



Key Figures

GROUP		Q1 2007	Q1 2006	Change %
Revenue	€ million	75.7	67.5	12.1
thereof: Germany	€ million	25.6	21.2	20.8
Rest of world	€ million	50.1	46.3	8.2
thereof: Pharmaceuticals	€ million	55.8	47.4	17.7
Diagnostics	€ million	19.9	20.1	-1.0
EBITDA	€ million	11.7	10.3	13.6
EBIT	€ million	8.0	6.9	15.9
EBIT in % of revenue	%	10.6	10.2	
Profit before tax	€ million	6.1	5.0	22.0
Profit after tax	€ million	4.2	3.0	39.1
Earnings per share	€	0.35	0.25	40.0
Financing:				
- Cash flow*	€ million	12.3	4.6	167.4
- Depreciation and amortisation	€ million	3.7	3.4	8.8
		31.3.2007	31.12.2006	
Equity	€ million	183.5	179.3	2.3
Equity ratio	%	48.4	49.5	
Number of employees (full-time equivalents)		1,185	1,149	3.1
* from operating activities				

- Good start in 2007: sales up by 12.1%, increase in EBIT of 15.9%
- Plasma protein success continues
- Measures to improve profit in the Diagnostic segment
- Biotherapeutics: clinical development of BT-061 launched successfully

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Interim report as of 31 March 2007

At a glance

The Biotest Group recorded a good start in financial year 2007 and has continued on its course of profitable growth. Consolidated sales in the first quarter of 2007 rose by 12.1% compared with the first quarter of 2006 while operating profit (EBIT) increased by 15.9%. Pharmaceutical business was once again the key growth and profit driver. In the segments of immunoglobulins and coagulation factors, sales clearly exceeded the figures for the previous year. Conversely, sales in the Diagnostic segment were slightly down. The costs of developing Biotherapeutics more than doubled compared with the previous year. For BT-061, the Phase I clinical trial has been launched. Application has been made in the first quarter of the year for approval of Phase I/II clinical trials for the indication of rheumatoid arthritis.

Strategy

The strategic development of Biotest continues seamlessly from financial year 2006. Our aim remains to expand our position as a global specialist for innovative immunology and haematology.

With regard to plasma proteins (Pharmaceutical segment), the focus is on further growth in the core market of Europe, entry into the attractive US market and exploitation of additional market potential through the clinical development of new indications. On the basis of prospective increases in sales volumes, Biotest is expanding its capabilities in plasmapheresis and pharmaceutical production.

In the Diagnostic segment, Biotest will continue to focus on the two strategic divisions of Immunology and Industrial Microbiology. In Immunology, Biotest plans to develop into a full-service provider for transfusion diagnostics in the USA. This status has already been achieved in Europe. In addition, assessments are underway to establish how a more favourable cost structure can be attained via partnerships. In Industrial Microbiology, activities will be globalised and new customer segments developed.

In the Biotherapeutic segment, the focus is on the clinical development of three monoclonal antibodies as well as their subsequent commercialisation through our own marketing and partial licensing.

Market environment

Changes in the economic conditions have been insignificant compared with their presentation in the 2006 Annual Report.

According to the sector association, PPTA, demand for immunoglobulins in the USA continued to rise in the plasma protein segment while the trend in plasma-based coagulation factors was stable. Prices remained largely at the 2006 year-end level. The German market saw advance purchases, since discounts to pharmacies and wholesalers are no longer permitted after April 2007. The difficult situation in the European market for immunological diagnostics was unbroken. At the same time, demand from the pharmaceutical, cosmetic and food industries for industrial microbiology products remained high. The potential sales figures for the biotherapeutics in development were confirmed in the first quarter of 2007.

Business development

In the first quarter of 2007, sales at Biotest totalled €75.7 million and exceeded the previous year's level by 12.1%. Sales in Germany were up by around 21% and in the rest of Europe by 19%. Biotest achieved overproportional growth in the UK and Austria. Conversely, the business volume in the Asian market decreased. The previous year's figure for this region was influenced by a substantial delivery to Iraq.

Pharmaceutical segment

Growth was primarily generated by the Pharmaceutical segment, which recorded a rise in business volume of 17.7% to €55.8 million. The increase of 29.9% in the German market was particularly marked. This was partly due to non-recurring effects resulting from advance purchases in view of the rebates which will be discontinued.

Sales of the polyvalent immunoglobulin Intratect® have more than doubled compared with the first quarter of 2006. Outside the German market, Intratect® once again met with extraordinary success in the UK. 45% of all Hepatect® sales are attributable to the new Hepatect® FH, which is produced with the filter aid procedure and which received approval in an additional six European countries in November 2006. In Germany, sales of Cytotect® also rose sharply. This was partly due to the fact that in individual cases, gynaecologists have already started prescribing the drug to pregnant women with a cytomegalovirus infection after carefully ascertaining this indication. It highlights the potential of Cytotect® for this particular indication. Biotest is planning the launch of a comprehensive multicentred clinical trial in the current financial year.

Coagulation factor sales outstripped the previous year's level by almost 40%. The increase is mainly attributable to higher sales in the Russian market. Biotest aims to put in place comprehensive insurance to cover the resultant additional accounts receivable.

Sales relating to Human Albumin have decreased considerably compared with the first three months of 2006. The level of the previous year's figures was extraordinarily high, since it comprised a major delivery to Iraq.

Diagnostic segment

In the Diagnostic segment, sales totalled €19.9 million (previous year: €20.1 million). In Immunological Diagnostics a loss of 8.6% was recorded. At the same time, Biotest increased the business volume in industrial microbiology (hygiene monitoring) by 11.2%. This means that around 43% of Diagnostic sales were attributable to hygiene monitoring.

In Transfusion Diagnostics, which is part of Immunological Diagnostics, sales generated with the TANGO® system for blood group determination and the associated subsequent services exceeded the figure for the previous year. Nevertheless, sales performance remains unsatisfactory. In the USA, the newly established Sales and Service Team has prepared the first placements.

Growth in industrial microbiology resulted mainly from the continued increase in sales of reagents and culture media by our affiliate company, Heipha Dr. Müller GmbH in Eppelheim.

Earnings position

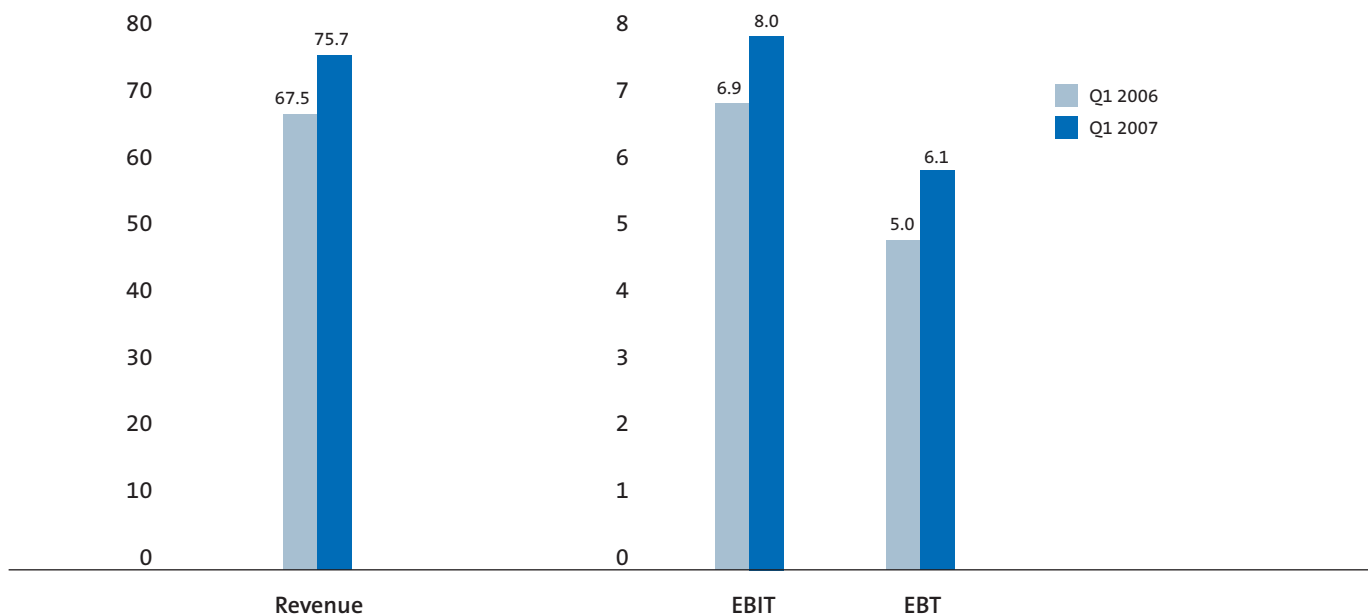
Operating profit (EBIT) climbed 15.9% to €8.0 million (previous year: €6.9 million). The profit to sales ratio based on EBIT improved from 10.2% to 10.6%. Profit before tax amounted to €6.1 million (previous year: €5.0 million), profit after tax to €4.2 million (previous year: €3.0 million). This resulted in an increase in earnings per share of €0.10 to €0.35.

The decisive factors producing this positive profit trend were a disproportionately low increase in cost of sales, which amounted to 47.6% (previous year: 49.8%) of sales in the first quarter of 2007, and only moderate growth in distribution and administrative expenses in relation to sales growth.

As scheduled, Biotest scaled up research and development expenses further, from €5.6 million in the previous year to €8.1 million. Of the increase, 82% was attributable to the Biotherapeutic segment. Biotest also invested more heavily in the clinical development of plasma proteins for new indications and in achieving expanded approval of products according to the mutual recognition procedure in the European Union (MR procedure).

Revenue, EBIT and profit before tax

€ million



Due to a higher level of deferrals, the balance of other operating income and expenses reduced from € –1.0 million to € –1.6 million.

At € –1.9 million, the financial result was at the level for the same period in the previous year. Savings resulted from the improved terms for the syndicated loan agreement signed in the previous year while increased costs resulted from the higher interest rate level and extended use of factoring.

Financial position and statement of assets

The cash flow from operating activities totalled €12.3 million in the first quarter of 2007, which represents a significant increase on the previous year (€4.6 million). Higher cash outflows from investing activities of €7.5 million (previous year: €2.2 million) were largely attributable to the expansion of pharmaceutical production and the associated GMP upgrade as well as the construction of a new production facility in the Diagnostic segment. The high level of cash flow from operating activities enabled the financing of investments and the scheduled reduction in financial liabilities. In total, liquid funds rose by €3.4 million to €12.3 million in the first three months of 2007.

The balance sheet of the Biotest Group increased to €379.0 million (year-end 2006: €362.1 million). Additions to property, plant and equipment following accelerated investment activity, a growth-driven increase in inventories and a higher volume of accounts receivable impacted on the assets side of the balance sheet. The liabilities were affected, in particular, by the rise in current liabilities, which was mainly attributable to a higher level of trade payables in connection with the expanded business volume and additions to provisions.

Equity amounted to €183.5 million (year-end 2006: €179.3 million), or 48.4% of the balance sheet total.

Research and development

In the first quarter of 2007, Biotest stepped up its research and development activities once again.

The focus of activities in the Pharmaceutical segment was on completing the approval applications for the coagulation preparations, Haemoclin® (factor VIII) and the new development Haemonine® (factor IX), as well as Albumin FH, under the MR procedure. Other preparations included the clinical development of products, which have already been launched, for new indications with a high medical demand. Plans are in place to launch a comprehensive Phase III clinical trial this year for Cytotec® in the indications of prevention and treatment of congenital cytomegalovirus infection during pregnancy. Over an expected period of two years, more than 20,000 pregnant women will be examined regularly. Approval is expected in 2009 at the earliest. In addition, Biotest will start a clinical trial by mid-year to achieve approval of a medical product designed for interim storage of grafts during coronary bypass surgery.

In the Biotherapeutic segment, Biotest has launched the Phase I clinical trial of BT-061 on the basis of the approval granted in December 2006. The treatment phase of this trial started in February this year. The relevant clinical data on tolerability and the safety profile as well as first evidence regarding efficacy are expected to be available by the end of the year. Application was made in the first quarter of 2007 for approval of a combined Phase I and II clinical trial for the indication of rheumatoid arthritis. Pre-clinical testing of BT-062 has progressed as scheduled. The high specificity of the target structure and the effectiveness of the immunoconjugate, which consists of BT-062 and a toxin of ImmunoGen, have been confirmed with impressive results in additional tests using animal models. The start of the Phase I clinical trial is scheduled for 2008. Given the urgency for new therapeutic options in connection with the disease of multiple myeloma, our aim is for the approval procedure to be fast-tracked.

Personnel

As of 31 March 2007, the Group employed 1,185 staff (full-time equivalent), which represents an increase of 3.1% on the figure for the previous quarter (1,149). Essentially, recruitment of staff for the new plasmapheresis facility in Cologne and in connection with setting up the sales team at our US subsidiary accounted for the increase.

Risk report and report on opportunities

There has been no change with regard to the tax risk mentioned in the 2006 Annual Report relating to denatured alcohol used in plasma processing. The final decision on the application by Biotest on the grounds of fairness for retrospective exemption from the tax on spirits is still outstanding. As before, Biotest assumes that the application will be successful.

The preliminary investigation against Biotest AG and Biotest Pharma GmbH on the grounds of suspected breach of the Foreign Trade and Payments Act (AWG) under the Oil for Food Programme of the United Nations relating to deliveries to Iraq remains pending. Biotest believes that the allegations are unfounded.

The current government draft of the Act on Corporation Tax Reforms may impact on the financial position of Biotest in the future. This is due to the fact that lower tax rates are likely to reduce deferred tax assets on the assets side of the balance sheet. The plans to change regulations so that interest expenses can no longer be deducted in full from the amount subject to tax would also make an impact. However, the legislative process is still ongoing.

There have been no other material changes in the risks and opportunities for the Biotest Group compared with the presentation in the 2006 Annual Report.

Events after the end of the first quarter

In the run-up to the 2007 Annual Shareholders' Meeting, the Supervisory Board of Biotest AG approved the proposal of the Board of Management to establish a limited liability company and a potential transfer of the major immunological diagnostic activities to this company following a structural analysis. In terms of company law, this creates the conditions for extensive partnership. In addition, Biotest introduced measures in April 2007 to improve earnings in Immunological Diagnostics, with the support of corporate consultants Roland Berger. These measures comprise reducing costs by streamlining the product portfolio, increasing efficiency and other optimisation measures relating to international sales while exploiting opportunities to increase sales.

At the Annual Shareholders' Meeting on 3 May 2007, the shareholders voted for all proposed resolutions of the management with a great majority. Accordingly, Biotest has paid a dividend of €0.24 per ordinary share (previous year: €0.12) and of €0.30 per preference share (previous year: €0.18). The relevant outflow of funds from financing activities totalling €2.8 million will reduce equity in the second quarter of 2007.

Outlook

Following the positive developments in the first quarter of 2007, Biotest confirms the statements made in the Annual Report regarding the business development and earnings position expected up to the 2007 year-end. On this basis, we forecast an increase in sales at Group level of 5% to 7%, mainly based on the trend in the Pharmaceutical segment, and an increase in profit.

According to expectations at Biotest, economic conditions will only change negligibly in the coming months. With regard to plasma proteins, Biotest anticipates a moderate rise in price and volume. In immunological diagnostics, we expect the market to remain difficult, while conditions for industrial microbiology continuing to be favourable.

In the Pharmaceutical segment, we expect continued growth in sales of immunoglobulins. However, in our estimate this will be more restrained than in the first quarter, which recorded a high level of advance purchases in the domestic market. Sales of coagulation factors and albumins are also expected to exceed the previous year's level.

The Diagnostic segment will face a scheduled sales reduction in the strategic division of Immunology, primarily as a result of the fact that business in the USA is only beginning gradually. At the same time, sales in industrial microbiology are set to rise.

As of the 2007 year-end, Biotest aims to have four products in approval phases at EU level. The aim is to run Phase III clinical trials of Cytotect® (indication cytomegalovirus during pregnancy), Intratect® (indication fibromyalgia) and the medical product for coronary bypass surgery. In the Biotherapeutic segment, the BT-061 is scheduled to be developed in two clinical trials (psoriasis, rheumatoid arthritis) of Phases I and I/II respectively by the year-end.

Income Statement

of the Biotest Group

€ million	Q1 2007	Q1 2006
Revenue	75.7	67.5
Cost of sales	– 36.0	– 33.6
Gross profit	39.7	33.9
Other operating income	0.6	1.0
Distribution expenses	– 16.3	– 15.1
Administrative expense	– 5.7	– 5.3
Research and development expense	– 8.1	– 5.6
Other operating expenses	– 2.2	– 2.0
Operating profit	8.0	6.9
Financial result	– 1.9	– 1.9
Profit before tax	6.1	5.0
Income tax	– 1.9	– 2.0
Profit after tax	4.2	3.0
thereof:		
Retained earnings attributable to equity holders of the parent company	3.7	3.3
Minority interest	0.5	0.3
Earnings per share in €	0.35	0.25

Balance Sheet

of the Biotest Group

€ million	31 March 2007	31 December 2006
ASSETS		
Intangible assets	5.9	5.5
Property, plant and equipment	126.1	122.1
Financial lease assets	24.0	24.6
Investments in affiliates	0.1	0.1
Investments in associates	1.0	1.0
Other investments	0.3	0.3
Other assets	0.3	0.1
Deferred tax assets	9.3	9.2
Non-current assets	167.0	162.9
Inventories	108.8	104.8
Trade receivables	79.5	73.9
Current income tax assets	1.1	1.2
Cash and cash equivalents	12.3	8.9
Other assets	10.3	10.4
Current assets	212.0	199.2
TOTAL ASSETS	379.0	362.1
EQUITY AND LIABILITIES		
Subscribed capital	27.3	27.3
Share premium	122.9	122.9
Reserves	26.5	10.4
Retained earnings attributable to equity holders of the parent company	3.7	16.0
Shareholders' equity	180.4	176.6
Minority interest	3.1	2.7
Total equity	183.5	179.3
Provisions for pensions and similar obligations	43.4	43.1
Other provisions	3.0	3.5
Financial liabilities	62.7	64.7
Deferred tax liabilities	3.1	2.7
Non-current liabilities	112.2	114.0
Other provisions	13.5	10.9
Current income tax liabilities	5.0	4.7
Financial liabilities	17.3	16.7
Trade payables	30.8	23.5
Other liabilities	16.7	13.0
Current liabilities	83.3	68.8
Liabilities	195.5	182.8
TOTAL EQUITY AND LIABILITIES	379.0	362.1

Consolidated Statement of Changes in Equity

€ million	2007	2006
Equity as of 1 January	179.3	169.0
Profit after tax	4.2	3.0
Currency impact during period	0.0	- 0.3
Gains recognised immediately in equity	0.0	0.2
Equity as of 31 March	183.5	171.9

Cash Flow Statement

€ million	2007	2006
Cash flow		
Net cash from operating activities	12.3	4.6
Net cash used in investing activities	- 7.5	- 2.2
Net cash used in financing activities	- 1.4	- 0.4
Cash changes in cash and cash equivalents	3.4	2.0
Exchange rate-related changes	0.0	- 0.1
Cash and cash equivalents as of 1 January	8.9	7.6
Cash and cash equivalents as of 31 March	12.3	9.5

Segment reporting

by business segment

€ million	Q1 2007	Q1 2006	Change %
Revenue			
Pharmaceuticals	55.8	47.4	17.7
Diagnostics	19.9	20.1	- 1.0
Biotest Group	75.7	67.5	12.1
EBIT			
Pharmaceuticals	13.1	8.8	48.9
Diagnostics	0.1	1.0	- 90.0
Corporate	- 1.5	- 1.2	- 25.0
Biotherapeutics	- 3.7	- 1.7	- 117.6
Biotest Group	8.0	6.9	15.9

Schedule of assets – net presentation

€ million	Book value as of 1 January 2007	Capital expenditure	Net disposals	Depreciation	Foreign exchange differences	Book value as of 31 March 2007
Intangible assets	5.5	0.7	0.0	- 0.3	0.0	5.9
Property, plant and equipment	146.7	6.9	- 0.1	- 3.4	0.0	150.1
Total	152.2	7.6	- 0.1	- 3.7	0.0	156.0

Segment Reporting

by region

€ million	Q1 2007	Q1 2006	Change %
Revenue			
Germany	25.6	21.2	20.8
Rest of Europe	36.9	30.9	19.4
America	3.2	3.2	0,0
Asia	9.4	11.6	- 19.0
Rest of world	0.6	0.6	0.0
Total	75.7	67.5	12.1

Quarter-to-Quarter Comparison

€ million	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Revenue					
Pharmaceuticals	55.8	54.8	51.9	51.0	47.4
Diagnostics	19.9	19.2	18.8	18.7	20.1
Biotest Group	75.7	74.0	70.7	69.7	67.5
EBIT					
Pharmaceuticals	13.1	14.0	12.6	12.2	8.8
Diagnostics	0.1	- 1.5	0.0	- 0.1	1.0
Corporate	- 1.5	- 0.9	- 2.2	- 1.4	- 1.2
Biotherapeutics	- 3.7	- 2.1	- 2.8	- 3.3	- 1.7
Biotest Group	8.0	9.5	7.6	7.4	6.9
Profit before tax	6.1	6.0	4.9	5.7	5.0

Other information

Accounting principles

The quarterly report as of 31 March 2007 has been prepared in accordance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB). There have been no changes with regard to the accounting and valuation methods used compared with those used in the consolidated financial statements for 2006. No audit certificate is included in the quarterly report and the report has not been subject to any audit.

Personnel matters

In its meeting on 12 March 2007, the Supervisory Board extended the contract of Prof. Dr. Gregor Schulz, Chairman of the Board of Management, by a further five years.

Financial Calendar

11 May 2007	I. Quarterly Report 2007
10 August 2007	II. Quarterly Report 2007
13 November 2007	Autumn conference for analysts and journalists
13 November 2007	III. Quarterly Report 2007



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This quarterly report contains forward-looking statements on overall economic development as well as on the business earnings, financial and asset situation of Biotest AG and its subsidiaries. These statements are based on current plans, estimates, forecasts and expectations of the company and thus are subject to risks and elements of uncertainty that could result in deviation of actual developments from expected developments. The forward-looking statements are only valid at the time of publication of this quarterly report. Biotest does not intend to update the forward-looking statements and assumes no obligation to do so.