Quarterly Report as of 31 March 2008

Biotest
From Nature for Life

Key figures

GROUP		Q1 2008	Q1 2007	Change %
Revenue	**€ million**	**105.5**	**75.7**	**39.4**
thereof: Germany	€ million	27.2	25.6	6.2
Rest of World	€ million	78.3	50.1	56.3
thereof: Plasma Proteins	€ million	85.3	55.8	52.9
Immunology	€ million	11.0	11.3	– 2.7
Microbiology	€ million	9.2	8.6	7.0
EBITDA	€ million	19.2	11.7	64.1
EBIT	€ million	13.3	8.0	66.3
EBIT in % of revenue	%	*12.6*	*10.6*	
Profit before tax	€ million	9.7	6.1	59.0
Profit after tax	€ million	6.6	4.2	57.1
Earnings per share	€	0.52	0.35	48.6
Financing:				
– Cash flow*	€ million	3.7	12.3	– 69.9
– Depreciation and amortisation	€ million	5.9	3.7	59.5
		31.3.2008	**31.12.2007**	
Equity	€ million	227.4	225.8	0.7
Equity ratio	%	*41.3*	*42.1*	
Number of employees (full-time equivalents)		1,799	1,726	4.2

* from operating activities

- Successful first quarter: sales total €105.5 million and EBIT €13.3 million
- Integration of US plasma protein activities largely completed
- Biotherapeutics: launch of clinical testing of second mAb imminent

Content

Interim Management Report as of 31 March 2008

At a glance

Biotest has enjoyed a very successful start to 2008. Sales of €105.5 million in the first quarter of the year were almost 40% higher than in the first three months of the previous year. Operating profit rose by 66.3% to €13.3 million. The company also achieved substantial and highly profitable growth on a comparable basis, excluding the US plasma protein activities acquired in December 2007.

Biotest has made significant progress on projects that are central to its corporate development. The internationalisation of business was advanced, the restructuring of the diagnostic activities has been completed and important milestones were achieved in research and development projects.

In view of the positive performance in the first quarter of 2008, the Board of Management has confirmed the sales and income forecast provided in the 2007 Annual Report.

Corporate strategy and implementation

Following the acquisition of the US plasma protein activities from Nabi Biopharmaceuticals in December 2007, Biotest has become one of the six major global manufacturers of plasma proteins and has succeeded in entering the attractive US market. The integration into the Group of the assets acquired as part of an asset deal is nearing conclusion. All activities have been transferred to Biotest Pharmaceuticals Corp. (BPC), with registered office in Boca Raton, Florida. Headed by CEO Dr. Rainer Pabst, the management team is complete. BPC is fully integrated into Group planning and reporting.

Following approval by the authorities, the product licence was transferred to BPC and the company has now also been granted authorisation for clinical trials (IND). In addition, we have almost completed the process of pooling all US activities relating to the development and approval of plasma proteins in Boca Raton.

Preparations for the planned expansion of production at the Boca Raton site are also virtually complete. Biotest will expand the plasma fractionation facility to a capacity of 400,000 litres per year.

We have further advanced the process for expanding precision purification capacities for immunoglobulins at the Dreieich site. Following approval of the expanded facilities by the relevant authorities, which we expect to obtain in early 2009, Biotest will have the capacity to produce around four tonnes of immunoglobulins per year. Compared with the current capacity level, this represents double the potential output volume.

With effect from 1 January 2008, Biotest transferred all its activities in immunological diagnostics to the newly established, wholly-owned subsidiary, Biotest Medical Diagnostics GmbH. Since March 2008, sales and administration as well as production have been based at a new location in Dreieich. The site is separate from the remaining company premises of Biotest. The division in terms of organisation and location enhances cooperation opportunities with a strategic partner in this segment. The search for a candidate for such a partnership is underway.

Segmentation

Biotest has adjusted its segmentation for reporting purposes with effect from financial year 2008. The performance of the Immunology and Microbiology segments will now be subject to separate reporting in the interim and annual reports. Previously, the development of both divisions was shown under the Diagnostic segment. We have also renamed the segment previously known as Pharmaceuticals. It is now called Plasma Proteins, with its structure remaining unchanged. The Biotest Group now reports on the basis of the following operating segments:

- Plasma Proteins
- Microbiology
- Immunology
- Biotherapeutics

The overall Group management costs as well as other non-attributable costs are included in the fifth segment, Corporate.

Market environment

There has been no material change in economic conditions relevant to the business of the Biotest Group compared with their presentation in the 2007 Annual Report. As a result of the expansion of Biotest's market position in the USA, the proportion of sales invoiced in US dollars is rising in relation to total Group sales. Since Biotest sells end products on a US dollar basis and also invoices raw materials, intermediate products and services in the same currency, the exchange rate trend for the US dollar has only a minor impact on the business situation and earnings position.

Plasma Proteins

The demand for immunoglobulins, plasma-based coagulation factors and human albumin continues to rise. Despite launching operations at additional plasmapheresis centres, we expect a further moderate upward trend in prices. The prices achievable in the US market remain higher than those realised in Europe.

Microbiology

Microbiological diagnostics continues to operate in a highly dynamic market, which is shaped by growing demand in the pharmaceutical industry for hygiene control and air purification systems. Monitoring requirements and the associated documentation are increasingly resulting in a greater need for solutions based on automated processes.

Immunology

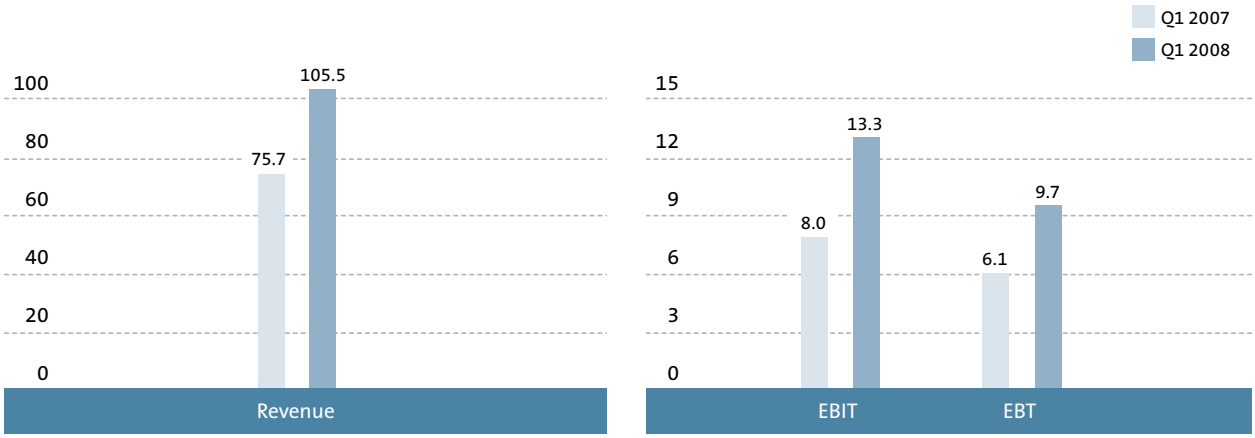
Within Europe, the market environment was marked by persistently fierce competition and pressure on margins. The US market remains attractive. Demand is steady and higher prices can be realised than in Europe.

Business development

With sales totalling €105.5 million in the first quarter of 2008, Biotest exceeded the figure for the first three months of the previous year (€75.7 million) by 39.4%. Growth resulted in part from the first-time consolidation of the business activities of the Biotest Pharmaceuticals Corporation (BPC), in which the US-based plasma protein business is pooled. Excluding these activities, year-on-year sales growth amounts to 18.0%. The table on page 14 of this interim report provides the comparable key figures for Biotest's business situation and earnings position in the first quarters of 2007 and 2008 respectively.

An increase in sales was achieved by all regions, with significant growth in the sales regions America (+384.4% – including BPC contribution), Asia (+58.5%) and the European countries excluding Germany (+25.2 %).

Revenue, EBIT and profit before tax (EBT) € million



Plasma Proteins

At €85.3 million, more than four fifths of total Group sales were attributable to plasma protein business. Compared with sales in the same period of the previous year (€55.8 million), this represents a rise of 52.9%. Excluding BPC sales of €16.2 million, the increase on a comparable basis amounts to 23.8%.

At product level, outstanding growth in sales of 52.7% was achieved with the Haemoctin® factor preparation. The delivery and settlement of a tender for the Russian market as part of an invitation to bid essentially accounted for this figure.

Biotest sales of the immunoglobulin Intratect® and its predecessor product, Intraglobin, were up by 21.0% on the first three months of the previous year. This was largely attributable to growth in the European markets. The increase in sales in both product groups is accounted for by higher volumes sold as well as a rise in price levels.

Almost one third of sales achieved by BPC resulted from income earned by marketing the hepatitis B immunoglobulin, Nabi® HB. Blood plasma sales accounted for the remaining two thirds.

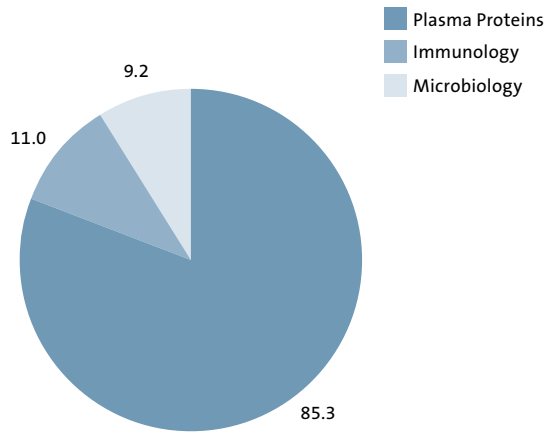
Microbiology

With hygiene monitoring products for air and surfaces, Biotest achieved sales totalling €9.2 million in the first quarter of 2008. This represents growth of 7.0% compared with the previous year. Almost all product groups contributed to this rise, in particular new products launched in recent months. The business trend at our holding company, heipha Dr. Müller GmbH, remained dynamic.

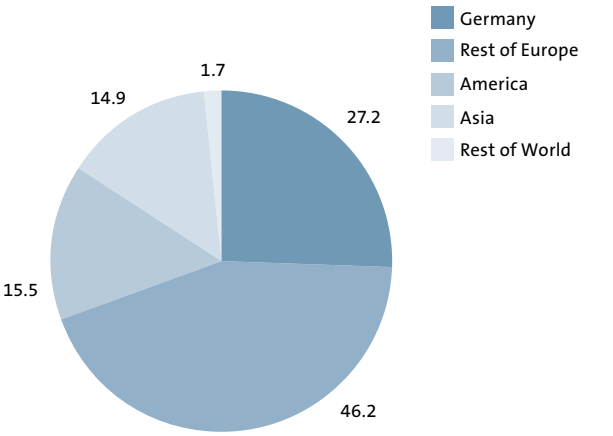
Immunology

Business performance in the Immunology segment was impacted by the ongoing difficult market conditions. Biotest achieved sales of €11.0 million here, representing a decrease of 2.7% on the same period in the previous year. In Europe in particular, product sales of blood group and tissue typing systems recorded a downward trend. In North America (USA and Canada), business volume was up by 17% to €1.4 million. Based on the US dollar figure, sales rose by 35.5%.

Revenue by business segment in € million



Revenue by region in € million



Earnings position

The earnings growth achieved by Biotest in the first quarter of 2008 exceeded sales growth. Operating profit (EBIT) rose by 66.3% to €13.3 million (previous year: €8.0 million). At €19.2 million, earnings before interest, tax, depreciation and amortisation (EBITDA) were up 64.1% on the figure for the first quarter of 2007. Earnings before tax (EBT) increased from €6.1 million to €9.7 million (+59.0%). Excluding the BPC profit contribution, EBIT totalled €11.6 million, which represents a rise of 45.0% on the previous year.

The return on sales for the first quarter of 2008, established on the basis of EBIT, was 12.6%, compared to 10.5% in the previous year. On an annualised basis, the return on capital employed (RoCE) stood at 10.6% (2007: 9.4%).

Earnings per share amounted to €0.52, while the corresponding value for the first quarter of the previous year was €0.35.

In the Plasma Protein segment, EBIT for the first quarter of the year totalled €18.0 million, representing an increase of 37.4% compared with the previous year. This figure includes a contribution from BPC of €1.7 million.

EBIT in the Microbiology segment amounted to €1.5 million (2007: €1.6 million). In the Immunology segment, Biotest recorded EBIT of €–1.0 million (previous year: €–1.5 million).

The operating profit of €–3.4 million (previous year: €–3.7 million) for the Biotherapeutic segment almost exclusively reflects research and development expense relating to monoclonal antibodies.

Costs

Compared with the previous year, the cost of sales rose at a slightly higher rate than sales and totalled to €53.5 million. This led to minor growth in the cost of sales ratio, which stands at 50.7%. The increase is essentially attributable to a marginally less favourable product mix, costs arising as a result of the US production facility not being used to full capacity as well as higher plasma prices in the Plasma Protein segment.

The distribution expense increased in line with the expanded business volume, from €16.3 million to €19.0 million. The growth rate was therefore below that of sales.

Up by 39.5% to €11.3 million, the research and development expense reflects, in particular, the cost of approvals for additional plasma proteins in Europe as well as the research and development expense in the Biotherapeutic segment.

The balance of other operating income and expenses was almost neutral at €–0.2 million. The previous year's figure of €–1.6 million was affected by a higher level of write-downs.

Expenses relating to the financing raised in connection with the acquisition of the US plasma protein business produced a financial result of €–3.6 million after €–1.9 million in the first quarter of 2007.

Capital expenditure, depreciation and amortisation

In the first quarter of 2008, Biotest invested €7.8 million (previous year: €7.6 million). Of this, €1.6 million was attributable to investments in intangible assets and €6.2 million to property, plant and equipment.

Major investment items included the completion of the building complex for Biotest Medical Diagnostics in the Immunology segment and the construction of a pilot plant in the Plasma Protein segment, which will be used to manufacture the IgM concentrate currently under development, as well as the acquisition of plots of land in Dreieich, which will be used to expand the space available for plasma protein production. Moreover, Biotest has invested in the expansion of the SAP software introduced at the end of last year, to include additional functions. Alongside investments, depreciation and amortisation totalled €5.9 million (previous year: €3.7 million).

Financial position and statement of assets

Cash flow from operating activities amounted to €3.7 million in the first three months of 2008 (previous year: €12.3 million). Alongside the good operating profit, working capital was increased, largely as a result of an accumulation of accounts receivable in the US business and the plasma protein delivery to Russia. Cash flow from financing activities contributed a cash inflow of €7.6 million (2007: cash outflow of €1.4 million). This was essentially attributable to financing the increase in working capital.

The balance sheet total of the Biotest Group amounted to €551.1 million as of 31 March 2008, compared with €536.7 million as of the 2007 year-end. On the assets side, the volume of current assets increased to €262.2 million (year-end 2007: €241.9 million). This stemmed mainly from sales-related higher trade receivables. On the liabilities side, the extension of the balance sheet resulted primarily from higher trade payables and a slight increase in provisions and financial liabilities.

As of the reporting date, the equity ratio amounted to 41.3% compared with 42.1% as of year-end 2007.

Research and development

In March 2008, Biotest started the clinical trial to develop the Cytotect® immunoglobulin in the indication of prophylactic treatment of congenital cytomegalovirus infection. More than 20,000 pregnant women are involved in this trial.

The processes for approval of plasma proteins in other European countries have been advanced and completed for some preparations.

Since the beginning of April 2008 Biotest has the approval of the FDA for the first clinical trial (Investigational New Drug, IND) with the BT-062 monoclonal antibody. The US authority awarded orphan drug designation to the antibody in March 2008 for the indication of multiple myeloma. This status in principle provides market exclusivity in the USA of up to seven years after approval is granted for drugs that are being developed to treat rare and serious diseases.

The clinical trial of BT-061 in the indications of rheumatoid arthritis and psoriasis has progressed according to schedule. No results showed a need to adjust previous statements regarding the efficacy and market potential of the antibody.

Personnel

In the first quarter of 2008, staff-related activities focused on the integration of BPC into the Group. Key management posts were filled and further progress achieved in the process to recruit suitable candidates for additional key roles. The number of full-time equivalents within the Biotest Group rose from 1,726 to 1,799 during the period under review.

Risk and opportunities report

There has been no material change in the company's risk position and its opportunities situation from the presentation in the 2007 Annual Report.

In the supplementary report contained in our 2007 Annual Report, we already reported on the positive change in the risk position following the decision by Customs & Excise Head Office in Darmstadt regarding spirit tax on the alcohol used in our plasma protein production.

Outlook

In the first quarter of 2008, the business performance and earnings position of the Biotest Group exceeded expectations slightly. The Board of Management therefore confirms the sales and income forecast for the current financial year. There is no change in our assumption that we will achieve an increase in sales in the region of €400 million, which would represent year-on-year growth of approximately one quarter. We intend to increase earnings before interest and tax by a minimum of 10%.

With regard to new products, we expect approval from further European countries for plasma proteins to be granted in the current year. These include the launch of the factor IX product, Haemonine®, to treat type B haemophilia and the extension of European approvals for Albumin FH®. We also anticipate permission to market Intratect®, which has been further developed, with Biotest including nanofiltration as an additional purification process in its production.

We expect approval for marketing manual reagents for blood group typing in the first half of 2008. This will enable Biotest to offer solutions for manual and automated blood group typing in the USA from under one roof. As a result, Biotest anticipates a significant improvement in the sales opportunities for the automated Tango optimo® system in the USA. This would in turn impact favourably on sales and income in the Immunology segment.

The Microbiology segment is also expected to achieve substantial growth in the US market. Following last year's approval of the culture media produced by heipha Dr. Müller GmbH, numerous potential customers have already progressed to the validation phase for these products. We anticipate a significant increase in the number of orders following completion of this phase.

In the Biotherapeutic segment, Biotest expects to obtain the initial efficacy data from the BT-061 trial as early as the second half of this year. Provided that the outcome is positive, as expected, we will carry out an interim evaluation in the summer and then start the search for partners, with whom we will continue clinical development and the marketing of the product. Furthermore, we expect to be in a position to commence trials of BT-062 with patients from mid-year onwards.

Events after the end of the first quarter

On 22 April 2008, the FDA issued the Biotest Pharmaceuticals Corporation with a general operating licence. This means that all the licences required to produce and market plasma proteins in the USA have been transferred from Nabi Biopharmaceuticals to the Biotest Group.

In April, the European mutual recognition procedures (MRP) were also completed successfully for the factor VIII preparation, Haemoctin®, which has been developed to treat type A haemophilia, and for the hepatitis immunoglobulin, Hepatect® CP. These facilitate Biotest's access to additional European countries, in which the company will be able to market both products.

On 2 April 2008, Biotest concluded a cooperation agreement with the University of Mainz. Under the agreement, the preclinical evaluation of the BT-061 monoclonal antibody will be continued in allergic indications. The corresponding test systems were established as part of an earlier research and development cooperation agreement.

Income Statement

of the Biotest Group

€ million	Q1 2008	Q1 2007
Revenue	105.5	75.7
Cost of sales	– 53.5	– 36.0
Gross profit	**52.0**	**39.7**
Other operating income	1.1	0.6
Distribution expense	– 19.0	– 16.3
Administrative expense	– 8.2	– 5.7
Research and development expense	– 11.3	– 8.1
Other operating expenses	– 1.3	– 2.2
Operating profit	**13.3**	**8.0**
Financial result	– 3.6	– 1.9
Profit before tax	**9.7**	**6.1**
Income tax	– 3.1	– 1.9
Profit after tax	**6.6**	**4.2**
thereof:		
Retained earnings attributable to equity holders of the parent company	**6.1**	**3.7**
Minority interest	0,5	0.5
Earings per share in €	**0.52**	**0.35**

Balance Sheet

of the Biotest Group

€ million	31 March 2008	31 December 2007
ASSETS		
Intangible assets	69.6	73.4
Property, plant and equipment	190.4	191.8
Financial lease assets	21.8	22.4
Investments in affiliates	0.1	0.1
Other investments	0.4	0.3
Other assets	0.4	0.9
Deferred tax assets	6.2	5.9
Non-current assets	**288.9**	**294.8**
Inventories	110.7	116.9
Trade receivables	119.1	101.1
Current income tax assets	1.3	1.2
Cash and cash equivalents	12.8	8.9
Other assets	18.3	13.8
Current assets	**262.2**	**241.9**
TOTAL ASSETS	**551.1**	**536.7**
EQUITY AND LIABILITIES		
Subscribed capital	30.0	30.0
Share premium	153.3	153.3
Reserves	34.2	23.7
Retained earnings attributable to equity holders of the parent company	6.1	15.5
Shareholders' equity	**223.6**	**222.5**
Minority interest	3.8	3.3
Total equity	**227.4**	**225.8**
Provisions for pensions and similar obligations	43.6	43.1
Other provisions	4.5	2.6
Financial liabilities	164.2	162.7
Deferred tax liabilities	4.7	3.8
Non-current liabilities	**217.0**	**212.2**
Other provisions	15.4	16.8
Current income tax liabilities	6.1	6.8
Financial liabilities	27.8	26.1
Trade payables	40.1	32.1
Other liabilities	17.3	16.9
Current liabilities	**106.7**	**98.7**
Liabilities	**323.7**	**310.9**
TOTAL EQUITY AND LIABILITIES	**551.1**	**536.7**

Statement of changes in equity

€ million	2008	2007
Equity as of 1 January	**225.8**	**179.3**
Profit after tax	6.6	4.2
Currency impact during period	– 5.0	0.0
Equity as of 31 March	**227.4**	**183.5**

Cash flow statement

€ million	2008	2007
Cash flow		
Net cash from operating activities	3.7	12.3
Net cash used in investing activities	– 7.0	– 7.5
Net cash used in financing activities	7.6	– 1.4
Cash changes in cash and cash equivalents	**4.3**	**3.4**
Exchange rate-related changes	– 0.4	0.0
Cash and cash equivalents as of 1 Janurary	8.9	8.9
Cash and cash equivalents as of 31 March	**12.8**	**12.3**

Schedule of assets – net presentation

€ million	Book value as of 1 January 2008	Capital exenditure	Net disposals	Scheduled depre-ciation	Depre-ciation PPA	Foreign exchange differences	Book value as of 31 March 2008
Intangible assets	73.4	1.6	0.0	– 0.7	– 0.9	– 3.8	69.6
Tangible assets	214.2	6.2	0.0	– 4.2	– 0.1	– 3.9	212.2
Total	**287.6**	**7.8**	**0.0**	**– 4.9**	**– 1.0**	**– 7.7**	**281.8**

Segment reporting
by business segment

€ million	Q1 2008	Q1 2007	Change in %
Revenue			
Plasma Proteins	85.3	55.8	52.9
Immunology	11.0	11.3	– 2.7
Microbiology	9.2	8.6	7.0
Biotest Group	**105.5**	**75.7**	**39.4**
EBIT			
Plasma Proteins	18.0	13.1	37.7
Immunology	– 1.0	– 1.5	33.3
Microbiology	1.5	1.6	– 6.3
Corporate	– 1.9	– 1.5	– 23.6
Biotherapeutics	– 3.4	– 3.7	7.2
Biotest Group	**13.3**	**8.0**	**65.7**

	31 March 2008	31 December 2007	Change in %
Employees (full-time equivalents)			
Distribution	395	381	3.7
Administrative	240	247	– 2.8
Production	1,028	956	7.5
Research and Development	136	142	– 4.2
Biotest Group	**1,799**	**1,726**	**4.2**
Employees (full-time equivalents)			
Plasma Proteins	1,235	1,174	5.2
Immunology	277	272	1.8
Microbiology	253	252	0.4
Corporate	10	7	42.9
Biotherapeutics	24	21	14.3
Biotest Group	**1,799**	**1,726**	**4.2**

Segment reporting
by region

€ million	Q1 2008	Q1 2007	Change in %
Germany	27.2	25.6	6.2
Rest of Europe	46.2	36.9	25.2
America	15.5	3.2	384.4
Asia	14.9	9.4	58.5
Rest of World	1.7	0.6	183.3
Biotest Group	**105.5**	**75.7**	**39.4**

Quarter-to-quarter comparison

€ million	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Revenue					
Plasma Proteins	85.3	65.2	63.4	62.6	55.8
Immunology	11.0	11.4	10.4	11.2	11.3
Microbiology	9.2	8.8	8.8	8.9	8.6
Biotest Group	**105.5**	**85.4**	**82.6**	**82.7**	**75.7**
EBIT					
Plasma Proteins	18.0	18.3	14.2	15.2	13.1
Immunology	– 1.0	– 1.7	– 2.4	– 0.7	– 1.5
Microbiology	1.5	0.4	1.5	1.3	1.6
Corporate	– 1.9	– 2.3	– 1.0	– 1.3	– 1.5
Biotherapeutics	– 3.4	– 3.6	– 3.1	– 4.3	– 3.7
Biotest Group	**13.3**	**11.1**	**9.2**	**10.2**	**8.0**
Profit before tax	**9.7**	**8.5**	**7.4**	**8.2**	**6.1**

Key figures

Biotest Pharmaceuticals Corporation

	€ million	USD million
Revenue with third parties	16.2	24.2
EBIT	1.7	2.5
EBITDA	3.4	5.0
Cash flow from operating activities	– 0.9	– 1.4

Key figures on a comparable basis

Biotest Group, excluding Biotest Pharmaceuticals Corporation

€ million	2008	2007	Difference in %
Revenue	89.3	75.7	18.0
EBIT	11.6	8.0	45.0
EBITDA	15.8	11.7	35.0
Cash flow from operating activities	4.6	12.3	– 62.6

Other information

Accounting principles

The interim report as of 31 March 2008 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 2007. The interim report is not audited and was not subject to review by an auditor.

No major transactions were concluded with related parties in the period under review.

Financial calendar

27 May 2008	Annual General Meeting
14 August 2008	II. Quarterly Report 2008
6 November 2008	Autumn conference for analysts and journalists
6 November 2008	III. Quarterly Report 2008

Biotest

Biotest AG, Landsteinerstr. 5, D-63303 Dreieich, Germany, P.O. Box 10 20 40, D-63266 Dreieich, Germany
Tel. +49 (0) 6103 801-520, Fax +49 (0) 6103 801-7840
e-mail: investor_relations@biotest.de, www.biotest.com