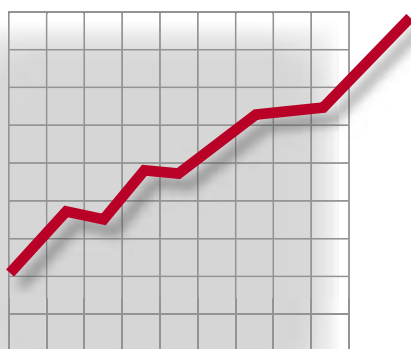


Quarterly report as of June 30, 2005

Biotest Aktiengesellschaft, Dreieich





Business growth enjoys increasing success:

Revenue +4% / EBIT +27% / net income +€ 4.5 million

The company

On June 30, 2005, Biotest AG concluded two acquisition agreements to increase its share capital by € 2.92 million to € 23.4 million by issuing 1,139,150 new ordinary shares. This means that, in a first step, the company will thus use 28.5% of its authorized capital in the amount of € 10.24 million excluding shareholders subscription rights.

570,000 new ordinary shares were acquired by a German financial investor against a cash contribution of € 10.01 million. A further 569,150 new ordinary shares will be acquired by Dr. Schleussner's family via the conversion of a shareholder loan totaling € 10 million. The family will continue to hold the majority of voting rights with 57.8% of the shares. The issuing price was fixed with a discount of 5% compared to the average stock market price for the previous five trading days. The issuing price thus corresponds to the statutory requirements set out in section 186 (3) of the Aktiengesetz (AktG – German Public Limited Companies Act).

The implementation of the increase in the share capital has not yet been entered in the commercial register.

The capital increase brings a significant improvement in the company's financing structure and ensures stable financing for the company's course of innovation and growth.

At the General Meeting on May 20, 2005, Dr. Thorlef Spickschen was elected to Biotest AG's Supervisory Board as a shareholder representative. After the meeting, the Supervisory Board elected the 64-year old business administration graduate as its Chairman. The former chairman, Werner Spinner, resigned his position as of the end of the General Meeting, as he regarded his task as having been completed with the successful conclusion of the company's restructuring. Just like Mr. Spinner, Thorlef Spickschen also has many years of experience in the pharmaceuticals sector. He previously held management positions with Eli Lilly and Boehringer Mannheim, and was then Chairman of the Managing Board with Knoll AG, which at that time belonged to BASF. He is now a member of the supervisory boards and advisory councils of several international pharmaceutical and biotechnology companies. This ensures that the successful activities of Werner Spinner can be continued in a highly consistent manner.

Excellent revenue growth of 4% compared to H1 2004

Revenues in the first half of the year totaled € 115.2 million, up 3.9% on revenues in H1 2004.

This was due to excellent pharmaceuticals business in the second quarter, which was up 18.9% on Q2 2004.

The individual segments grew as follows during the quarters:

| Segment | Q2/2005 € million | Q2/2004 € million | Q1/2005 € million | Q1/2004 € million |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| Pharmaceutical | 40.1 | 33.7 | 36.7 | 38.8 |
| Diagnostic | 19.3 | 19.1 | 19.1 | 19.3 |
| Biotest Group | 59.4 | 52.8 | 55.8 | 58.1 |

The **Pharmaceutical segment** surpassed 2004 revenues by 5.9%, recording € 76.8 million in the first half of the year, with the second quarter up by 18.9% on Q2 2004 at € 40.1 million.

Growth in Germany in the amount of € 4.4 million and in the rest of Europe totaling € 1.9 million while there were downturns in the Middle East totaling € 2.6 million. Coagulation factors and immunoglobulines recorded double-digit growth. In Germany, the introduction of Intratect® allowed Biotest to increase its market share on the immunoglobulines market. Revenues for hyperimmunoglobulines were down on the previous year, which was impacted by extraordinary factors. However it still exceeded our expectations. The situation for human albumin continues to be difficult due to the low prices around the world.

We are currently in the process of significantly expanding our business with Factor VIII in Russia, as the Russian government is now also providing funds for the treatment of adult hemophiliacs, which means that the market volume has increased significantly.

The expansion of the first plasmapheresis station and the test laboratory at our Iranian joint venture BioDarou is progressing rapidly. The start of plasma collection in Iran is scheduled for October.

The **Diagnostic segment** is at the same level as the previous year at € 38.4 million. Growth in Europe was able to compensate for downturns in other regions. Revenues in Germany were also at the same level as the previous year at € 13.3 million. Hycon business grew slightly by 1% as a result of the excellent growth in Heipha products. Infection and transplantation diagnostics were faced with a downturn. Transfusion diagnostics was no longer able to tie in to its excellent growth in the first quarter, and its revenues for H1 2005 were down 2% compared to the first six months of 2004. Sales of wholesale goods at our subsidiaries continued to enjoy positive growth.

Marketing for our fully-automated TANGO optimo blood grouping system in the USA will start in the third quarter, and we expect significantly higher revenues in this segment for the second half of 2005.

In the **Biotherapeutic (monoclonal antibodies) segment**, at the current time research expenses totaling € 1.3 million for our development project BT-o61 to treat rheumatoid arthritis and psoriasis, BT-o62 as a candidate 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.

The production of additional active ingredients by Lonza to continue clinical trials for BT-o61 has been brought forward by about three months. This means that production batches of this material from the new production line that are in line with GMP guidelines will already be available in the first half of 2006.

An agreement was reached with Boehringer Ingelheim in June for the evaluation of the efficacy of BT-o61 for allergic diseases. The efficacy of BT-o61 is to be investigated in pre-clinical asthma models. The particular immune-modulatory characteristics of BT-o61 form the scientific basis for the use of this therapy for patients with autoimmune diseases, asthma and allergies.

Operating result up 27% on H1 2004

The operating result for the first six months totaled € 11.3 million, up € 2.4 million (+27.0%) on the first half of 2004.

Due to the production mix gross profit on sales was slightly down € 0.7 million on the previous year at € 52.6 million.

The higher revenues were reduced by proportionally increased costs for sales and marketing.

Other operating income/expense, which was still depressed by restructuring expenses last year, resulted in income totaling € 1.2 million in H1 2005. Changes to the company's staff this year are no longer material and are carried under the respective departmental costs.

Financial position

Total assets fell by € 6.6 million or 1.8% compared to December 31, 2004, however this figure was up by € 3.7 million to € 351.7 million compared to the first quarter.

While financial liabilities and lease payables were repaid and trade accounts payable were reduced, there was an outflow of cash and cash equivalents. On the asset side, trade receivables increased by € 12.3 million as a result of the balance sheet date – in particular as a result of the above average revenues in June.

The increase in other provisions is due to deferrals made during the year.

Investments in property, plant and equipment were right on forecast at € 6.3 million, while depreciation and amortization was slightly lower at € 5.9 million.

In the first half of 2005, the cash flow from operating activities totaled € 4.9 million and was thus a significant improvement compared to the first quarter (€ -4.2 million). This development was boosted in particular by the further increase in cash flow from operating activities as well as an improvement to working capital in the second quarter. Compared to the first half of 2004, the above-average revenues in June meant that there was a slight downturn caused by the cut-off date.

Taken together with the redemption of financial liabilities totaling € 14 million and capital expenditure, cash and cash equivalents fell by € 15.9 million compared to December 31, 2004.

The loans received as part of the collateral trustee agreement (Sicherheiten-Treuhand-Vereinbarung) STV have been dissolved via a syndicated loan agreement with several banks in a contract dated July 27, 2005. Among other issues, this agreement converts part of the previous short-term credit line totaling € 47.5 million to long-term financing. The STV was replaced with the conclusion of the syndicated loan agreement.

Human Resources

On June 30, 2005, the number of employees in the Biotest group totaled 1,043 full-time employees, an increase of 34 employees on the end of 2004. Key increases have been made at our subsidiary Plasma Service Europe as part of the acquisition of the plasmapheresis station in Halle, Germany, with 19 full-time employees and in research and development (including clinical research and pharmaceutical licensing) with 9 full-time employees.

Outlook

The MR method for the approval of Intratect® in European countries outside Germany was started on schedule in June. We expect to receive the approval at the end of the year. This means that we will be able to realize initial revenues at the start of next year. International phase III studies will start in the fall for the subcutaneous application of Hepatect, which is suitable for self-treatment by patients at home.

The improved revenue situation in the first six months has strengthened our expectations of being able to achieve slightly higher revenues in 2005 than last year.

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

Quarterly financial statements of the Biotest group as of June 30, 2005

All figures in € million

Group Balance Sheet

| | June 30, 2005 | December 31, 2004 | June 30, 2004 |
|---|------------------|----------------------|------------------|
| Assets | | | |
| Intangible assets | 5.2 | 6.2 | 5.0 |
| Property, plant and equipment | 147.5 | 147.4 | 143.9 |
| Financial assets | 0.8 | 0.6 | 0.6 |
| Non-current assets | 153.5 | 154.2 | 149.5 |
| Inventories | 114.2 | 116.7 | 117.8 |
| Trade receivables | 68.4 | 56.1 | 61.1 |
| Other assets | 6.1 | 5.5 | 7.6 |
| Cash and cash equivalents | 3.7 | 19.6 | 4.6 |
| Current assets | 192.4 | 197.9 | 191.1 |
| Deferred tax assets | 5.8 | 6.2 | 3.3 |
| Total assets | 351.7 | 358.3 | 343.9 |
| Liabilities and shareholders' equity | | | |
| Issued capital | 20.5 | 20.5 | 20.5 |
| Share premium | 79.0 | 79.0 | 79.0 |
| Retained earnings | 5.9 | 1.5 | 2.6 |
| Consolidated net income | 4.5 | 5.0 | -0.4 |
| Equity | 109.9 | 106.0 | 101.7 |
| Minority interests | 1.9 | 1.9 | 1.8 |
| Provisions for pensions and similar obligations | 35.9 | 35.5 | 35.1 |
| Provisions for taxes | 2.0 | 1.2 | 1.8 |
| Other provisions | 26.9 | 20.5 | 26.0 |
| Provisions | 64.8 | 57.2 | 62.9 |
| Financial liabilities | 149.7 | 163.7 | 151.3 |
| Trade payables | 12.3 | 16.6 | 13.4 |
| Other liabilities | 10.9 | 10.8 | 10.8 |
| Liabilities | 172.9 | 191.1 | 175.5 |
| Deferred provisions for taxes | 2.2 | 2.1 | 2.0 |
| Total equity and shareholders' liabilities | 351.7 | 358.3 | 343.9 |

Group Income Statement

| | Q2/2005 | Q2/2004 | 1. HY/2005 | 1. HY/2004 |
|--|-------------|--------------|-------------|--------------|
| Revenue | 59.4 | 52.8 | 115.2 | 110.9 |
| Cost of sales | -31.5 | -27.8 | -62.6 | -57.6 |
| Gross profit | 27.9 | 25.0 | 52.6 | 53.3 |
| Sales and marketing costs | -14.0 | -12.2 | -25.4 | -24.6 |
| Administrative costs | -4.5 | -5.1 | -9.1 | -9.7 |
| Research and development costs | -4.4 | -4.3 | -8.0 | -8.0 |
| Other operating income (previous year: Expenses) | 1.0 | 0.3 | 1.2 | -2.1 |
| Operating result | 6.0 | 3.7 | 11.3 | 8.9 |
| Financial result | -2.7 | -3.3 | -5.2 | -6.9 |
| Profits before tax | 3.3 | 0.4 | 6.1 | 2.0 |
| Taxes | 0.1 | -0.9 | -1.1 | -2.0 |
| Profits after tax | 3.4 | -0.5 | 5.0 | 0.0 |
| Minority interests | -0.3 | -0.1 | -0.5 | -0.4 |
| Consolidated net income (previous year: net loss) | 3.1 | -0.6 | 4.5 | -0.4 |
| Earnings per share (in euros) | 0.39 | -0.08 | 0.56 | -0.05 |

Statement of Changes in Shareholders' Equity

| | 1. HY 2005 | 1. HY 2004 |
|--|--------------|--------------|
| Biotest AG shareholders' equity (Jan. 1) | 106.0 | 101.9 |
| Dividends for previous year | -0.9 | 0.0 |
| Consolidated profits H1 | 4.5 | -0.4 |
| Currency impact during period | 0.3 | 0.2 |
| Biotest AG shareholders' equity (June 30) | 109.9 | 101.7 |

Cash Flow Statement

| | 1. HY 2005 | 1. HY 2004 |
|--|--------------|-------------|
| Cash flow from operating activities | 4.9 | 9.3 |
| Cash flow from investing activities | -5.5 | -5.6 |
| Cash flow from financing activities | -15.4 | -11.3 |
| Net change in cash and cash equivalents | -16.0 | -7.6 |
| Changes in cash and cash equivalents due to currency translation | 0.1 | 0.1 |
| Cash and cash equivalents as of January 1 | 19.6 | 12.1 |
| Cash and cash equivalents as of June 30 | 3.7 | 4.6 |

Notes

- The above report of the Biotest group for the first six months 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

| | 1. HY 2005 | 1. HY 2004 |
|----------------------|--------------|--------------|
| Segment | | |
| Pharmaceutical | 76.8 | 72.5 |
| Diagnostic | 38.4 | 38.4 |
| Biotest Group | 115.2 | 110.9 |

| | 1. HY 2005 | 1. HY 2004 |
|---|-------------|------------|
| Segment | | |
| Pharmaceutical | 12.1 | 9.5 |
| Diagnostic | 2.2 | 1.4 |
| Corporate | -1.7 | -1.5 |
| Biotherapeutics (monoclonal antibodies) | -1.3 | -0.5 |
| Biotest Group | 11.3 | 8.9 |

As part of our strategic reorientation, we have thus expanded our management reporting to include the biotherapeutic (monoclonal antibodies) segment. Comparable figures from the previous year have been adjusted accordingly.

| | June 30, 2005 | December 31, 2004 |
|--------------------------|---------------|-------------------|
| Sales | 316 | 309 |
| Administration | 135 | 132 |
| Production | 488 | 472 |
| Research and Development | 104 | 96 |
| Biotest Group | 1,043 | 1,009 |

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