed. Key transactions require the Supervisory Board's consent.

The Supervisory Board comprises three members and advises and monitors the Management Board as regards management of the Company. The members of the Supervisory Board are elected by the General Meeting. It discusses the semi-annual and quarterly reports, inspects and approves the annual financial statements and also the consolidated financial statements of november AG.

The Supervisory Board's Rules of Procedure represent an integral part of the monitoring and control process and provide for clear and transparent processes and structures. In it, the Supervisory Board specifies the Management Board's obligations regarding information and reporting in more detail. The Supervisory Board's Rules of Procedure reflect the recommendations of the German Corporate Governance Code for Supervisory Boards. Intensive, continuous dialog between the Supervisory Board and the Management Board provides the basis for efficient company management.

During the past fiscal year the Supervisory Board met for seven ordinary meetings and six telephone conferences. The corresponding minutes of these meetings were promptly documented.

4.6.6. Declaration pursuant to § 289a para. 2 of the German Commercial Code [HGB] in conjunction with §161 of the German Stock Corporation Act [AktG]

The declaration by the Management Board and Supervisory Board on the “Corporate Governance Code” that is prescribed by §161 of the German Stock Corporation Act [AktG] was issued and made permanently accessible to shareholders on november AG's website (www.november.de).

As at the reporting date of December 31, 2010, there were no further disclosures pursuant to § 289 and 289a of the German Commercial Code [HGB].

4.6.7. Number of shares held by and rights to shares of the members of the Company's governing organs and their total drawings

In the 2010 fiscal year the Company's Supervisory Board was comprised as follows:

Mr. Günter Frankenne, Berg bei Neumarkt/Opf., Business Consultant, Chairman of the Supervisory Board

Other offices:

- CONCENTRO AG [formerly Fairvest AG] (Chairman of the Supervisory Board)
- Epigenomics AG (Member of the Supervisory Board)
- KEY NEUROTEK AG (Chairman of the Supervisory Board)
- Verbena AG (Member of the Supervisory Board)
- 4 SC AG (Deputy Chairman of the Supervisory Board, since June 21, 2010 ordinary Member of the Supervisory Board)
- IMTM GmbH (Deputy Chairman of the Advisory Council)
- Virologik GmbH (Chairman of the Advisory Council)
- CURADIS GmbH (Deputy Chairman of the Advisory Council)

Mr. Martin Behrens, Staufen, Lawyer, Deputy Chairman of the Supervisory Board

- Other offices:
- Pematech AG (Member of the Supervisory Board)
- Walter Industriebuchbinderei GmbH (Member of the Advisory Board)

Mr. Rainer Königfeld, Haar, Medical Products Consultant, Businessman, Member of the Supervisory Board

Board member	Shares held on 12/31/2010	Shares held on 12/31/2009
1. Management Board		
Dr. Dirk Zurek	65,000	42,000
2. Supervisory Board		
Günter Frankenne (Chairman)	15	15
Martin Behrens (Deputy Chairman)	795	795
Rainer Königsfeld	0	0

At the Supervisory Board meeting on March 26, 2010, the Management Board contract with Dr. Zurek was extended for a further three years.

In the 2010 fiscal year the Management Board received total remuneration amounting to EUR 233 thousand. Dr. Dirk Zurek's Management Board contract provides for a fixed annual salary of EUR 160 thousand for 2010. In addition, Dr. Zurek received an amount of EUR 60 thousand in 2010 as variable remuneration for 2009. In 2011, the Management Board will receive variable remuneration for 2010, in accordance with a target agreement that is to be separately negotiated between the Management Board and the Supervisory Board, subject to a maximum of EUR 100 thousand. A provision of EUR 100 thousand was formed in respect of variable remuneration for the 2010 fiscal year.

An amount of EUR 13 thousand in non-cash benefits was granted to Dr. Zurek in 2010. From March 2008, Dr. Zurek's regular remuneration has been paid by the subsidiary PROGEN GmbH, where Dr. Zurek is General Manager, and offset against the employment contract between Dr. Zurek and november AG. The drawings were largely charged on to november AG as cost apportionments.

In addition, the Management Board has a right to subscribe to 254,245 share options from november AG's 2010 share option scheme. After a vesting period of 2 years, the share option may be exercised in a 10-day exercise period following publication of the interim bulletins for QII and QIII at an exercise price of EUR 1.00, if the average price of november shares at this point is at least EUR 2.00.

Supervisory Board remuneration for the 2010 fiscal year totaled EUR 50 thousand. Supervisory Board remuneration is divided equally among the Supervisory Board members, with the Chairman of the Supervisory Board receiving twice the amount. According to this rule, Mr. Frankenne receives EUR 25 thousand in his capacity as Chairman of the

Supervisory Board, while the two members of the Supervisory Board each receive EUR 12.5 thousand per annum.

4.7. Forecast report

As already mentioned, work is currently still focusing on the ongoing recovery and restructuring process, on rearranging existing liabilities and settling important legal issues.

In addition to the capital increase decided in November 2009, further capital measures are planned with investors/other interested parties. These capital measures could take the form of cash or non-cash contributions.

Negotiations are also currently underway regarding expanding new areas of business and on the acquisition of medium-sized companies.

In principle, november AG will further expand its services for subsidiaries and create further synergies by transferring central functions to november AG.

Since October 2010, the november subsidiaries PROGEN and Multimetrix have been cooperating with MIKROGEN GmbH on the development, production and sale of multiplex assays based on Luminex® technology. The companies are also pooling their activities in the field of equipment and order service for the Luminex® platform. Under an asset deal on January 1, 2011, the staff and laboratory equipment of Microbionix GmbH, a subsidiary of MIKROGEN that primarily focuses on providing services in the field of Luminex technology, were taken over by PROGEN/Multimetrix. november AG expects this to result in a marked expansion of its services portfolio.

The realignment of november AG is also of both short-term and long-term strategic significance for PROGEN, which is the only november AG subsidiary that currently generates sales. The reduction in debt achieved during 2010 and at the beginning of 2011 through loan waivers by lenders, repayments, through one-off payments and the renegotiation of loan agreements has resulted in a sharp reduction of debt and associated financial stabilization, which would have been impossible without november AG.

4.8. Key events after the balance sheet date

Events after the balance-sheet date that could have a material influence on the Company's development are explained at the start of the Management Report (reorganization of liabilities in 2011, cf. 1.3.3) and at the end of the report (asset deal with Microbionix GmbH dated January 1, 2011, cf. 7. Forecast Report).

No other events have occurred.

Cologne, March 28, 2011
november AG

Dr. Dirk Zurek
The Management Board

5. Affirmation by the Legal Representative pursuant to §§ 264 para. 2 sentence 3 and 289 para. 1 sentence 5 of the German Commercial Code [HGB]

The Management Board issues an assurance that to the best of its knowledge, the Annual Financial Statements of november AG, Cologne, as at December 31, 2010, taking into account generally accepted accounting principles, present a true and fair view of the net assets, financial situation and earnings position.

The Management Board further issues an assurance that to the best of its knowledge, the Management Report of november AG for the 2010 fiscal year describes the course of business including business results and the position of the Company in such a way that it presents a true and fair view and also describes the main opportunities and risks in accordance with § 289 para. 1 sentence 4 of the German Commercial Code [HGB].

Cologne, March 28, 2011
november AG

Dr. Dirk Zurek
Management Board