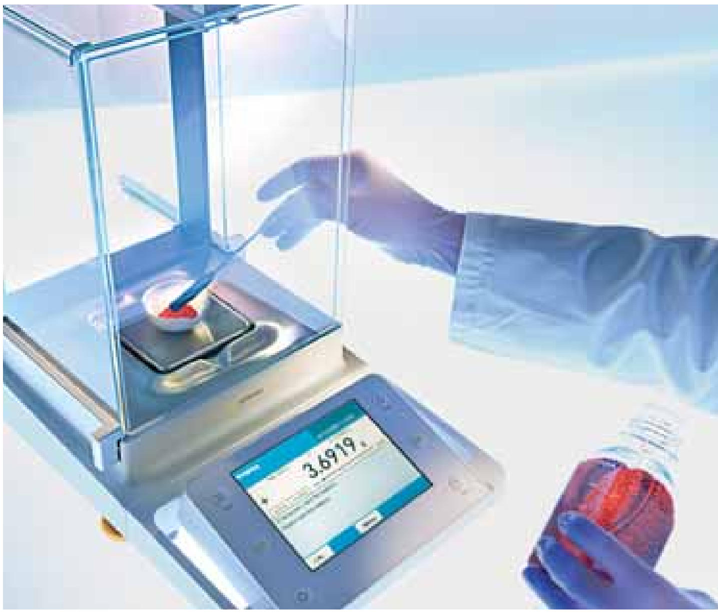
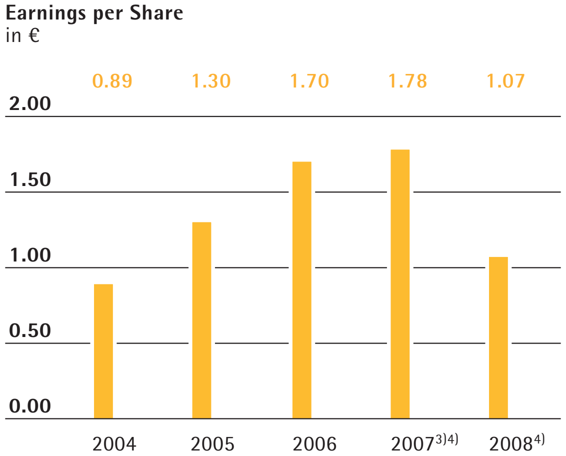
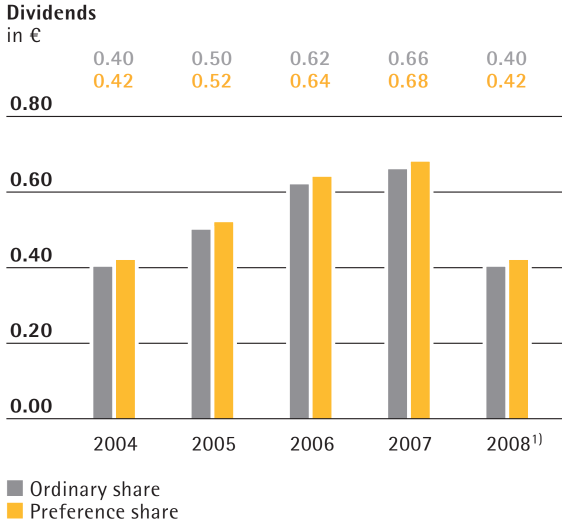


Sartorius Group
2008 Annual Report





Key Figures

All figures are given in millions of € according to the IFRS, unless otherwise specified	**2008**	2007	2006	2005	2004
Results					
Sales revenue	**611.6**	622.7[2)]	521.1	484.3	467.6
EBITDA	**80.1**	95.1[3)]	71.3	62.1	54.8
EBITA	**56.8**	71.1[3)]	52.1	43.7	34.9
Net profit after minority interest	**12.4**	27.0[3)]	29.0	22.1	15.2
Net profit after minority interest[4)]	**18.2**	30.4[3)]	29.0	22.1	15.2
Earnings per share (in €)	**0.73**	1.58[3)]	1.70	1.30	0.89
Earnings per share (in €)[4)]	**1.07**	1.78[3)]	1.70	1.30	0.89
Dividend per ordinary share (in €)	**0.40**[1)]	0.66	0.62	0.50	0.40
Dividend per preference share (in €)	**0.42**[1)]	0.68	0.64	0.52	0.42
As a % of sales revenue					
EBITDA	**13.1**	15.3[3)]	13.7	12.8	11.7
EBITA	**9.3**	11.4[3)]	10.0	9.0	7.5
Net profit after minority interest[4)]	**3.0**	4.9[3)]	5.6	4.6	3.3
Balance sheet					
Balance sheet total	**865.0**	783.9	377.3	362.5	357.7
Equity	**333.4**	334.1	168.9	148.4	134.4
Equity ratio (in %)	**38.5**	42.6	44.8	40.9	37.6
Gearing	**0.7**	0.6	0.3	0.4	0.6
Financials					
Capital expenditures	**33.7**	41.5	31.2	13.8	14.8
As a % of sales revenue	**5.5**	7.0[6)]	6.0	2.8	3.2
Depreciation and amortization[5)]	**29.6**	27.4	19.2	18.5	19.9
Net cash flow from operating activities	**53.0**	33.1	51.7	43.9	51.0
Net debt	**217.6**	189.6	54.4	60.7	78.9
Ratio of net debt to EBITDA	**2.7**	2.0[3)]	0.8	1.0	1.4
Employees as of Dec. 31	**4,660**	4,518	3,749	3,606	3,569

[1)] Amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG
[2)] Pro forma
[3)] Pro forma underlying
[4)] Excluding non-cash amortization in 2007 and 2008 and excluding non-cash interest expenses for share price warrants in 2008
[5)] Excluding goodwill amortization
[6)] Based on the actual sales revenue of €589.0 million

January | February | March | April | May | June

January

Reorganization of equipment business in North America

Sartorius Stedim Biotech reorganizes its equipment business for the biopharmaceutical market in North America and centralizes its activities in Springfield, Missouri.

Its site for fermentor and bioreactor manufacture in Bethlehem, Pennsylvania, is closed. Sartorius signs a cooperation and supply agreement to have the U.S.-based Paul Mueller Company manufacture stainless steel systems.

February

New plant in India

By laying the cornerstone for a new factory in Bangalore, Sartorius consolidates its five decentralized sites in India into one major factory. These production facilities, which are to manufacture products for both Group divisions, is slated to go into operation in spring 2009.

April

Technical Support Center opened in Singapore

In cooperation with the educational institute Temasek Polytechnic, Sartorius Stedim Biotech opens a Technical Support Center in Singapore, an up-and-coming location for the manufacture of biopharmaceuticals. At this Center, Sartorius offers local services, such as performing test runs and conducting employee training seminars, to key pharmaceutical accounts.

Seventeenth Annual Shareholders' Meeting

Some 450 shareholders attend Sartorius AG's 17th Annual Shareholders' Meeting on April 23, 2008, at the Goettingen Lokhalle venue. Dividend payments of €0.66 per ordinary share and €0.68 per preference share are approved. Thus, dividends increase for the fourth time in succession. The total profit distributed rises to €11.4 million.

May

Awarded for first-class delivery service

The international group PPG Industries confers the "Excellent Supplier Award 2007" to Sartorius Mechatronics for its first-class and comprehensive delivery service. Sartorius scores top marks in the categories of product quality, delivery reliability and responsiveness. This places Sartorius at the top of the rankings along with another seven out of PPG's 16,000 suppliers.

July

€1.8 million for environmental protection

At its site in Goettingen, Sartorius invests €1.8 million in environmental and climate protection, and implements two major projects: in summer 2008, a new combined heating and power plant is put into operation for self-sufficient generation of the company's electricity and heating.

In addition, the company constructs a special building for recycling of solvents used in membrane manufacture. Nearly 100% recycling of these treated substances back into the production process considerably reduces the need for purchasing fresh solvents.

Highlights of 2008

July | August | September | October | November | December

Ground-breaking ceremony for new factory in Arvada, Colorado
By building a new factory in Arvada, Colorado, Sartorius Mechatronics is further expanding its production capacity in North America, especially for manufacturing industrial weighing and control products.

Sartorius sponsors mobile biotech lab
The informative campaign run by the German Federal Ministry of Education and Research (BMBF) on pilot testing facilities for research in life sciences to shape the future – "BIOTechnikum Leben erforschen – Zukunft gestalten" – finds excellent support from Sartorius.

September

Long-term financing package signed
Sartorius puts its financing on a new footing and enters into two new financing packages with a syndicate of 13 banks for credit lines totaling an aggregate of €400 million. For the next five years, €220 million will be available to the subgroup Sartorius Stedim Biotech and €180 million to the Mechatronics Division of Sartorius AG.

The company provides equipment and materials, such as lab balances, air samplers and a diaphragm pump, to the mobile biotech laboratory.

October

Sales and distribution presence extended in Eastern Europe
With new subsidiaries in Poznan, Poland, and in Budapest, Hungary, both company divisions strengthen their sales and distribution operations in Eastern Europe. Sartorius's Polish and Hungarian staff offer their services to the neighboring countries of Slovenia, Slovakia, Croatia and Romania, thus increasing the company's presence in key Eastern European countries.

Lower Saxony's premier visits Sartorius plant in Beijing
During an official trip to China, the prime minister of Lower Saxony, Christian Wulff, accompanied by his delegation, visits the Sartorius site in Beijing. There, he is informed about the activities and growth strategy of the Group's Mechatronics Division in Asia.

Alliance with Bayer Technology Services
Sartorius Stedim Biotech extends its product portfolio for viral safety in the manufacture of biopharmaceuticals by forming an alliance with Bayer Technology Services. With UVivatec®, the company now offers a total of three complementary methods for the critical process step of virus inactivation.

Sartorius Stedim Biotech acquires Wave Biotech AG
Sartorius Stedim Biotech GmbH signs an agreement to acquire Swiss-based Wave Biotech AG, a leading supplier of single-use bioreactors with whom it has been working closely together since 2006. As a result, Sartorius Stedim Biotech further extends its leading position in cell culture technology.

Our Mission

Sartorius is a leading international laboratory and process technology provider with core areas of expertise in biotechnology and mechatronics. Our technological prowess, the outstanding quality of our products and services and our global presence make Sartorius one of the preferred partners to the pharmaceutical | biotech and chemical industries as well as to food and beverage producers.

We help our customers efficiently implement complex lab and production processes. In the future as well, we will further seek to systematically expand our position as an innovative, customer-oriented technology group. Based on Sartorius's clear-cut strategy, we will continue to create long-lasting value for customers and shareholders alike and translate our growth into high profitability.

This annual report contains statements concerning the Sartorius Group's future performance. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that they will actually apply. This is because our assumptions harbor risks and uncertainties that could lead to actual results diverging substantially from the expected ones. It is not planned to update our forward-looking statements.

This is a translation of the original German-language annual report. Sartorius shall not assume any liability for the correctness of this translation. The original German annual report is the legally binding version. Furthermore, Sartorius reserves the right not to be responsible for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected.

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

01 To Our Shareholders

Contents

01

To Our Shareholders

Letter to Our Shareholders

Dear Shareholders,
Ladies and Gentlemen:

In the past year, the Sartorius Group in both of its divisions was confronted by an unexpectedly adverse economic environment. In the Biotechnology Division, we — just like our competitors — had to grapple with a sharp downturn in demand from a few key accounts in the USA, which persisted well into the second half of the year. At year-end, the Mechatronics Division was then hit by the global recession, after having developed according to plan in the first ten months of the reporting year. Amid this situation, we could not reach our ambitious growth and earnings targets that we had set for 2008. Yet we still achieved the third best profitability result in our Group's history. Let me now highlight the key financial results of the Sartorius Group for 2008:

- For the Biotechnology Division, the market situation in North America was extraordinarily weak, especially during the first three quarters of the year. The reason behind this was that a number of large customers temporarily cut their purchasing volumes drastically as a consequence of scaling back their manufacturing operations and reducing their inventory levels. This is why the division could only slightly increase its global sales revenue in constant currencies, albeit reporting a positive trend in fourth-quarter order intake. Its EBITA margin eased somewhat due to lower-than-expected growth and unfavorable exchange rates, yet, at close to 11%, it clearly reached double digits again.

- By the end of October 2008, our Mechatronics Division was on the growth track as targeted, with sales revenue up a good 5% on a currency-adjusted basis. At the outset of November, order intake then abruptly slid roughly 15% as a result of the steep global economic downturn so the division could attain only about 2% in full-year sales growth. Profit was dampened by weak year-end business activity; higher R&D expenditure as budgeted and the impact of currency fluctuations. However, at an EBITA margin of 7%, profit was at a solid level.

- In the Sartorius Group overall, we accordingly achieved currency-adjusted growth in sales revenue of 0.9%, or €611.6 million, and an EBITA of €56.8 million. For the reasons explained concerning both divisions, consolidated return on sales declined year on year by around two percentage points to 9.3%, the third best result that Sartorius has ever posted so far. Relevant net profit was additionally impacted by extraordinary expenses resulting from foreign currency hedging transactions as a result of the strong fourth-quarter fluctuations in the exchange rates. Therefore, at €18.2 million, this figure was around 40% lower than in 2007 and represented earnings per share of €1.07.

- On the basis of our 2008 results, the Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting on April 23, 2009, for adjusting dividends accordingly at a practically unchanged dividend payout ratio, and disbursing €0.42 per preference share and €0.40 per ordinary share.

- With an equity ratio just shy of 39% and a ratio of net debt to EBITDA at 2.7, key balance sheet ratios and financials for the Group are at a good level. Moreover, Sartorius put its financing on a broad-based, long-term footing in September 2008 by concluding two financing packages totaling an aggregate of €400 million for both Group divisions.

After making fundamental and comprehensive changes to our Group structure in 2007, we further established and consolidated our organizational structures in both Group divisions during the past year of 2008. Furthermore, additional key issues and projects were on the agenda for 2008:

- For the Biotechnology Division, these entailed completing the integration of Stedim and implementing our new business model for our North American equipment organization. Both projects were successfully accomplished, so that Sartorius Stedim Biotech is now organizationally positioned to respond even more powerfully and efficiently to customer needs. Beyond this, in the Biotechnology Division, we developed and launched on the market a substantial number of breakthrough products. A majority of these products were created on the basis of bag technology brought into the Group by Stedim, such as our wide range of single-use mixing containers. In the areas of filtration and purification as well, we extended our array by a number of innovative, high-performance products. In addition, by acquiring the Swiss company Wave Biotech at year-end, we rounded out our technology portfolio in the field of single-use bioreactors.

- In the Mechatronics Division, a special focus was on achieving growth in Asian markets, especially in the segment of industrial weighing equipment. Here, we again reported above-average growth rates, which, however, were negatively impacted by the recession that set in and affected wide swaths of Asia at the end of the year. Just as in the Biotechnology Division, we further expanded our range of products in many segments of the Mechatronics Division during 2008, both by our own developments and through alliances. For instance, we added innovative analyzers for online monitoring of the moisture content as well as X-ray inspection systems for detection of foreign particles.

As the global economic situation continues to be highly uncertain, it is not possible to provide a reliable quantitative forecast of the Group financial results for 2009. However, all signs are pointing to an extremely difficult year for the Mechatronics Division, and we therefore have to expect that its sales revenue and earnings will decline due to a downturn in the markets. Against this backdrop, we have been responding proactively since the end of 2008 by implementing extensive programs, especially in the Mechatronics Division and beyond, that are designed to swiftly cut costs and strengthen cash flow. At the same time, we are optimistic about achieving sales revenue and earnings growth in the Biotechnology Division, because as a supplier to the biopharmaceutical industry, this division is usually less affected by cyclical trends.

The current heavy economic and financial crisis requires us to implement tough measures quickly and systematically; yet it also offers us the opportunity to emerge even stronger, compared with the competition. Therefore, on the cost side, we will continue to pursue our highly restrictive, yet flexible policy in 2009, while concertedly and aggressively positioning our numerous new products in the market, however. On the basis of our solid financial results, robust organization and attractive product ranges, we see ourselves well aligned to meet the intense challenges that lie ahead of us. Our mid- and long-term business prospects continue to remain excellent.

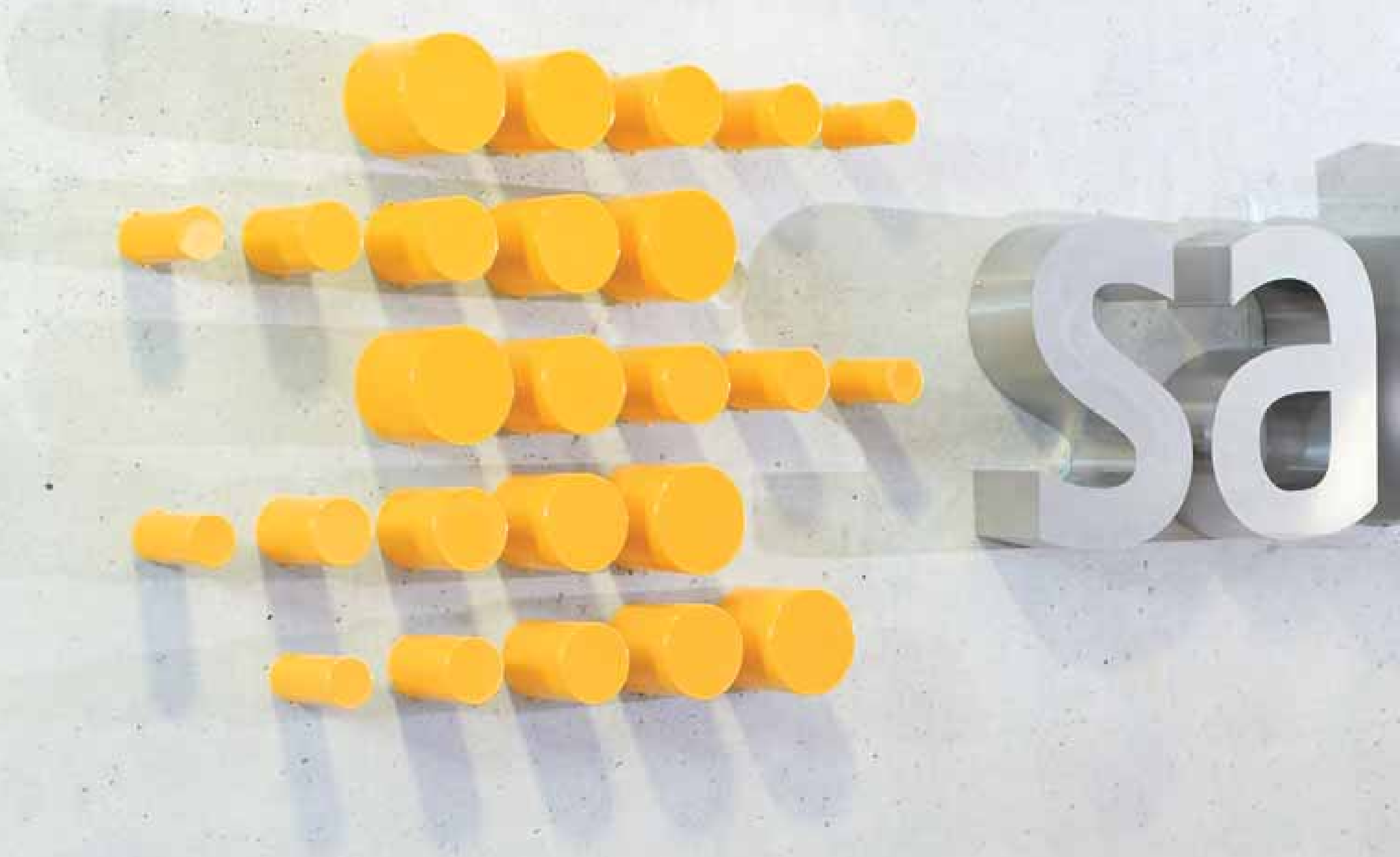
I would like to thank all employees of the Sartorius Group for their exceptional commitment and outstanding work in 2008. Moreover, my special thanks go out to you, our customers, business partners and shareholders, for your valuable cooperation and the high level of trust you have given us repeatedly over many years. Based on our long-term orientation, we will target all our energies and resources in the new fiscal year as well to turn the strong prospects of the Sartorius Group into reality.

I would be pleased if you would continue accompanying us on the path marked by our innovative and highly profitable technology group.

Yours sincerely,

Dr. Joachim Kreuzburg
CEO and Executive Board Chairman

Goettingen, March 2009



The Executive Board

Joachim Kreuzburg (43) | shown right
Dr. rer. pol.

Chief Executive Officer and Chairman
Biotechnology Division, Finances, Legal Issues,
Internal Auditing and Communications

Studied mechanical engineering at the University of Hannover, Germany. Joachim Kreuzburg, who holds a doctorate in economics, has been a member of the Executive Board since November 2002, prior to which he had held various executive positions at Sartorius in the finance unit. Joachim Kreuzburg is chairman of the Administrative Board and CEO of the Sartorius Stedim Biotech S.A. subgroup.

Günther Maaz (59) | shown left
Dr. rer. nat.

Mechatronics Division, Human Resources,
IT and General Administration

Studied physics at the RWTH Aachen University, Germany. Günther Maaz has been an Executive Board member since November 2002. Before that, he held various managerial positions in the production, research and development and quality management departments within the Mechatronics Division, prior to being promoted to President of the Mechatronics Division. Günther Maaz, who first joined Sartorius in 1979, has been the Executive Director for Labor Relations of Sartorius AG since September 2007.

Report of the Supervisory Board

In fiscal 2008, 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 bylaws of the company.

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 and the situation of the Group, including the 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 detailed during the Supervisory Board meetings, and the Supervisory Board reviewed all documents presented to it.

The Executive Task Committee and the full Supervisory Board both discussed all of the company's significant transactions in depth on the basis of the reports submitted by the Executive Board. Following thorough review, the Supervisory Board cast a positive vote on the Executive Board's reports and proposed resolutions, where necessary. In addition to the regular written reports provided to all Supervisory Board members and at committee and full Supervisory Board meetings, the Supervisory Board Chairman 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.

Following thorough discussion, the Supervisory Board endorsed the financial statements for fiscal 2007 at its meeting on March 11, 2008, on the basis of the Audit Committee's and independent auditors' report. In this connection, the members discussed and approved the agenda and proposed resolutions to be submitted at the 2008 Annual Shareholders' Meeting and the proposal for appropriation of profits. Furthermore, the Supervisory Board dealt with the refinancing of the bridge loan contract that Sartorius had concluded in 2007 to finance the Stedim transaction.

In the next meeting on April 23, 2008, the development of first-quarter business marked by the weak North American market situation for the Biotechnology Division was discussed in detail.

Important investment projects for Sartorius Stedim Biotech, especially long-term expansion of capacity for membrane production, were at the focus of the meeting on August 28, 2008. In addition, following thorough discussion, the Supervisory Board approved the acquisition of the Swiss technology corporation Wave Biotech AG, with which Sartorius Stedim Biotech had been successfully cooperating before this take-over. The meeting also centered on two issues concerning the Mechatronics Division: the detailed presentation of new products and the demonstration of e-commerce concepts that were being implemented. The Supervisory Board then approved the financing package that was discussed in great detail during the previous meetings and that covered two credit facility agreements totaling €400 million.

In the meeting on December 11, 2008, the Supervisory Board approved the budget submitted by the Executive Board for 2009. Also, the Supervisory Board deliberated on adjustment measures to be taken for the Mechatronics Division in view of the signs of a sharp market downturn. Moreover, the changes to the German Corporate Governance Code were explained and the Declaration of Compliance for 2008 was resolved. Furthermore, the Supervisory Board examined the results of its efficiency review and concerned itself with the development of top managerial employees and the remuneration structure of the Executive Board.

Committee Agenda

In the reporting year, the Executive Task Committee met six times. Its intensive consultations during that year focused on the potential and development of upper management and long-term successor planning for the Executive Board. In addition, issues concerning remuneration of the Executive Board, key strategic projects, such as the acquisition of Wave Biotech AG, and relatively large investment projects were discussed.

The Audit Committee met three times in the reporting year. At its first meeting, the committee, in the presence of the auditors, prepared for the Supervisory Board's meeting on the annual financial statements. It conferred on the annual financial statements of Sartorius AG, the consolidated financial statements and on the proposal for the appropriation of profit. Moreover, the committee used its subsequent meetings to keep itself fully informed about internal auditing, risk management, new legal regulations, amendments to the German Corporate Governance Code and compliance matters, to define the major focal points of the audit of fiscal 2008 and to appoint the auditors.

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 for fiscal 2008 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 23, 2008. The independent auditors issued an unqualified audit certificate. Deloitte & Touche auditors attended the Audit Committee meeting on March 9, 2009, and the Supervisory Board meeting on March 10, 2009, 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 deliberated upon 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 10, 2009, 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 23, 2009, that shareholders be paid dividends of €0.42 per preference share and €0.40 per ordinary share from the retained profit.

For Sartorius AG and the Group, 2008 was a year of special challenges, one that was impacted in the first half by a difficult environment in the biotech sector in the USA and, in the second half, by the global financial and economic crisis. Under the leadership of the Executive Board, the company energetically met these challenges, and is well prepared to face a foreseeably difficult year 2009.

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. The 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 2009

Corporate Governance Report

The German Corporate Governance Code adopted by the Government Commission on the German Corporate Governance Code presents suggestions and recommendations based on nationally and internationally recognized standards of good and responsible corporate management and supervision (governance), to be applied in addition to the existing statutory provisions. The German Stock Corporation Law ("Aktiengesetz") obligates the Supervisory Board and the Management Board (Executive Board) of a listed German stock corporation to make a declaration once a year as to whether the recommendations contained in the Code were and are being complied with, and which recommendations of the Code were and are not being applied.

In the reporting year, the Supervisory Board and the Executive Board of Sartorius AG issued a Declaration of Compliance according to § 161 of the German Stock Corporation Law ("Aktiengesetz") concerning the recommendations of the German Corporate Governance Code. This Declaration of Compliance, which is dated December 11, 2008, is printed in the following and is also available over the internet from the Sartorius website.

Sartorius AG followed the same principles of transparent and responsible corporate governance in fiscal 2008 as it had in the previous year. The exceptions stated in the 2008 Declaration of Compliance correspond to those for 2007.

As in the past, Sartorius AG declared two divergences from the German Corporate Governance Code. The first divergence relates to the recommended individualized disclosure of the remuneration of members of the Supervisory Board. In conformance with the Code, the total remuneration of the Supervisory Board is reported according to its respective fixed and performance-related components. Disclosure of these components makes it possible to assess whether the total remuneration is commensurate with the Supervisory Board members' level of responsibility and scope of duties and with the economic situation and performance of the company. We believe that providing additional detail on an individual basis would make no difference to the ease of assessing the appropriateness of the remuneration paid for the activities of the Supervisory Board.

The second divergence concerns the Directors' & Officers' (D&O) insurance policy, which still does not stipulate a deductible, or excess, for Supervisory Board and Executive Board members. This situation persists because of a lack of legal certainty: the question of what constitutes a reasonable deductible for D&O insurance has yet to be clarified. For this reason, Sartorius AG will address this issue of agreeing upon a reasonable deductible again once the necessary legal certainty exists.

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.

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 Corporate Governance Report explicitly adopts and references the presentation included in the Group Management Report (see pp. 85 ff.).

The Supervisory Board | The Executive Board

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 compliance with the recommendations made by the Government Commission on the German Corporate Governance Code and published by the German Federal Ministry of Justice in the official section of the electronic German Federal Gazette ("Elektronischer Bundesanzeiger"), as amended on June 6, 2008.

However, this compliance applies with the restriction that a D&O insurance policy without any deductible by officers exists for the members of the Executive Board and of the Supervisory Board (Code Item 3.8, Paragraph 2) and that the remuneration of the Supervisory Board members is not individualized, but rather reported as a total subdivided into fixed and variable components, and as payments for services personally rendered, in the Notes to the Financial Statements and in the Corporate Governance Report (Code Item 5.4.6, Paragraph 3).

Since the issue of last year's Declaration of Compliance, the recommendations of the Government Commission on the German Corporate Governance Code have been complied with as specifically amended, subject to the restrictions already stated above.

Goettingen, December 11, 2008

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

Sartorius Shares

Share Price Development

The market price of the Sartorius ordinary and preference shares fell over the course of 2008. The preference share slid 69.0% from a starting price of €26.30 to €8.16 at year end. The value of the ordinary share slipped from €26.95 to €10.05, a drop of 62.7%, over the same period. The fall in the price of the Sartorius shares can probably be attributed in part to overall business development that did not meet original expectations in 2008. The highly unfavorable conditions in the capital markets are also likely to have had an effect on the performance of the share.

The preference share reached its highest daily closing price (Xetra) for the year, €27.01, on January 3. The ordinary share attained its highest price for the year, €31.00, on April 9, at which point it was €5.50 higher than the preference share. Its value dropped afterwards, however, and approached the price of the preference share.

Both classes of share hit their respective lows (Xetra daily closing price) for fiscal 2008 toward the end of the year, with the preference share touching €6.17 on December 19 and the ordinary share bottoming out at €8.41 on November 10.

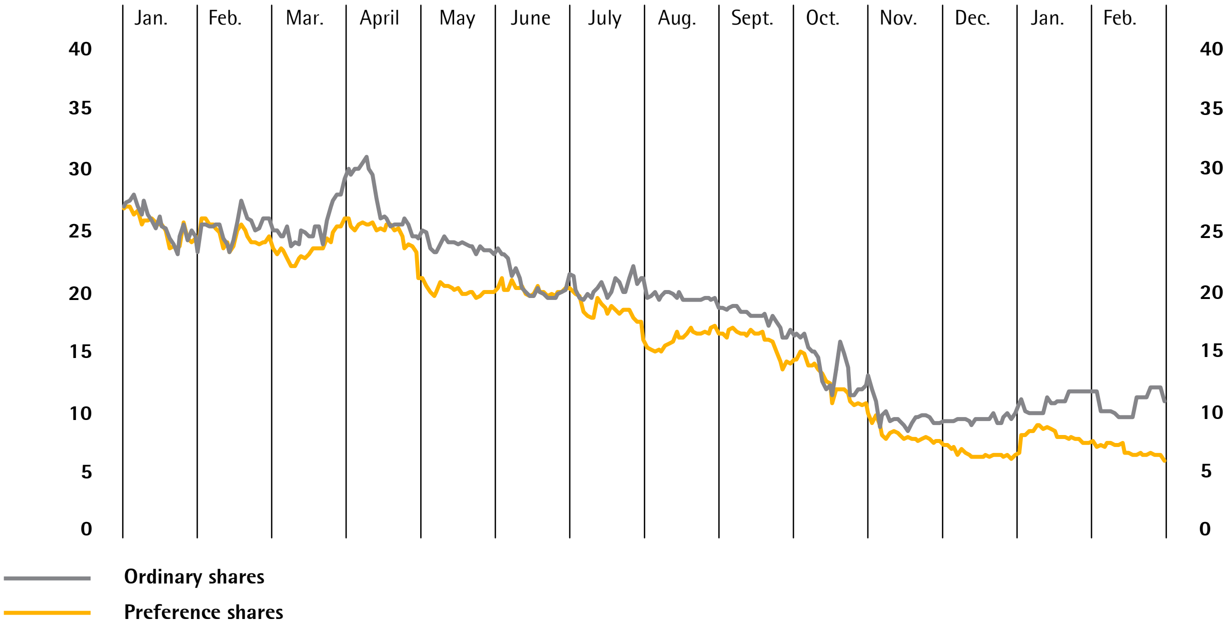
The performance of the Sartorius shares in 2008 was largely mirrored by the German share indices, which all showed a clear downward trend. The collapse of the banking system in the USA, the spreading global crisis in the financial markets and the cumulative effect of these two factors on the real economy, the full extent of which cannot yet be determined, caused stock markets around the world to fall, in some cases very significantly. The markets also became highly volatile, and the trading environment extremely tense. The DAX, which ended 2007 at 8,067 points, skidded 3,257 points, or 40.4%, to stand at just 4,810 points on December 30, 2008, while the TecDAX plummeted 47.8% from 974 points to 508 points. This means that overall, Sartorius shares performed in 2008 slightly lower than the market as a whole.

Trading Volume and Share Price Development

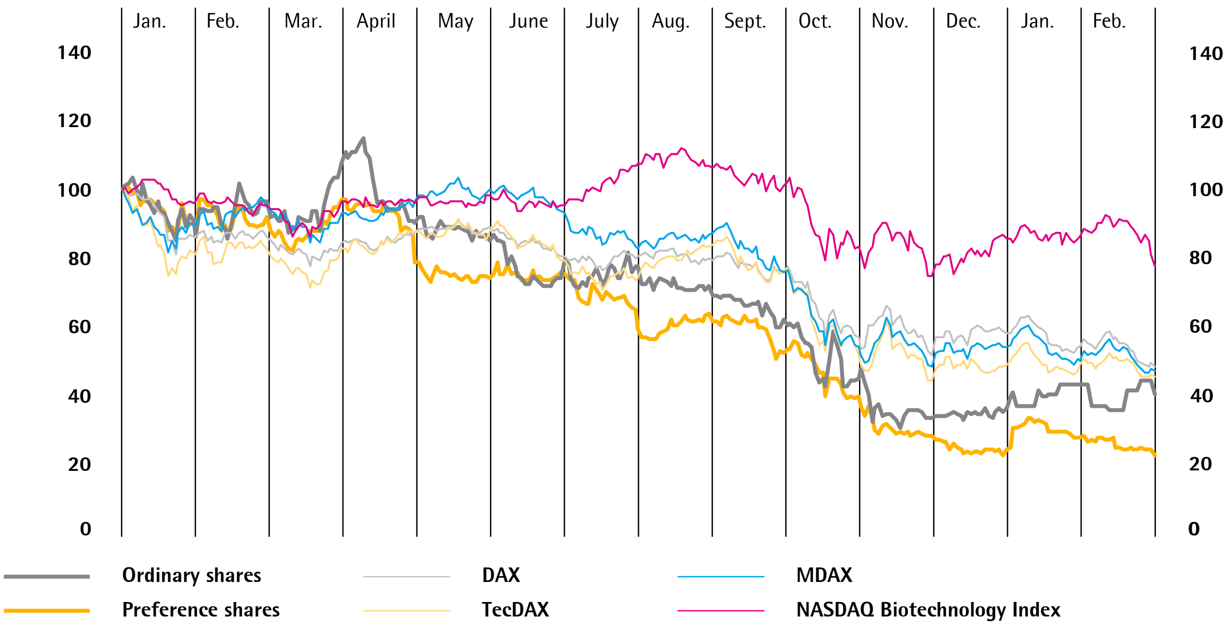
	2008	2007	Change in %
Preference share in € (Xetra year-end closing price)	**8.16**	27.00	–69.8
Ordinary share in € (Xetra year-end closing price)	**10.05**	27.90	–64.0
Market capitalization in millions of €*	**155.2**	467.9	–66.8
Average daily trading volume of preference shares	**13,732**	15,110	–9.1
Average daily trading volume of ordinary shares	**2,119**	2,985	–29.0
Trading volume of preference shares in millions of €	**61.9**	145.7	–57.5
Trading volume of ordinary shares in millions of €	**10.0**	30.1	–66.8
Total trading volume in millions of €	**71.9**	175.8	–59.1
TecDAX	**508.3**	974.2	–47.8
DAX	**4,810.2**	8,067.3	–40.4

Sources: Deutsche Börse AG, vwd
* without treasury shares

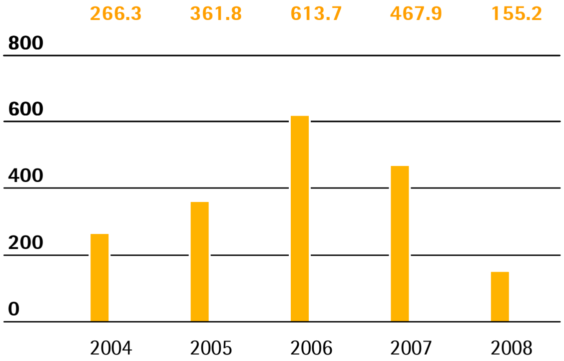
Sartorius Shares in €
January 2, 2008, to February 27, 2009



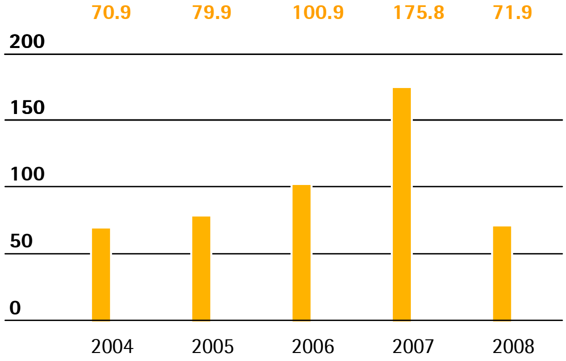
Sartorius Shares in Comparison to the DAX, TecDAX, MDAX and NASDAQ Biotechnology Index (indexed)
January 2, 2008, to February 27, 2009



Market Capitalization
€ in millions (without treasury shares; based on the Xetra)



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



Market Capitalization and Trading Volume

The market capitalization – the total number of outstanding shares of both classes multiplied by the corresponding share price – declined over the course of the reporting year because of the fall in share prices. The company's market capitalization as of December 31, 2008, stood at €155.2 million, a decline of 66.8% over the previous year (€467.9 million).

The number of preference shares traded daily on the Frankfurt Stock Exchange in the reporting period averaged 13,732, which represents a year-on-year decrease of 9.1% (2007: 15,110). The average number of ordinary shares traded every day was also down on the previous year at 2,119 (2007: 2,985).

The trading volume of both types of share more than halved over the same period as a result of the share price decreases. The value of preference shares traded on the Frankfurt Stock Exchange (Xetra and on the floor) in 2008 fell 57.5% year on year to €61.9 million (2007: €145.7 million). The volume of ordinary shares traded dropped 66.8% overall to €10.0 million (2007: €30.1 million). The overall reduction in trading volume for Sartorius preference and ordinary shares combined amounted to 59.1%, which is considerably higher than the 13.5% dip in the total volume of shares traded across all German stock exchanges in 2008.

Facts about the Shares

ISIN	DE0007165607 Ordinary shares DE0007165631 Preference shares
Designated sponsor	Commerzbank AG
Market segment	Prime Standard
Indexes	CDAX | Prime All Share Index | Technology All Share Index | Prime Industrial Performance 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

Research Coverage

Institute	Date	Vote
West/LB	February 12, 2009	Neutral
Berenberg	February 11, 2009	Sell
Nord/LB	February 11, 2009	Sell
Cheuvreux	February 11, 2009	Sell
Dresdner Kleinwort	December 16, 2008	Hold
Merck Finck	December 15, 2008	Sell
Deutsche Bank	October 30, 2008	Hold

The Analysts' View

Analysts continued to show a high level of interest in Sartorius shares over the course of the fiscal year ended. Our Investor Relations team fielded active inquiries from analysts at Berenberg Bank, Crédit Agricole Cheuvreux, Deutsche Bank, Dresdner Kleinwort, Nord/LB and West/LB, all of whom followed the progress of our shares closely throughout the year. Merck Finck & Co. joined the ranks of those tracking developments at Sartorius and the progress of its business in September 2008 and published regular recommendations concerning the Sartorius shares.

Investor Relations Activities

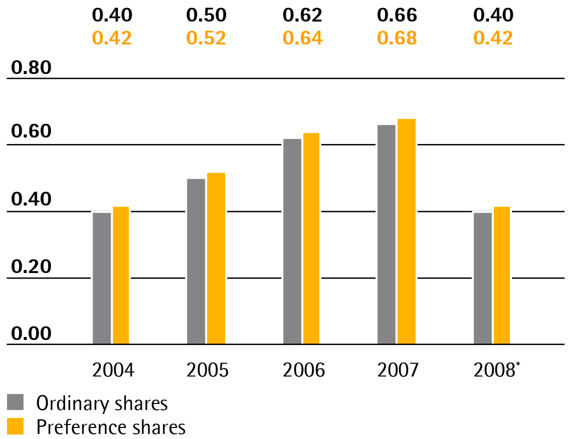
Our investor relations work has the goal of providing a transparent picture of the company's business progress for our shareholders; thus we take care to make all relevant information available quickly and in full. Our annual and quarterly reports, press releases and ad hoc announcements together provide a regular, detailed insight into the latest developments of 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 Executive Board to ensure that they can make important information available to our investors promptly and comprehensively.

Our investor relations activities over the year ended took place against a backdrop of highly turbulent stock markets, which made personal communication both with our private and institutional investors and with the analysts more important than ever. The early part of fiscal 2008 brought us a number of opportunities to present Sartorius, most notably at the Cheuvreux 7th German Corporate Conference in January, which attracted a broad professional audience. Just as in 2005 and 2007, we also attended Deutsche Bank's German & Austrian Corporate Conference in Frankfurt am Main, Germany, in June and the German Equity Forum in November.

The regular teleconferences we organize to accompany the publication of the quarterly results can be followed live on the Internet. These conferences, the first of which was held in conjunction with the publication of the results for fiscal 2007, give our shareholders and analysts the opportunity to participate in these important quarterly and annual events.

We offer a site tour of our headquarters in Goettingen, Germany, for investors and analysts wishing to gain a deeper insight into the Sartorius Group.

Dividends
in €



* amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG

Dividends

The management of Sartorius intends, as usual, to distribute an appropriate proportion of the company's profits for fiscal 2008 to shareholders. The dividend proposal to be presented by the Supervisory Board and the Executive Board at the Annual Shareholders' Meeting slated for April 23, 2009, will call for the payment of dividends of €0.42 per preference share and €0.40 per ordinary share from Sartorius AG's retained profit of €27.8 million. This would represent the first reduction in the dividend after five consecutive increases. The dividends paid to shareholders in fiscal 2007 were €0.68 per preference share and €0.66 per ordinary share.

The total profit distributed under this dividend proposal would amount to €7.0 million, which would equate to a decrease of €4.4 million or 38.8% as compared with the previous year (€11.4 million), and the dividend payout ratio based on net profit, excluding the two non-cash items of amortization and interest expense for share price warrants, would be 38.4% (previous year: 37.8%). The dividend yield based on the opening price for 2008 (preference €26.30; ordinary: €26.95) would amount to 1.6% for the Sartorius preference share and 1.5% for the Sartorius ordinary share. Treasury shares held by Sartorius AG are not entitled to dividends.

Share Indexes

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

Regarding the possibility of inclusion in the TecDAX (35/35 rule), the preference share ranked 41st in free float market capitalization (2007: 29th), which fell by 77.2% to €56.1 million as a result of the declines in the share price (2007: €246.2 million). The preference share's ranking for exchange trading volume (volume traded on the Frankfurt Stock Exchange over the preceding twelve months) remained unchanged at 50th. Inclusion in the TecDAX is consequently not to be expected in the short term.

Key Figures for Sartorius Shares

		February 27, 2009	2008	2007	2006	2005	2004
Ordinary shares[1] in €	Reporting date	**11.00**	**10.05**	27.90	39.00	22.00	16.00
	High		**31.00**	46.99	44.00	22.90	16.34
	Low		**8.41**	26.00	20.60	16.00	9.05
Preference shares[1] in €	Reporting date	**6.10**	**8.16**	27.00	33.00	20.45	15.24
	High		**27.01**	47.05	33.30	23.00	15.24
	Low		**6.17**	26.25	20.35	14.21	6.65
Market capitalization[2] in millions of €		**145.8**	**155.2**	467.9	613.7	361.8	266.3
Dividend per ordinary share[3] in €			**0.40**	0.66	0.62	0.50	0.40
Dividend per preference share[3] in €			**0.42**	0.68	0.64	0.52	0.42
Total dividends[4] in millions of €			**7.0**	11.4	10.7	8.7	7.0
Dividend yield per ordinary share[5] in %			**1.5**	1.7	2.9	3.1	4.5
Dividend yield per preference share[5] in %			**1.6**	2.1	3.2	3.4	6.2

[1] Xetra daily closing price
[2] Without treasury shares
[3] For 2008, 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] Dividends for 2004 to 2005 in relation to the closing price in the previous year; dividends for 2006 to 2008 in relation to the opening price in the year concerned

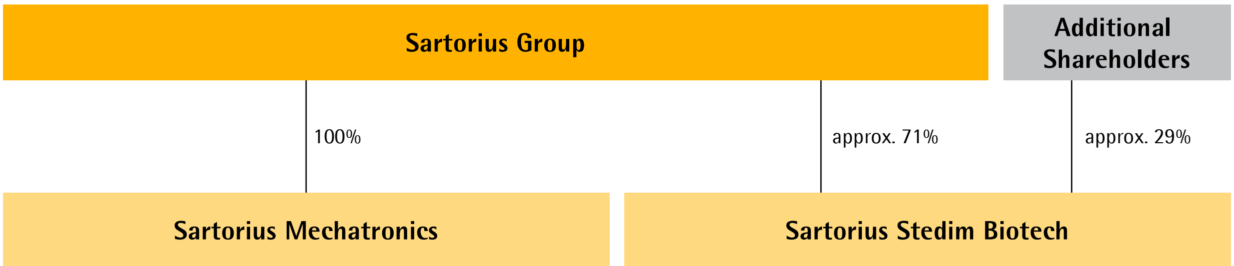
Shareholder Structure

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. 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 around 25% of the ordinary shares. Based on our current information, the remaining portion comprising around 9% of the ordinary shares is in free float.

02

Group Management Report

Group Structure



The Sartorius Group comprises two divisions, Mechatronics and Biotechnology, which are managed separately for strategic and operational purposes. The Mechatronics Division is legally wholly owned by Sartorius AG and conducts all of its business with external parties under the name Sartorius Mechatronics. In 2007, the Biotechnology Division merged with French company Stedim S.A. and in the process was carved out as a legally independent subgroup, which operates under the name Sartorius Stedim Biotech and is listed on the Paris Bourse. Sartorius AG holds a controlling stake in Sartorius Stedim Biotech S.A. of around 71% of its shares and 74% of its voting rights. The Group's two divisions rely largely on a shared global infrastructure for their administrative functions.

Changes in Stock Ownership

In the reporting year, there were only minor changes in stock ownership. Sartorius AG thus increased its shareholdings in Sartorius Stedim Biotech S.A. and, since the end of fiscal 2008, has held approximately 71.1% of Sartorius Stedim Biotech's shares (formerly around 69.7%) and about 74.2% of its voting rights (previously around 72.9%).

Sartorius Stedim Biotech itself made an acquisition in October 2008: its purchase of Swiss technology company Wave Biotech AG, which was completed in December 2008, has further extended its leading market position in single-use fermentation technology.

Both of the Group's divisions expanded their sales and distribution structures and service networks in Eastern Europe in the middle of the year by taking over the business activities of former sales partners in Hungary and Poland and are hence now represented by their own local sales and distribution companies in these countries.

A detailed list of the Sartorius Group's shareholdings in other companies at December 31, 2008, is presented in the Notes to the Financial Statements on pp. 88 ff. together with further information about the changes made in the reporting year.

Macroeconomic Environment and Conditions in the Sectors

Macroeconomic Environment

Four years of strong growth came to an end in the spring of 2008, and since then the global economy has weakened markedly. The year under review began with many national economies still appearing remarkably robust despite the weakness of the U.S. economy. This led to the belief that the rest of the world might be able to decouple itself largely from the problems in the U.S., but events proved otherwise. Commodity prices soared in the first six months of the year, with the price of Brent crude, for example, hitting a record high of U.S. $147 a barrel in the middle of the year, and this and the associated rise in inflationary pressure put the brakes on the global economy.

When the bubble in the U.S. real estate market burst in 2007, this triggered a global financial market crisis of historic proportions. The effects of this crisis increasingly spread to the real economy over the course of 2008, slowing global economic growth significantly in the process. Demand began to fall across a wide range of products as the banks tightened their lending criteria and consumer confidence waned. Particularly hard hit were car makers and their suppliers.

Financial market problems in the USA intensified in mid-September 2008 and peaked, for the time being at least, with the bankruptcy of U.S. investment bank Lehman Brothers. The financial crisis was now spreading around the world, ushering in the specter of recession.

Since August 2008, the global inflation rate has eased as commodity prices continued to plummet in the face of the downturn. Oil prices simply collapsed: on December 3, a barrel of Brent cost just U.S. $47.20, or about 67.9% less than it did at mid-year.

All the major central banks responded to the increasing number of countries slipping into recession and the easing of inflationary pressures with dramatic interest rate cuts. The European Central Bank (ECB) reduced its base rate by 75 basis points to 2.5% in December. This cut, the largest in the ECB's history, followed directly from successive cuts of 0.5 of a percentage point each in October and November. On January 15, 2009, interest rates were lowered again, this time to 2.0%. The U.S. Federal Reserve (Fed) cut its prime rate to a historically low target band of 0% – 0.25% in mid-December.

All of the most important financial markets saw a sharp increase in volatility at the same time. Having fallen significantly against the euro and other major currencies in the first half of 2008, the U.S. dollar made considerable gains against most currencies between the beginning of August and the end of October. However, it then dropped sharply against the euro again, not least because of the Fed's zero interest rate policy. Overall, the U.S. dollar averaged $1.41 to the euro in the second half of 2008, which was 12 cents down on its average value in the first six months of the year (U.S. $1.53 to the euro).

No sooner had the economic research institutes issued their fall forecasts for 2008 as a whole than they had to begin revising them downward.

The U.S. economy deteriorated markedly after the tension in the financial markets came to a head in mid-September, and figures from the Department of Commerce revealed that consumer spending, which accounts for about two thirds of gross domestic product in the USA, fell sharply in October. November forecasts from the International Monetary Fund (IMF) and OECD predicted growth for the year as a whole of 1.4% in the U.S. (2007: +2.0%; status: Nov. 2008).

In the euro zone as well, economic conditions took a pronounced turn for the worse in 2008. Export business, which had previously been brisk, actually declined as a result of factors that included the substantial increase in the value of the euro. The IMF's November forecast estimated growth of 1.2% for 2008 as a whole in the euro zone (2007: +2.6%). The ECB eventually arrived at a similar conclusion: its forecast, which was significantly revised downward in December, envisaged growth of 0.8% to 1.2% for the euro-zone countries in 2008. The latest data from the OECD indicates that the euro-zone economy grew by 1.0% in 2008 (2007: +2.6%).

Germany's economy also cooled off over the course of the year. Exports, which form a central pillar of the German economy, tumbled more than 10% between October 2008 and November 2008. According to IMF estimates, economic growth in Germany in 2008 amounted to 1.7% (2007: +2.5%). The OECD's November 2008 forecast quoted a figure of 1.4% (2007: +2.6%). The most recent IMF forecast for the French economy predicted growth for 2008 as a whole of just 0.8% (2007: +2.2%). The latest OECD prediction for France likewise suggested economic growth for 2008 of less than 1%.

Developments in the Western industrialized countries also inescapably left their mark on the Asian economies. Economic activity in Japan weakened appreciably in 2008. Exports, which had been driving the country's upturn since 2002, fell for the first time in three years as a result of a sharp drop in demand from the U.S. and Europe, and rising energy and food prices in the first six months of the year, coupled with a deteriorating employment situation, kept private consumption slack. The most recent calculations from the IMF and OECD suggested that the Japanese economy grew 0.5% in 2008 (2007: +2.1%).

Newly industrialized countries, such as China and India, which had been the engines of growth in the global economy in recent years, were increasingly hurt by the impact of the worldwide downturn, and although they still expanded significantly in 2008, they could not match the pace set in previous years. The reduction in the rate of growth in these economies was due more to weaker domestic demand than any problems with exports, which were still holding up relatively well at this stage. The IMF and OECD predicted growth for 2008 as a whole in the Chinese economy of 9.7% and 9.5%, respectively, in their November 2008 forecasts (2007: +11.9%). The IMF's most recent estimate of economic growth in India in 2008 suggested a figure of 7.8% (2007: +9.3%). The OECD put growth in India in 2008 at 7.0% (2007: +9.0%).

The IMF predicted last November that global economic growth for 2008 as a whole would amount to 3.7% (2007: +5.0%).

Sector Conditions: Biotechnology Division

Sartorius Stedim Biotech is a leading supplier of products and services for development, production and quality assurance processes, serving customers in the biopharmaceutical industry. Specific trends in this sector have an important influence on the course of the Biotechnology Division's business.

The global economic downturn that set in during the second half of 2008 scarcely had any impact in the reporting year on the pharmaceutical industry, which has to date appeared largely immune to cyclical effects. Although it did lose momentum somewhat toward the end of the year, the pharmaceutical market once again grew significantly more strongly than the economy as a whole. Preliminary figures from international market research institute IMS Health suggest that the global pharmaceutical market grew between 4.5% and 5.5% to more than U.S. $800 billion in 2008. Growth continued to shift from the mature pharmaceutical markets in the USA (+1% to +2%) and Europe (+3% to +4%) to developing countries, where growth rates reached 14% to 15%.

Biotechnology is one segment of the pharmaceutical market that has been expanding at an especially dynamic pace in recent years. The upward trend is by no means linear, however: several major U.S. providers suffered setbacks in 2007 as a result of the FDA's restrictive approval policy, and the effects persisted into 2008. These companies responded with cost-cutting programs encompassing a variety of measures, including significant reductions in inventories, which meant placing fewer orders with pharmaceutical industry suppliers. The rather muted sentiment that reigned in the sector into the second quarter of 2008 left its mark on several pharmaceutical and biotech share indexes (including the NASDAQ Biotechnology Index) which largely stagnated over the period.

Analyses from market watchers at Frost & Sullivan suggest that in spite of these developments, the biotech sector successfully increased its revenues in 2008 by just short of 11% (previous year: 13.2%) to over U.S. $71 billion, which means the sector grew more than twice as fast as the market as a whole. Medications manufactured using biotech methods now account for a good 10% of total pharmaceutical sales revenue, and one in every two newly approved drugs has its origins in a biotech lab. Recent market success stories include a number of biotech medications, with 22 – up from a mere six just five years ago – achieving the coveted blockbuster status, i.e., sales revenues of more than U.S. $1 billion, in 2007. Therapeutics for treatment of cancer and autoimmune disorders performed particularly well, as did vaccines. According to IMS Health, the USA remained the principal sales market for biotech medications in 2007 with a share of 56% of total sales revenue. Europe, which has seen substantial growth in this area over recent years, accounted for 24% of total sales revenue in 2007.

The biotech sector is much more concentrated than the pharmaceutical industry as a whole: in 2007, the two largest marketers reported combined sales revenue of around U.S. $25 billion, which represents about a third of total global sales, and the five largest biotech companies together accounted for almost 70% of the sector's total sales revenue.

Pronounced pressure on costs remained a central concern for many pharmaceutical companies in the reporting year. Biotech companies were particularly exposed, as their active pharmaceutical ingredients are still much more expensive than are conventional medications. One of the reasons for this cost disparity is that biotech manufacturing processes are much more complex and therefore far more expensive. Manufacturers and suppliers are consequently involved in an intensive effort to improve the effectiveness and efficiency of the processes concerned. Innovative new production technologies and concepts for optimizing the cost-effectiveness of existing plants and equipment are playing a central role in this effort. Manufacturers looking to reduce tied-up capital and respond more quickly to regulatory changes are also becoming more and more interested in ways to make their production operations more flexible. Some biotech groups are actually going so far as to cease some or all of their own production of medications, outsourcing it to specialized contract manufacturing organizations (CMOs).

Demand for innovative production technologies rose again in the reporting year as a result of the economic, safety and reliability concerns outlined above. Particularly striking was the continued rise in the use of disposables in the production, transport and storage of biopharmaceutical media. Disposables are used in place of stainless steel components and systems, which generally entail substantial investment, significant tied-up capital and relatively long planning and construction periods. Demand for hybrid systems, which combine old and new technologies, and multi-product plants, which can be used flexibly to manufacture different products, also continues to increase. As a result, the year under review saw the launch of a large number of innovative single-use products for individual steps in the biopharmaceutical manufacturing process, and it became clear that biopharmaceutical manufacturers have become increasingly interested in solutions for entire process steps. Just as important as these concerns about efficiency and flexibility are the scalability of the technology and assured availability over a period of years. The trend toward single-use technologies was accordingly also one of the main factors behind mergers and acquisitions in the supply sector in the reporting year.

Sector Conditions: Mechatronics Division

Sartorius Mechatronics supplies products and services for the pharmaceutical, chemical, food and beverage and public research sectors. Cyclical trends in these industries have a major influence on the course of business at Sartorius Mechatronics.

Conditions in the Pharmaceutical Sector

The previous section, "Sector Conditions: Biotechnology Division," presented a detailed description of the conditions in the pharmaceutical sector regarding the production phase (see pp. 24–25). Since Sartorius Mechatronics offers analysis and weighing equipment for research and development and for process and quality management in the pharmaceutical industry, the research expenditures of the pharmaceutical companies are also of particular interest. Expert assessments indicate that companies in the sector increased their R&D capital expenditures once again in the year under review in search of new active pharmaceutical ingredients and innovative medications. Global research and development spending in the pharmaceutical industry in 2008 rose 11.5% year on year according to the EU Industrial R&D Investment Scoreboard. Based on figures from the VCI, the German chemical industry association, this means that pharmaceutical manufacturers have more than tripled their investments in research and development since 1995.

Other trends in the pharmaceutical industry, most notably a pronounced enthusiasm for collaborative arrangements and mergers as a way to accelerate the development of new products, also made their presence felt again in the reporting year. The popularity of outsourcing continued to grow, too, with more and more pharmaceuticals being developed in one location and manufactured in another. Asian countries, such as India and Singapore, attracted particular interest from pharmaceutical companies in the reporting year as target regions for outsourcing individual stages of production or even entire manufacturing processes.

Conditions in the Chemical Sector

The chemical industry, which had been expanding rapidly for years, was one of the first sectors to feel the effects of the global economic slowdown. It began to show signs of weakness as early as the first half of 2008, and production tailed off sharply in all parts of the world toward the end of the year. The fourth quarter brought a marked decline in output, causing overall production to stagnate in 2008, according to the VCI, whereas it grew 5% over 2007. Plants and production facilities were mothballed and reduced hours were introduced as leading companies responded to the year-end slump in demand. The industry's woes stemmed in large part from poor sales in key areas such as the automotive and construction sectors, where customers not only scaled back production, but also slashed inventories, which led directly to a further drop in orders for their suppliers in the chemical industry.

Some regions held out for longer than others before succumbing to the economic malaise. In the USA, the chemical industry was already beginning to suffer the consequences of declining production in major sectors of industry in the summer of 2008, so overall performance for the year was much more severely affected here than elsewhere.

Chemical production in Europe escaped the effects of the global crisis until the middle of the fourth quarter. Business did decline dramatically around the end of the year, but the sector enjoyed relatively good export sales in 2008 and was thus still able to post overall growth of 0.2% for the year as a whole. Growth markets included agrochemicals, which benefitted from high prices and a general boom in agricultural markets.

The growth seen in recent years in Asia continued in the crisis year of 2008, albeit at a slightly slower rate of around 6%, simply because emerging economies, such as China and India, were starting from a lower base in terms of investment. China has now overtaken Europe and Japan to become the second largest manufacturer of chemical products in the world after the USA. As in the previous year, the major international groups stepped up their activities in Asia in particular in 2008.

Conditions in the Food and Beverage Sector

The food and beverage sector in the western industrialized countries, which is relatively unaffected by cycles in the wider economy, achieved modest gains in 2008 just as in the previous year. Consumers, lawmakers and major trading companies all continued to raise their expectations with regard to quality and safety in food production during the reporting year.

The picture in the developing countries of Asia was quite different, with ongoing social changes, especially population growth, rapid urbanization and an increasingly wealthy middle class, ensuring another year of dynamic growth for the industry. The associated industrialization of food production in Asia and the burgeoning presence of international food and beverage corporations boosted demand for processing plants and systems and the related monitoring and control technologies. The latter are successively adopting international safety and quality standards.

Consumers and manufacturers of food products are focusing heavily on nutritional value, quality and convenience in the industrialized countries in line with the prevailing wellness and health trends. Demand for organic foods and foods with added health-enhancing ingredients, which have become known as functional foods, consequently remains just as high as sales of industrially processed convenience products that are easy to prepare or ready to eat. Both of these niche segments continued to expand in the reporting year. The beverage sector saw consumer interest shift even further toward alcohol-free, vitamin-fortified and calorie-reduced products based on mineral water, juice or milk.

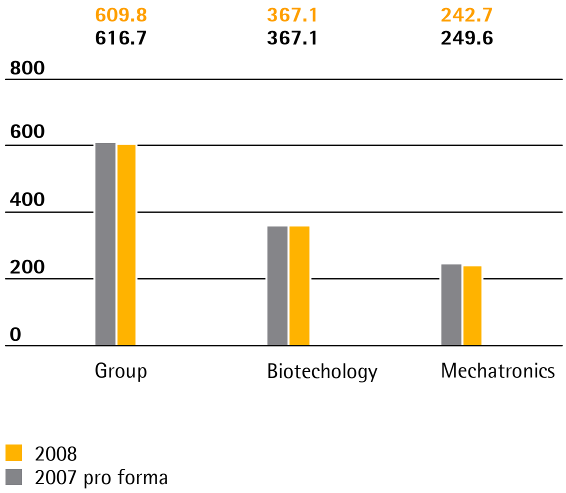
Conditions in the Public Research Sector

Following many years of stagnation, investment in research infrastructure in Europe picked up slightly in the public research sector in response to the introduction of the European Union's Seventh Framework Programme for Research in January 2007. The European Union aims to raise research spending by the public and private sectors from 1.8% to 3.0% of the region's gross domestic product between 2007 and 2010, and has increased the research budget from €17.5 billion in the period from 2002 to 2006 to €54.4 billion in the period from 2007 to 2013.

China currently spends around 1.4% of its gross national product on research, although it still trails the leading research regions – Japan (3.4%), the USA (2.6%) and the 27 EU Member States (1.8%) – on this measure, its research budgets have been growing almost twice as fast as its economy as a whole in recent years. The Chinese government provides direct financial support for cutting-edge fields such as biotechnology, aerospace and materials technology in addition to promoting basic research. Other Asian nations including India and South Korea also continued to expand their education and research infrastructures in the year under review.

Group Business Development

Order Intake
€ in millions



Order Intake

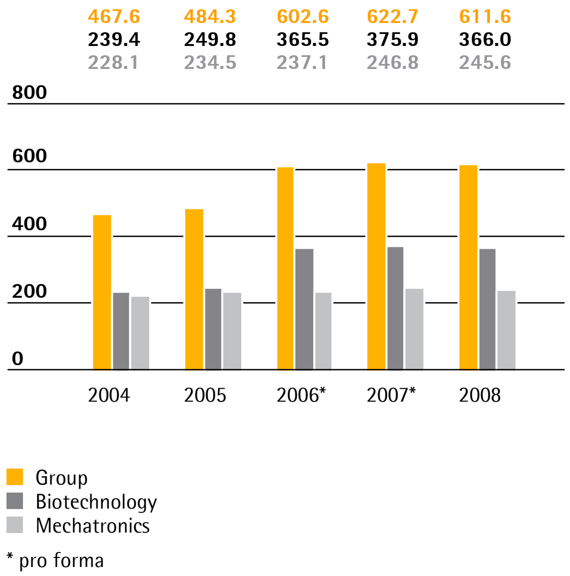
The Sartorius Group received orders worth €609.8 million over the course of fiscal 2008. This represents an increase in order intake of 1.6% on the basis of constant currencies. The value of the new orders in the reporting currency is 1.1% short of the pro forma figure for the previous year of €616.7 million. The pro forma figures for the previous year include Stedim for the full year and exclude the hydrodynamic bearings business for the entire year.

Order intake for the Biotechnology Division rose 3.0% on the basis of constant currencies. In the reporting currency, order intake was the same as the pro forma figure for the previous year at €367.1 million. Order intake for the Biotechnology Division did not meet our expectations in the reporting year. This was primarily due to slow business development in North America as a result of the difficult market environment.

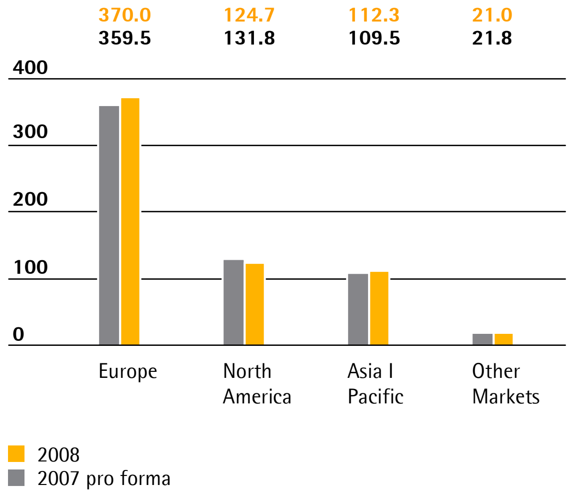
The Mechatronics Division was impacted by the global economic downturn at the end of fiscal 2008. Order intake was still rising until the beginning of the fourth quarter and remained largely insulated from the general economic slowdown, but we then saw a marked fall in demand in the last two months of the reporting period. Full-year order intake consequently declined by a currency-adjusted 0.5% or 2.8% in the reporting currency.

We posted gains in order intake in Europe, up by a currency-adjusted 4.0%, and in Asia | Pacific, up 2.9% based on constant currencies, but a drop in North America of a currency-adjusted 6.7%.

Sales Revenue
€ in millions



Sales Revenue by Region
currency-adjusted, € in millions



Sales Revenue

The Sartorius Group's sales revenue applying the previous year's exchange rates rose 0.9% in fiscal 2008. Consolidated sales revenue in the reporting currency amounted to €611.6 million and was thus 1.8% down on the previous year's pro forma total of €622.7 million.

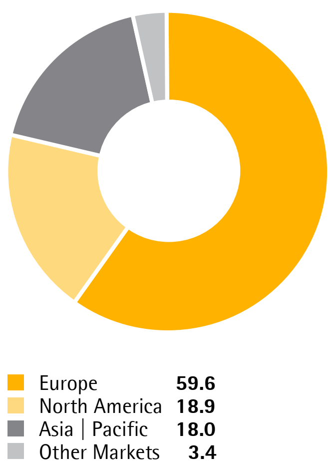
The Biotechnology Division posted sales revenue of €366.0 million in fiscal 2008. The currency-adjusted figure was up slightly (+0.2%) from the previous year (pro forma: €375.9 million). The division's sales revenue fell 2.6% in the reporting currency. We did not reach our original full-year target of achieving double-digit growth, especially because of the difficult market conditions in North America. This can be primarily attributed to first-half development, which was not satisfactory in this region. However, our business in this region began to show clear signs of improvement in the second half of the year.

The Sartorius Group's Mechatronics Division recorded sales revenue of €245.6 million, which amounts to a rise of 1.8% on the basis of constant currencies. Sales revenue in the reporting currency nearly equaled last year's pro forma figure of €246.8 million (-0.5%). As expected, currency-adjusted growth in sales revenue exceeded 5% in the first three quarters. However, the global economic downturn led to a sharp decline in fourth-quarter sales revenue, with laboratory business being hit harder than industrial business.

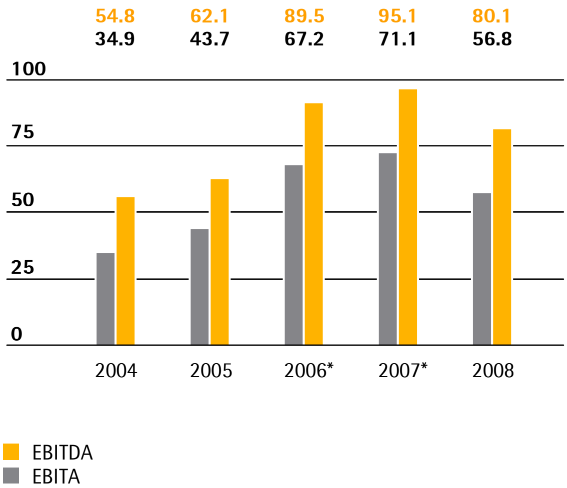
Further information is provided on pp. 52 ff. and 62 ff.

The regional pattern shows growth in fiscal 2008 in Europe and Asia | Pacific, while our business in North America contracted. We recorded our best growth rate, a currency-adjusted 2.9%, in our home market of Europe. Currency-adjusted growth in the Asia | Pacific region was 2.5%. Business in North America was at -5.4% on the basis of constant currencies.

Sales Revenue by Region
in %



EBITA and EBITDA
€ in millions



* pro forma underlying

Earnings

€ in millions	2008	2007*
EBITDA	**80.1**	95.1
As a % of sales revenue	**13.1**	15.3
EBITA	**56.8**	71.1
As a % of sales revenue	**9.3**	11.4
Earnings per share (in €)	**0.73**	1.58

* pro forma underlying

Earnings

We indicate earnings for fiscal 2007 on a pro forma basis and adjusted to remove non-operating and other non-permanent effects, just as in our interim reports, in order to convey a complete and transparent picture of the Group's profitability.

The pro forma underlying data was prepared by including business generated by Stedim, which we consolidated for the first time as of June 29, 2007, for the full previous year. At the same time, we excluded the hydrodynamic bearings business, which was sold on October 31, 2007, and also eliminated the proceeds of the sale. The adjustments to the previous year's earnings are essentially related to the Stedim transaction and the associated integration costs and to a number of wider-ranging reorganization measures taken in the Biotechnology Division in particular.

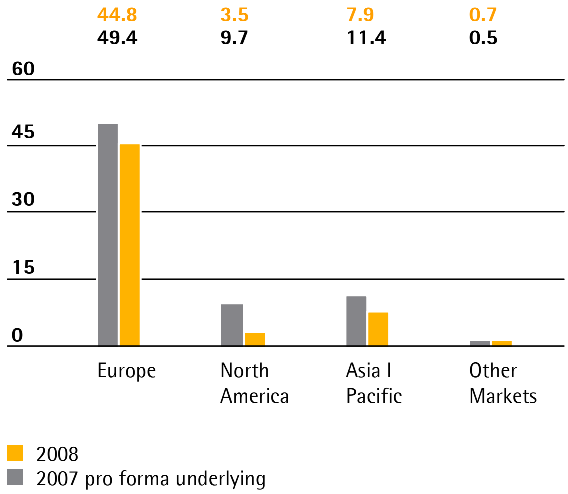
The Sartorius Group uses earnings before interest, taxes and amortization (EBITA) as the key figure for measuring earnings. Amortization in this context relates exclusively to the IFRS 3 purchase price allocation to the intangible assets acquired.

The Sartorius Group posted an EBITA of €56.8 million in fiscal 2008. Earnings were thus 20.0% below the underlying pro forma figure of €71.1 million for the previous year. This decline in earnings stems essentially from negative currency effects and the market-induced drop in sales revenue for the Biotechnology Division in North America and the significant increase in R&D expenditure as budgeted for the Mechatronics Division. The EBITA margin accordingly slipped from 11.4% to 9.3%.

The Biotechnology Division accounted for €39.7 million (2007: €49.7 million), or approximately 70% of Group earnings. Its single-use business, in particular, fueled earnings in the reporting year. The Mechatronics Division achieved an EBITA of €17.1 million, compared with €21.3 million a year ago.

Europe was the region that generated the highest EBITA at €44.8 million (2007: €49.4 million). The EBITA margin there was 10.6% (2007: 11.8%). Profitability, however, was highest in the Asia | Pacific region, where we recorded an EBITA margin of 10.9% (2007: 15.5%) and an EBITA of €7.9 million (2007: €11.4 million). The decline in sales revenue caused EBITA in North America to drop from €9.7 million to €3.5 million, which equates to an EBITA margin of 3.0% (2007: 7.4%).

EBITA by Region
€ in millions



Cash Flow Statement
Summary

€ in millions	2008	2007
Net cash flow from operating activities	**53.0**	33.1
Net cash flow from investing activities	**–44.7**	–114.1
Net cash flow from financing activities	**–3.1**	90.9
Cash and cash equivalents	**21.9**	17.7
Gross debt owed to banks	**239.5**	207.4
Net debt owed to banks	**217.6**	189.6

The rise in finance charges from €11.8 million to €23.7 million results from the year-on-year increase in liabilities to banks, the increase in the average euro base rate for the year, higher costs for currency hedging transactions and the non-cash interest expense of €2.7 million (2007: €0.0 million) for share price warrants granted to Sartorius Stedim Biotech shareholders.

Net profit after minority interest totaled €12.4 million (2007: €27.0 million). This yielded earnings per share of €0.73 (2007: €1.58) or €1.07 (2007: €1.78), excluding the two non-cash items of amortization and interest expense for share price warrants.

Group earnings have remained at a correspondingly robust level commensurate with sales revenue, but did not meet our original expectations.

Cash Flow

In 2007, the development of cash flow was strongly impacted by the Stedim transaction and subsequent reorganization measures as well as by the sale of the hydrodynamic bearings business. For this reason, the individual items in the cash flow statement for 2008 are comparable only to a limited extent with the figures reported in the previous year.

Net cash flow from operating activities rose from €33.1 million to €53.0 million. The figure reported for net cash flow from investing activities, which includes the purchase price paid to acquire the Swiss company Wave Biotech AG, was -€44.7 million (2007: -€114.1 million). Net cash flow from financing activities totaled -€3.1 million (2007: €90.9 million), and includes payments for derivative financial instruments of -€6.6 million (2007: €0.0 million) and €31.9 million of financial liabilities taken on (2007: €115.3 million).

Appropriation of Profits

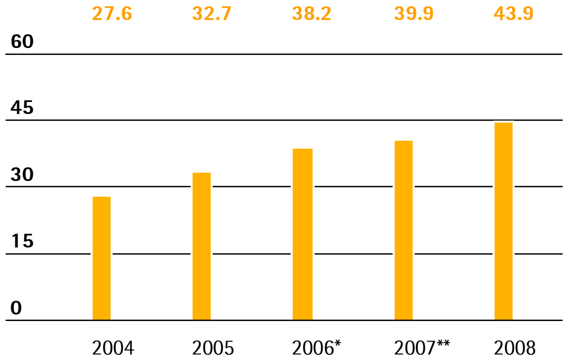
The Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting to be held on April 23, 2009, for payment of dividends of €0.42 per preference share and €0.40 per ordinary share for fiscal 2008. The total profit distributed would thus decrease 38.8% year on year to €7.0 million (2007: €11.4 million). The remaining retained profit for Sartorius AG of €20.8 million is to be carried over to the new account.

Research and Development

	2008	2007
R&D costs, € in millions	**43.9**	39.9*
As a % of sales revenue	**7.2**	6.4*
Number of patent and trademark applications	**192**	201
Registered patents and trademarks	**129**	159

* pro forma underlying

Research and Development Costs
€ in millions



* pro forma
** pro forma underlying

Research and Development

Our research and development (R&D) spending in fiscal 2008 was as budgeted at €43.9 million, which represents an increase of 10.0% over the year-earlier figure of €39.9 million. The Group's ratio of R&D costs to sales revenue is 7.2%, up from the previous year's ratio of 6.4%.

To protect our available know-how, we pursue a targeted policy for intellectual and industrial property rights in both divisions. We systematically monitor whether these rights are observed and review whether it is necessary under cost/benefit aspects to maintain them.

In 2008, the number of applications for intellectual and industrial property rights (192) was slightly below the year-ago figure (201). As a result of the applications submitted in the past years, we were issued 129 patents and trademarks (2007: 159). As of the balance sheet date, we had a total of 1,938 patents and trademarks in our possession (2007: 1,871).

Further information is provided in the section entitled “Business Development of the Biotechnology Division” on page 52 and in the section entitled “Business Development of the Mechatronics Division” on page 62.

Employees

	2008	2007[1]	2007[2]
Biotechnology	**2,362**	2,313	2,403
Mechatronics	**2,298**	2,205	2,115
Total	**4,660**	**4,518**	**4,518**

[1] Number of employees adjusted for the transfer effect of the administration company Sartorius Corporate Administration GmbH
[2] Number of employees reported in the 2007 Annual Report

Employees by Division
December 31, 2008; in %

Biotechnology **50.7**
Mechatronics **49.3**

Employees

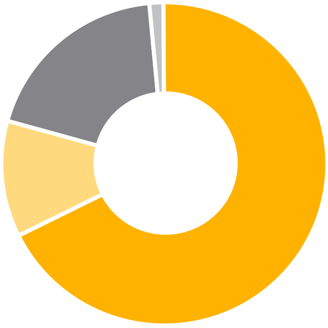
As of the end of the fiscal year, the Sartorius Group employed 4,660 people (2007: 4,518). This represents an increase of 142, or nearly 3.1%, in the total number of employees, compared with the previous year.

All employees of Sartorius Corporate Administration GmbH (SCA) who performed administrative tasks for the Group as a whole were counted as being assigned to the Mechatronics Division in fiscal 2008. This added 90 people to the total number of employees reported for the Mechatronics Division, compared with the figure shown in the 2007 Annual Report. The number of employees reported for the Biotechnology Division accordingly fell by 90. Eliminating the effect of this change in counting practice, the number of people employed by the Biotechnology Division rose 49, or 2.1%, to 2,362 (2007: 2,313). The Mechatronics Division increased its total headcount by 93, or 4.2%, to 2,298 people (2007: 2,205).

We increased the number of people we employ in Europe by 162, or 5.4%, from 2,989 at the end of fiscal 2007 to 3,151 as of December 31, 2008. Most of this increase occurred in the Biotechnology Division; details are provided in the section about the development of the division's business on page 61. Our workforce in North America shrank in fiscal 2008, primarily as a result of the reorganization measures implemented in equipment business in the first half of the year ended. The total number of employees in North America stood at 540 on December 31, 2008, which represents a reduction of 72 people, or 11.8%, since December 31, 2007 (612). We increased our workforce in Asia | Pacific by 72 people. The Sartorius Group employed a total of 898 people in this region at the end of the last fiscal year, which represents an increase of 8.7% over the equivalent reporting date in the previous year (826).

As an innovative technology group, Sartorius employs numerous highly qualified workers from scientific and technical fields. Furthermore, the teams in administrative functions, such as purchasing, finances and human resources, ensure that business processes operate smoothly in the Sartorius Group. We seek to retain our employees for the long term by presenting interesting opportunities for personal development. Very many of them have gathered years of experience during their career with the company. On average, Sartorius employees spend almost 15 years with the company.

Employees by Region
December 31, 2008; in %



Europe	**67.6**
North America	**11.6**
Asia| Pacific	**19.3**
Other Markets	**1.5**

Employees by Function
December 31, 2008; in %

Production	**45.3**
Sales and distribution	**36.0**
Administration	**9.8**
R&D	**8.9**

As early as their traineeships with us, young people are promoted and trained according to need. The highly practical study programs in both the natural sciences and business administration, which provide targeted hands-on development, are particularly effective at preparing promising young individuals for important future roles. The training we offer young people also includes an international component. A total of 130 trainees and interns throughout Europe are currently receiving thorough professional training that goes beyond the mandatory curriculum.

We prefer to fill management vacancies at Sartorius from within our own ranks. Our comprehensive management development program provides suitable employees with the opportunity to enhance and expand their individual management skills. We cultivate an open, team-oriented environment in all areas of our company in line with our management guidelines.

At an international level, we aim to fill research and development posts in the Biotechnology Division by working to establish from an early stage strong ties between the company and students and graduates in the natural sciences from across the globe. Our International Biosciences Scholarship program helps people gain formal qualifications, and seeks to develop the skills employees need for effective international project and team work.

In addition to providing technical education and development opportunities, we also take a close interest in employees' health. Our corporate health management policy accordingly aims to bring about sustained improvements in health awareness and industrial accident prevention and to ensure that job demands and organization of work flow are conducive to good health. In 2008, the number of occupational accidents at Sartorius was, for the seventh time in succession, below the statistical mean calculated by the "Berufsgenossenschaft der Feinmechanik und Elektrotechnik," which is the German Occupational Health and Safety Agency for Precision Engineering and Electrical Engineering Industries.

We continuously optimize and adapt job safety and work organization conditions in line with the applicable laws and regulations as well as guidance issued by the German Occupational Health and Safety Agency. Training events and information days about job safety and continued education opportunities are also held regularly, as are health promotion seminars on subjects such as quitting smoking.

Environmental Management

Sartorius takes an active approach to corporate environmental management, consisting of ongoing activities and standards of responsible conduct that extend well beyond simple compliance with statutory requirements. On the basis of our environmental management system, which is certified in accordance with ISO 14001, we operate a cross-divisional environmental protection program that covers every stage of our products and production. So far, the system has applied to Sartorius AG and the other companies at our Goettingen location. This program is subject to continuous development and represents the standard for our international sites. Our environmental protection activities focus on making efficient use of raw materials and energy and implementing bans on the use of certain hazardous substances in electronic products.

Sartorius invested €1.8 million in two major projects at the Goettingen site in the reporting year to help reduce its environmental impact and carbon footprint. A new combined heating and power plant, which produces electricity and heat for internal use, was commissioned in the summer of 2008. This efficient form of energy generation will enable Sartorius to reduce its CO_2 emissions by 2,500 metric tons a year.

The company also built a dedicated facility to recycle solvents used in membrane production. Thanks to this new unit, these solvents, primarily alcohols, can now be recycled in the production process directly, without leaving the Goettingen site. Nearly all of the solvent that passes through the new facility can be reused, which considerably reduces the volume of fresh solvent that has to be purchased. Recycling solvents on site additionally benefits the environment by reducing the amount of collection and delivery travel needed and, therefore, the environmental impact.

Our policy for optimizing energy consumption proactively seeks every potential opportunity to save energy. In the reporting year, sustained energy management helped us stabilize energy consumption at our headquarters in Goettingen yet again, despite increased production. Optimized control technology for natural gas and electricity meant that we were able to reduce both energy costs and CO_2 emissions.

It is company policy to manufacture environmentally friendly products. To ensure that this requirement is satisfied and that the associated manufacturing procedures are permanently in place, we have enhanced our procurement guidelines in the Mechatronics Division to include the central requirements of the ISO 14001 standard. Based on these criteria, we assess potential suppliers at the earliest opportunity possible and pursue the objective of restricting future waste and waste disposal costs by carefully selecting the goods that we purchase and using preferred suppliers who are themselves certified or have been validated.

Social Responsibility

In our social activities, we seek to maintain tangible links with our scientific and regional roots. Thus, science and research, education and society are inevitably the main focus of our attention.

In the area of science and research, Sartorius has made it a priority to support and promote academic education and to provide financial assistance to talented young scientists. In 2007, we began funding a chair of precision metrology at the Technical University of Ilmenau, an institution with which the Mechatronics Division's research and development department has been collaborating for many years. Sartorius Stedim Biotech sponsored a new university program in applied biotechnology and biotech equipment engineering in Bielefeld, Germany, in 2008 by donating advanced equipment, including bioreactors, water purification systems and filtration systems, to the university's labs. Moreover, we continued to contribute financially to the Academy Prize for Biology awarded by the Goettingen Academy of Sciences for many years. We also fund a half-scholarship for the elite Molecular Biology/Neuroscience courses offered at the International Max Planck Research School in Goettingen and support the Goettingen XLAB Experimental Laboratory for Young People.

Sartorius also sponsors outstanding young researchers from within the company through its own international scholarship program, the Sartorius International Biosciences Scholarship, which focuses largely on research and development and product management.

Sartorius's involvement in broader society extends beyond its commitment to supporting the sciences. It plays an active part in regional projects, primarily in the social, cultural and educational sphere, throughout its home region, especially in Goettingen, where the company is headquartered. In these projects, we place great value on professional quality and broad appeal in order to strengthen the attractiveness of the Goettingen site for the region – and hence for our employees. For instance, Sartorius has been a regular sponsor of the internationally renowned Goettingen Handel Festival and also of the city's "Literaturherbst" autumn literature festival for some years. We back selected one-time events, too, the most notable example in the reporting year being our commitment as principal sponsor – with naming rights – of the Sartorius European Championship Village, a public viewing facility erected at the Goettingen Lokhalle venue for the European soccer championship.

The reporting year saw the start of Sartorius's support for Goettingen high school Felix Klein Gymnasium, which has introduced the International Baccalaureate (IB), becoming the first school of its kind in the state of Lower Saxony to offer an English-language high school diploma. We also work together with several other regional schools, offering informative events for teachers as well as work experience, business simulations and job application training for students.

Sartorius College, our conference and training center in Goettingen, provides a platform for professional knowledge transfer, not only for our own employees, but also for current and potential external customers. The educational program comprises approximately 40 seminars every year in communication, business leadership, business administration and foreign languages as well as more than 40 specialized training courses in biotechnology and mechatronics. We also encourage dialog between science, business and society through public lectures, readings and technical symposia.

turning science into solutions

Monoclonal antibodies ("mAbs") have demonstrated their effectiveness in treating life-threatening and chronic diseases, such as cancer or autoimmune disorders. This has led to a fast-growing market for mAb-based drugs over the past few years. However, the manufacture of mAbs is complex and costly, and requires robust and reliable unit operations. This is where Sartorius Stedim Biotech comes in: As a total solution provider for the biopharmaceutical industry, SSB offers one of the broadest product arrays for the manufacture of mAb-based drugs, covering the majority of steps in upstream and downstream processing and formulation. Backed by extensive applications expertise, we help our customers design and implement reliable and efficient unit operations that meet regulatory requirements and optimize productivity.

Covering the entire bioprocess work flow

The availability of human blood is indispensable for therapeutic uses in surgery, organ transplantation and cancer cures. Medications for treating blood-clotting or autoimmune disorders are essentially based on blood fractions. Still, blood is expensive and in scarce supply. This is why methods for blood fractionation to generate blood products are continuously being further refined. Sartorius Stedim Biotech is a knowledgeable partner to the blood-processing industry. With our bioseparation and purification products, we help ensure that manufacture of blood fractions is efficient and that patients receive safe and affordable therapeutics.

Enabling medical progress

New bioengineered vaccines have considerably widened the focus of vaccination from providing immunity to classic infectious diseases like measles to preventing malignancies indirectly related to pathogens, such as cervical cancer, and even to ushering in a host of therapeutic uses.
Vaccine manufacture is an aseptic process that lends itself ideally to single-use technology.
With profound experience in single-use and classic production operations, Sartorius Stedim Biotech supports its customers every step of the way. SSB is first choice for setting up processes that require single-use equipment all down the line or that combine the best of both worlds in reusable and disposable components.

Leading the way to
next-generation biomanufacturing

Precision instruments from Sartorius Mechatronics help meet all requirements placed on today's advanced laboratories: precise, reproducible measurement results, speed and user-friendly operation. Moreover, we provide customized software that optimally supports diverse applications and that analyzes, manages and documents the data generated. Our solutions and services are recognized by authorities the world over and ensure compliance with all globally recognized standards, such as ISO, GMP, GLP and industry-specific standards.

At home in the laboratories of the world

Accurate dispensing and batching of the raw materials that go into the making of a product are ultimately decisive for the properties and qualities that a final product ends up having. Whether additives, pigments or fillers are used, weighing is the most reliable and accurate technology for dispensing, batching, filling and recipe management. And an advanced scale from Sartorius Mechatronics does far more than weigh. Innovative computerized weighing systems consisting of sensors, terminals and intelligent software enable automatic documentation of process parameters, traceability of the materials used and connection to ERP systems. Plant managers can thus respond to critical information from the production process within the shortest time. The result: optimal product quality with high cost-effectiveness of manufacturing processes.

Added-value technologies

All consumers want appetizing and affordable food that keeps well – and the peace of mind knowing that they can choose from an extensive range of products without worrying about quality or safety. Agriculturists, government authorities and the food industry and their suppliers are untiring in their efforts to guarantee food safety. Inspection systems from Sartorius Mechatronics detect the tiniest glass, metal or stone splinters and eject contaminated foods reliably from the production process. Moreover, they check products for completeness, shape and volume. Combined with dynamic weighing equipment, these systems ensure precise weighing, fast results and accurately dispensed quantities. This makes not only food processors happy, but also customers, who can enjoy food products without thinking twice about safety.

Everything under control

Business Development of the Biotechnology Division

Strategy

In the Biotechnology Division, the Sartorius Group is positioned as a provider of integrated solutions for key process steps in the biopharmaceutical industry. Our extensive range of products and technologies helps customers develop and manufacture medications and vaccines using biological methods safely and efficiently. We rank among the global leaders in bioprocess filtration, fermentation, bag technology and a variety of purification technologies, and provide a product array that covers virtually all upstream and downstream steps in the production of active pharmaceutical ingredients. One of our major areas of specialty focuses on single-use components, which are an innovative alternative to conventional reusable stainless steel systems. This responds to the demand for single-use systems or hybrid systems combining disposables with stainless steel components that is growing in the biopharmaceutical industry. Moreover, technical consulting and services tailored to the requirements of individual applications are also central to our business.

The above-average organic growth achieved at the Biotechnology Division over recent years stems to a considerable extent from our continuous expansion of the product range right along our customers' process chain. Carefully targeted cooperative arrangements 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.

Organization

Sartorius Stedim Biotech is organized as a legally independent subgroup. The company is headquartered in Aubagne near Marseille in southern France. The Sartorius Stedim Biotech organization is globally aligned: all of the central functions, such as marketing, sales and distribution, service, production and supply chain management, and research and development, are managed centrally from Goettingen based on a global system of responsibilities, in close consultation with the management of the local companies. This structure ensures optimal integration of all our production facilities and branch offices worldwide, provides a better basis for realizing economies of scale, and enables us to make efficient use of our R&D resources. It also ensures that the company always maintains a consistent presence in the marketplace. We have defined six application areas for our product ranges: Filtration, Fluid Management, Fermentation, Purification, Laboratory and Services.

Sartorius Stedim Biotech's worldwide key account management system enables us to serve international customers as a fully integrated technology provider with global application specialists and offer effective country-specific advice and consulting as required. Each of our local contacts functions as a gateway to our global network for the customers in his or her area.

The major organizational highlights in the reporting year included the successful completion of the global integration process with Stedim, the acquisition and integration of Swiss technology company Wave Biotech AG and the expansion of our sales and distribution structures in Eastern Europe.

Completion of Integration Activities with Stedim

The Sartorius Biotechnology Division was merged with French company Stedim in mid-2007 to create Sartorius Stedim Biotech S.A. This has strengthened our international competitive position for the long term and made us an even more attractive partner for our customers.

The merger gave the Group another key platform technology, Stedim's single-use bags for biologics, which we intensively used in the reporting year to develop new disposable products. Even though fiscal 2008 was only the first full year of operation since the merger, we were able to launch three innovative new products – the BIOSTAT CultiBag STR single-use bioreactor, the SARTOFLOW Alpha Plus Single Use filtration system and the Flexel LevMix system for transporting biological media – that resulted directly from this integration.

Overall, Sartorius Stedim Biotech has been able to establish itself successfully within a very short time. Revised branding and a powerful global organization were introduced as early as 2007 directly after the merger. In the reporting year, we completed our project of combining all global sales and distribution activities and of integrating supply chain management. For engineering of stainless steel systems, we also changed the division of labor among the various Group sites. In this context, we concentrated our stainless steel system manufacturing for the North American market in Springfield, Missouri.

Thus, Sartorius Biotechnology and Stedim have been completely and successfully integrated in the key areas of marketing, sales and distribution, supply chain management, research and development, engineering and production.

Acquisition of Wave Biotech AG

Sartorius Stedim Biotech acquired Swiss technology company Wave Biotech AG at the end of the reporting year. Wave Biotech AG, which ranks among the world's leading developers and manufacturers of single-use bioreactors, had already been working closely with Sartorius Stedim Biotech since 2006. The two companies were involved in joint research projects, and Sartorius Stedim Biotech had exclusive sales and distribution rights to Wave's entire product range, which includes a variety of other equipment for biopharmaceutical research and production in addition to these "disposable" bioreactors. The purchase of Wave represents a highly significant step in Sartorius Stedim Biotech's effort to extend its leading position in the market for traditional and single-use fermentation. Sartorius Stedim Biotech is in the process of building Wave's production facility at Tagelswangen near Zurich, Switzerland, into the Group's major center of competence for development and single-use bioreactor manufacturing.

Enhanced Sales and Distribution in Eastern Europe

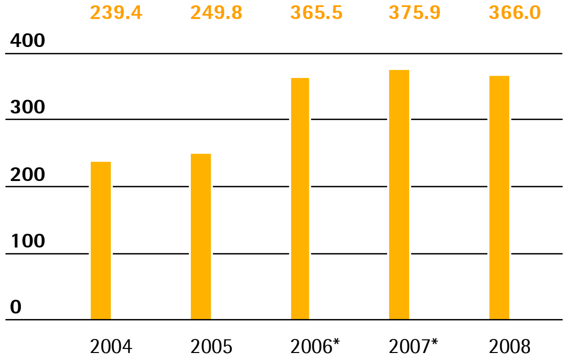
Since 2008, Sartorius Stedim Biotech has been represented by its own sales companies in the emerging Eastern European markets of Poland and Hungary. It previously conducted its business in these countries through local sales partners. Servicing the market through our own organizations enables us to be in direct contact with our customers in Eastern Europe. The new sales companies also help ensure that global biotech customers with manufacturing operations in the countries concerned have ready access to our comprehensive professional services that customers have come to expect and appreciate.

Key Figures for Biotechnology

€ in millions	2008	2007*
Order intake	**367.1**	367.1
Sales revenue	**366.0**	375.9
EBITDA	**54.4**	66.2**
As a % of sales revenue	**14.8**	17.6
Depreciation and amortization	**21.0**	23.9
EBITA	**39.7**	49.7**
As a % of sales revenue	**10.9**	13.2
Employees as of Dec. 31	**2,362**	2,313

* pro forma
** underlying

Sales Revenue for Biotechnology
€ in millions



* pro forma

Order Intake

The Biotechnology Division received orders worth €367.1 million over the course of 2008, which amounts to a rise of 3.0% on the basis of constant currencies. Order intake in the reporting currency was unchanged from the previous year (pro forma: €367.1 million).

In Europe and Asia | Pacific, order intake showed positive development. We generated gains in order intake based on constant currencies in both Europe, 6.2%, and the Asia | Pacific region, 7.0%. By contrast, order intake in North America fell 6.6% as a result of the difficult market conditions in the region, particularly in the first half of the year.

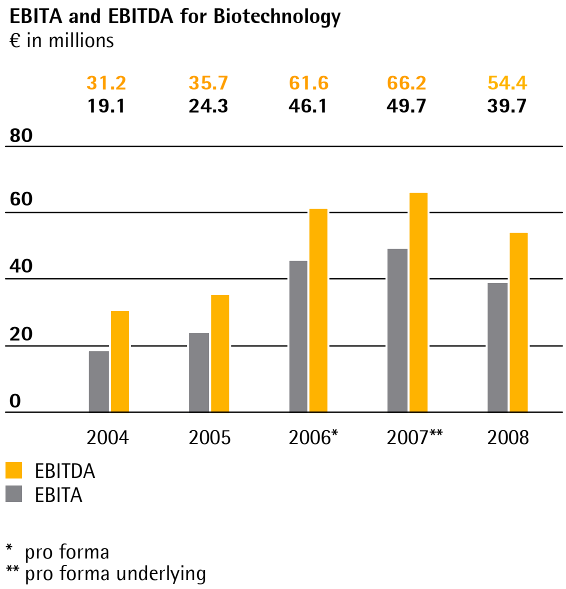
Growth in order intake was driven by business with single-use products, for which positive rates were reported in all of the core regions including North America.

Sales Revenue

The Biotechnology Division posted sales revenue of €366.0 million in fiscal 2008. On the basis of constant currencies, the division's sales revenue edged up (+0.2%) over the pro forma year-earlier figure of €375.9 million. In the reporting currency, the division's sales revenue declined 2.6%. Single-use products yielded positive growth rates, while sales of equipment, especially in the freeze-thaw segment, contracted.

Division sales revenue did not meet our original expectations of double-digit growth, primarily due to the course of business in North America and the development of equipment business.

We, just as our competitors, faced a difficult market environment in North America. Individual major biopharmaceutical customers have been affected by delayed or restricted drug approvals since the second half of 2007 and have consequently cut back their production volumes. In addition, our



customers took measures to reduce inventories. Both factors put a damper on demand for the Biotechnology Division's products. In North America, the division reported an overall decline in sales revenue of 6.6% on the basis of constant currencies. Our customers had largely completed their inventory reduction measures by the end of the fiscal year; in fact, clear signs of improvement were already in evidence in the second half of the year.

We achieved a 3.8% increase in currency-adjusted sales revenue in Europe. However, growth did slow noticeably here over the course of the year as demand for relatively large-scale fermentation systems slackened. Sales revenue in the Asia | Pacific region was unchanged from the previous year on the basis of constant currencies. Overall, we performed well in a difficult business environment and strengthened our market position.

Earnings

To convey a complete and transparent picture of the division's profitability, we indicate earnings for the previous year on a pro forma basis and adjusted for non-operating and other non-permanent effects, just as in our interim reports. The pro forma underlying data has been prepared by including business generated by Stedim, which we consolidated for the first time as of June 29, 2007, for the full previous year, and by making a number of adjustments that essentially covered transaction and integration costs and wider-ranging reorganization measures.

The Biotechnology Division achieved an EBITA of €39.7 million in fiscal 2008 (2007: €49.7 million). Business with single-use products contributed by far the greatest share of earnings. At 10.9%, the EBITA margin remains robust. The decrease in the margin from the year-earlier figure of 13.2% can be explained chiefly by lower sales revenue and negative effects from exchange rate movements.

Europe generated the highest EBITA figure in fiscal 2008 at €32.7 million (2007: €37.2 million). Our operating margin here slipped from 14.5% to 12.7%. In the Asia | Pacific region, where we posted an EBITA of €2.9 million (2007: €4.2 million), our EBITA margin was 11.4% (2007: 15.7%). In North America, where EBITA dropped from €7.8 million to €3.5 million as a result of the decline in sales revenue, the EBITA margin amounted to 4.2% (2007: 8.4%).

Marketing | Sales and Distribution | Service

Sartorius Stedim Biotech is a global supplier and technology partner for the biopharmaceutical industry. Our business strategy as a provider of integrated and complete solutions is to cover most of our customers' process chain with the widest range of innovative products. Now more than ever, customers seek access to innovative and efficient methods of manufacturing their products that will help them cut investment costs and reduce tied-up capital. Central to our effort to meet this need are single-use products, which are becoming increasingly prevalent for biopharmaceutical manufacturing in nearly all areas. In keeping pace with this trend, our marketing activities in the reporting year included the launch of a large number of promising products for the future. These breakthrough products covered all of the application segments created by realigning our organization in 2007: Filtration, Fluid Management, Fermentation, Purification, Laboratory and Services.

One of the fields in which the trend of opting for single-use products is growing especially rapidly is vaccine production. This segment has given a considerable boost to the pharmaceutical industry as a whole in recent years and has consequently been an area of particular focus for us. The success of preventive measures, which are often implemented at irregular intervals, depends to a great extent on the speed with which vaccines can be developed and manufactured. This enhances the appeal of flexible single-use production systems for the pharmaceutical industry in this field. Our entire product array for cell cultivation, fermentation, filtration, purification and storage of biopharmaceuticals stands to benefit from this development. Both the rapid mutation of target viruses and the wider use of efficient cell culture processes developed for vaccine production in recent years are amplifying this effect and encouraging the use of flexible single-use solutions.

In addition to generating a whole series of in-house developments in the period under review, we also made significant progress in integrating innovative technologies from development partners, building up existing strategic alliances and developing new partnerships. One of the major highlights in this area in 2008 came with our acquisition of Swiss company Wave Biotech. We had been collaborating very successfully with this highly innovative company on the development and marketing of single-use bioreactors since the spring of 2006, and its acquisition represents a strategic step in further extending our leading position in fast-growing single-use systems for the cell cultivation segment.

We also stepped up our collaboration with Canadian biotech company ProMetic for the Asian region once again during the reporting year. This strategic partnership, which similarly began in 2006, makes Sartorius Stedim Biotech a preferred supplier of filtration products for blood fractionation and other consumables for ProMetic.

Integrating sensors into single-use systems is currently one of the biggest and most significant challenges we face in seeking to market disposables successfully for process-critical biotech applications. The new agreement we concluded with Swiss company Metroglas AG during the reporting year specifically addresses this issue. The agreement relates to the exclusive supply of first-to-market electrochemical pH sensors that can be integrated directly into products. These sensors are suitable for use in our bioreactors and disposable bags in the Fluid Management segment, so this agreement represents an immensely significant step for Sartorius Stedim Biotech as we work to use the full potential of single-use technologies in the biotech industry.

Other prominent developments in the period under review include a cooperation agreement with WuXi AppTec in the area of non-GLP viral clearance studies. WuXi AppTec supplies us with relevant viruses, materials and methods, enabling us to conduct these studies ourselves in the new laboratories we have established expressly for this purpose. This gives us a compelling advantage to offer our customers: we can recommend the best viral clearance method in each case at an early stage in the customer's process development work, thereby helping to reduce their development costs.

Viral safety in the context of biopharmaceuticals is also at the focus of the important alliance we entered into with Bayer Technology Services GmbH (BTS) in the reporting year. The agreement concerns the manufacture and global marketing of UVivatec products, which feature a BTS-developed technology that uses UVC radiation to inactivate small non-enveloped viruses (such as Parvo) in biopharmaceuticals. Sartorius Stedim Biotech will be marketing this scalable technology as single-use modules, laboratory bench units and process systems. Thanks to this new cooperative arrangement, we now have a unique viral safety technology platform based on three separate, yet freely combinable, methods.

In the reporting year, we concluded a supply agreement with ATMI LifeSciences, a U.S. specialist in single-use technologies and cleanroom production processes, securing our exclusive sales and distribution rights to a unique mixing system from our former cooperation partner LevTech, which now belongs to ATMI Life Sciences. As a result, we have continued to offer our customers a highly innovative, patented mixing technology that is based on levitation of a single-use impeller and is used in combination with our disposable bags to mix biopharmaceuticals.

We further extended our sales, distribution and organizational structures in the reporting year. In Eastern Europe, we acquired our distribution partners in Hungary and Poland and founded our own sales companies there. In Singapore, we opened a Technical Support Center, the Process Application Service Singapore (PASS), in collaboration with our partner institute Temasek Polytechnic for local training. These activities reflect our desire, as an international biotech supplier, to assist our key accounts in the biopharmaceutical industry in their current and future projects involving relocation of their manufacturing operations to this region, and to provide optimal local technical support at their new sites.

Attending conferences and trade shows in Europe, America and Asia was a key component of our marketing activities in the reporting period in order to bring our customers face to face with our products. We exhibited at a number of trade fairs including Expoquimia (Barcelona, Spain), Forum LABO (Paris, France), Het Instrument (Utrecht, Netherlands), Biotechnica (Hanover, Germany) and Interphex (Philadelphia, USA). One of our special highlights at Interphex was the premiere of the BIOSTAT Cultibag STR, which made quite an impact.

In addition, initiatives to promote active knowledge sharing among our own experts, researchers and users in industry feature prominently in our marketing activities every year. Specialists from Sartorius Stedim Biotech were invited to present at numerous conferences around the world in 2008, and their expertise was repeatedly sought by international journals. To facilitate knowledge transfer and to thus boost the pace of innovation in specifically targeted technical fields, we again successfully organized several of our highly acclaimed Downstream Technology Forums in Europe and the USA. These events have become a popular and highly respected feature with customers, scientists and application specialists alike. Last year's Forum in Goettingen, Germany, attracted our highest attendance yet.

In 2008, we published a large number of advertisements and articles in international trade journals as usual and also made consistent use of the Biotech Newsletter, an online marketing resource launched in 2007, to address customers directly via the Internet. The Biotech Newsletter, which provides information about new products, events and trade fairs, appears quarterly and is e-mailed to some 12,000 addressees who are likely to be interested in our activities. Not only does it keep our regular and potential customers up to date, but it also increases the frequency of visits to the product pages on our website.

Products

As providers of integrated solutions for the biopharmaceutical industry, we extended our range of disposables significantly again during the reporting year. We focused in particular on single-use products for cell cultivation by fermentation and the storage and transport of biopharmaceuticals as well as filtration products. We combined our expertise in manufacturing plastic films and our knowledge of plant and equipment engineering to develop and launch new products in this area.

Our strategic policy entails offering complete scalability for most of our products in order to match the phases of biopharmaceutical process development. In this way, we ensure that our customers can use the same production technology as the quantities of active pharmaceutical ingredient increase from test phase to test phase.

Demand for disposable solutions and the greater flexibility they offer in the design and development of fermentation processes has been rising for some time. The BIOSTAT CultiBag STR, which we launched during the reporting year, extends these advantages to relatively high-volume processes. Designed for the cultivation of mammalian cells, insect cells and cell lines with industrial applications, this new disposable bioreactor is unique in that it incorporates highly innovative disposable sensor and stirrer technologies. It is the first scalable stirred bioreactor in its market segment to have been developed specifically for a single use. Our BIOSTAT CultiBag STR makes conversion from traditional stainless steel components to single-use products especially easy for our customers. The wide array of single-use bags, which we have been manufacturing ourselves since our merger with Stedim, provides our customers with full scalability capabilities in designing their processes, from research and development to pilot scale, all the way to process scale. We currently supply 200 l bags, and are already working on other sizes with volumes ranging from 50 l to 1,000 l.

The BIOSTAT CultiBag RM 600, a disposable bioreactor designed for working volumes of up to 300 l, was launched during the reporting year to extend the range of BIOSTAT CultiBag RM 100 and RM 200 disposable bioreactors for laboratory applications that joined our product line in 2006 and 2007. This entire family of products resulted from our successful collaboration with Swiss company Wave Biotech AG, which we acquired at the end of the reporting year.

Another new disposable bioreactor presented in 2008 was the SuperSpinner D 1000, which is designed for the fast and cost-effective production of recombinant proteins, monoclonal antibodies and biomass. At the core of this pre-assembled, ready-to-use system is a membrane stirrer that permits controlled, gentle mixing and bubble-free aeration of the cell culture. A hollow-fiber membrane wound around the stirrer bar ensures excellent oxygen transfer, which means optimal conditions for growth and, hence, significantly higher cell densities than those yielded by conventional spinner flasks. Engineered for use in an incubator, the 1 l system represents an ideal solution for high-density cell cultivation.

We enhanced our range of membrane chromatography products in the reporting year with the addition of the Sartobind Q mega capsule. The Sartobind Q mega permits exceptionally rapid polishing of expensive proteins and removes viruses, host cell proteins and DNA to below the detection threshold. Designed for processing relatively large volumes, the mega capsule has a bed volume of 1.6 l. Its housing accommodates three 30" capsules, which provide a three-fold increase in binding capacity. The macroporous structure of the Sartobind Q mem- brane enables it to deliver a high recommended flow rate of 50 l a minute, which is considerably faster than the process media conventionally employed. This makes the purification stage especially quick and efficient: not only are labor costs lower, but buffer consumption can also be reduced by as much as 95%.

We added two new types of filter, Sartopore 2 XLG and Sartopore 2 XLI, to our range of sterilizing-grade filters in the period under review. These filter elements, which are also available as MaxiCaps disposable filter units in 10", 20" and 30" sizes, are custom-tailored for sterile filtration of special cell culture media and product solutions during downstream processing. Their unique double-layer polyethersulfone membrane achieves exceptionally high flow rates and throughputs, and ensures reliable sterile filtration under process conditions in biotechnology applications in both upstream and downstream processes. Sartopore 2 XLG and Sartopore 2 XLI help users to design cost-effective sterile filtration systems and to obtain maximum yields in product filtration.

Vivacon 2, a new ultrafiltration unit unveiled during the reporting year, has created an optimal solution for concentrating diluted DNA samples in forensic analysis. It is currently the only solution on the market for concentrating forensic DNA samples.

BACTair, another of the new products introduced by Sartorius in 2008, is an innovative system for sampling airborne organisms when monitoring ambient air in working and production areas with elevated hygiene requirements. Designed to be operated in combination with AirPort MD8 for pumping the air stream during sampling, the air sampler uses culture media plates as collection heads so that microbes impact directly onto the plate. The system's novel approach simplifies ambient air monitoring by eliminating the usual metal sieve plates or slots, which have to be sterilized as part of routine operation.

The high-performance SARTOFLOW Alpha plus filtration system presented in 2007 now has a single-use equivalent, the SARTOFLOW Alpha plus SU. This cGMP-compliant system can very easily be fitted with disposable components such as bags and tubing in place of stainless steel modules and consequently offers users maximum flexibility and process reliability for microfiltration, ultrafiltration and diafiltration applications. The SU model eliminates the risk of cross-contamination and is therefore ideal for customers with applications in which the medium to be filtered changes frequently. The single-use components, which are supplied pre-sterilized and ready-to-use, ensure constant production conditions. The system is already being piloted and will be launched during 2009.

Research and Development

	2008	2007
R&D costs, € in millions	**24.5**	23.5*
As a % of sales revenue	**6.7**	6.3*
Number of patent and trademark applications	**147**	130
Registered patents and trademarks	**79**	98

* pro forma underlying

Research and Development

Optimizing complex production processes is of key importance to our customers in the biopharmaceutical industry, and their demand for new and innovative solutions is immense. Consequently, Sartorius Stedim Biotech concentrates its research and development efforts on the creation of products and methods that facilitate the safe, reliable and efficient production of active pharmceutical ingredients. In these efforts, the increasing use of disposables influenced the direction of our research and development activities once again in the reporting year.

We focused in 2008 on completing, advancing and integrating single-use products and disposables technologies that are suitable for creating complete single-use solutions for entire process steps, rather than on designing individual solutions. In the process, we intensified our efforts on developing complete, integrated production units, such as disposable bioreactors and single-use mixing systems, especially for the areas of cell cultivation, media and product transportation and storage for our Fluid Management sector. As part of this initiative, we developed new impeller mixing systems that not only promise greater safety and reliability in transport and better handling due to their improved bag design, integrated sensors and flow geometry, but also offer significant advantages in scalability, mixing efficiency and mixing times. We created new possibilities in the area of transport and storage and in freeze-thaw technology applications with our Celsius system and Celsius FFT product lines.

Moreover, we investigated technologies that have received little or no attention so far in the context of biopharmaceutical manufacturing processes as part of our quest for new and innovative solutions. The implementation of RFID technology from our development partner Advanta Pure (New Age Industries) means that we are now able, for the very first time, to offer our customers options such as wireless transmission and paperless recording and management of batch-related production data. The gamma-sterilizable RFID chips integrated into our single-use bags for this purpose open up entirely new possibilities for the industry in electronic monitoring of data and products for biopharmaceutical processes.

The new laboratory building completed in Goettingen in the previous year also enabled us to pursue our broader research objectives with increased vigor. Our collaboration with WuXI AppTec on the preparation of non-GMP viral safety studies started successfully: we have established our first cell line and the studies we are now offering provide customers with a fundamentally important R&D service that produces highly reliable results regarding efficient engineering of future production operations.

We enhanced our R&D capacity for single-use technologies at our Aubagne site in both structural and staffing terms in the reporting year in order to further our already considerable technical expertise in the production and processing of plastic films. Beyond this, we intend to apply this expertise to help accelerate the development of complex single-use systems, such as bioreactors, even more. The Aubagne site in southern France brings together all of the platform technologies required for the development and production of plastic films and bags. Now that its lab equipment has been comprehensively expanded, the R&D team in Aubagne is increasingly evolving into a center of competence for the Group in film extrusion, bag and container design and for fluid management technologies.

In 2008, filtration was a further area of focus in our R&D activities. Here we concentrated on developing new filter membranes and refining our classic filtration products. For instance, we introduced the Sartopore XLI and XLG, two new types of membrane with outstanding performance data that have been developed especially for the filtration of complex media and buffer systems. Moreover, we enhanced our leading position in the membrane chromatography segment by developing novel chemical ligands and new membrane structures with further improved flow and capacity properties. The Sartobind HIC, which we also presented in 2008, makes us the first commercial provider to offer a chromatography membrane based on hydrophobic interactions. It has enabled us to establish an entirely new type of chromatography that is particularly suitable for polishing monoclonal antibodies and harvesting vaccines.

The program to expand our product range in the area of diagnostic and OEM membranes, which we develop and manufacture for specific customer applications, also made excellent progress. Not only did we produce new membranes with better performance characteristics in the reporting period, but we also created products with completely new properties.

Consistent expansion of our research and development activities in India forms an important part of our R&D plan, so we were pleased to welcome experienced new bioprocess and cell culture engineering specialists to the company during the reporting year. With the work to expand our R&D lab in the country already complete, we were actually able to transfer the first few validation and development services to India over the course of 2008. Local training and development activities with external partners and customers have now also begun. We are continuing to build up our R&D capacities in India and plan to start offering validation services and training seminars for customers as well from mid-2009 onward.

Production and Supply Chain Management

Sartorius Stedim Biotech operates a well-developed global production network comprising a total of eleven production facilities to ensure that it can supply its customers around the world promptly and reliably. Filter membranes and disposable filters are manufactured at our Goettingen (Germany) and Yauco (Puerto Rico) sites, single-use bags in Aubagne (France), Concord (USA) and M'Hamdia (Tunisia), bioreactors and other equipment in Melsungen (Germany), Bangalore (India) and Tagelswangen (Switzerland), disposable laboratory products in Stonehouse (UK), and aseptic transfer systems in Lourdes (France). We also engineer fermentors, bio-reactors and filtration and freeze-thaw systems for the North American market in Springfield, Missouri (USA).

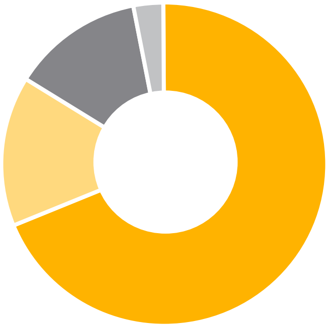
The reorganization of the stainless steel systems business in North America during the reporting year represents a highly significant strategic step for the company. As already initiated at the end of the previous year, we modified our business model in this area by entering into a cooperative agreement with U.S. plant engineering specialist Paul Mueller Company. We successfully began operations under this new arrangement in 2008 and closed our former production facilities in Bethlehem, Pennsylvania, during the first half. Our customer-specific plant engineering operations in the freeze-thaw business, which had previously been based in Napa, California, also relocated to Springfield, Missouri, as part of the program to concentrate all activities at this site. The measures implemented have enabled us to reduce vertical integration and focus our attention more strongly on pure engineering expertise, project management and order processing.

We also placed global responsibility for our engineered systems business in the hands of a centralized management team in the reporting year. This team now looks after all activities at the Springfield, Melsungen and Bangalore sites. Plans have already been drawn up to integrate the Tagelswangen site in Switzerland – which came into the company as a result of the acquisition of Wave Biotech into this new organizational structure in 2009.

We continued to expand our manufacturing capability at our Indian site in Bangalore in the reporting year. Alongside our engineered systems activities, which include the production of cell cultivation and crossflow systems, we began manufacturing equipment such as the arium® laboratory water purification systems in Bangalore and also made a very successful start on disc filter production, which had previously been based in Goettingen. This transfer entailed the establishment of a GMP-compliant manufacturing environment at the Indian site, which is now also growing in importance as an internal and highly competitive supplier of components, such as vessels and stainless steel filter housings. The development of the new plant, which is due to be formally opened in mid-2009, progressed on schedule.

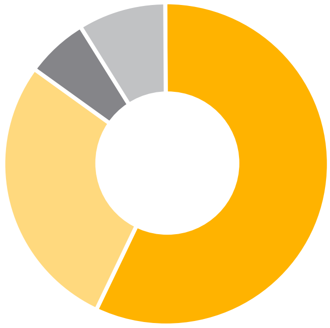
A decision was made during the reporting year to increase membrane production capacity at the Goettingen site once again in response to rising demand for our filter products. The associated plans, which have long-term significance for the company and will take several years to implement, involve installing two new casting machines, one using the quenching bath method and the other the evaporation method, and constructing the buildings necessary to house them. Directly linked to this decision is a new arrangement negotiated with our employee representatives that opens the door to further productivity improvements through training periods, greater flexibility in employee working hours and other steps.

Employees by Region
December 31, 2008; in %



Europe	**68.6**
North America	**15.4**
Asia|Pacific	**13.0**
Other Markets	**3.0**

Employees by Function
December 31, 2008; in %



Production	**56.9**
Sales and distribution	**27.9**
Administration	**6.1**
R&D	**9.0**

The progress we made in expanding and enhancing our integrated global quality management organization also ranks among our highlights of fiscal 2008. Our quality management experts, each of whom focuses on a particular area of production, ensure compliance with requirements that are frequently highly complex. The quality assurance processes in each of the various production areas now also form a part of our new universal quality management system.

We pressed ahead with our consistent business process improvement measures in the reporting year as part of our efforts to ensure prompt and reliable deliveries to our customers. It remains our policy here to supply the various markets directly from our production facilities in most cases in order to reduce order processing and turnaround times as well as currency risks.

Employees

The Biotechnology Division employed 2,362 people as of December 31, 2008, which equates to an increase of 49 (2.1%) over the 2007 reporting date (2,313). The figures indicated here for the previous year differ from those presented in the 2007 Annual Report as a result of the transfer effect explained on page 33.

Recruitment activities centered on Europe, where our total headcount increased by 148 or 10.0% year on year to 1,621 as of December 31, 2008 (2007: 1,473). This increase in the number of people employed in Europe stemmed in part from the retention of temporary employees and trainees under fixed-term employment contracts. The expansion of the list of consolidated companies to include Sartorius Stedim Nordic A/S and Swiss company Wave Biotech AG, which was acquired in December, accounted for approximately a third of the increase reported in Europe. We also recruited new research and development staff as planned at our site in Aubagne. Following the reorganization measures implemented in equipment business, our workforce in North America at the end of fiscal 2008 totaled 364. This represents a reduction of 63 or 14.8% as compared with December 31, 2007 (427). The number of people employed in the Asia | Pacific region decreased by 16 to 306 (2007: 322).

The majority of our employees work in production and functions directly linked to production, such as quality management and supply chain management. These areas together accounted for 57% of our total workforce in the reporting year (2007: 58%). The proportion of employees working in sales and distribution rose slightly to 28% (2007: 27%), while the proportion of employees in research and development at year-end 2008 was unchanged from the previous year at approximately 9%. Administrative functions accounted for approximately 6% of our staff (2007: 7%).

Business Development of the Mechatronics Division

Strategy

Sartorius Mechatronics provides measurement and control technology in the premium and standard segments for a wide range of laboratory and industrial process applications. Our precision instruments, IT solutions and service offerings help customers to improve efficiency in their labs, streamline their manufacturing processes, enhance the quality of their products and raise their production yields.

Weighing technology, electrochemical analysis, moisture analysis and detection of metals and other foreign particles are our principal areas of technical expertise. We continuously expand our range of products for customers in the pharmaceutical, chemical and food and beverage industries as well as the public sector through our own research and development and through collaborative arrangements. We help customers meet high quality, safety and reliability requirements by providing solutions that ensure compliance with all major industry-specific and general standards including ISO, GMP and GLP. On top of this, our instruments have another decisive advantage: they are easy to integrate into production and IT environments across the various relevant sectors.

Sartorius Mechatronics has a global presence through its own manufacturing and sales companies. This enables us to maintain close contact with customers, respond quickly to local requirements and provide our comprehensive support services at just about any customer site.

Organization

The Sartorius Mechatronics organization is globally aligned. All its functions, such as marketing, sales and distribution, service, production and supply chain management, and research and development, are coordinated in close cooperation with the local management of our Mechatronics companies throughout the world. This structure enables us to dovetail operations at our international manufacturing sites to maximize productivity, generate better economies of scale and deploy our research and development resources more efficiently. Above all, however, this organizational structure ensures a consistent presence of the company in the international marketplace. Through our key account managers, who have global responsibility, we operate as an integrated technology provider in serving our international customers, supplementing our customer support capability with country-specific expertise. Our regional customers are supported directly by contacts at local companies. Moreover, our structure has also proved its efficacy in supporting cooperation with global and international distributors.

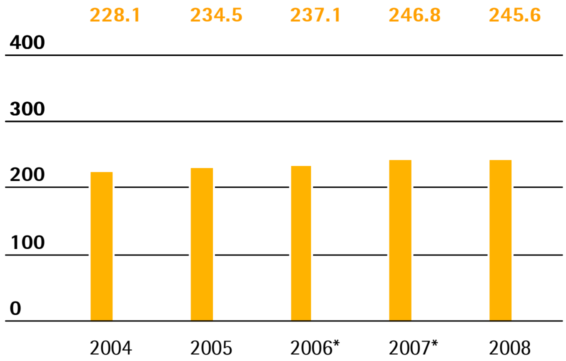
In the year under review, key areas of organizational development were more strongly specialized management of the various distribution channels, extension of our e-sales and distribution and the further expansion of our sales presence in Asia and Eastern Europe. Moreover, we began to extend our production capacity in the USA at our site in Arvada, Colorado, and intend to manufacture industrial weighing and control equipment, besides laboratory products, there as of 2009.

Key Figures for Mechatronics

€ in millions	**2008**	2007*
Order intake	**242.7**	249.6
Sales revenue	**245.6**	246.8
EBITDA	**25.7**	28.9**
As a % of sales revenue	**10.5**	11.7
Depreciation and amortization	**8.6**	7.5
EBITA	**17.1**	21.3**
As a % of sales revenue	**7.0**	8.6
Employees as of Dec. 31	**2,298**	2,205

* pro forma
** underlying

Sales Revenue for Mechatronics
€ in millions



* pro forma

Order Intake

Order intake remained relatively robust in the face of the global economic downturn for much of the year, with moderate growth rates prevailing until the beginning of the fourth quarter. Demand then fell sharply worldwide from November onward, however, especially in lab instruments business, which felt the impact rather more strongly than the industrial weighing and control equipment business. Order intake accordingly slipped to €242.7 million in fiscal 2008, which represents a drop of 2.8%, or a currency-adjusted 0.5% from the previous year's pro forma figure of €249.6 million.

The decline in demand was most pronounced in North America, where our currency-adjusted order intake shrank by 6.8%. Europe and Asia | Pacific saw slight currency-adjusted growth of 0.6% and 0.7%, respectively.

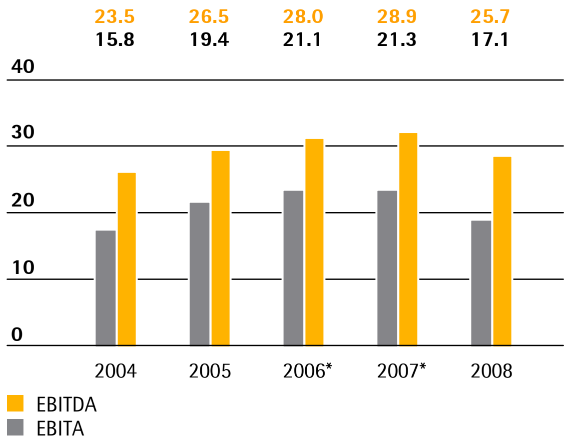
Sales Revenue

Sales revenue at the Mechatronics Division in fiscal 2008 totaled €245.6 million, which is only just shy of the pro forma figure for the previous year of €246.8 million (-0.5%). The division's sales revenue applying the previous year's exchange rates rose by 1.8%.

Mechatronics business continued to grow at a currency-adjusted rate of more than 5%, in line with our expectations, through the first three quarters of the reporting period. However, the dramatic weakening of the global economy over the course of the year led to a marked decline in sales revenue in the fourth quarter. Lab instruments business was hit harder overall than industrial weighing and control equipment business. Only service business managed to remain unscathed from the downturn.

The Mechatronics Division made its biggest gains in fiscal 2008 in the Asia | Pacific region, where currency-adjusted growth reached 4.8%. Industrial scales business drove our growth in this part of the world just as we had planned. The slowing momentum affecting this region as well over the course of the year had a noticeable impact, however. In Europe, we grew 1.6% on the basis of constant currencies, but sales revenue contracted by a currency-adjusted 2.3% in North America, where the economic downturn set in at an earlier stage.

EBITA and EBITDA for Mechatronics
€ in millions



* pro forma underlying

Earnings

We indicate our earnings for the previous year on a pro forma underlying basis in order to convey a complete and transparent picture of the division's profitability. The pro forma underlying data is prepared by excluding hydrodynamic bearings operations, which were sold on October 31, 2007, and eliminating the proceeds of the sale, and adjusting the figure for the previous year to remove non-operating and non-permanent effects just as in our interim reports.

The Mechatronics Division posted an EBITA of €17.1 million in fiscal 2008. Earnings were thus down year on year (2007: €21.3 million). This figure does not fully reflect the impact of the decline in order intake in the last two months of the fiscal year. The EBITA margin eased from 8.6% in the previous year to 7.0% in fiscal 2008 primarily as a result of a planned significant increase in R&D spending and negative effects from exchange rate movements.

While our performance in fiscal 2008 in Europe, which is our principal sales market, virtually mirrored the previous year with operating earnings of €12.1 million (2007: €12.2 million) and an EBITA margin of 7.4% (2007: 7.6%), earnings declined in both North America, where EBITA fell from €1.9 million to €0.0 million, and in the Asia | Pacific, which saw EBITA slip from €7.2 million to €5.0 million.

Marketing | Sales and Distribution | Service

Sartorius Mechatronics pursues a multi-track sales and distribution strategy in order to reach its customer segments most effectively. Products that require intensive sales support and process-integrated solutions are marketed through our own sales team. Encouraged by past successes, we stepped up our sales and distribution activities once again in the reporting year. For instance, we continued to further develop our customer relationship management system, which ensures that our sales and distribution processes are efficient and uniform across the company, and began to implement the system throughout Europe. Key global customers are assigned a Sartorius key account manager who coordinates our consulting and service activities for all the sites operated by that customer. The key account managers are supported by our local sales organizations, which provide application specialists to assist customers on-site the world over. We extended this service offer during the year under review and concluded a number of new preferred supplier contracts.

By contrast, our standard range of products is marketed through specialized global or regional distributors. We provide optimal support for distribution partners through our dealer management department, our distributor conferences and training sessions and our e-shop that we launched in Germany in 2007. This virtual store gained several important new functions in 2008 and was rolled out in further key European countries including France, Spain and Italy.

The e-shop features automated ordering, which provides distributors with fast order processing transactions and thus saves them considerable time, and also gives our partners access to all relevant order information, such as confirmed delivery dates and product prices, at a single keystroke. A special product configurator provided through the e-shop also enables our customers to custom-configure the Sartorius products they need online.

We make strategic use of electronic media alongside traditional promotional activities to achieve the best possible results with our new product launches. For example, we significantly increased the use of electronic advertisements and product presentations on industry-specific online portals in the reporting year. This yielded a significant increase in the number of online inquiries, with 30% more prospective customers contacting us at the Sartorius home page and a striking 280% more reaching us via the various portals. These dramatic leaps stem partly from the success of our customer e-newsletter, which is already available in a number of different languages and countries, and partly from the improved positioning of Sartorius Mechatronics on the search results lists of internet search engines.

In addition to expanding our international service organization, one of our major areas of focus was on extending our industrial services. Our range offered in this segment covers both classic services, such as the installation of weighing systems, their integration into processes and remote maintenance and diagnosis, and novel services including equipment qualification of measuring instruments and advanced technical training courses for employees. Service processes for information, logistics and international deployment of personnel, which are based on our specially designed business software, govern the close relationships we have with our customers. In 2008, Sartorius Mechatronics became the first weighing equipment company to offer certification to its customers in Germany, including other countries in Western Europe, through its accredited calibration service under the extended requirements issued by DKD, the German calibration laboratory.

PPG Industries, an international supplier of chemicals and materials for automotive, aerospace, architectural and industrial applications, presented us with its Excellent Supplier Award 2007 in recognition of our outstanding customer service and first-class delivery performance. Sartorius scored top marks in the product quality, delivery reliability, service and responsiveness categories and thus joined seven other companies at the top of a ranking that includes all 16,000 PPG suppliers.

We supply our products and services worldwide in order to make effective use of the opportunities provided by global growth markets. Sartorius Mechatronics, which already has its own subsidiaries in key Asian markets including China, Korea, Japan and Singapore, added to its production infrastructure in Asia in the reporting year to ensure continued optimal service for this market, and also expanded its sales and service infrastructure. We enhanced our sales and distribution structures in Eastern Europe in the reporting year, too: the teams at our new subsidiaries in Poznan, Poland, and Budapest, Hungary, have significantly extended the company's reach in the region by providing their services not just in their home country, but also across Slovenia, Slovakia, Croatia and Romania.

Our marketing activities in the reporting year also included attending leading trade shows all over the globe. Our presence at the most important specialized trade fair for packaging, interpack 2008 in Duesseldorf, Germany, focused on metal detection and X-ray-based foreign particle detection, online moisture analysis, software-supported process management and dynamic weighing sensors. Sartorius also attended a number of other trade shows around the world – among them Het Instrument in Utrecht, the Netherlands, Forum Labo & Biotech in Paris, France, Biotechnica in Hanover, Germany, Expoquimia in Barcelona, Spain, and ArabLab in Dubai, UAE – to exhibit its innovations, to find out about new developments in relevant fields and to maintain existing contacts and make new ones.

Cooperative approaches constitute another important element of our sales and distribution policy. One particular highlight in this area during the reporting year came when Sartorius Mechatronics and software specialist Klar Partner AG of Aachen, Germany, signed an agreement to collaborate on recipe weighing. The high-precision scales and project-specific software covered by the agreement enable customers from the food and chemical industries, for example, to achieve maximum economy in the use of valuable raw materials and trace the origin of these raw materials all the way back to the supplier.

Products

Sartorius Mechatronics provides innovative products for laboratory and process applications. In the reporting year, we expanded our product range substantially.

Products for the Laboratory

Laboratory equipment from Sartorius Mechatronics can be found in just about every research and quality assurance lab worldwide. Our balances, moisture analyzers and pH meters not only permit easy sample handling, precise measurement results and documentation compliant with the applicable regulations, but also make it possible to integrate the data obtained into a variety of IT environments. Our product innovations in the segment of lab technology in 2008 centered on moisture analysis. Additions to our range in this segment included the LMA200PM analyzer, which is particularly suitable for rapid at-line moisture measurement directly next to the production line or in a nearby quality control lab. The system uses microwave radiation to evaporate the moisture contained in samples in a matter of seconds. It completes measurements up to 50% faster than do similar products on the market and significantly enhances measuring accuracy even further.

The spectroscopic method, which uses the optical interaction between light and the sample, offers another option for measuring moisture content. The LMA500, which we launched in 2008, exposes the material to near infrared light (NIR). Some of this light is reflected, in the process being changed by its interaction with the sample in a predictable way that depends on the sample's moisture content. The Sartorius LMA500 reliably calculates a calibration for a class of substance by analyzing known data sets and the associated moisture values, making it quick and easy to determine the moisture content. Typical areas of use include incoming inspection, at-line process control and quality control in the lab. The method employed by the LMA500 does not alter the sample, so the same sample can be used for more than one test.

Sartorius Mechatronics launched new pipette calibration balances in the reporting year in addition to the moisture analyzers mentioned above. The pipette, a standard laboratory instrument, must be checked regularly for proper functioning according to the requirements of Good Laboratory Practice (GLP) and the relevant ISO standards. The new Sartorius pipette calibration balance checks pipette functioning by weighing the liquid taken up by the pipette and then transmitting the reading to a computer, which calculates the volume of the liquid from its weight and density, and compares this value with the relevant test volume for the pipette. The result can be printed out in a log at the end of the process to comply with the applicable guidelines and requirements. The modular design of the new pipette calibration balances makes it possible to customize the workstation optimally to the requirements of different users.

Products for Industrial Processes

Our solutions for industry support the manufacturing process from incoming inspection and production to final quality control testing and logistics. The focal point of our process technology activities in the reporting year was inspection – stringent inspection of products, such as foods, to identify any contamination. The food and pharmaceutical industries are becoming increasingly concerned about quality and consequently have a need for suitable inspection products. Our new Dyxim series, which offers reliable quality control using X-ray technology, is ideal for applications in these areas. The X-ray systems used, which we developed in collaboration with leading X-ray technology specialist Dylog in order to secure a quick entrance to this rapidly expanding segment of the market, detects the tiniest foreign objects in packaged and unpackaged products, enabling manufacturers to eject products contaminated with particles of glass, bone, stone, metal and other materials reliably as part of the production process.

Ensuring compliance with statutory and industry-specific regulatory requirements is absolutely fundamental to the product quality assurance process in the food and pharmaceutical industries. The new high-resolution Combics CH family of monolithic industrial scales introduced in the reporting year provides fast and precise weighing results in production and inspection processes, making it ideal for this type of application. A new addition to the Sartorius Combics range, the rugged and flexible high-performance Combics CH, delivers resolutions of up to 340,000 digits. Customers can configure their ideal Combics scales by selecting their application – weighing, counting or over | under checking – and adding the options they need.

Another of our product highlights in the reporting year was a new digital weigh cell, which has better interference suppression than analog load cells and offers a wider range of applications.

Research and Development

	2008	2007
R&D costs, € in millions	**19.4**	16.4*
As a % of sales revenue	**7.9**	6.6*
Number of patent and trademark applications	**45**	71
Registered patents and trademarks	**50**	61

* pro forma underlying

Research and Development

The direction of research and development activities at Sartorius Mechatronics is strongly influenced by future customer requirements, industry trends and the need for environmentally-friendly designs. To turn new ideas from these sources into innovative products, the research and development, marketing, service, procurement and production departments work closely together throughout the international group of companies. Sartorius systematically enhances its internal knowledge pool by forming alliances with industrial partners and academic institutions and participating in the committees that draft relevant standards.

Research and development activities in the reporting year focused on widening our range of lab technology products. The new Cubis series of premium laboratory balances, which was launched at the beginning of 2009, is the very first line-up of balances to feature a user-configurable modular design for easy adaptation to different areas of application. The premium analytical balance with integrated data processing and logging capabilities uses our monolithic technology, in which the weighing sensor is robotically etched from a single block of aluminum. The Cubis series' compensation technology also makes it the first product of its kind with integral torque and tilt sensor systems for leveling. It displays an alert message if the balance is not level and provides prompts to guide the user through the necessary adjustments. Newly developed software provides novel operator guidance features, enabling users to integrate the balance into their different processes. All told, the work to develop the Cubis laboratory balance yielded 17 patents and/or patent applications and one design patent as well as a registered trademark in the form of the Cubis name itself.

During the reporting year, Sartorius continued to enhance its portfolio of measurement technologies for lab and process applications in close cooperation with users and alliance partners. Innovative techniques, such as online moisture measurement using microwave resonance technology, near infrared spectroscopy, OEM load cell technology and X-ray technology for integration into production processes, have been refined and matured, and now provide the foundation for newly launched products such as the LMA200PM microwave moisture analyzer, the LMA500 NIR moisture analyzer and the Dyxim series of inspection systems for detection of foreign particles.

Sartorius product components are frequently integrated into complex and sometimes highly regulated processes requiring comprehensive, secure data transfer. The development of compatible interfaces and user-friendly software for each area of use was therefore another important element of our development activities in 2008.

We stepped up our regional research and development activitives in China, India and the Philippines in the reporting year, adding both scientists and engineers to our team.

In the reporting year, Sartorius participated in PiratPro, a project backed by the German Federal Ministry of Education and Research that aims to fight product piracy through innovation, as part of its efforts to prevent unauthorized copying of technologies and products. Working together with other project partners, we developed concepts to help protect our technology and process expertise against counterfeiting.

Production and Supply Chain Management

We rely on our local production facilities in each region for the manufacture of the majority of our products in order to optimize the supply of the products in our portfolio to our customers. Therefore, in addition to our production facilities in Germany, we have manufacturing plants based in further countries, such as the USA (Denver, Colorado), China (Beijing) and India (Bangalore). As the Mechatronics Division had been reporting high rates of growth in Asia, we accordingly made further investments in its production capacity in China in 2008. Relevant highlights in the region included the start of truck weighbridge production for the Chinese and other Asian markets at our Jinan site.

We continued to promote the MIRAS platform scale business in the reporting year, simultaneously pressing ahead with the expansion and marketing of our sales structures. In China, we also began production of components for use in the new BSA range of standard laboratory balances.

Sartorius laid the cornerstone for a new plant in Bangalore, India, in 2008. This step marks the start of a process to combine the work of its five decentralized Indian manufacturing sites for mechatronics and biotech products into one complex.

In the USA, Sartorius Mechatronics broke ground for the construction of its new plant in Arvada, Colorado, as part of the ongoing expansion of production and service operations in North America. We increased our capacity for industrial weighing and control products here during the reporting year.

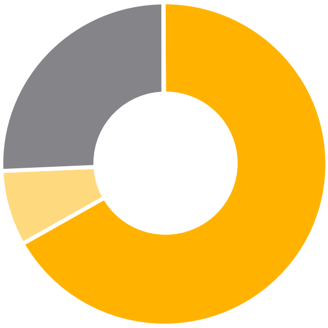
In the area of supply chain management, we work within a global network to ensure that our supply chain is optimized and flexible, and to achieve continuous improvements in key performance indicators that are relevant to the market, such as delivery speed, quality and deadline compliance. We maintain transparency at all times by feedstock tracking, i.e., constantly monitoring materials in the supply chain category by category. This enables us to forecast market-led and other foreseeable price movements at an early stage. Information on decreases in raw material prices is used by strategic purchasing worldwide to influence the pricing policy of our suppliers.

At our headquarters in Goettingen, we optimized the process from order intake to production and reduced lead time. The universal concept we apply here has enabled us not only to increase our use of technology, but also to develop methods that help us analyze and improve internal processes on an ongoing basis. We have introduced the paperless factory system at Goettingen to bring our customers an even faster supply chain, and have also expanded our e-shop so that distributors are now able to select the products they require from their computers and order them immediately online (see p. 64). Required components are ready to select for customized ordering and simply have to be assembled once the order is received.

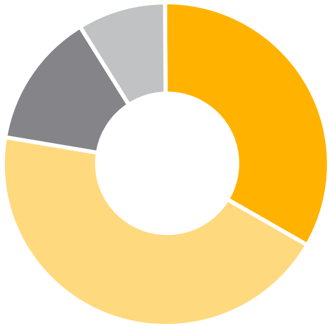
Another important aspect of supply chain management is coordinating all of the partners involved. We use an electronic supplier and procurement management system, which makes information of relevance for purchasing available at all sites, to optimize coordination. The supplier relationship management solution for internet-based requests for quotes and auctions that we have now implemented will be used for the first time in 2009. Authorized and potential suppliers are able to gain an overview via our website of the full range of items purchased and any possible changes in the procurement lists. In addition, registered suppliers can review their four-point assessment for quality, supplier performance, delivery reliability, and service and environmental management over the Internet and take part in Vendor Managed Inventory, i.e., supplier-controlled inventory management.

Our supply chain management system is also aimed at minimizing cash flows in foreign currencies in order to avoid losses due to exchange rate movements and, by further improving risk management, at reducing the probability of suppliers defaulting.

Employees by Region
December 31, 2008; in %



Employees by Function
December 31, 2008; in %



Employees

The Sartorius Group employed a total of 2,298 people in the Mechatronics Division at the end of fiscal 2008, which equates to an increase of 93 (4.2%) over the reporting date in the previous year (2,205). The figures stated for the previous year differ from those presented in the 2007 Annual Report as a result of the transfer effect explained on page 33.

The number of people employed in Europe rose by 14 (0.9%) from 1,516 to 1,530. Headcount in North America decreased by nine people (-4.9%) year on year to 176 (2007: 185). We increased our workforce in the Asia | Pacific region by hiring 88 new employees. The Group employed a total of 592 people (+17.5%) in the region as of December 31, 2008 (2007: 504).

Sales and distribution accounted for the largest share of the division's workforce just as in the previous year: approximately 44% of employees worked in this function in 2008 (2007: 44%). Production and areas directly linked to production, such as quality management and supply chain management, accounted for a share of around 33% (2007: 34%). The proportion of employees in research and development rose slightly year on year to almost 9% (2007: 8%). The calculated proportion of employees engaged in administrative functions now stands at nearly 14% following the formal assignment to the Mechatronics Division of the employees who look after administrative tasks, such finance and IT, for the group as a whole (2007: 13%).

Net Worth and Financial Position

Consolidated Balance Sheet

The balance sheet total of the Sartorius Group increased by €81.1 million to €865.0 million between December 31, 2007, and the reporting date on December 31, 2008.

On the assets side, non-current assets climbed from €522.3 million to €593.3 million. This was due chiefly to a rise in goodwill from €241.2 million to €292.5 million. Goodwill increased particularly in line with the valuation of the share price warrants, which were issued in connection with the Stedim transaction, on the equity and liabilities side.

Current assets grew from €261.7 million to €271.7 million, primarily as a result of increases in inventories and cash and cash equivalents.

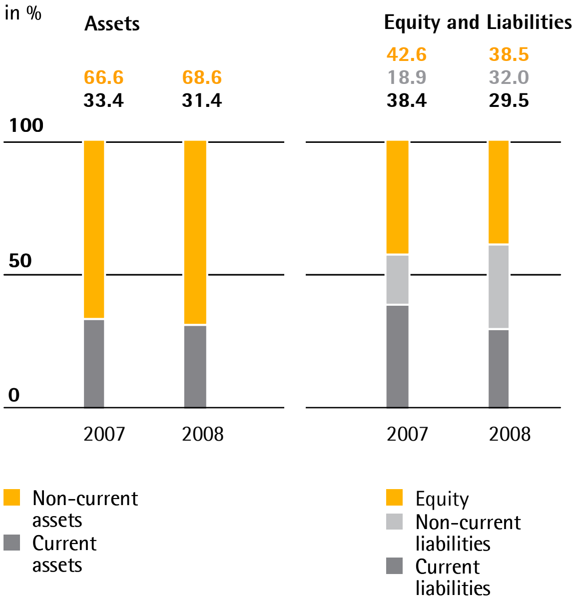
On the equity and liabilities side, equity reported at €333.4 million remained at the previous year's level (2007: €334.1 million). The Sartorius Group's equity ratio is accordingly at a comfortable level of 38.5% (December 31, 2007: 42.6%).

Non-current liabilities rose from €148.5 million to €276.6 million, while current liabilities fell from €301.3 million to €255.0 million. This change was essentially due to the two syndicated credit lines, each with a term of five years, which were concluded in 2008 to replace the short-term bridge loan for financing the Stedim transaction.

Key Balance Sheet Figures

	2008	2007
Equity ratio		
Equity / Balance sheet total	**38.5%**	42.6%
Long-term-capital-to-fixed-assets ratio		
Long-term capital / Fixed assets	**106.0%**	94.8%

Balance Sheet Structure
in %



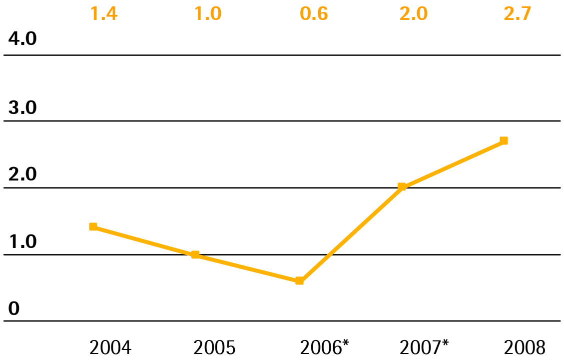
We disclosed the share price warrants, which were granted as part of the Stedim transaction, in the current liabilities (2007: non-current liabilities). Each warrant was assigned a fair value of €19.40 (2007: €9.50), which puts the total value of all such warrants at €103.7 million (2007: €50.8 million). This valuation corresponds to 97.0% of the maximum amount of €20.00 per warrant. The long-term-capital-to-fixed-assets ratio rose from 94.8% to 106.0% and gearing, which is calculated as the ratio of net debt to equity, is at 0.7 (2007: 0.6).

Key Working Capital Figures
in days

		2008	2007*
Rate of turnover for inventories			
Inventories / Sales revenue	x 360	**56**	50
Rate of turnover for receivables			
Trade receivables / Sales revenue	x 360	**74**	76
Rate of turnover for net working capital			
Net working capital** / Sales revenue	x 360	**104**	100

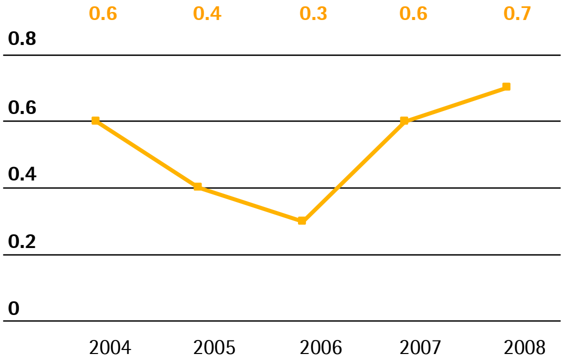
* on a pro forma basis
** sum of inventories and trade receivables less the trade payables

Ratio of Net Debt to EBITDA



* pro forma underlying

Gearing



Financing | Treasury

In September 2008, we refinanced the bridge loan arranged in March 2007 in connection with the Stedim transaction. As part of this process, we negotiated two separate syndicated credit lines, one each for the Sartorius Stedim Biotech subgroup and the Mechatronics Division. Both were provided by a syndicate of thirteen banks led by Commerzbank, West/LB and Dresdner Kleinwort.

The credit line for Sartorius Stedim Biotech is for an aggregate of €220 million; that for the Mechatronics Division, an aggregate of €180 million. The latter thus also covers the potential payment of the share price warrants granted within the scope of the Stedim transaction up to a maximum of approximately €107 million in August 2009. The two credit lines have a term of five years, so the financing of both Group units is now on a broad-based, long-term footing under highly favorable terms from today's perspective.

We are utilizing only a part of the two syndicated credit lines, and also have in place several bilateral credit lines worth around €80 million, none of which we are currently using in full.

Gross debt owed to banks rose €32.4 million year on year to €239.5 million on the reporting date (2007: €207.4 million). This was due in part to the acquisition of Swiss company Wave Biotech AG.

Net debt increased to €217.6 million from €189.6 million a year ago. The ratio of net debt to EBITDA stood at 2.7 on December 31, 2008 (December 31, 2007: 2.0), and the interest coverage ratio was 5.5.

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 outside Germany – in North America, the U.K., China and India – we can compensate for the majority of currency fluctuations (natural hedging). We hedge the remaining net currency exposure through suitable currency transactions. The hedging costs we reported under IAS 39 were higher than average in fiscal 2008 as a result of the extreme volatility in the currency markets.

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 report dividend income from subsidiaries, which is due to the holding function of Sartorius AG within the Sartorius Group. Consolidated results according to IFRS are only minimally affected by this income.

In fiscal 2008, sales revenue posted for Sartorius AG fell 26.3% from €175.9 million to €129.7 million. This is primarily a result of the carve-out of the Biotechnology Division and the sale of the hydrodynamic bearings business in the previous year. The percentage of sales revenue that Sartorius AG generated with other companies of the Sartorius Group was at 49.4%, slightly below the previous year's level (2007: 55.6%). Just under two thirds of Sartorius AG's sales revenue (60.8%; 2007: 65.2%) was earned outside Germany.

Profit before tax fell to €8.0 million, in part owing to the devaluation of treasury shares. The equivalent figure for the previous year of €23.4 million includes €14.8 million of income from the sale of the hydrodynamic bearings business. Net profit is €7.6 million (2007: €22.2 million). Including the profit brought forward of €20.2 million (2007: €9.4 million), the retained profit totals €27.8 million (2007: €31.6 million).

Sartorius AG's equity at €173.2 million was approximately at the previous year's level (2007: €177.0 million), while liabilities climbed from €227.7 million to €290.4 million. Overall, the balance sheet total increased from €404.7 million to 463.6 million. While it was down year on year, the equity ratio remains comfortable at 37.4% (2007: 43.7%). On the assets side of the balance sheet, current assets were essentially unchanged at €75.0 million. Concurrently, fixed assets jumped from €329.7 million to €387.1 million due to the increase in financial assets. As a result, the percentage of the balance sheet total attributable to fixed assets rose from 81.5% to 83.5%.

At €0.9 million, cash earnings according to the DVFA | SG was below the previous year's figure of €24.3 million. The cash flows from operating activities dropped to -€10.6 million from €1.5 million a year ago. Cash flows from investing activities totaled -€11.1 million (2007: -€96.7 million).

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

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

Assets	Dec. 31, 2008	Dec. 31, 2007
A. Fixed Assets		
I. Intangible assets	**1.0**	1.2
II. Property, plant and equipment	**18.0**	17.2
III. Financial assets	**368.2**	311.3
	387.1	**329.7**
B. Current Assets		
I. Inventories	**17.2**	16.6
II. Trade and other receivables	**40.7**	37.4
III. Securities	**15.1**	16.1
IV. Cash on hand, deposits in banks	**2.0**	4.9
	75.0	**75.0**
C. Prepaid Expenses	**1.4**	0.0
	463.6	**404.7**

Equity and Liabilities	Dec. 31, 2008	Dec. 31, 2007
A. Equity		
I. Issued capital	**18.7**	18.7
II. Capital reserves	**101.4**	101.4
III. Earnings reserves	**25.3**	25.3
IV. Retained profits incl. net profit for the period	**27.8**	31.6
	173.2	**177.0**
B. Provisions	**128.3**	77.1
C. Liabilities	**162.0**	150.6
	463.6	**404.7**

Income Statement of Sartorius AG
According to HGB*, summary

in millions of €	2008	2007
Sales revenue	**129.7**	175.9
EBITDA	**21.7**	36.3
Depreciation and amortization	**3.5**	6.1
EBIT	**18.2**	30.3
Financial result	**–10.2**	–6.8
Profit before tax	**8.0**	23.4
Net profit	**7.6**	22.2
Retained profit	**27.8**	**31.6**

* HGB = German Commercial Code

Supplementary Report

Material Events after the End of the Fiscal Year

Short-time work, a temporary reduction in work hours, was introduced for the employees of Sartorius AG's Mechatronics Division at the Goettingen site in January 2009. This was in response to the sharp downturn in demand for weighing and related monitoring and control products. At the same time, the work schedule was also reduced for employees in administration at Goettingen, Germany.

Since February 2009, the policy of short-time work has now also been in force for administrative staff at Goettingen and all employees at the Hamburg, Germany, site. The Executive Board and senior managers are taking part in these cost-reduction measures by waiving a corresponding proportion of their salary.

Forecast Report

Future Macroeconomic Environment

The banks and economic research institutes revised their forecasts downward significantly again at the end of 2008 as the rapidly deteriorating economic outlook rendered the figures published just a few months ago obsolete. The level of uncertainty about the future remains high in all markets and makes it difficult to provide a realistic assessment of global economic prospects. A preponderance of indicators, chief among them the risk that the turbulence in the financial markets will have a greater impact than previously expected on the real economy, suggest a slowdown in global economic growth. Looking ahead to 2009, low commodity prices and weakening demand both point to further decreases in inflation.

The United Nations (UN) expects the gross domestic product of the industrialized countries to grow by around one percent in 2009 according to a neutral scenario. Assuming that the central banks in the USA, Europe and Japan continue to make sufficient liquidity available in 2009, growth should begin to return to more normal levels during the third quarter of 2009. Negative scenarios indicate a global recession and push the start of any recovery in economic activity back to 2010.

It is clear that the economic outlook for 2009 in the USA has worsened significantly since the crisis in the financial markets intensified, and the ECB expects a further decline in growth in the country's real economy, compared with the last quarters of 2008. The latest assessments from the OECD and IMF anticipate that gross domestic product (GDP) will contract in the USA (-0.9% and -0.7%, respectively) in 2009 (2008: +1.4%).

The OECD's 2009 prediction for the euro-zone countries issued last December suggested a decline in real gross domestic product of 1.0% – 0.0% (2008: +0.8% to +1.2%). This coincides with the forecasts of the IMF, whose most recent figures suggest a fall of 0.5% (2008: +1.2%) in the region. The export-led German economy could well be hit especially hard by the global economic downturn. Experts expect gross domestic product to shrink again in the first half of 2009, and the OECD and IMF are predicting a drop of 0.8% in gross domestic product for the year as a whole (2008: +1.7%). According to data from the OECD, the recent turbulence will also extend into 2009 in France, which will similarly see gross domestic product shrink in the first six months of the year. The second half of the year, however, is expected to bring the start of a gradual recovery in economic activity. Overall, the OECD is forecasting a reverse of 0.4% for the French economy for the full year of 2009 (2008: +0.9%). The IMF takes a broadly similar view, predicting a dip of 0.5% for the year (2008: +0.8%), which suggests that France would feel less of an impact from this slowdown than Germany.

Expert forecasts so far indicate that economic activity in Japan will remain muted in the early part of 2009. Private consumption is likely to remain weak in light of the poor employment situation, and exports are expected to further decline due to a lack of international demand. The IMF and OECD anticipate that the Japanese economy will shrink 0.1% in 2009 (2008: +0.5%).

The ECB believes that growth will also slow in the emerging nations of Asia, although it does still expect significant expansion in China and India in 2009. The IMF's November 2008 forecast predicts growth of 8.5% for China in 2009 (2008: 9.7%), while the OECD anticipates a figure of 8.0% (2008: 9.5%). The Indian economy is expected to grow 6.3% according to the IMF data (2008: 7.8%). The OECD's assessment for India quotes a figure of 7.3% (2008: 7.0%).

The IMF's most recent forecast for the global economy predicts growth of 2.2% in 2009 (2008: 3.7%).

Sector Outlook: Biotechnology Division

International market research institute IMS Health expects the growth rate in the global pharmaceutical market in 2009 to reach 4.5% – 5.5%, approximately the previous year's level. Growth of this magnitude would push sector sales revenue above U.S. $820 billion. Experts anticipate that the global economic downturn will impact the pharmaceutical industry, especially in those countries in which the majority of patients pay for their own medications directly rather than through their health insurers. Among the countries concerned, this applies especially to the USA, which is the world's largest market for pharmaceuticals. For North America, IMS Health is consequently forecasting growth of just 1% – 2%. Researchers predict moderate growth of 3% – 4% for the five largest countries of the European Union and an increase of 4% – 5% in Japan, and report that the shift in the consumer market away from the mature western industrialized countries toward the developing countries, which has already been apparent for some time, seems likely to continue.

Sector observers estimate that the biopharmaceutical segment, which is of particular interest to the Sartorius Biotechnology Division, will again see significantly stronger growth than the pharmaceutical market as a whole. Analyses from market watcher Frost & Sullivan forecast that although growth projected at 9.8% will be somewhat weaker in 2009 than in recent years, the medium-term prospects remain positive. The compound annual growth rate for the period of 2007 to 2014 is expected to be around 11.6% according to calculations published by researchers, who assert that both new medications and new indications for existing drugs will help maintain these above-average rates of expansion. Some sources have issued less bullish forecasts for 2009, however, with several large biotech companies predicting that growth in their own business in 2009 will not exceed the single-digit range.

All market participants agree that the high price of medications produced using biotech methods will slow their rate of market penetration. Such biologics are more expensive than drugs produced by chemical methods because of the comparatively complex – and hence more cost-intensive – research and manufacturing processes involved. For this reason, it seems likely that the sector will step up its efforts once again over the next few years to increase the productivity of the processes concerned. The trend toward increased application of single-use technologies will also play an important role in this connection, as they offer a way to reduce investment spending and validation costs and improve the overall flexibility and cost-effectiveness of production. Certain disposable products, such as single-use bioreactors, are already in operation in laboratories, but have only just begun to make inroads into the market for production applications. Substantial growth rates are consequently expected in this area. Manufacturers are particularly interested in complete single-use solutions for individual stages of the production process, as this represents the only way to realize the technology's full cost-efficiency potential. In this context at least, the increased cost pressure in the pharmaceutical industry therefore additionally opens up new opportunities for providers of innovative technologies and solutions, such as Sartorius Stedim Biotech. This particular trend goes hand in hand with the manufacturers' efforts to reduce their supplier base to just a few strategic partners.

The process of consolidation in the pharmaceutical industry is set to continue according to the experts, especially in light of the favorable conditions for acquisitions likely to be created by the economic crisis. Large pharmaceutical groups buying up small and mid-size biotech companies will probably be the most common pattern; major transactions like Roche's reported complete takeover of Genentech or Pfizer's acquisition of Wyeth are consequently bound to remain the exception rather than the rule.

Sector Outlook: Mechatronics Division

Outlook for the Pharmaceutical Sector

Market researchers expect the global pharmaceutical market to expand again in 2009, albeit at a more moderate rate of between 4.5% and 5.5%, despite the anticipated global recession (cf. p. 77).

Forecasters anticipate that progressively more of the sector's growth will come from the newly industrialized countries, and expect pharmaceutical markets in these countries to continue expanding rapidly. According to a study published by consultants PricewaterhouseCoopers (PwC), this is due in no small measure to the way that large pharmaceutical companies are increasingly relocating individual stages of the production process, or even entire production processes, to low-cost countries like China, India and Singapore. These newly industrialized countries are going to be investing in their own research and development in future as well as offering inexpensive industrial manufacturing opportunities. This situation, according to the authors, makes it likely they will also become increasingly important as centers of innovation.

The large pharmaceutical groups are expected to augment their overall research budgets again and step up cooperation with academic researchers and innovative biotech companies in order to enhance the speed and efficiency of their efforts to develop new active pharmaceutical ingredients.

Outlook for the Chemical Sector

The global economic downturn is generally expected to lead in 2009 to the first decline in chemical production for many years. Due to weak private consumption and slumping demand from industrial customers, production output will drop. All the indications are that demand will remain slack well into the second half of 2009, but it should be noted that in the chemical industry as elsewhere, considerable uncertainty about forecasts issued will probably linger.

The importance of the markets in newly industrialized Asian countries like China and India will continue to grow, the experts say, and although the state of the economy will have some negative impact, the chemical industry is likely to see further expansion in the region in 2009. These countries accordingly look set to remain key drivers of sales revenue in the global chemical industry. China is currently the second largest manufacturer of chemical products in the world behind only the USA. Japan, South Korea and India are the other major chemical producers in Asia.

Outlook for the Food and Beverage Sector

Sector watchers are forecasting that demand for food products in the developing countries of Asia will continue to rise as a result of rapid population growth and increasing purchasing power, and expect this trend to be accompanied by the development of modern processing production plants.

The food industry in the West is predicted to achieve moderate growth overall, although experts believe segments, such as functional food, convenience products and organic food, still offer high growth potential. This is once again due to the same consumer trends – enjoyment, fitness, wellness, healthy eating and convenience – that are driving innovation in the sector. Companies in the sector are expected boost their investment in product development while optimizing the quantity, price and quality of the raw materials they purchase.

Outlook for the Public Research Sector

Forecasts released by the OECD indicate that investment in public sector research and development will rise again despite the global economic crisis. Education and science are likely to benefit from the wide-ranging economic packages being introduced by many governments around the world in an attempt to ameliorate the effects of the downturn. The USA, for example, is planning to funnel more than U.S. $140 billion of public funds into the education sector, and the various national economic packages planned in Europe also make a priority of education. The EU, moreover, has made it a formal objective to increase research spending to 3% of GDP by 2010. According to the OECD, a number of countries outside the EU have responded to this target by making plans to invest more heavily in research and development themselves.

The process of building and expanding universities and research institutions is expected to continue across the emerging nations of Asia in 2009. Innovative disciplines and highly specialized fields, such as biotechnology and nanotechnology, are expected to remain a focal point for investment in the region in future, and it is reported that China, for example, intends to have one of the highest rates of innovation in the world by 2020.

Future Business Development

Future Business Development of the Biotechnology Division

As a supplier to the biopharmaceutical industry, we are exposed to all of the risks typical of this market. The decisions of regulatory agencies, especially those concerning the granting or withholding of approval for new medications, can have a significant impact on our customers' investment and purchasing decisions and their timing. Single-use technologies are strongly on the rise, and we anticipate that our business for these disposable products will be the major engine driving our growth over the coming years. The biopharmaceutical industry has shown itself to be comparatively resistant to cyclical effects in the past, and our planning for fiscal 2009 consequently anticipates an increase in sales revenue for the Biotechnology Division.

Future Business Development of the Mechatronics Division

The potential for growth in the Mechatronics Division depends to a relevant degree on economic developments in the respective markets. Management expects the Mechatronics Division to face very difficult market conditions over the coming months as a result of the global economic downturn and accordingly expects sales revenue to decline in fiscal 2009.

Future Business Development of the Group

Given the persistently high level of uncertainty surrounding the likely course of the global economy, Sartorius still does not think it possible to issue a reliable forecast for the business development of the two divisions in 2009.

Risk and Opportunities Report

Risk Management System

As a group that operates internationally, Sartorius is inevitably exposed to various risks associated with these operations. To help us track existing and potential risks efficiently, we implemented a risk management system (RMS). 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 so the Board can 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 business area managers and the managers of our central departments to review the risk situation of 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.

Independent auditors examined our risk management system as part of reviewing our annual financial statements and did not find any deficiencies.

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. Our acquisition of a long-term development partner and supplier of components for single-use bioreactors in 2008 has given us greater independence on the procurement side.

Production Risks

We manufacture products that belong to our core areas of technical expertise ourselves, usually with a high level of vertical integration, and work in collaboration with partners to manufacture other non-core products. The latter approach entails transferring a portion of the production risks 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 our production processes. Moreover, our global manufacturing sites enable us to compensate for any capacity bottlenecks by shifting production to other regional plants.

Sales and Distribution Risks

The sale and distribution of our products is organized worldwide through various channels. 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. In the area of logistics, we have also minimized our risk exposure 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, foods and beverages and chemicals, and in research and development laboratories. The main risk encountered in these areas is non-compliance with prescribed 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. Our successful completion of a host of annual audits by customers and our accreditation under ISO 9001 and ISO 13485 together document the high quality standards achieved in Sartorius products and processes. Irrespective of these measures, we also maintain significant insurance coverage against product liability risks.

R&D Risks

We use a considerable part of our resources for 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

For Sartorius, we draw our key customers from the pharmaceutical, chemical and food and beverage industries as well as from research and educational institutions of the public sector. Most of them are relatively large organizations that have been in existence for some time and have strong credit ratings. We cultivate long-term cooperative relationships, based on well-founded trust, with the vast majority of our customers, and our bad debt losses have consequently been very low for many years. As most of our business areas have a highly diversified customer base, our dependence on individual key accounts remains relatively low across the Group as a whole, although the Stedim transaction in 2007 has created a certain amount of customer concentration in a few product segments. We are working to expand our customer base for the products concerned by offering these to other existing customers in order to establish our products in even wider target group ranges.

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 globally operating company. Our competitors include Millipore and Pall in the Biotechnology Division and Mettler-Toledo in the Mechatronics Division. As we serve a large number of conservative customers from highly regulated sectors like the pharmaceutical and food and beverage 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 losing employees, especially those in key positions, by offering performance-related remuneration models, targeted continuing professional development options, interesting development opportunities and a range of other attractive employee benefits. The success of these measures is evident from the exceptionally low attrition rates registered in recent years and employee loyalty, as 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.

Financial Risks

The global nature of the Sartorius Group's operations means that its business activities are inevitably exposed to financial risks. These are primarily exchange rate risks, interest rate risks and liquidity risks, all of which are described below and addressed in detail in the Notes.

Exchange Rate Risks

We generate approximately 40% 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. Therefore, exchange rate fluctuations are a matter of concern, especially when currencies are converted 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 with domestic banks to hedge against net currency exposure, i.e., the proportion of our foreign currency sales revenue that remains after we have settled our costs.
On principle, our hedging strategy provides for exposures to be hedged approximately 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 portion of our outstanding loans, and these consequently pose no interest rate risk. However, the major part of the loans outstanding on the reporting date are subject to interest based on the market rate. Some of these are hedged with interest caps, but the majority are exposed to interest rate risks. 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 concluded two syndicated credit agreements worth a total of €400 million in September 2008 to place its financing on a broad-based, long-term footing. 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.

Pharmaceutical, Medical and 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.

To respond rapidly to any product defects and minimize any adverse consequences, Sartorius established a traceability system that enables us to recall an entire product batch immediately, if necessary.

Environmental Risks

The nature of the Sartorius Group's business is such that our operations constantly interact with the environment so we thus need to deal with environmental risk issues, such as emissions and other potential sources of pollution. Responsibility for preventing incidents of this kind and monitoring all of our environmentally-relevant operations around the world rests with our Environmental Protection and Occupational Safety Department. The department's environmental management system, which is accredited under DIN EN ISO 14001, encompasses all divisions and covers a whole series of environmental regulations to minimize risks in this area. We invested heavily in environmental protection in 2008 and significantly reduced the environmental risks to which we are exposed by commissioning a new combined heat and power plant and a new solvent recycling plant.

Risks Associated with the Current Financial and Economic Crisis

The current global recession has serious implications for our Mechatronics Division, which is relatively sensitive to cyclical trends. We have responded to the unforeseeably severe downturn in demand with cost-cutting measures that include rapid and thorough steps to adapt our staffing levels. Far-reaching as they are, these measures cannot eliminate all risks in relation to the short- and mid-term profitability of the Mechatronics Division due to the tough economic situation and the difficulty of predicting future developments. The Biotechnology Division, in contrast, is relatively immune to events in the wider economy, and the current financial and economic crisis does not appear to be having any effect on its business at the moment.

We have undertaken to comply with common financial covenants in relation to our syndicated credit facilities. Hence, we could fall into temporary non-compliance with these financial covenants if the current recession impairs the progress of our business and this, in turn, would lead to an increase in our financing costs. Overall, however, we believe that the financial and economic crisis will not adversely affect our net worth, financial situation or profitability on a lasting basis.

IT and Other Risks

Besides the risks mentioned above, we face potential risks in the area of IT. We reduce IT risks by continuously enhancing IT security policies and using advanced hardware and software.

There are no legal disputes or proceedings that could have a substantial negative impact on Group results, and allowances have been made on our balance sheet to cover the cost of any such potential proceedings.

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. The nature and extent of our insurance protection are monitored and adjusted regularly by an independent department specially assigned to this task.

Estimate of the Overall Risk Situation

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 corporation.

Future Risks

Similarly, based on our current review, there are no discernible risks that could threaten the further existence of the company.

Explanatory Report of the Executive Board on the Disclosures Pursuant to Section 289, Subsection 4, 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 entitle-ment 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 23, 2008). 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 (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 pre-emptive 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.

Remuneration Report

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

The remuneration paid to members of the Sartorius AG Executive Board is established by the full Supervisory Board in accordance with the German Corporate Governance Code as amended on June 6, 2008. This matter was previously the responsibility of the Executive Task Committee of the Supervisory Board. Remuneration of the Executive Board includes both fixed and variable components, and is reviewed annually to ensure that it remains appropriate. The variable components paid in addition to the fixed base salary represent at least 50% of the total remuneration. The total value of all remuneration components reflects the scope of the responsibilities of the Executive Board member concerned.

The variable portion of this remuneration contains both components that are settled annually and components designed as long-term incentives.

The portion of the variable remuneration that is paid annually is based on the economic success of the Sartorius Group, especially its volume of business and profit. Additional individual targets reflecting the Group's operating and strategic objectives are defined for the variable remuneration components that are paid annually and for those that are intended to have a mid-term incentive effect.

Furthermore, a phantom stock plan is used as the variable component that serves as a long-term incentive and is subject to risk. This remuneration component depends on the development of the Sartorius share price over a period of at least three years and is payable only if this price exceeds an established minimum stock appreciation or the development of a comparative index. In the Executive Board remuneration, the use of such a component that is designed to have a long-term incentive effect and is subject to risk corresponds to a suggestion from the German Corporate Governance Code. The specific nature of this component is explained in Section 2.

The members of the Executive Board receive allowances for their insurance policies in addition to the remuneration components mentioned, and each Executive Board member is provided with a company car for the duration of his appointment.

Executive Board members also receive pension commitments. 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.

2. Variable Remuneration Component with a Long-Term Incentive Effect (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. 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 three 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 10.0% 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 does not permit 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.

If an Executive Board member leaves the company, all phantom stock units are paid out no later than three years thereafter, taking into account the terms and conditions stated above.

3. Remuneration of the Executive Board Members

€ in K	2008	2007
Total Remuneration for the Executive Board		
– Total remuneration	**1,362**	1,665
– Performance-independent remuneration	**806**	875
– Performance-related remuneration	**556**	790
– Phantom stock units paid out	**0**	0
– Fair value of the phantom stock units held (see separate table)	**205**	513
– Fair value of mid-term remuneration components	**63**	63
– Addition to provisions for employee benefits	**82**	60

€ in K

Remuneration for the Individual Executive Board Members	2008	2007
Dr. Joachim Kreuzburg		
– Total remuneration	**789**	915
– Performance-independent remuneration	**480**	440
– Performance-related remuneration	**309**	475
– Phantom stock units paid out	**0**	0
– Fair value of the phantom stock units held (see separate table)	**130**	319
– Fair value of mid-term remuneration components	**63**	63
– Addition to provisions for employee benefits	**42**	15
Dr. Günther Maaz		
– Total remuneration	**573**	498
– Performance-independent remuneration	**326**	285
– Performance-related remuneration	**247**	213
– Phantom stock units paid out	**0**	0
– Fair value of the phantom stock units held (see separate table)	**75**	194
– Addition to provisions for employee benefits	**40**	24
Olaf Grothey until Sep. 7, 2007		
– Total remuneration*		252
– Performance-independent remuneration		150
– Performance-related remuneration		102
– Phantom stock units paid out		**
– Fair value of the phantom stock units held (see separate table)		0
– Addition to provisions for employee benefits		21

* up to the time he left the company
** liquidated within the scope of an overall agreement at the time he left the company

Components with a Long-term Incentive Effect	Number of phantom stock units	Fair value when granted on Jan. 1 of the particular year € in K	Fair value at year-end on Dec. 31, 2008 € in K	Paid out € in K
Dr. Joachim Kreuzburg				
– Tranche of phantom stock units for 2005	4,053	63	33	0
– Tranche of phantom stock units for 2006	3,871	83	32	0
– Tranche of phantom stock units for 2007	3,593	125	28	0
– Tranche of phantom stock units for 2008	4,754	138	37	0
	16,271	409	130	
Dr. Günther Maaz				
– Tranche of phantom stock units for 2005	2,594	40	21	0
– Tranche of phantom stock units for 2006	2,580	55	21	0
– Tranche of phantom stock units for 2007	1,796	63	14	0
– Tranche of phantom stock units for 2008	2,507	73	19	0
	9,477	231	75	

4. 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.

In addition to fixed annual basic remuneration, the members of the Supervisory Board receive meeting attendance fees and have their expenses reimbursed. This basic remuneration increases according to an established salary index, dependent on the dividends paid to the ordinary shareholders. The Supervisory Board members serving as chairman and vice chairman of the Supervisory Board receive higher basic remuneration and a correspondingly higher dividend-dependent remuneration component than the other Supervisory Board members.

Additional annual fixed amounts are paid in recognition of membership or chairmanship of Supervisory Board committees. 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").

5. Remuneration of the Supervisory Board Members

€ in K	2008	2007
Remuneration for the Supervisory Board Members		
– Total remuneration	**384**	459
– Fixed remuneration	**150**	150
– Performance-related remuneration	**106**	181
– Compensation for committee work	**30**	30
– Meeting attendance fee	**98**	98
– Compensation for individually performed services	**0**	216

* Remuneration for attorneys Hengeler & Müller, a partner of Supervisory Board member Prof. Gerd Krieger

6. Remuneration of Former Managing Directors

€ in K	2008	2007
Remuneration of Former Managing Directors		
Remuneration of former managing directors, directors and their surviving dependents	**256**	1,896
Retirement benefits and pension obligations to former members of the Executive Board and their surviving dependents	**4,683**	4,377

03

Consolidated Financial Statements and Notes

Balance Sheet

Assets	Notes	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
A. Non-current Assets			
I. Goodwill	(9)	**292,466**	241,197
II. Intangible assets	(9)	**122,442**	114,892
III. Property, plant and equipment	(10)	**155,710**	149,336
IV. Financial assets	(11)	**5,133**	3,423
		575,751	**508,848**
V. Non-current trade and other receivables	(12)	**3,454**	1,045
VI. Deferred tax assets	(13)	**14,139**	12,366
		593,345	**522,259**
B. Current Assets			
I. Inventories	(14)	**95,618**	85,706
II. Trade receivables	(15)	**125,073**	131,725
III. Current tax assets		**13,514**	11,599
IV. Other assets	(15)	**15,506**	14,899
V. Cash and cash equivalents	(16)	**21,948**	17,747
		271,658	261,676
		865,004	**783,935**

Equity and Liabilities	Notes	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
A. Equity			
I. Issued capital	(17)	**17,047**	17,047
II. Capital reserves	(18)	**86,988**	86,988
III. Retained earnings (including net profit)	(21)	**185,691**	187,217
IV. Minority interest		**43,656**	42,846
		333,382	**334,098**
B. Non-current Liabilities			
I. Pension provisions	(22)	**35,084**	34,048
II. Deferred tax liabilities	(22)	**40,018**	41,129
III. Other provisions	(22)	**8,537**	8,573
IV. Loans and borrowings	(23)	**192,736**	13,627
V. Other liabilities	(23)	**267**	51,125
		276,642	**148,503**
C. Current liabilities			
I. Provisions	(24)	**8,919**	12,065
II. Trade payables	(25)	**44,391**	44,059
III. Loans and borrowings	(25)	**46,775**	193,742
IV. Current tax liabilities	(25)	**9,818**	8,864
V. Other liabilities	(25)	**145,077**	42,605
		254,980	301,334
		865,004	**783,935**

Income Statement

	Notes	**2008 € in K**	2007 € in K
1. Sales revenue	(29)	**611,621**	589,027
2. Cost of sales	(30)	**–325,271**	–316,348
3. Gross profit on sales		**286,351**	**272,680**
4. Selling and distribution costs	(31)	**–150,230**	–142,586
5. Research and development costs	(32)	**–43,918**	–41,529
6. General administrative expenses	(33)	**–38,408**	–35,378
7. Other operating income and expenses	(34)	**3,038**	5,979
		–229,517	**–213,515**
8. Earnings before interest, taxes and amortization (EBITA)		**56,834**	**59,165**
9. Amortization		**–6,323**	–4,271
10. Earnings before interest and taxes (EBIT)		**50,511**	**54,894**
11. Interest and similar income	(35)	**942**	1,040
12. Interest and similar expenses	(35)	**–24,604**	–14,717
13. Financial result		**–23,662**	**–13,677**
14. Profit before tax		**26,849**	**41,217**
15. Income tax expense	(36)	**–11,748**	–11,837
16. Deferred tax income | expenses	(36)	**4,135**	2,770
17. Other taxes		**–2,954**	–1,856
		–10,567	**–10,923**
18. Net profit		**16,282**	**30,294**
Attributable to:			
Equity holders of the parent		**12,360**	30,132
Minority interest		**–3,922**	–162
Earnings per ordinary share (€)	(37)	**0.73**	1.77
Earnings per preference share (€)	(37)	**0.73**	1.77

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

Statement of Changes in Equity

€ in K	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits
Balance at Jan. 1, 2007	**17,047**	**86,988**	**794**	**–4,909**	**77,511**
Cash flow hedges	0	0	1,899	0	0
Actuarial gains | losses from pension provisions	0	0	0	5,334	0
Currency translation differences	0	0	0	-7	0
Tax effects due to net income recognized directly in equity	0	0	–437	–2,113	0
Net income recognized directly in equity	**0**	**0**	**1,462**	**3,214**	**0**
Net profit for the period	0	0	0	0	30,132
Total recognized income and expense	**0**	**0**	**1,462**	**3,214**	**30,132**
Increase in equity in connection with the Stedim transaction	0	0	0	0	104,296
Change in minority interest	0	0	0	0	0
Dividends	0	0	0	0	–10,740
Balance at Dec. 31, 2007 / Jan. 1, 2008	**17,047**	**86,988**	**2,256**	**–1,695**	**201,199**
Cash flow hedges	0	0	–4,117	0	0
Actuarial gains | losses from pension provisions	0	0	0	553	0
Currency translation differences	0	0	0	0	0
Net investment in a foreign operation	0	0	0	0	–177
Tax effects due to net income recognized directly in equity	0	0	1,234	–177	53
Net income recognized directly in equity	**0**	**0**	**–2,883**	**376**	**–124**
Net profit for the period	0	0	0	0	12,360
Total recognized income and expense	**0**	**0**	**–2,883**	**376**	**12,236**
Dividends	0	0	0	0	–11,421
Acquisition of additional shares in subsidiaries	0	0	0	0	–3,124
Change in minority interest	0	0	0	0	1,225
Other changes in equity	0	0	0	0	81
Balance at December 31, 2008	**17,047**	**86,988**	**–627**	**–1,319**	**200,196**

In fiscal 2007, the acquisition of Stedim resulted in an increase in equity for the Sartorius Group, as equity instruments were (fictively) issued. This increase in equity is shown in the item "Earnings reserves and retained profits" of the consolidated Statement of Changes in Equity. The amount disclosed in this item includes transaction costs of €6,545 K.

Difference resulting from currency translation	Group equity	Minority interest	Total equity
−8,500	**168,931**	**0**	**168,931**
0	1,899	0	1,899
0	5,334	0	5,334
−6,043	−6,050	0	−6,050
0	−2,550	0	−2,550
−6,043	**−1,367**	**0**	**−1,367**
0	30,132	162	30,294
−6,043	**28,765**	**162**	**28,927**
0	104,296	42,684	146,980
0	0	0	0
0	−10,740	0	−10,740
−14,543	**291,252**	**42,846**	**334,098**
0	−4,117	−687	−4,804
0	553	183	736
1,984	1,984	51	2,035
0	−177	−72	−249
0	1,110	174	1,284
1,984	**−647**	**−351**	**−998**
0	12,360	3,922	16,282
1,984	**11,713**	**3,571**	**15,284**
0	−11,421	−1,536	−12,957
0	−3,124	0	−3,124
0	1,225	−1,225	0
0	81	0	81
−12,559	**289,726**	**43,656**	**333,382**

Statement of Recognized Income and Expense

	2008 € in K	2007 € in K
Net profit for the period	**16,282**	30,294
Cash flow hedges	**−4,804**	1,899
Actuarial gains | losses on defined benefit obligations	**736**	5,334
Differences resulting from currency translation	**2,035**	−6,050
Net investment in a foreign operation	**−249**	0
Deferred taxes	**1,284**	−2,550
Net income recognized directly in equity	**−998**	−1,367
Total recognized income and expense	**15,284**	**28,927**
Attributable to:		
Equity holders of the parent	**11,713**	28,765
Minority interest	**3,571**	162

Segment Reports

By Division		Biotechnology			Mechatronics	
€ in millions	**2008**	2007	Change in %	**2008**	2007	Change in %
Order intake	**367.1**	319.6	15%	**242.7**	262.5	–8%
Sales revenue	**366.0**	329.8	11%	**245.6**	259.2	–5%
- as a total %	**59.8%**	56.0%		**40.2%**	44.0%	
EBITDA	**54.4**	41.2	32%	**25.7**	41.1	–37%
- as a % of sales revenue	**14.8%**	12.5%		**10.5%**	15.8%	
Depreciation and amortization	**21.0**	19.5	8%	**8.6**	7.9	10%
EBITA	**39.7**	26.0	53%	**17.1**	33.2	–48%
- as a % of sales revenue	**10.9%**	7.9%		**7.0%**	12.8%	
EBIT	**33.4**	21.7	54%	**17.1**	33.2	–48%
- as a % of sales revenue	**9.1%**	6.6%		**7.0%**	12.8%	
Segment assets	**659.8**	598.7	10%	**155.6**	143.5	8%
Segment liabilities	**70.6**	76.5	–8%	**64.4**	65.8	–2%
Capital expenditures	**20.2**	21.2	–5%	**13.5**	20.2	–33%
- as a % of sales revenue	**5.5%**	6.4%		**5.5%**	7.8%	
R&D costs	**24.5**	24.7	–1%	**19.4**	16.8	15%
No.of employees at Dec. 31	**2,362**	2,313	2%	**2,298**	2,205	4%

By Region		Europe			North America			Asia | Pacific	
€ in millions	**2008**	2007	Change in %	**2008**	2007	Change in %	**2008**	2007	Change in %
Sales revenue									
- acc. to customers' location	**364.6**	350.7	4%	**115.9**	108.8	7%	**110.2**	108.5	2%
- as a total %	**59.6%**	59.5%		**18.9%**	18.5%		**18.0%**	18.4%	
- acc. to company location	**422.1**	403.4	5%	**116.8**	112.4	4%	**72.7**	73.3	–1%
EBITDA	**65.4**	67.2	–3%	**5.0**	3.4	46%	**8.9**	11.4	–22%
- as a % of sales revenue	**15.5%**	16.6%		**4.2%**	3.0%		**12.2%**	15.6%	
Depreciation and amortization	**26.7**	23.9	12%	**1.7**	2.6	–37%	**1.0**	0.7	31%
EBITA	**44.8**	47.3	–5%	**3.5**	1.1	220%	**7.9**	10.7	–26%
- as a % of sales revenue	**10.6%**	11.7%		**3.0%**	1.0%		**10.9%**	14.6%	
EBIT	**38.7**	43.3	–11%	**3.3**	0.8	329%	**7.9**	10.7	–26%
- as a % of sales revenue	**9.2%**	10.7%		**2.8%**	0.7%		**10.9%**	14.6%	
Segment assets	**707.1**	646.6	9%	**51.1**	45.9	11%	**53.7**	46.3	16%
Segment liabilities	**111.6**	118.6	–6%	**13.6**	15.6	–13%	**9.7**	8.0	21%
Capital expenditures	**26.0**	29.9	–13%	**3.7**	1.6	133%	**4.1**	10.0	–59%
- as a % of sales revenue	**6.1%**	7.4%		**3.1%**	1.4%		**5.6%**	13.7%	
R&D costs	**41.7**	39.7	5%	**1.4**	1.4	1%	**0.7**	0.4	79%
No. of employees at Dec. 31	**3,151**	2,989	5%	**540**	612	–12%	**898**	826	9%

Non-allocated Assets and Liabilities 2008	2007	Change in %	Group 2008	2007	Change in %
			609.8	582.1	5%
			611.6	589.0	4%
			100.0%	100.0%	
			80.1	82.3	–3%
			13.1%	14.0%	
			29.6	27.4	8%
			56.8	59.2	–4%
			9.3%	10.0%	
			50.5	54.9	–8%
			8.3%	9.3%	
49.6	41.7	19%	**865.0**	783.9	10%
396.6	307.5	29%	**531.6**	449.8	18%
			33.7	41.5	–19%
			5.5%	7.0%	
			43.9	41.5	6%
			4,660	4,518	3%

Other Markets 2008	2007	Change in %	Non-allocated Assets and Liabilities 2008	2007	Change in %	Group 2008	2007	Change in %
20.9	21.0	–1%				**611.6**	589.0	4%
3.4%	3.6%					**100.0%**	100.0%	
						611.6	589.0	4%
0.9	0.3	209%				**80.1**	82.3	–3%
						13.1%	14.0%	
0.2	0.1	95%				**29.6**	27.4	8%
0.7	0.2	296%				**56.8**	59.2	–4%
						9.3%	10.0%	
0.7	0.2	296%				**50.5**	54.9	–8%
						8.3%	9.3%	
3.5	3.4	4%	**49.6**	41.7	19%	**865.0**	783.9	10%
0.1	0.1	5%	**396.6**	307.5	29%	**531.6**	449.8	18%
0.0	0.0	19%				**33.7**	41.5	–19%
						5.5%	7.0%	
0.0	0.0					**43.9**	41.5	6%
71	91	–22%				**4,660**	4,518	3%

Cash Flow Statement

	Notes	**2008 € in K**	2007 € in K
Cash flow from operating activities			
Net result		**12,360**	30,132
Minority interest		**3,922**	162
Tax expenses	(36)	**10,568**	10,923
Financial expenses	(35)	**23,662**	13,677
Depreciation | amortization of fixed assets		**29,590**	27,360
Increase | decrease in provisions	(22/24)	**–4,184**	2,485
Increase | decrease in receivables and other assets	(12/15)	**4,368**	–5,741
Increase | decrease in inventories	(14)	**–7,570**	–5,473
Increase | decrease in liabilities (without loans and borrowings)	(23/25)	**–7,018**	3,190
Gain on disposal of subsidiary		**0**	–14,808
Income taxes paid	(36)	**–12,708**	–28,766
Net cash flow from operating activities		**52,990**	**33,141**
Cash flows from investing activities			
Payments for financial assets	(11)	**–2,183**	–443
Payments for property, plant and equipment	(10)	**–24,625**	–33,798
Income from the sale of fixed assets		**2,367**	8,688
Payments for intangible assets	(9)	**–9,204**	–10,161
Acquisition of subsidiaries		**–11,027**	–97,418
Proceeds from the disposal of subsidiaries		**0**	19,051
Net cash flow from investing activities		**–44,672**	**–114,081**
Cash flows from financing activities			
Changes in capital		**0**	0
Interest received	(35)	**585**	1,040
Interest paid and other financial charges	(35)	**–14,112**	–14,717
Payments for derivative financial instruments	(35)	**–6,585**	0
Dividends paid to:			
Shareholders of the parent company		**–11,421**	–10,740
Minority shareholders		**–1,536**	0
Changes in minority interest		**–1,995**	0
Loans and borrowings raised	(23/25)	**31,918**	115,342
Net cash flow from financing activities		**–3,146**	**90,925**
Net increase | decrease in cash and cash equivalents		**5,172**	9,985
Cash and cash equivalents at the beginning of the period		**17,747**	8,043
Net effect of currency translation on cash and cash equivalents		**–971**	–281
Cash and cash equivalents at the end of the period		**21,948**	**17,747**
Gross debt owed to banks		**239,510**	**207,370**
Net debt owed to banks		**217,562**	**189,623**

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 fermentation, filtration, purification, fluid management and laboratory applications. 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, chemical and food and beverage 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, 2008, 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, 2008, 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 10, 2009, 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.

The cash flows from financing activities are composed primarily of loans taken out and dividends paid. In addition to securities recognized as current assets, the cash and cash equivalents essentially include all liquid assets, i.e., all cash on hand and deposits in banks.

In the year under review, the increase in the cost of acquisition for Stedim, which resulted from valuation of the share price warrants granted, does not affect the cash flow statement for the reporting year as this was a non-cash transaction. For fiscal 2007, a major part of the Stedim acquisition was likewise a non-cash transaction and thus not an integral part of our cash flow statement.

The presentation of the cash flows from operating activities was adjusted with respect to those of the previous years in order to provide a more transparent presentation of these cash flows. The year-earlier figures were adjusted accordingly to this new format.

3. Segment Reporting

According to IAS 14, Segment Reporting, segments are defined according to dominant sources and the type of risks and returns and according to business segments or geographical segments. In addition, segment reporting is to be presented according to a primary and a secondary reporting format. The internal reporting is decisive for this. At the Sartorius Group, segments are defined by the products sold and services rendered by the Biotechnology and Mechatronics Divisions. Therefore, the secondary reporting format is used on the basis of the regional Group activities.

The Biotechnology Division consists of the following business areas: Fermentation, Filtration, Purification, Fluid Management, Laboratory and Services. The Mechatronics Division covers the following business areas: Lab Instruments, Process Weighing & Control and Service. There are no material sales between the segments.

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 customers' location. The sum of the consolidated key figures for the segments equals that of the Group key figures.

In fiscal 2008, all employees responsible for Group-wide administrative tasks at Sartorius Corporate Administration GmbH (SCA) were mathematically allocated to the Mechatronics Division. Compared with the numbers of employees disclosed in the 2007 Annual Report, this resulted in an increase of 90 employees in the Mechatronics Division and a corresponding decrease of 90 employees in the Biotechnology Division.

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.

Since fiscal 2005, goodwill has no longer been amortized as scheduled, but rather is 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. This means that after initial recognition, goodwill is recognized at cost less the impairment loss.

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.

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 remained unchanged with respect to the previous year's figures that were contrasted with the figures of fiscal 2008 for comparative purposes. Therefore, a description of the effect on the net worth, financial situation and profitability was omitted.

5. Scope of Consolidation and List of Subsidiaries

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

	Sartorius AG's ownership in %	Equity at Dec. 31, 2008 € in K	Net profit at Dec. 31, 2008 € in K	Consolidated
Sartorius AG, Goettingen, Germany	Parent corporation	173,204	7,621	•
Sartorius Stedim Biotech S.A., Aubagne, France, along with its subsidiaries:	71.1	74,750	5,655	•
Europe (Biotechnology)				
Sartorius Stedim Belgium N.V., Vilvoorde, Belgium	100.0	267	197	•
Distribo GmbH, Goettingen, Germany *)	26.0	782	172	
Sartorius Stedim Nordic A/S, Taastrup, Denmark	100.0	222	300	•
Sartorius Stedim Biotech GmbH, Goettingen, Germany	100.0	65,087	11,333	•
Sartorius Stedim Systems GmbH, Melsungen, Germany	100.0	12,602	4,232	•
Sartorius Stedim F&B GmbH, Goettingen, Germany	100.0	4,588	684	•
Sartorius Stedim Plastics GmbH, Goettingen, Germany	100.0	1,788	757	•
Munktell & Filtrak GmbH, Baerenstein, Germany *)	49.0	4,097	945	
Sartorius Technologies & Services GmbH, Goettingen, Germany	100.0	101	23	•
Sartorius Stedim UK Ltd., Epsom, U.K.	100.0	1,491	1,365	•
Sartorius Stedim Lab Ltd., Louth, U.K.	100.0	1,285	785	•
Sartorius Stedim France S.A.S, Aubagne, France	100.0	2,320	1,034	•
Sartorius Stedim Aseptics S.A., Lourdes, France	100.0	2,824	1,416	•
Sartorius Stedim Italy S.p.A., Florence, Italy	100.0	2,994	588	•
Sartorius Stedim Netherlands B.V., Nieuwegein, Netherlands	100.0	13	–25	•
Sartorius Stedim Austria GmbH, Vienna, Austria	100.0	784	430	•
Sartorius Stedim Poland sp. z.o.o., Poznan, Poland	100.0	No business activity in 2008		
Sartorius Stedim Switzerland GmbH, Dietikon, Switzerland	100.0	65	8	•
Integrated Biosystems Sàrl, Fribourg, Switzerland	100.0	1,753	374	•
Wave Biotech AG, Tagelswangen, Switzerland	80.0	1,464	91	•
Sartorius Stedim Spain S.A., Madrid, Spain	100.0	–762	225	•
Sartorius Stedim Hungaria Kft., Budapest, Hungary	100.0	92	90	
North America (Biotechnology)				
Sartorius Stedim Filters Inc., Yauco, Puerto Rico	100.0	3,024	2,865	•
Sartorius Stedim North America Inc., Edgewood, New York, USA	100.0	36,945	1,779	•
Sartorius Stedim Systems Inc., Springfield, Missouri, USA	100.0	11,976	–2,354	•
Sartorius Stedim SUS Inc., Concord, California, USA	100.0	5,806	–337	•
Asia | Pacific (Biotechnology)				
Sartorius Stedim Australia Pty. Ltd., East Oakleigh, Australia	100.0	1,179	1,331	•
Sartorius Stedim Biotech (Beijing) Co. Ltd., Beijing, China	100.0	212	51	
Sartorius Stedim India Pvt. Ltd., Bangalore, India	100.0	3,719	–131	•
Sartorius Stedim Japan K.K., Tokyo, Japan	100.0	1,005	475	•
Sartorius Stedim Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.0	764	219	•
Sartorius Stedim Singapore Pte. Ltd., Singapore	100.0	450	141	•
Other Markets (Biotechnology)				
Sartorius Stedim SUS S.A.R.L., M'Hamdia, Tunisia	100.0	207	254	•

	Sartorius AG's ownership in %	Equity at Dec. 31, 2008 € in K	Net profit at Dec. 31, 2008 € in K	Consolidated
Europe (Mechatronics)				
Sartorius Mechatronics Belgium B.V., Vilvoorde, Belgium	100.0	428	104	•
Denver Instrument GmbH, Goettingen, Germany	100.0	1,453	178	•
Sartorius Mechatronics C&D GmbH & Co. KG, Aachen, Germany, including Sartorius-Verwaltungs-GmbH	100.0	–569	–653	•
Sartorius Mechatronics T&H Hamburg GmbH, Hamburg, Germany	100.0	20,211	3,155	•
Sartorius Corporate Administration GmbH, Goettingen, Germany	100.0	1,393	156	•
Sartorius Mechatronics UK Ltd., Epsom, U.K.	100.0	1,806	396	•
Sartorius Mechatronics France S.A.S., Palaiseau, France	100.0	1,529	–18	•
VL Finance S.A.S., Aubagne, France	100.0	56,735	2,225	•
Sartorius Mechatronis Italy S.r.L., Florence, Italy	100.0	1,151	177	•
Sartorius Mechatronics Netherlands B.V. Nieuwegein, Netherlands, along with its subsidiary:	100.0	574	314	•
GWT Global Weighing Technologies B.V. Netherlands Nieuwegein, Netherlands	100.0	5	-1	•
Sartorius Mechatronics Austria GmbH, Vienna, Austria	100.0	3,122	447	•
Sartorius Mechatronics Poland sp. z.o.o., Poznan, Poland	100.0	343	–14	
ZAO Sartogosm, St. Petersburg, Russia *)	51.0	748	54	
OOO Sartorius ICR, St. Petersburg, Russia	100.0			
Sartorius Mechatronics Switzerland AG, Dietikon, Switzerland	100.0	7	201	•
Sartorius Mechatronics Spain, S.A.U., Madrid, Spain	100.0	67	–310	•
Sartorius Mechatronics Hungaria Kft., Budapest, Hungary	100.0	596	173	
North America (Mechatronics)				
Sartorius North America Inc., Edgewood, New York, USA	100.0	23,137	0	•
Sartorius Mechatronics Corporation. Edgewood, New York, USA	100.0	7,055	–285	•
Sartorius TCC Company, Arvada, Colorado, USA	100.0	7,224	121	•
Denver Instrument Inc., Denver, Colorado, USA	100.0	560	16	•
Sartorius Mechatronics Canada Inc., Mississauga, Canada	100.0	183	17	•

	Sartorius AG's ownership in %	Equity at Dec. 31, 2008 € in K	Net profit at Dec. 31, 2008 € in K	Consolidated
Asia | Pacific (Mechatronics)				
Sartorius Mechatronics Australia Pty. Ltd., East Oakleigh, Australia	100.0	52	61	•
Beijing Sartorius Instrument & System, Engineering Co. Ltd. Beijing, China	100.0	4,494	–40	•
Sartorius Scientific Instruments (Beijing) Co. Ltd. Beijing, China	100.0	9,817	1,185	•
Sartorius Mechatronics Hong Kong Ltd., Kowloon, Hong Kong	100.0	2,487	262	•
Sartorius Mechatronics India Pvt. Ltd., Bangalore, India	100.0	4,094	662	•
PT. Sartorius Mechatronics Indonesia, Jakarta, Indonesia	95.0	36	22	
Sartorius Mechatronics Japan K.K., Tokyo, Japan	100.0	7,403	1,082	•
Sartorius Mechatronics Philippines Inc., Makati City, Philippines *)	100.0	195	26	
Sartorius Mechatronics Singapore Pte. Ltd., Singapore	100	972	64	•
Sartorius Mechatronics Korea Ltd., Seoul, South Korea	100.0	1,549	253	•
Sartorius Mechatronics (Thailand) Co. Ltd., Bangkok, Thailand	49.0	80	–26	•
Other Markets (Mechatronics)				
Sartorius Argentina S.A., Buenos Aires, Argentina *)	99.0	353	100	
Sartorius do Brasil Ltda., São Paulo, Brazil *)	100.0	–237	–76	
Sartorius de México S.A. de C.V., Naucalpan, Mexico *)	99.0	336	41	

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 for 2007 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.

Change in the Scope of Consolidation

In fiscal 2008, the Sartorius Group acquired a majority stake and controlling interest in Wave Biotech AG, Switzerland. For this reason, this company was consolidated for the first time in the Group financial statements.

Sartorius Stedim Nordic A/S was also included for the first time in the reporting year in the consolidated financial statements. Until then, the company had not been included due to its minor importance for assessment of the actual net worth, financial situation and profitability of the Sartorius Group.

Furthermore, in fiscal 2008, various internal reorganization measures were carried out in the Group, predominantly within its Biotechnology Division. In particular, this restructuring involved combining unit operations. Beyond this, new subsidiaries were founded in Poland and Hungary. These resulted by taking over independent representative offices already in place.

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 | Increase in the Cost of Acquisition

Compared with the previous reporting year, the costs for the acquisition of Stedim rose by around €56 million. These costs essentially involve an increase in the fair value of the share price warrants for former Stedim shareholders. These warrants were measured on the basis of option pricing models as of December 31, 2008. In the previous reporting year, the corresponding amount of €50.8 million was disclosed in the other non-current liabilities. As of the reporting date for 2008, the amount €103.7 million for these warrants was reported in the other current liabilities because of their remaining term.

In addition, Sartorius AG acquired further shares in Sartorius Stedim Biotech. Therefore, as of the reporting date, the Group holds 71.1% of Sartorius Stedim Biotech's shares and 74.2% of its voting rights.

Acquisition of Wave Biotech AG

On December 1, 2008, Sartorius Stedim Biotech acquired a majority stake of 80% in Wave Biotech AG, Tagelswangen, Switzerland. The purchase contract stipulated that Sartorius Stedim Biotech would obligatorily acquire the remaining stake of 20% in the company at a fixed price and at a later date as soon as these shares had been transferred to the seller. As this transfer entails substantial uncertainties, we have not considered these additional shares in our 2008 financial statements.

The total purchase price of €8.1 million was paid in cash and is allocated to the acquired assets and liabilities as follows:

	Carrying amounts directly before the business combination € in K	Fair values on the acquisition date € in K
Intangible assets	0	9,902
Property, plant and equipment	649	649
Inventories	1,484	1,530
Trade and other receivables	1,104	1,104
Cash and cash equivalents	364	364
Net deferred taxes	–124	–2,770
Financial liabilities	–333	–333
Other liabilities	–1,482	–1,482
Net assets acquired	**1,662**	**8,964**

Of which 80%		7,171
Acquisition cost		8,015
Costs directly attributed to the business combination		119
Goodwill		**963**

Final determination of the acquisition costs and the fair value of the identifiable assets and liabilities of the acquiree was not possible at the time the consolidated statements of the reporting year were drawn up; for this reason, the purchase price allocation disclosed must be regarded as provisional, as defined by IFRS 3.62.

Because the company was acquired on December 1, 2008, there were no material contributions to the Group sales revenue and earnings in 2008. If the acquisition would have already occurred on January 1, 2008, sales revenue of the Sartorius Group would have been €611.9 million and earnings (EBITA) €57.3 million.

Goodwill contains assets that are not separable, such as, for instance, expertise in replacing reusable products in biomanufacturing of pharmaceuticals by innovative single-use solutions.

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 Interpretations were to be obligatorily applied for the first time:

- IFRIC 11: IFRS 2: Group and Treasury Shares

- IFRIC 12: Service Concession Agreements

- IFRIC 14: IAS – The Limit on a Defined Benefit Asset, Minimum Finding Requirements and their Interaction

As IFRIC 12 had not yet been adopted by the EU as of the reporting date of December 31, 2008, only IFRIC 11 and 14 were applied for the first time, without this affecting the consolidated financial statements.

Furthermore, in October 2008, the EU accepted the amendments to IAS 39 issued by IASB in a summary process in response to the financial market crisis. This did not give rise to any direct impact on the Group.

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 2008:

IFRS|IFRIC		Must be mandatorily applied as of
IFRS 1:	First-time Adoption of International Financial Reporting Standards – Amendment relating to cost of an investment on first-time adoption	January 1, 2009
IFRS 2:	Share-based Payment – Amendment relating to vesting conditions and cancellations	January 1, 2009
IFRS 3:	Business Combinations – Comprehensive revision on applying the acquisition method	July 1, 2009
IFRS 8:	Operating Segments	January 1, 2009
IAS 1:	Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income and presentation of financial statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	January 1, 2009
IAS 23:	Borrowing Costs – Comprehensive revision to prohibit immediate expensing	January 1, 2009
IAS 27:	Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 27:	Consolidated and Separate Financial Statements – Amendment relating to cost of an investment on first-time adoption	January 1, 2009
IAS 28:	Investments in Associates – Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 31:	Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 32:	Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation	January 1, 2009
IAS 39:	Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items	July 1, 2009
Various:	Amendments resulting from May 2008 Annual Improvements to IFRSs	July 1, 2009
IFRIC 13:	Customer Loyalty Programmes	July 1, 2008
IFRIC 15:	Agreements for the Construction of Real Estate	January 1, 2009
IFRIC 16:	Hedges of a Net Investment in a Foreign Operation	October 1, 2008
IFRIC 17:	Distributions of Non-cash Assets to Owners	July 1, 2009
IFRIC 18:	Transfers of Assets from Customers	July 1, 2009

The following Standards and Interpretations of the ones listed above were adopted by the EU in 2008 and applied:

– Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation

– IFRIC 13 Customer Loyalty Programmes

– Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations

– Amendment to IAS 23 Borrowing Costs

– Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments

The process of measuring the potential impact of these Standards and Interpretations on the consolidated financial statements of the Sartorius Group is in progress. The Group does not anticipate, at this stage of analysis, any significant impact on its consolidated accounts. Presently, first-time application is planned for each reporting period in which the Standards, Interpretations or Amendments enter into force.

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 amounts actually yielded may differ from these estimates.

7. Presentation of the Balance Sheet and Income Statement

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 balance sheet figures of 2007 were adjusted with respect to the disclosure of trade payables. To better reflect the nature of this item, the payables to affiliated companies, the payables to companies in which investments are held and payments received on account of orders were reclassified from other liabilities to the trade payables. This reclassification covered an amount of €5,963 K.

The Sartorius Group uses earnings before interest, taxes and amortization (EBITA) as the key figure for measuring earnings. Amortization in this context refers to impairments of goodwill and to the purchase price allocation (PPA) to intangible assets according to IFRS 3. Therefore, EBITA is comparable with EBIT stated in the past.

8. Currency Translation

The consolidated financial statements of Sartorius AG were prepared in thousands of euros [abbreviated throughout the following text and tables as K]. In the annual financial statements of the individual companies, foreign currency transactions were trans- lated 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 transactions to hedge against currency risks. The Group's recognition and measurement methods with respect to these derivative financial instruments are presented under Section 28.

Subsidiaries' annual financial statements prepared in foreign currencies have been translated pursuant to IAS 21. The Effects of Changes in Foreign Exchange Rates, in accordance with the concept of a functional currency. Foreign subsidiaries have been regarded as independent subdivisions of the Sartorius Group. Balance sheet items have been translated at the exchange rates on the balance sheet date, with the exception of the equity of consolidated subsidiaries, which has been translated at historical exchange rates. Income and expense items have been 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 have been 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	
	2008	2007	**2008**	2007
USD	**1.39760**	1.47180	**1.47564**	1.36901
GBP	**0.95890**	0.73470	**0.79468**	0.68387
CAD	**1.71700**	1.44500	**1.55915**	1.46794
AUD	**2.02800**	1.67500	**1.73430**	1.63444
HKD	**10.83070**	11.47710	**11.48901**	10.67419
JPY	**126.40000**	165.10000	**153.26959**	161.14745
INR	**67.71000**	57.86000	**63.60717**	56.46958
CNY	**9.53580**	10.74940	**10.25928**	10.41262
KRW	**1,753.15**	1,377.46	**1,594.42**	1,270.49
CHF	**1.48800**	1.65600	**1.58951**	1.64249
SGD	**2.01450**	2.11390	**2.07855**	2.06060
MYR	**4.83570**	4.87980	**4.89096**	4.69887
THB	**48.45000**	43.42000	**48.49479**	44.08246
TND	**1.82160**	1.79560	**1.80203**	1.76843
DKK	**7.45200**	7.45800	**7.45619**	7.45071

Notes to the Individual Balance Sheet Items

Non-current Assets

9. Goodwill and Intangible Assets

Goodwill

	Goodwill € in K
Gross book values at Jan. 1, 2007	**22,247**
Change in the scope of consolidation	**218,950**
Investments	**0**
Disposals	**0**
Gross book values at Dec. 31, 2007	**241,197**
Impairment losses at Jan. 1, 2007	**0**
Change in the scope of consolidation	**0**
Impairment losses in 2007	**0**
Disposals	**0**
Impairment losses at Dec. 31, 2007	**0**
Net book values at Dec. 31, 2007	**241,197**
Gross book values at Jan. 1, 2008	**241,197**
Change in the scope of consolidation	**0**
Investments	**51,269**
Disposals	**0**
Gross book values at Dec. 31, 2008	**292,466**
Impairment losses at Jan. 1, 2008	**0**
Impairment losses in 2008	**0**
Disposals	**0**
Impairment losses at Dec. 31, 2008	**0**
Net book values at Dec. 31, 2008	**292,466**

The item reported as goodwill in the amount of €292,466 K is the capitalized difference in assets resulting from capital consolidation. According to IFRS 3, goodwill as of fiscal 2005 may no longer be amortized according to this schedule, but rather, must be tested annually for impairment.

In conjunction with the combination of our Biotechnology Division with Stedim, the structure of our biotechnology business has permanently changed. For this reason, the existing goodwill had to be reallocated to the particular cash-generating units of the division. Because of the increasing level of integration of our entire biotechnology business, we assume that as of fiscal 2007, the cash-generating unit refers to the whole biotechnology segment. The goodwill of Mechatronics is not affected by this reallocation and is distributed among the cash-generating units of Lab Instruments (€3.4 million) and Process Weighing & Control (€3.2 million).

The impairment tests conducted for fiscal 2008 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. Calculations were based on a discount interest rate of 8.0% (2007: 9.0%) and a terminal growth rate of 3.0% (2007: 3.0%) for the Biotechnology Division and 1.0% (2007: 1.0%) for the Mechatronics Division for the fiscal years after 2013. The terminal growth rate for the Biotechnology Division is derived from market expectations, which forecast double-digit growth rates for the targeted biopharmaceutical market. The major growth driver for Sartorius Stedim Biotech will be, among others, the currently ongoing paradigm shift from reusable/multi-use products to disposables/single-use products (e.g., filters and bags) utilized in biomanufacturing.

In fiscal 2008, our impairment tests did not result in 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, 2007	17,928	0	0	13,567	110	**31,604**
Currency translation	–246	0	0	–13	-1	**–260**
Change in the scope of consolidation	9,502	10,779	81,351	117	104	**101,853**
Investments	4,481	0	0	5,840	81	**10,402**
Disposals	–1,372	0	0	–330	-2	**–1,705**
Transfers	96	0	0	0	–96	**0**
Gross book values at Dec. 31, 2007	30,389	10,779	81,351	19,180	196	**141,895**
Amortization at Jan. 1, 2007	–12,877	0	0	–5,454	0	**–18,331**
Currency translation	81	0	0	2	0	**83**
Amortization in 2007	–4,159	0	–2,787	–2,535	0	**–9,481**
Impairment losses in 2007	–561	0	0	0	0	**–561**
Disposals	1,288	0	0	0	0	**1,288**
Transfers	52	0	0	–52	0	**0**
Amortization at Dec. 31, 2007	–16,176	0	–2,787	–8,039	0	**–27,003**
Net book values at Dec. 31, 2007	**14,212**	**10,779**	**78,564**	**11,141**	**196**	**114,892**
Gross book values at Jan. 1, 2008	30,389	10,779	81,351	19,180	196	**141,895**
Currency translation	–88	0	0	13	7	**–68**
Change in the scope of consolidation	8,295	0	0	2,053	0	**10,348**
Investments	2,755	0	0	6,231	133	**9,119**
Disposals	–61	0	0	–48	-8	**–117**
Transfers	–27	0	0	0	–145	**–172**
Gross book values at Dec. 31, 2008	41,263	10,779	81,351	27,429	184	**161,005**
Amortization at Jan. 1, 2008	–16,176	0	–2,787	–8,039	0	**–27,003**
Currency translation	72	0	0	-1	0	**71**
Amortization in 2008	–3,740	0	–5,488	–2,591	0	**–11,819**
Impairment losses in 2008	0	0	0	0	0	**0**
Disposals	185	0	0	3	0	**188**
Transfers	156	0	0	–160	4	**0**
Amortization at Dec. 31, 2008	–19,503	0	–8,275	–10,789	4	**–38,563**
Net book values at Dec. 31, 2008	**21,759**	**10,779**	**73,076**	**16,641**	**188**	**122,442**

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 no longer possible, however. Therefore, no separate impairment test was carried out in 2008; the recoverability of the brand name 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 were capitalized as internally generated intangible assets if the following criteria were met:

– The internally generated asset is identifiable (e.g., software and new methods);

– It is probable that the internally generated asset will generate future economic benefits; and

– The development costs of the asset can be reliably measured.

In fiscal 2008, the development costs of €6,231 K (2007: €5,840 K) were recognized as assets. The capitalized development costs essentially covered the costs that were allocated to the staff involved in R&D, 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
Backlog	6 months
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 2008, there were no material impairment expenses to be recognized in the intangible assets (2007: €561 K).

10. 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, 2007	97,969	70,784	6,535	80,539	6,446	**262,273**
Currency translation	–830	–1,228	–5	–844	68	**–2,839**
Investments	11,668	4,311	0	8,888	6,220	**31,087**
Disposals	–7,081	–2,747	–185	–9,301	–714	**–20,028**
Transfers	6,506	1,191	0	1,834	–9,531	**0**
Change in scope of consolidation	17,434	3,533	9	2,406	21	**23,403**
Gross book values at Dec. 31, 2007	125,666	75,844	6,354	83,522	2,510	**293,896**
Depreciation at Jan. 1, 2007	–27,263	–47,560	–3,969	–62,079	0	**–140,871**
Currency translation	278	908	5	676	0	**1,867**
Depreciation in 2007	–3,485	–4,936	–844	–7,051	0	**–16,316**
Impairment losses in 2007	–560	–340	–4	–98	0	**–1,002**
Disposals	579	2,362	144	8,677	0	**11,762**
Transfers	0	0	0	0	0	**0**
Depreciation at Dec. 31, 2007	–30,451	–49,566	–4,668	–59,875	0	**–144,560**
Net book values at Dec. 31, 2007	**95,215**	**26,278**	**1,686**	**23,647**	**2,510**	**149,336**
Gross book values at Jan. 1, 2008	125,666	75,844	6,354	83,522	2,510	**293,896**
Currency translation	763	79	–1	–177	112	**776**
Investments	2,413	6,884	284	8,978	6,067	**24,626**
Disposals	–22	–2,487	–742	–4,797	–1	**–8,049**
Transfers	266	–170	133	869	–950	**148**
Change in the scope of consolidation	294	219	0	234	0	**747**
Gross book values at Dec. 31, 2008	129,380	80,369	6,028	88,629	7,738	**312,144**
Depreciation at Jan. 1, 2008	–30,451	–49,566	–4,668	–59,875	0	**–144,560**
Currency translation	–57	–175	1	22	0	**–209**
Depreciation in 2008	–4,266	–5,360	–714	–7,431	–1	**–17,772**
Impairment losses in 2008	0	0	0	0	0	**0**
Disposals	4	1,661	606	3,811	0	**6,082**
Transfers	–2	96	–131	62	0	**25**
Depreciation at Dec. 31, 2008	–34,772	–53,344	–4,906	–63,411	–1	**–156,434**
Net book values at Dec. 31, 2008	**94,608**	**27,025**	**1,122**	**25,218**	**7,737**	**155,710**

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. Interest on borrowings is not capitalized.

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 2008, we received lease payments of €1,087 K (2007: €1,713 K). For 2009, the expected lease payments for existing leasing contracts are €751 K and for 2010 to 2013, a total of €720 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 2008, there were no material impairment losses to be recognized for proerty, plant and equipment. For fiscal 2007, impairment of property, plant and equipment, which was related to the reorganization of the equipment business in North America, was recognized in the amount of €1.0 million.

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 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 CGU) 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 CGU) would have had if no asset impairment loss would have been assessed in previous years.

11. 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, 2007	2,157	3,340	188	**5,685**
Currency translation	0	0	–6	**–6**
Change in the scope of consolidation	–687	10	–12	**–689**
Investments	34	216	193	**443**
Disposals	0	–78	–5	**–83**
Transfers	0	0	0	**0**
Gross book values at Dec. 31, 2007	1,504	3,488	359	**5,351**
Impairment losses at Jan. 1, 2007	–388	–1,522	–14	**–1,924**
Impairment losses in 2007	0	0	–4	**–4**
Disposals	0	0	0	**0**
Impairment losses at Dec. 31, 2007	–388	–1,522	–18	**–1,928**
Net book values at Dec. 31, 2007	**1,116**	**1,966**	**341**	**3,423**

Gross book values at Jan. 1, 2008	1,504	3,488	359	**5,351**
Currency translation	0	0	–12	**–12**
Change in the scope of consolidation	–72	0	0	**–72**
Investments	2,055	123	5	**2,183**
Disposals	0	–253	–123	**–376**
Gross book values at Dec. 31, 2008	3,487	3,358	229	**7,074**
Impairment losses at Jan. 1, 2008	–388	–1,522	–18	**–1,928**
Impairment losses in 2008	0	–14	–1	**–15**
Disposals	0	0	2	**2**
Impairment losses at Dec. 31, 2008	–388	–1,536	–17	**–1,941**
Net book values at Dec. 31, 2008	**3,099**	**1,822**	**212**	**5,133**

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.

The other financial assets are accounted for at cost or nominal value unless they have to be reported at a lower recoverable amount on the reporting date.

For a list of the companies consolidated and their ownership percentages, please refer to "Scope of Consolidation and List of Subsidiaries."

12. Non-current Trade and Other Receivables

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Non-current trade receivables	**581**	220
Other non-current assets	**2,873**	825
Deferred tax assets	**14,139**	12,366
	17,594	**13,411**

13. Deferred Tax Assets

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.

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.

On principle, deferred taxes are not recognized in particular 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 15.0%. 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 approx. 30%.

The assets resulting from future tax relief developed as follows during fiscal 2007 and 2008:

	Deferred tax on losses and interest carried forward € in K	Pension benefits € in K	Consolidation measures € in K	Other € in K	Total € in K
Balance at Jan. 1, 2007	357	6,058	3,939	3,180	**13,534**
Changes in the scope of consolidation	2,555	80	147	208	**2,990**
Actuarial losses recognized directly in equity	0	–2,118	0	0	**–2,118**
Recognized as affecting income	–171	–852	–1,219	391	**–1,851**
Differences in currency translation	0	0	10	–199	**–189**
Balance at Dec. 31, 2007	**2,741**	**3,168**	**2,877**	**3,580**	**12,366**

	Deferred tax on losses and interest carried forward € in K	Pension benefits € in K	Consolidation measures € in K	Other € in K	Total € in K
Balance at Jan. 1, 2008	2,741	3,168	2,877	3,580	**12,366**
Changes in the scope of consolidation	0	0	0	83	**83**
Actuarial losses recognized directly in equity	0	0	0	–230	**–230**
Recognized as affecting income	2,285	–143	146	–613	**1,675**
Differences in currency translation	116	0	0	129	**245**
Balance at Dec. 31, 2008	**5,142**	**3,025**	**3,023**	**2,949**	**14,139**

A tax effect was yielded by reporting derivative financial instruments recognized outside the income statement according to IAS 39 rules for hedge accounting. As in the previous years, in fiscal 2008, this resulting tax effect and deferred tax assets from recognition of actuarial losses in the pension reserves were recognized directly in the consolidated equity.

On the balance sheet date, the Group had unused tax loss amounts carried forward of about €46 million (2007: approx. €41 million) to be deducted from future taxable profits. A deferred tax amount was reported on approx. €12 million (2007: approx. €11 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 €2 million (2007: approx. €3 million) relate to companies that reported losses in this year under review or in earlier reporting years. 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 utilized.

In addition, the Group had unused interest carry-forwards from German companies of the Group in the amount of €7.8 million. Deferred tax assets were considered for €4.6 million of these carry-forwards; use was not sufficiently probable for the remaining amounts carried forward. In the reporting year, consideration of these deferred tax assets yielded a deferred tax income of €1.4 million.

Current Assets

14. Inventories

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Raw materials and supplies	**26,646**	22,458
Work in progress	**26,951**	22,964
Finished goods and merchandise	**40,619**	36,159
Payments on account	**1,401**	4,125
	95,618	**85,706**

Raw materials and supplies, including merchandise, are reported under “Inventories” at average cost. For raw materials and supplies, the fixed valuation method is applied to some extent. On principle, 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 2008, inventories in the amount of approx. €178 million were recognized as expenses (2007: €186 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 estimated costs necessary 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 2008, no material impairment losses or reversals of these losses were recognized in the income statement.

15. Current Trade and Other Receivables

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Trade receivables	**125,073**	131,725
– of which to third parties	**118,996**	128,351
– of which to affiliated companies	**5,989**	3,337
– of which to companies in which investments are held	**88**	38
Remaining assets	**12,819**	12,374
Prepaid expenses	**2,687**	**2,524**
	140,579	**146,623**

Trade and other receivables were reported so that all discernable risks are covered. Valuation allowances were determined on the basis of past experience with actual credit losses. Concerning the expenses and income resulting from these allowances that were reported on the income statement, we refer to Section 34. In the opinion of the Executive Board, the book values of trade receivables and other financial instruments reported in the other receivables approximate their respective fair value based on their short-term maturity.

In the fiscal year, valuation allowances developed as follows:

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Valuation allowances at the beginning of the year	**–6,589**	–6,007
Increases during the fiscal year	**–4,675**	–3,083
Derecognition and consumption	**1,511**	1,451
Recoveries of amounts previously impaired	**1,690**	981
Currency translation differences	**128**	70
Valuation allowances at the end of the year	**–7,935**	**–6,589**

In determining the recoverability of trade receivables, the Group considers any change in the credit quality from the date the credit was originally granted. 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, 2008 € in K	Dec. 31, 2007 € in K
1-30 days	**20,999**	23,564
31-90 days	**12,814**	12,933
91-180 days	**4,661**	5,831
181-360 days	**2,579**	4,112
More than 360 days	**2,464**	5,165

For trade receivables in the amount of €43,517 K (2007: €51,604 K), which 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.

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. The aggregate amount of costs incurred and recognized profits | losses for projects in progress on the reporting date is €11,139 K (2007: €19,704 K). For these projects, advance payments of €12,840 K (2007: €14,451 K) were received.

The derivative financial instruments are accounted for at fair value of the currency and interest derivatives of the Group. On the one hand, these derivatives are cash flow hedges in U.S. dollars. An amount of €1.6 million (2007: €3.2 million) qualifies as the hedging relationship for accounting in accordance with IAS 39, and this cash flow hedge was recognized directly in equity. On the other hand, interest cap agreements for hedging variable interest liabilities were concluded. For an explanation on accounting of financial instruments, please refer to Section 28 of the Notes.

16. 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.

17. 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. 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 of 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 2008, no treasury shares were purchased.

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

18. Capital Reserves

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

19. 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."

20. 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."

21. 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

22. Non-current Provisions

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Pension provisions and similar obligations	**35,084**	34,048
Deferred tax provisions	**40,018**	41,129
Other non-current provisions	**8,537**	8,573
	83,639	**83,751**

A substantial portion of the pension provisions 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 within the scope of performance-based post-employment benefit plans.

Pension provisions and similar obligations have been recognized 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 the equity (outside the income statement) 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 €1,824 K (2007: €2,545 K).

Measurement of the post-employment benefit obligations is based on the following actuarial assumptions:

	2008	2007
Discount rate	**5.10 – 5.75%**	4.50 – 5.25%
Future salary increases	**2.75 – 3.00%**	2.75 – 3.00%
Future pension increases	**1.75 – 2.00%**	1.75%
Expected return on plan assets	**2.25%**	2.25%

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

	2008 € in K	2007 € in K
Current service cost	**550**	1,375
Interest cost	**1,702**	1,532
Expected return on plan assets	**–14**	–31
	2,238	**2,876**

The net value and the present value, respectively, recognized in the balance sheet developed as follows in fiscal 2008:

	2008 € in K	2007 € in K
Present value of obligations as of Dec. 31 of the prior year	**34,668**	36,733
Change in the scope of consolidation	**0**	1,440
Transfers	**742**	0
Current service cost	**659**	1,375
Interest cost	**1,702**	1,532
Actuarial gains | losses	**–739**	–5,334
Currency translation differences	**262**	–45
Retirement benefits paid in the reporting year	**–1,540**	–1,033
Present value of obligations as of Dec. 31	**35,754**	**34,668**

The amount of transfers refers to obligations that were disclosed in 2007 under "Other non-current provisions."

Plan assets developed as follows:

	2008 € in K	2007 € in K
Plan assets at Jan. 1	**628**	588
Expected income	**14**	9
Actuarial gains | losses	**–3**	1
Group contributions	**31**	31
Plan assets at Dec. 31	**670**	**629**

The plan assets consist exclusively of life insurance policies.

The net liability on the reporting date that was wholly unfunded was €32.4 million (2007: €32.0 million).

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

	2008 € in K	2007 € in K	2006 € in K
Present value of obligations	**35,754**	34,668	36,733
Fair value of the plan assets	**670**	620	588
Net liability	**35,084**	**34,048**	**36,145**
Experience adjustments			
Present value of obligations	**779**	649	–88
Fair value of the plan assets	**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, 2008	5,523	1,082	1,968	**8,573**
Currency translation	0	0	295	**295**
Change in the scope of consolidation	0	0	0	**0**
Consumption	–564	–252	–48	**–864**
Reversal	–115	–28	0	**–143**
Addition	954	302	162	**1,418**
Transfer	0	0	–742	**–742**
Balance at Dec. 31, 2008	**5,798**	**1,104**	**1,635**	**8,537**

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 5.75%. The provision for employees on the early retirement plan has a term of up to five years.

Development of Deferred Tax Provisions:

	Differences in useful lives in the fixed assets € in K	Intangible assets € in K	Capitalized development costs € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2007	6,291	0	3,091	4,031	**13,413**
Change in the scope of consolidation	1,423	29,219	829	445	**31,916**
Hedge accounting, not affecting income	0	0	0	437	**437**
Affecting net income in the fiscal year	–1,704	–1,013	–538	–1,366	**–4,621**
Currency translation differences	0	0	0	–16	**–16**
Balance at Dec. 31, 2007	**6,010**	**28,206**	**3,382**	**3,531**	**41,129**

	Differences in useful lives in the fixed assets € in K	Intangible assets € in K	Capitalized development costs € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2008	6,010	28,206	3,382	3,531	**41,129**
Change in the scope of consolidation	0	683	2,199	0	**2,882**
Hedge accounting, not affecting net income	0	0	0	–1,440	**–1,440**
Affecting net income in the fiscal year	–92	618	–2,487	–498	**–2,459**
Currency translation differences	–56	0	0	–38	**–94**
Balance at Dec. 31, 2008	**5,862**	**29,507**	**3,094**	**1,555**	**40,018**

As in the previous reporting years, in fiscal 2008, the tax effect from accounting of derivative financial instruments that were recognized outside the income statement according to the rules of IAS 39 on hedge accounting was recognized directly in equity.

23. Non-current Liabilities

This item consists of the following:

	Balance at Dec. 31, 2008 € in K	Remaining term of more than five years € in K	Balance at Dec. 31, 2007 € in K	Remaining term of more than five years € in K
Loans and borrowings	192,736	0	13,627	357
Other non-current liabilities	267	0	51,125	0
	193,003	**0**	**64,752**	**357**

The increase in non-current liabilities is due to refinancing of the bridge loan taken out in September 2008 in connection with the Stedim transaction completed in March 2007. In this facility agreement, we secured 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, West/LB and Dresdner Kleinwort.

The tranche of the credit facility for Sartorius Stedim Biotech is €220 million; that for the Mechatronics Division, €180 million. The latter thus covers potential payment of a maximum of approximately €107 million in August 2009 for the share price warrants granted to Stedim shareholders. With each credit facility having a term of five years, financing of both subgroups is on a solid, broad-based and, from today's perspective, highly favorable footing.

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The decrease in the other non-current liabilities is attributable to the change in the share price warrants disclosed in connection with the acquisition of Stedim. In the previous reporting year, the recognized value of these price warrants of €50,777 K was reported in the non-current liabilities due to their maturity dates. For the year ended December 31, 2008, the respective value was disclosed in the current liabilities because of the remaining term of these price warrants. An explanation is provided in Section 25.

The major terms of the credit lines that the Group uses are presented in Section 28.

Liabilities are reported as the amounts repayable.

Current Liabilities

24. Current Provisions

In fiscal 2008, current provisions developed as follows:

	Warranties € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2008	3,341	8,724	**12,065**
Currency translation	–10	83	**73**
Change in the scope of consolidation	54	135	**189**
Consumption	–1,151	–3,185	**–4,336**
Reversals	–369	–3,803	**–4,172**
Additions	1,592	3,508	**5,100**
Transfers	0	0	**0**
Balance at Dec. 31, 2008	**3,457**	**5,462**	**8,919**

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 other provisions include employee benefits expense in the amount of €2,159 K (2007: €3,972 K), of which a major portion (2007: €3,722 K) are for severance payments.

25. Current Liabilities

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Payments received on account of orders	**3,791**	5,707
Payables to non-Group entities	**40,059**	38,096
Payables to companies in which investments are held	**392**	52
Payables to affiliated companies	**149**	204
Current tax liabilities	**44,391**	44,059
Loans and borrowings	**46,775**	193,742
Income tax expense	**9,818**	8,864
Other liabilities	**145,077**	**42,605**
	246,061	**289,270**

The increase in the “Other liabilities” can be attributed to measurement of the share price warrants in connection with the acquisition of Stedim. In the previous reporting year, this liability of €50,777 K was disclosed in the non-current liabilities due to its maturity date.

Sartorius guaranteed former Stedim shareholders a price of €47.50 per share for a term of two years after the acquisition had been completed. If the share price goes below this warranted price, the warrant provides for compensation payment to be made, which is the difference between €47.50 and the 30-day average trading price of the Sartorius Stedim Biotech share over the reference period. The warrant is capped at a maximum of €20.00 per share. Against the background of the general capital market development and the price development of the share in 2008, we measured the price warrants on the basis of option pricing models as of December 31, 2008, and recognized the respective liability. A corresponding amount was included in the acquisition costs for the business combination.

The current liabilities to banks predominantly consist of a syndicated credit line along with account credits within bilateral credit lines. The decrease in current liabilities is due to the refinancing package that was concluded in September 2008 and secures the financing of the Group over the long term. Details are provided in Section 23.

In addition to share price warrants, the "Other liabilities" include liabilities relating to taxes of €5,666 K (2007: €5,366 K) and liabilities relating to social security (€3,382 K; 2007: €4,092 K).

26. Contingent Liabilities

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

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Contingent liabilities and similar liabilities	**8,588**	600

27. Other Financial Obligations

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

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Rental and leasing contracts		
- due in fiscal 2009	**10,245**	
(2007: due in the financial year 2008)		7,666
- due in any one financial year from 2010 to 2013	**19,965**	
(2007: due in any one year from 2009 to 2012)		14,748
- due after 2013	**3,061**	
(2007: due after 2012)		2,224
Forward exchange transactions for hedging of commodity trade	**7,155**	9,511

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.

28. 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 this time.

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.

	Held for trading € in K	Held up to maturity € in K	Loans and receivables € in K	Held for hedging purposes € in K	Carrying amount at Dec. 31, 2008 € in K	Not in the scope of IAS 39 € in K	**Disclosed on Dec. 31, 2008 € in K**
Non-current assets							
Financial assets	0	211	0	0	211	4,922	**5,133**
Receivables and other assets	0	0	1,441	0	1,441	2,013	**3,454**
– of which receivables	0	0	581	0	581	0	**581**
– of which other assets	0	0	860	0	860	2,013	**2,873**
Current assets							
Trade receivables	0	0	125,073	0	125,073	0	**125,073**
– of which to third parties	0	0	117,709	0	117,709	0	**117,709**
– of which from construction contracts	0	0	1,287	0	1,287	0	**1,287**
– of which to affiliated companies	0	0	5,989	0	5,989	0	**5,989**
of which to companies in which investments are held	0	0	88	0	88	0	**88**
Other assets	0	0	6,910	0	6,910	8,596	**15,506**
– of which derivatives	0	0	0	0	0	0	**0**
– of which other assets	0	0	6,910	0	6,910	8,596	**15,506**
Cash and cash equivalents	0	0	21,948	0	21,948	0	**21,948**

	Financial liabilities accounted for at cost € in K	Held for hedging purposes € in K	Carrying amount at Dec. 31, 2008 € in K	Not in the scope of IAS 39 € in K	**Disclosed on Dec. 31, 2008 € in K**
Non-current liabilities					
Provisions	8,537	0	8,537	0	**8,537**
Loans and borrowings	192,736	0	192,736	0	**192,736**
Other liabilities	267	0	267	0	**267**
Current liabilities					
Provisions	5,462	0	5,462	3,457	**8,919**
Loans and borrowings	46,775	0	46,775	0	**46,775**
Trade payables	40,600	0	40,600	3,791	**44,391**
– of which to third parties	40,059	0	40,059	3,791	**43,850**
– of which to affiliated companies	149	0	149	0	**149**
– of which to companies in which investments are held	392	0	392	0	**392**
Other liabilities	130,432	640	131,072	14,005	**145,077**
– of which derivatives	0	640	640	0	**640**
– of which other liabilities	130,432	0	130,432	14,005	**144,437**

	Held for trading € in K	Held up to maturity € in K	Loans and receivables € in K	Held for hedging purposes € in K	Carrying amount at Dec. 31, 2007 € in K	Not in the scope of IAS 39 € in K	**Disclosed on Dec. 31, 2007 € in K**
Non-current assets							
Financial assets	0	340	0	0	340	3,083	**3,423**
Receivables and other assets	0	0	1,045	0	1,045	0	**1,045**
– of which receivables	0	0	220	0	220	0	**220**
– of which other assets	0	0	825	0	825	0	**825**
Current assets							
Trade receivables	0	0	131,725	0	131,725	0	**131,725**
– of which to third parties	0	0	125,501	0	125,501	0	**125,501**
– of which from construction contracts	0	0	2,849	0	2,849	0	**2,849**
– of which to affiliated companies	0	0	3,337	0	3,337	0	**3,337**
– of which to companies in which investments are held	0	0	38	0	38	0	**38**
Other assets	934	0	8,219	3,222	12,375	2,524	**14,899**
– of which derivatives	934	0	0	3,222	4,156	0	**4,156**
– of which other assets	0	0	8,219	0	8,219	2,524	**10,743**
Cash and cash equivalents	0	0	17,747	0	17,747	0	**17,747**

	Financial liabilities accounted for at cost € in K	Held for hedging purposes € in K	Carrying amount at Dec. 31, 2007 € in K	Not in the scope of IAS 39 € in K	**Disclosed on Dec. 31, 2007 € in K**
Non-current liabilities					
Provisions	1,968	0	1,968	6,605	**8,573**
Loans and borrowings	13,627	0	13,627	0	**13,627**
Other liabilities	51,125	0	51,125	0	**51,125**
Current liabilities					
Provisions	8,724	0	8,724	3,341	**12,065**
Loans and borrowings	193,742	0	193,742	0	**193,742**
Trade payables	38,352	0	38,352	5,707	**44,059**
– of which to third parties	38,096	0	38,096	5,707	**43,803**
– of which to affiliated companies	204	0	204	0	**204**
– of which to companies in which investments are held	52	0	52	0	**52**
Other liabilities	33,146	0	33,146	9,459	**42,605**

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

The net gains and losses per category are as follows:

Result from financial instruments held for trading	**2008 € in K**	2007 € in K
Interest income	**306**	215
Results from measurement on the reporting date	**–5,892**	–29
Gains realized	**3,961**	3,136
	–1,625	**3,322**

Result from loans and receivables	**2008 € in K**	2007 € in K
Impairment losses	**–4,675**	–3,083
Allowances	**1,690**	981
Results from currency translation	**–2,327**	–1,026
	–5,312	**–3,128**

Result from financial liabilities accounted for at cost	**2008 € in K**	2007 € in K
Interest expenses	**–14,469**	–12,364
	–14,469	**–12,364**

The maturity of the financial liabilities shows the following pattern:

	< 1 year € in K	1-5 years € in K	> 5 years € in K	**Carrying amount Dec. 31, 2008 € in K**
Non-current liabilities				
Provisions	0	8,537	0	**8,537**
Loans and borrowings	0	192,736	0	**192,736**
Other liabilities	0	267	0	**267**
Current liabilities				
Provisions	5,462	0	0	**5,462**
Loans and borrowings	46,775	0	0	**46,775**
Trade payables	40,600	0	0	**40,600**
Other liabilities	131,072	0	0	**131,072**

	< 1 year € in K	1-5 years € in K	> 5 years € in K	**Carrying amount Dec. 31, 2007 € in K**
Non-current liabilities				
Provisions	0	1,968	0	**1,968**
Loans and borrowings	0	13,270	357	**13,627**
Other liabilities	0	51,125	0	**51,125**
Current liabilities				
Provisions	8,724	0	0	**8,724**
Loans and borrowings	193,742	0	0	**193,742**
Trade payables	38,352	0	0	**38,352**
Other liabilities	33,146	0	0	**33,146**

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 23 and 25 are regarded as managed capital and, furthermore, so are the cash and cash equivalents as well as equity capital in Sections 17-21.

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, which analyzes risks according to their degree and scope. Essentially, these risks 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 most advanced treasury software.

E. Management of Exchange Rate Risks

The Group is exposed to currency risks as approx. 40% of 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 derivate financial instruments to hedge against net currency exposure within the scope of cash flow hedging. Our hedging strategy provides for exposures to be hedged approximately 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 primarily use currency options, where all currency options we hold exclusively serve this purpose — there is no trading for speculative purposes. As a rule, we use zero-cost options that consist of purchasing and simultaneously selling an option. Because both options have the same value at the time of these transactions, no payment is due (zero cost).

By purchasing an option, we secure the right 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. At the same time, with this option sold, we obligate ourselves to sell the option on the exercise date for a specific foreign currency amount at a fixed exchange rate against the euro, provided that this rate reaches a certain value during the term of the option. Accordingly, 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 at cost and at fair value on subsequent balance sheet dates. 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 2008, expenses for non-effective hedging relationships were €2,058 K (2007: expenses were €238 K).

The following chart provides an overview of the foreign currency options held on the reporting date:

Currency	Volume	Term	Hedged exchange rate	Fair value € in K
Reporting date on Dec. 31, 2008				
USD	55,000,000	Up to 6 months	1.4547	–83
USD	10,000,000	Up to 12 months	1.5625	–501
USD	0	More than 12 months		0
JPY	800,000,000	Up to 6 months	129.4688	–101
JPY	0	Up to 12 months		0
JPY	0	More than 12 months		0
CHF	3,500,000	Up to 6 months	1.4600	41
CHF	0	Up to 12 months		0
CHF	0	More than 12 months		0
				–644

Currency	Volume	Term	Hedged exchange rate	Fair value € in K
Reporting date on Dec. 31, 2007				
USD	25,000,000	Up to 6 months	1.3821	1,158
USD	40,000,000	Up to 12 months	1.4068	1,372
USD	20,000,000	More than 12 months	1.4225	455
	85,000,000			**2,985**

If the exchange rate of the U.S. dollar to the euro would have dropped 5.0%, the net result and equity for fiscal 2008 would have increased by around €1.5 million (2007: €1.3 million). Had the exchange rate of the U.S. dollar to the euro risen by 5.0%, the net result and equity for fiscal 2008 would have decreased by about €1.6 million (2007: €1.5 million). Overall, the impact on other financial instruments is immaterial.

In addition to the option transactions, on the reporting date the Group concluded no forward exchange transactions for hedging against currency risks; the transactions for the year ended December 31, 2007, are shown in the following:

Currency	Volume	Maturity	Forward rate	Fair value € in K
USD	5,000,000	Jan. 31, 2008	1.3283	367
USD	5,000,000	Feb. 29, 2008	1.3079	425
				792

F. Interest Risk Management

Financing of the entire group is usually done through Sartorius AG and 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 at variable and fixed interest rates. To control the interest risk, we maintain an appropriate ratio between fixed and variable loans.

This is done using interest rate contracts, so-called interest caps, that limit the risk of the market interest rates increasing beyond an established level. By purchasing interest caps, we secure compensatory payment for specific dates during the term of an interest rate contract in the amount of the positive difference between the market rate of interest, which is current at the particular time, and a previously established maximum interest rate (cap).

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

The following chart provides an overview of the interest caps on the reporting date:

No.	Initial amount hedged € in K	Hedge volume at Dec. 31, 2008 € in K	Hedge volume at Dec. 31, 2007 € in K	Term	Strike	Fair value at year-end on Dec. 31, 2008 € in K	Fair value at Dec. 31, 2007 € in K
1	7,670	2,401	3,359	March 10	4.5%	10	11
2	7,669	2,400	3,360	March 11	4.5%	1	13
3	3,159	1,053	2,106	June 10	2.5%	–2	35
4	12,636	4,212	8,424	June 10	2.5%	–7	146
5	15,795	5,265	8,775	June 10	2.5%	–3	174
	46,929	**15,331**	**26,024**			**–2**	**380**

If the market rate of interest had increased by 0.5 of a percentage point in fiscal 2008, our net result and equity for fiscal 2008 would have decreased by around €0.7 million (2007: €0.5 million). If the interest rate had decreased by 0.5 of a percentage point in fiscal 2008, the net result and equity for the reporting year would have increased by €0.7 million (2007: €0.5 million). These effects are essentially due to the considerably lower interest hedging volume relative to the interest-bearing liabilities.

G. Liquidity Risk Management

The Group controls liquidity risks by maintaining credit lines and additional facilities with banks, 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 €489.2 million as of December 31, 2008, and the amount used, which is comprised of net debt and guaranteed bills outstanding and totaled €247.7 million, shows the amount of unused credit lines (€241.5 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, 2008 € in K	Dec. 31, 2007 € in K		
Syndicated credit	**400,000**	259,700	Variable interest rate	2013
Bilateral credit lines	**75,457**	85,114	Variable interest rate	Until further notice
Other loans	**13,788**	15,825	3.1-5.4%	2009-2014
	489,245	**360,639**		

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, 2008 € in K	Fair value at year-end on Dec. 31, 2007 € in K	Paid out € in K
Tranche of phantom stock units, fiscal 2005	6,647	54	187	0
Tranche of phantom stock units, fiscal 2006	6,451	53	180	0
Tranche of phantom stock units, fiscal 2007	5,389	42	146	0
Tranche of phantom stock units, fiscal 2008	7,261	56	0	0
	25,748	**205**	**513**	**0**

In fiscal 2008, income related to phantom stock units was €308 K (2007: expenses €78 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, 2008	Dec. 31, 2007
Outstanding at the beginning of the period	**179,027**	318,450
Granted during the period	**0**	0
Forfeited during the period	**–11,067**	–27,653
Exercised during the period	**–24,500**	–89,270
Expired in the period	**0**	–22,500
Outstanding at the end of the period	**143,460**	**179,027**
Exercisable at the end of the period	**143,460**	**164,627**

The various stock option plans outstanding at December 31, 2007, and December 31, 2008, are summarized as follows:

December 31, 2008

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 sub-scribed by directors and executives	Number of directors and executives concerned	Total number of bene-ficiaries	Sub-scription price in €	Number of shares sub-scribed over fiscal 2008	Number of options granted and exercisable on Dec. 31, 2008	Number of options subject to target performance as of Dec. 31, 2008	Number of bene-ficiaries of valid options
06/23/2000	08/02/2000	139,105	0	0	5	8.59	0	0	0	0
06/23/2000	09/28/2001	142,855	0	0	7	11.94	0	4,060	0	1
06/23/2000	11/14/2002	12,100	0	0	1	6.78	0	0	0	0
06/23/2000	09/10/2003	22,000	0	0	1	7.90	0	4,400	0	1
06/23/2000	02/11/2004	66,000	0	0	1	6.42	22,000	0	0	0
06/23/2000	07/23/2004	140,000	0	0	19	9.23	2,500	67,500	0	10
06/10/2005	09/15/2005	127,500	10,000	1	15	18.87	0	50,000	0	5
06/10/2005	11/10/2006	35,000	0	0	2	29.51	0	17,500	0	2
Total		**684,560**	**10,000**	**1**	**51**		**24,500**	**143,460**	**0**	**19**
									143,460	

December 31, 2007

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 sub-scribed by directors and executives	Number of directors and executives concerned	Total number of bene-ficiaries	Sub-scription price in €	Number of shares sub-scribed over fiscal 2007	Number of options granted and exercisable on Dec. 31, 2007	Number of options subject to target performance as of Dec. 31, 2007	Number of bene-ficiaries of valid options
06/23/2000	08/02/2000	139,105	0	0	5	8.59	16,600	0	0	0
06/23/2000	09/28/2001	142,855	0	0	7	11.94	20,250	4,060	0	1
06/23/2000	11/14/2002	12,100	0	0	1	6.78	2,420	0	0	0
06/23/2000	09/10/2003	22,000	0	0	1	7.90	-	4,400	4,400	1
06/23/2000	02/11/2004	66,000	0	0	1	6.42	-	22,000	0	1
06/23/2000	07/23/2004	140,000	0	0	19	9.23	35,000	70,000	0	12
10/06/2005	09/15/2005	127,500	30,000	1	15	18.87	15,000	46,667	10,000	7
10/06/2005	11/10/2006	35,000	0	0	2	29.51	-	17,500	0	1
Total		**684,560**	**30,000**	**1**	**51**		**89,270**	**164,627**	**14,400**	**23**
									179,027	

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 2008, the income for stock options recognized in the income statement is €308 K (2007: expense of €111 K) and accounts 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

29. 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 business and geographical segments, consists of the following:

2008	Biotechnology € in K	Mechatronics € in K	**Total € in K**
Germany	69,062	57,516	**126,578**
All other countries	296,960	188,083	**485,043**
	366,022	**245,599**	**611,621**

2007	Biotechnology € in K	Mechatronics € in K	**Total € in K**
Germany	60,329	62,587	122,916
All other countries	269,512	196,600	466,112
	329,841	**259,187**	**589,027**

In 2008, sales revenue for the Sartorius Group rose 3.8% to €611,621 K (2007: €589,027 K). Currency-adjusted, the increase for the Group was 6.6%. An amount of €8,868 K (2007: €6,221 K) was earned with affiliated companies.

30. 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 can be allocated to the manufacturing area, and the corresponding depreciation and amortization.

31. Selling and Distribution Costs

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

32. 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.

33. General Administrative Expenses

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

34. Other Operating Income and Expenses

	2008 € in K	2007 € in K
Currency translation gains	**15,693**	9,554
Gains on the disposal of Sartorius Bearing Technology GmbH	**0**	16,263
Income from the decrease in allowances for bad debts	**1,690**	981
Income from release and use of provisions and liabilities	**3,865**	1,353
Income from grants	**2,160**	3,117
Other income	**2,832**	2,710
Other operating income	**26,240**	33,978
Currency translation losses	**–14,059**	–7,444
Reorganization expenses	**–1,800**	–11,354
Expenses resulting from the disposal of Sartorius Bearing Technology GmbH	**0**	–1,455
Allowances for bad debts	**–4,675**	–3,083
Other expenses	**–2,668**	–4,663
Other operating expenses	**–23,202**	–27,999
Other operating income and expenses	**3,038**	**5,979**

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.

35. Financial Result

	2008 € in K	2007 € in K
Interest and similar income	**942**	1,040
- of which from affiliated companies	**[51]**	[20]
Interest and similar expenses	**–14,469**	–12,364
- of which from affiliated companies	**[0]**	[0]
Expenses for derivative financial instruments	**–5,337**	–821
Interest expenses for share price warrants	**–2,693**	0
Interest expenses for pensions and others	**–1,710**	–1,532
Other financial charges	**–395**	0
	–23,662	**–13,677**

36. Income Tax Expense

	2008 € in K	2007 € in K
Current income taxes	**–11,748**	–11,837
Deferred taxes	**4,135**	2,770
	–7,613	**–9,067**

As a matter of principle, domestic income taxes are calculated at 30.0% of the estimated taxable profit for the fiscal 2008. 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, 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:

	2008 € in K	2007 € in K
Expected tax expense (32.0%; 2007: 35%)	**7,647**	13,777
Difference from the Group average income tax rate	**–1,491**	–2,559
Expenses not deductible for tax purposes	**1,897**	284
Effects from losses and interest carried forward, for which no deferred taxes where accrued	**–262**	3,229
Tax-free income	**–85**	–4,669
Income tax for previous years	**–417**	–1,296
Other	**324**	300
	7,613	**9,066**
Effective tax rate	**31.9%**	**23.0%**

37. Earnings per Share

According to IAS 33, Earnings per Share, the earnings per share for each class must be determined separately. The basic 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.

	2008	2007
Ordinary shares		
Basis for calculating undiluted earnings per ordinary share (net profit after minority interest)	**6,183,094**	15,074,089
Weighted average number of shares outstanding	**8,528,056**	8,528,056
Earnings per ordinary share in €	**0.73**	1.77
Preference shares		
Basis for calculating undiluted earnings per preference share (net profit after minority interest)	**6,176,540**	15,058,112
Weighted average number of shares outstanding	**8,519,017**	8,519,017
Earnings per preference share in €	**0.73**	1.77

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

38. 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, 2008, the exemption provided by Section (§) 264b 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 11, 2008, 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.

Total Remuneration of the Supervisory Board and the Executive Board Members

The total remuneration of the Supervisory Board members was €384 K (2007: €459 K); that of the Executive Board members, €1,362 K (2007: €1,665 K). The remuneration of former managing directors and members of the Executive Board and their surviving dependents was €256 K (2006: €1,896 K).

The pension obligations for former managing directors, Executive Board members and their surviving dependants was €4,683 K (2007: €4,377 K). Concerning the details of this remuneration, please refer to the Remuneration Report, which is an integral part of the Group Management Report.

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 financial year, income that can be allocated to other periods was €5,864 K (2007: €2,557 K). Expenses attributable to other periods amounted to €2,893 K (2007: €12,256 K). Essentially, non-periodic income includes income from the release of provisions of €4,120 K and income from reversal of valuation allowances in the amount of €1,690 K.

Raw Materials and Supplies

This item consists of the following:

	2008 € in K	2007 € in K
Expenses for raw material, supplies and purchased materials including changes in inventory)	**178,007**	186,291
Cost of purchased services	**11,395**	12,636
	189,402	**198,927**

Employee Benefits Expense

This item can be broken down as follows:

	2008 € in K	2007 € in K
Wages and salaries	**189,697**	183,065
Social security	**37,031**	33,235
Expenses for retirement benefits and pensions	**4,955**	4,072
	231,683	**220,373**

Number of Employees

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

	2008	2007
Biotechnology	**2,337**	2,245
Mechatronics	**2,286**	2,131
	4,623	**4,376**

Auditors' Fee

In fiscal 2008, the following fees were paid to the Group auditors, Deloitte & Touche GmbH:

	2008 € in K	2007 € in K
Audits	**559**	353
Other certification, verification and valuation services	**120**	710
Tax consultation services	**82**	113
	761	**1,176**

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 €27,809,559.63 reported by Sartorius AG for the year ended December 31, 2008, as follows:

	€
Payment of a dividend of €0.40 per ordinary share	3,411,222.40
Payment of a dividend of €0.42 per preference share	3,577,987.14
Unappropriated profit carried forward	20,820,350.09
	27,809,559.63

Goettingen, February 2009

Sartorius Aktiengesellschaft
The Executive Board

Declaration of the Executive Board

To the best of our knowledge, we declare that the consolidated financial statements for fiscal 2008 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 the situation of the Group, 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 2009

Sartorius Aktiengesellschaft

The Executive Board

Dr. Joachim Kreuzburg   Dr. Günther Maaz

Independent Auditors' Report

We audited the consolidated year-end financial statements, which consist of the consolidated balance sheet, income statement, statement of changes in equity, statement of recognized income and expense, 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, 2008. 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 23, 2009

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

Jürgen Reker	Dieter Tenambergen
Auditor	Auditor

Executive Board and Supervisory Board

During Fiscal 2008 [1)]

Executive Board

Dr. rer. pol. Joachim Kreuzburg
Dipl.-Ingenieur (Graduate Engineer)
CEO and Chairman
Biotechnology Division and Finance
Born April 22, 1965
Hanover, Germany
Member since Nov. 11, 2002
“Sprecher” (Spokesman) from
May 1, 2003, to Nov. 10, 2005
Chairman since Nov. 11, 2005
Appointed until Nov. 10, 2010

Dr. rer. nat. Günther Maaz
Dipl.-Physiker (Graduate Physicist)
Executive for Labor Relations
Mechatronics Division
Human Resources and General Administration
Born Sept. 13, 1949
Uslar, Germany
Member since Nov. 11, 2002
Executive for Labor Relations since Sept. 8, 2007
Appointed until Nov. 10, 2010

Supervisory Board

Prof. Dr. Dres. h.c. Arnold Picot
Dipl.-Kaufmann (Graduate in Business
Administration), university professor
Chairman
CEO and 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 Economist)
Vice Chairman of the Supervisory Board
1st senior local officer of the German Metalworkers’
Union in the southern Lower Saxony | Harz region
Northeim, Germany

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

Annette Becker
Kauffrau (Business Administrator)
Chairwoman of the Employees’ Council
of Sartorius Corporate Administration GmbH
Goettingen, Germany

Christiane Benner
Dipl.-Soziologin (Graduate Sociologist)
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Executive Committee, German Metalworkers’ Union
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Uwe Bretthauer
Dipl.-Ingenieur (Graduate Engineer)
Chairman of the Employees’ Council of Sartorius AG
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[1)] Information required pursuant to Section 285,
No. 10, of the German Commercial Code (HGB)

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

Manfred Werner
Dipl.-Ökonom (Graduate Economist)
Senior Vice President of 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

Positions Held by the Members of the Executive Board [1] as of December 31, 2008

Dr. rer. pol. Joachim Kreuzburg
Président-Directeur Général (CEO) 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]
- Beijing Sartorius Instrument & System Engineering Co. Ltd., China [2]
- Sartorius Scientific Instruments (Beijing) Co. Ltd., China [2]
- Sartorius Stedim Lab Ltd., United Kingdom [2]

On the Landesbeirat (Regional Advisory Board) of:
- Commerzbank AG, Hamburg, Germany [3]

Dr. rer. nat. Günther Maaz
On the Board of Directors of:
- Sartorius North America, Inc., USA [2]
- Sartorius Mechatronics Corporation, USA [2]
- Sartorius TCC Company, USA [2]
- Denver Instrument, Inc., USA [2]
- Sartorius Stedim Filters, Inc., Puerto Rico [2]
- Sartorius Mechatronics Hong Kong Ltd., China [2]
- Beijing Sartorius Instrument & System Engineering Co. Ltd., China, Vice Chairman [2]
- Sartorius Scientific Instruments (Beijing) Co. Ltd., China, Vice Chairman [2]
- Sartorius Mechatronics India Pvt. Ltd., India [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

Positions Held by the Members of the Supervisory Board[1] as of December 31, 2008

Prof. Dr. Dres. h.c. Arnold Picot
On the Conseil d'Administration (Board of Directors) of:
- Sartorius Stedim Biotech S.A., France[2]

On the Supervisory Board of:
- Sartorius Stedim Biotech GmbH, Germany, Chairman [2]
- eteleon e-solutions AG, Germany, Vice Chairman[3]
- 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:
- Novelis Deutschland GmbH, Germany[3]
- 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:
- IAV GmbH, Ingenieurgesellschaft Auto und Verkehr (auto and traffic engineering company), Germany[3]

Uwe Bretthauer
None

Michael Dohrmann
None

Dr. Lothar Kappich
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
On the Supervisory Board of:
- Innovectis (Gesellschaft für Innovative Technologien und FuE-Dienstleistungen) GmbH, Germany, Vice Chairman[3]

Dr. Michael Schulenburg
On the Advisory Board of:
- Lohmann GmbH & Co.KG, Germany[3]
- Odenwald Faserplattenwerk GmbH, Germany[3]

On the Board of Directors of:
- Cognis Holding Luxembourg S.à.r.l., Luxembourg[3]

On the Supervisory Board of:
- Cognis GmbH, Germany, Chairman[3]

Manfred Werner
On the Consejo de Administración (Advisory Board) of:
- Sartorius Mechatronics Spain S.A., Spain, "Presidente" (President)[2]
- Sartorius Stedim Spain S.A., Spain, "Presidente" (President)[2]

On the Raad van Bestuur (Board of Management) 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

04

Supplementary Information

Glossary

Industrial | Product-specific Terms

Bioreactor
In English-speaking countries, a bioreactor is used as a vessel for cultivating animal or human cells in a culture medium. In non-English-speaking countries, this term is also used synonymously with "fermentor" that is a system in which microorganisms (bacteria, yeast, fungi) multiply. In any case, these vessels are used to obtain cells, parts of these or one of their metabolites.

Capsules
Ready-to-use filter units consisting of a filter housing with hose connectors and an incorporated filter cartridge; for connection to piping

cGMPs
Abbreviation for "current Good Manufacturing Practices"

Crossflow
Term taken from filtration technology; instead of directly flowing through a 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 disposable.

Detection of metals; X-ray inspection systems for detection of foreign particles
See "Metal detectors"

Disposable
A product for a single use, particularly bags for transfer and storage of pharmaceutical liquids; "single-use" is usually used for bioreactors and containers; cf. "Single-use product"

Downstream processing
Collective term for the various steps that follow fermentation or cell cultivation in the production of biopharmaceuticals, for example separation, purification and concentration

Electrochemical analysis
Term that covers various analytical methods that quantitatively measure chemical amounts, for instance, the concentration expressed as an electrical parameter, such as voltage or resistivity. The samples to be tested must contain electrically charged particles (ions). The most well-known electroanalytical method is pH measurement. Additional familiar methods are conductimetry, for measuring the electrical conductivity of solutions and various types of water, and potentiometry that uses ion-selective electrodes for measurement.

FDA – Food and Drug Administration
This is the U.S. governmental agency responsible for the areas of foods and biotechnological, medical, veterinary, and pharmaceutical products

Fermentation
Technical process used to produce or transform intra- or extracellular substances with the help of microorganisms

Fluid management technologies
Technologies and systems for use in handling sensitive biological liquids; for example, transportation and storage of these media

Freeze-thaw technologies
Technologies used in the controlled freezing and thawing 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 can be used for filtration applications.

Metal detectors; X-ray inspection systems for detection of foreign particles
Systems integrated into a manufacturing process to detect contaminants (such as metal particles) in products. Detectors and inspection systems are used in industries, such as food processing, to protect consumers or as auxiliary equipment on machines to prevent contaminant particles from damaging downstream machinery, thus avoiding repairs and machine downtimes.

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 that are increasingly used in medical diagnosis and treatment

Purification
An important step in downstream processing

Recombinant protein
Protein manufactured using genetically modified organisms; Examples include pharmaceutical proteins, such as insulin and vaccines.

Scale-up
Transfer of scale or increase in size. This term is 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.

Single-use product
See "disposable"

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 whether 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
Systematic checking of essential steps and facilities in research and development and in production, including testing pharmaceuticals, to ensure that the products manufactured can be made reliably and reproducibly in the desired quality

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.

DAX®, MDAX®, SDAX®, TecDAX®
German stock indexes of the transaction service provider and marketplace organizer Deutscher Börse AG

Derivative financial instruments
Instruments for hedging against the risks of changes in market prices

D&O insurance – Directors' and Officers' liability insurance
This liability insurance provides coverage to Supervisory and Executive Board members, including 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, one of the leading scientific societies in the area of business administration and financial reporting

EBITA
Earnings before interest, taxes and amortization; Amortization in this context refers exclusively to the purchase price allocation (PPA) to intangible assets acquired according to IFRS 3.

EBITA margin
Ratio of EBITA (earnings before interest, taxes and amortization) to sales revenue

EBITDA
Earnings before interest, taxes, depreciation and amortization; Amortization in this context 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
Shares of a public company that are freely available to the investing public (at least 5% by definition)

Goodwill
Represents the difference between the price paid for a company or business and its net assets. Goodwill is a form of intangible asset.

IAS – International Accounting Standards
Internationally recognized accounting principles

IFRS – International Financial Reporting Standards
Internationally recognized accounting principles

Investment rate
The ratio of capital expenditures to sales revenue

Prime Standard
Market segment of the Frankfurt Stock Exchange with high, internationally accepted transparency requirements; it is intended to meet the needs of companies seeking to attract the attention of international investors.

Pro forma
The pro forma data was prepared by including business generated by Stedim, which was consolidated for the first time as of June 29, 2007, for the full previous 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
Ratio of the net profit to the average equity

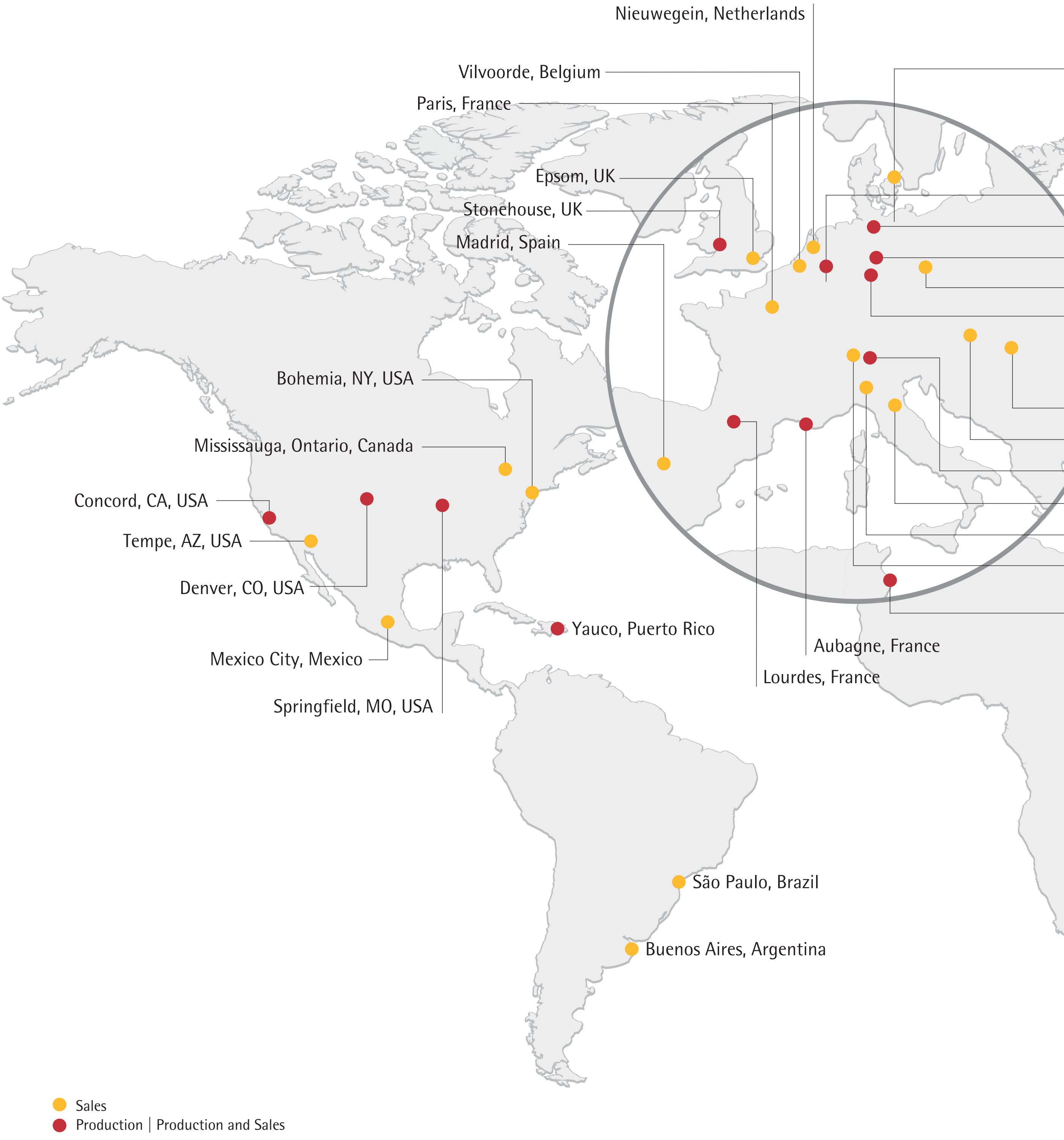
Supply chain management
Setup and coordination of integrated flows of materials, information and finances (supply chains) over the entire valued-added process

Treasury
Short- and medium-term liquidity management

Underlying
The adjustments to the previous year's earnings essentially related to the Stedim transaction and the associated integration costs and to a number of wider-ranging reorganization measures taken in the Biotechnology Division in particular.

Index

A Local Presence Worldwide

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St. Petersburg, Russia
Budapest, Hungary
Vienna, Austria
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Florence, Italy
Milan, Italy
Dietikon, Switzerland
M'Hamdia, Tunisia
Bangalore, India
Bangkok, Thailand
Kuala Lumpur, Malaysia
Singapore, Singapore
Jakarta, Indonesia
Beijing, China
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Financial Schedule and Contacts

Financial Schedule

April 23, 2009
Annual Shareholders' Meeting
in Goettingen, Germany

April 2009
Publication of
first-quarter figures for 2009

July 2009
Publication of
first-half figures for 2009

October 2009
Publication of
nine-month figures for 2009

March 2010
Annual press conference
in Goettingen, Germany

April 21, 2010*
Annual Shareholders' Meeting
in Goettingen, Germany

April 2010
Publication of
first-quarter figures for 2010

This is a translation of the original
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* Tentative date scheduled

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