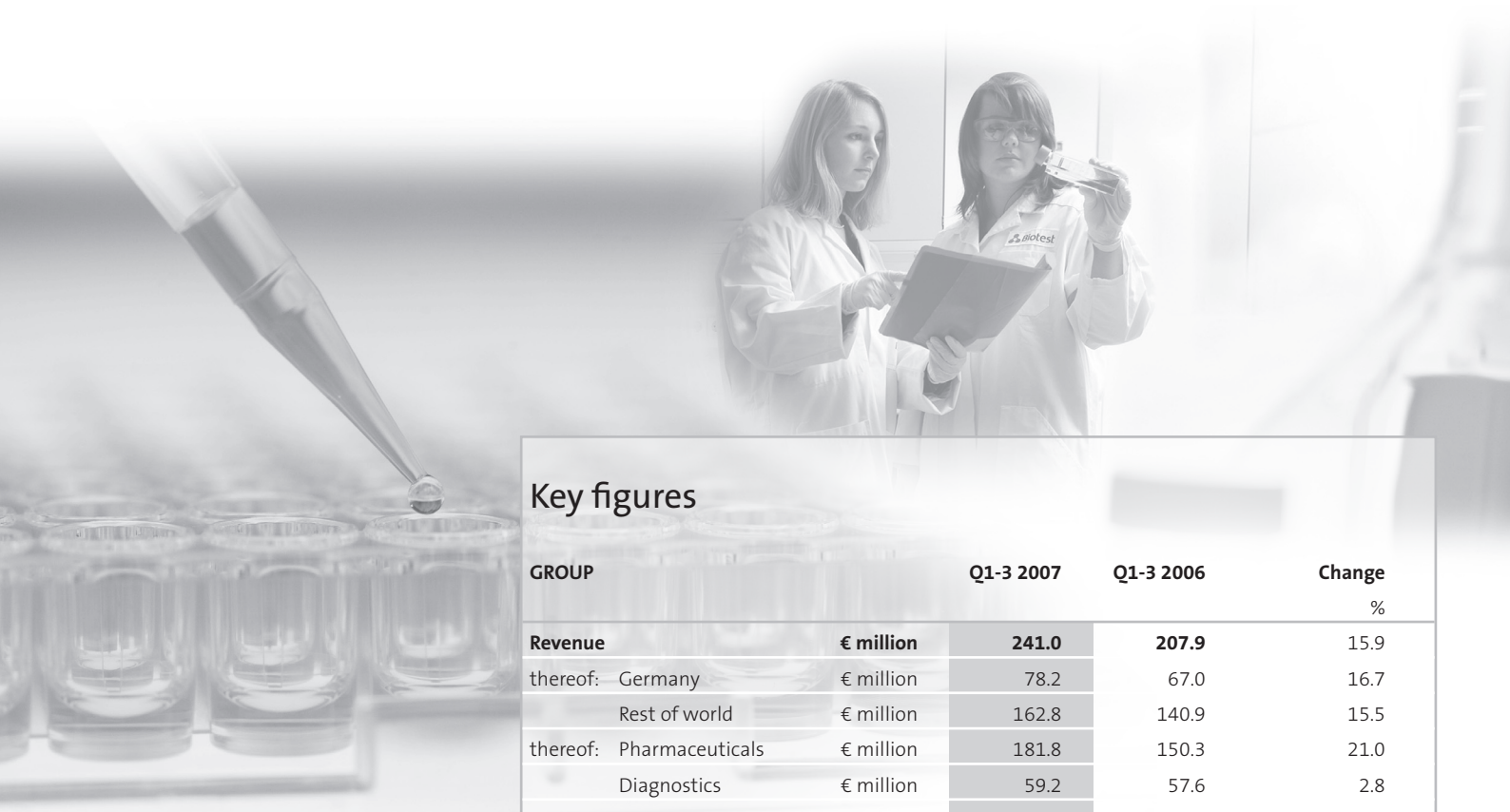
Nine-month Report as of 30 September 2007

Biotest
From Nature for Life



Key figures

GROUP		Q1-3 2007	Q1-3 2006	Change
				%
Revenue	**€ million**	**241.0**	**207.9**	15.9
thereof: Germany	€ million	78.2	67.0	16.7
Rest of world	€ million	162.8	140.9	15.5
thereof: Pharmaceuticals	€ million	181.8	150.3	21.0
Diagnostics	€ million	59.2	57.6	2.8
EBITDA	€ million	38.8	33.1	17.2
EBIT	€ million	27.4	21.9	25.1
EBIT in % of revenue	%	*11.4*	*10.5*	
Profit before tax	€ million	21.7	15.6	39.1
Profit after tax	€ million	13.4	9.5	41.1
Earnings per share	€	1.13	0.80	41.3
Financing:				
– Cash flow*	€ million	26.2	16.3	60.7
– Depreciation and amortisation	€ million	11.4	11.2	1.8
		30.9.2007	**31.12.2006**	
Equity	€ million	220.2	179.3	22.8
Equity ratio	%	*50.0*	*49.5*	
Number of employees (full-time equivalents)		1,242	1,149	8.1

* from operating activities

- Growth trend continues: sales up 16 %, increase in EBIT of 25 %
- Greater capacity, global market presence and broader development pipeline following the acquisition of Nabi Biopharmaceuticals' plasma protein business
- Successful capital increase: gross issue proceeds of € 33.1 million

Content

Interim management report as of 30 September 2007

At a glance

In the third quarter of 2007, the Biotest Group has once again continued on its growth course. In the current year to date, sales increased by 15.9 %. This means that in percentage terms, growth again marginally exceeded the mid-year rate. Growth was again driven by plasma proteins and microbiological diagnostic products. Earnings before interest and tax (EBIT) rose by 25.1 %, which also continued the positive trend already evident in the first half of the year. The forecast increase in sales and EBIT for the full year of between 12 % and 15 % is likely to be achieved.

In September, Biotest announced the acquisition of the Biologics Business Unit from Nabi Biopharmaceuticals Corp. in Boca Raton (Florida, USA) for US$185 million. Following the approval of the Nabi Biopharmaceuticals shareholders (see page 7 “Events after the end of the third quarter”), the transaction is now only subject to approval under merger regulations.

The transaction will mainly be financed by a long-term loan, which also encompasses the refunding of the existing syndicated loan of Biotest AG. In addition, Biotest implemented a 10 % capital increase excluding shareholder subscription rights in September to finance the transaction. The gross issue proceeds amounted to € 33.1 million. Two aspects worth noting are that the capital increase was significantly oversubscribed and a high proportion of shares were allotted to UK investors. The Schleussner family continues to hold just over 50 % of the ordinary shares.

Corporate strategy and implementation

The conditional acquisition of the Biologics Business Unit from Nabi Biopharmaceuticals, which is still subject to approval under merger regulations, places Biotest among the major plasma producers in the world and also affords the company an outstanding market position with regard to hyperimmunoglobulins. The company’s objective of having a presence in the US immunoglobulin market, which represents around a third of the global market with demand in excess of 30 tonnes per year, will also be achieved considerably ahead of schedule. In addition, Biotest is expanding its pharmaceutical production capacity and intends to secure a major proportion of its plasma requirement via its own plasmapheresis centres.

The assets acquired as part of the asset deal comprise a state-of-the-art FDA-certified production facility for plasma proteins, the headquarters in Boca Raton and nine plasmapheresis centres in Florida and six other US federal states. The key product is Nabi-HB™, a hyperimmunoglobulin used to prevent (re)infection with hepatitis B. The promising clinical development projects relate to a polyvalent immunoglobulin (Phase III) and Civacir™, a hyperimmunoglobulin in Phase IIb which could be used for prophylactic treatment of hepatitis C-positive patients after liver transplants.

Biotest has also made progress in the European market in terms of expanding its capacities. The installation of a new chromatography facility was completed in September 2007. The comprehensive qualification and validation measures have already started. The launch of the second chromatography column, which is scheduled for the end of 2008, will double immunoglobulin production capacity at the Dreieich location; this will result in additional product sales from 2009 onwards. Moreover, Biotest has increased the number of its plasmapheresis centres to seven following the takeover of a centre in Aachen.

The strategic reorganisation of immunological diagnostics, which also comprises a series of measures to increase efficiency and income, has largely been implemented in the third quarter of 2007. As of 1 January 2008, all activities will be pooled in the newly established Biotest Medical Diagnostics GmbH, with its registered office in Dreieich. The aim is to find a strategic partner for the new company in the medium term.

Individual production processes have been readjusted in connection with the restructuring and the range of products has been optimised. However, we have maintained our position as a full-service provider of diagnostic systems and manual reagents. Biotest has outsourced a number of products which have previously been produced in smaller batch sizes to quality-certified toll manufacturers, in order to benefit from cost advantages.

Market environment

Changes in economic conditions have been insignificant compared with their 2007 mid-year presentation. The demand trend for immunoglobulins and plasma-based coagulation factors as well as human albumin remains positive. As a result of a demand overhang, the comparatively high level of prices persisted. We expect this trend to continue, despite the launch of additional plasmapheresis centres. The prices achievable in the US market are still higher than those achieved in Europe.

Microbiological diagnostics continues to operate in a highly dynamic market, which is influenced primarily by the pharmaceutical industry's demand for hygiene control and air purification systems. The market environment for immunological diagnostics in Europe was marked by fierce competition and pressure on margins as in the previous quarters.

Business development

With sales totalling € 241.0 million in the first nine months of the current financial year, Biotest has exceeded the figure for 2006 by 15.9 %. In the third quarter of 2007, income amounted to € 82.6 million. This represents a 16.8 % increase on the previous year and almost matched the record level achieved in the second quarter of 2007.

Biotest generated more than 80 % of sales in Europe. In Germany, business volume rose by 16.7 %, while it was up by 16.4 % in other European countries. In the distribution region Asia, the sales downturn of the first half of the year has been more than compensated for in the third quarter.

Pharmaceutical segment

Growth in plasma proteins accelerated further in the third quarter of 2007. In the year to date, sales in the Pharmaceutical segment totalled € 181.8 million, which corresponds to a rise of 21.0 %. Of this, € 63.4 million were attributable to the period from July to September. All product groups contributed to the sales increase, which reflected a rise in both volume and prices.

In the third quarter of 2007, the most important mainstays of sales were once again the polyvalent immunoglobulins, Intratect® and Intraglobin®, and the factor VIII preparation Haemoctin®. We have achieved significant growth in the German market with this product, following the treatment of additional inhibitor patients who require high-dosage coagulation factors. Haemoctin® also provided continued success for Biotest in the Russian market. In addition to these central plasma proteins, which account for approximately half of our pharmaceutical sales, human albumin sales rose in particular.

Sales from toll manufacturing have more than doubled compared with the first nine months of 2006. However, this figure remains below our expectations.

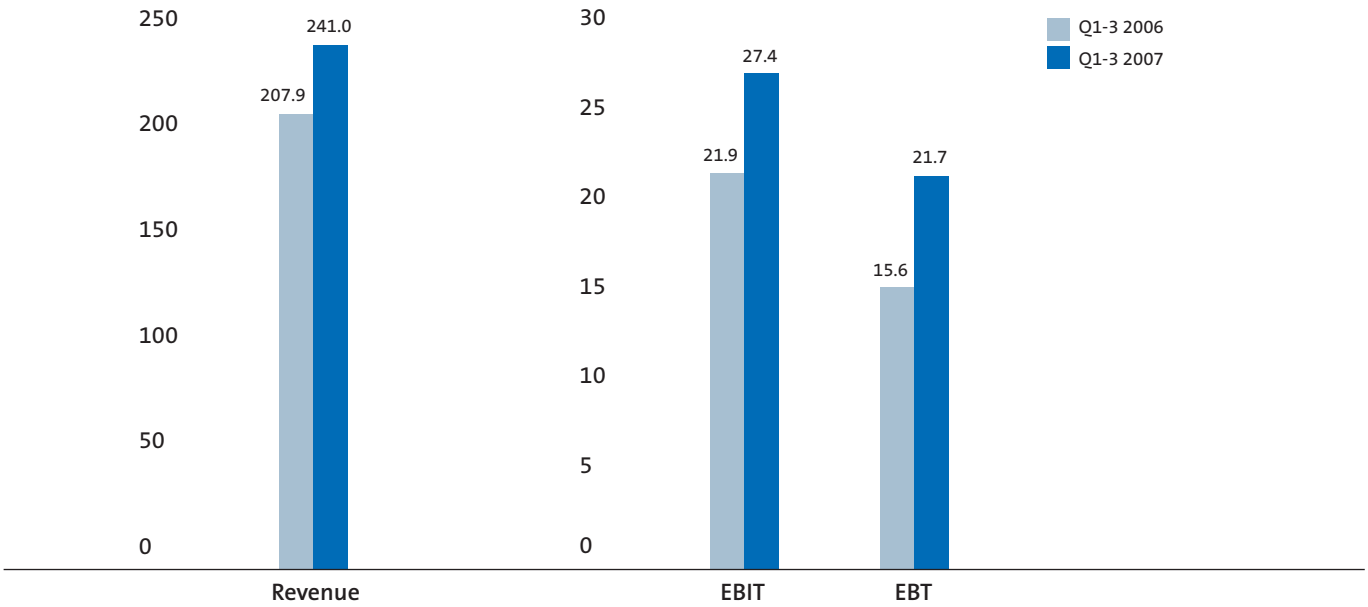
Diagnostic segment

With a sales increase of 2.8 % to € 59.2 million (previous year: € 57.6 million), the Diagnostic segment did not quite meet expectations.

This development was caused by a downturn in income from immunological diagnostic business, which is currently being restructured. Given the very difficult market conditions, the sales volume in transplantation diagnostics remained below the corresponding figure for the previous year. Conversely, transfusion diagnostics almost corresponded to the 2006 level. A reduction in sales of manual reagents was compensated by higher sales from automation business with TANGO®, our blood group determination system.

Revenue, EBIT and profit before tax (EBT)

€ million



Business development in microbiological diagnostics was pleasing once again, with double-digit sales growth achieved in the period from January to September 2007. This increase resulted mainly from higher sales in Germany and other European countries. We recorded overproportional sales growth with products by our affiliate company Heipha Dr. Müller GmbH, which contributed more than 60 % of microbiological diagnostic sales through its high-quality culture media for the pharmaceutical, cosmetics and food industries. The launch of sales activities relating to culture media via Biotest Diagnostics Corporation in the USA was implemented successfully in the third quarter.

Earnings position

Earnings growth in the current financial year to date has significantly exceeded sales growth. At € 27.4 million, operating income (EBIT) after the first nine months of the year is 25.1 % up on the previous year (€ 21.9 million). The return on sales, established on the basis of EBIT, climbed from 10.5 % to 11.4 % while the return on capital employed (RoCE) rose from 8.9% to 9.4 %. Profit before tax of € 21.7 million exceeds the previous year's figure (€ 15.6 million) by 39.1 %. Biotest also recorded a considerable increase in profit after tax from € 9.5 million to € 13.4 million.

Earnings per share amounted to € 1.13 (previous year: € 0.80). This figure is calculated on the basis of the average number of shares in the reporting period, which means that there has not yet been any dilutive effect from the capital increase at the end of September.

The profit increase is particularly pleasing, given that non-recurring expenses for the reorganisation of immunological diagnostics arose in the third quarter. In this context, provisions were set up for staff measures and included in other operating expenses.

Cost of sales totalled € 115.7 million in financial year 2007 to date and amounted to 48 % of sales as in the previous year.

The distribution expense, which comprises sales-related commission, rose by 13.2 % during the nine-month period. This increase was therefore lower than that in business volume. The administrative expense of € 16.9 million was at the previous year's level.

There was a marked rise in the research and development expense of 26.3 % to € 25.0 million (previous year: € 19.8 million). Almost equal proportions of the increase are attributable to the Pharmaceutical and Biotherapeutic segments. Applications for expanded European approval of several products impacted on the Pharmaceutical segment. In the Biotherapeutic segment, the expense relating to the clinical trial with the BT-061 monoclonal antibody took effect.

The balance of other operating income and expenses amounted to € –3.8 million and was down on the previous year's level of € –3.1 million, essentially as a result of the above provisions for staff measures. Without taking into account the non-recurring effect, the balance exceeded the previous year's figure.

The financial result improved from € –6.3 million in the previous year to € –5.7 million, with the more favourable conditions of the syndicated loan agreement concluded in the previous year and lower lease expenses making a positive impact. This more than compensated for the greater expenses caused by higher interest rates as a result of market conditions.

In line with the very pleasing sales trend, EBIT in the Pharmaceutical segment rose by 26.5 % to € 42.5 million. As a result of the provisions for redundancy payments in the area of immunology, the Diagnostic segment reported negative EBIT of € –0.2 million (previous year: € 0.9 million). Around 97 % of EBIT in the Biotherapeutic segment (€ –11.1 million compared to € –7.8 million in the previous year) is attributable to the expense for research and development.

Capital expenditure, depreciation and amortisation

The on-balance sheet additions to fixed assets more than doubled compared with the same nine-month period in 2006 (€ 9.3 million) and amounted to € 20.5 million. Of this, € 2.8 million were attributable to intangible assets and € 17.7 million to property, plant and equipment. Major investment projects included the expansion of production capacity in the Pharmaceutical segment with a focus on the chromatography facility, the modification of facilities in line with the latest Good Manufacturing Practice (GMP) regulations, the construction of a new production facility in the Diagnostic segment and expenses in connection with the introduction of SAP software. Following extensive preparations, the system is scheduled for implementation on 1 January 2008.

Alongside investments, depreciation and amortisation totalled € 11.4 million (previous year: € 11.2 million).

Financial position and statement of assets

The cash outflows from investment activities were covered in full by the cash flow from operating activities, which rose by 60.7 % compared with the previous year to € 26.2 million. The cash flow from financing activities of € –3.3 million (previous year: € –6.3 million) does not yet include the issue proceeds from the capital increase, because these funds were not available until the beginning of October and were therefore recorded as a receivable under other assets as of 30 September 2007. In total, cash and cash equivalents rose by 33.7% to €11.9 million compared with the figure at the start of the year.

As the acquisition of the Biologics Business Unit from Nabi Biopharmaceuticals is still subject to approval under merger regulations, the transaction and its external financing via a long-term bank loan have not yet impacted on the Group balance sheet of Biotest. The capital increase, which provides part of the financing for the acquisition, resulted in an increase in equity in the third quarter to € 220.2 million (end 2006: € 179.3 million). This corresponds to an equity ratio of 50.0 % (end 2006: 49.5 %). The ratio will be reduced again following completion of the acquisition process.

With an issue price of € 32.70 per ordinary share and € 29.00 per preference share, Biotest achieved gross issue proceeds totalling €33.1 million. The share capital of Biotest AG therefore amounts to around €30.03 million. It is divided into 6,595,242 ordinary shares and 5,133,333 non-voting preference shares. The remaining authorised capital amounts to approximately € 0.69 million.

Research and development

Biotest's clinical development projects in the field of plasma proteins have progressed according to plan. Applications for expanded European approval (mutual recognition) are in progress for Hepatect® and Haemoctin®, which are produced by means of the filter aid procedure, as well as for the factor IX preparation Haemonine®. The documentation required was submitted to the relevant Reference Member States in the third quarter of 2007. The documentation relating to human albumin (FH) is being prepared for submission.

The intended acquisition of the Biologics Business Unit from Nabi Biopharmaceuticals represents a significant further increase in potential in the pipeline for plasma proteins. An immunoglobulin (IVIG) whose dosage form is tailored to the US market is in clinical Phase III. Its product features are similar to those of Biotest's Intratect® and the market launch is scheduled for 2010. In view of this, approval of Intratect® for the US market is no longer being pursued.

The hyperimmunoglobulin Civacir™, which is in Phase IIb, may be used to prevent reinfection with hepatitis C in liver transplant patients. Biotest estimates the market potential in the USA to be a sum in the mid three-digit million US dollar range. Civacir™ has been granted orphan drug designation in the USA and Europe by the respective regulatory authorities, the FDA and EMEA. This status grants exclusive marketing rights for a maximum of seven years in the USA and ten years in the EU once the drug has received market approval, which is however unlikely to be obtained before 2012.

In the Biotherapeutic segment, the clinical development of BT-061 has progressed in line with plans. With regard to BT-062, GMP compliant production of the antibody for clinical testing has been completed. The toxicological trials agreed in May with the FDA, the US regulatory authority, have started as scheduled. Several clinical centres and the relevant clinical research organisation (CRO) have been identified for the clinical trial to be launched in the first half of 2008. The system to be used for producing material for clinical testing in connection with the BT-063 monoclonal antibody has been established.

Personnel

In the third quarter of 2007, the number of employees increased further at Biotest. This resulted in part from the takeover of the plasmapheresis centre in Aachen. As of 30 September 2007, the Group employed 1,242 staff (full-time equivalent) compared with 1,204 after the first six months of the year and 1,149 as of year-end 2006. 688 employees work in the Pharmaceutical segment and 527 in the Diagnostic segment.

The new direction of immunological diagnostics is associated with an adjustment in staff numbers in this department. A large number of staff members can continue their employment in the Pharmaceutical division, which has excellent growth prospects. For all other employees, socially responsible solutions have been found or are at final discussion stage in close consultation with the employee council.

Risk and opportunities report

Changes in terms of risks and opportunities have been negligible compared with the presentation provided in the 2007 Half-year Report.

Outlook

Following the company's successful performance in the first nine months of the year, Biotest has confirmed the forecast raised at the end of the second quarter of a sales rise of 12% to 15% for the full year. The increase in EBIT is set to be in the same target range, despite the high research and development expense. The acquisition of the plasma protein business from Nabi Biopharmaceuticals is not likely to impact on sales and income in the current financial year, since the transaction is not expected to be completed until year-end 2007.

Taking into account Nabi Biologics, the Biotest Group aims to achieve sales totalling € 380 million in financial year 2008. The €500 million mark is already expected to be exceeded in the medium term on the strength of the anticipated product approval of IVIG in the USA and the capacity expansion in Dreieich.

Assuming completion of the transaction as planned, we expect the new US activities to generate operating income that almost matches the additional interest expense resulting from the long-term bank loan used to finance the transaction as early as 2008. The advantage of this is that Biotest can use the plasma volume produced by the US plasmapheresis centres, which is not yet contracted, for its pharmaceutical production in Dreieich. The aim is to generate a higher margin than by selling the raw material to third parties. From 2010 onwards, the US plasma protein business is set to provide a considerable increase in sales and the margin quality as a result of the expected approval of IVIG. This in turn will contribute to a significant rise in Group profit.

We intend to file the application for approval of the human albumin (FH) with the Paul Ehrlich Institute (PEI) by the end of this year. Market approval is expected in 2008. This also applies to the applications for the expanded approval of Hepatect®, Haemoctin® and Haemonine®, which were submitted in the third quarter of 2007.

The reorganisation of immunological diagnostics operations is expected to be completed by year-end.

With regard to Biotherapeutics, plans are in place to implement a further controlled trial for a longer treatment period (Phase II) with BT-061. We intend to agree the trial design with the competent health authority in the remaining months of this year. The launch of the trial is then scheduled for the first half of 2008, following the evaluation of additional data from the ongoing trials. By the end of the current year, we intend to complete the toxicological trials for BT-062, which are required for approval of the clinical Phase I trial by the US regulatory authority. Submission and approval are expected to follow in the first half of 2008. In parallel, additional patent applications are aimed at expanding the industrial property rights of Biotest. In connection with BT-063, a toll manufacturer is to commence production of material for clinical testing at the beginning of next year.

Events after the end of the third quarter

The preparations for pooling the US business via an intermediate holding company have been completed. The company will have two major operating affiliates, Biotest Diagnostics Corporation in Denville and the newly established Biotest Pharmaceuticals Corporation in Boca Raton, which will absorb the business acquired from Nabi.

The shareholders of Nabi Biopharmaceuticals Corp. approved the sale of the Biologics Business Unit to Biotest AG on 8 November 2007. The transaction is expected to be completed before the end of the current financial year.

On 5 November 2007, Biotest opened a new plasmapheresis centre in Dortmund, raising the number of donor centres operated by Biotest to eight.

Income statement

of the Biotest Group

€ million	Q3 2007	Q3 2006	Q1-3 2007	Q1-3 2006
Revenue	82.6	70.7	241.0	207.9
Cost of sales	– 41.5	– 34.2	– 115.7	– 100.2
Gross profit	**41.1**	**36.5**	**125.3**	**107.7**
Other operating income	0.5	1.7	2.0	3.4
Distribution expense	– 17.2	– 15.9	– 52.2	– 46.1
Administrative expense	– 5.1	– 5.7	– 16.9	– 16.8
Research and development expense	– 8.0	– 6.7	– 25.0	– 19.8
Other operating expenses	– 2.1	– 2.3	– 5.8	– 6.5
Operating profit	**9.2**	**7.6**	**27.4**	**21.9**
Financial result	– 1.8	– 2.7	– 5.7	– 6.3
Profit before tax	**7.4**	**4.9**	**21.7**	**15.6**
Income tax	– 3.3	– 1.5	– 8.3	– 6.1
Profit after tax	**4.1**	**3.4**	**13.4**	**9.5**
thereof:				
Retained earnings attributable to equity holders of the parent company	**3.6**	**3.0**	**12.1**	**8.5**
Minority interest	0.5	0.4	1.3	1.0
Earnings per share in €	**0.33**	**0.29**	**1.13**	**0.80**

Balance sheet

of the Biotest Group

€ million	30 September 2007	31 December 2006
ASSETS		
Intangible assets	7.4	5.5
Property, plant and equipment	131.1	122.1
Financial lease assets	22.5	24.6
Investments in affiliates	0.1	0.1
Investments in associates	0.8	1.0
Other investments	0.4	0.3
Other assets	0.3	0.1
Deferred tax assets	7.9	9.2
Non-current assets	**170.5**	**162.9**
Inventories	112.5	104.8
Trade receivables	100.3	73.9
Current income tax assets	1.2	1.2
Cash and cash equivalents	11.9	8.9
Other assets	43.6	10.4
Current assets	**269.5**	**199.2**
TOTAL ASSETS	**440.0**	**362.1**
EQUITY AND LIABILITIES		
Subscribed capital	30.0	27.3
Share premium	153.3	122.9
Reserves	22.0	10.4
Retained earnings attributable to equity holders of the parent company	12.1	16.0
Shareholders' equity	**217.4**	**176.6**
Minority interest	2.8	2.7
Total equity	**220.2**	**179.3**
Provisions for pensions and similar obligations	44.3	43.1
Other provisions	3.4	3.5
Financial liabilities	65.7	64.7
Deferred tax liabilities	2.9	2.7
Non-current liabilities	**116.3**	**114.0**
Other provisions	13.8	10.9
Current income tax liabilities	6.6	4.7
Financial liabilities	17.7	16.7
Trade payables	42.6	23.5
Other liabilities	22.8	13.0
Current liabilities	**103.5**	**68.8**
Liabilities	**219.8**	**182.8**
TOTAL EQUITY AND LIABILITIES	**440.0**	**362.1**

Statement of changes in equity

€ million	2007	2006
Equity as of 1 January	**179.3**	**164.8**
Dividend to Biotest shareholders	– 2.8	– 1.6
Capital increase	33.1	0.0
Profit after tax	13.4	9.5
Currency impact during period	– 0.3	– 0.4
Losses recognised immediately in equity	– 1.3	– 0.2
Dividend to minority interest	– 1.2	– 1.0
Equity as of 30 September	**220.2**	**171.1**

Cash flow statement

€ million	2007	2006
Cash flow		
Net cash from operating activities	26.2	16.3
Net cash used in investing activities	– 19.8	– 9.0
Net cash used in financing activities	– 3.3	– 6.3
Cash changes in cash and cash equivalents	**3.1**	**1.0**
Exchange rate-related changes	– 0.1	– 0.1
Cash and cash equivalents as of 1 January	8.9	7.6
Cash and cash equivalents as of 30 September	**11.9**	**8.5**

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 30 September 2007
Intangible assets	5.5	2.8	0.0	– 0.9	0.0	7.4
Tangible assets	146.7	17.7	– 0.3	– 10.5	0.0	153.6
Total	**152.2**	**20.5**	**– 0.3**	**– 11.4**	**0.0**	**161.0**

Segment reporting

by business segment

€ million	Q1-3 2007	Q1-3 2006	Change %
Revenue			
Pharmaceuticals	181.8	150.3	21.0
Diagnostics	59.2	57.6	2.8
Biotest Group	**241.0**	**207.9**	**15.9**
EBIT			
Pharmaceuticals	42.5	33.6	26.5
Diagnostics	– 0.2	0.9	
Corporate	– 3.8	– 4.8	20.8
Biotherapeutics	– 11.1	– 7.8	– 42.3
Biotest Group	**27.4**	**21.9**	**25.1**

Segment reporting

by region

€ million	Q1-3 2007	Q1-3 2006	Change %
Revenue			
Germany	78.2	67.0	16.7
Rest of Europe	115.5	99.2	16.4
America	10.5	9.0	16.7
Asia	33.2	29.8	11.4
Rest of world	3.6	2.9	24.1
Biotest Group	**241.0**	**207.9**	**15.9**

Quarter-to-quarter comparison

€ million	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006
Revenue					
Pharmaceuticals	63.4	62.6	55.8	54.8	51.9
Diagnostics	19.2	20.1	19.9	19.2	18.8
Biotest Group	**82.6**	**82.7**	**75.7**	**74.0**	**70.7**
EBIT					
Pharmaceuticals	14.2	15.2	13.1	14.0	12.6
Diagnostics	– 0.9	0.6	0.1	– 1.5	0.0
Corporate	– 1.0	– 1.3	– 1.5	– 0.9	– 2.2
Biotherapeutics	– 3.1	– 4.3	– 3.7	– 2.1	– 2.8
Biotest Group	**9.2**	**10.2**	**8.0**	**9.5**	**7.6**
Profit before tax	**7.4**	**8.2**	**6.1**	**6.0**	**4.9**

Other information

Accounting principles

The interim report as of 30 September 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. The interim management report and interim financial statements are neither audited nor are they subject to review by an auditor.

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

Financial calendar

28 March 2008	Annual Report 2007
15 May 2008	I. Quarterly Report 2008
27 May 2008	Annual General Meeting

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