Biotest

From Nature for Life

HALF-YEAR REPORT 2017 BIOTEST AG

KEY FIGURES

BIOTEST GROUP		H1 2017	H1 2016	Change in %
Revenue	€ million	**247.1**	277.6	–11.0
thereof:				
Germany	€ million	**53.0**	54.6	–2.9
Rest of world	€ million	**194.1**	223.0	–13.0
thereof:				
Therapy	€ million	**135.5**	179.0	–24.3
Plasma & Services	€ million	**108.8**	94.9	14.6
Other Segments	€ million	**2.8**	3.7	–24.3
EBITDA	€ million	**–8.1**	44.7	–121.0
Operating profit (EBIT)	€ million	**–20.2**	33.3	–160.7
EBIT in % of revenue	*%*	***–8.2***	*12.0*	–
Earnings before taxes	€ million	**–28.4**	29.0	–197.7
Earnings after taxes	€ million	**–18.3**	22.8	–180.3
Earnings after taxes from discontinued operations	€ million	**0.5**	–15.1	103.3
Earnings after taxes	€ million	**–17.8**	7.7	
Financing				
Cash flow from operating activities from continuing operations	€ million	**–12.4**	47.0	–126.4
Cash flow from operating activities from discontinued operations	€ million	**–11.8**	2.6	–553.8
Depreciation and amortisation	€ million	**12.1**	11.4	6.1
		30 June 2017	31 December 2016	
Equity	€ million	**339.5**	360.7	–5.9
Equity ratio	*%*	***35.1***	*38.7*	–
Employees (full-time equivalents)	amount	**2,389**	2,527	–5.5

CONTENTS

Dear Shareholders,

Let's take a look back at the development of Biotest AG in the first half of 2017. During this period, we generated sales of € 247.1 million and EBIT of € -20.2 million in continuing operations.

Sales and EBIT were significantly negatively impacted by the recall of human albumin and the temporary interruption of our human albumin production. This is a one-time effect that will only affect our earnings in the 2017 financial year. The problems that occurred in the production of human albumin were very rapidly rectified, allowing the production process to be restarted quickly. We also informed you about this issue in our report on the first quarter of 2017.

Despite the negative impact from this one-time effect, we are confident that over the year as a whole we will achieve the forecast as adjusted in April 2017. According to this forecast, we anticipate sales on a par with the previous year in continuing operations in the 2017 financial year and expect EBIT to be around € 25 million to € 30 million lower than the initially forecast range of between € 46 million and € 48 million.

The long-term prospects are positive. During the first half of 2017, we made very good progress in our Biotest Next Level expansion project: As planned, building approval for the newly constructed building at the Dreieich site was granted in the second quarter, allowing the first relocation activities to begin in June already.

On 18 May 2017, Tiancheng (Germany) Pharmaceutical Holdings AG, a company belonging to the Chinese Creat Group, published the takeover offer for all outstanding shares of Biotest AG that was announced at the beginning of April. Creat is a globally active industrial group focusing on the plasma industry. It makes long-term investments in this area and in the development of biopharma. On 14 June 2017, Tiancheng (Germany) Pharmaceutical Holdings AG reported that the required minimum acceptance level of 75 % of all ordinary shares in Biotest AG had been exceeded. By the end of the extended acceptance period on 4 July 2017, the offer had been accepted by a total of 89.88 % of ordinary shares. We are pleased that our shareholders have accepted the Creat Group's offer and hope that the transaction will be concluded soon.

With regard to the further development of the Biotest Group, Creat aims to advance the development of new products, continue projects such as our Biotest Next Level expansion project and expand the Biotest Group's international presence. For the global distribution of our products, the takeover gives rise to the opportunity to use the existing sales network in the Creat Group for biopharmaceuticals. My colleagues on the Board of Management and I are delighted to have Creat by our side as a strong partner that will support the significant investments in products and equipment over the coming years.

We on the Board of Management are highly confident that Creat's goal of expanding its position in the global plasma industry together with Biotest AG can be achieved.

Dr Bernhard Ehmer
Chairman of the Board of Management

INTERIM MANAGEMENT REPORT FOR THE BIOTEST GROUP AS OF 30 JUNE 2017

A. GROUP PRINCIPLES

I. BUSINESS MODEL OF THE GROUP

The Biotest Group, headquartered in Dreieich, Germany, is an international supplier of biological medicines. Products currently on the market and new developments are obtained from human blood plasma or they are manufactured using biotechnology methods. The main indication areas are haematology, clinical immunology and intensive care medicine.

The Biotest Group is engaged in research and development in all three indication areas. Biotest covers all material steps of the value chain from pre-clinical and clinical development – conducted in some development projects in collaboration with international partners – through to global marketing.

A. SEGMENTS OF THE BIOTEST GROUP

The company's operations are divided into the segments Therapy, Plasma & Services and Other Segments. The Therapy segment includes products and development projects assigned to the three above mentioned indication areas. Plasma sales and toll manufacturing are combined in the Plasma & Services segment. Biotest reports on its merchandise business and cross-divisional costs not allocated to the Therapy or Plasma & Services segments in Other Segments.

Until 30 September 2016, the activities of Biotest Pharmaceuticals Corp., Boca Raton, USA, (BPC), in the Therapy segment and those in the area of toll manufacturing were shown in the Therapy and the Plasma & Services segments. Due to the decision to sell substantial parts of the assets of BPC that are associated with these activities in the fourth quarter of 2016, these activities are now presented as discontinued operations. The negotiations with the buyer, which began in the 2016 financial year, led to an agreement being signed on 21 January 2017. The sale was completed in June 2017 following the fulfillment of the usual closing conditions, including the approval of the shareholders of ADMA Biologics, Inc. (ADMA). BPC's plasma sales activities are not affected by this and will continue to be included in the Plasma & Services segment.

Unless stated otherwise, the information and notes in this report on the first six months of the 2017 financial year refer to continuing operations. The previous year's figures were adjusted accordingly.

B. HUMAN RESOURCES

The Biotest Group employed 2,389 persons expressed as full-time equivalents on 30 June 2017. The number of employees is therefore down by 5.5 % compared to the end of the 2016 financial year (2,527 FTEs). The decrease is essentially due to the transfer of BPC employees, who had been assigned to therapy and toll manufacturing, to ADMA. 1,048 full-time equivalents were assigned to Biotest AG as of 30 June 2017 (43.9 %, 31 December 2016: 39.4 %) and another 857 full-time equivalents (35.9 %, 31 December 2016: 43.0 %) to BPC. Around half of all employees (52.2 %) worked in Germany (31 December 2016: 47.2 %).

II. GROUP STRATEGY

The core element of Biotest's strategy is a clear focus on the marketing and the development of plasma proteins. In addition to continuously advancing its own research and development pipeline, the company's registration and marketing authorisation activities are focused on the ongoing internationalisation and diversification of its portfolio.

In order to continue participating in future global market growth, the Biotest Group has been expanding its production capacity at its headquarters at Dreieich since 2013. Under the Biotest Next Level project, the product portfolio will be expanded and production capacity will be doubled by 2019/2020. By obtaining five instead of three product lines from the raw material plasma in the future while increasing yield simultaneously, profitability will be strengthened and hence the competitiveness of the company on global markets, laying the foundation for further profitable growth by the Group.

Furthermore, Biotest aims to enter into strategic alliances with suitable cooperation partners in selected areas. In terms of the monoclonal antibodies in the development phase, Biotest will continue its ongoing activities until the next milestone is reached and seek a partner to take over further development and/or later marketing. Moreover, Biotest sees opportunities for development or marketing partnerships for selected plasma proteins as well.

It is also Biotest's objective to add indications for existing marketing authorisations. Supplemental applications for Zutectra® were approved in Israel and Taiwan in the first half of 2017.

The core element in implementing this company strategy is utilising internal resources to cover key parts of the value chain. These include research and development, plasma collection, production, quality assurance, marketing authorisation and distribution. The existing expertise, especially in the areas of plasma collection and fractionation, is also used to offer available capacity for primary and intermediate products as well as toll manufacturing on the market.

A company-wide change process was launched to pursue this strategy even more efficiently and effectively. The aim of this is to further optimise collaboration with external customers as well as international and interdisciplinary teamwork, to improve work processes and render them more efficient, and to implement a consistent, participative leadership culture within the company.

III. RESEARCH AND DEVELOPMENT (GENERAL)

Within the corporate strategy, research and development are among the foundations for future growth. Substantial potential is offered by the ongoing development of existing products and the development of new products. The focus in research and development projects is on plasma proteins. After completing its current studies with monoclonal antibodies, Biotest will only pursue further activities with a partner. This is intended to reduce development risks and development costs.

A detailed schedule of the progress made in the research and development projects in the first half of 2017 can be found in the "Research and development" section of the economic report.

Biotest's research and development costs in continuing operations amounted to € 26.7 million in the first half of 2017 (same period of the previous year: € 23.3 million). € 23.1 million of this related to plasma proteins and € 3.6 million to monoclonal antibodies. These expenses amounted to 10.8 % of sales after 8.4 % in the same period of the previous year. The number of employees (converted into FTEs) in research and development was 165 as of 30 June 2017, down on the figure as of 31 December 2016 (189 FTEs).

B. ECONOMIC REPORT

I. BUSINESS AND GENERAL FRAMEWORK

The German economy has had a good start to 2017. After adjustment for inflation, calendar and seasonal effects, gross domestic product increased by 0.6 % in the first quarter of 2017 compared to the fourth quarter of 2016, according to information from the German Federal Ministry of Economics and Energy (BMWi). The positive development of the labour

market is still a key driving force. Employment and jobs subject to social security contributions continued to rise, with the unemployment rate dropping to 5.8 % in April 2017. According to the BMWi, the continued strong jobs momentum and rising wages are still having a positive effect on private consumer spending. The BMWi expects that the recovery of the German economy will keep going at a solid pace in the coming months.[1] In its annual projection, the German government is forecasting growth in GDP after adjustment for inflation of 1.4 % for 2017 as a whole. The drop of 0.5 percentage points compared to 2016 is primarily due to the effect of a lower number of working days than in the previous year. Good conditions for growth in private consumer spending and in government investment and spending will support the ongoing economic growth in the Federal Republic of Germany.[2]

The European Commission believes that the European economy is also developing well despite some challenges. The economic growth of recent years has continued in 2017. The stable expansion is based, among other things, on economic policy measures, the positive development of the labour market and a slight increase in world trade. In light of this, the European Union's real gross domestic product is expected to grow by 1.9 % in 2017, unchanged as against 2016. A growth rate of 1.9 % is also predicted for 2018. Growth in the euro area is expected to slow slightly to 1.7 % in 2017 after 1.8 % in 2016. Real gross domestic product in the euro area is then set to rise by 1.8 % again in 2018.[3]

After a growth rate of 1.6 % in 2016, the US is now expected to see a significant increase in growth of 2.2 % in 2017. A rise in economic growth to 1.2 % in 2017 is also forecast for Japan after 1.0 % in the previous year. In contrast, the growth rate of the Chinese economy (6.6 %) will be slightly below the increase of 6.7 % achieved in 2016.[4]

The growth prospects for the global economy have improved overall. This is due to an expected recovery of the emerging markets in 2017 and 2018, supported by a slight increase in commodity prices, the expected return to positive growth rates in Brazil and Russia, robust growth in China and a recovery in demand from the developed economies. The global economy is expected to experience growth in real gross domestic product of 3.4 % in 2017 after 3.0 % in the previous year.[5]

Due to the high level of medical need for plasma protein-derived products throughout the world, the Biotest Group is only marginally dependent on global economic cycles. However, it cannot be ruled out that operating business will be impacted, particularly by local crises and exchange rate fluctuations.

II. INDUSTRY-SPECIFIC FRAMEWORK

Immunoglobulins and albumins, the best-selling products of the Biotest Group, are showing stable growth. This is true for the established markets such as the US and Europe in addition to other regions of the world. For example, industry experts expect the market for intravenous immunoglobulins (IVIG) to see a long-term global increase in demand of between 6 % and 7 % annually.[6] To meet this increased demand, the industry is increasingly collecting blood plasma. In the US, for example, the volume of blood plasma collected rose by around 9 % in 2016 compared to 2015.[7] The industry is increasing the plasma collection volume in preparation for the additional fractionation capacities that are being built worldwide at this time. Biotest Group will participate in this growth trend by doubling its capacity.

EU prices for intravenous immunoglobulins (IVIG) are still significantly lower than in the US.[8] The market volume for immunoglobulins in the US increased slightly in 2016.[9] Market volumes in Europe expanded more strongly than in the US in 2016.[10]

[1] *Federal Ministry of Economics and Energy (2017), Highlights of Economic Policy. Monthly Report for June 2017, p. 56, p. 58, p. 60 et seq.*

[2] *Federal Ministry of Economics and Energy (2017), Annual Economic Report 2017. For Inclusive Growth in Germany and Europe, p. 7*

[3] *European Commission (2017), European Economic Forecast Spring 2017. Institutional Paper 053, p. 1*

[4] *European Commission (2017), European Economic Forecast Spring 2017. Institutional Paper 053, p. 1*

[5] *European Commission (2017), European Economic Forecast Spring 2017. Institutional Paper 053, p. 1 et seq.*

[6] *Biotest Market Research based on MRB (2016), PPTA (2016), MainFirst Bank AG (30 January 2017)*

[7] *PPTA (March 2017)*

[8] *UBS (October 2016)*

[9] *PPTA (April 2017)*

[10] *QuintilesIMS (February 2017), PPTA (2017)*

The German market showed a positive development last year in terms of sales volumes – for physicians in private practice as well as for hospitals.[11] The development in average prices in German hospitals was stable over the past 12 months. [12]

The long-term growth of the global albumin market is estimated to be around 5 % per year.[13]

Demand for plasmatic factor VIII products is also continuing to grow. This development is being driven in particular by increasingly established factor VIII therapies in emerging economies. Haemophilia patients do not yet have access to treatment with clotting factors in many of these countries. The global market for plasmatic factor VIII products is expected to grow by between 1 % and 2 % p. a. until 2020.[14] The recombinant segment is characterised by the introduction of new factor VIII preparations that are intensifying competition and thus significantly increasing price pressure on the market.

III. BUSINESS PERFORMANCE

A. AT A GLANCE

Unless otherwise noted, the amounts stated below relate exclusively to the continuing operations.

In the first half of 2017 the Biotest Group generated revenue of € 247.1 million 2017, a decrease of 11.0 % compared to the same period of the previous year (€ 277.6 million).

With the exception of the US, the sales decline is affecting almost all regions and is essentially due to the recall of the human albumin product and its limited availability in addition to the postponement of tender deliveries.

EBIT at Group level was reduced to € -20.2 million in the first half of 2017 (previous year: € 33.3 million). The EBIT margin was -8.2 % after 12.0 % in the first half of the previous year.

As announced, Biotest further expanded its network of the Group's own plasma collection centres in the first half of 2017, opening two new plasma collection centres in Hungary in the second quarter. Therefore there are now 15 collection centres in total in Europe and 22 in the US to safeguard the long-term supply of plasma.

As part of the key Biotest Next Level expansion project, the second milestone was reached on schedule in the second quarter of 2017 with the approval of the new building at the Dreieich site by the construction supervision authority of the District of Offenbach, Germany. One of the requirements for this was proving that the safety systems such as the fire alarm, fire extinguishing systems and alarm systems all work perfectly – especially in interaction with each other. In addition to the dedication of the entire project team, the key to success was the detailed planning of the preparations and the tests to be performed in cooperation with authorities and experts. The first work on relocation activities of laboratories and offices to the new site then began in June 2017.

Due to a technical defect in the cooling system of one of the production lines used to produce human albumin, Biotest decided in April 2017 to voluntarily recall various batches of human albumin. This ensured that all affected products will be promptly returned. The production of human albumin was restarted after the defect was resolved and extensive testing had been carried out. Due to this disruption in the production of human albumin, the Board of Management of the Biotest Group also decided in April 2017 to reduce the forecast for the 2017 financial year. This was already explained in the report on the first quarter of 2017 and has also been described in the forecast section of this half-year report.

[11] *Insight Health (April 2017), QuintilesIMS (April 2017)*

[12] *QuintilesIMS (April 2017)*

[13] *Biotest Market Research based on MRB (2015)*

[14] *Biotest Market Research based on MRB (2016)*

On 18 May 2017, Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, Germany, which is owned by the Chinese strategic investor CREAT Group Corporation, published the documentation for its voluntary public takeover bid for all outstanding shares of Biotest AG. The shareholders of Biotest AG were offered € 28.50 per ordinary share and € 19.00 per preference share within this offering. The Board of Management and the Supervisory Board of Biotest AG welcomed this offer, particularly with regard to the further progress of the Biotest Next Level project, the development of new products and the strengthening of international presence. In a joint statement on 1 June 2017, both boards recommended that shareholders accept the offer by Tiancheng (Germany) Pharmaceutical Holdings AG. Tiancheng (Germany) Pharmaceutical Holdings AG announced on 7 July 2017 that its voluntary public takeover offer to the shareholders of Biotest AG was accepted for a total of 17,783,776 ordinary shares and 214,581 preference shares by the end of the extended acceptance period at midnight on 4 July 2017. These ordinary shares account for approximately 89.88 % of Biotest AG's voting capital and 44.94 % of the total share capital of Biotest AG. The preference shares account for approximately 0.54 % of the total share capital of Biotest AG. The execution of the transaction is still subject to one regulatory consent in the United States and the approval of the merger control authority in Turkey.

Biotest Pharmaceuticals Corp. completed the sale of its therapy and toll manufacturing activities to ADMA Biologics Inc., Ramsey, USA, (ADMA) on 6 June 2017. BPC's manufacturing facilities, land and buildings at the Boca Raton site, the therapy products previously sold by BPC and the toll manufacturing agreements, inventories and intermediates worth € 4.9 million and the employees of the US therapy business were transferred to ADMA. Furthermore, Biotest has provided ADMA with cash of € 11.0 million (USD 12.5 million) and a subordinated loan with a nominal amount of € 13.1 million (USD 15.0 million) for a term of five years. In return, Biotest received an interest of 50 % minus one share in ADMA, corresponding to voting rights of 25 %. In addition, as of 1 January 2019, Biotest will receive two plasmapheresis centres currently operated by ADMA and a right of first refusal for the distribution rights for all future ADMA products in Europe, the Middle East and selected Asian countries. On the basis of ADMA's quoted share price as of 6 June 2017 and an updated fair value of the loan and the right to transfer the plasma stations, the gain on disposal amounted to € 10.5 million (USD 11.4 million), which is reported in the results of discontinued operations.

B. RESEARCH AND DEVELOPMENT

The costs of research and development in continuing operations increased by 14.6 % to € 26.7 million in the first half of 2017 (previous year: € 23.3 million). Development projects with monoclonal antibodies accounted for 13.6 % of this figure (previous year: 26.7 %).

Biotest made further progress in the following research and development products in the period from January to June 2017:

Indication area Haematology

Indatuximab ravtansine (BT-062): Seven patients are still in treatment in the clinical phase I/IIa combination study (no. 983) for the indication multiple myeloma due to good response. Patient treatment concluded in the clinical phase I/II monotherapy study (no. 989) for the indication breast and bladder cancer. The patients are in the post-observation phase.

Indication area Clinical Immunology

IgG Next Generation: Patient recruitment is ongoing in two pivotal studies. Patients with primary immune deficiencies in Europe and the US are being treated in the clinical phase III study (no. 991). Patients for the treatment of immune thrombocytopenia (ITP) are treated in the study no. 992 (also clinical phase III), which is being conducted in several European countries.

BT-063: Patient treatment concluded in part two of the Clinical phase IIa study (no. 990) for the indication systemic lupus erythematosus. Patients are in the post-observation phase.

Indication area Intensive Care Medicine

Trimodulin (IgM Concentrate): Given the significance of the IgM Concentrate project to the Biotest Next Level project and progress in the planning of the phase III development, Biotest has developed a generic name for IgM Concentrate. The generic name Trimodulin describes the active substance of the development candidate. Preparations are underway for the phase III study. The clinical study concept was discussed with international experts and regulatory authorities.

Fibrinogen: The European Medicines Agency (EMA) agreed with the positive recommendation of the Paediatric Committee (PDCO) regarding the paediatric development plan for fibrinogen for the indication congenital fibrinogen deficiency. For the indication acquired fibrinogen deficiency, the necessary documents for the approval of the phase III study (no. 995; ADFIRST) were submitted to the Paul Ehrlich Institute (PEI) and the authorities and ethics commissions of other European countries.

C. MARKETING AND DISTRIBUTION

A detailed description of significant marketing and distribution activities in 2016 can be found in the 2016 annual report (pages 19 and 20).

The following progress was achieved in the first half year of the 2017 financial year:

Indication area Haematology

Vihuma®: Marketing authorisation for Vihuma® was granted by the European Commission in February. Biotest has been distributing this recombinant factor VIII preparation in Germany and Austria on the basis of a cooperation with Octapharma AG since April of this year.

Indication area Clinical Immunology

Fovepta®: Marketing authorisation granted in Tunisia.

Intratect® 100 g/l (10 %): Marketing authorisation granted in Cyprus, Iran and Tunisia.

Zutectra®: Marketing authorisation granted in Israel and Taiwan for early use of Zutectra® from one week after a liver transplant. Zutectra® was launched in Slovenia in the second quarter of 2017.

Cytotect®: Global sales increased by more than 20 % compared to the same period of the previous year.

Indication area Intensive Care Medicine

Pentaglobin®: The first sales were made in Panama in the second quarter. Total Pentaglobin® sales were more than 40 % higher than the previous year's level at the end of the first half of the year.

IV. PRESENTATION OF RESULTS OF OPERATIONS, FINANCIAL POSITION AND CASH FLOWS

Unless otherwise noted, the amounts stated below relate exclusively to the continuing operations.

A. RESULT OF OPERATIONS

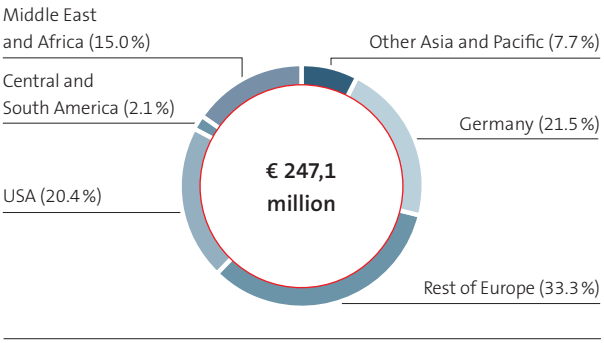
The Biotest Group generated revenue of € 247.1 million in the first half of 2017 after € 277.6 million in the same period of the previous year, a decrease of 11.0 %. € 22.2 million of this decrease are due to sales reductions as a result of the recall of various batches of the human albumin product and the resulting contractual penalties. The reason for the recall was a technical defect in the production of an intermediate product for human albumin that was repaired efficiently in the spring of 2017. Without these effects, sales would have declined by 3.0 % to € 269.3 million.

SALES BY SEGMENT

in € million	H1 2017	H2 2016	Change in %
Therapy	135.5	179.0	–24.3
Plasma & Services	108.8	94.9	+14.6
Other Segments	2.8	3.7	–24.3
Biotest Group (continuing operations)	**247.1**	**277.6**	**–11.0**

In the regional analysis, Biotest achieved sales growth in the US. Sales here rose by 11.3 % to € 50.3 million as a result of increased plasma sales. Nearly all the other regions reported sales declines, due in particular to the product recall for human albumin, insufficient availability of human albumin and the delay in tender deliveries.

SALES BY REGION FIRST HALF OF 2017



Discontinued operations generated sales of € 8.5 million in the first six months of the 2017 financial year.

The cost of sales rose to € 186.5 million in the first half of 2017 after € 175.7 million in the same period of the previous year. The rise of 6.1 % is primarily due to the write-down of human albumin inventories of € 7.2 million. In addition, costs of unutilized capacity relating to the opening of plasma collection centres in Hungary and the United States had a negative impact on the cost of sales.

Marketing and distribution costs amounted to € 28.2 million for the first six months of the 2017 financial year, up on the previous year's figure of € 26.8 million.

The administrative expenses of the Biotest Group amounted to € 25.2 million in the first half of 2017 after € 18.7 million in the first half of 2016. The rise of 34.8 % is essentially due to expenses for consultancy services in connection with the acquisition of Biotest AG by the Creat Group.

KEY INCOME STATEMENT ITEMS OF THE BIOTEST GROUP*

in € million	H1 2017	% of sales	H2 2016	% of sales
Cost of sales	–186.5	75.5	–175.7	63.3
Marketing and distribution costs	–28.2	11.4	–26.8	9.7
Administrative expenses	–25.2	10.2	–18.7	6.7
Research and development costs	–26.7	10.8	–23.3	8.4
Other operating income and expenses	–0.7	0.3	0.2	0.1
Result from investments in associated companies	–2.4	1.0	0.0	0.0
Financial result	–5.8	2.3	–4.3	1.5

* Costs/expenses are denoted with a negative sign

Research and development costs of € 26.7 million were incurred in the first six months of the 2017 financial year, compared to € 23.3 million in the same period of the previous year. The main reason for the increase of 14.6 % was an increase in expenses in connection with the Biotest Next Level project, while expenses for monoclonal antibodies declined significantly.

EBIT amounted to € -20.2 million in the first half of 2017 compared to the previous year's figure of € 33.3 million. The EBIT margin was therefore -8.2 % after 12.0 % in the same period of the previous year. In the core Therapy segment, EBIT amounted to € -25.0 million in the first six months of the 2017 financial year (same period of the previous year: € 17.4 million). This development was chiefly attributable to sales reductions of € 19.9 million due to the anticipated return of human albumin already delivered and contractual penalties, one-time expenses from write-downs of € 7.2 million on inventories of the product human albumin that can no longer be sold due to technical problems in the manufacturing process and other costs relating to the recall in the amount of € 0.5 million. In addition to the extraordinary effects of the recall of human albumin, the limited availability of human albumin and the postponement of tender deliveries had a negative impact on earnings in the Therapy segment.

EBIT in the Plasma & Services segment declined by 26.2 % to € 12.4 million (previous year: € 16.8 million). This was essentially due to sales reductions and compensation expenses in connection with the human albumin recall as well as costs of unutilized capacity relating to the opening of new plasma collection centres in the United States.

EBIT in Other Segments declined from € -0.9 million in the same period of the previous year to € -7.6 million in the current year due to the consultancy costs in connection with the acquisition of Biotest AG by the Creat Group.

EBIT BY SEGMENT

in € million	**H1 2017**	H2 2016	Change in %
Therapy	–25.0	17.4	–243.7
Plasma & Services	12.4	16.8	–26.2
Other Segments	–7.6	–0.9	–744.4
Biotest Group (continuing operations)	**–20.2**	**33.3**	**–160.7**

EBIT of discontinued operations amounted to € 0.5 million in the reporting period after € -15.1 million in the same period of the previous year. EBIT for the current financial year has been positively influenced by the gain on the disposal of US therapy business to ADMA in the amount of € 10.5 million, which essentially results from ADMA's performance on the stock market.

The financial result of continuing operations was € -5.8 million in the first half of 2017 after € -4.3 million in the same period of the previous year. This is primarily due to exchange rate losses on account to the weaker development of the US dollar in the first half of 2017.

Due to the recognition of the pro rata loss of ADMA attributable to Biotest Group during the period of 6 June 2017 until 30 June 2017, expenses amounting to € 2.4 million were incurred.

This resulted in earnings before taxes of € -28.4 million for the Biotest Group's continuing operations compared to € 29.0 million in the previous year.

In the first six months of the 2017 financial year, the earnings after taxes for continuing operations of € -18.3 million (previous year: € 22.8 million) were essentially defined by the one-time effects in connection with the recall of human albumin. These effects also led to tax income of € 10.1 million in the first half of 2017, after a tax expense of € -6.2 million had been incurred in the same period of the previous year.

The earnings after taxes of discontinued operations amounted to € 0.5 million in the first half of 2017 after € -15.1 million in the previous year.

The Biotest Group's total earnings after taxes (EAT) therefore amounted to € -17.8 million in the first half of 2017 (same period of the previous year: € 7.7 million). This results in earnings per share of € -0.46 after € 0.19 in the previous year.

KEY PERFORMANCE FIGURES OF THE BIOTEST GROUP

in Millionen €	**H1 2017**	H2 2016	Change in %
EBIT	—20.2	33.3	–160.7
EBT	—28.4	29.0	–197.9
EAT	—18.3	22.8	–180.3

B. FINANCIAL POSITION

The Biotest Group's total assets rose from € 932.8 million as of 31 December 2016 to € 967.1 million as of 30 June 2017.

On the assets side, non-current assets increased from € 465.6 million as of 31 December 2016 to € 570.6 million as of 30 June 2017. This was firstly due to an increase in property, plant and equipment of 9.8 % to € 455.7 million (31 December 2016: € 414.9 million), which was mainly caused by the Biotest Next Level investment project at the Dreieich site. Secondly, for the first time non-current assets as of 30 June 2017 include the investment in ADMA Biologics Inc. in the amount of € 38.9 million, the loan granted to ADMA of € 10.8 million and the right to the transfer of two ADMA plasma stations as of 1 January 2019 in the amount of € 6.1 million.

Current assets decreased compared to the end of 2016 and amounted to € 396.5 million as of 30 June 2017 (31 December 2016: € 467.2 million). The main reasons for this were the disposal of the assets of the discontinued operation as a result of the sale of these assets to ADMA Biologics Inc. on 6 June 2017 and a decline in trade receivables of 17.5 % to € 135.1 million (31 December 2016: € 163.8 million). The decrease in trade receivables results firstly from the recall of human albumin and secondly from the discontinuation of the therapy activities in the US.

Under equity and liabilities, equity declined as against 31 December 2016 to € 339.5 million (31 December 2016: € 360.7 million). The equity ratio was 35.1 % as of the end of the reporting period. Debt climbed to € 627.6 million (31 December 2016: € 572.1 million). This was essentially caused by taking up another KfW (Kreditanstalt für Wiederaufbau) energy efficiency loan with a nominal amount of € 70 million in connection with the Biotest Next Level project.

C. CASH FLOW

The Biotest Group reported a negative operating cash flow for continuing operations of € -12.4 million the first six months of 2017 (same period of the previous year: € 47.0 million). Cash flow from investing activities for continuing operations amounted to € -53.5 million in the period from January to June 2017 (same period of the previous year: € 8.7 million). The cash flow from financing activities for continuing operations was € 58.8 million in the first half of 2017 and therefore above the previous year's level (same period of the previous year: € 3.1 million).

D. SUMMARY ASSESSMENT OF THE BUSINESS SITUATION OF THE COMPANY

The first half of 2017 of the Biotest Group was characterized by continuing strategic decisions and operational challenges. The sales decline of 11.0 % was due in particular to the product recall for human albumin, insufficient availability of human albumin and the delay in tender deliveries. The significant sales growth in the US was unable to compensate for this development. As a result of the sales development described above, EBIT from continuing operations was also in decline in the reporting period and amounted to € -20.2 million. Nonetheless, the Biotest Group still has a solid equity ratio and liquidity situation as of 30 June 2017.

The Biotest Group has continued its new strategic direction that it initiated in 2016. In the first six months of 2017, for example, US therapy business was sold to ADMA Biologics Inc. for an equity investment of 50 % minus one share. As a major shareholder in ADMA, in the future Biotest will participate in the opportunities – and also the risks – in relation to the hyperimmunoglobulin business. Biotest will continue to operate in the US with 22 plasma collection centres, and will receive two more centres from ADMA as of 1 January 2019. This will allow the Biotest Group to systematically focus its resources on developing its network of plasma stations and the Biotest Next Level expansion project at our headquarters in Dreieich. The second milestone of Biotest Next Level was reached in June 2017 with the construction code approval of the new building.

The Biotest Group has also found a strong partner for continuing its Biotest Next Level strategy in the CREAT Group in the reporting period. Biotest shareholders accepted the voluntary takeover offer and surpassed the minimum acceptance rate of 75 % of outstanding ordinary shares. Together with Creat, Biotest is striving to achieve the goal of enhancing and expanding its global competitive capability. To this end, it will advance the development of new products, continue existing projects such as Biotest Next Level and boost its international presence.

C. SUPPLEMENTARY REPORT

Tiancheng (Germany) Pharmaceutical Holdings AG announced on 7 July 2017 that its voluntary public takeover offer to the shareholders of Biotest AG was accepted for a total of 17,783,776 ordinary shares and 214,581 preference shares by the end of the extended acceptance period at midnight on 4 July 2017. These ordinary shares account for approximately 89.88 % of Biotest AG's voting capital and 44.94 % of the total share capital of Biotest AG. The preference shares account for approximately 0.54 % of the total share capital of Biotest AG.

The takeover bid is still subject to one regulatory consent in the United States and the approval of the merger control authority in Turkey.

D. OUTLOOK, RISK AND OPPORTUNITIES REPORT

I. OUTLOOK

A. EXPECTED DEVELOPMENT OF THE MARKET ENVIRONMENT

Target markets

According to current studies, global demand for immunoglobulins (IgG) will continue to increase by 6 % to 7 % annually in the coming years.[15] Although the prices of these preparations remained largely constant in the past year, some geographical areas and distribution channels are currently characterised by rising price pressure.[16] This is due in part to additional fractionation capacity arising at various plasma companies around the world and gradually making its way to market.

The Biotest Group also expects the global market volume for plasmatic clotting factors to increase by around 1 % to 2 % p. a. until 2020.[17]

The markets for monoclonal antibodies remain attractive and could offer growth potential. However, Biotest decided in 2016 to continue its own developments in this area only until the next milestone is reached. Further activities to unlock this potential will be carried out only with a partner moving ahead.

[15] *Biotest Market Research based on MRB (2016), MainFirst Bank AG (30 January 2017)*

[16] *QuintilesIMS (October 2016), Goldman Sachs (18 May 2015): Global: Medical Technology: Medical Supplies: Industry structure to support demand, pricing; Buy CSL, GRLS*

[17] *Biotest Market Research based on MRB (2016)*

B. EXPECTED PERFORMANCE OF THE BIOTEST GROUP

Expected business and earnings situation of the Biotest Group

On 26 April 2017, the Board of Management announced that, due to the technical defect in the production of human albumin, the associated return of end products already sold and the supply shortages for human albumin in the current financial year, it is now forecasting sales at the previous year's level for continuing operations in 2017, after previously having forecast a low single-digit percentage increase in sales. The EBIT forecast for continuing operations of € 46 million to € 48 million and for cash flow from operating activities of approximately € 40 million have been reduced by around € 25 million to € 30 million. As a result, the Board of Management now anticipates a return on capital employed (RoCE) of approximately 2 %. Achieving the earnings forecast is dependent on the amount and timing of a potential settlement of the damages in connection with the technical defect in the production of human albumin under the company's insurance as well as on the non-occurence of the risks described in the risk report.

A break-even result is expected for discontinued operations on account of the positive gain on disposal.

Expected financial position and cash flows of the Biotest Group

The main focus of the Biotest Group will be on a balanced financing structure, both in terms of the ratio of debt to equity and the ratio of short-term to long-term debt financing. The Group will use the major portion of the cash received over the last few years for the Biotest Next Level project to finance the expansion of capacity at Dreieich. Furthermore, the increase in current assets required for the sales growth must be financed. Capital expenditure of up to € 110 million is planned for the Biotest Group for the 2017 financial year, a substantial portion of which relates to the Biotest Next Level project. However, there will also be further investment in expanding existing and adding new plasma centres in the US and Europe.

There are currently sufficient financial resources available for the capital expenditure and to increase sales, which also entails increasing working capital.

On completion of the forthcoming acquisition of Biotest AG under the public takeover bid of 18 May 2017 by Tiancheng (Germany) Pharmaceutical Holdings AG, an indirect subsidiary of the Creat Group, there will be a change of control under company law at the borrower Biotest AG and indirectly at the borrower Biotest Pharma GmbH. This change of control can mean grounds for termination or special repayment obligations under the credit agreements. However, the implementation of the public takeover bid is subject to one antitrust and one regulatory approval, hence there has still been no change of control at the time of the publication of this report.

In its public takeover offer, Creat announced that it will provide any refinancing required that arises due to change-of-control clauses in the Biotest Group's current financing agreements. This financing would be provided by Creat as a subordinated shareholder loan to Biotest AG.

Until the refinancing of the credit agreements, which is to be arranged with Creat after the change of control, Biotest has asked all creditors to temporarily forgo exercising certain rights due to the change of control, thus ensuring ongoing operations.

In return, Biotest has pledged itself not to allow any measures that could make a valuation of the borrowers as separate entities impossible. Among other things, these clauses stipulate that no dividends can be distributed and no loans can be extended to companies of the Creat Group.

This agreement relates to the entire financing volume of Biotest, consisting of loans, credits and operating credit lines committed to of € 507 million.

The agreement excludes the right to termination on the grounds of the change of control for six months from the date of the change of control. Thus, creditors would again have a right to termination on the grounds of the change of control after six months, and Biotest would be required to pay early repayment penalties in a one digit million range.

On the date this report was written, the consent of the lenders to the described agreement was still outstanding. Biotest AG assumes that in case of non-acceptance by the lenders, Creat Group will provide the funding for the Biotest Group.

II. RISK REPORT

The risk situation of the Biotest Group has not changed significantly compared to the presentation in the 2016 annual report (pages 28 to 35), except for the facts set out below.

The risks arising from the recall of human albumin described above have been taken into account in this report. The company has taken out insurance for the resulting damages and lost income from past and future deliveries. The settlement of the damages is currently being reviewed and, in the event of a positive decision by the insurance company, will result in corresponding income that could partly compensate for the damages incurred and the anticipated sales losses. Potential claims for insurance compensation have not been included in the half-year financial statements.

Please see the comments on the expected financial position and cash flow of the Biotest Group regarding the risks to the financing of the Biotest Group arising from the financing banks' right to extraordinary termination on account of the takeover by Tiancheng (Germany) Pharmaceutical Holdings AG.

On completion of the takeover bid by Tiancheng (Germany) Pharmaceuticals Holding AG, a restricted usability of tax loss carry forwards – in particular for Biotest Pharmaceuticals Corp. – will probably result. So far, for the respective loss carry forwards no deferred tax assets were recognized in the consolidated financial statement.

Contractual penalties claimed by the partner in Saudi Arabia due to alleged infringement of delivery conditions in tender business result in a contingent liability of € 3.9 million. A contingent liability of € 1.1 million was assumed as of 31 December 2016. A provision has been recognised for the amount that Biotest considers most likely, namely € 1.2 million.

Due to the presumably ongoing loss situation at ADMA in the foreseeable future and the dependence of the company's future prospects for success on a production plant that the US Food and Drug Administration has objected to at the time of the accounts being prepared and marketing authorisation for the RI-002 product, there is an elevated risk that write-downs will have to be recognised on the investment in ADMA or other assets in connection with ADMA. Regardless of any write-downs, the pro rata losses at ADMA attributable to Biotest will reduce the carrying amount of the equity investment in ADMA for the foreseeable future.

In the half-year financial statements Biotest AG included deferred tax assets for the current financial year amounting to € 11 million. Upon completion of the takeover by Creat Group, the verification based on German Tax Law becomes necessary in how far losses incurred before the takeover can be utilized for tax purposes. Currently Biotest AG assumes that the regulations on limiting the utilization of tax losses are not applicable in case of the takeover by Creat Group.

Biotest obtains intermediates for the product Pentaglobin® from a certified European supplier. End of July, Biotest was informed that this intermediate contains plasma from a donor with a suspicion of Creutzfeldt-Jakob disease. Due to the circumstances of the individual case, it is highly unlikely that the end product batches, which in consultation with the authorities were quarantined as a precautionary measure, will be recalled. In the event of a recall, the impact on earnings would be a middle single-digit million amount.

III. OPPORTUNITIES REPORT

The opportunity situation of the Biotest Group has not changed significantly compared to the presentation in the 2016 annual report (pages 35 and 36).

CONSOLIDATED STATEMENT OF INCOME

of the Biotest Group for the period from 1 January to 30 June 2017

in € million	**Q2 2017**	Q2 2016	**H1 2017**	H2 2016
Revenue	136.6	144.0	247.1	277.6
Cost of sales	–87.8	– 92.1	–186.5	–175.7
Gross profit	**48.8**	**51.9**	**60.6**	**101.9**
Other operating income	0.5	0.8	1.1	1.5
Marketing and distribution costs	–14.6	– 14.8	–28.2	–26.8
Administrative expenses	–15.4	– 10.1	–25.2	–18.7
Research and development costs	–13.7	– 10.8	–26.7	–23.3
Other operating expenses	–0.9	– 0.7	–1.8	–1.3
Operating profit	**4.7**	**16.3**	**–20.2**	**33.3**
Financial result	–4.2	– 0.4	–5.8	–4.3
Results from associated companies	–2.4	0.0	–2.4	0.0
Earnings before taxes	**–1.9**	**15.9**	**–28.4**	**29.0**
Income taxes	0.3	– 3.4	10.1	–6.2
Earnings after taxes from continuing operations	**–1.6**	**12.5**	**–18.3**	**22.8**
Earnings after taxes from discontinued operations	8.1	– 6.6	0.5	–15.1
Earnings after taxes	**6.5**	**5.9**	**–17.8**	**7.7**
Attributable to:				
Equity holders of the parent	6.5	5.9	–17.8	7.7
of which from continuing operations	–1.6	12.5	–18.3	22.8
of which from discontinued operations	8.1	– 6.6	0.5	–15.1
Non-controlling interests	0.0	0.0	0.0	0.0
of which from continuing operations	0.0	0.0	0.0	0.0
of which from discontinued operations	0.0	0.0	0.0	0.0
Earnings per share in €	**0.15**	**0.14**	**–0.46**	**0.19**
of which from continuing operations	–0.05	0.32	–0.47	0.58
of which from discontinued operations	0.20	– 0.18	0.01	–0.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of the Biotest Group for the period from 1 January to 30 June 2017

in € million	H1 2017	H2 2016
Consolidated profit for the period	**–17.8**	**7.7**
Other comprehensive expenses / income	0.0	0.0
resulting income tax effect	0.0	0.0
Exchange difference on translation of foreign operations	–3.4	–2.1
Income tax effect	0.0	0.0
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods	**–3.4**	**–2.1**
Actuarial gains / losses from defined benefit pension plans	0.0	0.0
resulting income tax effect	0.0	0.0
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods	**0.0**	**0.0**
Other comprehensive income, net of tax	**–3.4**	**–2.1**
Total comprehensive income, net of tax	**–21.2**	**5.6**
Attributable to:		
Equity holders of the parent	–21.2	5.6
Non-controlling interests	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of the Biotest Group as of 30 June 2017

in € million	30 June 2017	31 December 2016
ASSETS		
Non-current assets		
Intangible assets	24.1	25.3
Property, plant and equipment	455.7	414.9
Investment property	6.1	6.6
Investments in associates	43.2	4.3
Other assets	6.8	0.5
Other financial assets	12.3	1.4
Deferred tax assets	22.4	12.6
Total non-current assets	**570.6**	**465.6**
Current assets		
Inventories	170.7	170.8
Trade receivables	135.1	163.8
Current income tax assets	13.1	5.7
Other assets	13.2	16.7
Other financial assets	1.6	12.2
Cash and cash equivalents	62.8	72.9
Assets from discontinued operations	0.0	25.1
Total current assets	**396.5**	**467.2**
Total assets	**967.1**	**932.8**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	39.6	39.6
Share premium	219.8	219.8
Retained earnings	97.7	146.9
Share of profit or loss attributable to equity holders of the parent	–17.8	–45.8
Equity attributable to equity holders of the parent	**339.3**	**360.5**
Non-controlling interests	0.2	0.2
Total equity	**339.5**	**360.7**
Liabilities		
Provision for pensions and similar obligations	85.1	83.8
Other provisions	6.7	7.9
Financial liabilities	396.4	330.0
Other liabilities	1.8	1.9
Deferred tax liabilities	2.5	2.5
Total non-current liabilities	**492.5**	**426.1**
Other provisions	27.5	35.6
Current income tax liabilities	3.7	3.5
Financial liabilities	17.9	16.2
Trade payables	56.0	62.8
Other liabilities	30.0	27.9
Total current liabilities	**135.1**	**146.0**
Total liabilities	**627.6**	**572.1**
Total equity and liabilities	**967.1**	**932.8**

CONSOLIDATED CASH FLOW STATEMENT

of the Biotest Group for the period from 1 January to 30 June 2017

in € million	H1 2017	H1 2016
Operating cash flow before changes in working capital	19.8	47.2
Cash flow from changes in working capital	–23.2	3.6
Interest and taxes paid	–9.0	–3.8
Cash flow from operating activities from continuing operations	**–12.4**	**47.0**
Cash flow from operating activities from discontinued operations	–11.8	2.6
Cash flow from operating activities total	**–24.2**	**49.6**
Cash flow from investing activities from continuing operations	–53.5	8.7
Cash flow from investing activities from discontinued operations	–14.0	–0.8
Cash flow from investing activities total	**–67.5**	**7.9**
Cash flow from financing activities from continuing operations	58.8	3.1
Cash flow from financing activities from discontinued operations	12.8	0.0
Cash flow from financing activities total	**71.6**	**3.1**
Cash changes in cash and cash equivalents	**–20.1**	**60.6**
Exchange rate-related changes in cash and cash equivalents	–1.8	0.0
Cash and cash equivalents on 1 January	84.7	53.8
Cash and cash equivalents on 30 June	**62.8**	**114.4**
thereof from discontinued operations	0.0	0.0
thereof from continuing operations	**62.8**	**114.4**
thereof in cash flow from investing activities cash and cash equivalents from changes in other financial assets	–3.2	70.0
Cash flow from investing activities from continuing operations diluted by proceeds from financial assets as part of short-term financial planning	**–50.3**	**–61.3**
Total cash flow from investing activities diluted by proceeds from financial assets as part of short-term financial planning	**–64.3**	**–62.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of the Biotest Group for the period from 1 January to 30 June 2017

in € million	Subscribed capital	Share premium	Accumulated differences from currency translation	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of 1 January 2016	**39.6**	**219.8**	**37.0**	**115.8**	**412.2**	**0.1**	**412.3**
Gains/losses recognised directly in equity	–	–	0.6	–5.3	–4.7	–	–4.7
Profit for the period	–	–	–	–45.8	–45.8	0.1	–45.7
Total comprehensive income	**0.0**	**0.0**	**0.6**	**–51.1**	**–50.5**	**0.1**	**–50.4**
Capital increase from company funds	0.0	0.0	–	–	0.0	–	0.0
Dividend payments	–	–	–	–1.2	–1.2	–	–1.2
Balance on 31 December 2016	**39.6**	**219.8**	**37.6**	**63.5**	**360.5**	**0.2**	**360.7**
As of 1 January 2017	**39.6**	**219.8**	**37.6**	**63.5**	**360.5**	**0.2**	**360.7**
Gains/losses recognised directly in equity	–	–	–3.4	0.0	–3.4	–	–3.4
Profit for the period	–	–	–	–17.8	–17.8	–	–17.8
Total comprehensive income	**0.0**	**0.0**	**–3.4**	**–17.8**	**–21.2**	**0.0**	**–21.2**
Capital increase from company funds	–	–	–	–	0.0	–	0.0
Dividend payments	–	–	–	–	0.0	–	0.0
Balance on 30 June 2017	**39.6**	**219.8**	**34.2**	**45.7**	**339.3**	**0.2**	**339.5**

SELECTED DISCLOSURES

METHOD OF PREPARATION

The interim consolidated financial statements of Biotest AG and its subsidiaries as of 30 June 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Accordingly, these interim consolidated financial statements as of 30 June 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and contain condensed reporting compared to the consolidated financial statements. IFRS include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretation Committee (SIC). The accounting of the Biotest Group is prepared in accordance with IFRS effective for financial years beginning on or after 1 January 2017.

These interim consolidated financial statements were approved for publication by the Board of Management on 14 August 2017.

CONSOLIDATED GROUP

The consolidated financial statements of Biotest AG still include all material subsidiaries, comprising three domestic and 13 foreign companies in which Biotest AG directly or indirectly holds the majority of voting rights.

ADMA Biologics Inc., Ramsey, USA, has been included in the consolidated financial statements as an associate using the equity method since 6 June 2017. The carrying amount of the equity investment of € 38.9 million includes hidden reserves relating to ADMA's RI-002 development project of around € 22 million. For the period from 6 June 2017 to 30 June 2017, losses of € 2.4 million have been recognised in the carrying amount of Biotest's equity investment in ADMA. The reported hidden reserves and the recognised losses are provisional figures as the purchase price allocation had not been completed at the time of the preparation of the accounts owing to incomplete information.

BioDarou P.J.S. Co., Tehran, Iran, is included in the consolidated financial statements as a joint venture and accounted for using the equity method.

On 17 July 2017 the Biotest Group exercised its option to acquire 100 % of shares in Cara Plasma s.r.o., Prague, Czechia. Cara Plasma s.r.o. operates a plasma collection centre in Prague, Czechia. The acquisition of the company is intended to help safeguard Biotest AG's plasma supply in the long term. The purchase price consists of a payment of € 0.2 million due at the acquisition date and subsequent contingent purchase price payments dependent on the plasma quantities delivered by the company within three years of acquisition. The contingent purchase price payment is expected to be in a range of between € 0.3 million and € 0.5 million. The total identifiable net assets acquired as of the acquisition date amount to € 0.5 million. The company will be included in the consolidated financial statements for the first time in the third quarter of 2017.

RECONCILIATION OF TOTAL SEGMENT RESULTS TO EARNINGS AFTER TAXES OF THE BIOTEST GROUP

in € million	H1 2017	H1 2016
Operating profit (EBIT) (continuning and discontinued operations)	**–19.7**	**18.2**
Financial result	–5.8	–4.3
Results from associated companies	–2.4	0.0
Earnings before taxes (EBT) (continuning and discontinued operations)	**–27.9**	**13.9**
Income taxes	10.1	–6.2
Earnings after taxes (EAT) (continuning and discontinued operations)	**–17.8**	**7.7**

NET DEBT

in € million	30 June 2017	31 December 2016
Financial liabilities to financial institutions	410.8	342.6
Liabilities from finance leases	3.5	3.6
Financial liabilities	**414.3**	**346.2**
Cash and cash equivalents	62.8	72.9
Financial investments in other current financial assets*	0.0	10.0
	62.8	**82.9**
Net debt	**351.5**	**263.3**

* Current financial assets include short-term investments of liquid funds.

SEGMENT REPORTING

of the Biotest Group for the period from 1 January to 30 June 2017

	Revenue			EBIT		
in € million	H1 2017	H1 2016	Change in %	H1 2017	H1 2016	Change in %
Therapy	135.5	179.0	–24.3	–25.0	17.4	–243.7
Plasma & Services	108.8	94.9	14.6	12.4	16.8	–26.2
Other Segments	2.8	3.7	–24.3	–7.6	–0.9	–744.4
Continuing Operations	**247.1**	**277.6**	**–11.0**	**–20.2**	**33.3**	**–160.7**
Discontinued Operations	8.5	28.4	–70.1	0.5	–15.1	103.3
Biotest Group	**255.6**	**306.0**	**–16.5**	**–19.7**	**18.2**	**–208.2**

	Revenue with third parties based on customer's geographical location		
in € million	H1 2017	H1 2016	Change in %
Germany	53.0	54.6	–2.9
Rest of Europe	82.4	82.1	0.4
USA	50.3	45.2	11.3
Central and South America	5.3	7.4	–28.4
Middle East and Africa	37.0	60.9	–39.2
Other Asia and Pacific	19.1	27.4	–30.3
Biotest Group	**247.1**	**277.6**	**–11.0**

QUARTER-TO-QUARTER COMPARISON

by business segments

	Revenue				
in € million	**Q2 2017**	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Therapy	83.0	52.5	86.3	81.5	90.8
Plasma & Services	52.0	56.8	51.3	53.1	51.5
Other Segments	1.6	1.2	1.8	1.5	1.7
Continuing Operations	**136.6**	**110.5**	**139.4**	**136.1**	**144.0**
Discontinued Operations	6.4	2.1	15.5	13.4	14.9
Biotest Group	**143.0**	**112.6**	**154.9**	**149.5**	**158.9**

	EBIT				
in € million	**Q2 2017**	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Therapy	8.0	–33.0	8.6	5.5	8.0
Plasma & Services	3.8	8.6	8.6	9.0	8.9
Other Segments	–7.1	–0.5	–0.2	–0.3	–0.6
Continuing Operations	**4.7**	**– 24.9**	**17.0**	**14.2**	**16.3**
Discontinued Operations	8.1	–7.6	–63.0	0.0	–6.6
Biotest Group	**12.8**	**–32.5**	**–46.0**	**14.2**	**9.7**

OTHER DISCLOSURES

Schedule of assets – net presentation

in € million	Carrying amount as of 31 December 2016	Capital expenditure	Depreciation and amortisation	Currency translation differences	Carrying amount as of 30 June 2017
Intangible assets	25.3	0.9	–0.8	–1.3	24.1
Property, plant & equipment	414.9	54.0	–11.3	–1.9	455.7
Total	**440.2**	**54.9**	**–12.1**	**–3.2**	**479.8**

Employees

by operating functions

Full-time equivalents	**30 June 2017**	31 December 2016	Change in %
Marketing and distribution	203	212	–4.2
Administration	213	249	–14.5
Production	1,808	1,877	–3.7
Research and development	165	189	–12.7
Biotest Group	**2,389**	**2,527**	**–5.5**

Financial instruments as of 30 June 2017

in € million	Carrying amount	Fair value
Assets		
Trade receivables	135.1	135.1
Other financial assets		
Other financial assets	10.8	10.8
Derivatives not designated as hedging instruments	1.6	1.6
Receivables from joint ventures	1.3	2.3
Pension fund	0.1	0.1
Equity and liabilities		
Trade payables	56.0	56.0
Financial liabilities	414.3	400.3
Other liabilities		
Nonderivative financial liabilities	30.7	30.7
Derivatives not designated as hedging instruments	1.1	1.1

FAIR VALUE HIERARCHY

The financial instruments carried at fair value in the statement of financial position must be assigned to a three-level fair value measurement hierarchy in accordance with IFRS 7.27A. The level reflects the proximity to the market of the data used to calculate fair value. Fair value hierarchy levels are described below:

Level 1: quoted prices for on active markets for identical assets or liabilities,

Level 2: information other than quoted prices that is directly (such as prices) or indirectly (such as derived from prices) observable, and

Level 3: information on assets and liabilities that is not based on observable market data.

For assets and liabilities recognised in the financial statements on a recurring basis, the Group determines whether reclassifications between the hierarchy levels have occurred by reviewing the classification (based on the input parameter of the lowest level significant to measurement at fair value) at the end of each reporting period.

In order to satisfy the fair value disclosure requirements, the Group has established groups of assets and liabilities based on their nature, characteristics, risks and the fair value hierarchy levels explained above.

The fair values of trade receivables and trade payables, other receivables and liabilities are assumed to be equal to their carrying amounts due to their short maturities.

Derivative financial assets are marked to market based on quoted exchange rates and yield curve structures obtainable on the market. Fair value is assigned to hierarchy level 2.

The fair values of financial liabilities are measured as the present values of the payments associated with the liabilities taking into account the respective applicable yield curve and the credit spread curve observed for each currency.

Counterparty risk was taken into account using an add-on approach in determining fair value. The currency basis spread was also taken into account.

RELATED PARTY DISCLOSURES

Following the acquisition of an equity investment of 50 % minus one share in ADMA Biologics Inc., Ramsey, USA, the Biotest Group has had a reportable relationship with ADMA since 6 June 2017.

In connection with the disposal of BPC activities in the field of therapy and toll manufacturing to ADMA on 6 June 2017, the Biotest Group has granted ADMA a subordinated loan with a nominal amount of € 13.1 million (USD 15.0 million) at an interest rate of 6 % with a term of five years. The measurement of the loan at a standard market interest rate resulted in an expense of € 1.6 million in the reporting period, which is attributed to discontinued operations. The carrying amount of the loan was € 10.8 million as of 30 June 2017. Interest income from the loan amounts to € 0.1 million in the first half of the year. The Biotest Group acquired goods from ADMA worth € 0.8 million in the period from 6 June 2017 to 30 June 2017. From supplies of goods before and after 6 June 2017, the Biotest Group had liabilities of € 1.1 million against ADMA as of 30 June 2017.

Furthermore, the sale of BPC activities has resulted in a claim against ADMA for the transfer of two plasma collection centres with a fair value of € 6.1 million as of 1 January 2019.

The Biotest Group also has reportable relationships with the joint venture BioDarou P.J.S. Co., Tehran, Iran, and its subsidiary Plasma Gostar Pars P.J.S, Tehran, Iran.

These two companies purchased goods and services from Biotest totalling € 2.6 million in the first six months. Biotest's receivables from BioDarou P.J.S. Co. and Plasma Gostar Pars P.J.S. amount to € 2.3 million as of 30 June 2017.

As a related party of the Biotest Group, Kreissparkasse Biberach maintains employee custody accounts for the long-term incentive programme.

Apart from these business relationships, there were no material transactions with related parties in the reporting period.

EVENTS AFTER THE REPORTING DATE

Tiancheng (Germany) Pharmaceutical Holdings AG, Munich, announced on 7 July 2017 that its voluntary public takeover offer to the shareholders of Biotest AG was accepted for a total of 17,783,776 ordinary shares and 214,581 preference shares by the end of the extended acceptance period at midnight on 4 July. These ordinary shares account for approximately 89.88 % of Biotest AG's voting capital and 44.94 % of the total share capital of Biotest AG. The preference shares account for approximately 0.54 % of the total share capital of Biotest AG.

The takeover bid is still subject to one regulatory consent and the approval of the merger control authority in Turkey.

RESPONSIBILITY STATEMENT

Declaration in accordance with section 37y no. 1 of the German Securities Trading Act (WpHG) in conjunction with sections 297(2) sentence 3 and 315(1) sentence 6 of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the financial position, cash flow and result of operations of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Dreieich, 14 August 2017
Biotest Aktiengesellschaft
Board of Management

Dr Bernhard Ehmer
Chairman of the Board of Management

Dr Michael Ramroth
Member of the Board of Management

Dr Georg Floß
Member of the Board of Management

FINANCIAL CALENDAR

30 AUGUST 2017
Annual General Meeting

14 NOVEMBER 2017
Quarterly Statement
as of 30 September 2017

ACKNOWLEDGEMENTS

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