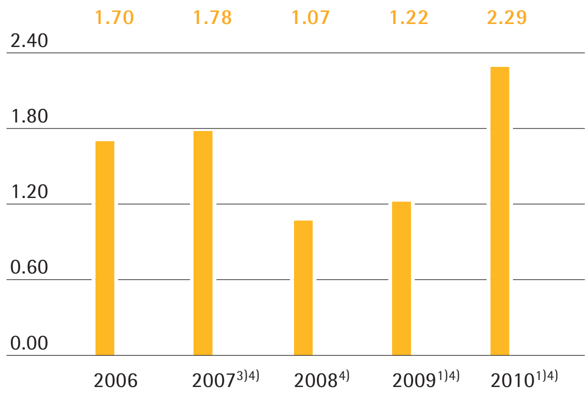
sartorius

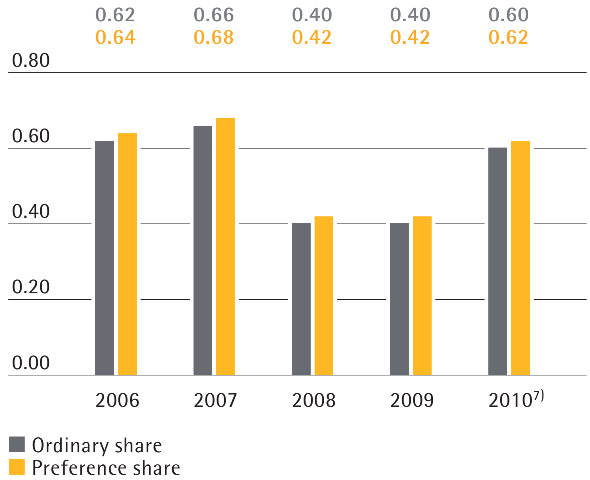
Sartorius Group
2010 Annual Report

2010

Earnings per Share
in €



Dividends
in €



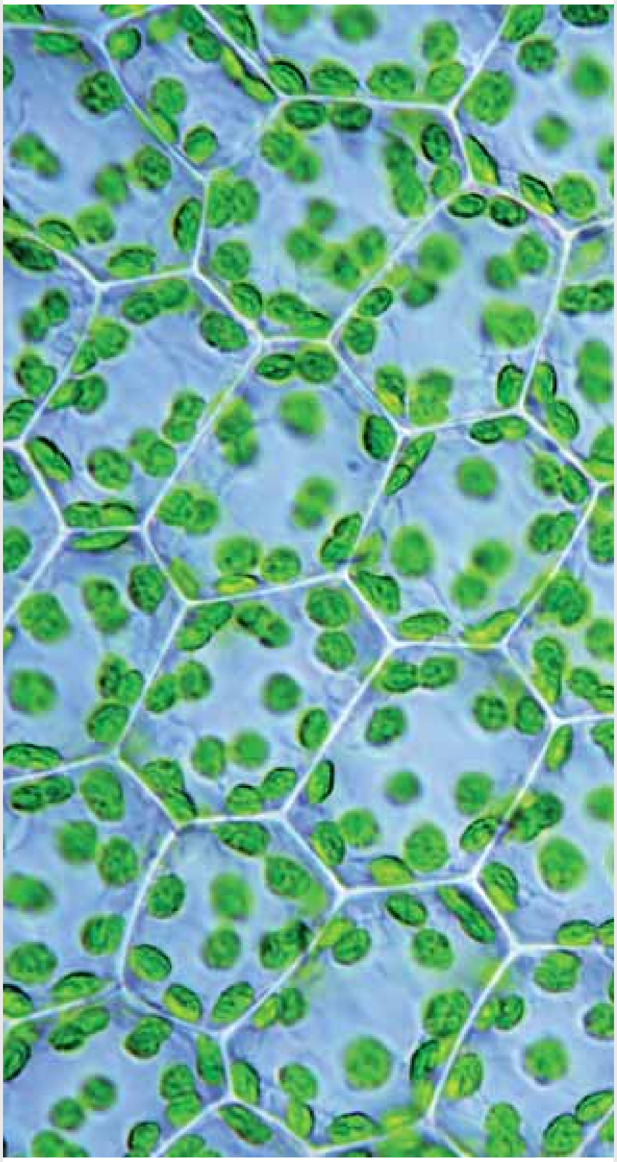
Key Figures

All figures are given in millions of € according to the IFRS, unless otherwise specified	**2010**	2009	2008	2007	2006
Results					
Sales revenue	659.3	602.1	611.6	622.7[2)]	521.1
EBITDA	110.2[1)]	85.1[1)]	80.1	95.1[3)]	71.3
EBITA	85.5[1)]	60.9[1)]	56.8	71.1[3)]	52.1
Net profit after minority interest	31.0	–7.3	12.4	27.0[3)]	29.0
Net profit after minority interest[4)]	39.0[1)]	20.8[1)]	18.2	30.4[3)]	29.0
Earnings per share (in €)	1.82	–0.43	0.73	1.58[3)]	1.70
Earnings per share (in €)[4)]	2.29[1)]	1.22[1)]	1.07	1.78[3)]	1.70
Dividend per ordinary share (in €)	0.60[7)]	0.40	0.40	0.66	0.62
Dividend per preference share (in €)	0.62[7)]	0.42	0.42	0.68	0.64
As a % of sales revenue					
EBITDA	16.7[1)]	14.1[1)]	13.1	15.3[3)]	13.7
EBITA	13.0[1)]	10.1[1)]	9.3	11.4[3)]	10.0
Net profit after minority interest[4)]	5.9[1)]	3.4[1)]	3.0	4.9[3)]	5.6
Balance sheet					
Balance sheet total	807.7	820.4	865.0	783.9	377.3
Equity	327.2	319.2	333.4	334.1	168.9
Equity ratio (in %)	40.5	38.9	38.5	42.6	44.8
Gearing	0.6	0.7	0.7	0.6	0.3
Financials					
Capital expenditures	24.4	23.9	33.7	41.5	31.2
As a % of sales revenue	3.7	4.0	5.5	7.0[6)]	6.0
Depreciation and amortization[5)]	31.9	33.4	29.6	27.4	19.2
Net cash flow from operating activities	96.0	143.4	53.0	33.1	51.7
Net debt	196.9	224.7	217.6	189.6	54.4
Ratio of net debt to EBITDA	1.8[1)]	2.6[1)]	2.7	2.0[3)]	0.8
Employees as of Dec. 31	4,515	4,323	4,660	4,518	3,749

[1)] Underlying
[2)] Pro forma
[3)] Pro forma underlying
[4)] Excluding non-cash amortization and, for 2008 and 2009, non-cash interest expenses for share price warrants
[5)] Excluding goodwill amortization
[6)] Based on the actual sales revenue of €589.0 million
[7)] Amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG

SUSTAINABILITY

Growing profitably and acting responsibly towards all stakeholders

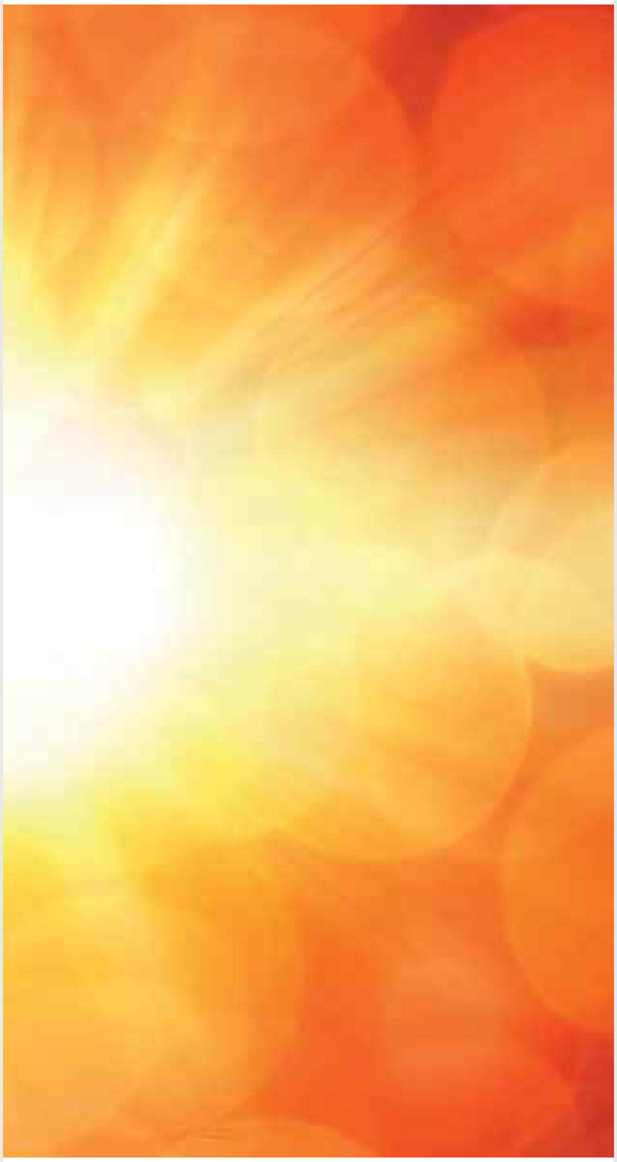


OPENNESS

Driving change and progress internally and externally

ENJOYMENT

Working in an energetic
and rewarding environment



Our Corporate Values

In 2010, Sartorius intensively focused on its three core corporate values: sustainability, openness and enjoyment. Participating in workshops, our 4,500 employees reflected on what these values actually mean and developed ideas on how we can embed our values even more systematically in daily business.

Our core values connect us with our customers, business partners, shareholders, investors and with society in the same way as they create links among all members of our Group – worldwide. These values provide guidance and show the direction in which we are heading in our drive to move forward.

Our Mission

Sartorius is a leading international laboratory and process technology provider for the biotech, pharmaceutical and food industries. As partners, we help our customers all over the globe to implement complex and quality-critical laboratory and production processes in a time- and cost-efficient way. Our innovative products, solutions and services therefore focus on the key value-creating segments of our target markets. Strongly rooted in the scientific and research communities and closely allied with customers and technology partners, we are dedicated to our philosophy of "turning science into solutions" on a daily basis.

In the future as well, we will further seek to systematically expand our position as an application-oriented technology group. Based on our clear-cut strategy, we will continue to sustainably create value for customers and shareholders alike and translate our growth into high profitability.

01 To Our Shareholders

Throughout the Annual Report, differences may be apparent as a result of rounding during addition.

Contents

To Our Shareholders

01

Dear Shareholders,
Ladies and Gentlemen:

I am pleased to report that 2010 was a highly successful year for Sartorius. We have met – and to some extent even exceeded – our ambitious financial targets for the Group. The Biotechnology Division continued its dynamic development and posted record highs in sales revenue and earnings yet again. After a difficult 2009 due to the crisis, the Mechatronics Division returned to growth and robust profitability faster than we had expected, even at the outset of 2010.

Let me summarize the key results of the Group and of both divisions for the reporting year:

Our Group sales revenue for 2010 was €659.3 million, and therefore up 9.5% over the year-earlier figure. The gain in order intake was slightly higher, up 10.7%. This excellent development of volume was accompanied by overproportionate increases in profit and operating margin: our operating EBITA surged by a good 40% to €85.5 million; our respective margin climbed by nearly three percentage points to 13.0%.

Both Group divisions contributed to this strong development. The Biotechnology Division grew 8.0% to €432.6 million and continued to increase its already high profitability. Operating earnings for this division were at €70.2 million, and its margin was at 16.2%. The Mechatronics Division, which had seen demand plunge nearly by one fifth in 2009 as a result of the economic slump, rebounded strongly and posted an increase of 12.4% to €226.7 million. Its operating earnings substantially improved to €15.3 million and its margin reached 6.8%. In addition, all key balance sheet ratios and financials of the Group, such as its equity ratio, its ratio of net debt to EBITDA and its gearing ratio, are again at an improved, highly robust level. Our operating cash flow, which was strong again in 2010, decisively contributed to this performance.

We find it encouraging that the capital market assesses Sartorius as an attractive investment. Our share prices substantially outperformed the leading German indexes: our preference shares surged by a good 70%; the price of our ordinary shares soared above 80%. Based on our strong annual results, the Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting to raise dividends by around half to €0.62 per preference share and €0.60 per ordinary share.

For the current year, we have a number of challenging projects on our agenda, besides our goal of taking further strides in growth. These cover the areas of strategy, Group organization and structure, as well as operational processes, and are substantially interlocked.

First, let us consider the strategic aspects: As a result of our intensive work on the strategic realignment of the Mechatronics Division, we have divergent assessments of the future potential of their two business segments, laboratory and industrial weighing. In the laboratory segment, we are recognized as one of the globally leading manufacturers and suppliers of lab balances, based on our strong market share, and as a reliable, high-quality supplier due to the strong reputation of the Sartorius brand. We see considerable potential for future growth especially by intermeshing the lab product portfolio of the Mechatronics Division more closely with that of the Biotechnology Division. This is why for 2011, the further cross-divisional development of our strategic position in lab business will be among the top items on our priority list. By contrast, our market position in the industrial segment of mechatronics is not as strong. In this area as well, we are recognized as manufacturers and suppliers of high-quality products, but have only a low market share outside Europe. In addition, the sales and production synergies between our lab and industrial businesses are quite limited. Against this backdrop, we no longer

Report of the Executive Board

consider industrial weighing equipment to be part of our core business in terms of future prospects. These strategic considerations have implications for the Group organization. Last year, I already reported that we would be leveraging the additional synergies between our two divisions in specific areas. The positive results of various activities encourage us to place this cross-divisional cooperation on an even broader footing. This especially applies to our lab business: after all, laboratory customers use instruments and consumables from both the Biotechnology Division and the Mechatronics Division in their daily analytical procedures. For this reason, in 2010 we placed the laboratory sales organizations of both divisions for Central Europe under one centralized management structure and thus interlocked them more closely. In 2011, we will be implementing this approach for all our sales units across the globe and, moreover, for marketing and services in our lab business. Likewise, we are reviewing the extent to which closer cooperation and coordination would be advantageous in our other functional areas as well. In line with the changes affecting the future prospects of the Mechatronics Division's industrial business, we organized this area as a largely autonomous unit at the outset of 2011, also in order to create the prerequisites for a possible divestment of this business over the medium term.

Addressing the needs of the Group partially in the context of our further strategic and organizational development, the Supervisory Board and the Executive Board will suggest at the Annual Shareholders' Meeting that the Sartorius Group be transformed into a holding structure. Already today, the parent corporation of the Group, Sartorius AG, predominantly carries out the majority of the functions of a holding company, while its operational activities account for only a minor proportion. Nonetheless, this operational business overproportionately affects the ability of the Group to generate dividends, as it is subject to certain whims of the economic cycles. For this reason, a holding structure offers the advantage of not only creating a greater match between our organizational setup and our corporate legal structure. It will also additionally stabilize this structure and enhance our ability to generate dividends. Of course, we will be discussing this in particular detail at the Annual Shareholders' Meeting.

Finally, we are also planning to considerably further enhance our operational business processes and supportive IT systems and create powerful platforms for future profitable growth. In the reporting year, we redefined our Group-wide business processes with the goal of achieving improvements in throughput times, turnaround, cost and quality through standardization and optimization. In 2011 and 2012, we will be reconfiguring our enterprise resource planning system and implementing these new, standardized business processes worldwide. Further operational issues that we are addressing in 2011 entail the launch of a number of relatively large investment projects. To cite three examples, we will be expanding our membrane production capacity at our Goettingen, Germany, site, constructing a new building complex for the manufacture of bioreactors and fermentation-related equipment in Guxhagen, also in Germany, as well as expanding and optimizing our filter manufacturing plant in Yauco, Puerto Rico.

We see excellent prospects for our business in 2011 as well as over the medium and long term. Specifically, we are planning to increase our sales in constant currencies for both divisions and, therefore, for the entire Group by 6% to 8%. Along with this revenue growth, we are projecting to further increase our profitability and to lift our operating EBITA margin at Group level to about 14%, without considering any possible currency effects. The Biotechnology Division is expected to contribute a margin of approximately 17% and the Mechatronics Division a margin of around 8% to this result. Furthermore, we anticipate a significantly positive operating cash flow.

To conclude, I would like to thank all staff members of the Sartorius Group, also on behalf of my colleagues on the Executive Board and in the Group Executive Committee, very much for their exceptionally dedicated work throughout the past fiscal year, their outstanding accomplishments and their tremendous drive to succeed.

My special thanks also go out to you, dear shareholders, investors and business partners, for your open dialogue and continued support and trust in our company as an innovative and strongly profitable technology group.

Yours sincerely,

Dr. Joachim Kreuzburg
CEO and Executive Board Chairman

Goettingen, March 2011

Sartorius Group Executive Committee

The Group Executive Committee (GEC) consists of the members of the Executive Board of Sartorius AG, the members of the Executive Committee of the subgroup Sartorius Stedim Biotech and additional top managers appointed by the Executive Board as necessary. The GEC is the key management committee of the Sartorius Group and serves to coordinate and control global business activities and functions. The GEC's activities supplement those of the Executive Board of Sartorius AG and of the Board of Directors of Sartorius Stedim Biotech S.A., and lay the groundwork for the boards' legally binding decision-making.

Oscar-Werner Reif

Research and Development

Member of the Board of Directors
of Sartorius Stedim Biotech S.A.

With Sartorius for 16 years

Reinhard Vogt

Marketing, Sales, Services,
Business Development
Bioprocess

Member of the Executive Board
of Sartorius AG
Member of the Board of Directors
of Sartorius Stedim Biotech S.A.

With Sartorius for 27 years

Jörg Pfirrmann

Finance,
Information Technology

Member of the Executive Board
of Sartorius AG

With Sartorius for 12 years

Joachim Kreuzburg
Chairman

Corporate Strategy, Human Resources, Legal, Compliance, Communications

CEO of Sartorius AG
Chairman of the Board of Directors and CEO of Sartorius Stedim Biotech S.A.

With Sartorius for 11 years

Dominique Baly

Marketing, Sales, Services, Business Development Laboratory

With Sartorius since January 2011

Volker Niebel

Procurement, Production, Supply Chain Management

Member of the Board of Directors of Sartorius Stedim Biotech S.A.

With Sartorius for 9 years

Report of the Supervisory Board

In fiscal 2010, the Supervisory Board of Sartorius AG thoroughly dealt with the situation and prospects of the company, advised the Executive Board, and performed the tasks assigned by German corporate law and the articles of association of the company. The Supervisory Board especially focused on the further operational and strategic development of the Mechatronics Division whose businesses rebounded in the course of the reporting year following the difficult previous year impacted by the crisis. Moreover, in the reporting year, the Supervisory Board held in-depth consultations on the issues of the company's internal control systems and compliance, in particular on the combination of all these related activities into a separate corporate function, as well as the Group-wide implementation of further preventive measures, such as the Sartorius Code of Conduct and Anticorruption Code.

The Executive Board provided the Supervisory Board with regular, prompt and detailed reports, both written and verbal, about all relevant corporate planning and strategic development issues, the progress of business in both divisions, the situation of the Group, including its risk situation, and about the company's risk management and compliance. Any discrepancies between actual business developments and the Group's forecasts and targets were explained in detail during the Supervisory Board meetings, and the Supervisory Board reviewed all documents submitted.

Both the Executive Task Committee and the full Supervisory Board discussed all of the company's significant transactions in depth on the basis of the reports provided by the Executive Board. Following thorough review, the Supervisory Board cast a positive vote on the Executive Board's reports and proposed resolutions, where required. In addition to the regular written reports provided to all Supervisory Board members and at committee and full Supervisory Board meetings, the board received continuous updates concerning the latest developments of the business situation and the principal business transactions.

Cooperation between the Supervisory Board and the Executive Board was always characterized by openness, constructive dialogue and trust.

Focus of the Supervisory Board's Conferences

In the reporting year, the Supervisory Board convened at four ordinary meetings, which the Executive Board also attended. These regular conferences primarily revolved around the development of sales revenue, earnings and employment for the Group and its divisions as well as the financial situation of the company and of its affiliates. In addition, one extraordinary meeting was held, at which the Supervisory Board dealt with strategic issues.

At its meeting on March 8, 2010, the Supervisory Board thoroughly discussed the annual and consolidated financial statements for fiscal 2009 and endorsed them based on the reports given by the Audit Committee and the independent auditors who were present during this item of the agenda. In addition, the board members conferred upon and approved the agenda, along with the proposed resolutions, for the 2010 Annual Shareholders' Meeting and the proposal for appropriation of the annual profit. During the further progress of the meeting, the Executive Board informed the Supervisory Board in detail about the improved business situation in the Mechatronics Division and about the measures to be implemented for its realignment. An additional topic addressed involved the planned investments for expanding membrane production capacity for biotechnology products at the Goettingen, Germany, site. Furthermore, the Supervisory Board closely examined the remuneration of the Executive Board based on comparative figures to determine whether it was in line with the prevailing remuneration on the market and commensurate with the scope of duties entailed. The Supervisory Board acknowledged in approval that the Sartorius Code of Conduct, which had been elaborated upon at its previous meetings, was finalized for publication.

At the meeting on April 21, 2010, that took place at the end of the Annual Shareholders' Meeting, first-quarter business development for both divisions was deliberated upon. Furthermore, the Executive Board informed the Supervisory Board about the market response to various newly launched product lines, including those in the areas of disposable cell cultivation and laboratory instruments, among others.

At the Supervisory Board meeting on August 26, 2010, the first-half results were discussed in depth. The Supervisory Board additionally dealt with various Executive Board matters. Beyond these matters, the Executive Board presented its medium-term site plan for the Biotechnology Division. In this context, discussions centered on the planned expansion of capacity for the area of fermentation and the contemplated relocation of this business activity to a new site. The board also conferred on the planned concentration of engineering activities at the site of the Sartorius U.S. headquarters in New York and the closure of the SSB Group's small plant in Springfield, Missouri, USA, which this move entailed. In addition, the Executive Board reported on the status of the introduction of the Code of Conduct and on the Anticorruption Code at all Sartorius Group companies.

Strategic projects were at the focus of an extraordinary Supervisory Board meeting on November 14, 2010.

At the meeting on December 10, 2010, the Supervisory Board thoroughly debated on various options for further development of the Group structure. Beyond this, the Supervisory Board conferred on the changes to the German Corporate Governance Code in the version dated May 26, 2010, dealt in detail with the issues of diversity and target statement and, after thorough consultations, decided upon the wording of the respective Declaration of Compliance. This declaration confirms that Sartorius complies with the recommendations of the current Corporate Governance Code to the full extent. In connection with this Code, the Executive Board and the Supervisory Board also amended some of the Group's business policy rules.

Moreover, the Supervisory Board approved the budget submitted by the Executive Board for 2011. In addition, the Supervisory Board resolved to close the Springfield plant, as had already been thoroughly deliberated on at its previous meeting. The Supervisory Board further examined the results of the efficiency review of its work.

Activity Report of the Committees

In the reporting year, the Executive Task Committee met four times. Its members intently explored considerations for the further development of the Group structure, strategic projects and Executive Board matters. Furthermore, the committee thoroughly prepared the amendments to the business policy rules of the Executive Board and of the Supervisory Board. In view of the new strategic focus of the Mechatronics Division, the Supervisory Board closely examined the respective measures and results.

The Audit Committee also met four times in the reporting year. At its first meeting during that year, the committee, in the presence of the auditors, prepared for the Supervisory Board's conference on the annual financial statements. The committee discussed the annual financial statements of Sartorius AG, the consolidated financial statements, as well as the respective management reports, and the proposal for the appropriation of profit. Also, the committee used its further meetings to obtain information on the results of the individual business quarters, operations and specific determinations of the Internal Group Auditing unit as well as the IT security systems and risk management in place. Further topics entailed the new pertinent legislative proposals in Germany, amendments to the German Corporate Governance Code and compliance issues. In addition, the Audit Committee defined the major focal points of the audit of fiscal 2010 and, in accordance with the resolution passed by the company's shareholders, commissioned the auditors to perform an audit review.

Reports on the committee conferences were presented regularly at the meetings of the full Supervisory Board. The Nomination Committee did not meet during the year under review, and there was no reason to convene the Conciliation Committee pursuant to Section 27, Subsection 3, of the German Codetermination Law ("MitBestG").

Audit of the Annual and Consolidated Financial Statements

The annual and consolidated financial statements prepared by the Executive Board for fiscal 2010 and the management report of Sartorius AG were reviewed by the independent auditing company Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, based in Hanover, Germany. This company had been commissioned by the Audit Committee of the Supervisory Board pursuant to the resolution passed at the Annual Shareholders' Meeting on April 21, 2010. The independent auditors issued an unqualified audit certificate. Deloitte & Touche auditors attended the Audit Committee meeting on March 8, 2011, and the Supervisory Board meeting on March 9, 2011, and reported on the essential results of their audits. Sufficient time was allotted for discussion of all issues with the auditors. Written information and audit reports had been sent to all Supervisory Board members on time and were intensely discussed during the meetings mentioned.

On the basis of its own examination of the annual Sartorius AG and consolidated financial statements, the Sartorius AG management report and the Group management report, the Supervisory Board concurred with the results of the audit conducted by Deloitte & Touche and, at the meeting on March 9, 2011, endorsed the financial statements of Sartorius AG and the Group on recommendation by the Audit Committee. The annual financial statements were thus approved. The Supervisory Board and the Executive Board will submit a proposal at the Annual Shareholders' Meeting on April 20, 2011, that shareholders be paid dividends of €0.62 per preference share and €0.60 per ordinary share from the retained profit.

Composition of the Supervisory Board and the Executive Board

In the reporting year, there was a change in the membership of the employee representatives on the Supervisory Board. Manfred Werner, the representative of the executive employees, resigned from this position after having served for many years in this capacity. The Supervisory Board wishes to thank Mr. Werner for his commendable service on the board. Since then, the executive employees have been represented on the Supervisory Board by Petra Kirchhoff as of her appointment on October 1, 2010.

The year 2010 was highly successful, not only for the entire Group but also for its two divisions. The Biotechnology Division grew profitably yet again and thus confirmed the operating and strategic moves of the past years. The Mechatronics Division recovered faster from the 2009 year of crisis than expected at the beginning of the reporting year, and returned to robust profitability, also thanks to the measures taken by the Executive Board to increase the division's efficiency.

The Supervisory Board would like to thank the Executive Board and all employees across the globe for their great commitment and successful hard work over the course of the fiscal year ended. In addition, the Supervisory Board expresses its appreciation to its shareholders for the confidence they have shown yet again in the company.

For the Supervisory Board

Prof. Dr. Dres. h.c. Arnold Picot
Chairman

Munich, March 2011

Sartorius Shares

Share Price Development

The market price of the Sartorius ordinary and preference shares rose substantially over the course of 2010. The preference share, which ended fiscal 2009 trading at €15.90, had reached €27.45 by the end of 2010. This means that its value increased by 72.6% over the course of the year. The price of the ordinary share rose by more than 80% in 2010 to end the year at €28.21 (year-end 2009: €15.45).

The price of both shares began 2010 with a sharp increase, then continued in a sidewards trend in the middle of the year, and rose strongly again toward the end of the period. The preference share reached its highest daily closing price (Xetra) for the year, €27.87, on December 28, 2010 and its lowest price for the year, €15.84, on January 7. The ordinary share peaked for the year at €29.20 on December 20 having hit its lowest closing price for the year, €15.40, on January 4.

The price of the ordinary share and the price of the preference share remained broadly similar in the first half of the year. The ordinary share rose well above the preference share at times in the second half of 2010, but the price of the two classes of share had converged again by the end of the year.

The marked increase in the value of the Sartorius shares coincided with a clear upward trend on the German stock market. The Deutsche Aktienindex (DAX), for example, rose by almost 1,000 points (16.1%) from its year-end 2009 mark of 5,957 points to stand at 6,914 points at the end of December 2010. The TecDAX rose by just 4.0%, from 818 points to 851 points, due to the weak performance of most solar industry shares. The Sartorius shares thus performed significantly better than the market as a whole in 2010.

Facts about the Shares

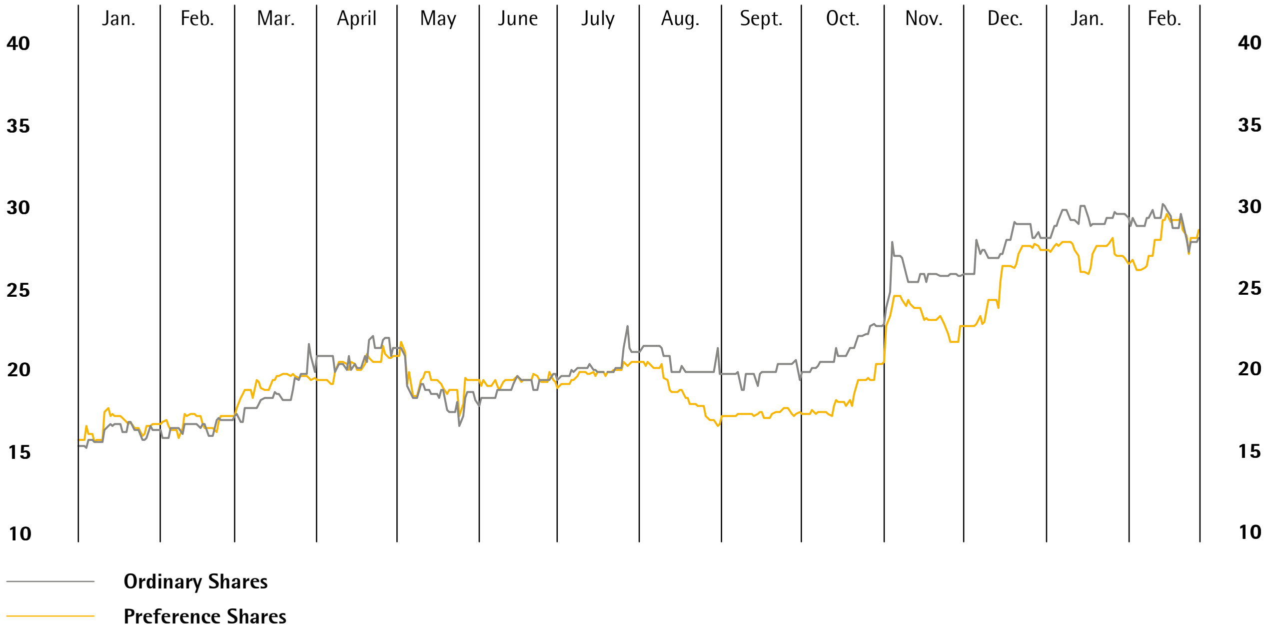
ISIN	DE0007165607 (Ordinary share)
	DE0007165631 (Preference share)
Designated sponsor	Commerzbank AG
Market segment	Prime Standard
Indexes	CDAX | Prime All Share Index | Technology All Share Index | NISAX20
Stock exchanges	Xetra | Frankfurt | Hanover | Duesseldorf | Munich | Berlin | Hamburg | Bremen | Stuttgart
Number of shares	18,720,000 no-par individual share certificates with a calculated par value of €1 per share
Of which	9,360,000 ordinary shares
	9,360,000 preference shares
Of which shares outstanding	8,528,056 ordinary shares
	8,519,017 preference shares

Trading Volume and Share Price Development

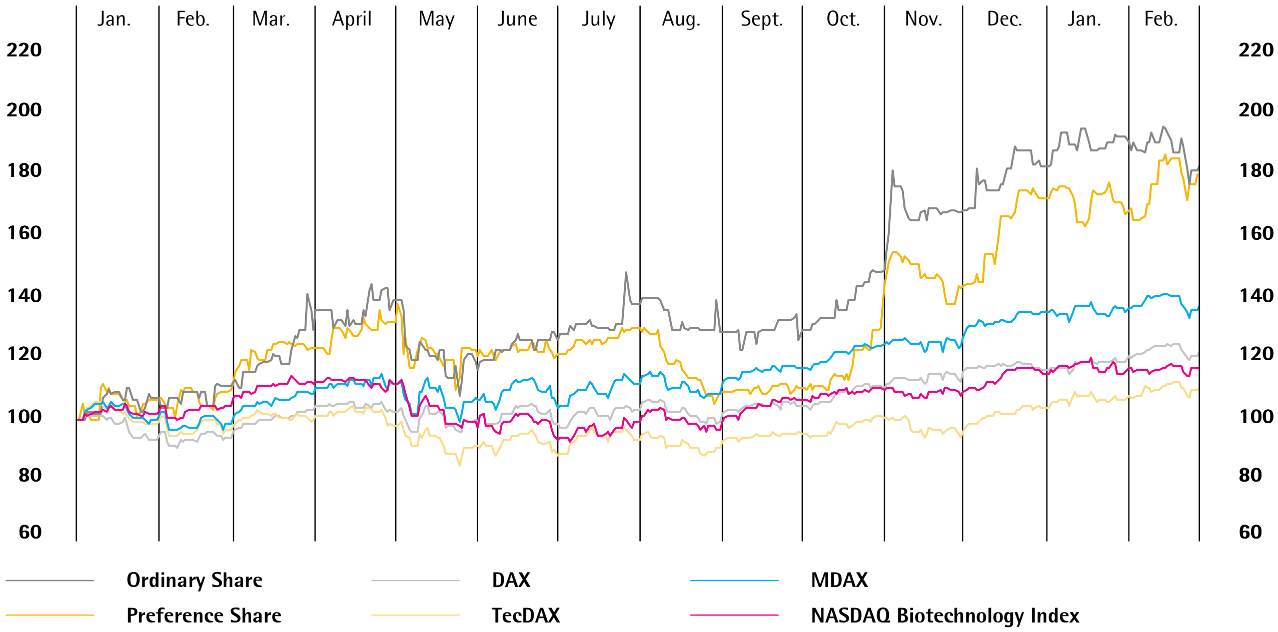
	2010	2009	Change in %
Preference share in € (Xetra year-end closing price)	27.45	15.90	72.6
Ordinary share in € (Xetra year-end closing price)	28.21	15.45	82.6
Market capitalization in millions of €*	474.4	267.2	77.5
Average daily trading volume of preference shares	9,758	10,645	–8.3
Average daily trading volume of ordinary shares	1,198	662	81.0
Trading volume of preference shares in millions of €	49.9	26.6	87.6
Trading volume of ordinary shares in millions of €	6.2	2.4	158.3
Total trading volume in millions of €	**56.1**	**29.0**	**93.4**
TecDAX	851	818	4.0
DAX	6,914	5,957	16.1

Sources: Deutsche Börse AG, vwd
* Without treasury shares

Sartorius Shares in €
January 1st, 2010, to February 28, 2011



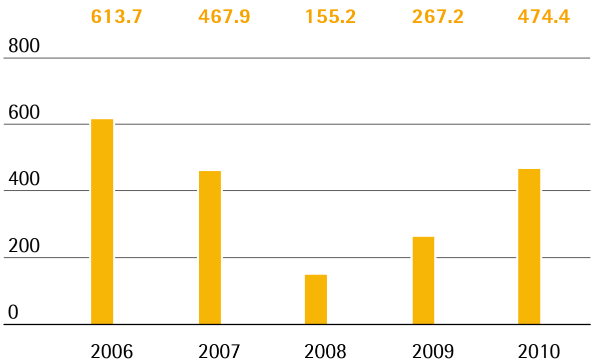
Sartorius Shares in Comparison to the DAX, TecDAX, MDAX and NASDAQ Biotechnology Index (indexed)
January 1st, 2010, to February 28, 2011



Market Capitalization and Trading Volume

The Group's market capitalization – the total number of outstanding shares of both classes multiplied by the corresponding share price – increased over the course of the reporting year in line with the rise in share prices to stand at €474.4 million on December 31, 2010. This equates to a year-on-year gain of 77.5% (December 31, 2009: €267.2 million).

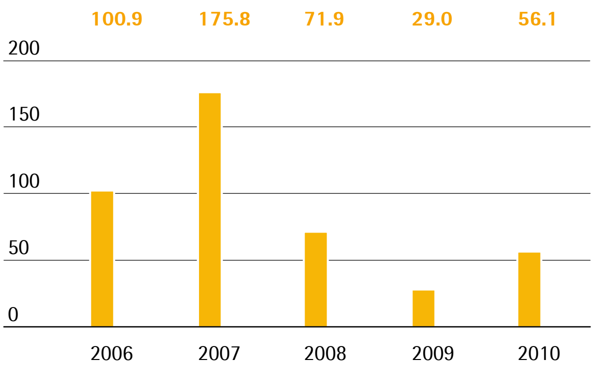
Market Capitalization[1]
€ in millions (without treasury shares, based on the Xetra)



[1] as of December 31 of the respective year

The number of preference shares traded every day on the Frankfurt Stock Exchange in the reporting period averaged 9,758 (previous year: 10,645). The average number of ordinary shares traded every day was almost twice as high as in 2009 at 1,198 (previous year: 662).

Trading Volume
€ in millions (preference and ordinary shares, Frankfurt Stock Exchange)



The trading volume of both classes of share increased significantly as the price rose: the value of the preference shares traded on the Frankfurt Stock Exchange (Xetra and on the floor) in 2010 jumped 87.6% year on year to €49.9 million (previous year: €26.6 million), while the volume of ordinary shares traded climbed from €2.4 million to €6.2 million. The trading volume of the Sartorius shares thus grew much more rapidly than the overall volume of shares traded on the Frankfurt Stock Exchange in 2010, which gained 15.8%.

The Analysts' View

We remained in regular contact with analysts from institutions including Crédit Agricole Cheuvreux, WestLB and Nord/LB throughout the reporting year just as in 2009. Interest among analysts in the Sartorius shares increased again toward the end of the reporting year and it is possible that additional banks will begin to publish research reports on the Sartorius share in 2011.

Research Coverage

Institute	Date	Vote
Nord/LB	February 10, 2011	Hold
Cheuvreux	February 9, 2011	Outperform

Investor Relations Activities

Effective communication with shareholders and potential investors in Sartorius AG is the main focus of our investor relations work, which strives to provide the highest possible level of transparency at all times. Annual and quarterly reports, press releases and ad hoc announcements together provide a regular, detailed insight into the latest developments in our business. The members of our Investor Relations team also serve as a direct point of contact for all questions relating to the Sartorius Group and maintain close links with the Board of Directors to ensure that they can make all important information available to our investors promptly.

Regular teleconferences that can also be followed on the internet are held to accompany the publication of the quarterly results. These webcast conferences give shareholders and analysts alike the opportunity to find out about the latest developments in the business quickly and in detail.

We presented Sartorius at a number of conferences over the course of the year ended including the Cheuvreux Corporate Conference in Frankfurt/Main, Commerzbank's German Mid Cap Day in London and Life Science Forum in Frankfurt/Main, the Baader Small and Mid Cap Conference in Munich and the HSBC Healthcare Conference in Frankfurt.

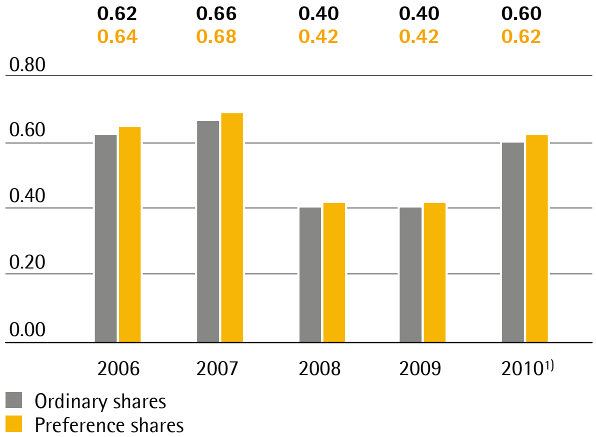
The two-day German Equity Forum in Frankfurt/Main, which is intended primarily for institutional investors and analysts, gave interested parties the opportunity to meet representatives of Sartorius face to face. Private investors, in turn, had the opportunity to find out about the latest company developments at the Boersentag Hannover investor fair.

We additionally maintained contact with our institutional investors at various roadshows in the European financial market centers of Paris, London and Frankfurt/Main.

Dividends

The management of Sartorius intends, as usual, to distribute an appropriate proportion of the company's profits for fiscal 2010 to shareholders. The Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting on April 20, 2011 that dividends of €0.62 per preference share (previous year: €0.42) and €0.60 per ordinary share (previous year: €0.40) be paid from Sartorius AG's retained profit of €26.9 million (previous year: €23.1 million).

Dividends
in €



[1] amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG

This would raise the total profit distributed from €7.0 million in the previous year to €10.4 million in 2010 and make the distribution quota based on underlying net profit (see p. 29) 26.7% (previous year: 33.7%). The dividend yield based on the opening price for 2010 (preference €14.95; ordinary: €15.10) would amount to 4.1% for the Sartorius preference share (previous year: 5.1%) and 4.0% for the Sartorius ordinary share (previous year: 3.8%). Treasury shares held by Sartorius AG are not entitled to dividends.

Key Figures for Sartorius Shares

		February 28, 2011	**2010**	2009	2008	2007	2006
Ordinary shares[1] in €	Reporting date	28.20	28.21	15.45	10.05	27.90	39.00
	High		29.20	18.00	31.00	46.99	44.00
	Low		15.40	9.70	8.41	26.00	20.60
Preference shares[1] in €	Reporting date	28.70	27.45	15.90	8.16	27.00	33.00
	High		27.87	17.40	27.01	47.05	33.30
	Low		15.84	6.10	6.17	26.25	20.35
Market capitalization[2] in millions of €		485.0	474.4	267.2	155.2	467.9	613.7
Dividind per ordinary share[3] in €			0.60	0.40	0.40	0.66	0.62
Dividend per preference share[3] in €			0.62	0.42	0.42	0.68	0.64
Total dividends[4] in millions of €			10.4	7.0	7.0	11.4	10.7
Payout ratio[5] in %			26.7	33.7	38.4	37.8	37.0
Dividend yield per ordinary share[6] in %			4.0	3.8	1.5	1.7	2.9
Dividend yield per preference share[6] in %			4.1	5.1	1.6	2.1	3.2

[1] Xetra daily closing price
[2] Without treasury shares
[3] For 2010, amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG
[4] Calculated on the basis of the number of shares entitled to dividends
[5] Based on the underlying net result excluding amortization (for 2006 and 2007: pro forma; for 2008 and 2009: excluding interest on share price warrants)
[6] In relation to the opening price in the year concerned

Share Indexes

Sartorius shares are listed in indexes including Deutsche Börse's CDAX, Prime All Share and Technology All Share indexes and Norddeutsche Landesbank's NISAX20 index.

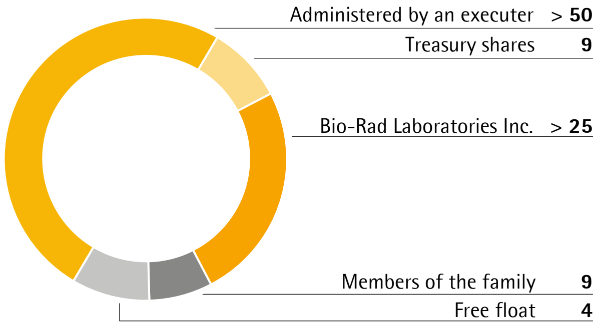
Deutsche Boerse's free float rankings currently place the Sartorius preference share 25th under the market capitalization criterion (previous year: 29th). This means that one of the conditions of the 35 | 35 rule governing inclusion in the TecDAX has been met. The preference share improved its ranking under the stock-exchange turnover criterion (volume traded on the Frankfurt Stock Exchange over the preceding twelve months) to 51st in the reporting year (previous year: 56th).

Shareholder Structure

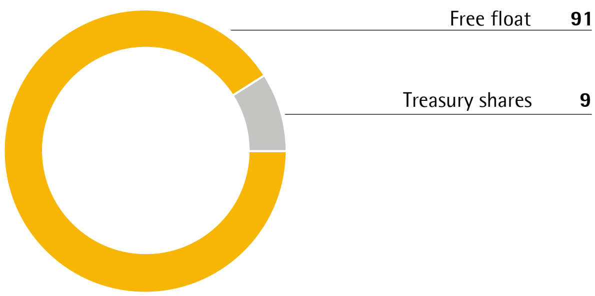
Sartorius AG's issued capital comprises 9.36 million ordinary shares and the same number of preference shares, each with a calculated par value of €1 per share. Roughly 9% of preference shares are held as treasury shares; the remaining 91% can be attributed to free float. The majority of the ordinary shares are held by the Sartorius family, with a good 50% under the management of an executor. Approximately 7% are held directly by members of the family and approximately 9% are held as treasury shares by the corporation. According to the most recent information available, which is dated September 19, 2006, the U.S. company Bio-Rad Laboratories Inc. holds slightly more than 25% of the ordinary shares.

According to our current information, the remaining portion comprising around 9% of the ordinary shares is in free float.

Shareholder Structure Ordinary Shares
in %



Shareholder Structure Preference Share
in %



Group Management Report

02

Group Structure

The Sartorius Group comprises two divisions, Biotechnology and Mechatronics, which operate in the market under the names Sartorius Stedim Biotech and Sartorius Mechatronics. The Mechatronics Division is legally wholly owned by Sartorius AG. Sartorius Stedim Biotech operates as a legally independent subgroup. Its parent company, Sartorius Stedim Biotech S.A., has its headquarters at Aubagne in southern France and is listed on the Paris Bourse. As of the December 31, 2010 reporting date, Sartorius AG holds a controlling stake in Sartorius Stedim Biotech S.A. comprising around 75% of its outstanding shares and 77% of its voting rights.

Sartorius Stedim Biotech and Sartorius Mechatronics are largely managed separately for strategic and operational purposes, but they do exploit synergies in selected functional areas, including key account management, laboratory marketing, sales and services, as well as a few R&D and production areas. They also share a common global infrastructure as far as possible for their administrative functions in order to maintain uniform standards within the Group and make best use of economies of scale.

The Sartorius Group is consistently organized by function worldwide. The company is accordingly controlled through the core operating functions – marketing, sales and distribution, service, research and development, operations, finances, etc. Responsibility for the various functions in the higher tiers of management is assigned at a global level and hence spans all sites and regions.

This global functional organization creates an effective platform for central strategic control and fast and efficient collaboration within the Group. It also makes it easier for the two divisions to pursue their strategy of presenting and positioning themselves effectively as solution providers with respect to customers, especially those operating on a global level. Departing from this organizational approach, we transformed our industrial weighing equipment area into an autonomous business unit at the beginning of 2011 as only limited synergies had been generated with the other parts of the Mechatronics business.

As of January 1, 2011, an additional member joined the highest-level management entity of the Group, the Sartorius Group Executive Committee. Dominique Baly, a globally experienced and recognized top manager in the international laboratory field, assumed management responsibility for marketing, sales, distribution and service activities of Sartorius' cross-divisional laboratory business. Furthermore, the Sartorius Group Executive Committee includes the members of the Executive Board of Sartorius AG and those of the Executive Committee of the Sartorius Stedim Biotech subgroup.

Macroeconomic Environment and Conditions in the Sectors

Macroeconomic Environment

The global economic recovery continued in 2010 following the powerful upturn in world trade over the 2009 | 2010 winter half-year, although the pace of growth did slow gradually over the course of the reporting year. The strength of the economic recovery also varied from region to region. The USA saw growth slow appreciably as early as the second quarter of 2010 following rapid expansion in the winter half-year. Economic activity accelerated over the first half of the year in Europe, in contrast, and remained at a high level throughout the year in the emerging countries and, in particular, the Asia region. The global economy grew by 4.8% overall in 2010 according to the latest assessments from the International Monetary Fund (IMF). This follows on from a fall in production across the economy as a whole of 0.6% in 2009.

Economic Development in the Industrialized Countries

Experts report that economic activity in the industrialized countries still remained below the levels seen prior to the onset of the economic crisis in 2008. The combined gross domestic product (GDP) of the industrialized countries increased by 2.7% (previous year: -3.2%).

Structural problems persist in the USA and the rate of economic growth remains moderate. The real estate market has contracted enormously and the financial sector has not yet completely recovered. Economic activity slowed appreciably as the stimulus packages ran out and inventory building dropped off. The labor market has yet to show any significant improvement and private consumption accordingly remained weak. The IMF expects GDP growth of 2.6% for the USA in the fiscal year ended (2009 IMF figure: -2.6%).

The situation in the eurozone varied significantly from country to country. States like Greece, Ireland and Spain, for example, were forced to introduce harsh stabilization measures as a result of the debt crisis and the associated dramatic deterioration in their finances and in some cases also found themselves compelled to draw down large-scale financial support from their eurozone partners and the IMF. In contrast Germany and France, the two largest eurozone economies, both saw economic output rise, albeit at significantly different rates.

The German economy expanded surprisingly quickly over the fiscal year ended thanks to unexpectedly strong growth in exports. The domestic economy recovered at the same time on the back of private spending, which was boosted by an extraordinarily buoyant labor market. Encouraged by particularly attractive interest rates, corporate investment picked up noticeably too. Pent-up demand will have played a significant role in the strong growth recorded, however, and consequently the tailing off of economic activity experienced over the course of the reporting year should probably be seen more as a return to normality than a renewed slowdown of the economy. Forecasts for 2010 indicate GDP growth of 3.3% (2009: -4.7%).

Output across the French economy as a whole is estimated to have increased by 1.5% in 2010. The French economy contracted by just 2.5% in 2009, which is far less dramatic than the declines witnessed in the other countries of the eurozone, but its current recovery remains comparatively sluggish on account of the negative effect of high unemployment on private consumption.

Economic Development in the Emerging Countries

Expert reports indicate that economic activity in many of the emerging Asian markets was back above precrisis levels in fiscal 2010, although the recovery in China has recently slowed appreciably from its initial brisk pace. Fears that their economy might overheat led the Chinese government to introduce counter-cyclical policy measures. These measures were accompanied by moves including more restrictive monetary policy – the base rate, which last increased in 2007, rose from 5.31% to 5.81% in the course of 2010 – and tighter lending conditions. Growth in private consumption, on the other hand, is predicted to have continued all but unaffected as a result of the positive trend in the labor market. According to the IMF, the Chinese economy appears to have expanded by 10.5% overall in the reporting year (previous year: 9.1%).

India likewise posted economic growth in excess of 10% in each of the first two quarters of 2010. Private consumption remained strong and the rate of investment actually increased appreciably despite four hikes in the base rate. The IMF predicts overall GDP growth of 9.7% for India (previous year: 5.7%), which is slightly ahead of its estimate for growth in the emerging markets as a whole of 9.4% (2009: +6.9%).

Exchange Rate Trends

The debt crisis and associated loss of confidence in the eurozone weakened the trade-weighted external value of the single currency and the U.S. dollar had consequently strengthened to U.S. $1.19 to the euro by June 2010. The euro subsequently made up some of the ground lost, but the average exchange rate for the year of U.S. $1.33 to the euro still represents a gain for the U.S. dollar (2009: U.S. $1.39). Sartorius generates about a third of its sales revenue in U.S. dollars or currencies pegged to the U.S. dollar, so this trend had a slight positive impact overall on Group profits.

Interest Rate Trends

The global average interest rate was even lower in 2010 than in 2009 and remained almost unchanged at a historically low level. The average 3-month Euribor rate for the year, for example, dropped from 1.2% in 2009 to 0.8% in 2010. Interest rates did rise slightly over the course of the reporting year itself, however, with the 3-month Euribor rate, for example, climbing from 0.7% on December 31, 2009 to 1.0% on December 31, 2010. The majority of the Sartorius Group's loans are variable rate arrangements, so the low level of interest rates had a positive effect on financing costs.

Sources: International Monetary Fund, World Economic Outlook October 2010; Joint Economic Forecast Project Group, Joint Economic Forecast Autumn 2010 prepared for the German Federal Ministry of Economics and Technology.

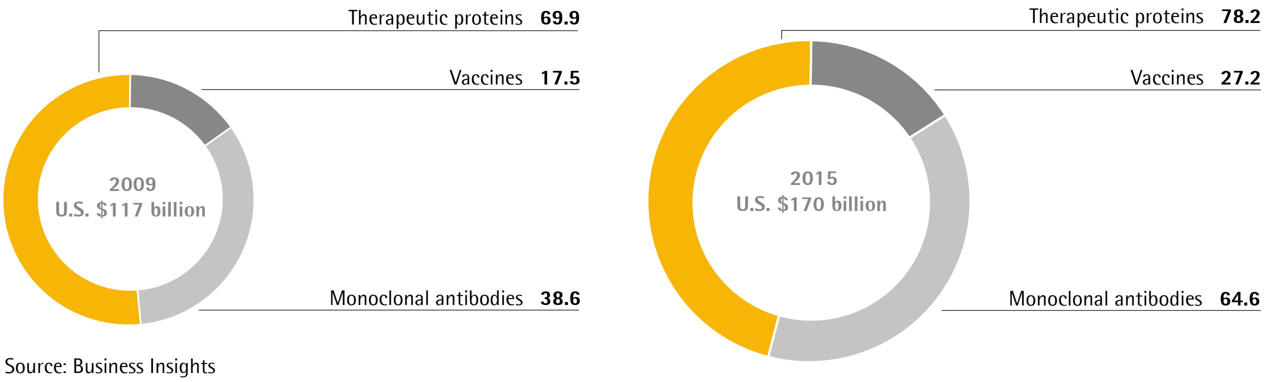
Sector Conditions

A leading supplier of products and services for development, quality assurance and production processes, Sartorius serves customers in the pharmaceutical and biopharmaceutical industry, the food and beverage industry, the public research sector and the chemical industry and the progress of its business accordingly depends to a considerable extent on developments in these areas.

Growth in Pharmaceutical Markets Generally Stable, Better than Average in the Emerging Countries

The pharmaceutical industry continued to expand in 2010, with international market research institute IMS Health predicting growth of 5% in the reporting year. This would bring the overall value of the global market up to around U.S. $880 billion. IMS Health's latest estimates for the U.S. market, the world's largest for pharmaceuticals, point to a growth rate of between 3.5% and 4% in 2010. The U.S. market as a whole was worth around U.S. $310 billion in the reporting year according to the experts. The five biggest European pharmaceutical markets – France, Germany, Italy, Spain and the U.K. – grew by around 3.5% over the same period, making their combined market volume approximately U.S. $165 billion in 2010 according to IMS Health. The markets in the emerging economies of Asia, Eastern Europe and Latin America achieved overproportionate rates of growth. IMS Health reports that sales revenues in these countries, known collectively as the pharmerging markets, jumped 14% in 2010, making this market as a whole worth around U.S. $150 billion. IMS Health's list of pharmerging markets currently consists of 17 countries: Argentina, Brazil, China, Egypt, India, Indonesia, Mexico, Pakistan, Poland, Romania, Russia, South Africa, Thailand, Turkey, Ukraine, Venezuela and Vietnam.

Forecasted Biotechnology Market Volume Acc. to Substance Group
in billions of U.S. $

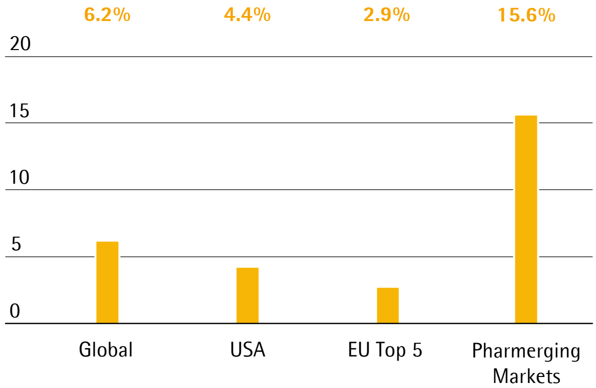


Source: Business Insights

Biotechnology a Growth Market

The biotechnology segment of the pharmaceutical market has been experiencing particularly rapid expansion for many years, with growth rates around double those of the market as a whole. According to data from the experts at IMS Health, the biopharmaceutical industry generated global sales revenue of around U.S. $96.5 billion in the period from the beginning of the fourth quarter of 2009 through the end of the third quarter of 2010. This represents a good 9% increase in sales revenue as compared with the same period a year earlier and means that the biopharmaceutical industry accounts for approximately 11% of the pharmaceutical market as a whole. The introduction of numerous new biopharmaceuticals and the emergence of new indications for existing drugs have both contributed to the dynamic growth seen in this market. The PhRMA sector report "Medicines in Development" published in 2008 states that at that time more than 630 medications produced using biotech methods had already reached the clinical trials phase. One in every two newly approved drugs now has its origins in a biotech lab. Medications produced using biopharmaceutical methods can essentially be divided into three categories based on active ingredient: therapeutic proteins, monoclonal antibodies and vaccines. Therapeutic proteins, which play an important role in the treatment of conditions including diabetes and chronic anemia, currently make up the largest category of active ingredients produced using biotech methods, but experts expect active ingredients from the other categories to become more prominent over the next few years. This is particularly true of monoclonal antibodies, which find applications in the treatment of cancer, HIV and autoimmune diseases like multiple sclerosis and rheumatism. As an example of their potential, the sales revenue generated by cancer drugs based on monoclonal antibodies doubled from around U.S. $24 billion to around U.S. $48 billion in just four years between 2004 and 2008.

Average Annual Growth of the Regional Pharma Markets
Forecast for 2009–2014



Source: IMS Health

Acquisitions and Alliances Between Pharmaceutical and Biotech Companies

Alliances and small- and medium-scale acquisitions featured prominently in the pharmaceutical industry in the reporting year as companies sought to accelerate the development of new drugs or tap into new business areas, most notably in the area of biopharmaceuticals. The prevalence of these measures stems in part from the imminent expiry of patents covering quite a number of blockbuster medications. Sector experts regard what has become known as the "patent cliff" as one of the greatest challenges the industry will face over the coming years. IMS Health reports that drugs due to lose patent protection in the period through 2015 account for sales of U.S. $142 billion. If the predictions are correct, 2011 alone will see medications that generate U.S. $30 billion in sales revenue every year lose their patent protection. The prospects for future growth in pharmaceutical markets could also be clouded over the coming years by government-imposed price restrictions associated with healthcare reforms in Europe and the USA.

Mergers and acquisitions in the pharmaceutical industry also affected suppliers of the companies concerned in some cases, with the integration phase frequently involving a review of the supplier structures of the newly combined companies followed by a reduction in the total number of suppliers. A particular preference has emerged for global suppliers with a strategically important product portfolio, a high level of application expertise and better-than-average performance. The key account management function at supplier companies is accordingly assuming ever greater importance, especially in respect of the deployment of new technologies and knowledge of specific applications.

One of Sartorius' major competitors, the biotech and pharmaceutical industry supplier Millipore, was taken over by pharmaceutical and specialty chemicals group Merck KGaA in March 2010 and integrated as a new division into the latter's Merck Chemicals unit. The U.S. $7 billion takeover reflects Merck's ambition to become a leading partner for the life science industry. We do not currently anticipate any significant change in our competitive position as a result of this takeover.

Pharmaceutical and Biotech Industry Continues to Lead the Way in R&D Spending

Companies from the pharmaceutical and biotech sector are industry's biggest investors in research and development according to the 2010 EU Industrial R&D Investment Scoreboard. While R&D budgets across large industrial companies as a whole have contracted over the last few years, the pattern of increasing R&D spending has persisted in the pharmaceutical and biotech sector, which finished at the very top of the list in 2009 with a total R&D expenditure of €76 billion. The EU Scoreboard indicates that R&D spending by pharmaceutical companies rose by 5.3% in 2009, a figure backed up by the current edition of the Global Innovation 1000 study conducted by international management consultants Booz & Company. Pharmaceutical companies make up 22% of the 1,000 companies – the world's leading investors in R&D – on the list, which is more than any other sector. The study also places five pharmaceutical and healthcare companies in the top ten overall as ranked by R&D expenditure.

The "World Pharmaceutical and Biopharmaceutical Market, 2010-2015" study published by market researcher Kalorama, which specializes in the medical and pharmaceutical markets, reports that the intensive R&D efforts of the pharmaceutical sector, especially in the area of biopharmaceuticals, will lead to the launch of a wealth of new pharmaceuticals over the next few years. It also suggests that the 50 largest pharmaceutical groups currently have around 550 projects in the final phase of development and estimates that the resulting products will add more than U.S. $70 billion to the value of the market. The study indicates that a large proportion of the substances concerned are biopharmaceuticals. U.S. regulatory agency, the FDA, approved 21 new pharmaceutical active ingredients in the reporting year, down from 25 new approvals in 2009.

Increased Requirements for Approval

Some of the requirements imposed by the healthcare regulatory agencies for the approval of medications have been raised in recent years. This applies in particular to medications produced using biotech methods, whose mechanisms of action in and interactions with the body are more difficult to determine than those of chemical active ingredients. The changes introduced by the regulatory authorities in this respect were also to an extent a reaction to cases in which newly approved medications produced unexpected harmful side effects. It is for this reason, for example, that the FDA now requires a significantly larger cohort for trials from the third clinical phase onward. Pharmaceutical companies face a longer time to market and increased development costs as a result. Tougher conditions now also apply to the adoption of new indications for drugs that have already been approved.

Pronounced Move to Single-use Systems in Biopharmaceutical Production

Biotech production methods are much more complex than traditional methods and have so far also proved more cost-intensive. Manufacturers and suppliers are consequently engaged in an intensive search for more productive process technologies to improve the effectiveness and efficiency of the manufacturing processes concerned. Single-use products, which require less capital expenditure, reduce cleaning and validation costs and minimize downtime, have a crucial role to play here. The actual figures vary from application to application, but single-use technology can prune production costs over the full lifecycle by anything from 15% to 40%. Single-use products deliver greater flexibility too and help to bring developments to market faster. The advantages of single-use technologies over permanently installed stainless steel systems are particularly compelling when working with relatively small production volumes. Thanks to their excellent cost-efficiency, single-use products have now become well established in just about every process step. The clear move to single-use products for the manufacture, transport and storage of biopharmaceutical products continued in the reporting year. The spread of single-use bioreactors exemplifies the growing popularity of single-use products in general: initially designed for small-volume laboratory solutions, single-use bioreactors are now becoming a common feature of small- and medium-scale production systems. As single-use equipment has penetrated further and further into the market, so manufacturers have become increasingly interested in integrated system solutions that cover entire process steps and thereby help to bring about a further reduction in the complexity of biotech production methods.

Moderate Growth in the Food Industry, Rising Pressure on Productivity

The reporting year brought growth rates in the low single-digit range for the food and beverage industry in the mature markets. According to a study from Nord/LB, the three largest European food and beverage groups achieved organic growth in their European business of between -0.3% and 2.1% in the first half of 2010. Growth for these same groups at the global level, in contrast, ranged from 3.6% to 6.9% thanks to further better-than-average expansion in the food industry in the emerging markets, principally Asian countries such as China and India, in 2010. The strength of growth in the emerging markets stems primarily from the rapid rate of population growth in these countries and their growing affluent middle and upper classes, who are increasingly modeling their patterns of consumption on western standards. Producers have responded by continuing to move their manufacturing processes onto a more industrial footing and bring them into line with international safety and quality standards. Multinational food groups have continued to expand their presence in China and India, too, and again invested in expanding their capacity.

In the western industrialized countries, the wellness and health trend persisted, with demand for foods fortified with health-promoting ingredients – so-called functional foods – remaining high. According to the Nutrition Business Journal's Global Supplement & Nutrition Industry Report 2010, global sales of food supplements and functional foods in 2008 totaled around U.S. $170 billion. This means that the actual figures are already higher than the estimate published by researchers at marketResearch in 2004, which predicted the market would be worth around U.S. $167 billion by 2010. Industrially processed convenience products also remained very popular.

Faced with rising commodity prices and persistently strong demand for affordable foodstuffs, food and beverage groups made enormous efforts in 2010 to find ways of making their processes even more productive without compromising on product quality. The expectations of consumers and lawmakers alike in respect of safety and quality also rose again in the reporting year. Companies in the sector rely on measurement and control systems that allow them to monitor and control parameters affecting costs, quality and safety directly, both in their quality assurance labs and on the ground in their production processes, in order to maintain product standards.

Public Research Sector Responds to the Economic Crisis

A small proportion of demand for our laboratory equipment comes from public-sector research, so public policy in this arena also affects the course of our business. OECD reports indicate that some countries announced and implemented cuts to their research and development budgets as a result of the economic crisis. Other countries, among them Germany, South Korea, Austria and the USA, stepped up their investment for the same reason by targeting science and education in their stimulus packages. The OECD's 2010 Science, Technology and Industry Outlook reports that growth in overall R&D spending across its member countries has slowed in recent years from 4% to 3.1%. The data from the emerging markets paints a rather different picture. China's total spending on R&D was equivalent to just 5% of the combined OECD R&D budget in 2001; by the time of the most recent survey this had risen to 13%.

Recovery in the Chemical Industry

The chemical industry recovered strongly in the first half of 2010 following the sharp downturn in 2008 and 2009 as a result of the economic crisis. Growth in Europe, for example, reached 10% in the reporting year according to the European Chemical Industry Council (Cefic). The rate of expansion returned to a normal level in the second half of the year. Overall, 2010 proved to be a year of inventory rebuilding and generally improved demand.

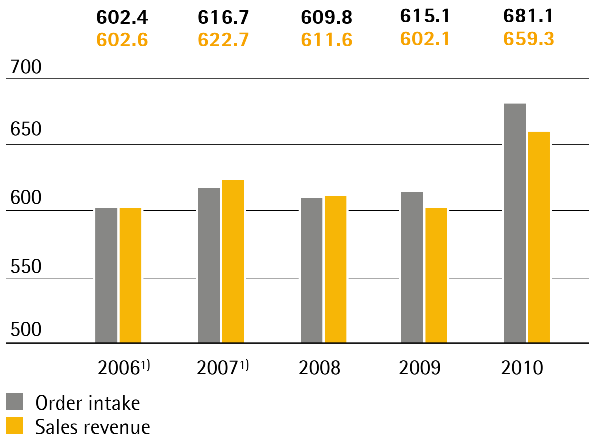
Sources: IMS Health, IMS Global Pharma Market Forecast (200 markets around the world), IMS MIDAS (73 markets around the world); PhRMA sector report; EU Industrial R&D Investment Scoreboard; Booz & Company; Kalorama; Nord/LB; Nutrition Business Journal; marketResearch; OECD Science, Technology and Industry Outlook, Business Insights: The future of the Biologicals Market.

Group Business Development

Order Intake and Sales Revenue

Business development in both Group divisions was encouraging. The Biotechnology Division increased order intake and sales revenue yet again, while the Mechatronics Division recovered faster and more strongly from the recession-induced decline than expected at the outset of the year.

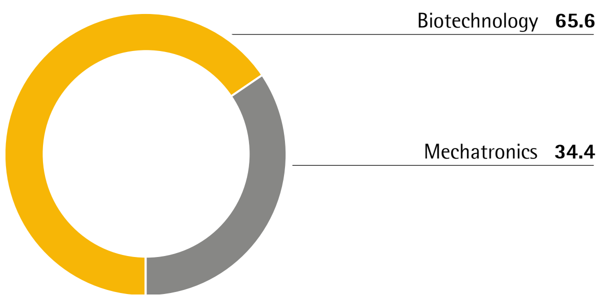
Group Order Intake and Sales Revenue
€ in millions



[1)] pro forma (including Stedim and excluding the hydrodynamic bearing business)

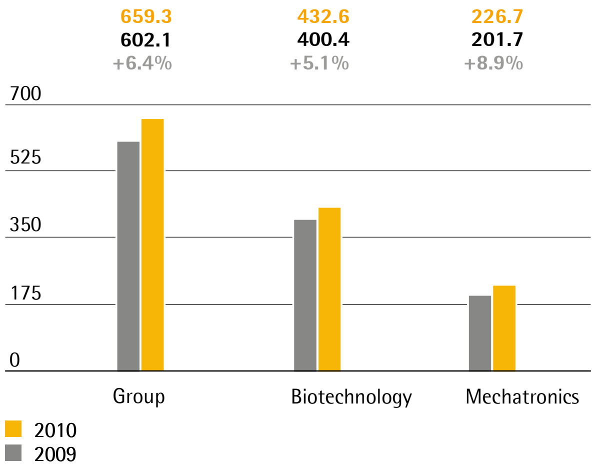
During fiscal 2010, we therefore received orders valued at a total of €681.1 million. As a result, order intake in the reporting currency rose 10.7% compared to the year-earlier figure of €615.1 million, or 7.5% in constant currencies. We also strongly increased consolidated sales revenue by 9.5% from €602.1 million to €659.3 million. Adjusted for currency fluctuations, this represents a year-on-year gain of 6.4%.

Group Sales Revenue by Division
in %



In the Biotechnology Division, the total value of orders received rose 8.1% from €409.2 million to €442.3 million. Based on constant currencies, this equates to an increase of 5.0%. The division's sales revenue grew at a similar rate, 8.0% or 5.1% in constant currencies, from €400.4 million a year earlier to €432.6 million. In particular, our products in our single-use technology area contributed significantly to this growth. Overall positive development was impacted by some delays in the placement of relatively large bioreactor orders for our equipment business in Asia and by the unexpected sluggish pace of business in Europe. Moreover, in this region, extra business with products for the manufacture of H1N1 vaccines generated in the previous year resulted in an approximately €10 million higher comparative base for the reporting year. Without this base effect, global sales growth would have been 2.5 percentage points higher.

Group Sales Revenue and Growth[1)] by Division
€ in millions, unless otherwise specified



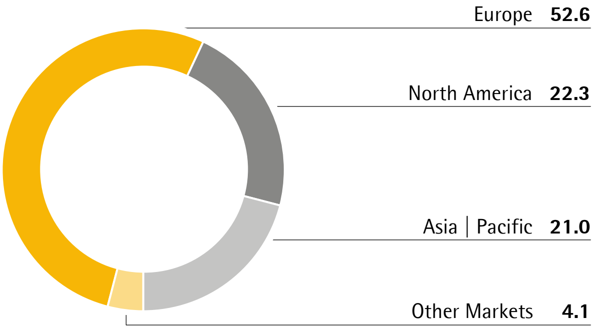
	Sales revenue € in millions	Growth in %	Growth[1)] in %
Total Group	**659.3**	**9.5**	**6.4**
Biotechnology	432.6	8.0	5.1
Mechatronics	226.7	12.4	8.9

[1)] currency-adjusted

In the Mechatronics Division, order intake and sales revenue developed considerably better than expected as both business areas of the division strongly recovered at an increasingly dynamic pace. While the division posted noticeable gains in its laboratory instruments business as early as in the first quarter, its industrial business began to rebound as of the second quarter. The Mechatronics Division thus increased its order volume by double digits, 16.0% (currency adjusted: 12.4 %), from €205.9 million a year ago to €238.8 million in 2010. Its sales revenue likewise climbed to double digits, 12.4% or 8.9% in constant currrencies, from €201.7 million to €226.7 million.

Further information about order intake and sales revenue trends in the two divisions is provided on pages 42 and 51.

Group Sales Revenue by Region
in %

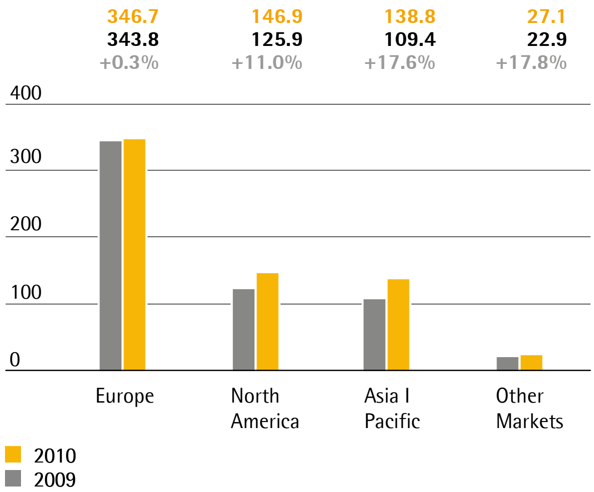


A regional comparison shows that in Europe, the Group achieved a gain in order intake of 4.9% and a slight increase in sales revenue of 0.3%, with both figures given in constant currencies. Even with revenue adjusted for extraordinary business generated in 2009 by single-use products for H1N1 vaccine manufacture, growth remained flat for the Biotechnology Division. By contrast, with double-digit growth in order intake and sales up in the high single-digit percentage range, the Mechatronics Division contributed very positively to business development in Europe.

In North America, both divisions saw positive development. At the Group level, we thus reported a 4.5% gain in order intake and a double-digit increase of 11.0% in sales revenue on the basis of constant currencies.

In the Asia | Pacific region, the Biotechnology Division contributed overproportionately strong growth. The Mechatronics Division also fared quite well, increasing both its order intake and its sales revenue in the upper single-digit percentage range. As a result, order intake for the entire Group surged in constant currencies by 26.6% compared with a year earlier. In the same period, consolidated sales revenue rose 17.6%.

Group Sales Revenue and Growth[1] by Region
€ in millions, unless otherwise specified



	Sales revenue € in millions	Growth in %	Growth[1] in %
Total Group	**659.3**	**9.5**	**6.4**
Europe	346.7	0.8	0.3
North America	146.9	16.6	11.0
Asia | Pacific	138.8	26.8	17.6
Other Markets	27.1	18.1	17.8

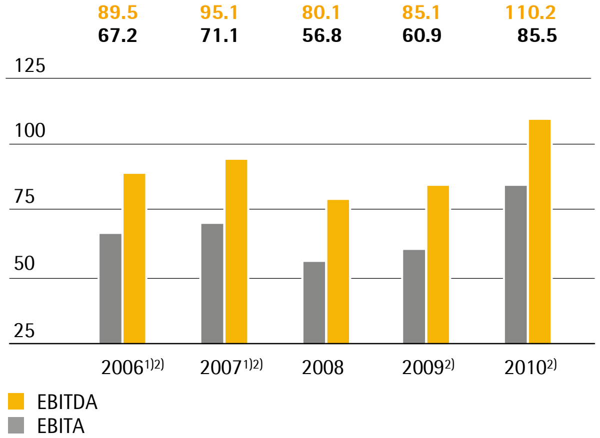
[1] currency-adjusted

Earnings

At the Sartorius Group, earnings before interest, taxes and amortization (EBITA) are used as the key profitability measure. Amortization in this context refers exclusively to purchase price allocation (PPA) to intangible assets acquired, as specified by IFRS 3. To provide a complete and transparent presentation of the Group's profitability, we additionally report earnings adjusted for extraordinary items (=underlying or operating earnings), for fiscal 2010.

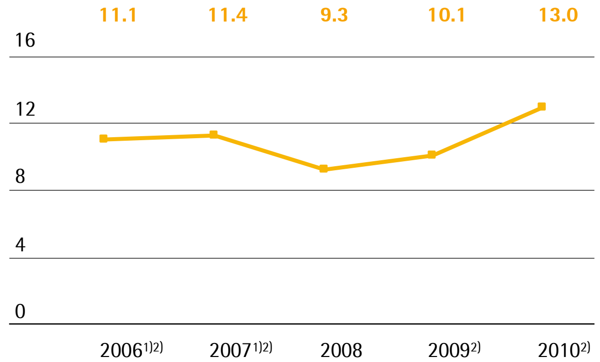
Development of earnings for the Sartorius Group was highly positive in the reporting year. For consolidated operating earnings, we reported an increase of €24.6 million, or 40.4%, to €85.5 million, up from €60.9 million a year ago. Our respective margin rose from 10.1% to 13.0%.

Group EBITA und EBITDA
€ in millions



[1)] pro forma (including Stedim and excluding the hydrodynamic bearing business)
[2)] underlying

Group EBITA Margin
in %



[1)] pro forma (including Stedim and excluding the hydrodynamic bearing business)
[2)] underlying

In the Biotechnology Division, economies of scale resulted in a further increase in earnings, and exchange rates that were more favorable compared to the year earlier also had a positive impact of approximately 0.5 of a percentage point on this gain in profitability. Underlying EBITA grew to €70.2 million from €60.2 million a year ago. Thus, by comparison, the growth percentage of underlying EBITA, 16.6%, was nearly double that of sales revenue. The operating EBITA margin rose from 15.0% to 16.2%. In the Mechatronics Division, the substantial gain in sales revenue along with the cost-reduction measures successfully implemented in 2009 provided for a significant rise in earnings. After the division's operating results of €0.7 million had been only slightly positive in 2009, earnings in the reporting year surged to €15.3 million. Its respective margin improved considerably from 0.4% to 6.8%.

	EBITA[1)] € in millions	EBITA Margin[1)] in %
Total Group	**85.5**	**13.0**
Biotechnology	70.2	16.2
Mechatronics	15.3	6.8

[1)] underlying

In all regions, we achieved significant gains in earnings. With earnings up 39.0% in Europe, 44.3% in North America and 42.6% in Asia | Pacific, the earnings growth percentages were at similar levels for all regions. The European region contributed the highest operating earnings, at €56.8 million, up from €40.9 million a year ago, and a margin of 13.8%, up from 10.3% the year before. Following this region were those of Asia | Pacific, with an underlying EBITA of €14.9 million (previous year: €10.4 million) and a margin of 14.9% (previous year: 13.5%), and North America, which contributed earnings of €12.9 million (previous year: €9.0 million) and an operating margin of 8.7% (previous year: 7.1%).

	EBITA[1)] € in millions	EBITA Margin[1)] in %
Total Group	**85.5**	**13.0**
Europe	56.8	13.8
North America	12.9	8.7
Asia | Pacific	14.9	14.9
Other Markets	0.9	-

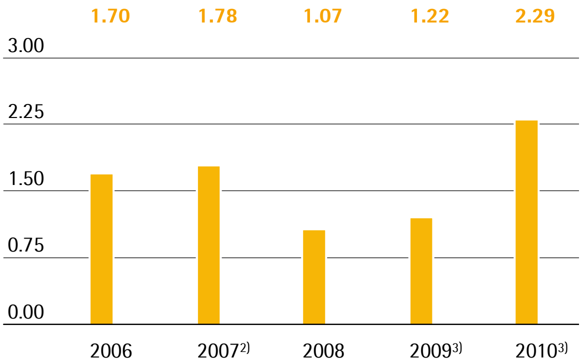
[1)] underlying

The Group's EBITA, including all extraordinary items of -€6.3 million (previous year: -€30.0 million) that essentially covered restructuring expenses and other non-operating expenses and income, stands at €79.2 million, up from €30.9 million a year earlier. Its respective EBITA margin is at 12.0% compared with 5.1% a year ago. Unadjusted consolidated net profit after minority interest totals €31.0 million, up from -€7.3 million in fiscal 2009.

The relevant underlying net profit for the Group nearly doubled to €39.0 million from €20.8 million a year earlier. This figure is calculated by adjusting for extraordinary items and eliminating non-cash amortization of €7.1 million (previous year: €7.0 million) and by accounting for tax effects. The corresponding earnings per share amount to €2.29, up from €1.22 a year ago.

Further information about earnings trends in the two divisions is provided on pages 43 and 52.

Group Earnings per Share[1)]
in €



[1)] excluding non-cash amortization and, for 2008 and 2009, non-cash interest expenses for share price warrants
[2)] pro forma underlying
[3)] underlying

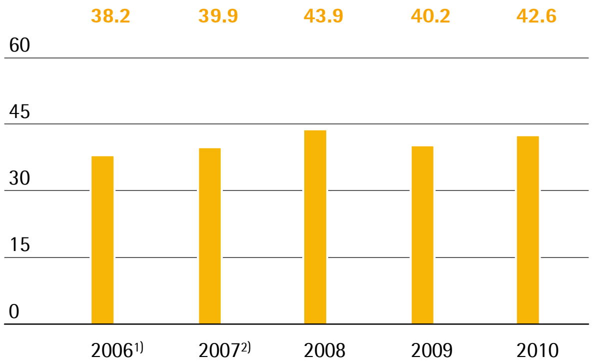
Appropriation of Profits

The Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting on April 20, 2011, to raise dividends for fiscal 2010. According to this proposal, dividends are set to rise from €0.42 a year ago to €0.62 per preference share and from €0.40 a year earlier to €0.60 per ordinary share. The total amount disbursed under this proposal would thus increase from €7.0 million to €10.4 million. The remaining retained profit of €16.6 million for Sartorius AG is to be carried over to the new account.

Research and Development

The Group as a whole invested a total of €42.6 million in research and development (R&D) in the reporting year. This represents a year-on-year increase of 6.2% (previous year: €40.2 million). The ratio of R&D costs to sales revenue is at 6.5% and thus, roughly at the previous year's level (2009: 6.7%).

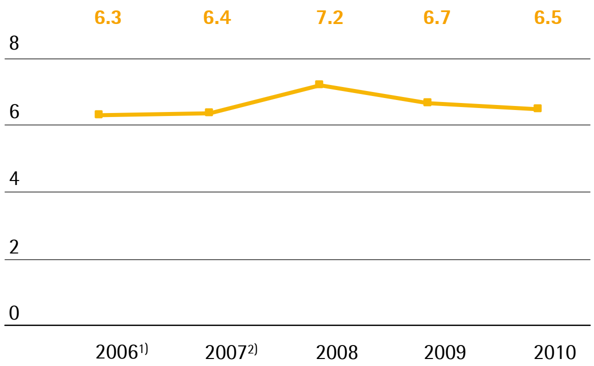
Group R&D Costs
€ in millions



[1)] pro forma (including Stedim and excluding the hydrodynamic bearing business)
[2)] pro forma underlying

We endeavor to expand our range of products continuously, both through our own research and development and by integrating technologies through alliances. We stepped up our research and development activities in the Biotechnology Division in fiscal 2010, increasing spending in this area by 13.6% to €27.8 million (previous year: €24.5 million). The R&D ratio rose as a result to 6.4% (previous year: 6.1%). Measures implemented at the same time to rebalance R&D investment in the Mechatronics Division, which included a reduction in staffing levels, trimmed spending in this area in fiscal 2010 by 5.5% year on year to €14.8 million (previous year: €15.7 million). R&D costs amounted to 6.5% of sales revenue at the Mechatronics Division in the reporting year (previous year: 7.8%), meaning that R&D ratios at our two divisions are now almost the same.

Group R&D Ratio
in %



[1)] pro forma (including Stedim and excluding the hydrodynamic bearing business)
[2)] pro forma underlying

We operate a strategic intellectual and industrial property rights policy in both divisions to protect our expertise. This entails a systematic program to detect any infringements of our rights plus reviews based on a cost | benefit approach to determine which specific individual rights need to be maintained.

We filed 239 applications for intellectual and industrial property rights in 2010, which represents a significant increase over the previous year (187). We were issued 205 patents and trademarks during the reporting year as a result of applications submitted in previous years (previous year: 122) and had a total of 2,261 patents and trademarks in our possession on the balance sheet date (previous year: 2,178).

	2010	2009
Number of patent and trademark applications	239	187
Registered patents and trademarks	205	122

Further information is provided in the section entitled "Business Development of the Biotechnology Division" on pages 46-48 and in the section entitled "Business Development of the Mechatronics Division" on pages 56-58.

Group Employees

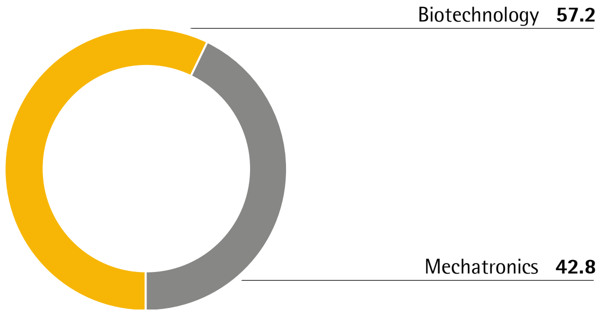
As of December 31, 2010, the Sartorius Group employed 4,515 people. Compared with December 31, 2009 (4,323) the number of employees rose by 192 or 4.4%.

Employees

	2010	2009
Biotechnology	2,581	2,381
Mechatronics	1,934	1,942
Total	**4,515**	**4,323**

The increase in workforce focused on the Biotechnology Division, where total head count rose by 200 (8.4%) compared with the previous year's reporting date (December 31, 2009: 2,381) to 2,581. In the Mechatronics Division, the number of employees remained at nearly the same level. As of December 2010, head count at 1,934, edged down by 8 (-0.4%) compared with the year-earlier figure (1,942).

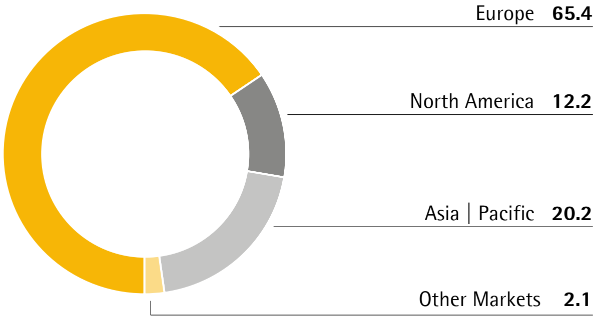
Group Employees by Division
December 31, 2010; in %



The number of employees increased in all regions. Total head count in Europe rose by 70 (2.4%) to 2,954 as of December 31, 2010 (December 31, 2009: 2,884). In North America, we incorporated the majority of our formerly independent sales representatives into our regular workforce, so the head count reported increased accordingly.

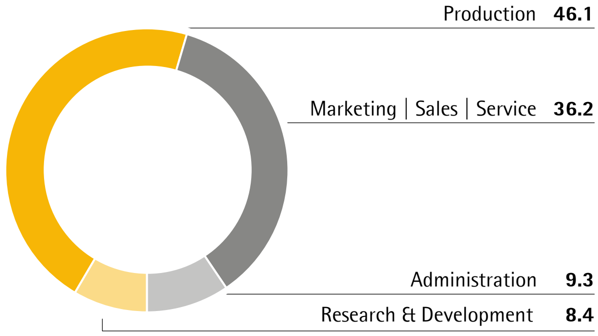
This development accounted for most of the increase in our reported regional head count, which rose by 56 people (11.3%) to 551 as of December 31, 2010 (December 31, 2009: 495). We had 913 employees in the Asia | Pacific region at the end of the reporting year (December 31, 2009: 854), which represents an increase of 59 people (6.9%).

Group Employees by Region
December 31, 2010; in %



The breakdown of employees by function shows that production and areas directly linked to production accounted for the largest share (46.1%) in the reporting year (previous year: 46.1%). A total of 36.2% of our people were employed in marketing, sales, distribution and service (previous year: 36.1%), the administrative units, including Finance and IT, accounted for 9.3% (previous year: 9.5%) and the proportion employed in research and development was unchanged year on year at 8.4%. There was thus no significant change in the functional breakdown in the reporting year.

Group Employees by Function
December 31, 2010; in %



Further information is provided in the section entitled "Business Development of the Biotechnology Division" on page 49 and in the section entitled "Business Development of the Mechatronics Division" on page 59.

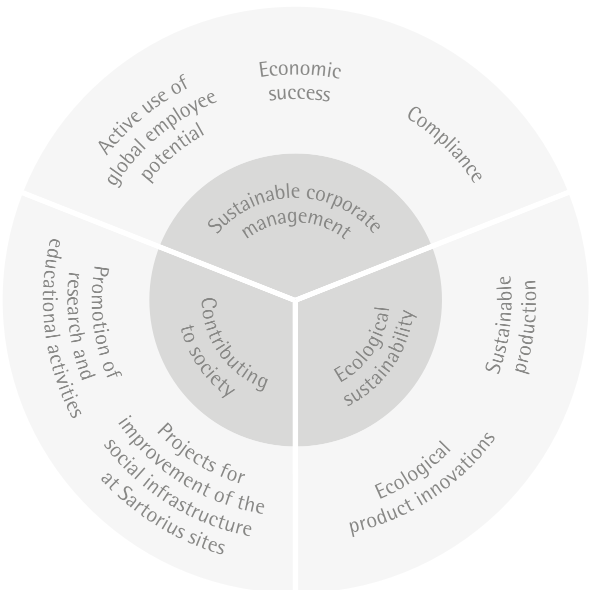
Sustainability Report

Sustainability is one of the core values that are firmly embedded in Sartorius' corporate culture. Ever since the company was established in 1870, the sustainable development of the company has been its key objective.

Our primary commercial mission is to offer attractive products and solutions to our customers. Innovation as well as strategic and operational excellence are key to accomplishing our mission. For us, sustainability in this context means taking a broad-based, long-term view of our business that specifically includes social and ecological considerations. We embrace our responsibilities toward our various stakeholders and believe in long-term relationships that deliver benefits to all parties involved. Accordingly, we regard active management of social and ecological tasks not as compensation for our business activities, but rather as one of our success factors.

In line with this belief, we regard it as essential to comply with legal and ethical standards, manufacture with ecological responsibility and keep environmental impacts in mind when developing product innovations. Likewise, our HR policy is aimed at preserving the rights of employees and at actively using and developing the potential of our global workforce. In addition we help to make the social infrastructure more attractive by supporting cultural and social activities on a project basis at our Company's sites around the world.

Sustainability at Sartorius



The examples presented in the following report are illustrative of the projects and measures we implemented in 2010 in our three sustainability fields: sustainable corporate governance; ecological sustainability; and social contribution.

Sustainable Corporate Governance

Detailed information on the economic dimension of sustainability at Sartorius is provided elsewhere in the Group Management Report. The strategies and measures we use to achieve profitable growth in our two divisions are explained on pages 20 through 59 of this Annual Report.

Operating in Accordance with Legal and Ethical Standards

Sartorius conducts its business in accordance with globally accepted legal and ethical standards. Our actions follow the principles of responsible corporate governance and control focused on sustainable value added. This includes compliance with legal and Group-internal regulations, close and focused cooperation between the Executive Board and the Supervisory Board, guarding the interests of our stakeholders, transparent corporate communications, appropriate risk management and proper accounting and auditing. Sartorius complies with the stipulations and recommendations of the German Corporate Governance Code in the most recent version published on May 26, 2010. Further information in this connection may be found in the Corporate Governance Report on page 76.

The Sartorius compliance system is intended to ensure that members of the executive bodies, managers and employees comply with all legal regulations, codes and internal guidelines. Designed to be pre-emptive in nature, it aims to prevent misconduct, financial losses and damage to our image by ensuring that all of our people are familiar with relevant compliance issues. We brought all of our activities in this area together in March 2010 under our newly created Internal Control Systems | Compliance department. Its responsibilities encompass internal auditing, corporate security, environmental management, data protection, risk management, anti-corruption and export control.

The Sartorius Code of Conduct and the Sartorius Anti-Corruption Code, which we introduced in all Group companies during the year under review, play a central role in maintaining compliance within our organization. These two Codes establish the minimum standards for compliant and ethical behavior to which all employees are subject as well as specific rules of conduct to counter corruption. They are intended to help employees act ethically and in accordance with the law in their daily work. We drew up a web-based training course based on the Codes during the reporting year and will be arranging for it to be completed by all employees worldwide starting in the first quarter of 2011. The course uses fictitious examples to raise awareness among employees of ethically or legally problematic situations and help them negotiate the associated challenges more effectively. We also introduced a whistleblower portal and a telephone hotline in 2010, so employees, suppliers, customers and partners are now able to report deleterious conduct around the clock from anywhere in the world, either anonymously or by giving their name.

We base our activities on the shared corporate values of Sartorius: sustainability, openness and enjoyment. Evolved over many years and firmly embedded in the corporate culture, these values were confirmed and formalized in writing for the first time in 2010. More than 4000 employees attended workshops around the world to discuss what these values mean and devise ways of implementing them even more consistently in day-to-day activities.

Using and Developing the Potential of Employees Worldwide

Since we are a global company, the diversity of our markets, business regions, and customers is also reflected in our workforce. In the composition of teams, we therefore ensure that the different perspectives and backgrounds are combined productively. Also, when filling management vacancies, we aim to achieve a mix of cultures, genders and age groups. The proportion of managers originating from countries other than Germany in the second tier of management – the Vice Presidents level – is around 25%. Women account for 20% of employees at this level. We intend to continue promoting employees consistently on the basis of performance and consequently expect our management to become even more international in the medium term and the proportion of women to increase further.

To grow successfully in a dynamic market environment, we need competent, qualified employees. Sartorius Stedim Biotech invests continuously in the development of its workforce. In the reporting year, a large number of employees participated in further professional training. One particularly prominent area was to extend project management skills using IT-based training according to uniform global standards. Our Strategic Selling Program, meanwhile, provides training for employees around the world in strategic sales promotion. We also conducted international change management workshops with around 150 managers in the reporting year in support of the ongoing change processes in the Mechatronics Division.

A global training concept is essential to enable a global organization like Sartorius to unfold its full potential. Our leadership development program, which was designed on the basis of the management guidelines and has been completed by all Germany-based executives, was rolled out internationally in the reporting year. Measures such as this help the Group to integrate its employees from different cultural backgrounds around the world and achieve its objective of a common management culture. Our annual performance reviews, the content and assessment criteria of which were standardized across all sites in 2010, also facilitate integration.

Sartorius aims to fill management vacancies largely from within its own ranks and accordingly develops and promotes employees with management potential at an international level. The reporting year saw the initial group of participants complete the Leadership 1 Training program, which began in 2009. Lasting nine months in all, the program helps junior managers to develop their own management qualities at the Goettingen site through a variety of measures including opportunities to engage in face to face discussions with long-standing managers and learn from their experiences. We intend to offer the program across both divisions and all sites in 2011.

Sartorius offers thorough initial vocational training to secure a future workforce of highly qualified, talented professionals. In Germany, the Group provides training and education in a total of 19 different professions and eight work-study programs. Sartorius employed 90 trainees and 16 students altogether in the reporting year. We plan to increase the number of trainee positions available every year from the current figure of 28 to 40 in 2011. Highly practical work-study programs in the natural sciences and business administration, which provide targeted hands-on development, also give promising young individuals the opportunity to prepare themselves for future roles. In addition, we offer internships for training purposes as an effective way to help students expand their professional knowledge, skills and expertise. We support our interns in a number of ways, for example, by enabling them to take part in training initiatives. Thanks to one of our alliances, the international interns at our Aubagne site are able to attend the Master of Business Administration courses offered by the Euromed Business School in Marseille.

Certified Vocational Training and Work-study Programs at Sartorius in Germany

Recognized professions in commerce
Event manager, industrial business administrator, office communication management assistant, IT system integration specialist, IT application specialist
Recognized professions in the natural sciences
Skilled chemistry technician, physics laboratory assistant, chemical laboratory assistant
Recognized professions in skilled trade and skilled technical jobs
Mechatronics engineer, electronics technician for automation technology, electronics technician for equipment and systems, milling machine operator, industrial mechatronics engineer, construction technician, skilled sheet metal worker for design engineering, skilled machine and plant operator, design draftsman | draftswoman, certified production technician, industrial electrician for equipment and systems
Work-study programs
Bachelor of Science in Biotechnology Bachelor of Engineering in Electrical and Electronics Engineering | Information Technology Bachelor of Science in Physical Engineering Technologies Bachelor of Engineering in Precision Machinery Bachelor of Engineering in Production Technology Bachelor of Science in Information Technology for Technical Applications Bachelor of Science in Business Information Management Systems Bachelor of Arts in Economics

Freedom, Flexibility and Safety at Work

Sartorius sets its employees demanding tasks, leaves them the freedom to arrange their daily work and delegates responsibility to them at an early stage. This creates long-term motivation and strong employee loyalty, as evidenced by the fact that in Germany, for example, our staff attrition rate is a very low 8.9% and employees stay with us for almost 15 years on average, which compares very favorably with most other companies.

Flexible working hours are a key aspect in achieving a work-life balance. The Sartoflex working time model gives employees at all German sites the option to arrange their working hours flexibly, for example through flextime, part-time work or teleworking. Sartorius has already garnered a number of awards for its family-friendly policies. In the reporting year, for example, our Hamburg site received the Hamburger Familiensiegel, an endorsement bestowed on particularly family-friendly organizations by the city of Hamburg, in recognition of its achievements in this area.

Sartorius operates a corporate health management policy covering both the physical and the psychosocial elements of health in order to enhance employee performance and motivation and reduce the costs associated with sickness. We made further technical and organizational improvements to working conditions in the reporting year in order to reduce job-related medical conditions, risks to health and potential causes of industrial accidents. We continuously adapt job safety and work organization conditions in line with the applicable laws and regulations and the guidance issued by the German Occupational Health and Safety Agency. Our site in Beijing joined the list of Sartorius facilities certified under the OHSAS 18001 occupational health and safety management system in 2010. The number of notifiable workplace accidents at Sartorius in Germany was below the statistical mean calculated by BG ETEM, the German institution for statutory accident insurance and prevention with responsibility for our industry, for the ninth year in succession in fiscal 2010.

Ecological Sustainability

Sustainable production processes and sustainable products provide a solid foundation for our long-term financial success. We design our production processes to conserve natural resources and offer our customers products that are not only cost-efficient and reliable, but also provide ecological benefits. When planning our operations, we look beyond our own immediate use of resources to understand the entire lifecycle of our products. We pay particular attention here to customer processes, but also take care to consider relevant supply-side factors. Growth coupled with an underproportionate increase in the use of natural resources – this is a prerequisite to our sustainability policy that we implement at Sartorius at different levels.

High Standards in Environmental Protection and Quality

Sartorius is certified according to international standards for environmental protection (ISO 14001) and quality (ISO 9001). These two management systems ensure that we are prudent in our use of resources and comply with quality requirements in the manufacture of our products. Originally introduced at our Group headquarters in Goettingen, the two standards today set the benchmark for our international sites. We strive to continuously improve our existing systems and phase them in at all Group sites. For example, our site in Beijing was certified according to both standards in the year under review.

Efficient Use of Energy

Sartorius has made finding ways to improve its energy efficiency a particular priority. The combined heat and power plant, which has been in operation at the Group's largest production site in Goettingen since 2008, achieves efficiencies of 80%, making it more than twice as efficient as a conventional power plant. The plant generates 15% of the power required by our Goettingen site and the waste heat produced in the process covers 20% of our heat requirements. Operating our own combined heat and power plant not only helps us to cut our environmental impact, but also delivers a significant reduction in energy costs. We invest continuously in optimized control programs and modern technology to achieve the greatest possible efficiency while minimizing the use of energy. Developments in this area in the reporting year included the replacement of the compressed air center at Plant 2001 in Goettingen, which we use to manage and control our production machinery. The new system consumes around 45% less electricity than its predecessor, meaning that this upgrade alone has reduced our annual carbon dioxide emissions by 400 metric tons. The environmental protection measures implemented to date at the Goettingen site have reduced carbon dioxide emissions by around 5,500 metric tons in total. Energy consumption at the Company's headquarters site has increased significantly more slowly than output overall in the years since 2002: although we have increased the number of buildings and have been manufacturing about twice as many filters, our consumption of electricity and natural gas has remained almost constant over this period. The Goettingen Climate Initiative, in which we became involved in 2010, has identified our environmental protection measures as an example of best practice in reducing the region's carbon dioxide emissions.

Return of Recyclable Materials

We have also made further progress in the area of recycling. At the Goettingen site, where we produce membranes for our filter cartridges, we operate an advanced solvent recycling plant. The alcohol effluents resulting from membrane production are processed directly on site and then fed back into the production process, enabling us simultaneously to close material cycles on site, minimize transport requirements and reduce water consumption and the volume of waste produced. By conducting our own research and development, we have reduced the overall quantities of solvents required in membrane manufacture. The design of our solvent distillation plant includes sufficient capacity to accommodate the planned expansion in production with the addition of another casting machine.

The product safety requirements to which pharmaceutical industry suppliers are subject prevent us from using recycled plastics ourselves, but we consistently send our used plastics for reuse or recycling or dispose of them in an environmentally responsible way. The polymer waste from the manufacture of our single-use bags, for example, is ultrapure and therefore high in energy. Around 95% of this waste from the Aubagne, Lourdes and M'Hamdia sites was collected in 2010 and burned in a special power plant to produce heat energy. Single-use products made from mixed plastics, such as gloves and plastic cups, were collected for reuse as secondary materials. We reduced paper consumption at the sites mentioned by 30% in the year under review and disposed of a total of 120 metric tons of waste paper in an environmentally responsible manner.

At the Sartorius sites in Germany in 2010, we implemented an electronic signature regime for hazardous waste items, such as lyes and acids. This means that the production of hazardous waste and evidence of its disposal are digitally documented and can be tracked from end to end. Sartorius also complies rigorously with the European rules on environmentally responsible reuse and recycling in the context of its electronic products, which include balances and laboratory equipment, to ensure that any heavy or precious metal components are reclaimed rather than ending up in landfill.

Ecological Product Innovations

Our efforts to optimize the environmental performance of our products and production methods begin at the research and development stage. Wherever safety and functionality permit, we increase the proportion of renewable raw materials used and reduce packaging, while the materials used in our membranes and capsules are selected to ensure the maximum possible content of recyclable materials. The integrated solutions of our FlexAct product range are also illustrative of our approach: in addition to the ecological benefits generally offered by single-use technologies, FlexAct solutions reduce the need for stationary installation of equipment and thus the quantity of materials consumed. The versatile central control unit, for example, can be used in a number of different biopharmaceutical processes.

The iF product design award recognizes products that combine outstanding design with strong environmental performance. Three Sartorius products – the Cubis laboratory balance, the arium® pro water purification system and the Biostat B-DCU II benchtop bioreactor | fermenter – received this award in March 2010 as part of the world's biggest design competition. Many of the systems supplied by Sartorius also offer outstanding longevity, which ranks as another key feature of environmentally-friendly products. Sartorius load cells installed in process weighing equipment, for example, are still passing all quality checks flawlessly even after 30 years of use.

Sustainable Products Improve Customers' Environmental Footprint

Single-use products are becoming increasingly wide-spread in the manufacture of innovative, effective medication. They are not only practical under economic aspects, but also provide ecological benefits: compared with conventional equipment made of steel and glass, single-use products eliminate the need for resource-intensive cleaning processes with ultrapure water as well as for subsequent waste-water processing. Studies have shown that single-use products made of plastic are far superior to complex reusable systems in their consumption of energy, water and chemicals over the product lifecycle. Experts have compared approaches based predominantly on reusable materials with approaches based predominantly on single-use materials across various scenarios including a typical industrial manufacturing process for monoclonal antibodies. The result is clear cut: manufacturers employing mostly single-use solutions consume around 87% less water and 30% less energy. In addition, the experts found that the deployment of single-use solutions reduces the size of production units. Manufacturers are said to require 30% less space, thus also saving energy and materials. Other research has confirmed that the energy required for sterilization, cleaning and materials in processes based on single-use products is around half that of conventional processes. We carried out preparatory work at the Aubagne and Goettingen production sites in the reporting period for a number of projects intended to produce reliable data on our own emissions along the value chain. These projects aim to give us a precise picture of our emissions of carbon dioxide and other greenhouse gases – our carbon footprint – in each process step.

Although single-use products have clear ecological benefits in terms of energy and water consumption, their use generates more waste. Consistent reuse and recycling can significantly improve environmental performance here as well. However, the ultrapure plastics we use to manufacture our filters contain around 80% to 90% of the energy of pure crude oil and are thus a valuable secondary raw material. We are therefore currently discussing suitable recycling solutions with our customers. The high energy content of polymers, for example, means that they can be reused as fuel in heat and | or power generation.

Sartorius systems help customers not only make their products safer and their processes more productive, but also more environmentally friendly. This is particularly true of the monitoring and control technology provided by our Mechatronics Division for process control applications. Solutions, such as in-line analytical equipment, for example, can cut material consumption and avoid defective batches. Our services, meanwhile, assist customers to adapt solutions optimally to their requirements on site. We always analyze customer processes as a whole and identify potential improvements both financial and ecological, all of which helps to make our customers' workflows more efficient and more environmentally compatible.

Supplier Environmental Checks

Environmental performance plays a role in our supplier appraisals too. In the reporting year, for example, we wrote to 50 international suppliers of the Mechatronics Division in Goettingen to enquire about their environmental activities. All suppliers that, like Sartorius, are accredited under ISO 14001 and accordingly satisfy the same strict standards as us, automatically received the best assessment in this category. Suppliers without this accreditation were evaluated on the basis of factors such as whether they enforce formal written regulations in the area of environmental protection and the extent to which ecological aspects feature in their product planning activities. We have published the findings of our appraisal on a web-based supplier platform in line with our conviction that transparency and openness are central to sustainable supplier management.

Short Transport Distances, Environmentally Friendly Building Services

Supplying our various markets directly from our production sites as far as possible is part of our corporate strategy. By localizing production, we not only cut delivery times and maintain closer contact with customers, but also shorten transport distances, thus reducing carbon dioxide emissions. When we expand our global infrastructure, we integrate advanced building services and often exceed the requirements imposed on us by local environmental regulations. The planned construction projects at Yauco in Puerto Rico and Guxhagen and Goettingen in Germany will all reflect this policy.

Contributions to Society

We concentrate in our social outreach activities on areas that have a connection to our core business. Promoting research and education and supporting events for the scientific community remain our chief priorities. At our larger Group sites, we also give our backing to a variety of cultural and sporting events.

Alliances with Research and Educational Institutions

We enhanced our support for university-level education once again in the reporting year with the establishment of the new Florenz Sartorius Prize named in honor of the Company's founder. The prize, which was presented for the first time in April 2010, is awarded at the end of each semester to the best graduate from each of four study programs at the University of Goettingen's Faculty of Economic Sciences. Promoting excellence in the four areas of study concerned – business administration, economics, business information systems and business and human resource education – is entirely consistent with the Group's interests, as these disciplines are highly relevant to a global operation like ours. For instance, in 2007, Sartorius Mechatronics began funding a five-year chair of precision metrology at the Technical University of Ilmenau in Germany. The Mechatronics Division's research and development department has been working closely with the university for many years, but this arrangement, which runs until 2012, elevates the relationship to a new level. Sartorius also supports the International Graduate School of Metrology in Brunswick, Germany. The graduate program in metrology is a joint project run by technical university TU Braunschweig and PTB, the German national metrology institute, both of which are based in the city. Sartorius Mechatronics supports the program as an industrial partner by arranging excursions and technical presentations to bring young scientists together with companies from the field of metrology. Elsewhere, our Aubagne site has entered into an alliance with the École d'Ingénieurs in Marseille to try and assist recently qualified biotechnology engineers ease into professional life. Our international Bioscience Scholarship provides financial, technical and personal support to talented students and graduates in scientific and technical disciplines. The program is intended to attract appropriately qualified young people from the global growth markets of Asia, Eastern Europe and Latin America in particular to our organization and enhance international project activities at Sartorius.

Sponsoring Events for the Scientific Community

In addition to long-term alliances with scientific institutions, we regularly take part in symposia, conventions and annual conferences. In 2010, these included the annual conferences of the American Society of Gene and Cell Therapy (ASGCT) and the Society for Neuroscience (SfN). These two non-profit organizations aim to drive the development of modern treatment methods on the basis of the latest scientific insights and to promote professional and public education in their respective fields. Other events to which we lent our backing in the reporting year include the International Symposium on Vaccine from Research to Product Launch organized by the National Health Research Institute (NHRI) in Taiwan and the specialists' conference for application-based biotechnology at Zurich University for Applied Sciences in Switzerland. Our activities in the mechatronics field included sponsoring the National Conference of Standards Laboratories (NCSL) symposium, which addressed issues including voluntary steps to improve the quality of measurement and testing products and services.

Promotion of Social Infrastructure at Group Sites

Helping to equip schools, providing scholarships, assisting with career advice and promoting practice-based learning: Sartorius plays an active role in a variety of education projects at its regional company sites. In Beijing, we donated weighing equipment to a high school in 2010 for use in chemistry and physics classes. We plan to follow up on our sponsorship of this particular school, which is affiliated to the renowned Peking University, with further donations in kind involving laboratory instruments for other educational institutions in other areas of the People's Republic of China. In Yauco, Puerto Rico, Sartorius has been supporting a number of schools and providing financial assistance to outstandingly talented candidates at its filter production site for years. In Goettingen, too, we operate as an industrial partner to several high schools including the Felix Klein Gymnasium, which offers the globally recognized International Baccalaureate alongside the usual German university admission qualifications. Near our German headquarters, Sartorius is also a long-standing backer of various cultural and sporting events. We support the internationally renowned Goettingen Handel Festival and the city's "Literaturherbst" fall literature festival, for example. During the 2010 soccer world cup, we were the principal sponsor of the Sartorius World Cup Village, the largest event for public viewing of the games in the region.

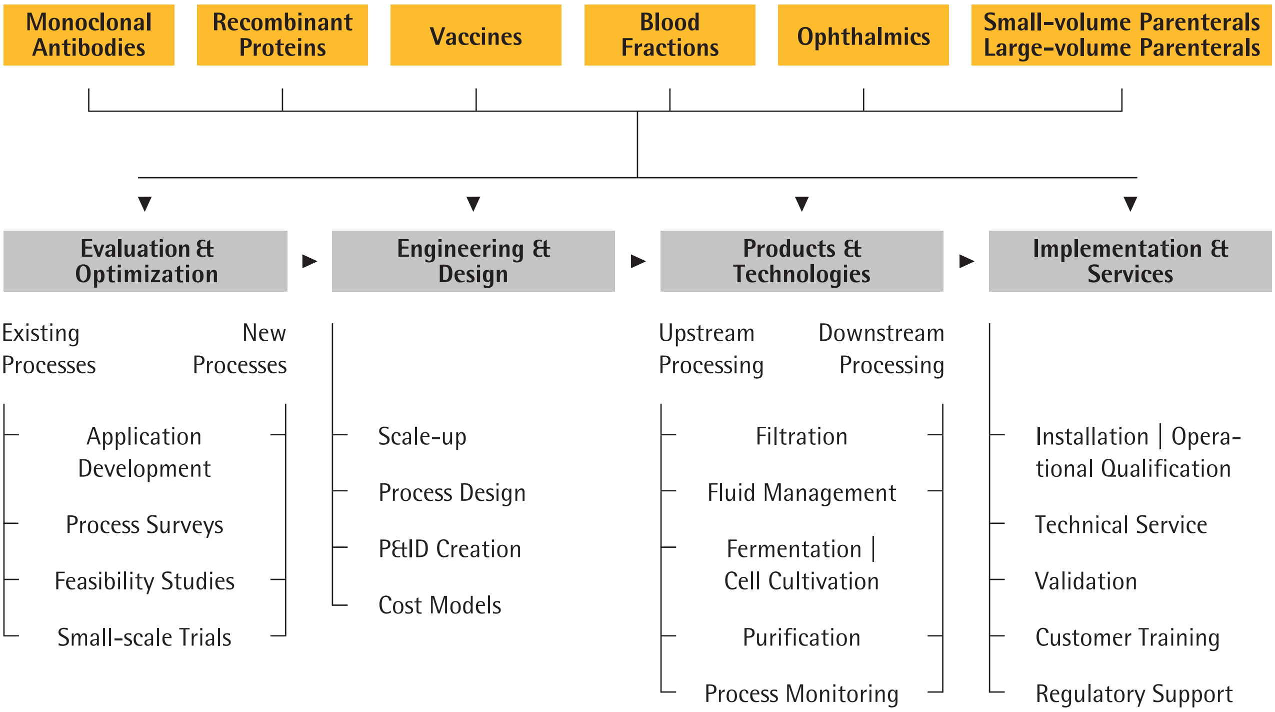
Business Development of the Biotechnology Division

Strategy

In the Biotechnology Division, the Sartorius Group operates as a total solution provider; i.e., a provider of integrated solutions for all key process steps in biopharmaceutical production. Our extensive range of technologies, products and services helps customers develop and manufacture medications and vaccines using biological methods – safely and efficiently. We are global leaders in bioprocess filtration, fermentation, fluid management technology and membrane chromatography and in a variety of other purification technologies. Our portfolio features products and solutions for nearly all upstream and downstream steps in the production of active pharmaceutical ingredients.

One of our major areas of focus is on increasingly offering our biopharmaceutical customers single-use products to serve their needs in production processes. Single-use products, which account for approximately three quarters of our division's sales revenue, represent an innovative alternative to conventional reusable stainless steel systems for our customers thanks to the significant cost- and time-savings they provide. We have the most comprehensive single-use technologies portfolio in the sector, and our comprehensive technical consulting and services, which we tailor specifically to the requirements of individual applications, set us apart from the competition.

Process Solutions for Biomanufacturing of Active Pharmaceutical Ingredients and Drugs



We focus a smaller part of our activities on biopharmaceutical laboratories. In addition to conventional laboratory instruments, such as water purification systems, shakers, centrifuges, bioreactors and fermenters, we offer a range primarily consisting of consumables for the laboratory, including filters, bags and cell culture vessels, among other items. The respective products of this range help our customers to perform small-scale development and testing of active pharmaceutical ingredients first before fully scaling up to large-volume production. All of our technologies are fully scalable, so customers can easily increase the quantities of different substances as required for the process phase concerned.

The significant growth achieved in the Biotechnology Division over recent years stems to a considerable extent from our total solution provider approach and our continuous drive to expand our product range right along our customers' process chain. Carefully targeted alliances and acquisitions play a central role alongside our own research and development activities in putting this growth strategy into practice. Our R&D department, which has accordingly stepped up its efforts to build up expertise in technology integration, quickly combines the technologies contributed by our partners with our own components to create innovative new products. We expect to see additional growth momentum, both from closer collaboration between the Biotechnology Division and selected areas of the Mechatronics Division – which is the natural choice given our similar customer structures in areas including the laboratory segment – and from the development of new technologies in fields, such as process analytics.

Based on strong dedicated sales and service organizations as well as manufacturing companies, our Biotechnology Division has a global presence with a particularly high profile in the major pharmaceutical markets. We offer our customers, who predominantly operate worldwide, products and services that consistently meet the same global quality standards throughout all production facilities.

Integrated Products Along the Customer's Process Chain

Key Figures for Biotechnology

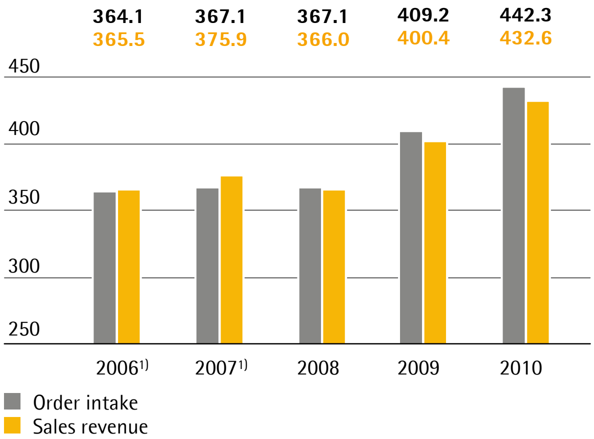
€ in millions	2010	2009
Order intake	442.3	409.2
Sales revenue	432.6	400.4
EBITDA[1]	86.0	75.1
As a % of sales revenue	19.9	18.7
Depreciation and amortization	23.0	22.7
EBITA[1]	70.2	60.2
As a % of sales revenue	16.2	15.0
Employees as of Dec. 31	2,581	2,381

[1] underlying

Order Intake and Sales Revenue for the Biotechnology Division

For the Biotechnology Division, we received orders with a total volume of €442.3 million in the reporting year, which equates to an 8.1% increase over the year-earlier order intake of €409.2 million. Adjusted for currency fluctuations, order volume from January through December of the year under review rose 5.0%. In the same period, sales revenue grew from €400.4 million to €432.6 million and thus by 8.0% or 5.1% on the basis of constant currencies.

Biotechnology Order Intake and Sales Revenue
€ in millions



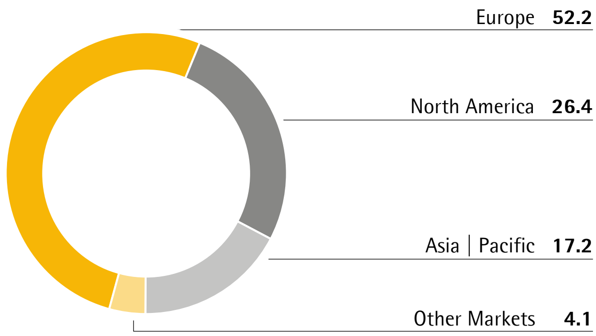
[1] pro forma (including Stedim)

During the reporting year, our single-use technologies as a whole continued to develop very dynamically. In addition to established product solutions, such as single-use filters or bags, integrated system solutions for entire process steps thus played a particular role in this development as did newer-generation products, such as single-use bioreactors, to an increasing extent.

In the regions of Asia | Pacific and North America, business with single-use products grew at double-digit rates, while it was flat in Europe. Here, business development was overall below our expectations. Moreover, the pharmaceutical industry's increased demand for single-use products to manufacture H1N1 flu vaccines in 2009 had a corresponding base effect. Without this one-time effect, our sales revenue with single-use products would have risen in the upper single-digit percentage range in 2010, and global sales growth for the Biotechnology Division would have been 2.5 percentage points higher on the whole.

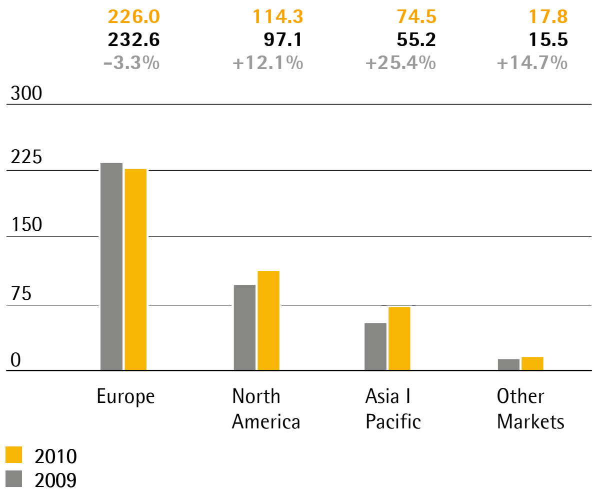
In equipment business, relatively large bioreactor orders from Asia, particularly during the first few months of the year, contributed to growth in the Biotechnology Division just as we had anticipated, with placement of further purchase orders unexpectedly delayed somewhat toward the end of the fiscal year.

Biotechnology Sales Revenue by Region
in %

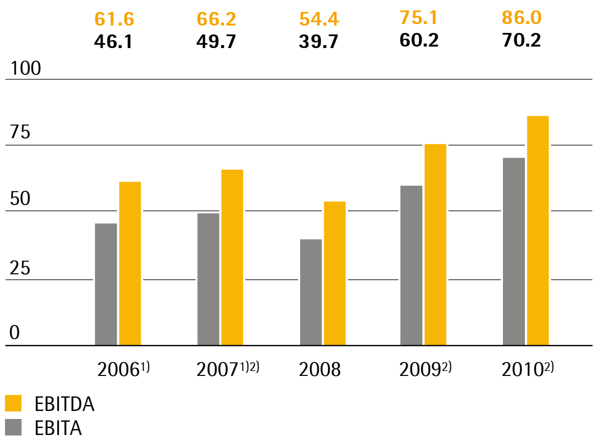


Overall development of the division showed a divergent pattern in the individual regions. In the Asia | Pacific region, we thus dynamically increased our sales revenue, which accounted for a good 17% of overall business by the end of the reporting year. Here, we posted the strongest currency-adjusted gain among all regions, with order intake significantly up 51.7% and sales revenue up 25.4%. In North America, we earned around 26% of our entire sales for the Biotechnology Division. With increases in order intake of 3.8% and in sales revenue of 12.1%, both in constant currencies, the North American market likewise contributed positive growth to the division. Our region with the highest sales, Europe, which accounts for more than half of our biotechnology business, reported very flat growth in currency-adjusted order intake (+0.2%) and a slight decline in sales revenue in constant currencies (- 3.3%). Without the extraordinary effect in connection with H1N1 vaccine production in the previous year, revenue growth in Europe hovered in the lower single-digit percentage range.

Biotechnology Sales Revenue and Growth[1] by Region
€ in millions, unless otherwise specified



Biotechnology EBITA und EBITDA
€ in millions

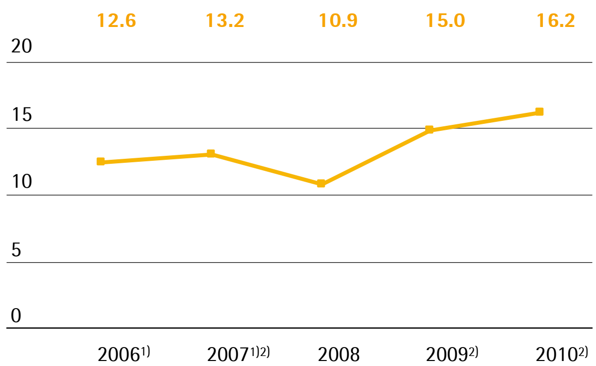


[1] pro forma (including Stedim)
[2] underlying

	Sales revenue € in millions	Growth in %	Growth[1] in %
Total Biotechnology	**432.6**	**8.0**	**5.1**
Europe	226.0	–2.8	–3.3
North America	114.3	17.7	12.1
Asia | Pacific	74.5	35.0	25.4
Other Markets	17.8	14.7	14.7

[1] currency-adjusted

Biotechnology EBITA Margin
in %



[1] pro forma (including Stedim)
[2] underlying

Earnings of the Biotechnology Division

To provide a complete and transparent presentation of the Biotechnology Division's profitability, we additionally report earnings adjusted for extraordinary items (=underlying EBITA or operating earnings).

The Biotechnology Division increased operating EBITA overproportionately by 16.6% from €60.2 million to €70.2 million and thus contributed more than 80% to the operating earnings of the entire Group. The division's operating margin improved slightly more than we had originally forecasted, from 15.0% to 16.2%. Essentially, this rise was due to economies of scale entailed by the increase in sales revenue. Moreover, the exchange rates that were more favorable compared to the year earlier had a positive impact of approximately 0.5 of a percentage point on this increase in profitability.

Extraordinary items totaled -€3.0 million (previous year: -€4.6 million) and essentially included one-time expenses for incorporating the majority of our formerly independent sales representatives in North America, costs incurred in connection with the relocation of our engineering activities there, as well as other non-operating items. Including all extraordinary items, EBITA rose from €55.5 million a year ago to €67.2 million. The corresponding EBITA margin increased from 13.9% a year earlier to 15.5%.

All regions contributed to the earnings increase posted by the Biotechnology Division. In Europe, we achieved the highest underlying EBITA, €49.6 million, relative to €44.7 million a year earlier. At the same time, Europe proved to be the region with the highest profitability. Here, the underlying EBITA margin jumped from 16.4% a year ago to 18.2% in 2010. In North America, operating earnings rose from €10.3 million to €13.7 million;

the respective margin, from 10.7% to 12.0%. In the Asia | Pacific region as well, underlying EBITA climbed from €4.5 million to €6.0 million. However, the corresponding margin at 13.0% was slightly below the year-earlier figure of 14.3% because of an altered product mix.

	EBITA[1] € in millions	EBITA Margin[1] in %
Total Biotechnology	**70.2**	**16.2**
Europe	49.6	18.2
North America	13.7	12.0
Asia | Pacific	6.0	13.0
Other Markets	0.9	-

[1] underlying

Marketing | Sales and Distribution | Service

Sartorius Stedim Biotech enhanced its position as a market-leading total solution provider over the course of the reporting period. We cover large parts of the biopharmaceutical process chain with a comprehensive range of products including a very substantial proportion of single-use solutions. Thanks to their excellent cost-efficiency, single-use products are making ever deeper inroads into the market in almost all process steps and are now well established in many biopharmaceutical manufacturing processes. Such is their importance that launching additional products in this category formed the main focus of our marketing and sales and distribution activities in the reporting period. New introductions including our membrane adsorbers and the XLM series filter modules attracted considerable customer interest. One product to make a particularly big impression on the market was the new BIOSTAT STR single-use bioreactor, for which we received a large number of orders.

Integrated Solutions Business Unit Enlarged, New FlexAct Single-use System Solutions

Single-use products open up innovative design possibilities, especially for production plant modernization and new-build projects. We further enlarged our Integrated Solutions business unit, which strategically targets projects in which single-use technologies dominate, to exploit this potential and are now able to advise customers closely on site in Asia and the USA as well as in Europe. We assist customers in all areas from the planning of individual items of plant to the design of new production facilities for applications such as the manufacture of vaccines or monoclonal antibodies.

Demand for single-use solutions in the technical realization of individual process steps, for example cell culture harvest or viral inactivation, also remains strong and we accordingly added two new modules to our FlexAct product line in the reporting year. These single-use system solutions, which are supplied ready configured, can be deployed quickly and enable processes to be operated in a particularly cost-efficient manner. The FlexAct range, which has been designed with a variety of relevant upstream and downstream biopharmaceutical processes in mind, makes it very straightforward for customers to take advantage of single-use products and we consequently intend to expand it further to cover additional process steps.

Intensive Support Of Key Accounts, New Sales and Distribution Structure in the USA, Service Successes

We added new people to our team of global key account managers in the reporting year to help us provide even more effective support for key accounts at their sites around the world. We signed contracts with a number of key accounts as a preferred supplier. We expanded our sales and distribution resources in Asia too and reorganized sales and distribution in the USA. Thanks to a sales, distribution and marketing alliance agreed with U.S. company Corning at the beginning of the reporting year, we are now able to offer our range of products for cell culture applications in the laboratory to an even larger pool of customers. Following on from the presentation of a joint product catalog and a successful start for joint sales, distribution and marketing activities in the USA, we intend for this alliance to be extended to Europe and Asia over the course of 2011.

We successfully expanded our laboratory instruments services, which include commissioning, maintenance and repair, in Europe and the USA in the reporting year and plan to establish them in Asia as well in future. The “Expand” training program run at the Goettingen site by our Service unit delivered training for more than 700 customers from the food and biotech industries.

Product Configurators Pave the Way for Standardized Solutions

We would like to be able to supply more of our cell culture systems and fluid management solutions as standardized products in future and have accordingly started work to develop a product configurator. We currently supply a large number of customer-specific products, but once the product configurator is in place we will be able to meet much of the associated demand quickly and efficiently with configurable solutions instead. We plan to roll the configurator out toward the middle of 2011.

Trade Fair Stands and Company Conventions Attract Great Customer Interest

Attending conferences and international trade shows was once again a key component of our marketing activities in the reporting period and we accordingly had a presence at events including Analytica in Munich, Pharmtech in Moscow, China-Pharm in Beijing and Interphex in New York. We again organized several of our Downstream Technology Forums in Europe and the USA in order to facilitate knowledge transfer and thereby boost the pace of innovation in specifically targeted technical fields including, for example, the purification process. The newly launched Extractables and Leachables Forum, a customer event focusing on current issues in relation to the validation of single-use products, also proved very popular and is to become a regular feature.

We published numerous contributions in international biotech journals in the reporting year and also stepped up our marketing activities in the online arena in order to reach out to customers more actively via the internet.

Products

Sartorius Stedim Biotech supplies customers in the biopharmaceutical industry with an extensive range of consumables, equipment and systems used in the production of active ingredients for medical applications. Our products are intended principally for medium- and large-scale production processes, but we do additionally supply some in smaller, scaled-down versions for use in the laboratory.

Extensive Range For Process and Lab

We offer a wealth of membranes for sterile filtration, ultrafiltration and depth filtration in upstream and downstream applications and also provide filtration systems and filter integrity testing equipment. The membranes come in a variety of sizes and are supplied as filter elements, primarily single-use products. With our comprehensive line-up of single-use bags, connectors and containers for storing and transporting biopharmaceutical products, we also cover the entire upstream and downstream process. Our particularly extensive range of bioreactors | fermenters for cell culture applications encompasses all size requirements from laboratory and pilot scale to process scale. Innovative single-use systems make up a growing proportion of this range, but we do still offer conventional bioreactors featuring glass or stainless steel culture medium vessels depending on size.

Our products are also used in the laboratory, where our filter units and single-use bags designed for small volumes lend themselves to research and development work in particular. Using products like these in laboratory-scale processes often paves the way for a successful transfer to pilot and, eventually, production scale. We provide a range of other laboratory equipment too, including incubators, homogenizers, shakers and laboratory water purification systems, and offer a wide variety of supporting services for validation, process optimization and quality assurance as well as training programs covering specific applications and individual customer requirements.

New Modules Added to the FlexAct Series

We launched numerous new products and expanded existing product lines during the reporting period. The FlexAct series, for example, gained two new modules: the FlexAct VI and the FlexAct CH. Used for inactivating viruses in biopharmaceutical media and cell culture harvest, these systems are based on fully preconfigured single-use solutions. The fact that components no longer have to be individually matched and validated makes realizing the process step concerned much more straightforward for the customer.

New Membrane Adsorbers and Filter Modules Unveiled

We added another option to our range of membrane chromatography products in the reporting year with the newly unveiled Sartobind STIC. Unlike existing membrane adsorbers, the Sartobind STIC has a high salt tolerance and thus enables therapeutic proteins and vaccines to be purified without the need for diluting the biopharmaceutical medium.

Another of our new products, the Sartoclear L-Drum high-volume single-use depth filter capsule, was introduced expressly to help customers implement highly cost-effective downstream processes. This multilayer depth filter is used for removal of cell contaminants and for clarification in purification processes. The PB model is designed especially for applications downstream of the bioreactor cultivation process, while the PC model particularly suits applications that follow a centrifugation step.

The new Sartocheck 4 plus integrity testing system helps simplify testing and increase process reliability. This unit checks membrane filters to ensure they are intact and includes a scanner, which enables coded filter-specific key data to be read in particularly quickly and easily. Other especially noteworthy features of the Sartocheck 4 plus include automatic test program selection, fast testing times, an automatic test time function and the capability of running cost- and time-saving parallel tests.

Fluid Management Product Lines Enhanced

We expanded our already extensive range of single-use fluid management products once again in the reporting period, adding two-liter and twelve-liter units to our established Celsius FFT line of biopharmaceutical media storage products and extending the range of our Flexboy line of single-use bags with a five-milliliter capacity model for small volume applications. With the launch of the new Flexel single-use bags suitable for use with levitated impeller mixing systems we are now offering a complete solution for applications such as buffer preparation. For aseptic product transport to cleanrooms and into isolators, we expanded our product offering by introducing the Biosafe Biosteam S system.

New Water Purification System Offers Considerable Flexibility

Our newly unveiled arium pro water purification system represents a particularly economic way of producing purified water in the laboratory. Boasting an advanced user interface, it permits both continuous and volume- and time-controlled purified water dispensing to give users maximum flexibility for routine applications.

Research and Development

Sartorius Stedim Biotech has made significant additions to its extensive technology portfolio over recent years both through its own development activities and through alliances with external partners. Our core technical expertise lies in the fields of filtration, cell cultivation, fluid management technology, membrane and plastics technology, sensors and automation. In particular, by combining various technologies, we create innovative and integrated products of the type exemplified by our new FlexAct series.

New Bioreactors for the Cultivation of Cell Lines and Microorganisms

We expanded our BIOSTAT STR line of bioreactors in the reporting year with two new models for cell culture volumes of 500 liters and 1000 liters. New sensors have also been integrated into this particular type of bioreactor along with new solutions for process control and handling. We developed small-volume systems based on this bioreactor line especially for high cell density microbial applications too. These are the world's first bioreactors based on single-use equipment to be suitable for microbial cultivation processes.

Customers still use classic methods for certain cell culture applications, and there are some cell lines that cannot currently be cultivated using single-use systems. For these we have developed a new, standardized bioreactor system based on the DCU control platform called BIOSTAT D-DCU II. Designed for use in process development and production, this new system will initially be offered in working volumes of 10 to 200 liters. Although the bioreactor itself is of stainless steel construction, it supports the utilization of single-use peripheral components for tasks such as the addition of media.

We have in addition been working on the development of a new small-volume single-use bioreactor for use in the laboratory. The result, our UniVessel SU, comes with all of the necessary equipment for cell culture and integrated sensors for optical pH und oxygen measurement already installed and can be deployed straight off the shelf. An economic alternative to glass culture vessels, it has been designed for culture volumes of up to two liters and is also compatible with third-party controllers. We have further variants of the UniVessel SU in development and will be expanding this product line accordingly.

Range of Single-use Filters and Bags Further Extended

Much of our recent R&D work in the area of filtration has been focused on the development of the new Virosart HC virus filter. Designed specifically for the purification of protein-rich media such as blood plasma, the Virosart HC is used to deplete viral contaminants. The Sartopore XLM high-capacity filter membrane, another new product launched, was developed especially for sterile filtration with simultaneous mycoplasma removal. We developed another innovative adsorber too – the Sartobind STIC can bind target proteins even in contaminated, undiluted media – in order to reinforce our leading position in membrane chromatography and made additions to the capsule lines for the Sartobind HIC membrane adsorber, the Sartoguard PES prefilter membrane and the Sartopore 2 XLG, to which we added a gamma-sterilizable model.

Highlights in the field of fluid management in the reporting year included the development of a new impeller-based mixing system to expand our range of mixing technologies. Our magnetic mixing system provides fast homogeneous mixing of high-viscosity media in single-use bags and is intended for applications such as the preparation of salt solutions.

Successful Alliances with Development Partners and Customers

Our research and development effort is by no means limited to internal activities; indeed we actively seek out opportunities for alliances with industrial partners as a low-cost and low-risk way of advancing new products and technologies quickly. In the reporting year, we together with our partner Bayer Technology Services, developed a process-scale UVC virus inactivation system for purifying biopharmaceutical active ingredients for example. Moreover, we designed a customized bioreactor system making use of a novel mixing method contributed by our partner ExcellGene.

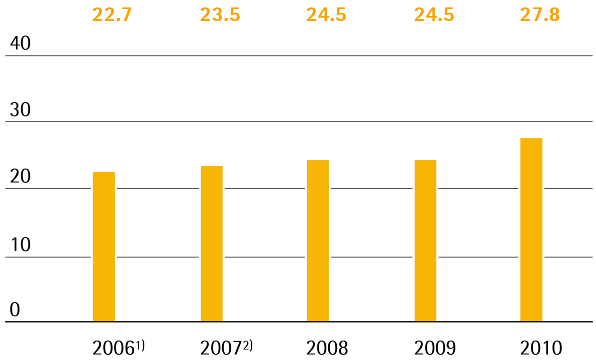
Many customers in the pharmaceutical industry look to Sartorius Stedim Biotech not just as a supplier, but also as a partner with which they work closely on the development of their own products. The fruits of such collaborations include a number of OEM membranes successfully developed by us during the reporting year to meet customer-specific diagnostic requirements.

R&D Capacity Expanded at the Bangalore Site

We stepped up R&D activities at our plant in India in the reporting year and added new faces to the team. This will enable us to offer complete validation services for filter products and bioreactor systems and press ahead with the development of new products faster and more flexibly as well as further improving our local support for customers in Asia. We have agreed new alliances in India too: our Indian R&D team is now working on the development of new solutions for upstream and downstream processes together with Bangalore Institute of Technology and the Technical University of Bangalore.

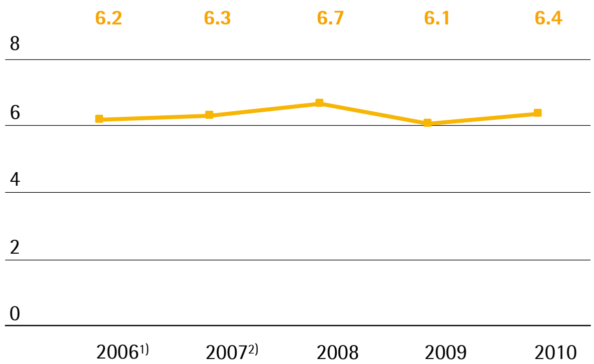
	2010	2009
Number of patent and trademark applications	162	120
Registered patents and trademarks	142	79

Biotechnology R&D Costs
€ in millions



[1)] pro forma (including Stedim)
[2)] pro forma underlying

Biotechnology R&D Ratio
in %



[1)] pro forma (including Stedim)
[2)] pro forma underlying

Production and Supply Chain Management

Sartorius Stedim Biotech is firmly committed to ensuring its products reach its customers all over the world on time, every time, and we accordingly continued to work on improving our business processes in the reporting period. We supply the various markets directly from our production facilities wherever possible to minimize lead and order processing times.

We operate a well-developed global production network. Our largest sites by number of employees, production capacity and production volume are the plants at Goettingen in Germany and Aubagne in France. Next in size order come the production facilities at Bangalore in India, Melsungen in Germany and Yauco in Puerto Rico. We drew up plans for a number of major projects to expand and optimize our production infrastructure in the reporting year and will begin implementing these projects at the respective Group sites in 2011.

Expansion of Membrane Production Underway in Goettingen

We are increasing our capacity for membrane production at the Goettingen site, where we will be commissioning a new casting machine for the production of polyethersulfone membranes and carrying out a technology upgrade on two existing casting machines to enable us to respond even faster to changing market and quality requirements in future. The new casting machine is to be installed and commissioned in a new building, all of the planning formalities for which were completed in the reporting year.

New Production Facilities for Bioreactors Planned

We have decided to relocate our Sartorius Stedim Systems subsidiary within Germany from Melsungen to nearby Guxhagen in order to optimize our workflows and simultaneously create new production capacity to meet the rising demand for single-use bioreactors. The Guxhagen site – a modern industrial building currently under construction – will have a total area of 8,600 square meters, which is significantly more space than we have had available in the past. We intend to move into the new building in early 2012.

Advanced Production Facilities for Final Assembly Planned for Yauco

Our plant at Yauco in Puerto Rico has been earmarked for modernization and will also undergo further expansion to enhance its logistics center operations. We have opted for a completely new finishing building to make sure we continue to meet the demanding production environment quality requirements imposed by key accounts. All of the necessary planning work for the construction of a new building for the production of filter elements and selected laboratory products was completed in the reporting year and our modern new facility, which will provide around 4,000 square meters of additional space, will be ready for occupation during 2012.

Large Orders Make for Good Capacity Utilization in Bangalore

A number of big orders received from customers in Asia ensured that our new plant at Bangalore in India, which only opened in 2009, was already utilizing a large part of its production capacity in the reporting year. This GMP-compliant production facility, which manufactures products including larger items of plant and components such as stainless steel vessels, is becoming increasingly important as an internal parts supplier. Not only does it offer cost advantages, but it also gives us greater flexibility in terms of meeting customer requirements and our own internal order processing.

Engineering Activities in the USA Relocated, Site Consolidation in Switzerland

We relocated North American stainless steel systems engineering operations to our New York site during the reporting year. Their former home at Springfield, which was quite small compared to our other sites, is no longer occupied by the Group. We also reorganized our operations in Switzerland by bringing the activities previously distributed across our various locations in the country together at the Tagelswangen site. This simplifies our service logistics processes, for example, and enables us to use our administrative resources more efficiently.

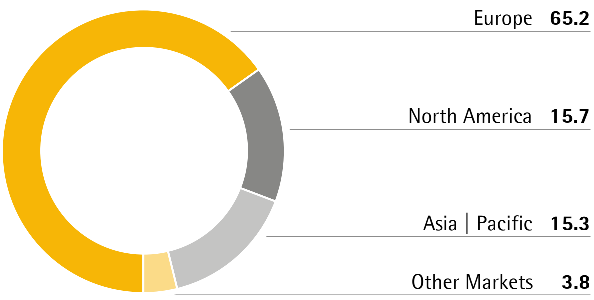
Project for Standardized IT and Management Systems

We analyzed our business processes in detail during the reporting year to ascertain how well suited they are to support sustained and profitable growth throughout the Group. Based on our findings, we now intend to introduce wide-ranging changes, primarily in the areas of production, supply chain management, order processing and quality assurance, in order to make our workflows and structures clearer and more efficient. The reorganization of our SAP systems and the rollout of an inter-divisional customer relationship management system form a part of this work, as does the project to define new management-related key performance indicators (KPI) to help us manage and optimize our business processes more consistently and systematically worldwide.

Biotechnology Employees

The Biotechnology Division employed 2,581 people as of December 31, 2010, which equates to an increase of 200 (8.4%) over the 2009 reporting date (2,381). Every region contributed to this increase.

Biotechnology Employees by Region
December 31, 2010; in %

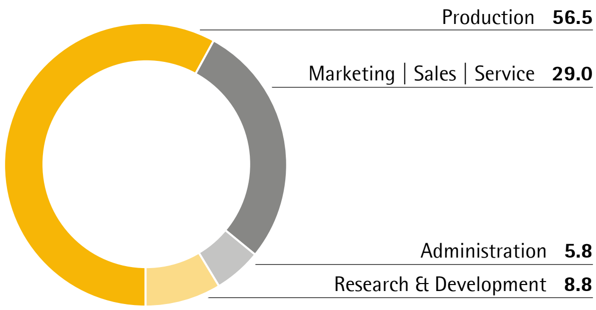


The highest percentage rise came in the Asia | Pacific region, where dynamic growth led us to expand our sales and distribution team in China and our production staff in India in particular. The number of people employed by the division in this region overall increased by 74 (23.1%) to 395 as of December 31, 2010 (December 31, 2009: 321).

In North America, we incorporated the majority of our formerly independent sales representatives into our regular workforce, so the head count reported increased accordingly. The number of people employed by the division in this region overall increased by 56 (16.0%) to 405 as of December 31, 2010 (December 31, 2009: 349) largely as a result of this measure.

The number of employees in Europe rose by 63 (3.9%) to 1,684 as of December 31, 2010 (December 31, 2009: 1,621). Most of this increase stemmed from additions to our sales and distribution staff in Central Europe. The number of people employed at our site in Tunisia, which we report under other markets, rose by seven (7.8%) to 97 (December 31, 2009: 90).

Biotechnology Employees by Function
December 31, 2010; in %



More than half of the people employed in the Biotechnology Division (56.5%) worked in production and departments directly linked to production at December 31, 2010 (previous year: 58%). The Marketing | Sales and Distribution | Service units accounted for a further 29.0% (previous year: 27.8%), research and development 8.8% (previous year: 8.6%). The remaining 5.8% of our workforce was employed in administrative functions (previous year: 5.6%), with additional administrative activities assumed by the Mechatronics Division.

Business Development of the Mechatronics Division

Strategy

The Mechatronics Division provides weighing and analytical instruments as well as monitoring and control equipment for a wide range of laboratory and industrial process applications all over the world.

Most customers for our laboratory solutions come from the fields of research and quality assurance in the pharmaceutical, food and chemical industries or from public-sector research and educational institutions. Our products, which target the premium and standard segments in particular, have made us one of the global market leaders and a very strong brand in laboratory weighing equipment and earned us a very good position, especially in Europe and Asia. We have systematically built up our presence over recent years, especially in the fast-growing economies of Asia, through our own manufacturing companies and an extensive sales, distribution and service network. Equipment for weighing as well as monitoring and control applications in production processes makes up a somewhat smaller part of the Mechatronics Division's business. Our sophisticated analytical and inspection systems help to make production operations in the food, pharmaceutical, chemical and primary industries safer and more efficient and to ensure that end products are of flawless quality. Unlike the laboratory weighing equipment market, the market for industrial weighing equipment is highly fragmented, with the few large, global providers facing competition from a large number of local and regional players. Our industrial weighing equipment business has a relatively low market share in most regions.

Industrial Weighing as a "Stand-alone" Business Unit Created

We began to make more of a distinction between our laboratory activities and our industry activities in the reporting year because, from a market perspective, the synergies between these two areas of the Mechatronics Division's business are quite limited. Although pharmaceutical and food companies feature among the main customers in both areas, the companies concerned have separate departments for lab equipment procurement and production equipment procurement. We accordingly created a "stand-alone" Industrial Weighing business unit within our organization on January 1, 2011. This autonomous status gives Industrial Weighing greater flexibility and enables it to focus more closely on its core activities and on leveraging profitable markets to enhance its contribution to earnings further. It is possible that in the longer term, the field of industrial weighing equipment may cease to form a part of the Sartorius Group's core business.

Realignment and Stepping Up of Laboratory Activities

We have identified significant potential market-side synergies in laboratory activities between the Mechatronics Division and the Biotechnology Division: they largely serve the same customer groups and in some cases even use the same distribution channels. The Mechatronics Division is very strong in equipment business, whereas the Biotechnology Division primarily supplies consumables. Combining the product portfolios would help Sartorius to stand out even more prominently from the competition, to expand its market position and to realize more efficient processes for marketing, sales and distribution.

The sales and distribution teams of the two divisions in Europe began operating under a common management structure in 2009. The encouraging results of this cross-divisional collaboration led us to extend this model to sales and distribution in the North America and Asia business regions as well at the beginning of 2011.

We intend to further develop the collaboration between the two divisions both strategically and operationally. In this connection, Sartorius decided to add a top-flight manager in the international laboratory sector to its senior cross-divisional management team, the Sartorius Group Executive Committee. Our new Group Executive Committee member has assumed responsibility for sales, marketing and service activities across all Sartorius laboratory business. The principal objectives of this initiative are expansion into strategically important fast-growing market segments, targeted additions to the product portfolio and an increase in direct selling in key markets. Against this backdrop, we are also investigating the possibility of bringing all laboratory activities together within the Sartorius Group, not only within an organizational context but also within the context of a corporate legal structure.

Key Figures for Mechatronics

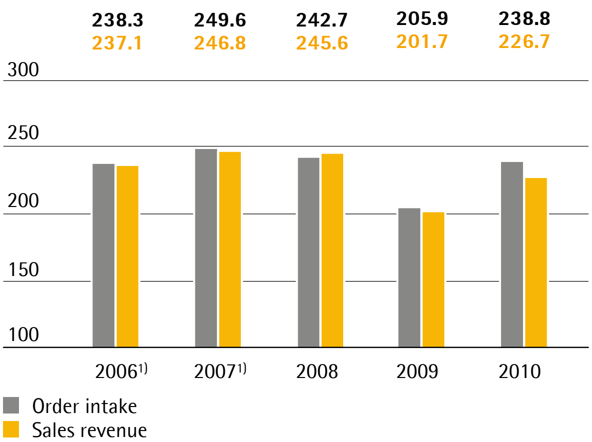
€ in millions	**2010**	2009
Order intake	238.8	205.9
Sales revenue	226.7	201.7
EBITDA[1]	24.2	10.0
As a % of sales revenue	10.7	5.0
Depreciation and amortization	8.9	10.8
EBITA[1]	15.3	0.7
As a % of sales revenue	6.8	0.4
Employees as of Dec. 31	1,934	1,942

[1] underlying

Order Intake and Sales Revenue for the Mechatronics Division

While the global economy recovered, business for the Mechatronics Division in the reporting year expanded very dynamically and recovered more strongly than expected at the outset of the year. From January to December, the Mechatronics Division received orders valued at a total of €238.8 million, up from €205.9 in 2009. Its order intake thus rose by double digits, 16.0%, or 12.4% adjusted for currency fluctuations. The Mechatronics Division also reported a high gain in sales revenue, which climbed 12.4% from €201.7 million in the previous year to €226.7 million. Based on constant currencies, this increase was 8.9%.

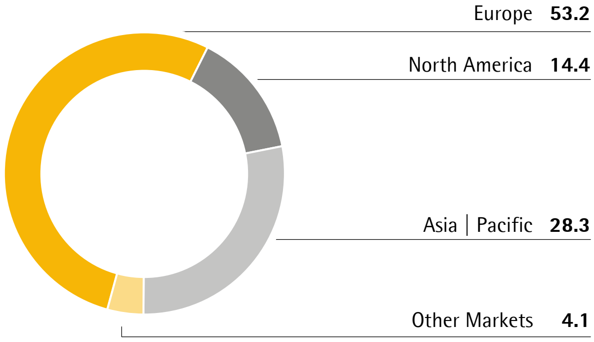
Mechatronics Order Intake and Sales Revenue
€ in millions



[1)] pro forma (excluding hydrodynamic bearing business)

As the reporting year progressed, both of the division's business areas, laboratory instruments and industrial weighing and control equipment, increasingly picked up steam following the 2009 year of crisis. As a result, we posted a considerable gain in order intake, which had grown at double-digit growth rates in both areas. For laboratory products, we also boosted sales revenue by double digits, while sales for our industrial weighing area rose in the upper single-digit percentage range, as its recovery began only as of the second quarter of 2010.

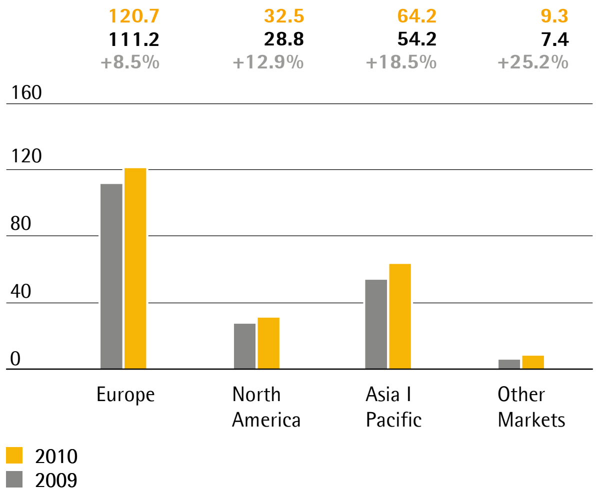
Mechatronics Sales Revenue by Region
in %



All regions substantially contributed to the division's positive business development. In Europe, above all, the demand for our laboratory products was excellent, generating double-digit growth in order intake and sales revenue. In this region, we implemented a highly successful pilot project during the reporting year in the sales and marketing unit. This unit was organized cross-divisionally in Central Europe, including the laboratory business of the Biotechnology Division and cross-functional responsibility. As a result, we leveraged existing synergies, making sales and marketing activities more efficient and effective.

On the whole, Europe, which accounts for more than 50% of the division's total sales, is our market that generates the highest revenue. Based on constant currencies, this region contributed very positively to development of the Mechatronics Division, with order intake up 14.8% and sales revenue up 7.9%. For the regions of North America and Asia | Pacific, we reported a similarly dynamic development. In North America, which generates a good 14% of our Mechatronics Division's total sales, we posted a 6.6% gain in order intake and increased sales revenue by 7.5% in constant currencies. Asia | Pacific yielded nearly 28% of our division's entire revenue. Currency-adjusted growth rates in order intake and sales revenue hovered at similarly high levels, 9.8% and 9.6%, respectively.

Mechatronics Sales Revenue and Growth[1] by Region
€ in millions, unless otherwise specified



	Sales revenue € in millions	Growth in %	Growth[1] in %
Total Mechatronics	**226.7**	**12.4**	**8.9**
Europe	120.7	8.5	7.9
North America	32.5	12.9	7.5
Asia | Pacific	64.2	18.5	9.6
Other Markets	9.3	25.2	24.4

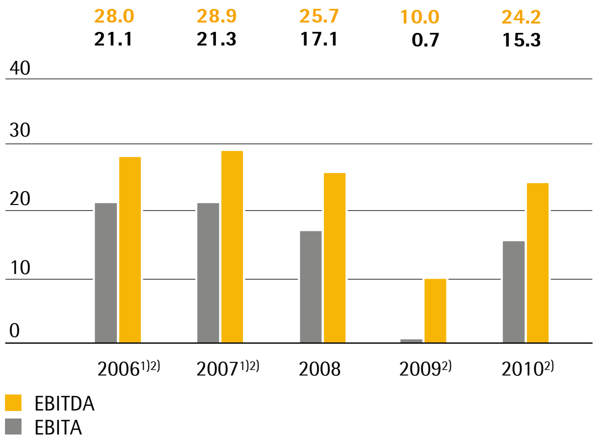
[1] currency-adjusted

Earnings of the Mechatronics Division

To provide a complete and transparent presentation of the Mechatronics Division's profitability, we additionally report earnings adjusted for extraordinary items (=underlying EBITA or operating earnings).

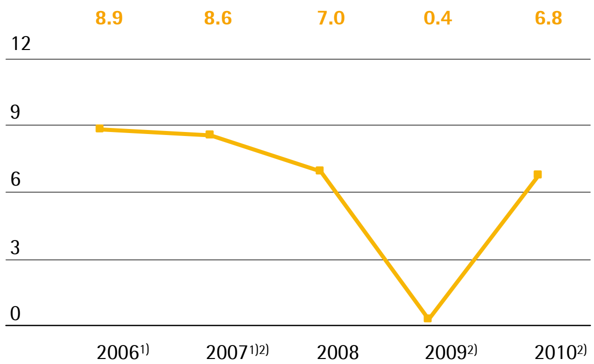
Along with the optimized cost base in the Mechatronics Division, dynamic growth during the reporting year resulted in a strong increase in earnings for this division. In addition, the more favorable foreign exchange rates had a positive impact of around 0.5 of a percentage point on its earnings growth. As a result, we boosted the division's operating earnings significantly year on year from €0.7 million to €15.3 million and thus returned to solid profitability: the division's underlying EBITA margin surged accordingly from 0.4% a year ago to 6.8%.

Mechatronics EBITA und EBITDA
€ in millions



[1] pro forma (excluding hydrodynamic bearing business)
[2] underlying

Mechatronics EBITA Margin
in %



[1] pro forma (excluding hydrodynamic bearing business)
[2] underlying

Special items resulted in particular from the division's restructuring measures and are at -€3.3 million, down from -€25.3 million a year earlier. After we had disclosed a loss of €24.6 million for the Mechatronics Division in the previous year because of restructuring, we reported robust earnings (EBITA) of €12.0 million, which included all extraordinary expenses and income.

Following the 2009 year of crisis, we succeeded in considerably improving the earnings situation of the Mechatronics Division in all regions. In Europe, we achieved the highest gain in earnings for the division. After posting a loss of €3.8 million for the division a year ago, we reported an underlying EBITA of €7.3 million for this region. The division's respective margin improved year over year from -3.0% to 5.2%. Asia | Pacific generated the highest earnings, with an underlying EBITA of €8.8 million, up from €5.9 million a year earlier. Here, the underlying EBITA margin climbed from 12.9% to 16.6%. Thanks to strong growth in North America, we reduced the division's deficit in the previous year's earnings of €1.4 million to €0.7 million and improved its underlying EBITA margin from -4.7% to -2.2%. Because we invested in our sales activities during the reporting year as planned, this region had not yet returned to the profit zone at year-end.

	EBITA[1)] € in millions	EBITA Margin[1)] in %
Total Mechatronics	**15.3**	**6.8**
Europe	7.3	5.2
North America	–0.7	–2.2
Asia | Pacific	8.8	16.6

[1)] underlying

Marketing | Sales and Distribution | Service

Within the course of realigning of the Mechatronics Division, we especially focused our marketing, sales and distribution activities on addressing and supporting the needs of the food and pharmaceutical industries more strongly. We endeavor to provide strategic assistance to our customers to help them make their manufacturing processes more productive, optimize their quality assurance and ensure continued compliance with all relevant international regulatory requirements. To offer an innovative and technically differentiated portfolio that enables our customers to achieve these goals, we, expanded our product range, particularly in the field of process analytics. Strategic alliances with new technology providers played an essential role in this connection, as did closer collaboration with our various industrial and academic partners.

Product Range in Process Analytics Expanded Through Alliances

We signed a cooperation agreement concerning the marketing of refractometers with Berlin-based measurement and analysis instrument providers Schmidt + Haensch in the reporting year. Refractometers – optical analytical devices that can be used to determine the concentration of a substance in liquid to solid media – feature in particular in food industry laboratories and production processes and hence complement the Sartorius range of process analytics solutions perfectly. We presented the first systems for lab applications at the Analytica laboratory technology trade fair in Munich.

Our collaborative agreement with Hamburg measurement and analysis technology specialist TEWS Elektronik gives us exclusive sales and distribution rights for microwave resonance instruments plus associated marketing and service rights. Microwave resonance technology is used in numerous industrial production processes to provide precise monitoring of moisture content as part of quality assurance checks on raw materials and intermediate and finished products.

The realization of an alliance between NIR-Online of Walldorf, Germany, and Sartorius enabled us to integrate another innovative technology into our portfolio. NIR-Online's image processing modules incorporating near-infrared systems are designed especially for online use. They make it possible to ensure fully documented quality checks in real time in a way that conventional solutions cannot match as well as opening up new possibilities in process control. The agreement secures us sales, distribution and service rights for NIR spectroscopy systems covering customers from the food and pharmaceutical industries.

Key Account Management Reorganized

We use a twin-track sales and distribution approach. While we market our standard products through international and regional distributors as well as specialized distribution organizations, we sell and distribute our products that involve a significant amount of consulting and solutions for integration into processes through our own salespeople, application specialists and key account managers. We enhanced the effectiveness of this direct channel, which is becoming more and more important, especially for the identification and realization of comprehensive PAT solutions, in the reporting year by creating new structures to permit strategic customer targeting and intensive customer support. Our global key account management operation was reorganized and new staff were added as part of this process. As our key account management team now covers both divisions, this opens up interesting potential synergies and new opportunities to put our comprehensive application expertise to efficient use, especially in the context of international key accounts in the food and pharmaceutical industries. We identified and launched a large number of customer-specific research and development projects over the course of fiscal 2010 as well as concluding new contracts with key accounts and extending existing agreements conferring preferred technology partner status on Sartorius.

Cross-divisional Marketing, Sales and Distribution Processes in Laboratory Business, eShop Extended

We pressed ahead with the project launched in the previous year to merge our formerly separate laboratory business sales organizations in order to realize more efficient marketing, sales and distribution processes in this area and make better use of the potential synergies between our two divisions. A large number of internal sales and related training measures were implemented for our field sales representatives in the Central Europe region as part of this process. The two divisions will work more closely together in the laboratory segment in Asia and North America, too, in future and will be coordinating their sales, distribution and marketing activities to this end.

Our eShop, which we expanded once again and rolled out in the USA, China and Poland in the reporting year, ensures comprehensive support for our distribution partners. The virtual store provides access to convenient automated search, order and tracking features and supplies all relevant information, including product details, prices and delivery dates, at the touch of a button.

Service Area Finalizes Organizational Projects and Introduces New Offerings

We made revising and optimizing maintenance agreements one of our main priorities in the service area in the reporting year to further increase profitability. Work to enhance our service management software formed another focal point and with a pilot project now successfully completed, we intend to roll our new software out throughout the Group over the course of 2011. The new system, which allows paperless processing, promises to improve both internal and external workflows significantly thanks to features such as the electronic transfer of signatures, service reports and scheduling data and will also improve our ability to plan resource deployment and enable us to respond faster to our customers. New services introduced in the reporting year included recalibration of high-capacity weights, which is performed in our DKD-accredited laboratory. Our laboratory is equipped to calibrate weights of up to three metric tons.

Successful Marketing Communications

We adopted the new approach of presenting the laboratory products offered by our Mechatronics and Biotechnology Divisions together at all trade shows in the reporting year as they essentially target the same customer groups. The company attended a number of trade fairs in 2010, including Analytica in Munich, het Instrument in Amsterdam, Biotechnica in Hanover, Ilmac in Basel, Interphex in New York and ChinaPharm in Beijing.

We substantially increased the number of Sartorius advertising banners on laboratory and process technology portals in the reporting year in order to raise customer awareness of our products and solutions in a targeted manner via the internet as well. Another highlight of our activities in the online world in the reporting year came with the translation of our entire Mechatronics product catalog into Chinese. The Chinese version is now online, helping us to reach customers in China even more effectively. Preparations are already underway for additional local solutions to cover Japan and India.

We have expanded the product configurator for the enhanced Cubis line of laboratory balances on our website too to allow potential customers to assemble a virtual version of their preferred model online.

We continued to work on an integrated cross-divisional configurator solution in the reporting year as part of an initiative to make greater use of such configurator solutions for our entire laboratory portfolio.

Products

At Sartorius Mechatronics we are weighing and control equipment specialists who provide innovative, high-quality products for laboratory applications and industrial processes focusing in particular on the premium and standard segments. We enhanced our product range in strategically selected areas in the reporting year with the addition of refractometers, near-infrared spectroscopy systems and microwave resonance instruments for moisture and density measurement in order to meet the needs of our customers in the analytics field even more effectively. These new products can be used in both production and laboratory settings.

Balances and measuring instruments from Sartorius Mechatronics are found in nearly every research and quality assurance laboratory worldwide and meet all requirements for advanced laboratory operations. Easy and reliable to use, they supply precise and reproducible results and are ideally suited to ensuring compliant documentation in accordance with all major global standards and regulations including ISO, GMP and GLP. Moreover, they can also be readily integrated into a variety of IT environments including laboratory information and management systems (LIMS). Our solutions and services are recognized by the relevant authorities. Many of our industry solutions support and track the entire product manufacturing process, from incoming raw material inspection to precise filling of substances in production to final quality control testing and logistics.

Cubis Premium Balance Range Extended, Brixxus Refractometer Unveiled

The Cubis line of premium laboratory balances, which we launched in 2009, gained seven new models in the reporting year. The first laboratory balance system to feature a freely configurable modular design thus now offers customers an even larger choice of weighing capacities and resolutions. We presented new application-specific solutions for the Cubis balance too including the special Q-Grid mesh weighing pan, which is suitable in particular for common applications in pharmaceutical laboratories. Thanks to the Q-Grid, even balances with a large pan area can now be operated in safety weighing cabinets and laboratory hoods. Another of our new accessories is the Q-Grip, a versatile and adaptable holder for bottles, test tubes, vessels and filters. Designed to simplify filling, pipetting and similar operations, the Q-Grip can be used with all Cubis semi-microbalances and analytical balances.

We also unveiled the new Brixxus CRI 204 and CRI 265 refractometers – optoelectronic analytical devices that analyze the concentration of liquid media irrespective of viscosity. Used in laboratories and the production processes of the food and pharmaceutical industries, they measure the content of sugar and dry matter in other substances, for example.

Laboratory Balances for Straightforward Applications, a New Mass Comparator Unveiled

We introduced our M-class balances in the reporting year for use in relatively straightforward weighing applications in schools and universities. The three models – M-Prove, M-Power and M-Pact – span the range from portable, battery-operated precision balance to high-resolution analytical balance with automatic calibration. Compact in form and attractively priced, they represent a valuable new point of entry into the Sartorius laboratory balance portfolio.

The CCE605 mass comparator presented during the reporting year is a new product for determining mass differences and calibrating weights. Combining a readability of 0.01µg and a maximum capacity of 610g, it offers users a resolution of 61 million digits. The CCE605 includes integrated application software and has a separate electronic unit to reduce the effect of heat generated during operation. It is intended for use in national institutes, weights and measures departments and private laboratories accredited by the internationally recognized German calibration service, DKD.

Range of Checkweighers and Inspection Systems Extended

Our newly launched Dymond 80 X-ray inspection system enables users to ensure that food products are of flawless quality and contain no foreign particles of the type that cannot be spotted using metal detectors. It meets all of the latest industry standards and can be adapted very easily to its intended production line environment. It requires no specialist operators, moreover, and produces clear images even at high conveyor speeds. The EcoCheck checkweigher, also launched in the reporting year, has been designed primarily for the Asian market. Compact and robust, it offers all kinds of possibilities for integration into production lines.

Miras Multifunctional Scales and New Process Transmitter Provide Optimal Flexibility

We unveiled our new generation Sartorius Miras multifunctional scales, a universal device for industrial applications, during the reporting year. Designed for use as either bench or platform scales, Miras comes equipped with a comprehensive range of features. Thanks to its extensive functional capabilities, range of weighing units and choice of platform sizes, it is ideal for all kinds of industrial weighing requirements.

The new PR 5230 process transmitter represents a reliable and particularly straightforward option for collection of weighing data in automated production operations. It offers users great flexibility for integration into monitoring and control systems thanks to its support for different fieldbus systems and incorporates features including integrated Ethernet interfaces and freely configurable digital connections for easy process control. It also supports access from anywhere in the world via the internet, so operators can monitor and control their plants very easily wherever they may be and achieve particularly good safety and reliability.

Customer-specific Process Analytics Solutions

We offered customers a range of highly customized process analytics solutions in the reporting year, presenting integrated solutions tailored to the requirements of their specific projects in order to make production operations more efficient and realize fully-automated, compliant and thoroughly documented quality assurance processes. Our solutions in this area combined instruments, systems and software from our diversified PAT product range including, for example, microwave resonance analyzers, refractometers and NIR systems.

Research and Development

In the reporting year, we continued to adapt our research and development activities according to the realignment project launched in the previous year for the Mechatronics Division. Accordingly, we concentrated in particular on applications in the food and pharmaceutical industries. Collaboration with the marketing units was stepped up considerably in order to ensure that we incorporate market-specific requirements optimally as new products are developed. Our PAT initiative focuses on the parameters in customer manufacturing processes that are particularly critical for a successful outcome. We draw on our products and technologies to develop custom process solutions for customers on the basis of demand analyses, process simulations and assessments on site.

Alliances with academic and industrial partners form an important pillar of our R&D strategy. Supplementing our own range with innovative technologies from external partners enables us to develop new products and process solutions very quickly with relatively little risk and we consequently put new cooperation agreements in place in the reporting year as well as collaborating even more closely with research institutions, universities and companies (see p. 53).

Cross-divisional Product Development

Our Mechatronics Division and our Biotechnology Division both serve the pharmaceutical industry, so we worked together across divisions on an increasing number of projects in the reporting year in order to exploit the available synergies in relation to innovative product developments. New application requirements and feedback from customers are important inputs for our R&D activities in this connection. Our new filling station for single-use bags illustrates the effectiveness of the cross-divisional approach to product development particularly well. Designed especially for use in the biopharmaceutical industry, it allows the process of filling liquid media to be fully automated. Its weighing technology makes filling more reliable, more precise and much quicker than conventional manual filling processes, meaning that it can make a real difference in improving operational efficiency.

Development Platforms and Instrument Software Restructured

We restructured the development platforms for our range of laboratory balances and our instrument software during the reporting period too. This entailed significantly reducing the range of different instrument structures and the number of components such as processors, which should make future development projects even faster and more efficient.

Our activities in the lab instruments segment centered on expanding our new Cubis line of premium balances. As well as introducing seven new weighing modules to give customers even greater choice of weighing capacities and resolutions, we developed the new Q-Grid and Q-Grip accessories, which make filling, pipetting and similar processes significantly easier. We also developed additional weighing modules with higher resolutions in the reporting year to enable us to offer the Cubis premium balance in micro and ultra-micro models. These new additions, which will be presented in early 2011, offer weighing results with a readability of 0.01 microgram.

Faster Development of PC Software

We reorganized PC software development in the reporting year, in the process establishing a new structure to facilitate improved collaboration across the Sartorius Group. The introduction of new development tools including database technologies is also enabling us to speed up the development of new products and organize our related activities flexibly across sites.

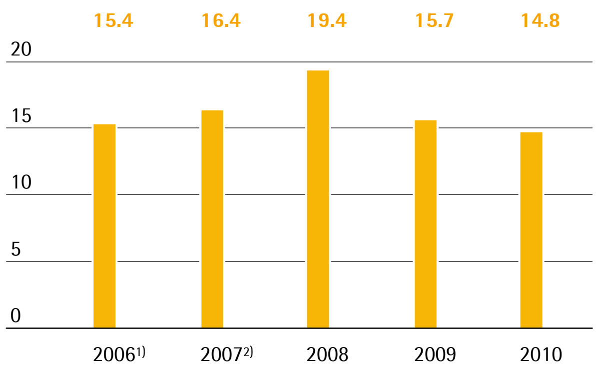
Sartorius ProControl@Enterprise, which was unveiled by our developers in 2010, is a new software product for the statistical monitoring and control of manufacturing processes in the pharmaceutical and food and beverage industries. The latest addition to the Sartorius Pro Control range, this software has been developed especially for monitoring, recording and documenting measured variables required for legal purposes. It enables users to respond at an early stage in the event of process problems and thus constitutes a core element of our process analytics range.

Expansion of Process Analytics

We recruited new staff and enlarged the application laboratories at our sites at Denver in the USA, Bangalore in India and Beijing in China to provide better local customer support as part of our plan for further expansion of our process analytics activities. Our developers were involved in a number projects to enhance moisture measurement techniques, including microwave resonance technology and near-infrared spectroscopy, to enable other relevant parameters such as protein content, temperature and density to be determined in addition to moisture content. These techniques form the basis for the development of new solutions for online analysis in production processes: immediate access to measurement results enables customers to control and optimize their processes continuously in real time.

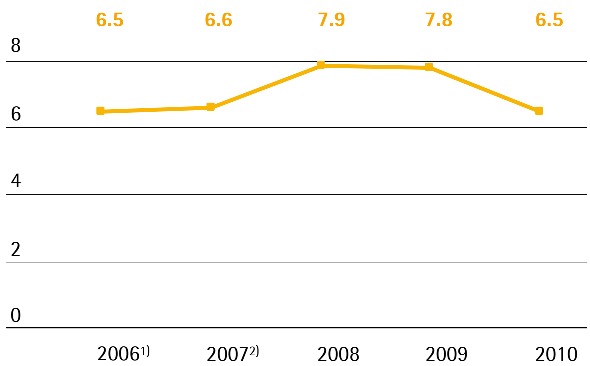
	2010	2009
Number of patent and trademark applications	77	67
Registered patents and trademarks	63	43

Mechatronics R&D Costs
€ in millions



[1)] pro forma (excluding hydrodynamic bearing business)
[2)] pro forma underlying

Mechatronics R&D Ratio
in %



[1)] pro forma (excluding hydrodynamic bearing business)
[2)] pro forma underlying

Production and Supply Chain Management

We manufacture our weighing and monitoring and control products close to our markets in the various regions to supply customers promptly, reliable and cost-effectively. Accordingly, we have production facilities at Denver in the USA, Beijing in China and Bangalore in India in addition to our German plants at Goettingen, Aachen and Hamburg. The Goettingen site is by far our largest production facility. Next in order of size comes the Beijing plant, followed by our sites in Hamburg, Aachen, Denver and Bangalore.

In the manufacture of our products, we primarily pursue the strategy of producing instrument components as modular subassemblies. This enables us to manufacture these modular subassemblies cost-efficiently at multiple sites and combine them quickly as required to meet the specific needs of individual customers. We produce non-order-specific standardized subassemblies and platforms and then assemble them as required in line with customer specifications to create end products capable of meeting customer requirements in terms of both function and price. Our Cubis modular premium laboratory balance is a prime example of this strategy in practice.

Production in Goettingen Optimized

We managed to improve productivity at the Goettingen site by 8% year on year in 2010 by analyzing and modifying our production processes and by adopting a more flexible policy to production staff deployment. We made increased use of external service providers for the manufacture of simple, labor-intensive subassemblies in areas such as electronics in order to cope with spikes in production and also reduced the quantity of time-consuming manual work required at the Goettingen site by commissioning a new robot system for the automated comparison of data on off-center loading.

More Intensive Networking among Company Sites

We relocated production for certain subassemblies and simple instruments from the German sites, most notably Goettingen, to our Chinese facility in Beijing in the reporting year. Elsewhere in Asia, our Bangalore site commenced production of the new EcoCheck checkweigher, which was developed in collaboration with the German Group sites and is already enjoying strong demand from Indian food and beverage manufacturers.

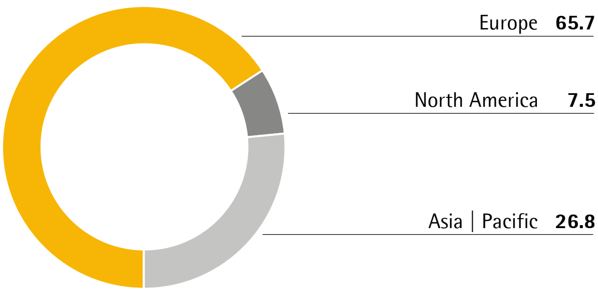
We are making increasing use of the Beijing and Bangalore sites as internal suppliers, which involves them manufacturing components for other Group sites as well as supplying their own local markets. The Beijing and Bangalore sites have come to occupy a prominent position in the procurement process, too, as we seek to leverage cost advantages and increase the value of procurement operations conducted in currencies pegged to the U.S. dollar.

Our Denver plant, which we commissioned in 2009, enables us to provide faster delivery times and a more application-led service proposition for customers in the U.S. market. Manufacturing in the dollar zone, moreover, reduces our exposure to exchange rate fluctuations.

Mechatronics Employees

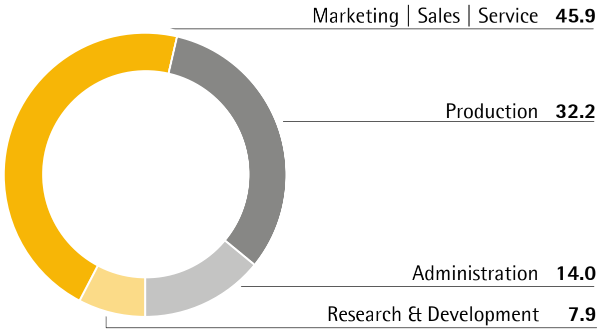
The Mechatronics Division employed 1,934 people as of the reporting date, which represents a reduction of eight people (-0.4%) compared with December 31, 2009 (1,942).

Mechatronics Employees by Region
December 31, 2010; in %



The number of people employed in the division changed either little or not at all in the various regions. Total head count in Europe rose by seven (0.6%) to 1,270 as of December 31, 2010 (December 31, 2009: 1,263). The number of people employed remained constant at 146 in North America (December 31, 2009: 146), but dropped slightly in the Asia | Pacific region, where total head count fell by 15 (-2.8%) to 518 as of December 31, 2010 (December 31, 2009: 533).

Mechatronics Employees by Function
December 31, 2010; in %



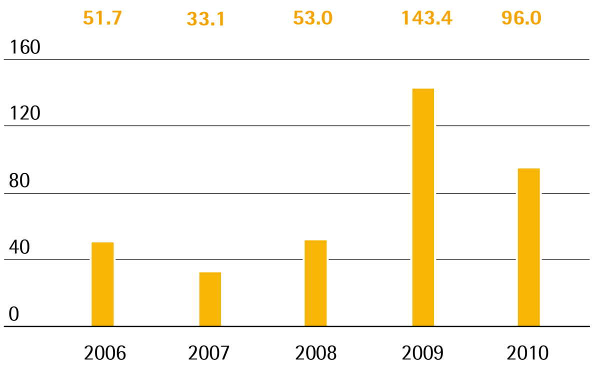
The Marketing | Sales and Distribution | Service units accounted for the largest share of the division's workforce: almost 45.9% of employees worked in these functions (previous year: 46.4%). Production and areas directly linked to production accounted for a share of 32.2% (previous year: 31.4%). The proportion of employees working in the research and development function was almost unchanged at 7.9% (previous year: 8.0%) and the remaining 14.0% of employees worked for administrative units including Finance and IT, which perform services for both the Mechatronics Division and the Biotechnology Division (previous year: 14.2%).

Net Worth and Financial Position

Cash Flow

In fiscal 2010, the Sartorius Group generated strong cash flows from operating activities, which totaled €96.0 million. The year-earlier figure of €143.4 million was higher as it was positively impacted by the first-time sale of trade receivables of €44.5 million as part of an international factoring program implemented and by measures taken for optimization of working capital.

Net cash flow from operating activities
€ in millions



At -€22.6 million, cash flows from investing activities were significantly lower than in the year-earlier period, as the previous year's figure of -€125.6 million includes, inter alia, payments for share price warrants (-€103.7 million). Cash flows from financing activities totaled -€104.9 million (previous year: €18.9 million). These covered outflows of €32.0 million within the scope of the share buyback program implemented by the Group company Sartorius Stedim Biotech S.A., as well as payments of €58.9 million for significantly reducing liabilities to banks, among other items. On the whole, the positive development of cash flows resulted in a decrease in net debt by €27.8 million to €196.9 million.

Cash Flow Statement
Summary

€ in millions	**2010**	2009
Net cash flow from operating activities	96.0	143.4
Net cash flow from investing activities	–22.6	–125.6
Net cash flow from financing activities	–104.9	18.9
Cash and cash equivalents	27.7	58.6
Gross debt owed to banks	224.7	283.3
Net debt owed to banks	196.9	224.7

Consolidated Statement of Financial Position

The balance sheet total reported by the Sartorius Group slightly decreased by €12.7 million to €807.7 million between December 31, 2009, and the reporting date on December 31, 2010.

On the assets side, current assets in particular shrank from €233.0 million to €222.1 million, which can be essentially attributed to the reduction in cash and cash equivalents by €30.8 million, while working capital rose by €19.7 million. Non-current assets at €585.7 million are approximately at the previous year's level of €587.5 million.

Key Figures for Working Capital
in days

		2010	2009
Rate of turnover for inventories			
Inventories / Sales revenue	x 360	42	42
Rate of turnover for receivables			
Trade receivables / Sales revenue	x 360	52	50
Rate of turnover for net working capital			
Net working capital[1] / Sales revenue	x 360	61	66

[1] sum of inventories and trade receivables less the trade payables

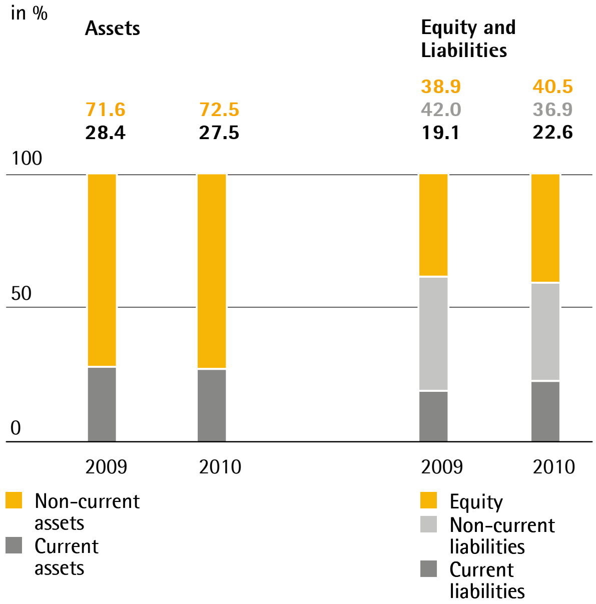
Key Balance Sheet Figures

	2010	2009
Equity ratio		
Equity / Balance sheet total	40.5%	38.9%
Long-term-capital-to-fixed-assets ratio		
Long-term capital / Fixed assets	111.7%	117.9%

On the equity and liabilities side, equity rose as a result of the positive consolidated earnings from €319.2 million to €327.2 million. As a consequence, the equity ratio of the Sartorius Group improved from 38.9% to 40.5%.

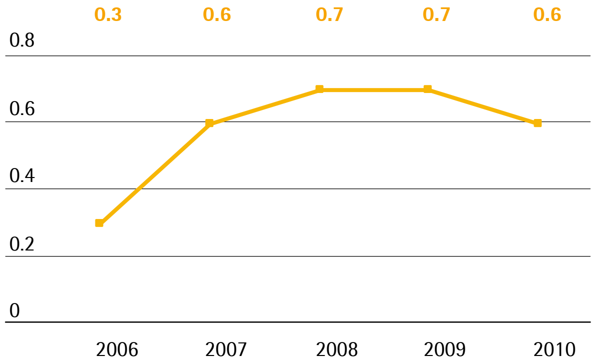
Due to the substantial decrease in liabilities to banks, non-current liabilities fell from €344.3 million to €298.1 million, while current liabilities concurrently rose from €156.9 million to €182.5 million because of the increase in trade payables, among other reasons.

Balance Sheet Structure
in %



In total, gross debt declined year on year from €283.3 million to €224.7 million. As of the reporting date, the long-term-capital-to-fixed-assets ratio was at 111.7% relative to 117.9% as of December 31, 2009. The gearing ratio, which is calculated as the ratio of net debt to equity, improved from 0.7 to 0.6.

Gearing Ratio



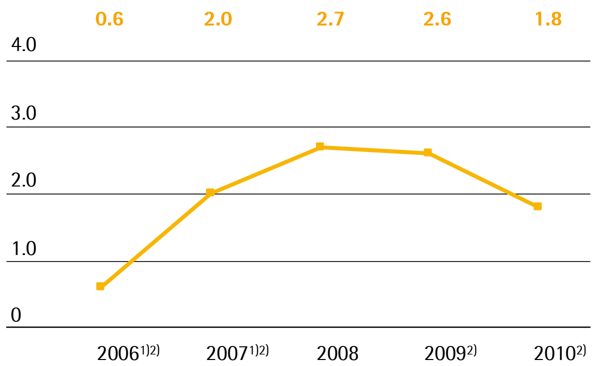
Financing | Treasury

The financing of the Sartorius Group is on a broad-based and long-term footing. The key element of this financing consists of two separate syndicated credit lines for an aggregate total of €374.0 million. The credit line for the Sartorius Stedim Biotech subgroup has a current value of €194.0 million; the credit line for Sartorius AG (Mechatronics Division), €180.0 million. Both of these credit lines, which are only partially used, are provided by a syndicate of twelve banks led by Commerzbank and WestLB and run until September 2013.

In addition, we have diverse bilateral credit lines totaling approximately €60 million, which we are also not completely using at present. Moreover, we have implemented a factoring program with a current volume ceiling of €50.0 million, which has largely been utilized.

The ratio of net debt to underlying EBITDA improved from 2.6 as of December 2009 to 1.8 as of December 31, 2010. Our interest coverage ratio – the ratio of underlying EBITDA to cash interest expense – rose from 8.6 to 15.4.

Ratio of Net Debt to Underlying EBITDA



[1)] pro forma (including Stedim and excluding the hydrodynamic bearing business)
[2)] underlying

As a consequence of our global sales and distribution structure, we generate payments in various foreign currencies. Essentially, these are payments in U.S. dollars, Japanese yen and British pounds. Using our global manufacturing network with production facilities in North America, the U.K., China and India, among other places, we can compensate for the majority of currency fluctuations (natural hedging).

We usually hedge our remaining net currency exposure up to 1.5 years ahead through currency transactions. Unlike in 2009, in which we were highly circumspect in concluding hedge contracts, we substantially increased our hedging level in 2010.

In view of the historically low interest rates, we additionally entered into extensive interest rate hedge agreements in 2010. As a result, nearly two-thirds of our bank loans that we have taken out so far at variable interest rates are now hedged against an increase in the general interest rate level for the next five years.

Annual Financial Statements of Sartorius AG

The retained profit of Sartorius AG is the key reference value for the payment of dividends to our shareholders. Whereas the Sartorius Group financial statements were drawn up according to the International Financial Reporting Standards (IFRS), the annual financial statements for Sartorius AG were prepared by applying the rules and regulations of the German Commercial Code (HGB). The individual financial statements drawn up according to HGB for Sartorius AG disclose dividend income from subsidiaries. This disclosure is due to the holding function of Sartorius AG within the Sartorius Group. Consolidated results in accordance with IFRS are impacted by dividend payments only to a limited extent in the form of tax effects.

In addition to performing this holding function, Sartorius AG also carries out a large proportion of the Mechatronics business. As this business rebounded in the reporting year, the company's sales revenue for fiscal 2010 climbed 19.8% from €101.0 million to €121.1 million.

The percentage of sales revenue that Sartorius AG generated with other companies of the Sartorius Group, 51.9%, was nearly at the previous year's level of 52.2%. Just under two thirds of Sartorius AG's sales revenue (60.3%; previous year: 60.7%) was earned outside Germany.

As sales rose, so did EBIT, from €7.2 million to €20.9 million. This earnings figure includes extraordinary expenses of €3.4 million (previous year: €12.9 million), which were incurred particularly for restructuring. The financial result at -€5.1 million is approximately at the year-earlier level of -€4.8 million. Based on amendments to the German HGB accounting rules, the financial result also includes interest of €1.3 million for the first time for provisions set up for retirement benefits and early retirement plans. Thus, profit before tax is at €15.7 million and substantially above the previous year's figure of €2.3 million. Also as a consequence of the amended accounting requirements, the extraordinary result is -€4.4 million for the reporting year (2009: €0.0 million). However, at €10.9 million, net profit for the year is considerably up from the year-earlier figure of €2.3 million. Including the profit brought forward of €16.1 million (previous year: €20.8 million), the retained profit totals €27.0 million compared with €23.1 million a year ago.

Sartorius AG's equity at €156.3 million is down year on year from €168.5 million, which can be essentially attributed to the amended German HGB accounting rules. In accordance with these rules, the value of own shares (treasury shares) of €16.1 million was deducted from equity for the first time as of December 31, 2010. Relative to the balance sheet total of €424.4 million (December 31, 2009: €445.6 million), equity has still remained at a comfortable level of 36.8% (previous year: 37.8%).

Liabilities were reduced from €244.9 million to €232.4 million. Resulting from the amended German HGB accounting rules, the additions of €4.4 million to the provisions for early (partial) retirement plans and retirement benefits caused provisions on the whole to rise from €32.2 million to €35.7 million. Total outside capital thus decreased from €277.1 million to €268.1 million.

On the assets side of the balance sheet, current assets fell from €56.0 million to €45.0 million, which is partly due to the elimination of reporting own shares (treasury shares) in the current assets under the new German HGB accounting rules. At €378.7 million, fixed assets were around €10 million below the year-earlier figure of €388.5 million. Due to the reduced balance sheet total, the proportion of fixed assets still rose from 87.2% to 89.2%.

Because of the considerably higher result, cash earnings according to the DVFA | SG surged from -€6.1 million to €18.5 million. Along with this increase, cash flows from operating activities thus improved from €26.0 million a year ago to €39.9 million. As Sartorius AG sold shares in Sartorius Stedim Biotech S.A. as part of the latter's share buyback program, cash flows from investing activities were positive, at €15.0 million, while the year-earlier figure was considerably negative, at -€109.3 million as a result of the payment of €103.7 million made for share price warrants granted in conjunction with the Stedim transaction. Repayment of financial loans in the reporting year, as opposed to taking out such loans in the previous year, yielded cash flows from financing activities of - €51.0 million (previous year: €81.6 million) and thus cash and cash equivalents of €4.3 million at the end of the reporting year, up from €0.3 million at the end of December 31, 2009.

The complete annual financial statements of Sartorius AG, which were awarded an unqualified audit certificate by the independent auditing company, is published in the electronic German Federal Gazette (Bundesanzeiger).

Balance Sheet of Sartorius AG
According to HGB*, in millions of €

Assets	Dec. 31, 2010	Dec. 31, 2009
A. Fixed Assets		
I. Intangible assets	0.4	0.7
II. Property, plant and equipment	13.0	16.7
III. Financial assets	365.2	371.2
	378.7	**388.5**
B. Current Assets		
I. Inventories	14.2	12.5
II. Trade and other receivables	26.5	27.2
III. Securities	0.0	16.1
IV. Cash on hand, deposits in banks	4.3	0.3
	45.0	**56.0**
C. Prepaid Expenses	**0.7**	**1.0**
	424.4	**445.6**

Equity and Liabilities	Dec. 31, 2010	Dec. 31, 2009
A. Equity		
I. Issued capital	17.0	18.7
II. Capital reserves	101.4	101.4
III. Earnings reserves	10.9	25.3
IV. Retained profits incl. net profit for the period	27.0	23.1
	156.3	**168.5**
B. Provisions	**35.7**	**32.2**
C. Liabilities	**232.4**	**244.9**
	424.4	**445.6**

Income Statement of Sartorius AG
According to HGB*, summary

€ in millions	2010	2009
Sales revenue	121.1	101.0
EBITDA	23.4	10.4
Depreciation and amortization	2.6	3.3
EBIT	20.9	7.2
Financial result	–5.1	–4.8
Profit before tax	15.7	2.3
Extraordinary result	–4.4	0.0
Net profit for the period	10.9	2.3
Retained profit	**27.0**	**23.1**

* HGB =German Commercial Code

Forecast Report

Future Macroeconomic Environment

Economists expect the global economic recovery to continue in 2011, but at a slower pace; indeed many industrialized countries and even several emerging markets had already begun to show signs of a slowdown in economic growth by the end of 2010. Global output is predicted to increase by 2.7% overall in fiscal 2011 (2010: +4.8%). According to economists, however, there are a number of risk factors that could impact this forecast: the possibility of the USA sliding back into recession cannot be ruled out, for example; the debt crises and associated loss of confidence in several eurozone countries have not yet run their course; and there is also a danger of a correction in the overheated real estate markets of the emerging Asian countries, most notably China.

Future Economic Development in the Industrialized Countries

Estimates suggest the combined gross domestic product (GDP) of the industrialized countries will grow by 2.2% in 2011 (2010: 2.7%).

Economists report that based on the evidence of previous recoveries, the U.S. economy is unlikely to see any rapid return to pre-crisis levels. Part of the reason for this, they say, is that only moderate growth is expected in private consumption over the forecasting period due to high unemployment and the associated poor prospects for earnings coupled with efforts to bring about a further reduction in private debt. It is, however, anticipated that the recent package of tax measures approved in December 2010 will give the economy a further boost. The International Monetary Fund (IMF) estimates that gross domestic product (GDP) in the USA will grow by 2.3% in 2011 (2010: +2.6%).

The upturn in economic activity also seems likely to remain rather muted in Europe. Growth here is predicted to be strongest in Germany, although the rate of economic expansion in 2011 is expected to be appreciably lower than in the reporting year. Economists do believe the recovery will spread onto a broader footing, however, with the role of exports fading and accelerating domestic demand taking more of the strain. IMF forecasts indicate GDP growth of 2.0% for Germany in 2011 (2010: +3.5%). France also faces a slowdown in growth according to economists, who suggest among other factors that private consumption will continue to rise much more slowly in 2011 than in the years prior to the crisis. Overall economic output in France in 2011 is expected to increase by 1.6% (2010: 1.5%).

Future Economic Development in the Emerging Countries

Monetary policy at the central banks in Asia is expected to grow steadily tighter and tighter. Chinese economic policy will probably constrain growth again in 2011, although the level of economic activity should remain high according to the experts. The IMF expects the Chinese economy to expand by 9.6% in 2011 (2010: +10.5%). India too seems virtually assured of further strong growth according to the experts, who are predicting an increase of 8.4% in GDP for the country in 2011 (2010: +9.7%). IMF estimates put overall growth in the emerging markets at 8.4% (2010: +9.4%).

Future Exchange and Interest Rate Trends

The major central banks are not expected to begin increasing base rates again until the end of 2011 at the earliest, so annual average interest rates will probably remain at a relatively low level despite an anticipated rise over the course of the year.

Forecasts vary widely in respect of U.S. dollar exchange rates, spanning the range between U.S. $1.15 | euro and U.S. $1.55 | euro.

Sources: International Monetary Fund, World Economic Outlook October 2010; Joint Economic Forecast Project Group, Joint Economic Forecast Autumn 2010 prepared for the German Federal Ministry of Economics and Technology; Reuters.

Outlook for the Sectors

Stable Growth for the Pharmaceutical Industry, Dynamic Expansion in the Emerging Markets

Market researchers continue to predict stable growth for the global pharmaceutical market. International market research institute IMS Health expects the global pharmaceutical market to grow by a good 6.5% in 2011, up from between 4% and 6% in 2010. Growth of this magnitude would increase total sales revenue in the sector in 2011 to a good U.S. $935 billion. The pharmerging markets, including China, India, Brazil, Mexico and Russia, are forecast to achieve better-than-average growth in 2011. IMS Health expects these countries to post annual growth rates of around 16% and for their combined markets to be worth approximately U.S. $175 billion. Growth in the Chinese market is predicted to be especially strong, with forecasts for 2011 pointing to a growth rate of 25% to 27% and a market volume of U.S. $50 billion. This would make China the third largest pharmaceutical market in the world. IMS Health's predictions for the USA put growth at a good 5% and market volume at around U.S. $330 billion. The five largest European markets are expected to see moderate growth of 3%, which would make the market here worth around U.S. $170 billion in total.

Experts expect the combination of a steadily increasing global population, aging populations in the western industrialized countries and improvements in medical care in emerging countries to ensure continued growth in the global pharmaceutical market in the medium to long term as well. IMS Health, for example, predicts an average annual overall growth rate for the period 2009 through 2014 of a good 6%, which would increase the value of the global pharmaceutical market by around U.S. $300 billion to approximately U.S. $1.1 trillion by 2014. The corresponding figures for the USA, according to IMS Health forecasts, are growth of around 4.5% leading to a market worth a good U.S. $370 billion by 2014. Growth across the western industrialized countries as a whole is expected to average just short of 3%. Growth in the pharmerging markets will be much more dynamic according to IMS Health. Expert forecasts here suggest average annual growth rates of a good 15.5% in the period through 2014. IMS Health also predicts that aggregate growth in value terms in the pharmerging markets in the period 2009 through 2014 will be effectively equal in magnitude to growth in the industrialized countries, with both markets increasing in value by between U.S. $120 billion and U.S. $140 billion.

Continued Strong Growth in the Biotechnology Sector

The sector experts at IMS Health expect the biopharmaceutical segment to continue growing overproportionately. This view is endorsed by the US Biopharmaceutical Market (2009-2016) study, which indicates average annual growth rates in the USA of 11.2%. Growth on this scale would push the value of the biopharmaceutical market up to U.S. $144 billion by 2016. The global biotech market is likely to see average annual growth of 11.6% over the period 2008 through 2014 according to analysts at Frost & Sullivan. The Global Biopharmaceutical Market Report (2010-2015) produced by IMARC, the International Market Analysis Research and Consulting Group, suggests the global market for biopharmaceuticals will be worth U.S. $167 billion in 2015. Here too the burgeoning importance of the emerging markets is clearly evident: while the market share of the eight most important markets – the USA, Germany, Japan, France, Italy, Spain, the U.K. and Canada – is expected to decline by 4% to around 79% between 2009 and 2015, that of the pharmerging markets, including Brazil, Russia, India and China, will increase from less than 5% to more than 8%.

Both new medications and new indications for existing drugs are expected to contribute to the above-average growth rates for biopharmaceuticals. Of the three categories of substance produced using biotech methods, namely therapeutic proteins, monoclonal antibodies and vaccines, it is the latter two that are expected to drive most of the anticipated growth. Monoclonal antibodies, for example, are used chiefly in the development of innovative therapeutics for treating cancer, autoimmune diseases and HIV. Experts have predicted that the sales revenue of cancer drugs will increase of a good 45% to U.S. $70 billion for the period 2008 through 2014. The rising profile of personalized medicine, which also currently has most relevance in the treatment of cancer, is viewed as another source of impetus for the development of the biopharmaceutical market. Personalized medicine involves identifying molecular parameters at the diagnostic stage that can be used as a basis for the development of therapies that take individual characteristics of patients, such as elements of their genetic makeup, into account. Both the investigation and realization of the diagnostic procedures involved and the development and investigation of the corresponding medications rely on biotech methods. Industry experts suggest the requirements imposed by the healthcare regulatory agencies in respect of gaining approval for medications of this nature are likely to remain demanding and might even be raised in certain fields.

Move to Single-use Technologies, Focus on Safe and Efficient Processes

Producing drugs using biotech methods is relatively cost-intensive because of the complexity of the development and production processes involved, and the persistently high prices of such drugs prevent them from making further inroads into the market. In view of the challenge to keep earnings up in the pharmaceutical industry, all manufacturers are consequently endeavoring to optimize and improve the efficiency of their biotech processes. Single-use technologies help manufacturers to cut their capital expenditure, reduce cleaning and validation costs and minimize unproductive downtime. The actual figures vary from application to application, but single-use technology can trim anything from 15% to 40% off a pharmaceutical company's production costs over the full lifecycle. Sector watchers believe the move to single-use systems will consequently continue in future. As single-use equipment penetrates further and further into the market, so demand for integrated system solutions that cover entire process steps with single-use products will swell. Ultimately, integrated system solutions represent the only way to realize all of the potential reductions in the complexity and cost of biotech production processes that single-use technology can deliver.

Pharmaceutical companies seeking to optimize their manufacturing processes are also going to become increasingly interested in process analytics equipment and methods that promise to help them keep critical parameters within a specified range through intelligent management. The U.S. Food and Drug Administration (FDA) in particular has ramped up the pressure on U.S. pharmaceutical companies to step up investment in this area through its Process Analytical Technology (PAT) Initiative.

Rising Pressure on Quality and Prices in the Food Industry

A global market study from Nord/LB suggests that prospects for growth in the food and beverage industry are likely to remain limited in the mature markets in future. The main source of growth, the study indicates, will be the emerging markets, especially the developing countries of Asia, where rapid population growth and increasing purchasing power in particular are powering an incessant increase in demand for food products. Consequently, both food companies based in the region and international companies from elsewhere can be expected to continue expanding their production plants in Asia over the long term.

The main areas to offer better-than-average growth in the western industrialized countries, the experts predict, will be niche segments such as functional foods and convenience products, fields in which sector watchers see an increasing number of potential applications for biotech methods.

Food manufacturers will continue to face increased pressure on costs as a result of multiple factors including the high level of competition, pricing policies in the retail sector, consumer demand for inexpensive products and rising commodity prices. The food and beverage industry is also likely to have to deal with tougher approval and traceability procedures, so manufacturers will need to make their processes more efficient both in the quality assurance lab and in production. Manufacturers are already making increased use of innovative process analytical technology (PAT), which gives them a reliable way of monitoring and analyzing parameters relevant to quality and processes, for this purpose.

Long-term Increase in Investment in the Public-sector Research

Research economists believe public investment in research and development will rise in the long term because of the importance attached to innovativeness as a driver of national economic performance. Emerging countries with large markets, such as China and India, have made substantial funding available for business, science and education, as have several of the industrialized nations. The emerging economies of Asia, in particular, will continue to invest in their research institutions as part of their effort to catch up with Western countries in advanced fields like biotechnology, nanotechnology and aerospace and to reduce their dependence on foreign technologies.

Moderate Growth in the Chemical Industry

The European Chemical Industry Council (Cefic) states in its annual report that it expects the European chemical industry, which expanded by 10% in 2010, to grow at a rate of 2.5% in 2011. According to Cefic, the chief uncertainty affecting any prediction of future developments in the sector remains sharply increasing prices for certain commodities. Prospects for growth, Cefic suggests, are brightest in the developing markets of Asia.

Sources: U.S. Biopharmaceutical Market - Trends, Forecast, Competition & Strategic Analysis (2009-2016); European Chemical Industry Council, annual report; Frost & Sullivan; IMS Health: IMS Market Prognosis Global (200 markets around the world), IMS MIDAS (73 markets around the world); International Market Analysis Research and Consulting Group, Global Pharmaceutical Report (2010-2015); Nord/LB, global market survey, food and beverage industry.

Future Business Development

Future Business Development of the Biotechnology Division

As we supply the biopharmaceutical industry, our business development is less impacted by cyclical trends than, for example, by the decisions of regulatory agencies, such as granting or denying approval of new medications. Assuming that the trends toward biomanufacturing of pharmaceuticals and increasing utilization of single-use technologies will continue, we forecast that currency-adjusted sales revenue will rise between 6% and 8% in 2011. We expect our business with single-use products to grow more strongly again than our equipment business. Along with this increase in revenue, we project that our operating earnings margin will rise to approximately 17% in constant currencies.

Future Business Development of the Mechatronics Division

The potential for growth in the Mechatronics Division depends to an important degree on economic developments in the respective markets. Provided that the global economy continues to recover, we expect that currency-adjusted sales revenue will grow between 6% and 8%, with our laboratory and industrial businesses likely to post noticeable gains. In view of profitability, we are striving to improve the division's underlying EBITA margin to around 8% based on constant currencies.

Future Business Development of the Group

For the Group as a whole, we assume that sales revenue will also grow in fiscal 2011 between 6% and 8% in constant currencies. We forecast that the Group's operating EBITA margin is likely to increase to around 14% if exchange rates remain constant. Moreover, our management expects a significantly positive operating cash flow.

Risk and Opportunities Report

Risk Management System

The Sartorius Group is exposed to a wide variety of risks inherent to its operations around the world. We have instituted a risk management system (RMS) to help us track existing and potential risks efficiently. This RMS is designed to allow early identification, assessment and monitoring of risks. It keeps the Executive Board informed about the overall risk situation at all times, enabling it to take suitable action when required. In addition, the Audit Committee of the Supervisory Board receives a report every year on the development of the risk situation.

The prescribed reporting process obligates the managing directors and general managers of the individual Group companies as well as the business area managers and the managers of our central departments to review the risk situation within their areas of responsibility regularly and to report any risks when defined critical threshold values are reached.

Where expedient and feasible, we adopted countermeasures and | or arranged for balance sheet measures during the reporting year to cover all discernible risks within the Sartorius Group that had the potential to damage our net worth, financial situation and profitability.

The auditors review the early risk detection system every year in connection with the preparation of the annual financial statements.

Explanation of the Risk Situation

Supply Chain Risks

Our supply chain extends all the way from procurement to production to sales and distribution. Problems within this sequence can have consequential effects including delays in deliveries. The global supply chain management system we have introduced to prevent such problems largely minimizes the associated risks by analyzing and controlling all of the operations involved. The various risks encountered within our supply chain are explained in detail below.

Procurement Risks

We purchase a wide range of raw materials, components, parts and services from suppliers and are consequently exposed to the risks of unexpected delivery bottlenecks and | or price increases. Our global supply chain management system reduces these risks by enabling us to monitor and supervise procurement activities. Moreover, we conduct regular supplier reviews and also use early warning systems. In addition, we maintain reserve inventories for strategic raw materials and work with alternative suppliers where possible.

Production Risks

We manufacture a large proportion of the products that belong to our core areas of technical expertise and involve a high level of vertical integration ourselves. Examples include filters and laboratory balances. Other products, such as reusable fermenters and bioreactors, are manufactured in collaboration with suppliers such that some of the production risk is transferred to external third parties. When we manufacture products ourselves, we also bear the associated risks of capacity bottlenecks | overcapacity, production downtimes, excessive reject rates and high levels of tied-up working capital. We limit and reduce these risks by planning production capacities carefully, using versatile machines, semi-automated individual workstations and flextime work schedules, and by continuously monitoring the production process. Moreover, our global manufacturing sites enable us to compensate for any capacity bottlenecks by shifting production to other regional plants.

Sales and Distribution Risks

We make use of a variety of channels to sell and distribute our products around the world. The potential risks entailed are unexpected changes in the demand structure, growing price pressure and non-compliance with supply agreements concluded with customers. We employ targeted market analyses to identify emerging demand trends in individual segments early on so that we have time to respond appropriately. Our technical innovations and our focus on less price-sensitive sales markets, such as products for validated production processes in the biopharmaceutical industry, reduce our exposure to the risk of growing price pressure. We have minimized our risk exposure in the area of logistics in recent years by setting up and using central warehouses to optimize distribution logistics.

Quality Risks

Our customers use Sartorius products in a wide range of critical production processes, including the manufacture of pharmaceuticals, chemicals and foods and beverages, and in research and development laboratories. The main risk encountered in these areas is non-compliance with agreed quality criteria, which can lead to losses for our customers for which we may be made liable through damage claims. We employ rigorous quality checks and modern production methods and processes, such as cleanroom technology, to ensure that our products satisfy the most stringent quality requirements. These production methods and processes are subject to constant review under our continuous improvement processes, moreover, and are refined appropriately as requirements evolve. Our successful completion of a host of annual audits by customers and our accreditation under ISO 9001 and ISO 13485 together document the high level of quality achieved in Sartorius products and processes. Irrespective of these measures, we also maintain significant insurance coverage against product liability risks.

R&D Risks

We devote a considerable share of our resources to research and development. Potential risks in this area may arise from development results that diverge from market needs, exceeding planned development deadlines or unintentional transfer of know-how to competitors. Our advanced project management, intensive R&D controlling and early involvement of our customers in the development process substantially limit these R&D risks. Patents and continuous tracking of the technologies and competitors relevant to us secure our technology position.

Customer Risks

Sartorius draws its key customers from the pharmaceutical, food and chemical industries and from public sector research and educational institutions. These customers are usually relatively large organizations that have been in existence for some time and have strong credit ratings. Most of our business areas have a highly diversified customer base, so the Group as a whole is not dependent on individual key accounts to any significant degree. Our factoring program, which continued to operate in fiscal 2010, keeps our risk exposure as regards trade receivables from customers at a constant low level. We also work continuously to enhance our trade receivables management and make use of external rating agencies to improve control of our credit risks.

Competitive Risks

Sartorius has a leading competitive position in most of its markets. Some of our competitors are larger than us and most share our status as a global operator. Examples include Merck Millipore and Pall in the Biotechnology Division and Mettler-Toledo in the Mechatronics Division. As we serve a large number of customers from highly regulated sectors like the pharmaceutical and food industries, and the technological barriers to market entry are substantially high, we regard the risk of new competitors emerging as low. Furthermore, our global presence gives us a significant competitive edge.

Personnel Risks

As an innovative technology group, Sartorius employs a large number of highly qualified people. We counter the threat of demographic change and of losing employees, especially those in key positions, by offering performance-related remuneration models, targeted continuing professional development options, interesting development opportunities, continuous education and training for rising stars within our organization and a range of other attractive employee benefits. The success of these measures is apparent in the exceptionally low employee turnover rates of recent years and the fact that our people tend on average to stay with the company for a long time. Employment contracts in certain cases contain a clause prohibiting any move to a direct competitor. We introduced both the

Sartorius Code of Conduct and the Sartorius Anti-Corruption Code worldwide in 2010 and discussed the company's three core values with all employees. These measures enable employees to act with greater certainty, help to create a sense of identity and strengthen loyalty to the company.

Financial Risks

The global nature of the Sartorius Group's operations means that its business activities are inevitably exposed to financial risks. The most significant of these, aside from specific risks associated with Group accounting, are exchange rate risks, interest rate risks and liquidity risks, all of which are described below and addressed in detail in the Notes to the Consolidated Financial Statements.

Specific Risks Associated with Group Accounting

Specific risks associated with Group accounting can arise, by way of example, from the arrangement of unconventional or complex transactions that cannot be processed by routine means and from the discretion granted to employees involved in the preparation of the consolidated financial statements in respect of the recognition and measurement of assets and liabilities. The outsourcing and transfer of tasks of specific relevance to accounting to external service providers, such as actuaries and management consultants, may also entail risks. Risks associated with accounting that stem from derivative financial instruments are explained in the Notes to the Consolidated Financial Statements.

Exchange Rate Risks

We generate a good third of consolidated sales revenue in U.S. dollars or in currencies pegged to the U.S. dollar and a smaller proportion in other foreign currencies. Exchange rate fluctuations are consequently a matter of concern for us, especially when converting currencies for balance sheet and income statement items. Yet our global production network enables us to offset the lion's share of sales revenues received in foreign currency within the Group against costs incurred in foreign currency. For example, we manufacture many of our products for the North American market locally, and are therefore not disadvantaged in any way in competition with our U.S. rivals. We use derivative financial instruments arranged centrally, predominantly with domestic banks, to hedge against net currency exposure (that proportion of our foreign currency sales revenue that remains after we have settled our costs). Our hedging strategy provides in principle for exposures to be hedged up to 1.5 years in advance. Hedging transactions are set up by one group of staff and monitored by another, separate group.

Interest Rate Risks

We have concluded fixed interest agreements for a comparatively small portion of our outstanding loans and are consequently not exposed to the risk of fluctuations in payment flows in this respect. However, the major part of the loans outstanding on the reporting date are subject to interest based on the market rate. Almost two thirds of these are currently covered by interest hedges, so interest rate risks apply only to the remainder. We monitor interest rate trends constantly and have the facility to arrange additional hedging transactions where we consider it necessary and economically advisable to do so.

Liquidity Risks

The Group placed its financing on a broad long-term footing in September 2008 by concluding two syndicated credit agreements. These agreements, under which €374 million still remains available, run until September 2013. The overwhelming majority of our fixed assets are covered by long-term capital. We ensure solvency at all times throughout the Group by short-, mid- and long-term liquidity planning and the use of advanced treasury software.

Regulatory Risks

Our role as a supplier to the biopharmaceutical industry and health care providers means that Sartorius can also be affected by underlying developments in these areas. The possibility of the regulatory authorities (FDA, EMEA) adopting a more restrictive approach to the approval of new medications remains the principal source of risk in this context. Such a move would reduce the number of new pharmaceutical products to be marketed and would consequently downgrade future prospects for Sartorius over the medium term.

Sartorius has established a traceability system that enables us to recall an entire product batch immediately, if necessary, and minimize any adverse consequences in the event of defects being discovered in a product.

Environmental Risks

The nature of the Sartorius Group's business is such that our operations constantly have the potential to cause pollution or otherwise harm the environment. All staff with relevant responsibilities across our global sites are expected to reduce and prevent negative environmental impacts. The Central Department Environment, Health and Safety supports this effort by observing and monitoring operations affecting the environment. Sartorius has an environmental management system certified under DIN EN ISO 14001 that encompasses, and is integrated into, all divisions and covers a whole series of environmental regulations to minimize risks in this area.

IT Risks

Besides the risks mentioned above, we face potential risks in the area of IT. We reduce IT security risks by continuously enhancing and implementing IT security guidelines and policies. These rules and measures are based on the requirements of ISO 27001 and the standards of the German Federal Office for Information Security (BSI Standards).

Our company's existing IT applications and IT systems are checked for potential risks in regular external and internal IT audits, moreover, and appropriate measures are taken to minimize any risks identified. Continuous alignment of our IT strategy and business strategy, tracking of new technical developments and the use of advanced hardware and software minimize the risk inherent in the operation of our IT system environment.

Process Risks

We have made allowances on our balance sheet for any pending legal disputes and proceedings that have the potential to produce a substantial negative impact on Group results.

Insurance

Where possible and economically advisable, we have taken out insurance policies to cover a wide range of risks. These insurance policies include coverage against liability, business interruption, transport, material and pecuniary damages and other risks and provide comprehensive coverage for legal costs. An independent department working in conjunction with an external insurance broker regularly reviews the nature and extent of our insurance protection and makes any adjustments necessary.

Assessment of the Overall Risk Situation and Risk Outlook

After thorough analysis of the entire risk situation and according to our current review, there are no discernible risks that could jeopardize the existence of the Group.

Similarly, based on our current review, there are no discernible risks that could jeopardize the existence of the Group in future.

Description of the Key Features of the Internal Control and Risk Management System

In relation to the Group Accounting Process (Section 289, Subsection 5, and Section 315, Subsection 2, No. 5, of the German Commercial Code [HGB])

Definitions and Elements of the Internal Control and Risk Management System at the Sartorius Group

The Sartorius Group's internal control system encompasses all of the principles, procedures and measures adopted to ensure the organizational implementation of management decisions. The main priority of the system as it relates to the Group accounting process is to make sure that accounting is effective, cost-efficient and formally correct and that it complies with the pertinent legal provisions.

The internal monitoring system of the Sartorius Group consists of a combination of process-integrated and non-process-integrated monitoring measures. The process-integrated security measures are subdivided, in turn, into organizational measures, such as the "four eyes principle" for double verification or access restrictions in relation to IT, and control measures, such as manual target | actual checks or programmed plausibility checks in the software used. The Supervisory Board, in this case specifically the Audit Committee of Sartorius AG, and the Internal Control System | Compliance unit of Sartorius AG's Internal Auditing department are involved in the Sartorius Group's internal monitoring system through their non-process-integrated audit activities.

The independent Group auditors and other auditing authorities, such as the tax auditor, also play a role in the control environment of the Sartorius Group through their non-process-integrated audit activities. The review of the consolidated financial statements by the independent Group auditors and the audit of the individual financial statements of the Sartorius Group companies included in the consolidated financial statements constitute the key non-process-integrated monitoring measures in relation to the Group accounting process.

The Finances unit represents another important element of the internal monitoring system through its analysis of the monthly reports from the subsidiaries.

With respect to Group accounting, the risk management system as a component of the internal control system is primarily concerned with identifying and preventing the risk of misstatements in the Group's bookkeeping and in external reporting. One element of the Sartorius Group's risk management system is operational risk management, which involves matters such as the transfer of risk to insurance companies through coverage for damage and liability risks and the arrangement of suitable hedges to limit currency and interest rate risks. Another risk management element that the Sartorius Group has also established is a monitoring system for the early detection of risks that could jeopardize the company's continued existence as defined in Section 91, Subsection 2, of the German Stock Corporation Law (AktG). This system, which ensures systematic early risk detection throughout the Group, extends beyond the scope originally set forth by this law to cover the prompt identification, control and monitoring not just of existential risks, but also of other risks. Responsibility for the system was assumed by the Internal Control System | Compliance unit in 2010. The Sartorius Group adapts this system quickly in response to any relevant changes to the respective environment. The efficacy of the system is assessed by the independent Group auditors in accordance with Section 317, Subsection 4, of the German Commercial Code (HGB). Regular system reviews are also carried out to verify that the system remains functional and effective.

Use of IT Systems

Transactions of relevance for accounting are essentially recorded in the individual financial statements of the subsidiaries of Sartorius AG using local accounting systems manufactured by SAP. For the process of preparing the consolidated financial statements of Sartorius AG, subsidiaries add supplementary information to their individual financial statements to create standardized reporting packages, which are then submitted by all Group companies to the consolidated reporting system. The actual Sartorius AG consolidated financial statements are then prepared using the consolidation routines in the consolidated reporting system, most of which have been developed by Sartorius AG itself and which have been supplemented by manual adaptation. Both in-house auditors and the independent Group auditors of Sartorius AG regularly verify that the reporting packages submitted to the consolidated reporting system concur with the individual companies' financial statements on which the audit is based in each case. All of the consolidation procedures necessary to prepare the consolidated financial statements of Sartorius AG, such as the consolidation of investments, the elimination of intercompany payables and receivables and the elimination of intercompany revenue and expense, are performed using, and documented in, the consolidated reporting system. All of the components of the Sartorius AG consolidated financial statements, including the details presented in the notes, are generated using the consolidated reporting system, which also provides a wide range of analysis options.

Key Supervision and Control Activities to Ensure Proper and Reliable Group Accounting

The internal control system measures designed to maintain proper and reliable Group accounting ensure that transactions are recorded in full and in a timely manner in accordance with the applicable provisions of the law and the bylaws. In addition, these measures ensure that inventories are taken properly and that assets and liabilities are recognized, assessed and reported appropriately in the consolidated financial statements.

Examples of the control activities performed to ensure proper and reliable accounting include the analysis of situations and developments with reference to specific key indicators. The separation of administrative, executive, settlement and approval functions reduces the possibility of fraud. The organizational measures are also intended to record company- or Group-wide restructuring steps or changes in the nature of the operations of individual business areas quickly and accurately in Group accounting. Finally, the internal control system also ensures that changes in the Sartorius Group's economic or legal environment are mapped and that new or amended legal provisions are applied in Group accounting.

The Sartorius Group accounting principles govern the standard recognition and measurement principles for the German and non-German companies included in the Sartorius consolidated financial statements. In addition to the general recognition principles and methods, the rules applied to the balance sheet, income statement, notes, Group management report, cash flow statement and to the segment reports have been established in compliance with EU legislation and are primarily those of the IFRS and German commercial law.

The Sartorius Group accounting rules also govern specific formal requirements for the consolidated financial statements. These include the mandatory use of a standardized and complete reporting package. The Group Internal Accounting department assists the local units in resolving complex accounting issues, such as measuring fair value, to ensure consistent and accurate reporting in the consolidated financial statements.

The specific control activities performed at Group level to ensure proper and reliable Group accounting encompass the analysis and, where applicable, correction of the individual financial statements submitted by the Sartorius Group companies, in line with the reports authored by the independent auditors. Reporting packages containing errors are identified and, where necessary, corrected at Group level on the basis of a large number of control mechanisms already incorporated into the consolidated reporting system. Impairment tests are conducted centrally for the specific cash-generating units, known as CGUs, from the Group's perspective to ensure that consistent, standardized evaluation criteria are applied.

The scope of regulation at Group level also extends to the central definition of measurement rules and parameters, among other factors. Additional data for the presentation of external information in the notes and Group Management Report (including material events after the reporting date) is also prepared and aggregated at Group level.

Qualifying Statements

The internal control and risk management system enables the complete recording, processing and evaluation of company-related matters, on the basis of the organizational, control and monitoring structures defined in the Sartorius Group, and their accurate presentation in Group accounting.

By their very nature, however, factors such as the exercise of personal discretion, erroneous controls, criminal acts and other variables that can impair the efficacy and reliability of the internal control and risk management system in place cannot be ruled out, so even the application throughout the Group of the systems adopted cannot provide an absolute assurance as to the accurate, complete and timely recording of matters in Group accounting.

The statements made relate solely to the subsidiaries included in the consolidated financial statements of Sartorius AG, where Sartorius AG can determine the financial and business policies of these subsidiaries directly or indirectly to obtain benefits from their activities.

Explanatory Report of the Executive Board

On the Disclosures Pursuant to Section 289, Subsections 4 and 5, and Section 315, Subsection 4, of the German Commercial Code (HGB)

Composition of the Issued Capital | Limitations to Voting Rights

Sartorius AG's capital stock totals €18,720,000. It comprises 18,720,000 no par value individual bearer shares, 9,360,000 of which are ordinary shares and 9,360,000 of which are non-voting preference shares. Each share certificate represents a calculated proportion of €1 of the issued capital.

The rights and obligations associated with these shares are governed by the provisions of the German Stock Corporation Law (Aktiengesetz, abbreviated "AktG"). According to the company's bylaws, preference shares are entitled to a dividend payment that is higher than the dividend payment for ordinary shares, by an amount equal to 2.0% of each preference share's calculated proportion of the issued capital (i.e., two eurocents per share). In any case, the dividend entitlement shall be at least 4.0% of each preference share's calculated proportion of the issued capital (i.e., four eurocents per share). Apart from the cases provided for in Sections 140 and 141 of the German Stock Corporation Law (AktG), preference shares are non-voting. However, they do grant all other rights to which every shareholder is entitled.

The company holds 831,944 ordinary shares and 840,983 preference shares; these do not entitle the company to any membership rights.

Direct or Indirect Equity Ownership Exceeding 10.0% of Voting Rights

The community of heirs consisting of Mrs. U. Baro, resident of Munich, Germany; Mrs. C. Franken, resident of Bovenden, Germany; and Mrs. K. Sartorius-Herbst, resident of Northeim, Germany, holds a voting percentage of approximately 50.1% in Sartorius AG (4,688,540 votes; source: list of attendees at the Annual Shareholders' Meeting on April 21, 2010). The decedent Horst Sartorius ordered that his will be executed. The appointed executor of the will is Prof. Dr. Dres. h.c. Arnold Picot, resident of Gauting, Germany, who exercises the specified voting rights at his own discretion as defined by Section 22, Subsection 1, Sentence 1, No. 6, of the German Securities Trading Act (Wertpapierhandelsgesetz, abbreviated "WpHG").

According to a mandatory announcement dated September 19, 2006, Bio-Rad Laboratories Inc., 1000 Alfred Nobel Drive, Hercules, California 94547, USA, holds 25.02% (2,341,479 votes) of the voting rights in Sartorius AG. The voting rights are ascribed to Bio-Rad Laboratories GmbH, Heidemannstr. 164, 80939 Munich, Germany, according to Section 22, Subsection 1, Sentence 1, No. 1, of the German Securities Trading Act (WpHG).

Appointment and Dismissal of Executive Board Members | Amendment to the Bylaws

Executive Board members of Sartorius AG are nominated and | or appointed as well as dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Law (AktG) and Sections 31 and 33 of the German Codetermination Law (Mitbestimmungsgesetz, abbreviated "MitBestG"). Amendments to Sartorius AG's bylaws are regulated by Sections 133 and 179 of the German Stock Corporation Law (AktG).

Powers of the Executive Board to Issue Shares

Subject to approval by the Supervisory Board, the Executive Board is authorized to sell treasury shares held by the corporation, including selling them through channels other than the stock exchange or by tendering an offer to all shareholders in proportion to their participation in the company, provided that these shares are offered within the scope of acquiring companies or shareholdings in companies in return. Under these circumstances, the preemptive rights of the shareholders are excluded.

All circumstances for which disclosure is mandatory pursuant to Section 289, Subsection 4, and Section 315, Subsection 4, of the German Commercial Code (HGB) are reported above, to the extent that such circumstances exist or are known to us.

Principal Features of the Internal Control System and the Risk Management System Pursuant to Section 289, Subsection 5, of the German Commercial Code (HGB)

Please refer to the complete text of the Risk Report for a description of the principal features of the internal control and risk management system.

Corporate Governance Report

The executive and supervisory bodies of Sartorius AG are guided in their actions by the principles of transparent and responsible corporate governance. The Executive Board and the Supervisory Board report here on corporate governance pursuant to Article 3.10 of the German Corporate Governance Code. This report also contains the Annual Corporate Governance Statement in accordance with Section 289a of the German Commercial Code (HGB), which statement presents details concerning the mode of operation of the Executive Board and Supervisory Board and other governance measures employed by the company.

Declaration of the Executive Board and of the Supervisory Board of Sartorius AG Concerning the Recommendations of the Government Commission on the German Corporate Governance Code Pursuant to § 161 of the German Stock Corporation Law (Aktiengesetz)

The Executive Board and the Supervisory Board declare that Sartorius AG is in full compliance with the recommendations made by the Government Commission on the German Corporate Governance Code and published by German Federal Ministry of Justice in the official section of the electronic German Federal Gazette (Elektronischer Bundesanzeiger), as amended on May 26, 2010.

Sartorius AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code, as amended, in full since last year's Declaration of Compliance was issued other than in respect of the matter of the deductible applicable to the members of the Supervisory Board and Executive Board. A compliant deductible was introduced on July 1, 2010 as announced in last year's Declaration of Compliance.

Goettingen, December 10, 2010

For the Supervisory Board	For the Executive Board
Prof. Dr. Dres. h.c. Arnold Picot	Dr. Joachim Kreuzburg

Further Remarks Concerning Corporate Governance

The Executive Board and the Supervisory Board addressed the issues raised by the new version of the German Corporate Governance Code introduced on May 26, 2010, in great detail during the reporting year. The recommendations were implemented over the course of the year as their work progressed and, in this connection, the foregoing Declaration of Compliance was issued. The Supervisory Board closely examined the matter of diversity and target statement and established the following objectives for its membership:

– Women must make up no less than 25% of the Supervisory Board.

– Independent members must make up no less than 25% of the Supervisory Board.

– The aim of selecting candidates having international experience or an international background should be taken into consideration, as previously, when making appointments to the Supervisory Board.

– The upper age limit of 70 at the time of election should be taken into consideration, but may be waived in exceptional cases provided there are no reservations about the suitability of the persons proposed and their election is expedient in the interests of the company in spite of the age limit being exceeded.

The company already meets these targets. The target for the proportion of women is somewhat higher than the proportion of women in management positions in the Sartorius Group.

Annual Corporate Governance Statement in Accordance with Section 289a of the German Commercial Code (HGB)

Mode of Operation of the Executive Board and Supervisory Board

Sartorius AG is a company under German law founded on the dual management system with an Executive Board and a Supervisory Board, each of which has its own independent competencies.

The Supervisory Board comprises twelve members as defined in the German Codetermination Law (Mitbestimmungsgesetz) and has an equal number of shareholder representatives and employee representatives.

The Supervisory Board monitors and advises the Executive Board in its management of the company.

The Supervisory Board has established four committees: the Executive Task Committee, the Audit Committee, the Conciliation Committee and the Nomination Committee. The Executive Task Committee, Audit Committee and Conciliation Committee each have four members and have an equal number of shareholder representatives and employee representatives. The Executive Task Committee and Audit Committee hold regular meetings; the Conciliation Committee and the Nomination Committee meet only as necessary.

The Executive Task Committee carries out preparatory work for resolutions and issues to be addressed in the meetings of the Supervisory Board. It also looks after the preparations for appointments including the remuneration and employment contract conditions of members of the Executive Board. The Audit Committee assists the Supervisory Board with the performance of its supervisory function. The chairperson of the Audit Committee is an independent member of the Supervisory Board and has detailed knowledge and extensive experience in the application of accounting standards and internal control systems from his or her own professional practice. The Conciliation Committee meets if the majority required in connection with the appointment of members to the bodies authorized to represent the company for legal purposes is not reached. The Nomination Committee comprises representatives of the shareholders only. Its function is to propose suitable candidates to the Supervisory Board for the latter's election proposals to the Annual Shareholders' Meeting.

The Executive Board of Sartorius AG currently consists of three members. This board has full responsibility for its actions in managing the company in the latter's interest, with the aim of creating sustainable value. The Executive Board provides the Supervisory Board with regular, prompt and detailed reports, both written and oral, about all relevant corporate planning and strategic development issues and the progress of the Group's business. Significant transactions are discussed in depth by the full Supervisory Board in accordance with the rules of procedure of the Executive Board. The rules of procedure of the Executive Board additionally define the legal transactions that cannot be effected without the approval of the Supervisory Board. The Executive Board and the Supervisory Board work closely together in a spirit of mutual trust on the management and supervision of the company.

Remuneration of the Executive Board and Supervisory Board

Details of the remuneration paid to the Executive Board and Supervisory Board are presented and disclosed in a standardized form in a Remuneration Report that forms an integral part of the Group Management Report. In order to avoid having to repeat these details, this Annual Corporate Governance Statement explicitly adopts and references the presentation included in the Group Management Report (see pages 79 and following).

Shareholders and Shareholders' Meeting

Sartorius AG shareholders exercise their rights at the company's Shareholders' Meeting. The Shareholders' Meeting is held at least once a year within the first eight months of the fiscal year. The Shareholders' Meeting decides on all of the matters for which it is responsible under the law.

Any shareholder who registers in due time may attend the Shareholders' Meeting. Shareholders who are unable to participate in the Shareholders' Meeting in person may arrange to have their vote cast by a bank, by a shareholders' association, by the proxies appointed by Sartorius AG, who are bound to follow the instructions issued to them, or by a different proxy of their choice.

Risk Management

Conscientious management of commercial risks is a central pillar of good corporate governance. Sartorius AG and the Group have at their disposal enterprise-wide and company-specific reporting and control systems designed to facilitate the recording, assessment and management of commercial risks. These systems are developed and adapted continuously as conditions evolve; all of the changes made are verified by the independent auditors. The Executive Board notifies the Supervisory Board regularly of existing risks and their development. The Audit Committee is concerned in particular with monitoring: the accounting process including reporting; the efficacy of the internal control system; risk management and the internal auditing system; compliance; and the independent audit. Details of risk management are presented in the Risk and Opportunities Report.

Transparency

Sartorius AG recognizes the importance of disclosing consistent and complete information promptly. Information about the economic position of the Group and relevant developments is consequently released regularly without delay as it becomes known for the use of participants in the capital market and interested members of the public at large. The annual report, first-half financial report and quarterly reports are published within the timeframes specified for this purpose. Current developments and material events are publicized in the form of press releases and, where appropriate, ad hoc announcements. This information is usually made available in German and English simultaneously and published via suitable media and on the internet.

The chief recurring events and publications, such as the Annual Shareholders' Meeting, the annual report and the interim reports, are listed on a financial calendar that may be viewed at any time on the Group website.

Share Trading Activities of Supervisory and Executive Board Members

We received no reports under the applicable mandatory disclosure requirements of any purchases or sales of shares in Sartorius AG or of related financial instruments made by the members of the Executive Board and the Supervisory Board or other persons with management responsibilities or their related parties.

Supervisory Board Chairman Prof. Dr. Dres. h.c. Arnold Picot holds approximately 50.1% of the ordinary shares issued by the company in his capacity as executor of the estate of Horst Sartorius, but otherwise no member of the Executive Board or Supervisory Board has any holding of shares or financial instruments subject to the mandatory reporting requirements that directly or indirectly exceeds 1% of the shares issued by the company.

Accounting and Independent Audit

The consolidated financial statements and consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied within the EU. The annual financial statements of Sartorius AG are prepared in accordance with German commercial law (the German Commercial Code or HGB). The consolidated financial statements and the annual financial statements are prepared by the Executive Board, audited by the independent auditors elected by the Annual Shareholders' Meeting and approved by the Supervisory Board.

It has been agreed with the independent auditors that they will notify the Supervisory Board directly of any potential disqualification or bias issues and any material findings and incidents identified during the audit. This also encompasses the corporate governance reporting duties pursuant to Section 161 of the German Stock Corporation Law (Aktiengesetz).

Code of Conduct

Central to the corporate culture of Sartorius AG is the understanding that we always conduct our business in a sustainable manner compatible with the pertinent economic, environmental and social imperatives. A Code of Conduct developed for the entire Group in order to ensure that our actions are consistent throughout the organization was introduced in fiscal 2010. This Code of Conduct, which applies equally to all of the Group's people, be they members of the Executive Board, managing directors, managers or other employees, establishes defined standards formulated to help users successfully navigate ethical and legal challenges in everyday operations. It is in the interest of all employees and of the company for breaches of the Code of Conduct to be investigated and for their causes to be eliminated. The compliance organization has been expanded and centralized in a dedicated department to this end.

The Supervisory Board | The Executive Board

Remuneration Report

1. Main Features of the Remuneration Plan for the Executive Board

General and Fixed Remuneration

The full Supervisory Board is responsible for establishing the remuneration paid to members of the Executive Board of Sartorius AG. The total value of the remuneration of an Executive Board member reflects the scope of the responsibilities of the Executive Board member concerned, the Executive Board member's personal performance, the company's economic situation and sustainable progress. In addition, the extent to which this amount of remuneration is typical is considered, taking into account peer companies and the remuneration structure in place in other areas of the company and in similar companies. Remuneration is comprised of both fixed and variable components and is reviewed annually to ensure that it remains appropriate. The variable remuneration components paid in addition to the fixed base salary represent approximately half of the total remuneration excluding pension commitments and fringe benefits in the case of 100% target achievement.

Variable Remuneration

The variable portion of this remuneration contains components that are paid annually (subordinate targets measured against sales revenue | order intake, EBITA, ratio of net debt to EBITDA and individual goals) and components determined by multi-year assessment (measured against consolidated net profit and the phantom stock plan). The components to be annually paid and the elements determined by multi-year assessment each make up one half of the target achievement that is possible.

A cap is provided for all variable components to be paid. Of the total that can be awarded for 100% target achievement, the subordinate targets of the components to be annually paid are weighted as follows: sales revenue | order intake 10%; EBITA 15%; ratio of net debt to EBITDA 15%; and individual goals 10%. The subordinate targets constituted by consolidated net profit and the phantom stock plan as components determined by multi-year assessment are each weighted at 25%.

a) Annually paid variable remuneration

The portion of the variable remuneration that is to be paid annually depends on the degree to which the target is achieved, which the Supervisory Board defines by setting each individual subordinate target. Thus, target achievement is subdivided into the previously mentioned four subordinate targets, which are each separately paid.

Sales Revenue | Order Intake

If the degree of target achievement is below 90%, no remuneration is paid. If 90% is achieved, 50% of the awarded sum is paid out. Thereafter, payment increases linearly up to a target achievement of 104%, at which a maximum of 120% of the awarded sum is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

EBITA

If the degree of target achievement is below 70%, no remuneration is paid. If 70% is achieved, 70% of the awarded sum is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the awarded sum is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

Ratio of Net Debt to EBITDA

No remuneration is paid if the ratio of net debt to EBITDA achieved is below the lower limit defined. If this defined value is achieved, 50% of the awarded sum is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the awarded sum is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

Individual Goals

Reasonable quantitative and qualitative targets are agreed upon annually according to the area of responsibilities of each member of the Executive Board and in line with the current priority projects and objectives of the Group. At the end of a fiscal year, the Supervisory Board individually determines this component of variable remuneration, where a degree of payment exceeding 100% can be attained only if it is in adequate proportion to the situation of the company.

b) Variable remuneration with multi-year components

On the one hand, components determined by multi-year assessment depend on the degree to which the target is achieved, which the Supervisory Board defines by setting the subordinate target constituted by consolidated net profit. On the other hand, these multiyear components depend on the value of the monetary sum ascribed to the Executive Board member at the beginning of each year.

Consolidated Net Profit

For this subordinate target, the basis for assessment is the consolidated net profit after minority interest excluding amortization (impairment of the value of intangible assets, such as customer databases or patents, which results from purchase price allocation within the scope of business combinations pursuant to IFRS 3). Target achievement for assessing annual variable remuneration is based on the average taken over a period of three fiscal years, beginning with the present fiscal year. To smooth the amounts to be paid out, a partial payment amounting to 50% of the target achievement for a fiscal year will be effected. Any overpayments as a result of these partial payments will be offset in the following year against other remuneration components (fixed or variable). No partial payment will be made in the year prior to an Executive Board member's resignation. Full account is thus taken of any negative results and the effects thereof continue to have an impact on the remuneration of the Executive Board member concerned even after he or she has left the company. If a defined minimum value is attained, payment of the awarded sum will increase linearly from 0% to a maximum of 120% of the subordinate target achievement value defined by the Supervisory Board. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

Phantom Stock Plan

Through the issue of shadow shares, called phantom stock, Executive Board members are treated as if they were owners of a certain number of shares in Sartorius AG, without, however, being entitled to receive dividends. The development of the value of this phantom stock is linked with the development of the Sartorius share; both increases and decreases in the share price are taken into account. Later, this phantom stock is valuated based on the share price at the time and its equivalent is paid out, provided that the associated conditions are met. Phantom stock cannot be traded and does not entail any share subscription rights.

According to the Sartorius phantom stock plan, each Executive Board member is credited at the beginning of every year with phantom stock units valued at an agreed monetary sum. The value of this phantom stock can be paid out only as an entire annual tranche. Payment can be requested, at the earliest, after a period of four years and no later than after eight years.

An Executive Board member is entitled to receive payment for phantom stock units only if the share price at the time of the payment request has appreciated at least 7.5% per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The phantom stock plan rules out subsequent changes to the parameters used for comparative stock valuation. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned.

Assignment of this phantom stock and payment of its monetary equivalent depend on the mean value calculated from the average prices of both classes of Sartorius AG share in the closing auction of Xetra trading on the Frankfurt Stock Exchange over the last 20 days of trading of the previous year or the 20 days of trading prior to submission of the payment request. This serves to compensate for any short-term fluctuations in the share price.

Payment for phantom stock is blocked for the four weeks preceding the scheduled publication date of quarterly and preliminary year-end results and for 20 days of trading on the stock exchange following the actual publication of quarterly and preliminary year-end results. These blackout periods are intended to prevent Executive Board members profiting from their insider knowledge.

Pension Commitments

Executive Board members receive pension commitments when reappointed for the first time. The level of their entitlement to benefits paid under a company pension scheme is calculated based on the salary of a German federal civil servant of salary class B for ministry officials according to the Federal Civil Service Remuneration Act (Bundesbesoldungsgesetz), and depends on the term of their respective appointments. Benefits under this company pension scheme are granted in the form of a retirement pension for old age and invalidity and in the form of survivors' benefits for the surviving spouse and children of the decedent. After a member has turned 65, this shall be considered the regular age limit at which this member shall automatically retire.

If an Executive Board member is appointed for a second time, the benefits under this company pension scheme can be extended by an externally financed pension commitment. Besides securing a basic retirement amount, this commitment provides for the Executive Board member to make his own contribution from his variable earnings and for the company to match this contribution by a bonus amount.

Severance Cap

The employment contracts concluded in connection with new appointments and reappointments include a severance pay cap of a maximum of two annual salaries to cover cases in which membership of the Executive Board is terminated prematurely.

Fringe Benefits

The members of the Executive Board are each entitled to use a company car, reclaim expenses incurred on business travel and to be covered by accident insurance and D&O insurance as fringe benefits in addition to receiving the remuneration components mentioned. The D&O insurance provides for the application of a deductible or excess in the amount required by law.

2. Remuneration of the Executive Board Members

€ in K	**2010**	2009
Total Remuneration for the Executive Board		
Cash benefits	**1,827**	**1,390**
Fixed remuneration for the fiscal year[1]	1,079	820
Variable remuneration for the fiscal year	588	570
Amount paid of variable remuneration determined using a multi-year assessment	160	0
Phantom stock units paid out	0	0
Change in the value of remuneration components determined using a multi-year assessment	**984**	**605**
Fair value of the remuneration based on multi-year performance to be allocated for the fiscal year	160	0
Change in the fair values of the remuneration based on multi-year performance from previous years	0	0
Fair value of the phantom stock units held (see separate table)	407	413
Change in the fair values of the phantom stock units apportioned in previous reporting years	417	192
Pension commitments	**261**	**66**
Addition to provisions for employee benefits	261	66

[1] In fiscal 2009, the Executive Board waived parts of its performance-independent remuneration.

€ in K	**2010**	2009
Dr. Joachim Kreuzburg		
Cash benefits	**913**	**726**
Fixed remuneration for the fiscal year[1]	525	418
Variable remuneration for the fiscal year	305	308
Amount paid of variable remuneration determined using a multi-year assessment	83	0
Phantom stock units paid out	0	0
Change in the value of remuneration components determined using a multi-year assessment	**554**	**363**
Fair value of the remuneration based on multi-year performance to be allocated for the fiscal year	83	0
Change in the fair values of the remuneration based on multi-year performance from previous years	0	0
Fair value of the phantom stock units held (see separate table)	211	242
Change in the fair values of the phantom stock units apportioned in previous reporting years	260	121
Pension commitments	**261**	**31**
Additions to provisions for retirement benefits[2]	261	31

€ in K	**2010**	2009
Jörg Pfirrmann since July, 24 2009		
Cash benefits	**369**	**144**
Fixed remuneration for the fiscal year[1]	220	84
Variable remuneration for the fiscal year	117	60
Amount paid of variable remuneration determined using a multi-year assessment	32	0
Phantom stock units paid out	0	0
Change in the value of remuneration components determined using a multi-year assessment	**126**	**39**
Fair value of the remuneration based on multi-year performance to be allocated for the fiscal year	32	0
Change in the fair values of the remuneration based on multi-year performance from previous years	0	0
Fair value of the phantom stock units held (see separate table)	81	39
Change in the fair values of the phantom stock units apportioned in previous reporting years	13	-

[1] In fiscal 2009, the Executive Board waived parts of its performance-independent remuneration.

[2] The additions figure for 2010 is much higher than it would otherwise be as a result of changes in valuation assumptions and methods following the amendments introduced to the German Commercial Code (HGB) by the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), as the entire amount of the addition associated with the conversion has been recorded in fiscal 2010 as permitted under the option provided. Applying the same valuation parameters as in the previous year would have yielded an addition of around € 39,000.

€ in K	**2010**	2009
Reinhard Vogt since July, 24 2009		
Cash benefits	**545**	**225**
Fixed remuneration for the fiscal year[1]	334	136
Variable remuneration for the fiscal year	166	89
Amount paid of variable remuneration determined using a multi-year assessment	45	0
Phantom stock units paid out	0	0
Change in the value of remuneration components determined using a multi-year assessment	**180**	**58**
Fair value of the remuneration based on multi-year performance to be allocated for the fiscal year	45	0
Change in the fair values of the remuneration based on multi-year performance from previous years	0	0
Fair value of the phantom stock units held (see separate table)	115	58
Change in the fair values of the phantom stock units apportioned in previous reporting years	20	-

€ in K	**2010**	2009
Dr. Günther Maaz until July. 24, 2009		
Cash benefits[2]	**0**	**295**
Fixed remuneration for the fiscal year[1]	-	182
Variable remuneration for the fiscal year	-	113
Amount paid of variable remuneration determined using a multi-year assessment	-	0
Phantom stock units paid out	-	0
Change in the value of remuneration components determined using a multi-year assessment	**124**	**145**
Fair value of the remuneration based on multi-year performance to be allocated for the fiscal year	0	0
Change in the fair values of the remuneration based on multi-year performance from previous years	0	0
Fair value of the phantom stock units held (see separate table)	-	74
Change in the fair values of the phantom stock units apportioned in previous reporting years	124	71
Pension commitments	**-**	**35**
Addition to provisions for employee benefits	-	35

[1] In fiscal 2009, the Executive Board waived parts of its performance-independent remuneration.
[2] up to the time he left the company

€ in K	**2010** **Fair value at year end Dec. 31, 2010**	2009
Remuneration determined using a multi-year assessment		
Dr. Joachim Kreuzburg		
Variable remuneration determined using a multi-year assessment for 2010	166	0
- of which paid in fiscal 2010 as advance pay	83	0
- of which to be paid in fiscal 2012 at its then fair value	83	0
Jörg Pfirrmann since July, 24 2009		
Variable remuneration determined using a multi-year assessment for 2010	64	0
- of which paid in fiscal 2010 as advance pay	32	0
- of which to be paid in fiscal 2012 at its then fair value	32	0
Reinhard Vogt since July, 24 2009		
Variable remuneration determined using a multi-year assessment for 2010	90	0
- of which paid in fiscal 2010 as advance pay	45	0
- of which to be paid in fiscal 2012 at its then fair value	45	0

Components with a Long-term Incentive Effect	Number of phantom stock units	Price on assignment[1] in €	Fair value when granted on Jan. 1 of the particular year € in K	Fair value at year-end on Dec. 31, 2010 € in K	Paid out € in K	exercisable
Dr. Joachim Kreuzburg						
Tranche of phantom stock units for 2005	4,053	15.42	63	108	0	yes
Tranche of phantom stock units for 2006	3,871	21.31	83	103	0	no
Tranche of phantom stock units for 2007	3,593	34.79	125	96	0	no
Tranche of phantom stock units for 2008	4,754	28.92	138	123	0	no
Tranche of phantom stock units for 2009	16,851	8.16	138	323	0	no
Tranche of phantom stock units, fiscal 2010	8,715	15.78	138	211	0	no
	41,837		**685**	**964**	**0**	
Jörg Pfirrmann						
Tranche of phantom stock units for 2009	2,703	8.16	22	52	0	no
Tranche of phantom stock units, fiscal 2010	3,334	15.78	53	81	0	no
	6,037		**75**	**133**	**0**	
Reinhard Vogt						
Tranche of phantom stock units for 2009	4,054	8.16	33	78	0	no
Tranche of phantom stock units, fiscal 2010	4,754	15.78	75	115	0	no
	8,808		**108**	**193**	**0**	
Dr. Günther Maaz until July. 24, 2009						
Tranche of phantom stock units for 2005	2,594	15.42	40	64	0	yes
Tranche of phantom stock units for 2006	2,580	21.31	55	69	0	no
Tranche of phantom stock units for 2007	1,796	34.79	63	48	0	no
Tranche of phantom stock units for 2008	2,507	28.92	73	65	0	no
Tranche of phantom stock units for 2009	5,162	8.16	42	99	0	no
	14,639		**273**	**345**	**0**	

[1] Average share price over the last 20 days of trading in the previous fiscal year

3. Main Features of the Remuneration Plan for the Supervisory Board

The remuneration for Supervisory Board members is defined in the bylaws of Sartorius AG and comprises both fixed and performance-related components.

The members of the Supervisory Board receive fixed annual basic remuneration and meeting attendance fees. They also have their expenses reimbursed and receive performance-related remuneration that is calculated according to a defined index on the basis of the dividends paid to the ordinary shareholders. The Supervisory Board members serving as chairperson and vice chairperson of the Supervisory Board receive higher basic remuneration and a correspondingly higher dividend-dependent remuneration component than do the other Supervisory Board members.

Members and chairpersons of Supervisory Board committees are entitled to receive additional annual fixed amounts and meeting attendance fees and reimbursement of their additional expenses. These amounts do not apply in relation to the Nomination Committee or to the committee pursuant to Section 27, Subsection 3, of the German Codetermination Law (MitBestG).

4. Remuneration of the Supervisory Board Members

€ in K	**2010**	2009
Remuneration for the Supervisory Board Members		
Total remuneration	**693**	**628**
Fixed remuneration	296	293
Performance-related remuneration	149	73
Compensation for committee work	60	60
Meeting attendance fee	109	148
Total remuneration for the Sartorius Stedim Biotech Subgroup	79	54
Remuneration from the Sartorius Stedim Biotech GmbH, Göttingen	38	38
Remuneration from the Sartorius Stedim Biotech S.A., Aubagne	41	16

€ in K	**2010**	2009
Prof. Dr. Dres. h.c. Arnold Picot (Chairman)		
Total remuneration	**203**	**173**
Fixed remuneration	60	60
Performance-related remuneration	30	15
Compensation for committee work	18	18
Meeting attendance fee	16	26
Total remuneration for the Sartorius Stedim Biotech Subgroup	79	54
Remuneration from the Sartorius Stedim Biotech GmbH, Göttingen	38	38
Remuneration from the Sartorius Stedim Biotech S.A., Aubagne	41	16

€ in K	**2010**	2009
Gerd-Uwe Boguslawski[1] (Vice Chairman)		
Total remuneration	**87**	**88**
Fixed remuneration	40	40
Performance-related remuneration	20	10
Compensation for committee work	12	12
Meeting attendance fee	15	26

€ in K	**2010**	2009
Dr. Dirk Basting		
Total remuneration	**35**	**30**
Fixed remuneration	20	20
Performance-related remuneration	10	5
Meeting attendance fee	5	5

€ in K	**2010**	2009
Annette Becker[1]		
Total remuneration	**36**	**31**
Fixed remuneration	20	20
Performance-related remuneration	10	5
Meeting attendance fee	6	6

€ in K	**2010**	2009
Christiane Benner[1]		
Total remuneration	**36**	**30**
Fixed remuneration	20	20
Performance-related remuneration	10	5
Meeting attendance fee	6	5

€ in K	**2010**	2009
Uwe Bretthauer[1]		
Total remuneration	**58**	**63**
Fixed remuneration	20	20
Performance-related remuneration	10	5
Compensation for committee work	12	12
Meeting attendance fee	16	26

€ in K	**2010**	2009
Michael Dohrmann[1]		
Total remuneration	**36**	**31**
Fixed remuneration	20	20
Performance-related remuneration	10	5
Meeting attendance fee	6	6

[1] The employee representatives declared that they donate their Supervisory Board remuneration to the foundation Hans Böckler Stiftung according to the guidelines of the German Trade Union Association

€ in K	**2010**	2009
Dr. Lothar Kappich		
Total remuneration	**36**	**31**
Fixed remuneration	20	20
Performance-related remuneration	10	5
Meeting attendance fee	6	6

€ in K	**2010**	2009
Prof. Dr. Gerd Krieger		
Total remuneration	**34**	**31**
Fixed remuneration	20	20
Performance-related remuneration	10	5
Meeting attendance fee	4	6

€ in K	**2010**	2009
Prof. Dr. rer. nat. Dr.-Ing. Heribert Offermanns		
Total remuneration	**36**	**31**
Fixed remuneration	20	20
Performance-related remuneration	10	5
Meeting attendance fee	6	6

€ in K	**2010**	2009
Dr. Michael Schulenburg		
Total remuneration	**63**	**68**
Fixed remuneration	20	20
Performance-related remuneration	10	5
Compensation for committee work	18	18
Meeting attendance fee	15	25

€ in K	**2010**	2009
Petra Kirchhoff (from October 1, 2010)		
Total remuneration	**11**	**0**
Fixed remuneration	5	0
Performance-related remuneration	3	0
Meeting attendance fee	3	0

€ in K	**2010**	2009
Manfred Werner[1] (from March 7, 2010, until September 30, 2010)		
Total remuneration	22	21
Fixed remuneration	11	13
Performance-related remuneration	6	3
Meeting attendance fee	5	5

[1] His position remained dormant from August 27, 2009, until March 6, 2010.

5. Remuneration of Former Managing Directors

€ in K	**2010**	2009
Remuneration of Former Managing Directors		
Remuneration of former managing directors, directors and their surviving dependents	282	1,084
Retirement benefits and pension obligations to former members of the Executive Board and their surviving dependents[1]	5,937	4,991

[1] Retirement benefits and pension obligations increased significantly on December 31, 2010 as a result of changes in valuation assumptions and methods following the amendments introduced to the German Commercial Code (HGB) by the German Accounting Law Modernization Act (Bilanzrechtsmodernisierunsgesetz, BilMoG), as the entire amount of the increase was incorporated into the balance sheet on this date as permitted under the option provided. Asset values from pledged re-insurance cover were offset against the retirement benefits and pension obligations for the first time after the HGB had been amended. Applying the same valuation parameters as in the previous year would have yielded a figure for retirement benefits and pension obligations of around € 5,090,000.

Consolidated Financial Statements and Notes

03

Statement of Financial Position

Assets	Notes	**Dec. 31, 2010 € in K**	Dec. 31, 2009 € in K
A. Non-current Assets			
I. Goodwill	[10]	291,856	291,856
II. Intangible assets	[10]	110,675	114,586
III. Property, plant and equipment	[11]	151,188	150,863
IV. Financial assets	[12]	5,790	5,689
		559,510	**562,994**
V. Non-current trade and other receivables	[13]	1,873	2,997
VI. Deferred tax assets	[14]	24,268	21,478
		585,650	**587,469**
B. Current Assets			
I. Inventories	[15]	76,757	69,603
II. Trade receivables	[16]	95,565	82,992
III. Current tax assets		5,255	6,150
IV. Other assets	[16]	16,773	15,634
V. Cash and cash equivalents	[17]	27,743	58,576
		222,092	**232,955**
		807,742	**820,424**

Equity and Liabilities	Notes	**Dec. 31, 2010 € in K**	Dec. 31, 2009 € in K
A. Equity			
I. Issued capital	[18]	17,047	17,047
II. Capital reserves	[19]	86,988	86,988
III. Other reserves and retained earnings	[20|21|22]	173,140	168,541
IV. Minority interest		50,006	46,669
		327,182	**319,245**
B. Non-current Liabilities			
I. Pension provisions	[23]	42,772	36,969
II. Deferred tax liabilities	[14]	38,251	37,861
III. Other provisions	[23]	10,309	7,886
IV. Loans and borrowings	[24]	206,608	261,414
V. Other liabilities	[24]	111	192
		298,051	**344,322**
C. Current Liabilities			
I. Provisions	[25]	17,255	23,100
II. Trade payables	[26]	60,377	42,220
III. Loans and borrowings	[26]	18,062	21,867
IV. Current tax liabilities	[26]	20,258	14,024
V. Other liabilities	[26]	66,558	55,647
		182,509	**156,857**
		807,742	**820,424**

Income Statement

	Notes	**2010 € in K**	2009 € in K
1. Sales revenue	[30]	659,317	602,084
2. Cost of sales	[31]	–343,160	–329,799
3. Gross profit on sales		**316,157**	**272,285**
4. Selling and distribution costs	[32]	–148,527	–137,457
5. Research and development costs	[33]	–42,634	–40,156
6. General administrative expenses	[34]	–39,055	–37,587
7. Other operating income and expenses	[35]	–6,748	–26,166
		–236,964	–241,366
8. Earnings before interest, taxes and amortization (EBITA)		**79,193**	**30,919**
9. Amortization		–7,117	–7,033
10. Earnings before interest and taxes (EBIT)		**72,075**	**23,886**
11. Interest and similar income	[36]	359	456
12. Interest and similar expenses	[36]	–9,717	–14,070
13. Financial result		**–9,358**	**–13,614**
14. Profit before tax		**62,717**	**10,273**
15. Income tax expense	[37]	–21,396	–15,535
16. Deferred tax income | expenses	[37]	1,709	9,297
17. Other taxes		–2,346	–3,060
		–22,033	**–9,298**
18. Net profit		**40,684**	**975**
Attributable to:			
Equity holders of the parent		31,020	–7,305
Minority interest		9,664	8,280
Earnings per ordinary share (€)	[38]	1.82	–0.43
Earnings per preference share (€)	[38]	1.82	–0.43

Statement of Comprehensive Income

	Notes	**2010 € in K**	2009 € in K
Net profit for the period		40,684	975
Cash flow hedges	[29]	2,313	1,360
Actuarial gains | losses on defined benefit obligations	[23]	–4,164	–956
Differences resulting from currency translation		9,742	–1,412
Net investment in a foreign operation		–963	64
Deferred taxes		885	–171
Net income recognized directly in equity		**7,813**	**–1,115**
Total recognized income and expense		**48,497**	**–140**
Attributable to:			
Equity holders of the parent		37,854	–8,239
Minority interest		10,643	8,099

The Notes to the Consolidated Financial Statements are an integral part of these statements.

Statement of Cash Flows

	Notes	**2010 € in K**	2009 € in K
Cash flow from operating activities			
Net profit after minority interest		31,020	–7,305
Minority interest		9,664	8,280
Tax expenses	[37]	22,033	9,298
Financial expenses	[36]	9,358	13,614
Depreciation | amortization of fixed assets		31,853	33,448
Increase | decrease in provisions	[23|25]	–5,532	12,383
Increase | decrease in receivables and other assets	[13|16]	–4,823	43,117
Increase | decrease in inventories	[15]	–4,973	25,305
Increase | decrease in liabilities (without loans and borrowings)	[24|26]	21,674	9,190
Income taxes paid	[37]	–14,267	–3,966
Net cash flow from operating activities		**96,008**	**143,364**
Cash flows from investing activities			
Payments for financial assets	[12]	–237	–744
Payments for property, plant and equipment	[11]	–15,795	–15,787
Income from the sale of fixed assets		1,987	2,724
Payments for intangible assets	[10]	–8,564	–8,084
Acquisition of subsidiaries	[2|5]	0	–103,691
Net cash flow from investing activities		**–22,609**	**–125,582**
Cash flows from financing activities			
Interest received	[36]	359	456
Interest paid	[36]	–5,837	–11,241
Other financial charges	[36]	0	–323
Dividends paid to:			
Shareholders of the parent company		–6,989	–6,989
Minority shareholders		–2,329	–1,539
Changes in minority interest		741	488
Acquisition of additional shares in subsidiaries	[2|5]	–32,007	–5,804
Loans and borrowings raised | repaid	[24|26]	–58,869	43,836
Net cash flow from financing activities		**–104,931**	**18,884**
Net increase | decrease in cash and cash equivalents		–31,532	36,666
Cash and cash equivalents at the beginning of the period		58,576	21,948
Net effect of currency translation on cash and cash equivalents		699	–38
Cash and cash equivalents at the end of the period		27,743	58,576
Gross debt owed to banks		**224,669**	**283,281**
Net debt owed to banks		**196,926**	**224,705**

Statement of Changes in Equity

€ in K	Notes	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits
Balance at Jan. 1, 2009		**17,047**	**86,988**	**–627**	**–1,319**	**200,196**
Net income recognized directly in equity		**0**	**0**	**830**	**–585**	**32**
Net profit for the period		0	0	0	0	–7,305
Total recognized income and expense		**0**	**0**	**830**	**–585**	**–7,273**
Dividends		0	0	0	0	–6,989
Acquisition of additional shares in subsidiaries	[5]	0	0	0	0	–2,735
Change in minority interest		0	0	0	0	376
Other changes in equity		0	0	0	0	437
Balance at Dec. 31, 2009 | Jan. 1, 2010		**17,047**	**86,988**	**203**	**–1,904**	**184,012**
Net income recognized directly in equity		**0**	**0**	**1,334**	**–2,647**	**–507**
Net profit for the period		0	0	0	0	31,020
Total recognized income and expense		**0**	**0**	**1,334**	**–2,647**	**30,513**
Dividends		0	0	0	0	–6,989
Acquisition of additional shares in subsidiaries	[5]	0	0	0	0	–26,751
Change in minority interest		0	0	0	0	–279
Other changes in equity		0	0	0	0	765
Balance at December 31, 2010		**17,047**	**86,988**	**1,537**	**–4,551**	**181,271**

The item "Acquisition of additional shares in subsidiaries" discloses the purchase of the 20% remaining stake in Wave Biotech AG (in 2009) and the purchase of additional shares in Sartorius Stedim Biotech S.A. (cf. Section 5 in addition).

Difference resulting from currency translation	Total	Minority interest	Total equity
–12,559	**289,726**	**43,656**	**333,382**
–1,211	**–934**	**–181**	**–1,115**
0	–7,305	8,280	975
–1,211	**–8,239**	**8,099**	**–140**
0	–6,989	–1,539	–8,528
0	–2,735	–3,171	–5,906
0	376	–376	0
0	437	0	437
–13,770	**272,576**	**46,669**	**319,245**
8,654	**6,834**	**979**	**7,813**
0	31,020	9,664	40,684
8,654	**37,854**	**10,643**	**48,497**
0	–6,989	–2,329	–9,318
0	–26,751	–5,256	–32,007
0	–279	279	0
0	765	0	765
–5,116	**277,176**	**50,006**	**327,182**

Segment Reports

Operating Segments

		Biotechnology			Mechatronics				
€ in millions	**2010**	2009	Change	**2010**	2009	Change			
Order intake	442.3	409.2	8.1%	238.8	205.9	16.0%			
Sales revenue	432.6	400.4	8.0%	226.7	201.7	12.4%			
- as a total %	65.6%	66.5%		34.4%	33.5%				
EBITDA	83.0	71.2	16.6%	20.9	−13.9	250.9%			
- as a % of sales revenue	19.2%	17.8%		9.2%	−6.9%				
EBITA	67.2	55.5	20.9%	12.0	−24.6	148.9%			
- as a % of sales revenue	15.5%	13.9%		5.3%	−12.2%				
Amortization									
Financial result									
Profit before tax									
Depreciation and amortization	23.0	22.7	1.3%	8.9	10.8	−17.6%			
Capital expenditures	16.7	15.7	6.0%	7.7	8.1	−5.6%			
- as a % of sales revenue	3.9%	3.9%		3.4%	4.0%				
Total assets of the group	655.3	678.6	−3.4%	152.4	141.8	7.5%			
- of which: working capital	107.7	93.9	14.7%	64.6	58.7	10.1%			
No. of employees at Dec. 31	2,581	2,381	8.4%	1,934	1,942	−0.4%			

Geographical Information

		Europe			North America			Asia | Pacific	
€ in millions	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change
Sales revenue									
- acc. to customers' location	346.7	343.8	0.8%	146.9	125.9	16.6%	138.8	109.4	26.8%
- as a total %	52.6%	57.1%		22.3%	20.9%		21.0%	18.2%	
- acc. to company location	412.0	398.3	3.4%	147.7	126.4	16.9%	99.6	77.4	28.7%
- as a total %	62.5%	66.2%		22.4%	21.0%		15.1%	12.9%	
EBITDA	73.5	38.1	93.2%	12.7	6.9	83.1%	16.6	11.5	44.8%
- as a % of sales revenue	17.8%	9.6%		8.6%	5.5%		16.7%	14.8%	
EBITA	52.6	15.2	244.9%	10.7	5.2	104.4%	15.0	9.8	53.6%
- as a % of sales revenue	12.8%	3.8%		7.2%	4.1%		15.1%	12.6%	
Depreciation and amortization	27.9	29.7	−6.0%	2.1	1.9	15.7%	1.6	1.7	−6.5%
Capital expenditures	20.5	17.4	17.5%	1.6	3.4	−51.9%	2.2	3.0	−28.0%
- as a % of sales revenue	5.0%	4.4%		1.1%	2.7%		2.2%	3.9%	
Non-current assets	515.1	521.7	−1.3%	15.1	15.0	0.9%	21.9	18.8	16.3%
No. of employees at Dec. 31	2,954	2,884	2.4%	551	495	11.3%	913	854	6.9%

		Non-allocated Items			Group
2010	2009	Change	**2010**	2009	Change
			681.1	615.1	10.7%
			659.3	602.1	9.5%
			100.0%	100.0%	
			103.9	57.3	81.3%
			15.8%	9.5%	
			79.2	30.9	156.1%
			12.0%	5.1%	
–7.1	–7.0	–1.2%	–7.1	–7.0	–1.2%
–9.4	–13.6	31.3%	–9.4	–13.6	31.3%
			62.7	**10.3**	**510.5%**
			31.9	33.4	–4.8%
			24.4	23.9	2.0%
			3.7%	4.0%	
			807.7	820.4	–1.5%
			172.3	152.6	12.9%
			4,515	4,323	4.4%

		Other Markets			Group
2010	2009	Change	**2010**	2009	Change
27.1	22.9	18.1%	659.3	602.1	9.5%
4.1%	3.8%		100.0%	100.0%	
			659.3	602.1	9.5%
			100.0%	100.0%	
1.1	0.9	27.0%	103.9	57.3	81.3%
			15.8%	9.5%	
0.9	0.7	36.3%	79.2	30.9	156.1%
			12.0%	5.1%	
0.2	0.2	1.3%	31.9	33.4	–4.8%
0.1	0.0	125.7%	24.4	23.9	2.0%
			3.7%	4.0%	
1.6	1.8	–10.5%	553.7	557.3	–0.6%
97	90	7.8%	4,515	4,323	4.4%

Notes to the Consolidated Financial Statements

Sartorius AG is a listed joint stock corporation established according to German law and is the highest-level parent company of the Sartorius Group. The corporation is recorded in the German Commercial Register of the District Court of Goettingen (HRB 1970) and is headquartered in Weender Landstrasse 94–108, Goettingen, Federal Republic of Germany.

The Sartorius Group is a leading international laboratory and process technology provider covering the segments of biotechnology and mechatronics. Its biotechnology segment focuses on the major areas of activity of filtration, fluid management, fermentation, purification, laboratory applications and services. In the mechatronics segment, the Sartorius Group primarily manufactures equipment and systems featuring weighing, measurement and automation technology for laboratory and industrial applications. Key Sartorius customers are from the pharmaceutical and food industries and from numerous research and educational institutes of the public sector.

1. Accounting Principles

The consolidated financial statements of Sartorius AG for the year ended December 31, 2010, were prepared in accordance with §315a, Subsection 1, of the German Commercial Code (HGB) in conjunction with Art. 4 of the Regulation (EC) No. 1606/2002 of the European Parliament and Council, dated July 19, 2002 (OJ L243 p. 1). These statements conform to the accounting standards of the International Accounting Standards Board (IASB) – the International Financial Reporting Standards (IFRS) – observing all IFRS | IAS to be applied effective December 31, 2010, as well as the corresponding interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The requirements imposed by these regulations were met without exception so that the consolidated financial statements of Sartorius AG present a true and fair view of the financial, liquidity and earnings positions, as well as the cash flows during the past financial year. The Executive Board is scheduled to submit the consolidated financial statements on March 9, 2011, to the Supervisory Board.

2. Cash Flow Statement

In the cash flow statement, cash flows are presented in tabular form, according to operating activities, investing activities and financing activities.

In this instance, cash flows from operating activities are calculated using the indirect method; i.e., expenses not affecting payments are added to the net profit, while income without an effect on payments is subtracted.

In the previous reporting year, cash flows from investing activities covered the purchase of additional shares in Stedim S.A., in addition to operating investments in intangible assets and property, plant and equipment. Because of the new rules in IAS 7 in conjunction with IAS 27, this purchase transaction is considered an equity transaction between related parties and must therefore be disclosed in the cash flows from financing activities. To enhance the clarity of this presentation, the presentation for the previous year was adapted accordingly.

Cash flows from financing activities are comprised of loans and borrowings and dividend payments, as well as transactions between owners. Cash and cash equivalents include all liquid assets, i.e., all cash on hand and deposits to banks.

3. Segment Reporting

According to IFRS 8, Operating Segments, segments are defined by the so-called management approach; i.e., the segments are defined analogously to the internal control and reporting structure of an entity. Therefore, an area of activity is to be considered an operating segment if its business activities may result in revenues and expenses, its operating results are regularly reviewed by the entity's chief operating decision maker and discrete financial information is available in its internal reporting. Internal control and reporting in the Sartorius Group is primarily done on the basis of its two divisions, Biotechnology and Mechatronics. Accordingly, the Group's operating segments must be defined on this basis.

The Sartorius Group uses EBITA, i.e., earnings before interest, taxes and amortization, as the key profitability measure. Amortization in this context refers to impairments of goodwill and to the purchase price allocation (PPA) to intangible assets according to IFRS 3. Therefore, amortization and income tax, as well as interest expense and income, are not included in the operating results of the segments for the respective reporting period. The recognition and measurement methods for the reportable segments conform to the general Group accounting guidelines.

The results reported by the segments for fiscal 2010 include expenses of €0.3 million for the Mechatronics Division (2009: €2.8 million) and €1.3 million for the Biotechnology Division (2009: €1.7 million), respectively, for impairment losses.

The segment assets that are relevant for management's decision making comprise inventories and trade receivables (= working capital); for this reason, these assets are reported on separately. Segment debt is not reported on a regular basis to the chief operating decision maker and is thus not an integral part of our segment reporting.

In fiscal 2010, all employees responsible for Group-wide administrative tasks at Sartorius Corporate Administration GmbH (SCA) were mathematically allocated to the Mechatronics Division.

Concerning the geographical information, the following applies: The European region includes the markets of Western and Eastern Europe. The North American region reflects the U.S. marketplace and the Canadian market. Japan, China, Australia and India, among other countries, were allocated to the Asia | Pacific region. The Other Markets segment primarily consists of Latin America and Africa. The key figures of the regional segments refer to the company location, except for sales revenue, which is also reported according to the customer's location. The non-current assets correspond to property, plant and equipment as well as to intangible assets of the Group affiliates that are to be allocated to these various regions. In the European region, the following countries account for the material non-current assets: Germany (€138.9 million; €139.0 million in 2009) and France (€356.9 million; €364.2 million in 2009). Goodwill resulting from purchase price allocation concerning the Stedim acquisition and the associated intangible assets were regionally allocated to France.

4. Principles and Methods of Consolidation

The consolidated financial statements of Sartorius AG include the annual financial statements of all material companies, which are controlled directly or indirectly by Sartorius AG via its subsidiaries. In terms of IAS 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries, a controlling interest exists if Sartorius AG or its subsidiaries have the power to govern the financial and operating policies of an enterprise so as to obtain economic benefits from its activities. Such enterprises are included in the consolidated financial statements from the time when Sartorius AG or its subsidiaries acquired such control. They are no longer included as of the time control is relinquished.

Capital has been consolidated in accordance with the purchase method, under which the acquisition costs of the shareholding are offset against their equity share at the time of the acquisition. Any excess of the acquisition costs over the fair value of the identifiable assets and liabilities is disclosed as goodwill, unless it can be allocated to the other assets of the subsidiary. Goodwill may not be amortized as scheduled, but rather must be tested for impairment at least annually according to IFRS 3. Any impairment loss is immediately recognized in the result for the period and is not reversed in subsequent periods.

Any excess of the parent corporation's interest beyond the cost of the business combination, which resulted from initial consolidation, is recognized in the income statement, provided that after reassessment it cannot be allocated as identifiable assets, liabilities and contingent liabilities of the acquiree.

Minority interest is recognized as the percentage of the identifiable net assets of the acquiree.

The acquisition of additional shares in a subsidiary is treated as a transaction between owners. The difference between the cost of acquisition and the minority share is directly recognized in equity.

Subsidiaries have been included on the basis of their annual financial statements, which have been adapted to uniform Group recognition and measurement methods.

Accounts receivable and debts between the consolidated companies have been netted out, and internal Group valuation allowances and provisions reversed. Intragroup results, revenues and expenses have been eliminated. Taxes are deferred on consolidation processes.

The consolidation methods applied have remained unchanged with respect to the previous year's figures that were contrasted with the figures of fiscal 2010 for comparative purposes. Therefore, a description of the effect on the net worth, financial situation and profitability is omitted.

5. Scope of Consolidation and List of Subsidiaries

The Group financial statements include the financial statements of Sartorius AG and of the following fully consolidated subsidiaries and investments in subsidiaries and participating interests carried at cost:

	Sartorius AG's ownership in %	Equity at Dec. 31, 2010 € in K	Net profit at Dec. 31, 2010 € in K	Consolidated
Sartorius AG, Goettingen, Germany	Parent corporation	156,294	10,889	X
Sartorius Stedim Biotech S.A., Aubagne, France, along with its subsidiaries:	74.5	96,188	21,064	X
Europe (Biotechnology)				
Sartorius Stedim Belgium N.V., Vilvoorde, Belgium	100.0	1,276	274	X
Distribo GmbH, Goettingen, Germany *)	26.0	556	129	
Sartorius Stedim Nordic A/S, Taastrup, Denmark	100.0	42	–166	X
Sartorius Stedim Biotech GmbH, Goettingen, Germany	100.0	81,296	29,943	X
Sartorius Stedim Systems GmbH, Melsungen, Germany	100.0	13,568	–572	X
Sartorius Stedim Plastics GmbH, Goettingen, Germany	100.0	2,463	1,115	X
Munktell & Filtrak GmbH, Baerenstein, Germany *)	49.0	4,379	764	
Sartorius Stedim UK Ltd., Epsom, U.K.	100.0	1,394	1,019	X
Sartorius Stedim Lab Ltd., Louth, U.K.	100.0	1,443	678	X
Sartorius Stedim France S.A.S., Aubagne, France	100.0	3,197	1,680	X
Sartorius Stedim Aseptics S.A., Lourdes, France	100.0	3,592	1,481	X
Sartorius Stedim Italy S.p.A., Florence, Italy	100.0	3,369	733	X
Sartorius Stedim Netherlands B.V., Nieuwegein, Netherlands	100.0	701	247	X
Sartorius Stedim Austria GmbH, Vienna, Austria	100.0	668	314	X
Sartorius Stedim Poland Sp. z.o.o., Kostrzyn, Poland *)	100.0	202	7	
Sartorius Stedim Switzerland AG, Tagelswangen, Switzerland	100.0	3,876	498	X
Sartorius Stedim Spain S.A., Madrid, Spain	100.0	–375	263	X
Sartorius Stedim Hungaria Kft., Budapest, Hungary *)	100.0	318	18	
North America (Biotechnology)				
Sartorius Stedim Filters Inc., Yauco, Puerto Rico	100.0	5,577	4,412	X
Sartorius Stedim North America Inc., Bohemia, New York, USA	100.0	35,388	2,640	X
Sartorius Stedim SUS Inc., Concord, California, USA	100.0	8,501	1,716	X
Asia | Pacific (Biotechnology)				
Sartorius Stedim Australia Pty. Ltd., Dandenong South, Victoria, Australia	100.0	1,410	1,184	X
Sartorius Stedim Biotech (Beijing) Co. Ltd., Beijing, China	100.0	1,251	364	X
Sartorius Stedim India Pvt. Ltd., Bangalore, India	100.0	4,642	413	X
Sartorius Stedim Japan K.K., Tokyo, Japan	100.0	2,519	1,044	X
Sartorius Stedim Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.0	953	368	X
Sartorius Stedim Singapore Pte. Ltd., Singapore	100.0	918	576	X
Other Markets (Biotechnology)				
Sartorius Stedim SUS S.A.R.L., M'Hamdia, Tunisia	100.0	1,640	877	X

	Sartorius AG's ownership in %	Equity at Dec. 31, 2010 € in K	Net profit at Dec. 31, 2010 € in K	Consolidated
Europe (Mechatronics)				
Sartorius Mechatronics Belgium N.V., Vilvoorde, Belgium	100.0	–366	–176	X
Denver Instrument GmbH, Goettingen, Germany	100.0	1,483	89	X
Sartorius Mechatronics C&D GmbH & Co. KG, Aachen, Germany, including Sartorius-Verwaltungs-GmbH	100.0	–3,052	260	X
Sartorius Mechatronics T&H Hamburg GmbH, Hamburg, Germany	100.0	18,101	199	X
Sartorius Corporate Administration GmbH, Goettingen, Germany	100.0	639	510	X
SI Weende-Verwaltungs-GmbH, Goettingen, Germany	100.0	24	–1	X
SIV Weende GmbH & Co. KG, Goettingen, Germany	100.0	2,783	53	X
SI Grone 1-Verwaltungs-GmbH, Goettingen, Germany	100.0	25	0	X
SIV Grone 1 GmbH & Co. KG, Goettingen, Germany	100.0	10	0	X
SI Grone 2-Verwaltungs-GmbH, Goettingen, Germany	100.0	25	0	X
SIV Grone 2 GmbH & Co. KG, Goettingen, Germany	100.0	10	0	X
Sartorius Beteiligungs GmbH, Goettingen, Germany	100.0	25	0	X
Sartorius Mechatronics UK Ltd., Epsom, UK	100.0	2,145	231	X
Sartorius Mechatronics France S.A.S., Palaiseau, France	100.0	385	–283	X
VL Finance S.A.S., Aubagne, France	100.0	50,924	13,357	X
Sartorius Mechatronis Italy S.r.l., Florence, Italy	100.0	976	40	X
Sartorius Mechatronics Netherlands B.V., Nieuwegein, Netherlands	100.0	–358	162	X
Sartorius Mechatronics Austria GmbH, Vienna, Austria	100.0	3,008	333	X
Sartorius Mechatronics Poland Sp. z.o.o., Kostrzyn, Poland *)	100.0	543	192	
ZAO Sartogosm, St. Petersburg, Russia *)	51.0	76	86	
OOO Sartorius ICR, St. Petersburg, Russia	100.0			
Sartorius Mechatronics Switzerland AG, Dietikon, Switzerland	100.0	–314	–76	X
Sartorius Mechatronics Spain, S.A., Madrid, Spain	100.0	–795	117	X
Sartorius Mechatronics Hungaria Kft., Budapest, Hungary *)	100.0	657	72	
North America (Mechatronics)				
Sartorius North America Inc., Bohemia, New York, USA	100.0	24,167	0	X
Sartorius Mechatronics Corporation, Bohemia, New York, USA	100.0	7,180	–957	X
Sartorius TCC Company, Arvada, Colorado, USA	100.0	6,498	81	X
Sartorius Mechatronics Canada Inc., Mississauga, Canada	100.0	108	–152	X

	Sartorius AG's ownership in %	Equity at Dec. 31, 2010 € in K	Net profit at Dec. 31, 2010 € in K	Consolidated
Asia | Pacific (Mechatronics)				
Sartorius Mechatronics Australia Pty. Ltd., Dandenong South, Victoria, Australia	100.0	371	207	X
Denver Instrument (Beijing) Co., Limited Beijing, China	100.0	4,964	84	X
Sartorius Scientific Instruments (Beijing) Co. Ltd., Beijing, China	100.0	14,639	2,759	X
Sartorius Mechatronics Hong Kong Ltd., Kowloon, Hong Kong	100.0	3,709	1,288	X
Sartorius Mechatronics India Pvt. Ltd., Bangalore, India	100.0	5,757	578	X
PT. Sartorius Mechatronics Indonesia, Jakarta, Indonesia *)	95.0	39	19	
Sartorius Mechatronics Japan K.K., Tokyo, Japan	100.0	6,783	1,257	X
Sartorius Mechatronics Philippines Inc., Makati City, Philippines *)	100.0	268	69	
Sartorius Mechatronics Singapore Pte. Ltd., Singapore	100.0	870	162	X
Sartorius Mechatronics Korea Ltd., Seoul, South Korea	100.0	2,753	544	X
Sartorius Mechatronics (Thailand) Co. Ltd., Bangkok, Thailand	49.0	280	134	X
Other Markets (Mechatronics)				
Sartorius Argentina S.A., Buenos Aires, Argentina *)	99.0	372	97	
Sartorius do Brasil Ltda., São Paulo, Brazil *)	100.0	–673	–297	
Sartorius de México S.A. de C.V., Naucalpan, Mexico *)	99.0	189	78	

As the financial statements of the subsidiaries identified by an *) were not available at the time our consolidated financial statements were prepared, the information from the annual financial statements from 2009 were considered.

The non-consolidated companies were not included in the consolidated Group financial statements because they have minor importance for assessment of the actual net worth, financial situation and profitability of the Sartorius Group. Instead, these companies were accounted for at acquisition cost.

Change in the Scope of Consolidation

The subsidiaries SIV Weende-Verwaltungs-GmbH and SIV Weende GmbH & Co. KG, as well as the subsidaries SIV Grone-Verwaltungs-GmbH and SIV Grone GmbH & Co. KG, and Sartorius Beteiligungs GmbH were consolidated in the Group financial statements for the first time. These companies were founded in the reporting year.

Furthermore, in fiscal 2010, various internal reorganization measures were carried out in the Group; in particular, this restructuring involved combining unit operations.

The shares of the companies not included in the consolidated financial statements were not accounted for at fair value because no active market exists for them, and an appraisal report was not obtained due to minor importance.

Acquisition of Stedim

In the second quarter of 2010, the Sartorius Stedim Biotech (SSB) subgroup initiated a share buyback program in which Sartorius AG participated as the majority shareholder with a controlling interest in this subgroup and sold shares to its subsidiary SSB S.A. From the Sartorius Group viewpoint, 429,938 SSB shares valued at €16.0 million were repurchased from the minority shareholders within the scope of this program, after Sartorius AG had already acquired an additional 502,000 shares, likewise valued at €16.0 million, in SSB S.A. as early as in the first quarter of 2010. In the third and fourth quarters of the reporting year, no further shares were purchased. As of the reporting date, the Group thus holds 74.5% (2009: 71.8%) of Sartorius Stedim Biotech shares and 76.9% (2009: 74.7%) of the voting rights in this company.

In the previous reporting year, share price warrants of €103.7 million were paid to former Stedim shareholders. Goodwill had decreased by the amount of the difference (€0.6 million) between actual payment for these warrants and the acquisition costs recognized as of December 31, 2008.

6. Recognition and Measurement Principles

The consolidated financial statements of Sartorius AG have been prepared in accordance with the regulations of the IASB. In the course of the transition to the International Financial Reporting Standards, methods of recognition and measurement have been applied which diverge from the provisions of German commercial law.

Compared to the year-earlier consolidated financial statements, the following Standards and Interpretations were to be obligatorily applied for the first time:

- Revised IFRS 1: First-time Adoption of IFRS
- Amendments to IFRS 1: Additional Exemptions for First-time Adopters
- Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions
- Revised IFRS 3: Business Combinations
- Amendments to IAS 27: Consolidated and Separate Financial Statements
- Amendments to IAS 39: Financial Instruments: Recognition and Measurement: Eligible Hedged Items
- Various: Annual Improvements to IFRSs (issued in April 2009)
- Amendments to IFRIC 9 and IAS 39: Embedded Derivatives
- IFRIC 12: Service Concession Arrangements
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- IFRIC 17: Distributions of Non-Cash Assets to Owners
- IFRIC 18: Transfers of Assets from Customers

The first-time application of the Standards and Interpretations listed above did not result in any material impacts on the Group financial statements of Sartorius AG.

The following Standards, Interpretations or revisions were not yet applied to the consolidated financial statements of the reporting year as they had not yet been adopted by the EU or their application was not obligatory for 2010:

Standard | Interpretation	Title	Applicable for financial years from	Endorsement by the EU comission
Standard			
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010	Yes
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011	No
Amendments to IFRS 7	Financial Instruments: Disclosures	July 1, 2011	No
IFRS 9	Financial Instruments	January 1, 2013	No
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2012	No
Revised IAS 24	Related Party Disclosures	January 1, 2011	Yes
Amendments to IAS 32	Financial Instruments: Presentation: Classification of Rights Issues	February 1, 2010	Yes
Various	Annual Improvements to IFRSs (issued in May 2010)	Predominantly January 1, 2011	No
Interpretation			
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement	January 1, 2011	Yes
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	Yes

The process of measuring the potential impact of these Standards and Interpretations on the net worth, financial position and earnings of the Sartorius Group is in progress and so a reliable assessment of this impact cannot be given at this point. Presently, first-time application is planned for each reporting period in which the Standards, Interpretations or Amendments must be obligatorily applied.

During the preparation of consolidated financial statements, estimates must be used to a certain degree, and these affect the recognized sums of the assets, equity and liabilities as well as income and expenses during the reporting period. The major issues affected by such estimates, assessments and assumptions concern the recoverable amounts of trade receivables, assumptions about the future cash flows of cash-generating units and development projects, the recoverability of deferred tax assets, the periods of useful life of property, plant and equipment and warranty or guarantee obligations, as well as assets and obligations related to employee benefits. The amounts actually yielded may differ from these estimates.

7. Presentation of the Statement of Financial Position and the Statement of Comprehensive Income

To enhance the clarity of the presentation, individual balance sheet and income statement items have been combined and reported separately in the Notes. To better account for the particularities of the consolidation, other earnings reserves and retained profits have been combined into a single item in the consolidated financial statements.

The income and expenses disclosed for the period were reported in two statements: an income statement presented using the cost-of-sales method and a statement of comprehensive income that discloses the total comprehensive income.

The Sartorius Group uses earnings before interest, taxes and amortization (EBITA) as the key profitability measure. Amortization in this context refers to impairments and amortization of goodwill and to the intangible assets resulting from purchase price allocation (PPA) according to IFRS 3.

8. Currency Translation

The consolidated financial statements of Sartorius AG are prepared in thousands of euros [abbreviated throughout text and tables as K]. In the annual financial statements of the individual companies, foreign currency transactions have been translated at the exchange rates applicable at the time of the transaction. Monetary assets and debts whose value is given in a foreign currency have been translated at the exchange rate on the balance sheet date. Rate gains and losses have been recognized directly in the item “Other operating income and expenses.”

The Group concludes option and forward contracts to hedge against currency risks. The Group's recognition and measurement methods with respect to these derivative financial instruments are presented under Section 29.

Subsidiaries’ annual financial statements prepared in foreign currencies are translated pursuant to IAS 21, The Effects of Changes in Foreign Exchange Rates, in accordance with the concept of a functional currency. Foreign subsidiaries are regarded as economically independent subsidiary entities of the Sartorius Group. Balance sheet items are translated at the exchange rates on the balance sheet date, with the exception of the equity of consolidated subsidiaries, which is translated at historical exchange rates. Income and expense items are converted at the average annual rates. Any translation differences resulting from the use of different exchange rates for balance sheet items and the income statement are recognized directly in shareholders’ equity.

For certain defined loans granted on a long-term basis, the Group applies the concept of "net investments in a foreign operation." The foreign exchange translation differences resulting from these loans are recognized directly in equity according to IAS 21.32.

The following exchange rates were used for currency translation:

	Year-end exchange rates		Average annual exchange rates	
	2010	2009	**2010**	2009
USD	1.33800	1.44050	1.32657	1.39405
GBP	0.86250	0.89000	0.85790	0.89136
CAD	1.33700	1.51000	1.36583	1.58649
AUD	1.31680	1.60040	1.44290	1.77501
HKD	10.40250	11.16520	10.30970	10.80610
JPY	108.80000	133.06000	116.26929	130.23913
INR	59.82760	67.00340	60.64245	67.35752
CNY	8.82050	9.82990	8.98047	9.22590
KRW	1,500.89	1,678.97	1,531.73	1,768.90
CHF	1.25300	1.48400	1.38080	1.51021
SGD	1.71620	2.01850	1.80718	2.02338
MYR	4.12680	4.93000	4.27069	4.90456
THB	40.21100	47.96900	42.05055	47.79750
TND	1.92680	1.89920	1.89747	1.87617
DKK	7.45400	7.44200	7.44743	7.44643

9. Related Companies and Persons

In addition to the subsidiaries included in the consolidated financial statements, the Sartorius Group carries out transactions with further related companies as defined by IAS 24. These transactions with non-consolidated subsidiaries and associated companies are concluded according to the customary market terms. Details on the transactions completed in the reporting year and the balances outstanding on the reporting date are provided in the relevant sections of these Notes to the Financial Statements, specifically in Sections 16, 26 and 30.

According to IAS 24, related persons are those who are responsible for planning, management and control of a reporting entity. In particular, such persons include the members of the Executive Board and of the Supervisory Board of Sartorius AG. In the reporting year, the total remuneration of the Supervisory Board members was €693 K (2009: €628 K); that of the Executive Board, €1,827 K (2009: €1,390 K). The remuneration of former managing directors and members of the Executive Board and their surviving dependents was €282 K (2009: €1,084 K). The pension obligations to former managing directors and members of the Executive Board and their surviving dependents totaled €5,937 K (2009: €4,991 K). For details on remuneration, please refer to the Remuneration Report, which is an integral part of the Group Management Report. There were no further material transactions with related persons.

Notes to the Individual Balance Sheet Items

Non-current Assets

10. Goodwill and Intangible Assets

Goodwill

	Goodwill € in K
Gross book values at Jan. 1, 2009	292,466
Change in the scope of consolidation	0
Investments	8
Disposals	–618
Gross book values at Dec. 31, 2009	**291,856**
Impairment losses at Jan. 1, 2009	0
Change in the scope of consolidation	0
Impairment losses in 2009	0
Disposals	0
Impairment losses at Dec. 31, 2009	0
Net book values at Dec. 31, 2009	**291,856**
Gross book values at Jan. 1, 2010	**291,856**
Change in the scope of consolidation	0
Investments	0
Disposals	0
Gross book values at Dec. 31, 2010	**291,856**
Impairment losses at Jan. 1, 2010	0
Impairment losses in 2010	0
Disposals	0
Impairment losses at Dec. 31, 2010	0
Net book values at Dec. 31, 2010	**291,856**

The item reported as goodwill in the amount of €291,856 K is the capitalized difference in assets resulting from capital consolidation. According to IFRS 3, goodwill may not be amortized on a scheduled basis, but rather, must be tested annually for impairment.

Because of the increasing level of integration of our entire biotechnology business, we assume that the cash-generating unit refers to the entire biotechnology segment. Due to the substantial decline in demand reported by the Mechatronics Division in fiscal 2009, this division implemented extensive restructuring measures in the previous reporting year. In addition to cost-cutting measures, these measures also covered a change in the strategic alignment of its business and rearrangement of its management structures. Against this background, goodwill of the Mechatroncis Division had to be assessed at the division level so the entire Mechatronics Division must be regarded as one cash-generating unit. Thus, goodwill is distributed to the Biotechnology Division (€285.4 million; 2009: €285.4 million) and the Mechatronics Division (€6.5 million; 2009: €6.5 million) as cash-generating units.

The impairment tests conducted for fiscal 2010 measure the recoverable amount on the basis of the value in use of the particular cash-generating unit. Our cash flow forecasts consider previous experiences and are generally based on the budgets approved by the Executive Board for a period of three to five years. For the Biotechnology Division, calculations were based on a discount interest rate of 7.5% (2009: 8.0%) and a terminal growth rate of 3.0% (2009: 3.0%) for the fiscal years after 2015. The terminal growth rate for the Biotechnology Division is derived from market expectations, which forecast long-term double-digit growth rates for the biopharmaceutical market targeted by Sartorius Stedim Biotech. The major growth driver for Sartorius Stedim Biotech will be, among others, the currently ongoing paradigm shift from the employment of reusable products to utilization of single-use products, such as filters and bags, in biomanufacturing of pharmaceuticals.

For the Mechatronics Division, a discount interest rate of 8.5% (2009: 9.0%) and a terminal growth rate of 1.0% (2009: 1.0%) has been used for fiscal years after 2015.

In fiscal 2010, our impairment tests did not result in the recognition of impairment losses.

Intangible Assets

	Concessions, industrial property rights and similar rights as well as licenses to such rights and assets € in K	Brand name € in K	Customer relationships € in K	Capitalized development costs € in K	Payments on account € in K	**Total € in K**
Gross book values at Jan. 1, 2009	41,263	10,779	81,351	27,429	184	161,005
Currency translation	–7	0	0	4	0	–3
Change in the scope of consolidation	–99	0	0	–81	0	–180
Investments	1,572	0	0	6,503	9	8,084
Disposals	–820	0	0	–247	0	–1,067
Transfers	379	0	–84	0	–188	107
Gross book values at Dec. 31, 2009	**42,288**	**10,779**	**81,267**	**33,608**	**5**	**167,946**
Amortization at Jan. 1, 2009	–19,503	0	–8,275	–10,788	4	–38,563
Currency translation	–22	0	0	–2	0	–24
Amortization in 2009	–4,303	0	–5,437	–3,738	0	–13,478
Impairment losses in 2009	–142	0	0	–1,490	0	–1,632
Disposals	523	0	0	12	0	535
Transfers	–190	0	–9	0	0	–199
Amortization at Dec. 31, 2009	–23,637	0	–13,721	–16,006	4	–53,361
Net book values at Dec. 31, 2009	**18,650**	**10,779**	**67,546**	**17,602**	**9**	**114,586**
Gross book values at Jan. 1, 2010	42,288	10,779	81,267	33,608	5	167,946
Currency translation	1,721	0	52	368	0	2,141
Change in the scope of consolidation	0	0	0	0	0	0
Investments	2,871	0	0	5,523	170	8,564
Disposals	–952	0	0	–647	0	–1,599
Transfers	142	0	0	–163	–9	–30
Gross book values at Dec. 31, 2010	**46,070**	**10,779**	**81,319**	**38,689**	**166**	**177,023**
Amortization at Jan. 1, 2010	–23,637	0	–13,721	–16,006	4	–53,361
Currency translation	–335	0	–6	–8	0	–349
Amortization in 2010	–4,088	0	–5,489	–4,299	0	–13,876
Impairment losses in 2010	0	0	0	0	0	0
Disposals	921	0	0	293	0	1,214
Transfers	–97	0	0	121	0	24
Amortization at Dec. 31, 2010	–27,236	0	–19,216	–19,899	4	–66,348
Net book values at Dec. 31, 2010	**18,833**	**10,779**	**62,103**	**18,790**	**170**	**110,675**

Intangible assets acquired are stated at cost less the accumulated, regular amortization that is calculated according to the straight-line method.

The brand name acquired in the Stedim transaction is considered to have an indefinite useful life and is therefore not amortized. There is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the company. Because of the integration of the "Stedim" brand into the "Sartorius Stedim Biotech" brand, a separate measurement of relevant cash flows is not possible, however. Therefore, no separate impairment test has been carried out since 2008; the recoverability of the brand name and of other intangible assets acquired within the scope of this business combination was considered at the next-higher level of the cash-generating unit (CGU), i.e., the Biotechnology Division.

Costs incurred within the scope of the development of new products and methods in the Biotechnology and Mechatronics entities are capitalized as internally generated intangible assets if the following criteria are met:

The development costs of the asset can be reliably measured; and the product or method as an internally generated asset is technically and economically feasible and is likely to generate future economic benefits. Moreover, the reporting entity must have the intention to and ensure the availability of adequate technical, financial and other resources to complete the development of the intangible asset and to use or sell it.

In fiscal 2010, the development costs of €5,523 K (2009: €6,503 K) were recognized as assets. The capitalized development costs essentially covered the costs that were allocated to the staff involved in the R&D effort, raw materials and supplies, outside services and directly attributable overhead. Internally generated intangible assets were amortized according to the straight-line method over their useful life, which usually did not exceed four years.

If an internally generated intangible asset may not be recognized, the development costs are included in the period in which they are incurred. Costs for research activities are reported as expenses in the period in which they are incurred.

Amortization of intangible assets is based on the following periods of useful life:

Software	2 to 5 years
Customer relationships and technologies	5 to 15 years
Brand name	N | A

Amortization of intangible assets is allocated to the corresponding functions in the income statement. For capitalized development costs, amortization is disclosed in the research and development costs. Amortization of intangible assets identifiable within the scope of purchase price allocation is reported in the "Amortization" item.

In fiscal 2010, no material impairment expenses were recognized (2009: €1,632 K).

11. Property, Plant and Equipment

	Land and leasehold rights and improvements including buildings on third-party land € in K	Technical machinery and equipment € in K	Leasing of equipment € in K	Other equipment, factory and office equipment € in K	Payments on account relating to equipment and construction in progress € in K	**Total € in K**
Gross book values at Jan. 1, 2009	129,380	80,369	6,028	88,629	7,738	312,144
Currency translation	–512	–270	0	–39	23	–798
Investments	1,984	5,254	0	6,988	1,561	15,787
Disposals	–1,516	–3,767	–518	–10,343	–340	–16,484
Transfers	1,672	1,429	4	3,741	–5,314	1,532
Change in scope of consolidation	25	70	0	0	0	95
Gross book values at Dec. 31, 2009	**131,033**	**83,085**	**5,514**	**88,976**	**3,668**	**312,276**
Depreciation at Jan. 1, 2009	–34,772	–53,344	–4,906	–63,411	–1	–156,434
Currency translation	93	188	0	17	0	298
Depreciation in 2009	–4,447	–5,960	–106	–7,218	0	–17,731
Impairment losses in 2009	0	–608	0	0	0	–608
Disposals	1,288	3,319	470	9,198	1	14,276
Transfers	–87	465	–1	–1,591	0	–1,214
Depreciation at Dec. 31, 2009	–37,925	–55,940	–4,543	–63,005	0	–161,413
Net book values at Dec. 31, 2009	**93,108**	**27,145**	**971**	**25,971**	**3,668**	**150,863**
Gross book values at Jan. 1, 2010	131,033	83,085	5,514	88,976	3,668	312,276
Currency translation	1,960	1,404	0	1,151	328	4,843
Investments	565	3,642	0	6,365	5,223	15,795
Disposals	–49	–1,476	–1,075	–2,828	–270	–5,698
Transfers	4,241	1,276	–305	694	–4,468	1,438
Change in the scope of consolidation	0	0	0	0	0	0
Gross book values at Dec. 31, 2010	**137,750**	**87,931**	**4,134**	**94,358**	**4,481**	**328,654**
Depreciation at Jan. 1, 2010	–37,925	–55,940	–4,543	–63,005	0	–161,413
Currency translation	–358	–852	0	–772	0	–1,982
Depreciation in 2010	–4,632	–5,379	–275	–7,690	0	–17,976
Impairment losses in 2010	0	0	0	0	0	0
Disposals	41	678	1,000	2,517	0	4,236
Transfers	18	–396	83	–36	0	–331
Depreciation at Dec. 31, 2010	–42,856	–61,889	–3,735	–68,986	0	–177,466
Net book values at Dec. 31, 2010	**94,894**	**26,042**	**399**	**25,372**	**4,481**	**151,188**

The item "Property, plant and equipment" is reported at cost, and if subject to depreciation, is depreciated as scheduled. The straight-line method is used to standardize the depreciation reported in the consolidated financial statements. The cost of conversion covers full production-related costs.

The Sartorius Group leases its filtration systems and equipment to third parties within the scope of operating leases pursuant to IAS 17, Leases. We have two basic types of leasing contracts, which can be adapted to meet the individual requirements of the lessee. Here, we distinguish between a regular leasing contract that merely covers a specific number of filtration modules as the initial consumables supplied. This means that replacement modules are ordered through our spare part business.

In addition, we offer a "global filtration policy" in which replacement modules are also an integral part of the contract. Our leasing business essentially covers Italy, France, Spain and Germany. In fiscal 2010, we received lease payments of €688 K (2009: €1,265 K). For 2011, the expected lease payments for existing leasing contracts are €549 K and for 2012 to 2015, a total of €948 K.

Depreciation of fixed assets is based on the following periods of useful life:

Buildings	15 to 50 years
Machinery	5 to 15 years
Factory and office equipment	3 to 13 years

In fiscal 2010, there were no impairment losses recognized for property, plant and equipment. The year-earlier impairment loss of €608 K was essentially related to restructuring in the Mechatronics Division. The recoverable amount of the respective assets was determined based on their value in use.

Impairment of Assets

The book values (carrying amounts) of property, plant and equipment as well as intangible assets are examined at each balance sheet date for indications that an asset might be impaired, pursuant to IAS 36, Impairment of Assets. If an asset is impaired, the recoverable amount of the asset is estimated in order to determine the amount of the potential impairment loss.

In the event that the individual asset's recoverable amount cannot be estimated, the recoverable amount of the asset's cash-generating unit is estimated.

If the estimated recoverable amount of an asset (or a cash-generating unit) goes below its book value (carrying amount), this carrying amount is reduced to the recoverable amount. If the causes of the asset impairment are removed, the book value of the asset (or the cash-generating unit) is credited to the newly estimated recoverable amount in a manner recognized in net profit. However, the book value increase is limited to the value that the asset (or cash-generating unit) would have had if no asset impairment loss would have been assessed in previous years.

12. Financial Assets

	Investment in affiliated companies € in K	Participating interests € in K	Securities as fixed assets and other loans € in K	**Total € in K**
Gross book values at Jan. 1, 2009	3,487	3,358	229	7,074
Currency translation	0	0	1	1
Change in the scope of consolidation	–169	0	0	–169
Investments	451	259	34	744
Disposals	0	0	–6	–6
Transfers	0	0	0	0
Gross book values at Dec. 31, 2009	**3,769**	**3,617**	**258**	**7,644**
Impairment losses at Jan. 1, 2009	–388	–1,536	–17	–1,941
Impairment losses in 2009	0	–14	0	–14
Disposals	0	0	0	0
Impairment losses at Dec. 31, 2009	**–388**	**–1,550**	**–17**	**–1,955**
Net book values at Dec. 31, 2009	**3,381**	**2,067**	**241**	**5,689**
Gross book values at Jan. 1, 2010	3,769	3,617	258	7,644
Currency translation	0	0	5	5
Change in the scope of consolidation	0	0	0	0
Investments	100	0	127	227
Disposals	0	–131	0	–131
Gross book values at Dec. 31, 2010	**3,869**	**3,486**	**390**	**7,745**
Impairment losses at Jan. 1, 2010	–388	–1,550	–17	–1,955
Impairment losses in 2010	0	0	0	0
Disposals	0	0	0	0
Impairment losses at Dec. 31, 2010	**–388**	**–1,550**	**–17**	**–1,955**
Net book values at Dec. 31, 2010	**3,481**	**1,936**	**373**	**5,790**

Investments in subsidiaries, associates and securities as fixed assets are measured at cost because they do not have a quoted market price in an active market, and the fair values of these assets cannot be reliably measured at a reasonable cost. Please refer to the Scope of Consolidation and List of Subsidiaries.

13. Non-current Trade and Other Receivables

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Non-current receivables	7	286
Other non-current assets	1,866	2,711
	1,873	**2,997**

14. Deferred Taxes

In accordance with IAS 12, Income Taxes, deferred taxes are measured using the balance sheet liability method with respect to temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet, which is prepared according to IFRS, and their corresponding tax base. Deferred taxes on the level of the individual companies as well as those resulting from consolidation are recognized in this manner.

On principle, deferred tax liabilities are recognized for all taxable temporary differences and are reported separately as deferred tax provisions on the liabilities side of the balance sheet. Deferred tax assets are recognized if it is probable that taxable profits will be available in future, against which the deductible temporary difference or unused tax loss and interest amounts carried forward can be used.

Deferred taxes are not recognized in principle if the temporary difference is yielded by goodwill or negative goodwill resulting from capital consolidation.

Deferred taxes are measured based on the tax rates expected when the temporary differences are realized or anticipated. In Germany, it can be assumed that the corporate tax rate will be 15%. Taking into account the 5.5% solidarity surcharge on the corporate tax rate amount, as well as the average Group trade income tax rate, the tax rate used to calculate deferred domestic taxes is thus approximately 30%.

In fiscal 2010, as in the previous years, a tax effect was yielded by reporting derivative financial instruments recognized outside the income statement according to IAS 39 rules for hedge accounting, and the deferred tax assets from recognition of actuarial losses in the pension reserves were recognized directly in the consolidated equity. Likewise, the amount of current income taxes incurred by net investment in a foreign operation was recognized directly in equity. The deferred and current income taxes recognized directly in equity are disclosed as follows in the table:

	2010 € in K	2009 € in K
Cash flow hedges	–693	–366
Actuarial gains | losses on defined benefit obligations	1,289	209
Net investment in a foreign operation	289	–14
Total	**885**	**–171**

On the balance sheet date, the Group had unused tax loss amounts carried forward of about €62 million (2009: approx. €71 million) to be deducted from future taxable profits. A deferred tax amount was reported on approx. €29 million (2009: approx. €31 million) of these losses.

Concerning the remaining losses to be carried forward, no deferred tax amounts were recognized because of the lack of foreseeability of future taxable profits.

Deferred tax assets of around €7 million (2009: approx. €8 million) relate to companies that reported losses in this year under review or in the earlier reporting year. These losses carried forward were reported as assets because it is assumed that taxable profits would be available in future, against which the unused tax losses and the deductible temporary differences can be offset.

In addition, the Group had unused interest carry-forwards from German companies of the Group in the amount of €13 million (2009: €10 million). Deferred tax assets were not considered for these carry-forwards as in the previous year because from today's stance, use is not sufficiently probable for the remaining amounts carried forward.

Retained earnings of approx. €94 million reported by domestic and foreign subsidiaries are to be distributed in Germany in the next few years. The German tax amount of €1.4 million due and payable for this distribution of profit was disclosed as a deferred tax liability. Deferred tax liabilities on undistributed earnings at domestic and foreign subsidiaries of €38 million have not been reported as these earnings are to remain invested on a permanent basis. If these earnings were to be distributed, they would be subject to taxation at a rate of 5% in Germany; in addition, foreign withholding tax might be incurred. Determination of the tax effect would entail unreasonable expense and effort.

Compared with the previous reporting years, the presentation of the deferred tax assets and liabilities was adjusted to make the reasons for deferred tax disclosures more transparent. Classification of deferred taxes is now done on the basis of allocation of the temporary differences to assets and liabilities. The balance sheet items for deferred taxes are therefore disclosed as follows for fiscal 2009 and 2010:

	Deferred Tax Assets		Deferred Tax Liabilities	
	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K	**Dec. 31, 2010 € in K**	Dec. 31, 2009 € in K
Intangible assets	2,997	3,266	30,329	30,999
Tangible assets	147	307	5,878	6,121
Inventories	3,299	2,456	0	11
Receivables and other current assets	787	403	1,762	1,004
Provisions	8,143	5,574	0	28
Liabilities	460	229	0	0
Gross amount	**15,834**	**12,234**	**37,969**	**38,162**
Taxable losses carried forward	8,434	9,244	0	0
Tax on non-distributed earnings of subsidiaries	0	0	1,415	0
Offest	0	0	–1,133	–301
	24,268	**21,478**	**38,251**	**37,861**

Current Assets

15. Inventories

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Raw materials and supplies	24,219	21,355
Work in progress	20,822	18,733
Finished goods and merchandise	29,905	28,309
Payments on account	1,811	1,205
	76,757	**69,603**

Raw materials and supplies, including merchandise, are reported under "Inventories" at average cost. Finished goods and work in progress are reported at cost of conversion. This cost includes direct costs, which can be allocated to these materials, and the appropriate portion of production and materials handling overhead, general administrative expenses and fixed assets at normal depreciation | amortization rates, provided that these expenses are caused by production. Interest on borrowings is not capitalized.

In fiscal 2010, inventories in the amount of approx. €175 million were recognized as expenses (2009: €169 million).

Lower net realizable values are recognized by devaluation. The net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the direct costs for marketing, sales and distribution. Where inventory risks exist, such as the risk of reduced shelf life as a result of storage periods or limited usability, inventories are marked down accordingly. In fiscal 2010, extraordinary impairment losses of €1.6 million (2009: €2.2 million) were recognized in the income statement.

16. Current Trade and Other Receivables

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Trade receivables	**95,565**	**82,992**
- of which to third parties	80,608	76,366
- of which to affiliated companies	4,948	5,009
- of which to companies in which investments are held	103	60
- of which on construction contracts	9,906	1,558
Remaining assets	13,951	12,974
Prepaid expenses	2,822	2,660
	112,338	**98,626**

Trade and other receivables are reported so that all discernable risks are covered. Valuation allowances are determined on the basis of past experience with actual credit losses. Concerning the expenses and income resulting from these allowances that are reported on the income statement, we refer to Section 35. In the opinion of the Executive Board, the carrying amounts of trade receivables and other financial instruments reported in the other receivables approximate their respective fair value based on their short-term maturity.

Within the scope of implementing our factoring program in fiscal 2009, we retained part of the risks (essentially credit risks) associated with these assets. The carrying amount of this continuing involvement stood at €2.5 million as of the end of fiscal 2010 (2009: €2.5 million); that of the associated liabilities, €3.1 million (2009: €2.9 million). The total amount of the original assets was €34.9 million (2009: €30.4 million).

In the fiscal year, valuation allowances developed as follows:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Valuation allowances at the beginning of the year	–8,075	–7,935
Increases during the fiscal year	–3,464	–3,542
Derecognition and consumption	464	1,156
Recoveries of amounts previously impaired	2,292	2,264
Currency translation differences	–95	–19
Valuation allowances at the end of the year	**–8,877**	**–8,075**

The recoverability of trade receivables is determined on the basis of estimates and assessments of individual receivables that depend on the creditworthiness of the particular customer, the current economic developments and analysis of the history of uncollectable receivables. There are no significant concentrations of credit risks due to the large base of unrelated customers. Accordingly, the Executive Board believes that it is not necessary to make any further provision to cover risks beyond the allowances already considered.

Aging of trade receivables past due, but not impaired:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
1-30 days	8,936	10,305
31-90 days	5,591	6,310
91-180 days	2,569	3,256
181-360 days	1,257	1,275
More than 360 days	2,115	860

For trade receivables of €20,468 K (2009: €22,006 K) that were past due on the reporting date, no valuation allowances were made as there was no material change in the creditworthiness of the debtors and it could be expected that they would pay the amounts outstanding. The trade receivables not yet due and other financial assets were not written down as there was no indication of impairment.

Customer-specific construction contracts are recognized by the application of IAS 11, Construction Contracts, based on the percentage of completion method. The amount requiring capitalization is reported under the receivables, while an equal amount is recorded as "sales revenue." The stage of completion corresponds to the partial performance rendered by the Group as of the balance sheet date, and is equal to the ratio of expenses accrued prior to the balance sheet date to the expected total expense (Cost to Cost Method). Expected contract losses are taken into account through allowances. Revenues fixed by contract are defined as contract revenues. In the reporting year, contract revenues of €20,533 K were earned; the aggregate amount of costs incurred and recognized profits | losses for projects in progress on the reporting date is €13,246 K (2009: €15,793 K). For these projects, advance payments of €7,499 K (2009: €14,803 K) were received.

17. Cash and Cash Equivalents

Cash and cash equivalents are comprised exclusively of cash on hand and deposits in banks. The book values of these assets approximate their fair values.

18. Issued Capital

Sartorius AG's capital stock is divided into 9,360,000 bearer-type ordinary shares and 9,360,000 non-voting preference shares, each having a calculated par value of €1.00. The non-voting preference shares yield a 2% higher dividend than do the ordinary shares. In addition, dividend entitlement is 4.0% of each preference share's calculated proportion of the issued capital. All shares have been paid in full.

The development of issued capital is shown in the "Statement of Changes in Equity."

Sartorius AG exercised the authority granted at the Annual Shareholders' Meeting on June 21, 2000, to repurchase treasury shares in the amount of €16,082 K pursuant to § 71, Subsection 1, No. 8, of the German Stock Corporation Law (AktG). According to IAS 32, treasury shares must be deducted from equity.

These shares are held in particular as currency for future acquisitions of companies. From October 27, 2000, to the reporting date, 831,944 ordinary shares were repurchased at an average price of €11.27 and 840,983 preference shares at an average price of €7.98. This corresponds to a portion of €1,673 (8.9%) of the capital stock. In fiscal 2010, no treasury shares were purchased.

The shares were deducted from the company's issued capital and capital reserves.

19. Capital Reserves

The development of the capital reserves is presented in the "Statement of Changes in Equity."

20. Hedging Reserves

The hedging reserves recognize the offsetting effects of the changes in the fair value of derivative financial instruments, which meet the requirements of IAS 39 for effective hedging of the exposure of the corresponding underlying transactions. The development of hedging reserves is presented in the "Statement of Changes in Equity."

21. Pension Reserves

Essentially, actuarial gains and losses from measurement of the pension provisions according to IAS 19 are allocated to the pension reserves. The development of the pension reserves is presented in the "Statement of Changes in Equity."

22. Other Earnings Reserves and Retained Profits

The development of the earnings reserves and retained profits is presented in the "Statement of Changes in Equity."

Non-current Liabilities

23. Non-current Provisions

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Pension provisions and similar obligations	42,772	36,969
Other non-current provisions	10,309	7,886
	53,081	**44,855**

Most of the companies of the Group have defined contribution plans, frequently in the form of government-backed retirement insurance. In some countries, the percentage the companies pay as social security contributions, or national insurance contributions, for old-age retirement benefits cannot be reliably determined. In fiscal 2010, an amount of €16.5 million was recognized for defined contribution plans (2009: €16.3 million) for the remaining Group companies for which this amount could be reliably assessed.

A substantial portion of the pension provisions for defined benefit plans refers to Sartorius AG. In this case, the obligations measured pertain to the General Pension Plan for employees whose employment commenced prior to January 1, 1983, on the one hand. On the other, individual commitments to active and former Executive Board members and executives exist in the form of performance-based post-employment benefit plans.

Pension provisions and similar obligations have been recognized as defined benefit plans in the consolidated financial statements of Sartorius AG in accordance with actuarial principles. IAS 19, Employee Benefits, stipulates the Projected Unit Credit Method as the method of measurement. In addition to known pensions and expectancies, this expected cash value method takes into account future salary and pension increases.

All actuarial gains and losses are directly recognized in equity (outside the income statement) in the full amount according to the IAS 19.93A option. The actuarial losses, which were transferred to the pension reserves, essentially resulted from a change in the discount rate and totaled €7,176 K (2009: €2,751 K).

A Swiss-based Group company participated in a defined multi-employer benefit plan. Up to and including 2009, this plan had been treated as a defined contribution plan according to IAS 19.30 because the information required had not been available. As of 2010, the requirements for recognizing this plan as a defined benefit plan have been met.

Measurement of the post-employment benefit obligations of the German Group companies, which account for approximately 90% of the total provisions, is based on the following actuarial assumptions:

	2010	2009
Discount rate	4.70%	5.50%
Future salary increases	3.00%	3.00%
Future pension increases	2.00%	2.00%
Expected return on plan assets	2.25%	2.25%

The following parameters were used for the French companies:

	2010	2009
Discount rate	4.20%	4.80%
Future salary increases	2.75%	2.75%
Future pension increases	2.00%	2.00%

The amounts reported in the income statement consist of the following:

	2010 € in K	2009 € in K
Current service cost	992	875
Interest cost	1,995	1,897
Expected return on plan assets	–132	–15
	2,855	**2,757**

In the income statement, the current service cost is disclosed according to the assignment of employees to the respective functions.

The net value and the present value, respectively, recognized in the balance sheet developed as follows in fiscal 2010:

	2010 € in K	2009 € in K
Present value of obligations as of Dec. 31 of the prior year	37,682	35,754
Change in the scope of consolidation	0	0
First-time recognition of Swiss subsidiary	4,152	0
Current service cost	992	875
Interest cost	1,995	1,897
Actuarial gains | losses	3,915	956
Currency translation differences	402	–53
Retirement benefits paid in the reporting year	–2,012	–1,747
Other changes	636	0
Present value of obligations as of Dec. 31	**47,762**	**37,682**

The other changes essentially cover contributions made by the plan participants, as well as plan curtailments or settlements of employee benefit obligations.

Plan assets developed as follows:

	2010 € in K	2009 € in K
Plan assets at Jan. 1	**713**	**670**
Expected income	132	15
First-time recognition of Swiss subsidiary	4,152	0
Actuarial gains | losses	–249	–3
Group contributions	112	31
Foreign exchange differences	232	0
Other changes	–102	0
Plan assets at Dec. 31	**4,990**	**713**

For fiscal 2011, payments for defined benefit plan obligations are expected to be at a similar level as for 2010 (approx. €2.2 million). These cover contributions to plan assets and payments of retirement benefits.

The plan assets essentially consist of fixed-interest securities and life insurance policies. The net liability on the reporting date that was wholly unfunded was €40.5 million (2009: €34.5 million).

The present value of the defined benefit plans and experience adjustments developed as follows during the past years:

	2010 € in K	2009 € in K	2008 € in K	2007 € in K	2006 € in K
Present value of obligations	47,762	37,682	35,754	34,668	36,733
Fair value of the plan assets	4,990	713	670	620	588
Net liability	**42,772**	**36,969**	**35,084**	**34,048**	**36,145**
Experience adjustments					
Present value of obligations	–165	–251	779	649	–88
Fair value of the plan assets	3	4	4	–1	0

Other Non-current Provisions:

	Payments to employees on early retirement plan € in K	Provisions for company anniversaries € in K	Other € in K	Total € in K
Balance at Jan. 1, 2010	5,346	889	1,651	7,886
Currency translation	0	0	286	286
Change in the scope of consolidation	0	0	0	0
Consumption	–712	–108	–100	–920
Reversals | Utilization	–245	–24	–2	–271
Additions	2,812	122	394	3,328
Transfers	0	0	0	0
Balance at Dec. 31, 2010	**7,201**	**879**	**2,229**	**10,309**

The other non-current provisions essentially encompass provisions for employees on the early retirement plan to offset payment for reduced workhours as well as provisions for company anniversaries, which generally only exist for German companies. The early retirement plans are agreements with elder employees who participate in a part-time work schedule for a period of three to five years ("semi-retirement") immediately preceding normal retirement. This combined semi-retirement and part-time work schedule is financially supported by the company.

Bonuses for company anniversaries are generally granted to employees who have accumulated seniorities of 20, 25, 30 and 40 years, and cover additional special vacation as well as relatively small sums of money.

Non-current provisions are reported at their present value on the reporting date. The discount rate for employees on the early retirement plan and for provisions accrued for company anniversaries is 4.7% (2009: 5.5%). According to the rules of IAS 19, actuarial gains and losses as well as past service costs are immediately recognized in profit and loss.

24. Non-current Liabilities

This item consists of the following:

	Balance at Dec. 31, 2010 € in K	Remaining term of more than five years € in K	Balance at Dec. 31, 2009 € in K	Remaining term of more than five years € in K
Loans and borrowings	206,608	557	261,414	0
Other non-current liabilities	111	0	192	0
	206,719	**557**	**261,606**	**0**

In September 2008, we took out a separate syndicated credit line each for the Sartorius Stedim Biotech subgroup and the Mechatronics Division. Both credit lines were provided by a syndicate of 13 banks headed by the mandated lead arrangers Commerzbank and WestLB.

The tranche of the credit facility for Sartorius Stedim Biotech is €194 million; that for the Mechatronics Division, €180 million. With each credit facility having a term of five years, financing of both subgroups is on a long-term and broad-based footing. The major terms of the credit lines that the Group uses are presented in Section 29.

25. Current Provisions

In fiscal 2010, current provisions developed as follows:

	Warranties € in K	Restructuring € in k	Other € in K	**Total € in K**
Balance at Jan. 1, 2010	3,171	15,722	4,207	23,100
Currency translation	171	0	220	391
Change in the scope of consolidation	0	0	0	0
Consumption	–851	–8,596	–1,106	–10,553
Reversals | Utilization	–220	–256	–638	–1,114
Additions	2,613	1,748	1,070	5,431
Transfers	0	0	0	0
Balance at Dec. 31, 2010	**4,884**	**8,618**	**3,753**	**17,255**

In measuring the other provisions, all recognizable obligations that are based on past business transactions or past events and are of uncertain timing or amount are recognized.

Provisions are considered only if they result from a legal or constructive obligation with respect to third parties.

The decrease in provisions is primarily attributable to the use of provisions for restructuring measures in the Mechatronics Division (2009: approx. €16 million in additions to the provisions).

The other provisions include obligations of €1.9 million (2009: €2.6 million), which essentially arose as a consequence of our reorganization of equipment business in North America.

26. Current Liabilities

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Payments received on account of orders	12,847	4,870
Payables to non-Group entities	46,807	36,733
Payables to companies in which investments are held	481	412
Payables to affiliated companies	243	205
Trade payables	**60,377**	**42,220**
Loans and borrowings	18,062	21,867
Income tax expense	20,258	14,024
Other liabilities	66,558	55,647
	165,255	**133,758**

The current loans and borrowings primarily consist of the syndicated credit line used and of account credits within bilateral credit lines.

The "Other liabilities" item includes liabilities relating to taxes of €6,759 K (2009: €3,993 K) and liabilities relating to social security of €2,942 K (2009: €3,414 K).

27. Contingent Liabilities

As of the reporting date, the Group had the following contingent liabilities:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Contingent liabilities and similar liabilities	229	5,352

28. Other Financial Obligations

Besides provisions, liabilities and contingent liabilities, our other financial obligations consist of the following:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Rental and leasing contracts		
- due in fiscal 2011	9,464	
(2009: due in the financial year 2010)		10,678
- due in any one financial year from 2012 to 2015	18,601	
(2009: due in any one year from 2011 to 2014)		17,389
- due after 2015	11,647	
(2009: due after 2014)		1,999

As part of the carve-out of the Biotechnology Division, numerous reorganization measures required by corporate law were taken worldwide in fiscal 2007. Despite careful auditing conducted by the companies concerned and the tax consultants involved, we cannot exclude the possibility that these reorganization measures may entail the risk of future tax impacts. We do not consider it probable that this contingent liability will be incurred and therefore did not account for this in the balance sheet. The total risk is approximately €3 million.

29. Other Information on Financial Instruments

A. General Information

This section gives a comprehensive overview of the significance of financial instruments for Sartorius and provides additional information on the balance sheet items that contain financial instruments.

Derivatives are measured at fair value determined according to the marking-to-market method in which recognized mathematical methods are used. The fair values are based on the market data available at the time the value of these derivatives is calculated and reflect the estimates of the banks concerning the market conditions at the time fair values are calculated.

B. Classes of Financial Instruments | Net Earnings | Maturity

The following tables compare the carrying amounts and the fair values of all categories of financial instruments and reconcile these with the balance sheet items. The fair values of the financial assets and liabilities approximate the carrying amounts on account of their predominantly short-term maturity. With respect to the non-current liabilities, the fair values also approximate the carrying amounts because of the mostly variable interest rate.

	Held up to maturity € in K	Loans and receivables at amortized cost € in K	Available for sale € in K	Carrying amount at Dec. 31, 2009 € in K	Not in the scope of IFRS 7 € in K	**Disclosed on Dec. 31, 2009 € in K**
Non-current assets						
Financial assets	242	0	5,447	5,689	0	5,689
Receivables and other assets	**0**	**1,527**	**0**	**1,527**	**1,470**	**2,997**
- of which receivables	0	286	0	286	0	286
- of which other assets	0	1,241	0	1,241	1,470	2,711
Current assets						
Trade receivables	0	81,435	0	81,435	1,557	82,992
Other assets	0	7,882	0	7,882	7,752	15,634
Cash and cash equivalents	0	58,576	0	58,576	0	58,576

	Financial liabilities accounted for at cost € in K	Held for hedging purposes at fair value € in K	Carrying amount at Dec. 31, 2009 € in K	Not in the scope of IFRS 7 € in K	**Disclosed on Dec. 31, 2009 € in K**
Non-current liabilities					
Loans and borrowings	261,414	0	261,414	0	261,414
Other liabilities	192	0	192	0	192
Current liabilities					
Loans and borrowings	21,867	0	21,867	0	21,867
Trade payables	37,350	0	37,350	4,870	42,220
Other liabilities	**45,319**	**183**	**45,502**	**10,145**	**55,647**
- of which derivatives	0	183	183	0	183
- of which other liabilities	45,319	0	45,319	10,145	55,464

	Held up to maturity € in K	Loans and receivables at amortized cost € in K	Held for hedging purposes at fair value € in K	Available for sale € in K	Carrying amount € in K	Not in the scope of IFRS 7 € in K	**Carrying amount at Dec. 31, 2010 € in K**
Non-current assets							
Financial assets	373	0	0	5,417	5,790	0	5,790
Receivables and other assets	**0**	**945**	**0**	**0**	**945**	**928**	**1,873**
- of which receivables	0	7	0	0	7	0	7
- of which other assets	0	938	0	0	938	928	1,866
Current assets							
Trade receivables	0	85,659	0	0	85,659	9,906	95,565
Other assets	0	9,684	2,029	0	11,713	5,060	16,773
- of which derivatives	0	0	2,029	0	2,029	0	2,029
- of which other assets	0	9,684	0	0	9,684	5,060	14,744
Cash and cash equivalents	0	27,743	0	0	27,743	0	27,743

	Financial liabilities accounted for at cost € in K	Financial liabilities held for trading € in K	Held for hedging purposes at fair value € in K	Carrying amount € in K	Not in the scope of IFRS 7 € in K	**Carrying amount at Dec. 31.2010 € in K**
Non-current liabilities						
Loans and borrowings	206,608	0	0	206,608	0	206,608
Other liabilities	111	0	0	111	0	111
Current liabilities						
Loans and borrowings	18,062	0	0	18,062	0	18,062
Trade payables	**47,531**	**0**	**0**	**47,531**	**12,847**	**60,377**
Other liabilities	**52,698**	**12**	**29**	**52,739**	**13,819**	**66,558**
- of which derivatives	0	12	29	41	0	41
- of which other liabilities	52,698	0	0	52,698	13,819	66,517

The maximum credit risk from financial assets corresponds to their carrying amounts.

The derivatives indicated in the table above were measured within the scope of a so-called Level 2 assessment at fair value; i.e., their assessment is based on parameters that are derived from their quoted prices.

The net gains and losses per category are as follows:

Result from loans and receivables	**2010 € in K**	2009 € in K
Impairment losses	–3,464	–3,542
Allowances	2,292	2,264
Results from currency translation	1,294	–352
	122	**–1,630**

Result from financial liabilities accounted for at cost	**2010 € in K**	2009 € in K
Interest expenses	–6,129	–9,451
	–6,129	**–9,451**

In the reporting year, the category "Held up to maturity" yielded a net result of - €17 K (2009: - €23 K) and the category "Financial assets available for sale" a net income of €294 K from dividends (2009: €272 K).

The following table shows the liquidity analysis of the financial liabilities in the form of contractually agreed undiscounted cash flows:

	Carrying amount	Cash flows			
	Dec. 31, 2009 € in K	**Total € in K**	< 1 year € in K	1-5 years € in K	> 5 years € in K
Loans and borrowings	283,281	303,014	26,798	276,216	0
Trade payables	37,350	37,350	37,350	0	0
Other liabilities	45,694	45,694	45,502	192	0
Financial liabilities	**366,325**	**386,058**	**109,650**	**276,408**	**0**

	Carrying amount	Cash flows			
	Dec. 31, 2010 € in K	**Total € in K**	< 1 year € in K	1-5 years € in K	> 5 years € in K
Loans and borrowings	224,670	236,336	22,459	213,278	599
Trade payables	47,531	47,531	47,531	0	0
Other liabilities	52,850	52,850	52,739	111	0
Financial liabilities	**325,051**	**336,717**	**122,729**	**213,389**	**599**

Based on the exchange rates on the reporting dates, the derivative financial instruments (forward contracts) will result in cash outflows of approx. €50.2 million in 2011 and of around €14.5 million in 2012 (2010: approx. €14.4. million). These cash outflows are offset by inflows of a similar amount.

C. Capital Risk Management

In the Sartorius Group, capital is managed in order to maximize earnings of those participating in the company by optimizing the ratio of equity to liabilities. Furthermore, we ensure that all Group companies can operate under the premise of the going-concern principle.

The financial liabilities detailed in Sections 24 and 26 are regarded as managed capital and, furthermore, so are the cash and cash equivalents as well as equity capital in Sections 18-22.

D. Goals of Financial Risk Management

The Treasury Department of the Sartorius Group is centrally focused in Sartorius Corporate Administration GmbH, and performs services for all companies of the Sartorius Group as well as coordinates access to national and international financial markets. In addition, the Treasury Department monitors and controls financial risks by internal risk reporting; these risks essentially entail currency, interest rate and liquidity risks.

The Group strives to minimize the impact of currency risks using derivative financial instruments. Hedging transactions and their controlling are carried out by different staff members. Moreover, the Group's Internal Auditing Department regularly monitors the use of such financial instruments. Trading with derivative financial instruments is done for hedging purposes only — there is no speculative trading on the stock exchange. We counteract liquidity risks by maintaining sufficient credit lines as well as by planning short-, mid- and long-term liquidity using the advanced treasury software.

E. Management of Exchange Rate Risks

The Group is exposed to currency risks as a good third of its sales revenue is generated in U.S. dollars or currencies linked to the U.S. dollar and, to a lesser extent, in other foreign currencies. At the same time, our global production network enables us to offset the lion's share of sales revenues received in foreign currency within the Group against costs likewise incurred in foreign currency. We use derivative financial instruments to a considerable extent to hedge against net currency exposure – i.e., the proportion of our foreign currency sales revenue that remains after we have settled our costs. Our hedging strategy provides for exposures to be hedged approximately up to 1.5 years in advance. These hedging measures are reviewed at regular intervals to adapt them, when necessary, to expected exchange rate fluctuations.

For currency hedging, we use foreign currency options and forward contracts and, to a limited extent, structured hedge transactions.

Using forward contracts entered into up to the reporting date, we secure the right, and simultaneously enter into an obligation, to sell an established foreign currency amount on the exercise date at a specific exchange rate against the euro, independently of the exchange rate actually valid on this date. The profit or loss resulting from the difference between the current and the previously established exchange rate is measured as income or an expense in the income statement.

Derivative financial instruments are measured at the time of acquisition and, on subsequent balance sheet dates, at fair value. The changes in value of the derivative financial instruments are to be recognized in the income statement on the reporting date. If the derivative financial instruments serve to hedge against cash flow risk and a qualified hedging relationship exists based on the criteria of IAS 39, the value adjustments are recognized directly in equity. The non-effective portion of the hedged transactions is recognized in the result of the respective period. In fiscal 2010, expenses for non-effective hedging relationships were €103 K (2009: income was €57 K); an amount of €62 K was recognized in other comprehensive income. The amount of -€221 K recognized in equity in 2009 (€1,582 K) was reclassified to profit or loss for the period in the reporting year.

The following chart provides an overview of the forward contracts concluded as currency hedges; these transactions are presented by quarter (Q1, Q2, etc.).

Reporting date: December 31, 2009

Currency	Volume	Maturity	Forward rate	**Fair value € in K**
USD	11,800,000	Q1 2010	1.4542	–86
USD	9,000,000	Q2 2010	1.4581	–85
	20,800,000			**–172**

Reporting date: December 31, 2010

Currency	Volume	Maturity	Forward rate	**Fair value € in K**
USD	7,000,000	Q1 2011	1.3158	76
USD	12,000,000	Q2 2011	1.3422	–28
USD	12,000,000	Q3 2011	1.3383	–27
USD	12,000,000	Q4 2011	1.3409	–63
USD	4,000,000	Q1 2012	1.3067	71
USD	4,000,000	Q2 2012	1.3155	43
	51,000,000			**72**

Currency	Volume	Maturity	Forward rate	**Fair value € in K**
JPY	100,000,000	Q2 2011	108.0500	2
JPY	100,000,000	Q3 2011	109.8100	–14
JPY	300,000,000	Q4 2011	109.9467	–51
JPY	200,000,000	Q1 2012	109.7650	–37
	700,000,000			**–100**

In addition, we use target profit forwards to optimize our hedging transactions. With the target forwards transacted up to the reporting date, we have secured the right, and have simultaneously entered into the obligation, of swapping an agreed amount in a foreign currency for the corresponding euro amount at a fixed exchange rate on several target dates as long as the profit resulting from these exchange transactions does not exceed a contractually defined limit. As soon as the profit limit is reached, the transaction is terminated without entailing any further obligations for either contractual party.

As of December 31, 2010, we had target profit forwards for a total volume of U.S. $ 27 million and with a maximum maturity date of June 30, 2012. As of the reporting date for fiscal 2010, the fair value of the derivatives was - €12 K. This change in fair value was recognized in the financial result as no hedging relationship as defined by IAS 39 was designated in this case.

If the exchange rate of the U.S. dollar to the euro would have dropped 5%, the fair value of the currency hedging transactions would have been around €2.1 million higher than actually reported (2009: €1.5 million), and this would have had an impact of €0.1 million (2009: €0.0 million) on the annual profit before tax and of €2.0 million (2009: €1.5 million) on equity. Had the exchange rate of the U.S. dollar to the euro risen by 5%, the impact would have been - €0.7 million on the annual profit before tax and - €1.8 million on equity. The effects of foreign currency fluctuations on other financial instruments with respect to the annual profit and equity are immaterial.

F. Interest Risk Management

Financing of the entire Group is usually done through Sartorius AG and Sartorius Stedim Biotech S.A. as well as by a few additional companies, which ensure the financing of all Group companies using internal group loans. In this case, the Sartorius Group is exposed to interest rate risks as these loans are taken out mostly at variable interest rates. As a result, the company benefits from money market interest rates that have recently been very low.

To hedge against rising interest rates, the Group concluded interest rate hedges in the form of interest swaps, which cover the majority of the loans outstanding. As a result, the Group receives the particular (variable) interest rate valid on the market and pays a fixed interest rate. The transactions concluded for the year ended December 31, 2010, are presented in the following table:

Instrument	Hedged volume at Dec. 31, 2010 € in K	Held for hedging purposes	End of term	Hedged interest rate	**Fair value Dec. 31, 2010 € in K**	Fair value Dec. 31, 2009 € in K
Swaps	165,000	yes	Sep. 13	1.48%-1,95%	685	0
Forward swaps	120,000	yes	Sep. 15 - March 16	2.36%-2,89%	1,344	0
					2,029	**0**

From the assessment of the interest hedging transactions, an amount of €2,029 K was reported in equity.

Moreover, in the previous reporting years, the Group entered into interest rate caps, which limit its exposure to the risk of market interest rates rising above a specified limit. As of December 31, 2010, no interest caps were outstanding (2009: - €11 K).

Our interest hedging measures are reviewed at regular intervals to adapt them, when necessary, to anticipated interest rate expectations and risk coverage.

If the market interest rate would have increased by 1.0 percentage point, the fair value of the derivatives would have been €7.1 million higher. This effect is distributed to the annual profit before tax (+€1.1 million) and equity (+€6.0 million). If the market interest rate would have decreased by 1.0 percentage point, the annual profit before tax would have been €1.1 million lower and equity would have decreased by €4.1 million. Offsetting effects would have been yielded in the financial result in each case due to payment of variable interest rates on the hedged transactions.

G. Liquidity Risk Management

The Group controls liquidity risks by maintaining credit lines and additional facilities with banks, selling trade receivables within the scope of a factoring program, continuously tracking the forecasted and actual cash flows and by managing the maturity profiles of financial assets and liabilities.

The difference between the agreed credit lines of €434.5 million as of December 31, 2010 (2009: €458.2 million) and the amount used – which is comprised of gross debt and guarantees and totaled €234.0 million (2009: €290.4 million) – shows the amount of unused credit lines, which was at €200.5 million in the reporting year (2009: €167.8 million).

The table below provides an overview of the credit lines available on the reporting date.

	Credit lines		Interest rate	End of term
	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K		
Syndicated credits	374,000	387,000	Variable interest rate	2013
Bilateral credit lines	60,500	71,182	Variable interest rate	Until further notice
	434,500	**458,182**		

When we concluded syndicated credit facilities, we committed to maintaining the usual key financial ratios, called covenants. Based on current information, we consider it rather unlikely that we would temporarily not comply with these covenants and that, as a consequence, we would incur higher financing costs.

H. Share-based Payments

Within the Sartorius Group, share-based payments exist in the form of so-called phantom stock units at Sartorius AG and stock option plans at Sartorius Stedim Biotech S.A. The fair value of the phantom stock units is disclosed as follows:

Components with a long-term incentive effect	Number of phantom stock units	**Fair value at year-end on Dec. 31, 2010 € in K**	Fair value at year-end on Dec. 31, 2009 € in K	Paid out € in K
Tranche of phantom stock units, fiscal 2005	6,647	172	105	0
Tranche of phantom stock units, fiscal 2006	6,451	172	102	0
Tranche of phantom stock units, fiscal 2007	5,389	144	82	0
Tranche of phantom stock units, fiscal 2008	7,261	188	108	0
Tranche of phantom stock units, fiscal 2009	28,770	552	413	0
Tranche of phantom stock units, fiscal 2010	16,803	407	0	0
	71,321	**1,635**	**810**	**0**

In fiscal 2010, expenses related to granting and valuation of phantom stock units were €823 K (2009: expenses of €605 K). Concerning the details of entitlement to receive payment for phantom stock units, please refer to the Remuneration Report that is an integral part of the Group Management Report.

The stock option plans for staff of the Sartorius Stedim Biotech Group relate to shares of Sartorius Stedim Biotech S.A. The various stock option plans outstanding or exercisable on the reporting date are shown in the adjacent table:

	Dec. 31, 2010	Dec. 31, 2009
Outstanding at the beginning of the period	93,227	143,460
Granted during the period	0	0
Forfeited during the period	0	0
Exercised during the period	–40,727	–50,233
Expired in the period	0	0
Outstanding at the end of the period	**52,500**	**93,227**
Exercisable at the end of the period	**52,500**	**93,227**

The various stock option plans outstanding at December 31, 2010, and December 31, 2009, are summarized as follows:

December 31, 2010

Date the General Annual Shareholders' Meeting authorized the plan	Date on which the Board granted approval	Initial number of shares to be subscribed	Number of shares to be subscribed by directors and executives	Number of directors and executives concerned	Total number of beneficiaries	Subscription price in €	Number of shares subscribed over fiscal 2010	Number of options granted and exercisable on Dec. 31, 2010	Number of options subject to target performance as of Dec. 31, 2010	Number of beneficiaries of valid options
June 23, 2000	Aug. 2, 2000	139,105	0	0	5	8.59	0	0	0	0
June 23, 2000	Sept. 28, 2001	142,855	0	0	7	11.94	4,060	0	0	0
June 23, 2000	Nov. 14, 2002	12,100	0	0	1	6.78	0	0	0	0
June 23, 2000	Sept. 10, 2003	22,000	0	0	1	7.90	0	0	0	0
June 23, 2000	Feb. 11, 2004	66,000	0	0	1	6.42	0	0	0	0
June 23, 2000	July 23, 2004	140,000	0	0	19	9.23	0	25,000	0	3
June 10, 2005	Sept. 15, 2005	127,500	10,000	1	15	18.87	36,667	10,000	0	2
June 10, 2005	Nov. 10, 2006	35,000	0	0	2	29.51	0	17,500	0	2
Total		**684,560**	**10,000**	**1**	**51**		**40,727**	**52,500**	**0**	**7**

December 31, 2009

Date the General Annual Shareholders' Meeting authorized the plan	Date on which the Board granted approval	Initial number of shares to be subscribed	Number of shares to be subscribed by directors and executives	Number of directors and executives concerned	Total number of beneficiaries	Subscription price in €	Number of shares subscribed over fiscal 2009	Number of options granted and exercisable on Dec. 31, 2009	Number of options subject to target performance as of Dec. 31, 2009	Number of beneficiaries of valid options
June 23, 2000	Aug. 2, 2000	139,105	0	0	5	8.59	0	0	0	0
June 23, 2000	Sept. 28, 2001	142,855	0	0	7	11.94	0	4,060	0	1
June 23, 2000	Nov. 14, 2002	12,100	0	0	1	6.78	0	0	0	0
June 23, 2000	Sept. 10, 2003	22,000	0	0	1	7.90	4,400	0	0	0
June 23, 2000	Feb. 11, 2004	66,000	0	0	1	6.42	0	0	0	0
June 23, 2000	July 23, 2004	140,000	0	0	19	9.23	42,500	25,000	0	3
June 10, 2005	Sept. 15, 2005	127,500	10,000	1	15	18.87	3,333	46,667	0	4
June 10, 2005	Nov. 10, 2006	35,000	0	0	2	29.51	0	17,500	0	2
Total		**684,560**	**10,000**	**1**	**51**		**50,233**	**93,227**	**0**	**10**

Sartorius Stedim Biotech share purchase options have been allocated to some of its employees and directors of the subgroup. The fair value of services performed is measured by reference to the fair value of these options at the date of allocation, using a binomial-type mathematic model. During the entitlement acquisition period, the total fair value thus measured is recognized as an expense spread over the full vesting period of the plan, provided that this entitlement has actually been acquired.

In fiscal 2010, the expenses for stock options recognized in the income statement were €823 K (2009: expenses of €605 K) and account entirely for phantom stock units of Sartorius AG. Cash received upon the exercise of these options is recognized in the cash and cash equivalents by disclosing a corresponding item in the minority interest for equity.

Notes to the Income Statement

30. Sales Revenue

Sales revenue is recognized at the time the risk has passed to the purchaser. An exception is contract revenue from customer-specific construction contracts, which are accounted for according to the percentage of completion method.

Sales revenue, which is broken down by operating segments and geographical markets, consists of the following:

2010	Biotechnology € in K	Mechatronics € in K	**Total € in K**
Germany	64,102	49,702	113,804
All other countries	368,524	176,989	545,513
	432,626	**226,691**	**659,317**

2009	Biotechnology € in K	Mechatronics € in K	**Total € in K**
Germany	66,907	43,676	110,583
All other countries	333,524	157,977	491,501
	400,431	**201,654**	**602,084**

In 2010, sales revenue for the Sartorius Group rose 9.5% to €659,317 K (2009: €602,084 K). Currency-adjusted, the increase for the Group was 6.4%. An amount of €13,521 K (2009: €9,718 K) was earned with affiliated companies.

31. Cost of Sales

This item reports the costs of products sold and the acquisition costs of merchandise sold.

Besides the directly allocatable expenses, such as raw materials and supplies, employee benefits expense and energy expenses, the cost of sales also includes overhead, which is attributed to the manufacturing area, and the corresponding depreciation and amortization.

32. Selling and Distribution Costs

These costs pertain, in particular, to the expenses of the sales and marketing organization, distribution, advertising and market research.

33. Research and Development Costs

This item reports the costs for research and product and process development. Development costs are recognized as assets, provided that they fully meet the prerequisites of IAS 38 for recognition of intangible assets. Amortization on development costs recognized as assets is also indicated in this item.

34. General Administrative Expenses

Above all, this item includes employee benefits expense and the cost of materials of the general administrative area.

35. Other Operating Income and Expenses

	2010 € in K	2009 € in K
Currency translation gains	16,011	8,675
Income from release and use of provisions and liabilities	1,343	2,759
Income from grants	2,504	2,607
Income from the decrease in allowances for bad debts	2,292	2,264
Other income	1,294	2,837
Other operating income	**23,444**	**19,142**
Reorganization expenses	–6,302	–29,985
Currency translation losses	–14,717	–9,015
Allowances for bad debts	–3,464	–3,542
Other expenses	–5,709	–2,767
Other operating expenses	**–30,192**	**–45,309**
Other operating income and expenses	**–6,748**	**–26,167**

The item reported as income from grants discloses the grants for expenses, which are measured as income as soon as there is sufficiently reliable indication that the necessary prerequisites for this are met.

The reorganization expenses of fiscal 2009 essentially covered personnel measures of €20.7 million taken within the Mechatronics Division, as well as impairment of value and other non-operating items. In 2010, the Biotechnology Division incurred extraordinary expenses in connection with the integration of the majority of our formerly independent sales representatives in North America into our regular workforce. Reorganization expenses in the Mechatronics Division essentially covered restructuring costs of approximately €3 million.

36. Financial Result

	2010 € in K	2009 € in K
Interest and similar income	359	456
- of which from affiliated companies	[107]	[104]
Interest and similar expenses	–6,129	–9,451
- of which from affiliated companies	[0]	[–4]
Expenses for derivative financial instruments	–171	–1,285
Interest expenses for warrants	0	–690
Interest for pensions and other retirement benefits	–2,224	–1,897
Interest expenses for factoring	–1,045	–456
Other financial charges	–148	–291
	–9,358	**–13,614**

In the reporting year, no interest expenses were capitalized as none of the amounts could be attributed to the acquisition or production of qualifying assets.

37. Income Tax Expense

	2010 € in K	2009 € in K
Current income taxes	–21,396	–15,535
Deferred taxes	1,709	9,297
	–19,687	**–6,238**

As a matter of principle, domestic income taxes have been calculated at 30.0% of the estimated taxable profit for fiscal 2010. Income generated outside Germany is taxed at the particular rates that are valid in the corresponding country.

Because we are required to use the income tax rate to be applied for deferred taxes at the time the temporary difference is reversed, this rate was calculated for German companies on the basis of the tax rates of around 30% applicable as of 2008. Taking the local tax rates that are to be applied for subsidiaries outside Germany into account, we expected the income tax rate to average 32.0%. The following table shows the difference between the tax expense to be expected and the income tax expenses reported for the particular fiscal year:

	2010 € in K	2009 € in K
Expected tax expense (32.0%)	19,319	2,308
Difference from the Group average income tax rate	–1,942	–916
Effects from losses and interest carried forward and from temporary differences for which no deferred taxes were accrued	–1,917	3,288
Tax-free income and tax credits	–634	–560
Expenses not deductible for tax purposes	1,233	1,709
Non-distributed earnings from subsidiaries	1,416	0
Adjustments from previous years	2,223	687
Other	–10	–277
	19,687	**6,238**
Effective tax rate	**32.6%**	**86.5%**

38. Earnings per Share

According to IAS 33, Earnings per Share, the earnings per share for each class must be determined separately. The undiluted earnings per share (basic EPS) are calculated on the basis of the number of shares outstanding during the period. Net profit after minority interest was divided according to the ratio of the weighted number of ordinary shares to preference shares. The diluted earnings per share (diluted EPS) were not calculated because there are no option or conversion rights to be exercised on Sartorius shares.

	2010	2009
Ordinary shares		
Basis for calculating undiluted earnings per ordinary share (net profit after minority interest) in €	15,518,200	–3,654,505
Weighted average number of shares outstanding	8,528,056	8,528,056
Earnings per ordinary share in €	1.82	–0.43
Preference shares		
Basis for calculating undiluted earnings per preference share (net profit after minority interest) in €	15,501,752	–3,650,632
Weighted average number of shares outstanding	8,519,017	8,519,017
Earnings per preference share in €	1.82	–0.43

Treasury shares may not be included for calculating the average number of shares outstanding.

39. Other Disclosures

The consolidated financial statements were prepared on a going concern basis.

No material events occurred up to the end of the preparation of these consolidated financial statements.

For the annual financial statements reported by Sartorius Mechatronics C&D GmbH & Co. KG, Aachen, Germany, for the year ended December 31, 2010, the exemption provided by § 264 b of the German Commercial Code (HGB) was applied.

Declaration According to § 314, Subsec. 1, No. 8, of the German Commercial Code (HGB)

The declaration prescribed by § 161 of the German Stock Corporation Law (AktG) was submitted on December 10, 2010, and made available to the shareholders of Sartorius AG on the company's website "www.sartorius.com".

Members of the Supervisory Board and the Executive Board

The members of the Supervisory Board and the Executive Board are listed at the end of this section.

Non-periodic Income and Expenses

Non-periodic income and expenses are items that do influence current results, but concern changes in transactions of the past years. Essentially, these are reported in other operating income and expenses.

During the reporting year, other income that can be allocated to other periods was €3,700 K (2009: €5,519 K). Expenses attributable to other periods amounted to €4,677 K and essentially covered restructuring expenses in the Mechatronics Division as in the previous year (2009: €23,829 K). In essence, non-periodic income includes income from the release of provisions of €1,363 K (2009: €3,133 K) and income from reversal of valuation allowances in the amount of €2,292 K (2009: €2,264 K).

Raw Materials and Supplies

This item consists of the following:

	2010 € in K	2009 € in K
Expenses for raw materials, supplies and purchased materials including changes in inventory)	175,500	168,589
Cost of purchased services	16,005	15,455
	191,504	**184,044**

Employee Benefits Expense

This item can be broken down as follows:

	2010 € in K	2009 € in K
Wages and salaries	193,818	186,994
Social security	41,251	37,215
Expenses for retirement benefits and pensions	3,649	3,246
	238,717	**227,455**

Number of Employees

This table shows the average workforce employed during the fiscal year:

	2010	2009
Biotechnology	2,492	2,391
Mechatronics	1,928	2,130
	4,420	**4,522**

Auditors' Fee

In fiscal 2010, the following fees were incurred by the Group for the auditors Deloitte & Touche GmbH:

	2010 € in K	2009 € in K
Audits	460	560
Other certification and verification services	240	250
Tax consultation services	119	75
	819	**885**

Proposal for Appropriation of Profits

The Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting to appropriate the retained profit of €26,982,596.06 reported by Sartorius AG for the year ended December 31, 2010, as follows:

	€
Payment of a dividend of €0.60 per ordinary share	5,116,833.60
Payment of a dividend of €0.62 per preference share	5,281,790.54
Unappropriated profit carried forward	16,583,971.92
	26,982,596.06

Goettingen, February 22, 2011

Sartorius Aktiengesellschaft

The Executive Board

Declaration of the Executive Board

We declare to the best of our knowledge that the consolidated financial statements for fiscal 2010 present a true and fair view of the actual net worth, financial situation and profitability of the Group in accordance with the accounting standards used in preparing these statements. We also certify that the progress of the Group's business, including its business performance and its situation, are represented accurately in the Group Management Report in all material respects and present the most important opportunities and risks of the Group's future development during the fiscal year.

Goettingen, February 2011

Sartorius Aktiengesellschaft

The Executive Board

Dr. Joachim Kreuzburg

Jörg Pfirrmann

Reinhard Vogt

Independent Auditors' Report

We audited the consolidated year-end financial statements, which consist of the consolidated balance sheet, income statement along with the statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements – along with the management report integrated into the Group management report – and which Sartorius Aktiengesellschaft, Germany, prepared for the fiscal year from January 1 through December 31, 2010. Preparation of the consolidated financial statements and the Group Management Report according to the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, and according to the commercial rules to be additionally applied in conformance with § 315a, Subsection 1, of the German Commercial Code (HGB), is the responsibility of the Executive Board of the parent corporation, Sartorius Aktiengesellschaft. Our responsibility is to express an opinion on the consolidated financial statements and on the Group Management Report based on our audit.

We conducted our audit in accordance with § 317 HGB, taking into account the principles of proper auditing established by the German Institute of Independent Auditors, "Institut der Wirtschaftsprüfer." These principles require that we plan and perform the audit to obtain reasonable assurance that there are no misrepresentations or infractions that have a material impact on the presentation of the net worth, financial position and earnings in the consolidated financial statements, in consideration of the accounting principles to be applied, or in the Group Management Report. In determining the audit focus, information on the business activities and the economic and legal background of the Group as well as expectations on possible errors are taken into account. Within the scope of the audit, the effectiveness of the accounting-related internal control system as well as evidence supporting the amounts and disclosures made in the consolidated financial statements and Group Management Report are predominantly examined on a test basis.

This audit covers assessment of the annual financial statements of the companies included in the consolidated financial statements, definition of the scope of consolidation, the accounting and consolidation principles applied and the significant estimates made by the Executive Board as well as evaluation of the overall presentation of the consolidated year-end financial statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any objections.

According to our assessment based on the information we obtained during the audit, the consolidated financial statements of Sartorius Aktiengesellschaft, Goettingen, conform to the IFRS, as they are to be applied in the EU, and to the commercial rules to be additionally applied in compliance with § 315a, Subsection 1, of HGB, and present fairly, in all material respects, the net worth, financial position and earnings of the Group. The Group Management Report is consistent with the consolidated financial statements and provides an overall true and fair view of the Group's situation, and accurately presents the opportunities and risks of its future development.

Hanover, February 22, 2011

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft
(name of the independent auditing company)

Jürgen Reker
Auditor

Dieter Tenambergen
Auditor

Executive Board and Supervisory Board

during fiscal 2010[1]

Executive Board

Dr. rer. pol. Joachim Kreuzburg
Dipl.-Ingenieur (Graduate Engineer)
CEO and Chairman
Arbeitsdirektor (Executive for Labor Relations)
Operations, Human Resources, Legal Issues, Internal Auditing and Corporate Communications
Born April 22, 1965
Hanover, Germany
Member since November 11, 2002
"Sprecher" (Spokesman) from May 1, 2003 to November 10, 2005
Chairman since November 11, 2005
Executive for Labor Relations since July 24, 2009
Appointed until November 10, 2015

Jörg Pfirrmann
Dipl.-Ökonom (Graduate Economist)
Finances, IT and General Administration
Born November 30, 1972
Noerten-Hardenberg, Germany
Member since July 24, 2009
Appointed until July 23, 2012

Reinhard Vogt
Industriekaufmann (Industrial Business Manager)
Marketing, Sales and Service
Born August 4, 1955
Dransfeld, Germany
Member since July 24, 2009
Appointed until July 23, 2014

Supervisory Board

Prof. Dr. Dres. h.c. Arnold Picot
Dipl.-Kaufmann (Graduate in Business Administration), university professor
Chairman
Executive Director of the Institute of Information, Organization and Management,
Faculty of Economics at the
Ludwig Maximilian University Munich
Gauting, Germany

Gerd-Uwe Boguslawski

Dipl.-Sozialwirt (Graduate Social Manager)
Vice Chairman
1st Senior Officer of the German Metalworkers' Union in the southern Lower Saxony | Harz region
Northeim, Germany

Dr. Dirk Basting
Dipl.-Chemiker (Graduate Chemist)
Fort Lauderdale, USA

Annette Becker
Personalfachkauffrau (HR Specialist)
Chairwoman of the Employees' Council of Sartorius Corporate Administration GmbH
Goettingen, Germany

Christiane Benner
Dipl.-Soziologin (Graduate Sociologist)
Union Secretary
Executive Committee, German Metalworkers' Union
Frankfurt | Main, Germany

Uwe Bretthauer
Dipl.-Ingenieur (Graduate Engineer)
Chairman of the Employees' Council of Sartorius AG
Goettingen, Germany

[1] Information required pursuant to Section 285, No. 10, of the German Commercial Code (HGB)

Michael Dohrmann
Precision Engineer
Chairman of the Employees' Council of
Sartorius Stedim Biotech GmbH
Goettingen, Germany

Dr. Lothar Kappich
Dipl.-Ökonom (Graduate Economist)
Managing Director of
ECE Projektmanagement GmbH & Co. KG
Hamburg, Germany

Petra Kirchhoff
Dipl.-Volkswirtin (Graduate Political Economist)
Member since October 1, 2010
Head of Corporate Communications,
Sartorius Corporate Administration GmbH
Goettingen, Germany

Prof. Dr. Gerd Krieger
Lawyer
Honorary professor at the
Heinrich-Heine University in Duesseldorf
Duesseldorf, Germany

**Prof. Dr. rer. nat. Dr.-Ing. E.h.
Heribert Offermanns**
Dipl.-Chemiker (Graduate Chemist)
Honorary Professor at the
Johann-Wolfgang-Goethe University of Frankfurt | Main
Hanau, Germany

Dr. Michael Schulenburg
Dipl.-Ingenieur (Graduate Engineer)
Management Consultant
Mettmann, Germany

Manfred Werner
Dipl.-Ökonom (Graduate Economist)
Member until September 30, 2010
Senior Vice President, Administration, Organization and
Auditing, Sartorius Corporate Administration GmbH
Goettingen, Germany

Committees of the Supervisory Board

Executive Task Committee
Prof. Dr. Dres. h.c. Arnold Picot (Chairman)
Gerd-Uwe Boguslawski
Uwe Bretthauer
Dr. Michael Schulenburg

Audit Committee
Dr. Michael Schulenburg (Chairman)
Gerd-Uwe Boguslawski
Uwe Bretthauer
Prof. Dr. Dres. h.c. Arnold Picot

Conciliation Committee
Prof. Dr. Dres. h.c. Arnold Picot (Chairman)
Gerd-Uwe Boguslawski
Uwe Bretthauer
Dr. Michael Schulenburg

Nomination Committee
Prof. Dr. Gerd Krieger
Prof. Dr. Dres. h.c. Arnold Picot
Dr. Michael Schulenburg

[1] Information required pursuant to Section 285, No. 10, of the German Commercial Code (HGB)

Positions Held by the Members of the Executive Board[1] as of December 31, 2010

Dr. rer. pol. Joachim Kreuzburg
Président Directeur Général of:
– Sartorius Stedim Biotech S.A., France[2]
On the Supervisory Board of:
– Sartorius Stedim Biotech GmbH, Germany, Vice Chairman[2]
On the Board of Directors of:
– Sartorius Stedim North America, Inc., USA[2]
– Sartorius Stedim SUS, Inc., USA[2]
– Sartorius Stedim Filters, Inc., Puerto Rico[2]
– Sartorius Mechatronics Japan K.K., Japan[2]
– Sartorius Stedim Japan K.K., Japan[2]
– Denver Instrument (Beijing) Co. Ltd., China[2]
– Sartorius Scientific Instruments (Beijing) Co. Ltd., China[2]
– Sartorius Mechatronics Hong Kong Ltd., China[2]
– Sartorius Stedim Lab Ltd., United Kingdom[2]
On the Regionalbeirat (Regional Advisory Board) of:
– Commerzbank AG, Hamburg, Germany[3]
On the Beirat (Advisory Board) of:
– Hameln Group GmbH, Germany[3]
On the Wirtschaftsbeirat (Economic Advisory Board) of:
– Norddeutsche Landesbank, Germany[3]

Jörg Pfirrmann
On the Administrative Board of:
– Sartorius Mechatronics Switzerland AG, Switzerland[2]
On the Board of Directors of:
– Sartorius North America, Inc., USA[2]
– Sartorius Mechatronics Corporation, USA[2]
– Sartorius TCC Company, USA[2]
– Sartorius Stedim UK Ltd., United Kingdom[2]
On the Comité Exécutif of:
– Sartorius Stedim France S.A.S., France[2]
On the Consiglio di Amministrazione (Board of Management) of:
– Sartorius Stedim Italy S.p.A., Italy[2]
On the Consejo de Administración of:
– Sartorius Stedim Spain S.A., Spain[2]
On the Supervisory Board of:
– Sartorius Stedim Nordic A/S, Denmark[2]

Reinhard Vogt
On the Conseil d'Adminstration of:
– Sartorius Stedim Biotech S.A., France[2]
On the Board of Directors of:
– Sartorius Stedim North America, Inc., USA[2]
– Sartorius Stedim SUS, Inc., USA[2]
– Denver Instrument (Beijing) Co. Ltd., China[2]
– Sartorius Scientific Instruments (Beijing) Co. Ltd., China[2]
– Sartorius Stedim Biotech (Beijing) Co. Ltd., China[2]
– Sartorius Stedim India Pvt. Ltd, India[2]
– Sartorius Stedim Malaysia Sdn. Bhd., Malaysia[2]
– Sartorius Mechatronics Hong Kong Ltd., China[2]
– Sartorius Stedim Australia Pty. Ltd., Australia[2]
On the Administrative Board of:
– Sartorius Stedim Switzerland AG, Switzerland, Chairman[2]

[1] Information required pursuant to Section 285, No. 10, of the German Commercial Code (HGB)
[2] Positions held within the Group
[3] External positions held by members of the Executive Board as of December 31, 2010

Positions Held by the Members of the Supervisory Board[1] as of December 31, 2010

Prof. Dr. Dres. h.c. Arnold Picot
On the Conseil d'Administration of:
– Sartorius Stedim Biotech S.A., France[2]
On the Supervisory Board of:
– Sartorius Stedim Biotech GmbH, Germany, Chairman[2]
– Takkt AG, Germany[3]
– Wissenschaftliches Institut für Infrastruktur und Kommunikationsdienste GmbH (Scientific Institute for Communication Services) and WIK-Consult GmbH, Germany[3]

Gerd-Uwe Boguslawski
On the Supervisory Board of:
– Demag Cranes & Components GmbH, Germany[3]
– Demag Cranes AG, Germany[3]

Dr. Dirk Basting
None

Annette Becker
None

Christiane Benner
On the Supervisory Board of:
– T-Systems International GmbH, Germany[3]

Uwe Bretthauer
None

Michael Dohrmann
None

Dr. Lothar Kappich
None

Petra Kirchhoff
None

Prof. Dr. Gerd Krieger
On the Supervisory Board of:
– ARAG Lebensversicherungs-AG, Germany[3]
– ARAG Krankenversicherungs-AG, Germany[3]

Prof. Dr. rer. nat. Dr.-Ing. E.h. Heribert Offermanns
None

Dr. Michael Schulenburg
On the Administrative Board of:
– TÜV Rheinland, Berlin, Brandenburg, Pfalz e.V., Cologne, Germany[3]
On the Beirat (Advisory Board) of:
– Lohmann GmbH & Co. KG, Germany[3]

Manfred Werner
On the Consejo de Administración of:
– Sartorius Mechatronics Spain S.A., Spain, "Presidente" (President)[2]
– Sartorius Stedim Spain S.A., Spain, "Presidente" (President)[2]
On the Raad van Bestuur of:
– Sartorius Mechatronics Belgium N.V., Belgium[2]
– Sartorius Stedim Belgium N.V., Belgium[2]

[1] Information required pursuant to Section 285, No. 10, of the German Commercial Code (HGB)
[2] Positions held within the Group
[3] External positions held by members of the Supervisory Board as of December 31, 2010

Supplementary Information

04

Glossary

Industrial | Product-specific Terms

Bioreactor
In English-speaking countries, a bioreactor is a vessel used for cultivating animal or human cells in a culture medium. In non-English-speaking countries, the term bioreactor is also used synonymously with the term fermenter to denote a system used to multiply microorganisms. In either case the vessel is used to obtain cells, parts of these or one of their metabolites.

Capsule
Ready-to-use filter unit consisting of a filter housing with hose connectors and an incorporated filter cartridge

cGMPs – Current Good Manufacturing Practices
U.S. quality assurance guidelines for the manufacture of pharmaceuticals, active ingredients, food and animal feed. In Europe, the standards are referred to as GMPs.

Crossflow
Term taken from filtration technology. Instead of directly flowing through the filter (static filtration), a liquid flows perpendicularly to the filter surface; this prevents filter blockage, resulting in a longer in-service life of the filter.

Downstream processing
Collective term for the various steps that follow fermentation or cell cultivation (upstream processing) in the production of biopharmaceuticals, for example separation, purification and concentration

FDA - Food and Drug Administration
U.S. regulatory agency responsible for ensuring the safety and efficacy of human and veterinary pharmaceuticals, biological products, medical devices and foods

Fermentation
Technical process used to produce or transform intra- or extracellular substances with the help of microorganisms

Fluid management technologies
Technologies and systems for the transportation and storage of biological liquids

Mechatronics
Interdisciplinary field that combines mechanical, electrical and electronic engineering, intelligent control technology and computer science. These technologies interact to compensate for the distorting effects that material properties and ambient conditions may have on the accuracy of measured results.

Membrane chromatography
Selective separation of mixtures of substances by adsorption to specifically modified membranes (membrane adsorbers) in a flowing system

Membrane (filter)
Thin film or foil made of polymers; because of the porous structure, this film is suitable for filtration applications.

Metal detectors
Systems integrated into a manufacturing process to detect product contaminants, such as metal particles, in order to protect consumers and help prevent damage to downstream machinery

Microwave resonance technology
Fast analytical method that takes just seconds instead of hours required by other procedures and indirectly measures the moisture content of materials

Monoclonal antibodies
Synthetic antibodies used in particular in the treatment of cancer, HIV and autoimmune diseases

Near-infrared spectroscopy, NIR spectroscopy
Analytical technique for the measurement of chemical and physical product properties, such as water, fat or protein content, and for identification of substances

PAT - Process Analytical Technology
A strategy for the design, analysis and control of manufacturing processes according to which quality characteristics of intermediate or finished products are defined and then analyzed and monitored using the critical process parameters identified

Purification
An important step in downstream processing

Recombinant proteins
Proteins manufactured using genetically modified organisms that are used in the production of therapeutic proteins, such as insulin and vaccines

Scale-up
Transfer of scale or increase in size. Used to denote the progression of a process that increases in a range from lab scale to pilot scale to process scale, while retaining the same technology, materials of construction and geometries throughout

Sterile filter, sterilizing-grade filter
Membrane filter whose pore size is usually 0.2 µm or smaller; product- and process-specific validation tests are required to confirm that the filter type selected delivers a sterile filtrate

Sterility test, sterility testing
Test to verify that a sample contains no living or viable substances

Validation
Documented verification that systems, devices and processes reproducibly deliver the desired result

Business | Economic Terms

Amortization
Amortization relates exclusively to potential reductions in the value of goodwill and the assignment of the purchase price to intangible assets acquired as carried out in accordance with IFRS 3.

Cash flow
The flow of funds or financial resources that are earned through day-to-day business activities; the amount of cash earned after paying all expenses and taxes; in other words, the cash balance of inflows and outflows of funds

Compliance
Observance of applicable laws, codes and other relevant rules and regulations

DAX®, MDAX®, SDAX®, TecDAX®
German stock indexes of the transaction service provider and marketplace organizer Deutsche Börse AG

D&O insurance
Directors' and Officers' liability insurance that covers Supervisory and Executive Board members and managerial employees

DVFA | SG
The Methods Commission of the Society of Investment Professionals in Germany (DFVA e.V.) – also commonly referred to as the German association for financial analysis and asset management – and the Schmalenbach-Gesellschaft (SG), one of the leading scientific societies in the area of business administration and financial reporting

EBITA
Earnings before interest, taxes and amortization. In this context, amortization refers exclusively to the purchase price allocation (PPA) to intangible assets acquired according to IFRS 3.

EBITA margin
The ratio of EBITA to sales revenue

EBITDA
Earnings before interest, taxes, depreciation and amortization. In this context, amortization refers exclusively to the purchase price allocation (PPA) to intangible assets acquired according to IFRS 3.

Equity ratio
The ratio of equity to the balance sheet total

Fixed assets
The sum of intangible assets, property, plant and equipment and financial assets

Free float
Proportion of a public company's shares that are freely available to the investing public (by definition at least 5%)

Goodwill
The difference between the price paid for a company or business and its net assets; a form of intangible asset

IAS
International Accounting Standards – internationally recognized accounting principles

IFRS
International Financial Reporting Standards – internationally recognized accounting principles

Prime Standard
Market segment of the Frankfurt Stock Exchange with high, internationally accepted transparency requirements; this segment is intended to meet the needs of companies seeking to attract the attention of international investors.

Pro forma
The pro forma presentation for 2007 means that the Stedim business, which was consolidated for the first time as of June 29, 2007, was included for the full year. At the same time, the hydrodynamic bearings business, which was sold on October 31, 2007, was excluded, and the proceeds of the sale were also eliminated.

Return on equity
The ratio of net profit to average equity

Supply chain management
Setup and coordination of integrated flows of materials, information and finances (supply chains) over the entire value-added process

Treasury
Short- and medium-term liquidity management

Underlying
Adjusted to eliminate non-operating items; the main non-operating items in the reporting year were restructuring charges and other non-operating expenses

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A Local Presence Worldwide

sartorius


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Financial Schedule and Contacts

Financial Schedule

April 20, 2011
Annual Shareholders' Meeting
in Goettingen, Germany

April 2011
Publication of
first-quarter figures for 2011

July 2011
Publication of
first-half figures for 2011

October 2011
Publication of
nine-month figures for 2011

March 2012
Annual press conference
in Goettingen, Germany

April 19, 2012*
Annual Shareholders' Meeting
in Goettingen, Germany

April 2012
Publication of
first-quarter figures for 2012

This is a translation of the original
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* Tentative date scheduled

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