

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

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1. Consolidated Balance Sheet as at December 31, 2010 (IFRS) of november Aktiengesellschaft, Cologne

ASSETS	Notes	Consolidated financial statements 12/31/2010 EUR '000	Consolidated financial statements 12/31/2009 EUR '000
Current assets			
Cash and cash equivalents		409	672
Trade accounts receivable	4.2.2.	247	253
Inventories	4.2.2.	1,447	1,605
Actual tax refund claims, income taxes	4.2.2.	25	28
Other current financial assets	4.2.2.	260	717
Total current assets		2,388	3,275
Non-current assets			
Intangible assets	4.2.2.	119	147
Property, plant and equipment	4.2.2.	205	303
Other non-current financial assets	4.2.2.	7	6
Total non-current assets		331	456
Total assets		2,719	3,731

Consolidated Balance Sheet as at December 31, 2010 (IFRS) of november Aktiengesellschaft, Cologne

LIABILITIES AND EQUITY	Notes	Consolidated financial statements 12/31/2010 EUR '000	Consolidated financial statements 12/31/2009 EUR '000
Current liabilities	4.2.2.		
Trade accounts payable	4.2.2.	188	412
Other current financial liabilities to companies where there is a participating relationship		1,620	0
Other current financial liabilities	4.2.2.	1,009	6,135
Provisions	4.2.2.	72	179
Total current liabilities		2,889	6,726
Non-current liabilities	4.2.2.		
Other non-current financial liabilities to companies where there is a participating relationship		1,199	0
Other non-current financial liabilities	4.2.2.	0	738
Deferred tax liabilities	4.2.2.	25	37
Total non-current liabilities		1,224	775
Shareholders' equity			
Subscribed capital		5,142	4,681
Additional paid-in capital		0	46,144
Accumulated deficit		- 6,488	- 54,595
Minority interests		- 48	0
Total shareholders' equity		- 1,394	- 3,770
Total liabilities and shareholders' equity		2,719	3,731

2. Consolidated Income Statement for the Fiscal Year from January 1 to December 31, 2010 of November Aktiengesellschaft, Cologne

	Notes	01/01-12/31/2010 EUR '000	01/01-12/31/2009 EUR '000
Sales revenues	4.2.1.	4,078	5,251
Inventory changes		- 7	- 1,030
Other operating income	4.2.1.	636	1,511
Cost of materials	4.2.1.	- 1,165	- 1,575
Gross profit/loss		3,542	4,157
Personnel expenses	4.2.1.	- 2,098	- 1,950
Depreciation/amortization		- 153	- 162
Other operating expenses	4.2.1.	- 1,589	- 2,262
Operating result		- 298	- 217
Other interest and similar income		8	8
Other interest and similar expenses		- 30	- 85
Other financial result		13	0
Financial result		- 9	- 77
Result before taxes (and minority interests)	4.2.1.	- 307	- 294
Income taxes and deferred taxes		12	- 29
Result before minority interests		- 247	- 323
Minority interests	4.2.1.	- 48	0
Comprehensive income		- 295	- 323
Loss carryforward		- 54,595	- 54,272
Withdrawal from additional paid-in capital		48,354	
Accumulated deficit		- 6,536	- 54,595
Earnings per share (EPS) in EUR			
- basic earnings		- 0.06	- 0.07
- diluted earnings		- 0.06	- 0.07
Average shares outstanding (basic) following share split		5,034,883	4,680,505

3. Notes to the Consolidated Financial Statements 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. In this connection, 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. Continuous negotiations are being conducted regarding the acquisition of further participating interests. 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 principles – Application of the International Financial Reporting Standards (IFRS)

As a listed company, november AG is required by law to draw up consolidated financial statements. The consolidated financial statements for the fiscal year from January 1 to December 31, 2010 have been prepared in accordance with the standards and interpretations of the International Financial Reporting Standards Board (IASB), London, as applicable on the reporting date and as applicable within the EU and in accordance with the additional requirements of German commercial law pursuant to § 315 a para. I of the German Commercial Code [HGB].

To improve clarity and enhance the information value of the financial statements, some line items in the balance sheet and in the income statement have been summarized and shown separately in the Notes. The total cost method is used for the income statement.

The consolidated financial statements are drawn up in Euros (EUR). The parent company and all subsidiaries included in the scope of consolidation also prepare their annual financial statements in Euros.

The consolidated financial statements are prepared based on the “going concern” principle. november AG has been undergoing restructuring since the application for insolvency in September 2006. The Company’s Management Board assumes that the restructuring process can be successfully completed and that the Group can continue its process of financial stabilization.

Changes to accounting methods

In principle, the accounting methods applied correspond to the methods used in the previous year, with the exception of the following new and revised standards and interpretations with effect from January 1, 2010. No use has been made of early application of standards.

Mandatory standards to be used from January 1, 2010 that have been adopted by the EU:

- IFRS 2 Share-based Payment: Group cash-settled share-based payment transactions entered into force on January 1, 2010.
- IFRS 3 Business Combinations (revised) and IAS 27 Consolidated and Separate Financial Statements (revised), including the subsequent amendments in IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39, entered into force on July 1, 2009
- IAS 39 Financial Instruments: Recognition and Measurement: Suitable underlying transactions entered into force on July 1, 2009

- IFRIC 17 Distributions of Non-cash Assets to Owners entered into force on July 1, 2009
- Improvements to IFRS 2008 and 2009

Application of these standards and interpretations is explained below.

IFRS 2 Share-based Payment

In June 2009 the IASB published an amendment to IFRS 2 on the scope of application and on accounting for group cash-settled share-based payment transactions. This amendment had no relevance for the Group in the 2010 fiscal year.

IFRS 3 Business Combinations (revised) and IAS 27 Consolidated and Separate Financial Statements (revised)

IFRS 3 (revised) introduces material changes concerning accounting for business combinations that take place after the date of application. The changes affect the valuation of non-controlling interests, the measurement of transaction costs, first-time recognition and follow-up measurement of a contingent consideration as well as successive acquisitions. These new rules will affect the amount recognized for goodwill, the result for the reporting period in which the business combination takes place, and also future results. Since there were no business combinations in 2010, there were no effects on the consolidated accounting.

IAS 39 Financial Instruments: Recognition and Measurement – suitable underlying transactions

The standard states that it is permissible to designate only a portion of the changes to the fair value or of cash-flow fluctuations of a financial instrument as an underlying transaction. This also includes the designation of inflationary risks as a hedged risk or parts thereof in certain cases. This amendment did not have any effect on the Group's net assets, financial situation and earnings position during the year under review.

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 17 regulates how a company must measure assets other than cash that it transfers to owners as dividends. A dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. This dividend payable should be measured at the fair value of the net assets to be distributed. The difference between the dividend payable and the carrying amount of the net assets to be distributed should be recognized in profit or loss. Additional disclosures should also be provided in the notes if the net assets being held for distribution to owners meet the definition of a discontinued operation. In the year under review, this interpretation did not have any effect on Group accounting as no such transactions were effected.

Improvements to IFRS 2008 and 2009

In May 2008 and April 2009 the IASB published two collective standards to amend various IFRS standards with the primary aim of eliminating inconsistencies and clarifying wording. For each amended IFRS, the collective standards provide for a suitable transition period. Although the application of the following new rules resulted in a change in accounting methods, it did not have any impact on the Group's net assets, financial situation and earnings position.

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: It is stated that the disclosure obligations of IFRS 5 alone are relevant for non-current assets and disposal groups that are classified as held for sale and for discontinued operations. The disclosure obligations provided for in other IFRS must be complied with only if the respective standards or interpretations require these disclosures expressly for assets pursuant to IFRS 5 and discontinued operations.
- IFRS 8 Operating Segments: It is stated the segment assets and segment liabilities have to be recognized only if these assets and liabilities are regularly reported to the responsible company body. As the Group's responsible corporate body monitors the development of segment assets and segment liabilities, the Group continues to disclose this information.
- IAS 7 Statement of Cash Flows: It is stated that only those expenses that lead to recognition of an asset can be classified as cash flow from investment activities.
- IAS 36 Impairment of Assets: The amendment states that a cash-generating unit to which goodwill acquired under a business combination is assigned may not be bigger than a business segment as defined by IFRS 8 prior to aggregation in accordance with the criteria stipulated therein.
- Other new rules:
The other new rules contained in improvements to IFRS (April 2009) and listed below did not have any impact on the accounting methods and the presentation of the Group's net assets, financial situation and earnings position:
 - IFRS 2 Share-based Payment
 - IAS1 Presentation of Financial Statements
 - IAS 17 Leases
 - IAS 34 Interim Financial Reporting
 - IAS 38 Intangible Assets
 - IAS 39 Financial Instruments: Recognition and Measurement
 - IFRIC 9 Reassessment of Embedded Derivatives
 - IFRIC 16 Hedges of a Net Investment in a Foreign Operation

New and amended standards and interpretations that have been adopted, but have not yet entered into force and have been only partially adopted by the EU:

- Amendments to IFRS 1: Restricted exemptions concerning comparative IFRS 7 disclosures for first-time adopters
- Amendments to IFRS 7: Disclosures – transfer of financial assets
- IFRS 9 (2010): Financial Instruments
- IAS 24 (2009): Related Party Disclosures
- Amendments to IAS 32: Classification of rights issues
- Amendments to IFRIC 14: Prepayments within the framework of minimum funding requirements
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRS 2010

Amendments to IFRS 1: Restricted exemptions concerning comparative IFRS 7 disclosures for first-time adopters

In January 2010 the IASB adapted IFRS 1 again in order to exempt first-time adopters from additional disclosures that had become necessary as a result of the amendments to IFRS 7 (“improved disclosures for financial instruments”) implemented in March 2009. Under this adaptation, first-time IFRS adopters receive the same transitional provisions regarding these amendments to IFRS 7 as companies that already use IFRS. The provisions were incorporated into European law in June 2010. The amendments must at the latest be applied at the start of the fiscal year commencing after June 30, 2010. This does not have any impact on the Company’s consolidated accounting.

Amendments to IFRS 7: Disclosures – transfer of financial assets

The amendments extend the disclosure obligations for transfers of financial assets and are intended to increase transparency for transactions where the party transferring the assets retains risks associated with the financial asset. The amendments also require additional disclosures if the transfers do not occur evenly during the fiscal year. The amendments must be applied from July 1, 2010 and it is currently estimated that they will not result in any material changes regarding the disclosures that are in any case already made by the Group.

IFRS 9 (2010): Financial Instruments

On November 12, 2009 the IASB issued IFRS 9 Financial Instruments. This standard aims to achieve a fundamental change in existing provisions on the classification and measurement of financial instruments. According to the standard, financial assets that currently fall within the scope of IAS 39 are subsequently measured either at amortized cost or at fair value. All other instruments must be measured at fair value through profit or loss.

On October 28, 2010, the IASB published the provisions for measuring financial liabilities in an augmented version of IFRS 9. The new publication follows on from the first publication of IFRS 9 in November 2009. The rules on liabilities were incorporated largely unchanged from the previous IAS 39. The only new rule concerned the special issue of the effect of changes

in own credit risk on the measurement of recognized liabilities. In future, companies that use the fair value option for measuring their own liabilities will present changes in the value of liabilities that are attributable to changes in own credit risk in “other comprehensive income”, i.e. without affecting profit or loss. In addition, the new derecognition rules for financial assets and liabilities were incorporated into IFRS 9. IFRS 9 is to be used for fiscal years commencing on or after January 1, 2013. It still has to be incorporated into European law.

To be able to gain a comprehensive picture of potential effects, the Group will quantify the effect only in conjunction with the other phases of IFRS 9, once these are published.

IAS 24 (2009) Related Party Disclosures

Previously, companies that were controlled or significantly influenced by a government were obliged to disclose information on all business transactions with companies controlled or significantly influenced by the same government. The amendment to IAS 24 now provides for simplification of the disclosure requirements for companies classed as parties related to governments. Although the standard still requires disclosures that are of importance to users of financial statements, entities that are classed as parties related to governments are granted partial exemption as regards disclosing business transactions. Where the information is costly to provide or the information is of less value to users, such information is exempt from the disclosure requirement under the amended IAS 24.

In addition, the amendment to IAS 24 clarifies the definition of a related party.

The amended standard is effective for reporting periods commencing on or after January 1, 2011 and was incorporated into European law in July 2010. It is not expected to have any impact on the Company's consolidated financial statements.

Amendments to IAS 32: Classification of rights issues

The amendments to IAS concern the classification of certain rights issues denominated in a currency other than the issuer's functional currency. In the fiscal year under review, the Group did not issue any subscription rights in foreign currencies and does not plan to do so in future. Consequently, these changes will not have any impact on the consolidated financial statements.

Amendments to IFRIC 14: Prepayments within the framework of minimum funding requirements

In November 2009, the IASB published amendments to IFRIC 14 under the above title; these were incorporated into European law in July 2010. The amendments concern cases where a company that is subject to a minimum funding requirement effects a cash prepayment. Under the amendment, these prepayments must be treated as an asset in the same way as any other prepayment. The amendments must at the latest be applied at the start of the first fiscal

year commencing after December 31, 2010; they are not expected to have any impact on the Company's consolidated financial statements.

IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments

In November 2009, the IASB published "IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments", which was incorporated into European law in July 2010. According to the new rule, if a debtor issues equity instruments to extinguish all or part of a financial liability, the corresponding liability must be fully or partly derecognized. The equity instruments should be measured at fair value, where this can be reliably determined. If only part of a liability is extinguished, the debtor must determine whether this partial extinguishment produces changes in the terms of the remaining liability. Any difference between the carrying amount of the financial liability (or part thereof) that is extinguished and the consideration paid must be recognized in profit or loss. IFRIC 19 must at the latest be applied at the start of the first fiscal year commencing after June 30, 2010; it is not expected to have any impact on the Group's net assets, financial situation and earnings position.

Improvements to IFRS 2010

In May 2010 the IASB published "Improvement to IFRSs" with changes to existing standards and the corresponding basis for conclusions. This collective standard is part of the IASB's Annual Improvements Project, which pools amendments of minor importance and low urgency so they are issued in a single standard. The standard encompasses eleven amendments to six standards and one interpretation. Generally, the amendments apply to reporting years commencing on or after January 1, 2011. The impairments were incorporated into EU law on February 19, 2011.

The Management Board does not expect these amendments to have any material impact on the Group's net assets, financial situation and earnings position.

3.3. Scope of consolidation

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

november AG, domiciled in Cologne, as the parent company.

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 Group companies of november AG, PROGEN Biotechnik GmbH and Multimatrix GmbH form a VAT group.

PROGEN Biotechnik GmbH, Heidelberg, as a subsidiary. The shares in PROGEN Biotechnik GmbH were contributed to november AG under a notarial agreement on the contribution and assignment of limited liability company shares dated May 8, 2007 with effective date of November 19, 2007 as part of a non-cash capital increase that excluded subscription rights. The company was included in the consolidated financial statements of november AG from December 1, 2007. According to IFRS 3, the purchase costs for 100% of the shares amounted to EUR 3,745 thousand.

PROGEN Biotechnik GmbH, Heidelberg, was founded in 1983 and is engaged in the field of “in-vitro diagnostics”. It develops tests for own use, point-of-care diagnostics by doctors, laboratory diagnostics and produces reagents for biomedical research. Its own product portfolio is augmented by partner product lines. PROGEN Biotechnik GmbH is divided into two business units: “Laboratory Diagnostics & Systems” and “Research Products/Service”. The business unit “Laboratory Diagnostics & Systems” covers products for laboratory medical practices and hospital laboratories. It offers test kits, equipment and technical service. It specializes in multiplex test systems for immunochemical laboratory diagnostics of autoimmune diseases, inflammations and infections. The business unit “Research Products” offers both in-house developed reagents and also reagents resulting from cooperation ventures with other companies (e.g. antibodies, polypeptides and tests for cell and molecular biology, biomedical research and pathology). Custom-made recombinant viruses for gene expression, RNA silencing or functional gene analysis are also developed and produced. PROGEN Biotechnik GmbH also has an 85.4% investment in Multimatrix GmbH. Multimatrix GmbH has already realized several test developments based on the LUMINEX platform technology for PROGEN Biotechnik GmbH and renowned pharmaceutical manufacturers.

Under the terms of a contract dated March 2, 2009 following AXIS-Shield’s termination of the supplier contract, PROGEN Biotechnik GmbH relinquished key areas of the Point-of-Care business unit to AXIS-Shield GmbH of Heidelberg. Under the contract, assets and rights relating to AXIS-Shield’s area of business (Afinion and NycoCard) and GlucoTalk for the German, Austrian and Hungarian markets were sold with effect from March 1, 2009 (from May 1, 2009 for the French market) against an indemnity of EUR 1.2 million. The contractual agreement also covered the return of inventories and also the transfer of fixed assets, corresponding rights, licenses and obligations and also the corresponding records and documentation. The business unit that was sold represented around 40-50% of PROGEN Biotechnik GmbH’s revenues prior to the sale. The assets relating to the BLUETEST family were not included in the sale.

Multimatrix GmbH, Regensburg, as an indirect subsidiary. PROGEN Biotechnik GmbH holds 85.4% of the shares in Multimatrix GmbH. Multimatrix GmbH’s business activities focus on the development of multiplex test systems. Multimatrix GmbH has concluded a cooperation agreement with PROGEN Biotechnik GmbH under which the distribution rights

for products developed by Multimatrix 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.

The remaining subsidiaries (PROGEN Biotechnique S.a.r.l. i.l., Montigny de Bretonneux, France (100%) and november Caribe Inc., San Juan, Puerto Rico (100%) are not included in the scope of consolidation as they do not exert a material influence on the net assets, financial situation and earnings position, and do not perform any operational activities or have any material rights of disposal/rights of control. Following termination of the AXIS-Shield supply contract for the French market with effect from May 1, 2009, an application for insolvency was submitted for Progen Biotechnique S.a.r.l. i.l. on May 5, 2009.

There were no discontinued operations as defined by IFRS 5 in either the fiscal year under review or the previous year.

The list of shareholdings (§ 313 para. 2 of the German Commercial Code [HGB]) as at December 31, 2010 is as follows:

	Share of voting rights (%)
PROGEN Biotechnik Gesellschaft mit beschränkter Haftung, Heidelberg	100.00
Progen Biotechnique S.a.r.l., Montigny le Bretonneux, France	100.00
Multimatrix GmbH, Regensburg	85.40
november Caribe Inc., San Juan, Puerto Rico	100.00

3.4. Principles of consolidation

The single-entity financial statements included in the consolidated financial statements have been prepared using uniform accounting methods. The going-concern principle applies to all single-entity financial statements included in the consolidated financial statements.

Capital consolidation was performed based on the acquisition method pursuant to IFRS 3/IAS 27 (Business Combinations). The acquisition costs for the participating interests are offset against the pro-rata, newly measured equity of the subsidiaries at the time of acquisition. The acquisition costs correspond to the fair value of the assets acquired, the equity instruments issued and the liabilities arising/taken over at the time of the transaction plus the costs directly attributable to the acquisition. The assets and liabilities acquired are shown at their fair value at the time of acquisition. Any remaining difference is shown as goodwill. Minority interests in the consolidated shareholders' equity and in the consolidated net income/loss for the year are shown separately from the shares relating to the parent company.

The total goodwill of EUR 3,785 thousand resulting from the initial consolidation of PROGEN Biotechnik GmbH and Multimatrix GmbH was fully written down as part of an impairment test performed on December 31, 2007. The goodwill cannot be re-capitalized/written up even after the reasons leading to the impairment cease to apply on a long-term basis.

Intercompany receivables and liabilities and also income and expenses between the consolidated companies were eliminated directly in equity. Interim results in fixed assets and inventories from intra-group deliveries have been eliminated. Deferred taxes have been applied to consolidation processes that affect profit or loss. Intra-group guarantees have been eliminated.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which the parent company acquires control. Inclusion in the consolidated financial statements ends once the parent company no longer exercises control.

3.5. Accounting and valuation methods

Estimates and assumptions have to be made in these consolidated financial statements which may affect the amount and the disclosure of the reported assets and liabilities, income and expenses and contingent liabilities. The actual values may differ from the estimates.

The reporting, measurement, disclosure and grouping of individual items in the balance sheet, the income statement, the cash flow statement and the statement of changes in shareholders' equity, as well as the scope of the explanations follow the principle of materiality.

Assets and liabilities with a residual term of up to one year are shown as current assets and liabilities, those with a residual term of more than one year as non-current assets and liabilities. The residual terms have in all cases been calculated from the balance sheet date.

Standard market purchases and sales of financial assets are reported on the trading date.

Cash and cash equivalents are recognized at their nominal values.

Financial assets are in principle divided into the following categories: Financial assets valued at fair value through profit or loss, loans and receivables, assets held to maturity and available-for-sale assets. Categorization depends on the respective purpose for which the financial assets were acquired. The management determines the categorization of financial assets when they are first recognized and checks their categorization on each reporting date.

The category financial assets at fair value through profit or loss comprises two sub-categories: Financial assets that are classed as held for trading from the outset and those that are from the outset categorized as “at fair value through profit or loss”.

Receivables and other assets are carried at cost. An impairment test is performed if any risks are identified.

Inventories are carried at cost of purchase or manufacture or at their net realizable value as of the balance sheet date, if lower. The cost of manufacture includes direct material costs and, where applicable, direct manufacturing costs and also production-related overheads, based on normal production capacity utilization. Borrowing costs are recognized as expenses in the period in which they are incurred. Where necessary, write-downs are applied for overreaches, obsolescence and for reduced salability.

Property, plant and equipment is carried at cost of purchase or manufacture, less scheduled depreciation for use. Minor-value assets are written down in full in the year of acquisition.

Scheduled straight-line depreciation is based on the following useful lives:

Buildings on third-party land	10-33 years
Other office and plant equipment	3-23 years

Discernible risks are taken into account by means of an impairment test.

Intangible assets are carried at acquisition cost, less scheduled straight-line amortization pro rata temporis. The useful lives on which amortization is based are between 1 and 10 years. Discernible risks are taken into account by means of an impairment test.

The goodwill from consolidation represents the surplus acquisition costs of a company acquisition over and above the Group's share in the fair value of a subsidiary's identifiable assets, liabilities and contingent liabilities at the time of acquisition. Goodwill is not subject to scheduled amortization under IFRS. Instead, it is subject to an impairment test in accordance with IAS 36; this test is performed annually and additionally if there are cogent reasons. Where applicable, goodwill is written down to its realizable value (“impairment-only approach”). Every write-down is recognized directly through profit or loss. No subsequent reinstatement of value takes place. Where a subsidiary is sold, the relevant amount of goodwill is included when determining the profit or loss from the sale.

The goodwill from the acquisition of PROGEN Biotechnik GmbH and Multimatrix GmbH was fully written down as part of an impairment test conducted on the balance sheet date of December 31, 2007.

Research and development costs as defined by IAS 38 are recognized as expenses in the fiscal year since the requirements for capitalization are not met.

Other non-current assets are measured at amortized cost. The value of the individual items is examined on the balance-sheet date and value adjustments are applied in the required amount and recognized in profit or loss.

The Management Board assumes that there are useable tax loss carryforwards that match the amount of the taxable income of the parent company and also of PROGEN Biotechnik GmbH and Multimetrix GmbH. november AG's remaining tax loss carryforwards of EUR 56,700 thousand have not yet been the subject of an external tax audit and therefore involve considerable uncertainty. Moreover, since it is not possible to forecast profit for either the parent company or subsidiaries with sufficient plausibility, it is not possible to apply what would otherwise be mandatory capitalization of deferred tax assets in the IFRS consolidated financial statements.

Current liabilities are measured at their settlement amount. Non-current liabilities and financial debts are shown at amortized cost based on the effective interest method. As required by IAS 21, currency is translated based on the temporal method.

In accordance with IAS 37, provisions are carried at the amount which, in the judgment of a prudent businessman, is necessary as of the balance sheet date in order to cover future payment obligations, discernible risks and contingent liabilities of the Group (settlement amount). There were no discounting obligations due to the short-term nature of the provisions.

Equity is translated using historic rates, while assets and liabilities in foreign currencies are translated using the average rates on the balance-sheet date. Income and expense items are translated using annual average rates. Exchange rate differences arising are recorded in equity without affecting profit or loss.

Revenues are deemed to be realized on transfer of risks or on provision of services and are shown accordingly in the income statement.

3.6. Consolidated Financial Statements as at December 31, 2010

3.6.1. Notes to the Consolidated Balance Sheet

Current assets

As at December 31, 2010, current assets amounted to EUR 2,388 thousand (December 31, 2009: EUR 3,275 thousand).

1) Cash and cash equivalents

On the reporting date of December 31, 2010, the Group's liquidity was EUR 409 thousand (December 31, 2009: EUR 672 thousand), which mainly consisted of deposits at banks.

2) Trade accounts receivable

The trade accounts receivable amounting to EUR 247 thousand (December 31, 2009: EUR 253 thousand) are reported at their nominal value. As at the balance-sheet date, the entire amount had a residual term of less than one year. Appropriate bad debt allowances have been made where necessary (December 31, 2010: EUR 34 thousand; December 31, 2009: EUR 129 thousand).

(EUR '000)	01/01- 12/31/2010	01/01- 12/31/2009
Value adjustments at start of period	129	42
Changes to the scope of consolidation	0	0
Addition	0	87
Writeback of value adjustments	- 95	0
Value adjustments at end of period	34	129

3) Inventories

As at December 31, 2010, inventories amounted to EUR 1,447 thousand (December 31, 2009: EUR 1,605 thousand) and mainly relate to goods on hand at PROGEN Biotechnik GmbH. The inventories are carried at cost or at the net realizable value on the balance-sheet date, if lower. In addition, certain manufactured products are valued retrospectively based on list prices less discounts for price discounts assumed, profits in cost accounting, administrative and sales costs. Impairments were applied at item level for sluggish items. As at the reporting date, inventories were written down in an amount of EUR 459 thousand (December 31, 2009: EUR 459 thousand). Apart from customary reservations of ownership, the inventories were not encumbered with any third-party rights as at the balance-sheet date.

4) Tax refund claims

The tax refund claims from income taxes in an amount of EUR 25 thousand (December 31, 2009: EUR 28 thousand) relate to tax reclaims in respect of capital gains tax and solidarity surcharge.

5) Other current financial assets

Compared with December 31, 2010, other current financial assets fell slightly by EUR 457 thousand to EUR 260 thousand (December 31, 2009: EUR 717 thousand). As at December 31, 2010, other current assets mainly comprised input tax, deposits and other receivables.

Non-current assets

The changes in non-current assets are shown in the Statement of Changes in Non-current Assets, which is attached to these Notes to the Consolidated Financial Statements as Annex 3.17.

6) Property, plant and equipment and intangible assets

Intangible assets and property, plant and equipment rose by EUR 85 thousand during the period under review as a result of additions, and fell by EUR 154 thousand due to depreciation/amortization and by EUR 57 thousand due to disposals. 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.

7) Other non-current financial assets

As at December 31, 2010, the other non-current financial assets of the november Group amounted to EUR 7 thousand (December 31, 2009: EUR 6 thousand). This relates to PROGEN Biotechnik GmbH's 10% holding in Peptide Speciality Lab. GmbH, Heidelberg.

There were no available for sale assets (AfS) on the reporting date.

8) Deferred tax liabilities

The deferred tax liabilities of EUR 25 thousand (December 31, 2009: EUR 37 thousand) resulted from different depreciation periods for intangible assets compared with the fiscal balance sheet.

9) Current liabilities (excluding provisions)

All liabilities have a due date of less than one year.

There was no collateral pursuant to IFRS 7.14.

Due to faster payment processing, trade accounts payable fell by EUR 224 thousand to EUR 188 thousand (December 31, 2009: EUR 412 thousand).

The liability to companies with whom there is a participation relationship relates solely to liabilities to the shareholder CAMKAN in an amount of EUR 1,620 thousand. The lender CAMKAN is principal shareholder. In the previous year, the liability was shown under other liabilities. From an economic point of view, these loan liabilities represent non-current liabilities because of the subordination (in this connection, please refer to the item "Original financial instruments").

The other current financial liabilities fell significantly by EUR 5,126 thousand to EUR 1,009 thousand (December 31, 2009: EUR 6,135 thousand). This reduction was mainly due to the interest and loan waivers shown under additional paid-in capital, and also to the reclassification of liabilities relating to the shareholder CAMKAN to the item liabilities to companies with whom there is a participation relationship.

The amount shown under other current financial liabilities as at December 31, 2010 includes a loan liability of Multimetrix GmbH towards tbg in an amount of EUR 456 thousand.

The other current liabilities mainly include tax liabilities (EUR 57 thousand), personnel liabilities (EUR 32 thousand) and other liabilities (EUR 464 thousand).

10) Provisions

(EUR '000)	01/01/2010	Used	Written back	Addition	12/31/2010
Tax provisions	42	0	0	0	42
Other provisions	137	0	- 107	0	30
Total	179	0	- 107	0	72

The provisions of EUR 72 thousand include tax provisions (EUR 42 thousand) and other provisions for court cases (EUR 30 thousand). The writebacks relate to legal disputes that have been stopped. Due to the fact that they are fairly unlikely to be used, the other provisions for legal and court costs have not been reclassified under liabilities.

11) Non-current liabilities

The non-current liabilities to companies with whom there is a participation relationship relate solely to liabilities to the shareholder CAMKAN in an amount of EUR 1,199 thousand. In the previous year, the liability was shown under other non-current financial liabilities.

12) Shareholders' equity

For the period from January 1 to December 31, 2010, the consolidated equity rose significantly by EUR 2,376 thousand to EUR -1,394 thousand (December 31, 2009: EUR -3,770 thousand); this was due to the consolidated result and to the loan waivers by the major shareholders.

- 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 to EUR 5,142,462.

- Authorized capital

As at December 31, 2010, november AG had authorized capital of up to EUR 6,558,800.

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. 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.

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 0 thousand (December 31, 2009: EUR 46,144 thousand). The reduction in the additional paid-in capital by an amount of EUR 46,144 thousand to EUR 0 thousand was due to the following:

As at December 31, 2010, the additional paid-in capital in the annual financial statements of november AG amounted to EUR 468 thousand (December 31, 2009: EUR 51,176 thousand). The withdrawal of EUR 50,708 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 carryforwards. 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. The posting was rectified in 2010, without affecting profit or loss, by offsetting the additional paid-in capital against the accumulated deficit carried forward. The consolidated statements also offset the additional paid-in capital against the accumulated deficit carried forward, but this was limited to the positive additional paid-in capital.

- Accumulated deficit

After including the own share of the consolidated result for the 2010 fiscal year of EUR -247 thousand (December 31, 2009: EUR -323 thousand), the Company had an accumulated deficit of EUR -6,488 thousand on December 31, 2010 (December 31, 2009: EUR -54,595 thousand). On the reporting date of December 31, 2010, the Company thus had a loss of EUR -1,394 that was not covered by equity (December 31, 2009: EUR -3,770 thousand).

Minority interests

For the fiscal year under review, minority interests in the consolidated comprehensive income amounted to EUR -48 thousand.

Capital control

The consolidated shareholders' equity was negative at EUR -1,394 thousand.

november AG aims to secure available capital on a long-term and sustainable basis and to earn an appropriate return on the capital employed. This objective is actively pursued by constantly monitoring margins and other key performance indicators. Here, the Group's

accounting capital only serves as a passive criterion for control, whereas sales revenues and EBIT are used as active control parameters. As at December 31, 2010, the equity ratio was -51.3% (preceding year: -101%).

Earnings per share (IAS 33)

According to IAS 33, earnings per share from continuing business are calculated by dividing the result from continuing business units, adjusted for minority interests, of EUR -295 thousand (preceding year: EUR -323 thousand) by the weighted average number of shares outstanding during the year.

For calculating the average number of the outstanding shares, IAS 33 requires that shares which have been issued for cash be included in the calculation from the point in time at which cash payment can be demanded. Shares that are issued in connection with a company acquisition must, pursuant to IAS 33, be included in the calculation from the time of initial consolidation. In the event of a capital reduction without any change in the resources available to the company, the number of shares is adjusted retrospectively. The weighted average calculated in this way was 5,034,882.97 shares for the period from January 1 to December 31, 2010 and 4,680,505 shares for the period from January 1 to December 31, 2009.

For the 2010 fiscal year, the undiluted and diluted earnings per share from continuing business units were EUR -0.06 (preceding year: EUR -0.07).

3.6.2. Notes to the Consolidated Income Statement and Segment Reporting

13) Sales revenues

The sales revenues of the continuing business units for the period January 1 to December 31, 2010, were down on the preceding period, falling by EUR 1,173 thousand to EUR 4,078 thousand (previous year: EUR 5,251 thousand). The decline was largely due to the relinquishment of the areas of business AXIS-Shield (Afinion and NycoCard) and GlucoTalk.

14) Other operating income

Other operating income fell by EUR 875 thousand to EUR 636 thousand (preceding year: EUR 1,511 thousand).

15) Cost of materials and inventory changes

In 2010, the cost of materials was EUR 1,165 thousand (preceding year: EUR 1,575 thousand). The reduction in the cost of materials of EUR 410 thousand and lower inventories of finished goods and work in progress totaling EUR 7 thousand (previous year: Reduction in inventories of EUR 1,030 thousand) closely matched the fall in sales revenues.

16) Personnel expenses

Personnel expenses rose on the previous period, increasing by EUR 148 thousand to EUR 2098 thousand (preceding year: EUR 1,950 thousand). The rise is largely due to the increased number of employees and to the increase in bonuses.

17) Depreciation on intangible assets and on property, plant and equipment

The depreciation on intangible assets and on property, plant and equipment is derived from the changes in non-current assets (see Annex 3.17 Statement of Changes in Non-current Assets).

18) Other operating expenses

Other operating expenses fell by EUR 673 thousand to EUR 1,589 thousand (preceding year: EUR 2,262 thousand). Other operating expenses were in particular characterized by legal and consulting expenses, premises costs, selling and marketing expenses and administrative costs.

	EUR '000	EUR '000
Legal and consulting costs	327	548
Losses on receivables, value adjustments	98	241
Vehicle costs	79	90
Patent costs, license fees	90	138
Premises costs	337	320
Repairs, maintenance	55	50
Insurance, contributions	60	60
Selling and marketing expenses	176	232
Administrative costs	192	287
Other	175	296
	1589	2262

19) Income tax

The income in respect of income taxes recorded through profit or loss for the period under review amounted to EUR 12 thousand (previous year: expenses of EUR 29 thousand). This relates to income from deferred taxes. A tax rate of 30% was used for calculating deferred taxes.

The following table shows a reconciliation statement of the anticipated tax expense to the reported tax expense:

(EUR '000)	01/01-12/31/2010	01/01-12/31/2009
Result before minority interests and taxes	-295	-323
Tax rate 30%		
Expected tax amount	-89	-97
Change in the value adjustment on deferred tax assets and deferred tax assets on tax loss carryforwards not recognized	89	97
Interim total	0	0
Minimum taxation, HGB (Commercial Code) result, november AG	0	42
Income (expense) from the reduction in deferred tax liabilities (tax rate 30%)	12	-13
Other effects	0	0
Tax income (expense) recognized	12	29

As a result of the above effects, the consolidated comprehensive income in the period from January 1 to December 31, 2010 was EUR -295 thousand (previous year: EUR -323 thousand).

3.7. Additional information

3.7.1. Segmental Report

Due to the termination of the supplier contract by AXIS-Shield in 2009, almost all of the point-of-care product groups were relinquished to AXIS-Shield GmbH, Heidelberg. The research products developed for immune histochemistry in routine pathology and biomedical research represent pre-products for the actual product area of laboratory diagnostics that are sent to laboratory groups and specialist laboratories where computerized systems are used to conduct numerous analyses on the same sample; they represent the principal product segment of PROGEN Biotechnik GmbH.

Consequently, segment reporting follows the internal reporting structure of the group companies and is based on one product segment. Reporting within the Group is based on the individual legal business units. The segmental financial information is therefore as follows:

Segment information as at 12/31/2010	01/01-12/31/2010	01/01-12/31/2009
november Group	EUR '000	EUR '000
Sales revenues:		
PROGEN Biotechnik GmbH	4,506	5,297
Multimetrix GmbH	539	415
november AG	-967	-461
Sales revenues from continuing business units	4,078	5,251
Depreciation/amortization:		
PROGEN Biotechnik GmbH	130	135
Multimetrix GmbH	12	19
november AG	11	8
Depreciation/amortization	153	162
Operating result:		
PROGEN Biotechnik GmbH	-87	522
Multimetrix GmbH	-235	-142
november AG	24	-597
Operating result	-298	-217
Gross assets:		
PROGEN Biotechnik GmbH	3,716	4,522
Multimetrix GmbH	232	473
november AG	-1,229	-1,264
Gross assets	2,719	3,731
Liabilities and provisions		
PROGEN Biotechnik GmbH	1,606	3,430
Multimetrix GmbH	2,423	3,335
november AG	84	736
Liabilities	4,113	7,501

Sales revenues fell as a result of the loss of the business areas AXIS-Shield and GlucoTalk. The row labeled "november AG" contains all consolidation-related items and all income/expenses that can be attributed to the parent company.

For the period under review from January 1 to December 31, 2010, consolidated sales by sales region were as follows:

Sales revenues	01/01/-12/31/2010 EUR '000	01/01-12/31/2010 Percentage share	01/01-12/31/2009 EUR '000	01/01-12/31/2009 Percentage share
Germany	2,238	54.9	3,147	59.9
European Union	996	24.4	1,184	22.5
International	844	20.7	920	17.5
Total	4,078	100.0	5,251	100.0

Interest income and expenditure are not shown within segment reporting for reasons of materiality.

3.7.2. Other financial obligations

Rental and leasing obligations, contingent liabilities

The rental agreement with Koerfer GmbH & Co. KG on november AG's 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.

For historical reasons, the office, laboratory and storage premises of PROGEN Biotechnik GmbH in Heidelberg are leased from ProMinent for different durations, some of which expire in May 2010. The corresponding annual financial liability is EUR 289 thousand. Negotiations are currently underway to restructure the contractual relationship.

Movables leasing (vehicle leasing) involves annual liabilities of EUR 78 thousand; this amount will be the same in the coming years and will lead to an outflow of liquidity.

The operating lease relationships have a term of less than 5 years. There are no extension or purchase options.

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

3.7.3. Contingencies

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

3.7.4. Statement on management of the Company

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 recommendations of the German Corporate Governance Code concerning the Supervisory Board were implemented. 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, six telephone conferences and six resolutions on cost apportionments. The corresponding minutes of these meetings were promptly documented.

3.7.5. Declaration pursuant to § 314 para. 1 No. 8 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 in November 2010 and made permanently accessible to shareholders on november AG's website (www.november.de).

3.7.6. Information pursuant to § 314 para. 1 No. 9 of the German Commercial Code [HGB]

The auditors' fees of EUR 34 thousand expensed in the 2010 fiscal year break down as follows:

EUR 25 thousand (previous year: EUR 65 thousand) in respect of auditing costs

EUR 9 thousand (previous year: EUR 23 thousand) for other consultancy costs

3.8. Disclosures made by the Company 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).

3.9. Financial management and financial risk management

3.9.1. Financial instruments disclosures

According to IFRS 7, the aim of the information provided in the notes is to provide information, of relevance to decision-making processes, on the amount, timing and likelihood

of occurrence of the future cash flows resulting from financial instruments and to estimate the risks associated with financial instruments.

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

Original financial instruments such as trade accounts receivable and payable as well as financial receivables and financial liabilities.

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

The use of financial instruments means the Group is exposed to specific financial risks, the type and extent of which must be made transparent through the provision of disclosures in the notes to the financial statements. These risks typically include credit, liquidity and market price risks, including in particular exchange rate, interest rate and other price risks.

In 2010, the Supervisory Board, Management Board and General Managers worked closely together on further enhancing the risk management system and 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 of november AG 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 risk management system is being further developed in line with statutory requirements.

3.9.2. Forward currency transactions

There are no forward currency transactions.

3.9.3. Original financial instruments

The original financial instruments result from the trade accounts receivable or trade accounts payable, financial receivables (loans, securities, cash and cash equivalents) and financial liabilities (loans) that are shown in the balance sheet.

On the reporting date of December 31, 2010, the Company had current financial liabilities of EUR 2,890 thousand and non-current financial liabilities of EUR 1,224 thousand, resulting in total financial liabilities of EUR 4,113 thousand.

3.9.4. Credit risk/risk of default

The risk of default is the risk that a contracting partner in the field of financial assets will not fulfill its payment obligations. For operating business, outstanding amounts are continuously monitored on a decentralized, divisional basis and taking into account credit worthiness requirements. The risk of default is taken into account by means of itemized allowances for bad debts. The maximum risk of default is reflected in the carrying values of the financial assets recognized in the balance sheet. Generally, no securities over and above customary reservations of ownership are provided for receivables.

3.9.5. Liquidity risk

The liquidity risk refers to the risk of the Group encountering difficulties in contractual settlement of its financial liabilities.

november AG acts as a financial coordinator for its subsidiaries in order to ensure that adequate coverage of the financial requirements for operating activity is always guaranteed as cost-effectively as possible.

Amounts in EUR '000	Carrying value	Maturities		
	12/31/2010	< 1 year	1-5 years	> 5 years
Trade accounts payable and advance payments received	188	188	0	0
Other liabilities	3,828	2,629	1,199	0
Total financial liabilities	4,016	2,817	1,199	0

3.9.6. Market price risk

Due to the business activities of the individual subsidiaries, various assets and liabilities are exposed to market risks involving changes in exchange rates, interest rates and raw material prices.

3.9.7. Foreign exchange risk

The foreign exchange risk describes the risk that the fair value or future cash flows of monetary items can be influenced by changes in exchange rates. Foreign exchange risks

essentially result from investments, financing measures and operating activities conducted in a currency other than the company's reporting currency. Outgoing invoices are drawn up in Euros. Foreign exchange risks involve the purchase of raw materials from abroad in foreign currencies.

3.9.8. Interest risk

The interest risk refers to the risk of the fair value or future cash flows of financial assets and liabilities varying because of changes in market interest rates. The Group is only subject to interest rate risks in the Euro zone (see our comments on original financial instruments).

3.10. Other disclosures on financial assets and liabilities

The following table shows carrying values and fair values for all financial assets and liabilities reported within the Group.

Notes on abbreviations used:

FL-AC: financial liabilities measured at cost

LaR: loans and receivables

AfS: available for sale

HfT: held for trade

Amounts in EUR '000		Carrying value 12/31/2010	Fair value 12/31/2010	Carrying value 12/31/2009	Fair value 12/31/2009
Assets					
Current assets					
Cash and cash equivalents	LaR	409	409	672	672
Financial assets at fair value through profit or loss	FA-HfT	0	0	0	0
Trade accounts receivable	LaR	247	247	253	253
Other current assets	LaR	285	285	745	745
Non-current assets					
Other non-current financial assets	AfS, LaR	7	7	6	6
Liabilities and equity					
Current liabilities					
Liabilities to banks	FL-AC	0	0	0	0
Trade accounts payable and advance payments received	FL-AC	188	188	412	412
Other liabilities	FL-AC	2,629	2,629	6,135	6,135
aggregated based on valuation categories pursuant to IAS 39:					
Loans and receivables	LaR	941	941	1,670	1,670
Financial investments held to maturity	HtM	0	0	0	0
Available for sale financial assets	AfS	7	7	6	6
Financial assets held for trading	FA-HfT	0	0	0	0
Financial assets at fair value	FA-FVO	0	0	0	0
Financial liabilities at amortized cost	FL-AC	2,817	2,817	6,547	6,547

2010				
Amounts in EUR '000	Interest	Impairment	Other	Total
Net profits and losses				
Loans and receivables (LaR)	0	82	0	82
Financial investments held to maturity (HtM)	0	0	0	0
Available for sale financial assets (AfS)	0	0	0	0
Financial assets held for trading (FA-HfT)	0	0	0	0
Financial assets at fair value (FA-FVO)	0	0	0	0
Financial liabilities at amortized cost (FL-AC)	0	0	0	0

2009				
Amounts in EUR '000	Interest	Impairment	Other	Total
Net profits and losses				
Loans and receivables (LaR)	0	- 241	0	-241
Financial investments held to maturity (HtM)	0	0	0	0
Available for sale financial assets (AfS)	0	0	0	0
Financial assets held for trading (FA-HfT)	0	0	0	0
Financial assets at fair value (FA-FVO)	0	0	0	0
Financial liabilities at amortized cost (FL-AC)	- 85	0	0	- 85

In 2010, the impairments in “Loans and receivables” relate to the addition to the individual value adjustment on trade accounts receivable and to losses on receivables in an amount of EUR 33 thousand.

3.11. 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 an 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. Since March 2008, Dr. Zurek's regular remuneration has been paid by the subsidiary PROGEN Biotechnik GmbH, where Dr. Zurek is General Manager, and offset against the employment contract between Dr. Zurek and november AG. The indirect 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. Frankenre 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.

3.12. 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.

3.13. Information on relationships with related parties or companies

IAS 24 defines related parties 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.

There were no short-term loans to related parties.

3.14. Employees

In the period from January 1 to December 31, 2010, an average of 34 persons were employed within the Group on a full-time basis by the consolidated companies (January 1 to December 31, 2009: 33 employees).

3.15. Release for publication

The consolidated financial statements and Group management report will be released for publication by the Management Board of november AG on March 31, 2011.

3.16. Key events after the balance sheet date

Events after the balance sheet date that could significantly affect the Company's development were mentioned at the start of this report. No other events have occurred.

Cologne, March 28, 2011
november AG

The Management Board
Dr. Dirk Zurek

3.17. Consolidated Gross Statement of Changes in Non-current Assets (IFRS) 2010

(Amounts in EUR '000)	Acquisition cost					Cumulative amortization and depreciation					Carrying amounts		
	01/01/2010	Addition	Disposal Konso	Disposal	12/31/2010	01/01/2010	Addition	Disposal Konso	Write- ups	Disposal	12/31/2010	12/31/2010	12/31/2009
I. Intangible assets													
1. Industrial property rights and similar rights and licenses in such rights and assets	515	30	0	114	431	368	53	0	0	109	312	119	147
2. Goodwill	5,682	0	0	0	5,682	5,682	0	0	0	0	5,682	0	0
	6,197	30	0	114	6,113	6,050	53	0	0	109	5,994	119	147
II. Property, plant and equipment													
1. Buildings on third-party land	41	2	0	0	43	23	7	0	0	0	30	13	18
2. Technical equipment and machinery (laboratory equipment)	349	35	0	93	291	157	53	0	0	32	178	113	192
3. Other equipment, operating and office equipment	1,635	17	0	140	1,512	1,542	40	0	0	149	1,433	79	93
	2,025	54	0	233	1,846	1,722	100	0	0	181	1,641	205	303
III. Financial fixed assets													
1. Shares in affiliated companies	6,474	0	0	0	6,474	6,474	0	0	0	0	6,474	0	0
2. Participating interests	6	1	0	0	7	0	0	0	0	0	0	7	6
3. Loans to companies in which a participating interest is held	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Investments	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Other loans	4,120	0	0	0	4,120	4,120	0	0	0	0	4,120	0	0
	10,600	1	0	0	10,601	10,594	0	0	0	0	10,594	7	6
Total	18,822	85	0	347	18,560	18,366	153	0	0	290	18,229	331	456

3.18. Consolidated Gross Statement of Changes in Non-current Assets (IFRS) 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	69	32	157	192	241
Other equipment, operating and office equipment	1,667	28	60	1,635	1,570	32	60	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	303	363
III. Financial fixed assets										
Shares in affiliated companies	6,474	0	0	6,474	6,474	0	0	6,474	0	0
Participating interests	6	0	0	6	0	0	0	0	6	6
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	456	544

**3.19. Consolidated Cash Flow Statement (IFRS) from January 1 to December 31, 2010
of november Aktiengesellschaft, Cologne**

	01/01-12/31/2010 EUR '000	01/01-12/31/2009 EUR '000
Cash flow from operating activities		
Comprehensive income before taxes	- 295	- 323
Change in additional paid-in capital	0	2,206
Comprehensive income from relinquished business units before taxes	0	0
Adjustments for:		
Minority interests	0	0
Depreciation/write-ups	154	162
Profit from the disposal of property, plant and equipment	0	10
Result from deconsolidation	0	0
Net interest	- 30	77
Interest paid	0	- 51
Interest received	8	8
Income tax paid	0	0
Other non-cash-flow-related expenses/income	2,705	-89
Changes in net current assets:		
Change in inventories, trade accounts receivable and other current assets	887	1.585
Change in trade accounts payable and other liabilities and provisions	- 3,377	- 3,466
Cash used in operating activities	52	119
Cash flow from investment activities:		
Proceeds from the sale of consolidated companies and other business units	0	665
Investment in fixed assets	- 85	-100
Proceeds from the disposal of fixed assets	0	0
Payments/proceeds connected with financial fixed assets	0	0
Cash used in investment activities	-85	565
Cash flow from financing activities:		
Capital increase	461	0
Disbursements from the repayment of loans	- 691	- 593
Proceeds from the borrowing of external funds	0	0
Cash used in financing	- 230	- 593
Increase/decrease in cash and cash equivalents	- 263	91
Cash and cash equivalents at the start of the period	672	581
Cash and cash equivalents at the end of the period	409	672

3.20. Consolidated Statement of Changes in Equity as at December 31, 2010

EUR '000	Subscribed capital	Add. paid-in capital	Accum. deficit	Minority interests*	Total shareholders' equity
Position as at Jan 1, 2010	4,681	46,144	- 54,595	0	- 3,770
Capital increase	461	0	0	0	461
Reclassification of capital	0	- 48,418	48,354	0	-64
Loan waivers	0	2,274	0	0	2,274
Comprehensive income from January 1 to December 31, 2010	0	0	- 247	- 48	- 295
Position as at Dec. 31, 2010	5,142	0	- 6,488	- 48	- 1,394
Position as at Jan 1, 2009	14,041	43,938	- 63,633	0	- 5,654
Comprehensive income from January 1 to December 31, 2009	0	0	- 323	0	- 323
Other changes in shareholders' equity	- 9,360	2,206	9,361	0	2,207
Position as at Dec. 31, 2009	4,681	46,144	- 54,595	0	- 3,770

* In accordance with IAS 27, minority shares in the loss of Multimatrix GmbH of EUR -48 thousand must be recognized for the first time in 2010

4. Consolidated 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 § 315 of the German Commercial Code [HGB], on the course of business and the status of the november Group. 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 also maintained in the second quarter of 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 the november Group

The German economy's ability to defy the economic crisis was still noticeable within the november Group during 2010. Despite the loss of the AXIS-Shield division, which in 2009 still made a key contribution to sales revenues up to the end of March, sales revenues in 2010 only fell by EUR 1,173 thousand to EUR 4,078 thousand (December 31, 2009: EUR 5,251 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). Here, the efforts to focus on in-house products of PROGEN Biotechnik GmbH and Multimetrix GmbH were noticeable, as these generate a significantly higher margin and contribute towards a significantly improved gross margin.

Since publication of november AG's last financial data, a number of events have taken place that need to be mentioned as part of the consolidated financial statements.

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").

In addition, successful placing of a cash capital contribution in an amount of EUR 461 thousand significantly improved liquidity in 2010 and provided further financial support for the continued restructuring.

These resulted in the following consolidated key indicators:

**Consolidated Key Performance Indicators as at
December 31, 2010 (IFRS)
of november Aktiengesellschaft, Cologne**

	01/01-12/31/2010	01/01-12/31/2009
	EUR '000	EUR '000
Sales revenues	4,078	5,251
Operating result	- 298	- 217
Comprehensive income	- 295	- 323
Number of shares on the reporting date	5,142,462	4,680,505
Share price on the reporting date (EUR)	0.8	0.8
Cash flow from operating activities	52	119
Cash flow from investment activities	- 85	565
Cash flow from financing activities	- 230	- 593
Total cash flow	- 263	91
	12/31/2010	12/31/2009
	EUR '000	EUR '000
Current liquidity	409	672
Shareholders' equity	- 1,394	- 3,770
Equity ratio (%)	- 51,3	- 101,0
Total assets	2,719	3,731
Average number of employees	34	33

Sales revenues declined due to the complete loss of the AXIS-Shield division in the 2010 fiscal year.

The operating result was EUR 81 thousand down on the preceding year, while the consolidated result improved by EUR 28 thousand to EUR -295 thousand.

Development of equity was particularly pleasing; it improved by EUR 2,376 thousand to EUR -1,394 thousand (December 31, 2009: EUR -3,770 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. In this connection, 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. Negotiations are currently being conducted regarding the

acquisition of further participating interests. 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 measures taken so far, 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

Development of the domestic in-vitro diagnostics market in 2010 was more positive than expected.

The diagnostics industry defied the global economic and financial crisis and remained stable in the past year. However, according to data collected by the German Diagnostics Industry Association (VDGH), the global development of sales revenues of -0.1 per cent to EUR 2,157.9 billion was pleasing, given the dramatic falls in sales revenues in some other sectors. As an industry association, the VDGH represents the interests of around 90 companies with total sales of about EUR 3.7 billion. They manufacture diagnostic systems and reagents that are used in the diagnosis of human diseases and that generate sales of EUR 2.2 billion; they also manufacture instruments, reagents, test systems and consumables for natural science research, an area which generates sales of EUR 1.5 billion.

4.1.2.4. Product and marketing strategy of PROGEN Biotechnik GmbH and Multimetrix 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.

Multimetrix GmbH's business activities focus on the development of multiplex test systems. Multimetrix GmbH has concluded a cooperation agreement with PROGEN Biotechnik 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.

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 and MIKROGEN GmbH have been cooperating 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.

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.

4.1.2.5. Scope of consolidation

According to § 314 para. 1 No. 2 of the German Commercial Code [HGB], the remaining subsidiaries (PROGEN Biotechnique S.a.r.l. i.l., Montigny de Bretonneux, France (100%) and november Caribe Inc. i.L., San Juan, Puerto Rico (100%) are not included in the scope of consolidation because they do not exert a material influence on the net assets, financial situation and earnings position and do not perform any operational activities or have any material rights of disposal/rights of control.

4.1.3. Financing measures**4.1.3.1. Starting position as at December 31, 2009**

As at December 31, 2009, the november Group's financial liabilities were as follows:

4.1.3.1.1. Financing for november AG

Loan of EUR 291 thousand by CAMKAN to november AG (entire loan unrestricted in time and without subordination attached; interest-free);

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

Loan of EUR 1,186 thousand by alpha to november AG (entire loan unrestricted in time, with subordination and interest-free).

4.1.3.1.2. Financing for PROGEN Biotechnik GmbH

Interest-free loan of EUR 858 thousand by CAMKAN to PROGEN Biotechnik GmbH; no subordination; one-off repayment of EUR 83 thousand in 2009 and monthly payments of EUR 10 thousand for 6 months in 2009;

Interest-free loan of EUR 1,306 thousand by CAMKAN to PROGEN Biotechnik GmbH; without subordination attached;

Interest-free loan of EUR 671 thousand by alpha to PROGEN Biotechnik GmbH; without subordination attached; a scheduled repayment of EUR 200 thousand was made on April 8, 2009, reducing the loan from EUR 871 thousand to a current level of EUR 671 thousand.

Up to September 30, 2009, PROGEN Biotechnik GmbH was entitled to repay the loans provided by CAMKAN in an amount of EUR 1,306 thousand and by alpha in an amount of EUR 671 thousand by making a one-off payment of EUR 700 thousand in line with a call option. PROGEN Biotechnik GmbH did not make use of this entitlement.

4.1.3.1.3. Financing for Multimatrix GmbH

Loan of EUR 622 thousand by tbg under the silent participation in Multimatrix GmbH (entire loan unrestricted in time; no subordination attached; interest rate 7%).

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.

The loan of PROGEN Biotechnik GmbH of EUR 671 thousand involving alpha was repaid through one installment of EUR 360 thousand. alpha renounced an amount of EUR 310 thousand. For another loan of PROGEN Biotechnik involving CAMKAN in an amount of EUR 1,260 thousand, an amount of EUR 200 thousand was repaid, an amount of EUR 766 thousand was waived and the remaining liability was converted to a long-term and interest-free repayment plan.

In October 2010, a waiver of EUR 195 thousand was negotiated on tbg's loan to Multimatrix of EUR 622 thousand without any financial counterperformance.

After these new arrangements had been concluded and following various repayments, the following financing items still existed as at December 31, 2009:

4.1.3.2.1. Financing for november AG

Loan by CAMKAN to november AG in an amount of EUR 255 thousand (without subordination, mainly long-term, interest-free, repayments in 49 monthly installments);

Loans by CAMKAN to november AG in a total amount of EUR 1,376 thousand (including EUR 750 thousand with subordination, long-term, interest free, waiver of repayments until January 31, 2012 and EUR 626 thousand with subordination, mainly long-term, interest-free, possible repayment from January 1, 2011 in 3 annual installments).

4.1.3.2.2. Financing for PROGEN Biotechnik GmbH

Loan by CAMKAN to PROGEN Biotechnik GmbH in an amount of EUR 770 thousand (without subordination, mainly long-term, interest-free, monthly repayment 10 thousand);

Loan by CAMKAN to PROGEN Biotechnik GmbH in an amount of EUR 321 thousand (without subordination, mainly long-term, interest-free, monthly repayment EUR 4 thousand).

4.1.3.2.3. Financing for Multimetrix GmbH

Loan of EUR 456 thousand by tbg under the silent participation in Multimetrix GmbH (entire loan unrestricted in time, no subordination attached, interest rate 7%).

4.1.3.3. Additional steps to optimize financing 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.

PROGEN Biotechnik GmbH's liabilities were also renegotiated with CAMKAN. CAMKAN is initially waiving an amount of EUR 75 thousand on the remaining loan sum (which following repayments in 2010 now amounts to EUR 1,091 thousand). For the remaining overall liabilities of EUR 1,016 thousand, a twelve-year interest-free repayment in monthly installments of EUR 7 thousand is being agreed.

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.

Finally, in January 2011, tbg again waived an amount of EUR 195 thousand from the liability of EUR 346 thousand relating to Multimetrix GmbH, without any financial counterperformance.

Further significant reductions in the november Group's liabilities have thus already been made in 2011.

4.2. Presentation of the Group's net assets, financial situation and earnings position

4.2.1. Earnings position

The sales revenues of the business units for the period January 1 to December 31, 2010, were down on the preceding period, falling by EUR 1173 thousand to EUR 4078 thousand

(previous year: EUR 5,251 thousand). The decline is largely due to the loss of AXIS-Shield's product groups.

Other operating income fell by EUR 875 thousand to EUR 636 thousand (preceding year: EUR 1,511 thousand).

In this period, the cost of materials was EUR 1,165 thousand (preceding year: EUR 1,575 thousand). The reduction in the cost of materials of EUR 410 and lower inventories of finished goods and work in progress totaling EUR -7 thousand (previous year: EUR 1,030 thousand) closely matched the fall in sales revenues.

Personnel expenses rose slightly on the previous period, increasing by EUR 148 thousand to EUR 2,098 thousand (preceding year: EUR 1,950 thousand). The rise is due to the increased number of employees.

Other operating expenses fell by EUR 673 thousand to EUR 1,589 thousand (preceding year: EUR 2,262 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 as a result of more highly qualified employees.

The income tax recognized in profit/loss for the period under review amounted to EUR 12 thousand (previous year: EUR 29 thousand). The amount contains income from deferred taxes. A tax rate of 30% was used for calculating deferred taxes.

As a result of the above effects, the consolidated comprehensive income declined in the period from January 1 to December 31, 2010 and now stands at EUR -295 thousand (previous year: EUR -323 thousand). This contains the result attributable to minority interests of EUR -48 thousand.

There were no relinquished business units pursuant to IFRS 5 in either the fiscal year under review or the preceding year.

4.2.2. Net assets

As at December 31, 2010, the total assets of the november Group amounted to EUR 2,719 thousand (December 31, 2009: EUR 3,731 thousand).

Intangible assets and property, plant and equipment rose by EUR 84 thousand during the period under review as a result of additions, and fell by EUR 153 thousand due to depreciation/amortization and by EUR 57 thousand due to disposals. 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, the other non-current financial assets of november AG amounted to EUR 7 thousand (December 31, 2009: EUR 6 thousand). This relates to PROGEN Biotechnik GmbH's 10% holding in Peptide Speciality Lab. GmbH, Heidelberg.

On the reporting date of December 31, 2010, the Group's liquidity was EUR 409 thousand (December 31, 2009: EUR 672 thousand), which consisted of deposits at banks. The decline in liquidity is largely due to repayments.

As at December 31, 2010, inventories amounted to EUR 1,447 thousand (December 31, 2009: EUR 1,605 thousand) and mainly relate to goods on hand at PROGEN Biotechnik GmbH. The inventories are carried at cost or at the net realizable value on the balance-sheet date, if lower. Apart from customary reservations of ownership, the inventories were not encumbered with any third-party rights as at the balance-sheet date.

A value adjustment of EUR 34 thousand (December 31, 2009: EUR 129 thousand) was applied to the trade accounts receivable of EUR 247 thousand (December 31, 2009: EUR 253 thousand).

The actual tax refund claims from income taxes in an amount of EUR 25 thousand (December 31, 2009: EUR 28 thousand) relate to tax reclaims in respect of capital gains tax and solidarity surcharge.

Compared with December 31, 2009, other current financial assets fell by EUR 457 thousand to EUR 260 thousand (December 31, 2009: EUR 717 thousand). As at December 31, 2010, other current assets mainly comprised tax refunds, rental deposits and other receivables.

The Management Board assumes that there are useable tax loss carryforwards that match the amount of the taxable income of the parent company and also of PROGEN Biotechnik GmbH and Multimatrix GmbH. More extensive tax loss carryforwards of november AG in an amount of EUR 56,700 thousand are still subject to an external tax audit and involve considerable uncertainty; consequently, these loss carryforwards have not been considered further in the balance sheet.

The deferred tax liabilities resulted from different depreciation periods for intangible assets compared with the fiscal balance sheet.

Due to faster payment processing, trade accounts payable fell by EUR 224 thousand to EUR 188 thousand (December 31, 2009: EUR 412 thousand).

The other current financial liabilities fell significantly by EUR 3,506 thousand to EUR 2,629 thousand (December 31, 2009: EUR 6,135 thousand). This reduction was due to the interest and loan waivers, which were recognized under paid-in capital.

The lender CAMKAN is principal shareholder.

The amount shown for other current financial liabilities as at December 31, 2010 includes the following major items of finance:

	CAMKAN EUR '000	tbg EUR '000	Total EUR '000	of which subordinated EUR '000
Loan to november AG	1,463	0	1,463	1,376
Loan to PROGEN Biotechnik GmbH	171	0	171	0
Loan to Multimetrix GmbH	0	456	456	0
	1,634	456	2,090	1,376

Other current liabilities include liabilities arising from sales tax (EUR 57 thousand), from personnel liabilities (EUR 32 thousand) and other liabilities (EUR 450 thousand).

Other non-current financial liabilities totaling EUR 1,224 thousand relate to the non-current portion of the liability of PROGEN Biotechnik GmbH and november AG towards CAMKAN amounting to EUR 1199 thousand and to deferred tax liabilities (EUR 25 thousand). These taxes relate to the technology assets recognized as part of the purchase price allocation for the acquisition of the PROGEN Group.

Provisions in an amount of EUR 72 thousand (December 31, 2009: EUR 179 thousand) include tax provisions (EUR 42 thousand) and other provisions (EUR 30 thousand).

Due to the consolidated result and the loan waivers by the majority shareholders for the period January 1 to December 31, 2010, consolidated equity increased significantly to EUR -1,394 thousand (December 31, 2009: EUR -3,770 thousand).

4.2.3. Financial situation (cf. note 3.19)**4.2.3.1. Cash flow from operating activities**

During the 2010 year under review, the cash flow from operating activities was EUR 52 thousand (December 31, 2009: EUR 119 thousand). This represented a change of EUR 67 thousand on the previous year.

4.2.3.2. Cash flow from investment activities

The cash flow from investment activities declined by EUR 650 thousand to EUR -85 thousand (2009: EUR -565 thousand).

4.2.3.3. Cash flow from financing activities

Overall, the outflow of cash from the repayment of loans and the inflow of cash from the capital increase resulted in a negative cash flow from financing activities of EUR -230 thousand (2009: EUR -593 thousand).

4.2.3.4. Cash and cash equivalents

Cash and cash equivalents fell by EUR 263 thousand to EUR 409 thousand as a result of the aforementioned measures.

4.3. Opportunities and risks

Since 2006 the Company's development has been characterized by numerous events and insolvency/an extreme risk of insolvency. The Management Board member, Dr. Zurek, is therefore focusing 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 the november Group operates 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 health-care 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 constant liquidity shortages and ongoing negotiations to restructure existing finance. Many of the problematic areas have now been eliminated/placed on a new footing.

The share capital increase of EUR 462 thousand that was 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

In accordance with § 91 para. 2 of the German Stock Corporation Act [AktG] november AG must implement a group-wide, structured risk management system. 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 allows 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 multi-year 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 regarding 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

The capital reduction in a ratio of 3:1 in the third quarter of 2009 resulted in the share price being increased to EUR 1.1 as of July 23, 2009. This produced income from the capital reduction of EUR 9,361 thousand. The capital reduction in a ratio of 3:1 was entered in the Commercial Register and implemented on July 23, 2009. On December 31, 2010, the share price closed at EUR 0.80 per share in XETRA trading on the Frankfurt Stock Exchange.

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 spread in 2010 (EUR)	0.64 – 1.03
Analysts:	performaxx Research GmbH
Designated Sponsor	VEM Aktienbank AG

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.

4.6. Additional information

4.6.1. Segmental Report

In accordance with the internal reporting structure of the consolidated companies, the segmental report is prepared in one product segment for each company. The segmental financial information is therefore as follows:

Segment information as at 12/31/2010 november Group	01/01-12/31/2010 EUR '000	01/01-12/31/2009 EUR '000
Sales revenues:		
PROGEN Biotechnik GmbH	4,506	5,297
Multimetrix GmbH	539	415
november AG	-967	-461
Sales revenues from continuing business units	4,078	5,251
Operating result:		
PROGEN Biotechnik GmbH	-87	522
Multimetrix GmbH	-235	-142
november AG	24	-597
Operating result from continuing business units	-298	-217

Sales revenues for the business units fell as a result of the loss (under an asset deal) of the AXIS-Shield product groups by PROGEN Biotechnik GmbH.

The row labeled "november AG" contains all consolidation-related items and all income/expenses that can be attributed to the parent company. For the period under review from January 1 to December 31, 2010, consolidated sales revenues for the continuing business units were broken down by sales region as follows:

Sales revenues	01/01-12/31/2010 EUR '000	01/01-12/31/2010 Percentage share	01/01-12/31/2009 EUR '000	01/01-12/31/2009 Percentage share
Germany	2,238	54.9	3,257	62.0
European Union	996	24.4	1,074	20.5
International	844	20.7	920	17.5
Total	4,078	100.0	5,251	100.0

The key assets are held by the subsidiary company in Heidelberg or the parent company in Cologne.

4.6.2. Explanatory report by the Management Board concerning disclosures pursuant to § 315 para. 2 no. 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 and valuation 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.

4.6.3. Information pursuant to § 315 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.

4.6.4. Information pursuant to § 315 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.

4.6.5. Information pursuant to § 315 para. 4 no. 7 of the German Commercial Code [HGB]

Under the AGM resolution adopted on July 21, 2010, the Management Board of november AG is authorized to repurchase treasury stock. The powers of the Management Board regarding the issue of shares are governed by §§ 5 and 6 of the Company's Articles of Association.

As at the reporting date of December 31, 2010, there were no further disclosures pursuant to § 315 of the German Commercial Code [HGB].

4.6.6. 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 an 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. Since 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 indirect drawings were largely charged on to november AG as cost apportionments.

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. Frankenreiter 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. Statement on management of the Company

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 regular meetings, held telephone conferences and decided on cost apportionments. The corresponding minutes of these meetings were promptly documented.

4.8. 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.

november AG anticipates continued growth in sales revenues of 10 to 15 percent for the 2011 and 2012 fiscal years as a result of successively extending its services for the subsidiaries. In terms of costs, further restructuring measures are expected to bring savings, especially in the areas of consultancy and preparation of financial statements. The acquisition of subsidiaries is also expected to bring significant synergistic effects.

Sales at PROGEN Biotechnik GmbH were in line with budget at the beginning of the 2011 fiscal year. Liquidity was available at all times. The loan agreements between PROGEN Biotechnik GmbH, november AG and Camkan Invest S.a.r.l. have been renegotiated in 2011. These measures will result in a further improvement in the short- and long-term financial situation.

PROGEN Biotechnik GmbH has concluded a cooperation agreement with Multimatrix GmbH under which the distribution rights for products developed by Multimatrix 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 and MIKROGEN GmbH have been cooperating 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, a subsidiary of MIKROGEN that primarily focuses on providing services in the field of Luminex technology, were taken over by PROGEN/Multimatrix. november AG expects this to result in a marked expansion of its services portfolio.

The certification implemented in 2010 will improve 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.

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, through repayments, one-off payments and the renegotiation of loan agreements has enabled financial stabilization.

4.9. 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 §§ 297 para. 2 sentence 4 and 315 para. 1 sentence 6 of the German Commercial Code [HGB]

The Management Board issues an assurance that to the best of its knowledge, the Consolidated 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 Consolidated Management Report of november AG for the 2010 fiscal year describes the course of business including business results and the position of the Group in such a way that it presents a true and fair view and also describes the main opportunities and risks in accordance with § 315 para. 1 sentence 5 of the German Commercial Code [HGB].

Cologne, March 28, 2011
november AG

Dr. Dirk Zurek
Management Board