

Quarterly report as of March 31, 2005

Biotest Aktiengesellschaft, Dreieich





Group structure

At Biotest, research and development projects for monoclonal antibodies have taken on a high strategic importance. As part of our strategic reorientation, we have thus expanded our management reporting to include the monoclonal antibodies segment. According to the current status, no revenues will be disclosed here, but only the research and development costs of the projects. In addition, in our Corporate Segment, we map issues that affect the entire company, such as our Board of Management, Investor Relations, Treasury, strategic corporate projects and results which can not be allocated to the existing segments. Comparable figures from the previous year have been adjusted accordingly.

Revenue growth continues to be cautious yet positive

Revenues in the first quarter of 2005 were € 55.8 million and thus higher than our forecast despite a downturn of 3.8 % compared to the previous year. The downturn occurred in our Pharmaceutical segment due to the absence of tender business.

The individual segments developed as follows:

Segment	Q1/2005 € million	Q1/2004 € million
Pharmaceutical	36.7	38.8
Diagnostic	19.1	19.3
Group	55.8	58.1

The **Pharmaceutical segment** was able to increase its revenues by 9.9 % in Germany due to the excellent growth of our immunoglobulins, caused by the launch of Intratect® in September 2004. As a result of the absence of tender business, revenues in the Middle East fell by € 2.9 million as expected; the high margin business in the remainder of Europe was 8.6 % down on the previous year.

In addition to our immunoglobulins, our Factor VIII Haemotin® SDH enjoyed highly positive growth. Hepatect® CP and Cytotect® were down, but up on forecast.

We acquired a plasmapheresis station in Halle, Germany, during the first quarter. This means that we are able to increase the percentage of raw materials which we supply ourselves in line with our strategy, and thus further break away from the impact of the global market.

In our **Diagnostic segment**, sales almost matched the previous year at € 19.1 million (€ 19.3 million). Downturns in the US and Asia were only partially compensated by growth in Europe. Revenues in Germany were at the same level as the previous year at € 6.7 million.

Hycon was able to maintain its revenues at the same level as the previous year due to the excellent growth of Heipha products. Transplant and infection diagnostics recorded lower revenues, whereas transfusion diagnostic products grew well.

We are anticipating significantly higher revenues in this segment for the second half of the year due to marketing our fully automated TANGO Optimo blood grouping device in the US.

In the **Monoclonal Antibodies segment**, at the current time research expenses total € 0.7 million for our development projects BT-o61 to treat rheumatoid arthritis and psoriasis, BT-o62 for a new therapy approach for patients with multiple myeloma, and BT-o63 to treat systemic lupus erythematosus and other autoimmune diseases. Work is proceeding on schedule. In September 2004 the development candidates BT-o61, BT-o62 and BT-o63 were all subject to a review by independent, internationally renowned experts. The reviews confirm our expectations.

In January 2005, Biotest AG and Lonza Biologics, UK, concluded a manufacturing agreement for the production of additional GMP-compatible consistency batches of Biotest's monoclonal antibody BT-o61. Biotest's high-yield expression system combined with Lonza's technology system for the production of monoclonal antibodies provides the basis for competitive production costs and guarantees the provision of the active ingredient for the long-term treatment of chronic diseases.

In January, Biotest AG and AERES Biomedical, Ltd. also brought the humanization of the monoclonal antibody BT-o62 to a successful conclusion. BT-o62 had already proven itself to be extraordinarily effective in animal testing for the disease. These milestones are key steps on the path to clinical development of the drug.

Operating result up marginally year-on-year

The operating result was up slightly compared to Q1 2004 by € 0.1 million to € 5.3 million despite revenues € 2.3 million lower. Biotest was able to achieve this excellent result despite several extraordinary factors influencing the cost of sales. For example we were able to sell a large stock of Factor VIII at an extraordinarily low price in a one-off event. We produced this stock last year for a Brazilian tender deal which we were then not awarded after intervention by the competition. Unanticipated additional expenses of approx. € 1.1 million resulted from defective lots being above average. Sales and marketing costs fell due to falling commission.

Financial position

Total assets fell by € 10.3 million or 2.9 %. The key factor behind this downturn is the repayment of financial liabilities and a reduction in trade payable.

In our cash flow, the payment of trade payables and increased receivables led to net cash used in operating activities of € 4.2 million.

Together with investments and the repayment of financial liabilities, cash and cash equivalents fell by € 16.2 million to € 3.4 million compared to the balance sheet date.

At the start of the year, two banks exited our collateral trustee agreement. As a result, these loans were also repaid.

With regard to the transfer of part of the short-term credit line to a long-term loan as part of a syndicated loan, Biotest has a draft contract with the syndicate's lead manager, and is currently holding negotiations with all of the participating syndicate banks.

Human Resources

On March 31, 2005, the number of employees in the Biotest group totaled 1,024 full-time employees, an increase of 15 employees on the end of 2004. Staff numbers were increased in research and development, production and sales.

Outlook

We are forecasting slightly higher revenues in 2005 than in the past financial year.

A larger transaction with a customer in the Middle East has already been agreed in our Pharmaceutical segment – deliveries are scheduled for the coming months. We are anticipating initial fractioning revenues from our joint venture BioDarou towards the end of the year. We are forecasting approval of Intratect® in European countries outside Germany based on the MR method for the end of the year, which means that initial revenues would ensue at the start of next year.

In the Diagnostic segment, revenues will enjoy a major increase during the second half of the year when we start to market TANGO Optimo in the US. We have started to develop further-reaching projects in order to expand our presence on the US market. We could do this with partners, but also alone.

For financial year 2005 we are forecasting an above-average increase in the operating result, in proportion to revenues. As a result, profit after tax will also increase.

Quarterly financial statements of the Biotest group as of March 31, 2005

All figures in € million

Group Balance Sheet

Assets	March 31, 2005	December 31, 2004	March 31, 2004
Intangible assets	5.6	6.2	3.5
Property, plant and equipment	147.8	147.4	145.3
Financial assets	0.6	0.6	0.6
Non-current assets	154.0	154.2	149.4
Inventories	116.7	116.7	109.9
Trade receivables	61.9	56.1	61.3
Other assets	6.2	5.5	7.3
Cash and cash equivalents	3.4	19.6	5.1
Current assets	188.2	197.9	183.6
Deferred tax assets	5.8	6.2	3.4
Total assets	348.0	358.3	336.4
Liabilities and shareholders' equity			
Issued capital	20.5	20.5	20.5
Share premium	79.0	79.0	79.0
Retained earnings	6.6	1.5	2.6
Consolidated net income	1.4	5.0	0.2
Equity	107.5	106.0	102.3
Minority interests	2.2	1.9	1.7
Provisions for pensions and similar obligations	35.8	35.5	34.8
Provisions for taxes	1.6	1.2	1.6
Other provisions	24.7	20.5	22.5
Provisions	62.1	57.2	58.9
Financial liabilities	154.2	163.7	152.1
Trade payables	9.1	16.6	6.5
Other liabilities	10.8	10.8	12.9
Liabilities	174.1	191.1	171.5
Deferred provisions for taxes	2.1	2.1	2.0
Total equity and shareholders' liabilities	348.0	358.3	336.4

Group Income Statement

	Q1/2005	Q1/2004
Revenue	55.8	58.1
Cost of sales	-31.1	-29.8
Gross profit	24.7	28.3
Sales and marketing costs	-11.4	-12.4
Administrative costs	-4.6	-4.6
Research and development costs	-3.6	-3.7
Other operating income and expenses	0.2	-2.4
Operating result	5.3	5.2
Financial result	-2.5	-3.6
Profit before tax	2.8	1.6
Taxes	-1.2	-1.1
Profit after tax	1.6	0.5
Minority interests	-0.2	-0.3
Consolidated net income	1.4	0.2
Earnings per share (in euros)	0.17	0.03

Statement of Changes in Equity

	Q1/2005	Q1/2004
Biotest AG shareholders' equity (Jan. 1)	106.0	101.9
Consolidated profits Q1	1.4	0.2
Currency impact during period	0.1	0.2
Biotest AG shareholders' equity (March 31)	107.5	102.3

Cash Flow Statement

	Q1/2005	Q1/2004
Cash flow from operating activities	-4.2	6.7
Cash flow from investing activities	-2.6	-3.1
Cash flow from financing activities	-9.4	-10.7
Net change in cash and cash equivalents	-16.2	-7.1
Changes in cash and cash equivalents due to currency translation	0.0	0.1
Cash and cash equivalents as of January 1	19.6	12.1
Cash and cash equivalents as of March 31	3.4	5.1

Notes

- The above report of the Biotest group for the first quarter of 2005 is in line with International Accounting Standard No. 34.
- The same accounting and valuation methods were applied as for the preparation of the IFRS consolidated financial statements for fiscal year 2004.
- This report is unaudited.
- Segment reporting

Segment	Q1/2005	Q1/2004
Pharmaceutical	36.7	38.8
Diagnostic	19.1	19.3
Biotest group	55.8	58.1

Segment	Q1/2005	Q1/2004
Pharmaceutical	5.4	4.8
Monoclonal antibodies	-0.7	-0.3
Diagnostic	1.4	1.4
Corporate	-0.8	-0.7
Biotest group	5.3	5.2

	March 31, 2005	December 31, 2004
Sales	313	309
Administration	131	132
Production	478	472
Research and development	102	96
Biotest group	1,024	1,009

Biotest AG

Landsteinerstr. 5
63303 Dreieich, Germany
PO Box 10 20 40
D-63266 Dreieich, Germany

Tel. +49 (0) 6103 801-444
Fax +49 (0) 6103 801-880
Internet: www.biotest.de