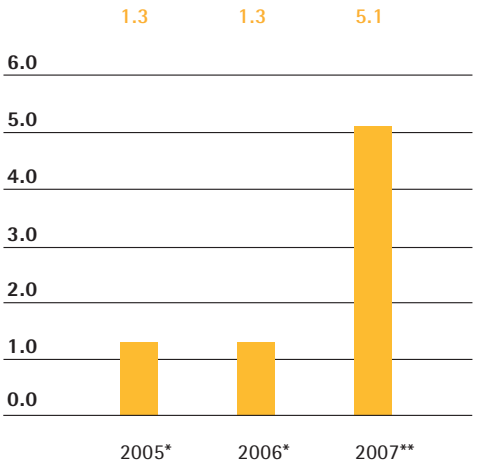
sartorius stedim biotech

Sartorius Stedim Biotech Group

Reference Document 2007

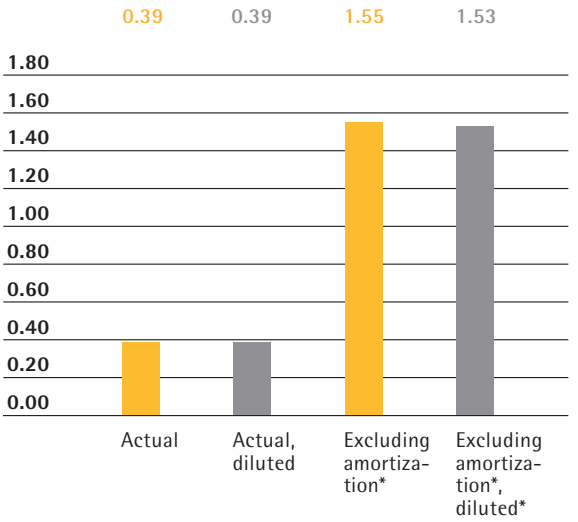
Total Dividends Paid
in millions of €



* Corporation distributing dividends: Stedim S.A.

** Corporation distributing dividends; Sartorius Stedim Biotech [1)]

Earnings per Share
in €



* pro forma underlying

Key Figures

All figures are given in millions of € according to the IFRS, unless otherwise specified		**2007**	2006
Results			
Sales revenue	Actual	**268.8**	
	Pro forma	**375.9**	365.5
EBITDA	Actual	**29.2**	
	Pro forma underlying	**66.2**	61.6
EBITA	Actual	**18.2**	
	Pro forma underlying	**49.7**	46.1
Earnings per share (in €)	Actual	**0.39**	
	Pro forma underlying, without amortization	**1.55**	
Earnings per share (in €), diluted	Actual	**0.39**	
	Pro forma underlying, without amortization	**1.53**	
Dividend per share (in €)		**0.30** [1)]	0.19
As a % of sales revenue			
EBITDA	Actual	**10.8%**	
	Pro forma underlying	**17.6%**	16.8%
EBITA	Actual	**6.8%**	
	Pro forma underlying	**13.2%**	12.6%
Balance sheet			
Balance sheet total		**640.7**	
Equity		**362.8**	
Equity ratio		**56.6%**	
Finances and capital expenditures			
Cash earnings		**22.8**	
Net cash flow		**12.4**	
Net debt		**153.8**	
Ratio of net debt to EBITDA	Pro forma underlying	**2.3**	
Research and development			
R&D costs	Pro forma	**26.8**	22.7
Total number of employees as of December 31 [2)]	Pro forma	**2,311**	2,343

[1)] Amounts suggested by the Board of Directors (Conseil d'administration) and subject to approval by the General Annual Shareholders' Meeting

[2)] Without vocational trainees and employees on leaves of absences or in early retirement

Financial Schedule and Contacts

Financial Schedule

March 19, 2008
SFAF Conference in Paris, France

April 21, 2008
General Annual
Shareholders' Meeting
in Aubagne, France

April 2008
Publication of first-quarter figures
for 2008

July 2008
Publication of first-half figures
for 2008

October 2008
Publication of nine-month figures
for 2008

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sartorius Biotechnology Division

1870
Florenz Sartorius founds the precision mechanical workshop "Feinmechanische Werkstatt F. Sartorius" in Goettingen, Germany. The company produces analytical balances that gain world renown.

1927
Based on the inventions of the chemist and Nobel Prize winner Richard Zsigmondy from Goettingen, the company Membranfiltergesellschaft mbH begins commercialization of membrane filters. Sartorius assumes corporate management of this company in 1935.

1990
Sartorius goes public.

1870 1927

STEDIM BIOSYSTEMS

1978
Bernard Lemaître and Bernard Vallot found Laboratoires Stedim and launch on the market the world's first plastic bag for parenteral nutrition of patients.

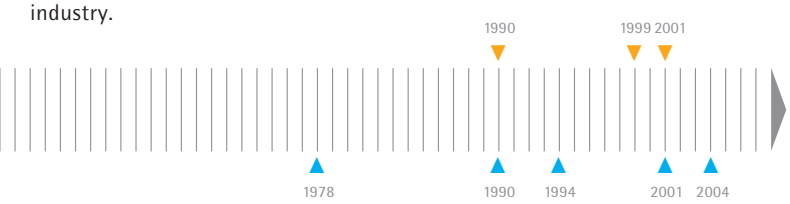
1990
Stedim conquers the market for biopharmaceutical applications with its aseptic single-use bags. For the pharmaceutical industry, these disposable bags are a technological revolution.

1994
Stedim goes public.

Two industry leaders become one solution provider

1999 | 2000
Through the acquisition of Vivascience and B.Braun International (BBI), the global leader in bioreactors and cell culture technology, Sartorius expands its product array along the process chain of the biopharmaceutical industry.

2001
"Plant 2001" is officially opened in Goettingen, Germany. Costing some 60 million euros, the new building for filter production is the largest single investment in the company's corporate history to date.



2001
Stedim starts up operations at further production facilities in Concord (USA) and M'hamdia (Tunisia). At its headquarters in Aubagne, France, its third annex expanding its manufacturing site is inaugurated in 2003.

2004
Stedim acquires Integrated BioSystems (Napa, California, USA) and IDC (Lourdes, France), two companies with globally unique technologies for biopharmaceutical processes.

2007
Sartorius and Stedim merge their business activities as biotech suppliers into the combined company Sartorius Stedim Biotech in order to become a leading international technology provider for the biopharmaceutical industry. The new company is listed on the Paris Euronext stock exchange.

sartorius stedim biotech

Our Mission

Sartorius Stedim Biotech is a leading provider of cutting-edge equipment and services for the development, quality assurance and production processes of the biopharmaceutical industry. Its integrated solutions covering fermentation, filtration, purification, fluid management and lab technologies are supporting the biopharmaceutical industry around the world to develop and produce drugs safely, timely and economically. For next generation processes, Sartorius Stedim Biotech focuses on single-use technologies and added-value services to meet the rapidly changing technology requirements of the industry it serves. Strongly rooted in the scientific community and closely allied with customers and technology partners, the company is dedicated to its philosophy of "turning science into solutions."

sartorius stedim biotech

Reference Document 2007

The original French version of this Document de Référence was filed with the Autorité des marchés financiers on March 13, 2008, in accordance with Article 212-13 of its Règlement général. It may be used in connection with an offering of securities if it supplemented by prospectus ("note d'opération") for which the Autorité des Marchés Financiers has issued an endorsement.

This Reference Document incorporates by reference the preceding Reference Documents
N° R.06-196 filed on December 21, 2006, and
N° R07-42 filed on April 24, 2007.

The following information is included by reference in the present reference document: the year 2006 consolidated financial statements of Stedim prepared using international accounting standards, their analysis and the report of the Independent Auditors relating to the Group 2006 management report appearing on pages 48 to 82 and 10 to 31, respectively, of the Reference Document filed with the Autorité des Marchés Financiers on April 24, 2007, under the number R07-42.

The sections of these documents not included are not of interest to an investor, and are covered in another part of this Reference Document.

Copies of the present Reference Document can be obtained from the following:
- Sartorius Stedim Biotech – BP 1051-13781 Aubagne Cedex
- Group website: www.sartorius-stedim.com
- Autorité des Marchés Financiers website: www.amf-france.org

This Reference Document contains statements concerning the future performance of Sartorius Stedim Biotech S.A. 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 French-language Reference Document. Sartorius shall not assume any liability for the correctness of this translation. The original French Reference Document is the legally binding version. Furthermore, Sartorius Stedim Biotech S.A. 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

02 Management Report

Contents

01

To Our Shareholders

- Share price relative to 2006 level down for the first time in many years
- Trading volume increased significantly
- Another increase in dividends proposed

Chairman's Message

Dear Shareholders,

I am pleased to present you with the first annual report of Sartorius Stedim Biotech, which was formed by the merger of the Sartorius Biotechnology Division and Stedim on June 29, 2007. This combination of two market leaders in their respective fields of expertise has created one of the most complete solution providers for the biopharmaceutical industry. Stedim, with its acknowledged leadership in the single-use bag system market, and Sartorius Biotechnology, with leading positions in the markets for single-use filtration, purification and cell culture technology, are the perfect match with regard to product and geographic synergies.

Both companies were well prepared when they joined forces to start integration, which has made significant progress since the closing of the transaction. From the very first day of our joint operations, the company has been conducting its activities as a fully integrated global organization; i.e., we serve our markets by presenting one face to the customer. Our customers' feedback has been highly positive and confirms that the combination of Sartorius Biotechnology and Stedim has been the right move at the right time.

In addition to this integration process, we focused our efforts on restructuring the setup of our global production sites, our supply chain management and our respective cost base. As part of these efforts, we decided to concentrate our engineering capacities in the North American equipment business at one location, instead of three, and also entered into a cooperation and exclusive supply agreement with a North American manufacturing specialist. These measures generated additional non-recurring costs in 2007. However, they will contribute positively to the profitability of the Group as of 2008.

From a general market perspective, 2007 was a difficult year for the entire biopharmaceutical industry. A number of companies had to accept restrictions to or even denials of market approvals of their drugs, which caused reductions in their respective production volumes. As a result, these customers began purchasing fewer disposables for their production processes and spending less on equipment for their facilities. This situation dampened our business, mainly in the second half of 2007. Nevertheless, while the flat development of equipment business diluted overall gains in our sales revenue, we achieved very significant growth in the broad segment of single-use systems.

In constant currencies, Sartorius Stedim Biotech's overall growth in pro forma sales amounted to 5.6%. The pro forma underlying EBITA, i.e., profitability excluding all extraordinary or non-recurrent items, grew to 13.2% of sales, though it was impacted by adverse currency effects. Given the framework of the tasks and challenges of 2007 within which these results have been achieved, I consider this a highly successful start for Sartorius Stedim Biotech operations.

We estimate that the difficulties mentioned above for the biopharmaceutical industry will be only temporary and that the outlook will remain bright for this industrial sector in the coming years. As one of the leading suppliers to this market, Sartorius Stedim Biotech therefore has very promising prospects for the future. For 2008, we plan to increase sales by more than 12% in constant currencies and the EBITA margin to approximately 14%. Major factors for achieving these targets will be to continuously intensify the level of synergies created by this merger and to launch the numerous innovative products that we already have in the pipeline.

The Board of Directors follows a policy that enables our shareholders to participate in the successful development of Sartorius Stedim Biotech and to reward their confidence in its future. Therefore, we will submit a proposal for approval by the next General Annual Shareholder's Meeting to pay a dividend of €0.30 per share, after €0.19 paid in 2007.

In concluding, I would like to thank all of our shareholders once again, also on behalf of the Board of Directors, for their commitment to and interest in our company.

Sincerely,
Joachim Kreuzburg
Chairman of the Board

Executive Committee of the Board

Liliane de Lassus (64)

Vice CEO
Finance, Human Resources and IT

Reinhard Vogt (52)

Vice CEO
Sales and Marketing

Joachim Kreuzburg (42)

Chairman of the Board and
Chief Executive Officer
Treasury & Investor Relations,
Corporate Communications,
Marketing Communications, Legal Affairs

Volker Niebel (51)

Vice CEO
Research & Development,
Supply Chain Management,
Strategic Sourcing, Production

Sartorius Stedim Biotech Shares

Shareholder Structure

Sartorius Stedim Biotech S.A.'s issued capital amounted to €10.3 million as of the reporting date, divided into 16,897,988 shares, each with a calculated par value of €0.61. Some of the shares grant double voting rights, with the result that there were a total of 18,912,368 voting rights as of the reporting date.

Sartorius AG holds around 70% of the shares and 73% of the voting rights. As far as we are currently aware, around 21% of the shares (19% of the voting rights) are in free float. Around 9% of the shares (8% of the voting rights) continue to be held by the founders of Stedim.

Share Price Development

The performance of Sartorius Stedim Biotech shares (Stedim S.A. until June 29, 2007) showed two different patterns in the 2007 fiscal year. While the share price increased significantly in the first half of 2007, its gains were eroded again during the remainder of the year. At the end of the year, shares were trading slightly below the level recorded at the beginning of the year.

After the planned merger of Stedim with the Biotechnology Division of the Sartorius Group had been announced on February 22, 2007, the share price climbed, amid high trading volumes, to €49.94 (closing price). On June 4, 2007, and again on June 18, the share price reached its high point of the year at €50.50, and at the same time marked its all-time high measured on a daily closing price basis. Apart from the merger of the two businesses, to which the capital market reacted positively, the price warrant issued as part of the transaction probably also had a positive impact on the share price (refer to page 18 for a detailed description of the transaction). On June 29, 2007, Stedim S.A. held its extraordinary general meeting. At that time, with the share price at €50.20, trading in the shares was suspended while the French stock exchange regulatory agency examined the mandatory offer to the remaining shareholders, and resumed when the offer was published on July 13, 2007. On July 27, 2007, the first day of trading after the expiration of the mandatory offer, the Sartorius Stedim Biotech S.A. share price closed at €47.00.

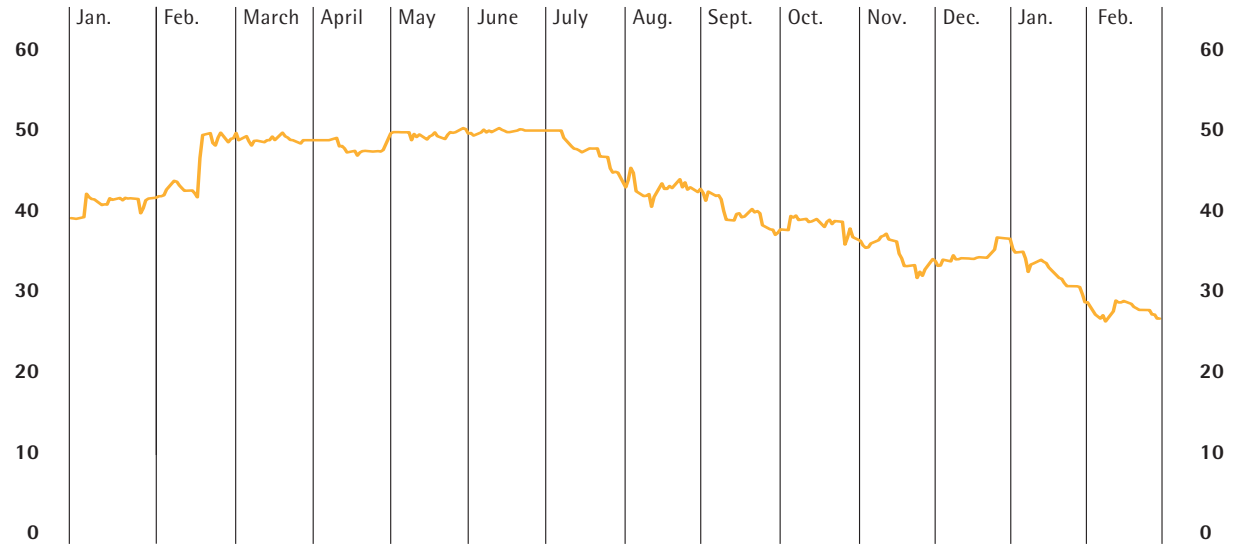
As the year progressed, however, the shares came under increasing pressure. The key factors impacting their price development are likely to have been the generally more difficult market environment for pharmaceutical and biotech shares and the development of the US dollar exchange rate, which was negative for export companies. The adjustment of the sales revenue and earnings targets for 2007 may well also have weighed on our shares in the second half. On November 27, 2007, the share price fell to €32.00 on a daily closing price basis, its lowest level for the year, but recovered again, to close at €36.90 on the last trading day of the year (December 28, 2007).

Facts about Sartorius Stedim Biotech Share

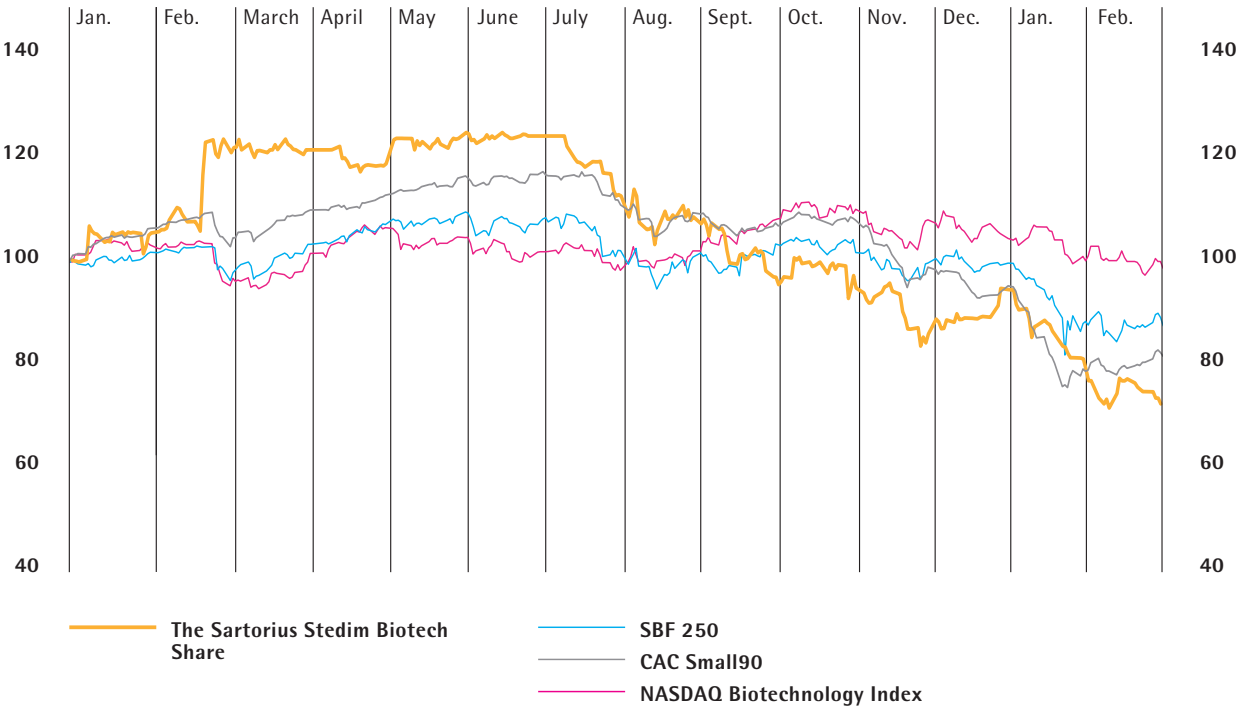
ISIN	Fr0000053266
Liquidity provider	Gilbert Dupont
Market segment	Euronext Paris – Eurolist – Local Securities – Compartment B (Mid Caps)
Indexes	CAC AllShares; CAC Health Care; CAC Mid & Small190; CAC Small90; SBF 250
Stock exchanges	Euronext Paris
Number of shares*	16,897,988
Voting rigths*	18,912,368

* Reporting date: December 31, 2007

The Sartorius Stedim Biotech Share in €
January 2, 2007, to February 29, 2008



The Sartorius Stedim Biotech Share in Comparison to the SBF 250, CAC Small90 and NASDAQ Biotechnology Index (indexed)
January 2, 2007, to February 29, 2008

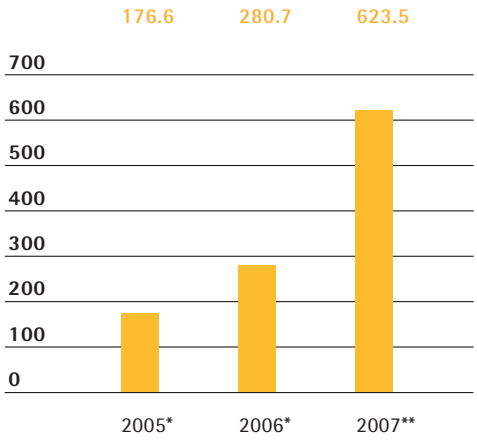


Share Indexes

Sartorius Stedim Biotech shares are listed in the following indexes: CAC AllShares, CAC Health Care, CAC Mid & Small190, CAC Small90, and SBF 250.

In a trend similar to the Sartorius Stedim Biotech S.A. share, CAC Small90 dropped around 4.9% in value by the end of the year when compared with the beginning, dipping from 8,523.2 points to 8,105.0. In contrast with this slide, the SBF 250 slightly rose 0.6% in the same period, from 3,932.5 points to 3,955.3.

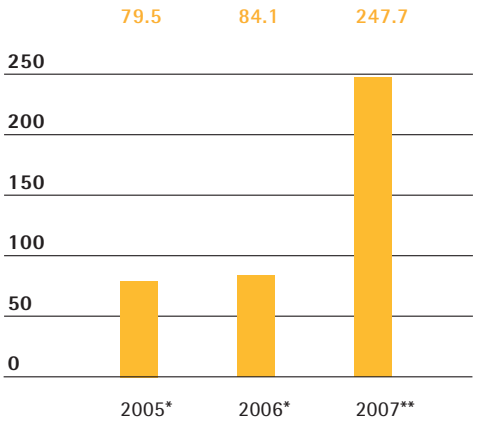
Market Capitalization
€ in millions



Year-end exchange

* Stedim S.A.
** Sartorius Stedim Biotech S.A.

Trading Volume
€ in millions



Source: Euronext

* Stedim S.A.
** Sartorius Stedim Biotech S.A.

Market Capitalization and Trading Volume

Market capitalization more than doubled in the year under review, from €280.7 million to €623.5 million, primarily due to the capital increase implemented as part of the transaction and the resulting increase in the number of shares. The average number of shares traded daily on the Paris Euronext stock exchange increased during the period under review by around 123.6% from 10,188 to 22,785. During the same period, trading volumes practically tripled, climbing from €84.1 million to €247.7 million.

The Analysts' View

There was a lively interest in Sartorius Stedim Biotech shares among analysts. A total of seven analyst companies, Société Générale, Oddo Midcap, Natixis Securities, Gilbert Dupont, Portzamparc, Arkeon Finance and Kepler Equities, tracked the performance of Sartorius Stedim Biotech shares. The vast majority of analyst recommendations are positive.

Trading Volume and Share Price Development

	Feb. 29, 2008	2007	2006	2005
Share price [1] in €				
Reporting date	**27.00**	**36.90**	39.78	25.50
High		**50.50**	40.40	25.50
Low		**32.00**	25.44	16.21
Dividend [2] in €		**0.30**	0.19	0.19
Total dividends, paid in millions of €		**5.1**	1.3	1.3
Dividend yield [3]		**0.8%**	0.8%	1.0%
Market capitalization in millions of €		**623.5**	280.7	176.6
Average daily trading of shares, number of shares		**22,785**	10,188	10,595
Trading volume of shares in millions of €		**247.7**	84.1	79.5
CAC Small90		**8,105.0**	8,523.2	7,322.27
SBF 250		**3,955.3**	3,932.5	3,326.63

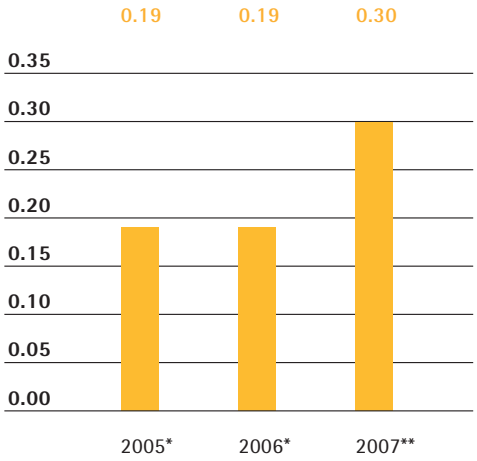
[1] Daily closing price
[2] Corporation distributing dividends in 2005 to 2006: Stedim S.A.; corporation distributing dividends in 2007: Sartorius Stedim Biotech S.A.
Amount suggested by the Conseil d'Administration and subject to approval by the General Annual Shareholders' Meeting
[3] Dividend in relation to the corresponding opening prices of the previous year

Sources: Euronext; vwd | Stedim S.A. from January 1, 2006, to June 29, 2007; Sartorius Stedim Biotech S.A. as of June 29, 2007

Research Coverage

Institute	Date	Vote
Portzamparc	February 14, 2008	Add
Kepler Equities	February 14, 2008	Buy
Société Générale	February 14, 2008	Sell
Gilbert Dupont	February 13, 2008	Buy
Arkeon Finance	February 13, 2008	Reduce
Oddo Midcap	January 10 | 11, 2008	Add
Natixis Securities	November 5, 2007	Buy

Dividends
in €



* Corporation distributing dividends: Stedim S.A.

** Corporation distributing dividends: Sartorius Stedim Biotech S.A.; amount suggested by the Conseil d'Administration and subject to approval by the General Annual Shareholders' Meeting

Investor Relations Activities

Our investor relations activities in 2007 focused primarily on the merger of Sartorius' Biotechnology Division with Stedim. In this connection, interest and the need for information on the part of institutional and private investors and analysts rose dramatically. As a result, during the second half of 2007 in particular, we shared information with the capital market with exceptional frequency. Our work aims to provide capital market participants with prompt access to comprehensive and transparent information. In addition to our press releases, our half-year and annual reports provide information at regular intervals on the development of our business activities. We will also publish quarterly reports, such we already did for the first time on the first nine months of the reporting year. Moreover, we organize two analyst conferences a year in Paris. We also actively seek dialog with financial analysts and investors worldwide. Thus, for example, we presented Sartorius Stedim Biotech at a number of roadshows and conferences in Paris, London, and Frankfurt, including the Mid Cap Event in Paris in conjunction with Oddo Midcap. The large number of personal discussions also reflects strong interest from the capital market.

As a result of the merger, a new website has been created for Sartorius Stedim Biotech, with an Investor Relations microsite that presents all the relevant financial information in English and French. We are planning the ongoing addition of new functions and extended services to our internet offering in order to provide a greater depth of relevant information to all interested parties who visit our investor relations site.

Dividends

Sartorius Stedim Biotech S.A. follows a dividend policy that is geared towards the profits realized during the past fiscal year, on the one hand, and that takes account of the foreseeable future business development, on the other. On April 21, 2008, the Executive Management Board will suggest to the General Annual Shareholders' Meeting to pay dividends of €0.30 per share for fiscal 2007, and thus significantly increase dividends relative to the year earlier (€0.19; corporation distributing dividends: Stedim S.A.). In addition to this dividend growth, the rise in the number of shares by the 9,751,163 new shares, which were issued when capital was increased by contributing the Sartorius Biotechnology subgroup into Stedim, has essentially led to raising the suggested total for distribution to €5.1 million (previous year: €1.3 million; corporation distributing dividends: Stedim S.A.).

If this higher sum is approved at the Annual Shareholders' Meeting, the dividend payout ratio related to the pro forma underlying net profit excluding amortization would amount to 19.5%. Based on the opening share price of €39.50 for 2007 (Jan. 1st), this proposal for the Sartorius Stedim Biotech share would entail a dividend yield of 0.8%.

02

Management Report

- Pro forma underlying EBITA climbed to 13.2%
- Pro forma currency-adjusted sales revenue rose by 5.6%
- Integration process on track as planned

About Sartorius Stedim Biotech

Sartorius Stedim Biotech is a leading provider of cutting-edge equipment and services for the development, quality assurance and production processes of the biopharmaceutical industry. Its integrated solutions covering fermentation, filtration, purification, fluid management and lab technologies are supporting the biopharmaceutical industry around the world to develop and produce drugs safely, timely and economically. For next generation processes, Sartorius Stedim Biotech focuses on single-use technologies and added-value services to meet the rapidly changing technology requirements of the industry it serves. Strongly rooted in the scientific community and closely allied with customers and technology partners, the company is dedicated to its philosophy of "turning science into solutions." Sartorius Stedim Biotech was established in June 2007 when the Biotechnology Division of German company Sartorius AG merged with French-based Stedim S.A. Prior to the merger, both companies held leading market positions in their complementary market segments.

Chronology of the Merger

Sartorius AG acquired a controlling stake in Stedim S.A. in fiscal 2007. The transaction was completed as described below in accordance with a binding agreement concluded on February 21, 2007, between Sartorius AG and the two founders of Stedim S.A., Bernard Lemaître and Bernard Vallot.

First, Sartorius AG organized its entire Biotechnology Division as a legally independent subgroup. The steps necessary for this process were completed by June 2007.

Then on June 29, 2007, Sartorius AG acquired the founders' Stedim shares, which were essentially in the possession of their financial holding company VL Finance S.A.S., at a price of €43.00 per share. The purchase price was paid partly in cash and partly in a tranche of shares, known as reinvestment shares. This stage of the deal gave Sartorius 3,542,738 shares in Stedim S.A., the majority of which granted double voting rights.

Immediately following this first stage of the transaction, Sartorius AG, acting with the permission of an extraordinary shareholders' meeting of Stedim S.A. also held on June 29, 2007, transferred its Biotechnology Division into Stedim S.A. as a contribution in kind. In return for this contribution, Stedim S.A. then issued 9,751,163 new shares as part of a capital increase to Sartorius AG. At the conclusion of these steps, Sartorius AG held a stake of approximately 79% in the combined company and changed the latter's name to Sartorius Stedim Biotech S.A.

Having completed these first two stages of the deal, Sartorius AG made a mandatory offer to the shareholders of Sartorius Stedim Biotech S.A. to purchase their Sartorius Stedim Biotech shares at a price of €43.00 per share. Sartorius AG also offered a purchase price warrant as an alternative to those Sartorius Stedim Biotech shareholders who were invested in the company when the offer had expired. This warrant provides for compensation payment to be made on maturity in July 2009. The payment is calculated as the difference between €47.50, which is the capitalized purchase price, and the 30-day average trading price of the Sartorius Stedim Biotech share over the reference period. The payment is capped at a maximum of €20.00 per share. This warrant offered to Sartorius Stedim Biotech S.A. shareholders was an incentive for them to retain their shares and consequently helped ensure that the shareholder base remained as broad as possible. All shareholders chose to take advantage of the price warrant. Thus, none had sold any shares to Sartorius AG when the mandatory offer expired on July 26, 2007.

Once the offer had expired, the reinvestment shares, which constitute the shares' component of the purchase price, were transferred to the founders. The reinvestment shares represent about 9% of the capital stock of Sartorius Stedim Biotech S.A. and about 8% of its voting rights. The founders received the reinvestment shares together with a price warrant comparable to that offered to the other shareholders.

As of the completion date of this transaction, Sartorius AG holds around 70% of the capital stock in Sartorius Stedim Biotech S.A. and about 73% of its voting rights. Approximately 21% of capital stock and about 19% of the voting rights are in free float.

Strategic Background

The reverse merger of the Sartorius Group's Biotechnology Division and Stedim S.A. combined two innovative technology leaders whose product ranges, technologies and regional strengths complement each other perfectly. Sartorius had already been distributing disposable fluid handling bags for a number of years through a cooperative arrangement with a US partner, so there were strong strategic and operating reasons in favor of integrating this business into the Sartorius product and technology portfolio over the long term. Combining the Sartorius range of special filters, fermenters, bioreactors, systems and instruments with the business of Stedim, the global market leader for sterile disposable bags, has made the new company an especially attractive partner for customers in the biopharmaceutical industry.

In the fast-growing, dynamically innovative market that we serve, single-use bag technology is increasingly becoming a key platform technology for other disposable products. As the market penetration of disposable bags and preassembled filter-and-bag units in new biopharmaceutical production processes has increased markedly in recent years, we expect further significant growth in this area over the coming years. Because the market for applications using sterile disposable bags is expected to grow faster than the rest of the biotech market, we anticipate that this will give added momentum to our filter business. Moreover, we will also be able to accommodate the specific requirements of our customers across an even wider range of areas, and simplify scaling and validation of processes considerably by developing optimized combinations of filters and bags.

Another of the fundamental strategic considerations behind this business combination was the opportunity to share and completely merge the organizations' regional sales and distribution structures. The infrastructure already developed by Sartorius in Asia and Stedim's strong market position in North America both offer great benefits for Sartorius Stedim Biotech.

We are a global leader in bag technology and internationally rank among the leading companies in fermentation and filtration as well as in a series of purification technologies, such as membrane chromatography. According to our estimates, none of our competitors is currently so broadly positioned, or has such a strong focus on complete solutions.

The Integration Process

We made use of the time between the announcement of the deal on February 22, 2007, and its completion on June 29, 2007, to carry out detailed planning and preparation for the various integration steps to ensure that the combined company would be able to begin unified operation under a single effective structure at the earliest possible stage. This enabled us to launch the new, fully integrated organization immediately after the merger and to implement additional central integration measures successfully in the key areas of sales and marketing, supply chain management, research and development, and engineering and production by the end of the reporting year.

The new company has been operating consistently under the Sartorius Stedim Biotech name worldwide from its very inception. We have based our corporate design on the Sartorius Group's typography, graphics and color scheme, which are firmly established in the international marketplace. At the same time, we retain the names of the two companies to capitalize on the strong position that both enjoy in the biopharmaceutical market.

We divided the extensive array of integrated products and services into six organizational subunits based on the biopharmaceutical industry's process chain. Then we completed the integration of the two sales and distribution structures in Europe over a series of cross-locational sales coordination meetings and product training sessions. In the USA, we are right on schedule as well, and intend to complete integration there in the first few months of 2008. We are covering the Asian market through the Sartorius Group's well-established structures that are already available. As of mid-2007, we began training the local sales staff on the new products to ensure that effective sales and distribution of the integrated product range could begin as quickly as possible there as well.

Parallel to the progress made in integrating our sales activities, we are also nearing completion of this process for supply chain management. We ensured that customer-friendly combined order processing and comprehensive global availability of all products were already in place in our European operations by the summer, and intend to finalize implementation of this policy in North America by the end of the first quarter of 2008.

We also have nearly completed all our integration measures for research and development during the reporting year: we coordinated the two companies' research projects, established links between projects where appropriate and laid out our priorities for the future. In addition, we set up a number of international teams that work together closely on all pertinent technical issues and have already turned several initial projects into marketable products.

Macroeconomic Environment and Conditions in the Sector

Macroeconomic Environment

The global economy continued to grow strongly in 2007, although the problems in the financial markets triggered by the US real estate crisis certainly put a brake on growth in the second half of the year. According to data released by the International Monetary Fund (IMF) in the fall of 2007, the rate of increase in gross domestic product for 2007 as a whole remained largely unchanged from the previous year at 5.2% (2006: 5.4%). Although the western industrialized nations, especially the USA, saw their economies slow down, growth in the emerging nations, in particular those in Asia, remained dynamic and actually continued to accelerate (source: fall 2007 Joint Economic Forecast published by the leading German economic research institutes).

Global growth felt the impact of several external factors despite this powerful expansion. The price of oil rose to a new record high of more than US $90 a barrel over the course of 2007 as a result of sustained high demand from Asia and the USA and an insufficient increase in production on the part of OPEC (source: IMF). The value of the US dollar fell significantly against the euro in 2007 for the second year in succession, creating a considerable challenge for an exporter like the Sartorius Stedim Biotech Group. The euro was worth about $1.47 on December 31, 2007, which equates to an increase of more than 10% within one year ($1.32 at the beginning of the reporting year).

The US Federal Reserve (Fed) and the European Central Bank (ECB) made significant additional liquidity available to the market as a measure to counter the effects of the problems in the financial markets that began to develop in the second half of fiscal 2007. Concerned about the growing risk to the economy, the Fed also moved to trim interest rates with a cut of half a percent in September (source: IMF) and another in December, which reduced the prime rate from 4.5% to 4.25%.

The massive price falls that hit stock markets around the world on January 21, 2008, brought a very swift response from the Fed in the form of an unexpectedly high 75 base point cut in interest rates to 3.5%. The ECB, for its part, held off raising its base rate in September even though an increase was still expected as late as the beginning of August. Ultimately, the ECB kept the base rate at 4.0% all the way to the end of the year. The central banks were aided in their decisions by the fact that retail prices in the industrialized countries continued to rise at no more than moderate rates throughout the year (source: fall Joint Economic Forecast).

The US economy managed to grow 2.5% in the first half of 2007, but the turmoil unleashed in the global financial markets in the latter part of the year by the US real estate crisis and a moderate increase at best in private consumption ensured that growth for the year as a whole was rather muted at an estimated 1.9% (2006: 2.9%; source: IMF, fall Joint Economic Forecast).

The eurozone economy continued to grow in 2007 too, although the pace of growth slowed somewhat compared with 2006. This growth was driven primarily by a widespread increase in investment, especially in Germany, resulting from strong regional and global demand for capital expenditure on equipment coupled with an acceleration in construction activity and robust export business. The slight cooling off can be attributed in particular to the problems in the financial sector, the strength of the euro, and weakened consumer demand during the first half of 2007, especially in Germany (sources: IMF; fall Joint Economic Forecast). The fall Joint Economic Forecast estimates economic growth in the eurozone for the whole of 2007 at 2.6% (2006: 2.8%), while the IMF favors a figure of 2.5% (2006: 2.8%).

Leading German economic research institutes expect the German economy to post overall growth for 2007 of 2.6% (2006: 2.9%). Supported by private consumption, economic growth in France amounted to 1.8% (2006: 2.0%) according to the fall Joint Economic Forecast.

As in 2006, the Asian economies were once again the main engine of global growth in 2007. The Chinese economy expanded at an impressive rate, especially in the first half of the year, with the most dynamic performance in investment and exports. As a result, China's contribution to global economic growth — 11.5% according to the IMF (2006: 11.1%) — was once again very significant. The economy in India also continued to flourish in 2007 and is estimated to have grown by 8.9% over the course of the year (2006: 9.7%). This expansion was again powered by domestic demand: investment increased rapidly, and there was strong double-digit growth in public sector consumption (sources: IMF; fall Joint Economic Forecast).

The Japanese economy started the year 2007 well but began to slow in the second half of the year primarily as a consequence of declining investment and exports and weakened domestic demand. The most recent estimates from the IMF and leading German economic research institutes put growth in Japan for the year as a whole at 2.0% (2006: 2.2%).

Sector Conditions: Sartorius Stedim Biotech

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 Sartorius Stedim Biotech's business.

According to the preliminary findings of the international market research institute IMS Health, the global growth rate for the pharmaceutical market in 2007 remained largely unchanged from the previous year at 6%–7%. While western pharmaceutical markets saw growth of 4%–6%, the aspiring countries of Asia and Latin America posted above-average gains with double-digit growth rates.

Chemically manufactured "conventional" therapeutics remain the dominant product group across the global pharmaceutical market. Pharmaceuticals containing active ingredients produced using biotech methods once again contributed overproportionately to the growth across this market in the year under review, even though during this year some pharmaceutical groups had to give up on their candidate ingredients in the wake of the FDA's relatively restricted approval policy or accept significant restrictions as regards previously approved medications. Indeed, this particular product group, which has been expanding rapidly over recent years, saw growth of just about double the figure for the market as a whole. Pharmaceuticals containing active ingredients produced using biotech methods currently generate only approximately 10%–11% of the US $690 billion (IMS Health forecast for 2007) spent around the world on pharmaceuticals every year, despite having amounted to more than 50% of new approvals for the last six years. Across the globe, several hundred pharmaceuticals containing active ingredients produced using biotech methods have already made it onto the market. A good dozen of them were blockbusters, bringing in sales revenues of one to almost four billion US dollars.

Many pharmaceutical companies found themselves under increased cost pressure in the year under review as a result, in particular, of medications gaining only restricted approval or being denied approval altogether, and owing to the expiration of patents and the associated accelerated production of generics. Manufactures and suppliers have consequently launched an intensive effort to improve the effectiveness and efficiency of the entire process chain. Innovative production methods and more cost-effective production plants have a central role to play in this effort. Flexibility in production is also becoming more and more important for drug and vaccine manufacturers as they seek to reduce tied-up capital and respond more quickly to regulatory changes.

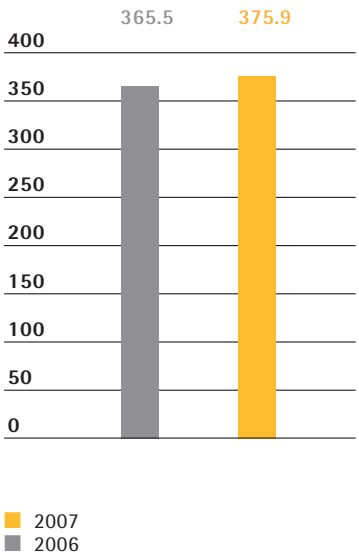
Even just a few years ago, the pharmaceutical industry appeared rather unwilling to implement new technologies in its production processes, not least because of the strict regulatory provisions. More recently, however, economic, safety and reliability concerns have changed its attitude altogether. The trend toward increased use of disposables in the production, transport and storage of biopharmaceutical media in particular continued to gather pace in the year under review. Introducing disposables reduces the need for the stainless steel components and systems previously favored, which generally entail high investments and significant tied-up capital, and require 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 a large number of innovative disposables for individual steps in the biopharmaceutical manufacturing process launched, and it became clear that biopharmaceutical manufacturers are increasingly interested in complete solutions. No less important than these concerns about efficiency and flexibility are the issues of process scalability and the validation characteristics of the technologies used.

The trend toward disposables technologies was also one of the main triggers of the recent upsurge in Mergers & Acquisitions activity in the supply sector. Indeed, the dynamic increase in demand for disposable products was the most important factor behind the strategic decision to merge the Sartorius Biotechnology Division with the French company Stedim S.A.

Along with these longer term and relatively stable trends, the year under review also delivered the aforementioned — in some cases quite significant — setbacks to the pharmaceutical industry, especially in the second half. The meanwhile rather muted sentiment percolating through the sector in the latter part of the reporting year was also evident from several pharmaceutical and biotech share indexes (for example, the NASDAQ Biotechnology Index), which either ground mostly to a halt or went into reverse.

Group Business Development

Sales Revenue
pro forma, € in millions



To provide a comprehensive and informative picture of the business development and financial situation of the Sartorius Stedim Biotech Group, we additionally report pro forma figures, especially for order intake, sales revenue and earnings, as already mentioned in our earlier interim reports. These pro forma disclosures have been prepared as if all of the relevant transactions – i.e., the reverse merger of the Sartorius Biotechnology Division and Stedim and the acquisition of Toha Plast – had been completed by January 1, 2006, to ensure the best possible comparability of the figures for fiscal 2007 with those of the previous year.

Sales Revenue

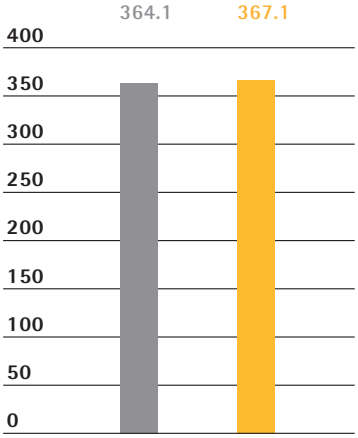
In fiscal 2007, the Sartorius Stedim Biotech Group achieved its sales revenue target, as adjusted in October 2007, and generated pro forma sales revenue of €375.9 million. This corresponds to a gain of 2.8% when compared with the previous year's figure of €365.5 million. Currency-adjusted sales revenue increased by 5.6%. Growth momentum slackened in the second half of 2007 as a result of the unfavorable exchange rate development and weakened demand from individual key biopharmaceutical customers in North America.

Growth was driven by business with disposables for biotech applications, especially in the areas of filtration and purification. Development of our equipment business in North America was not satisfactory. Therefore, sales revenue achieved for this segment was at the previous year's level.

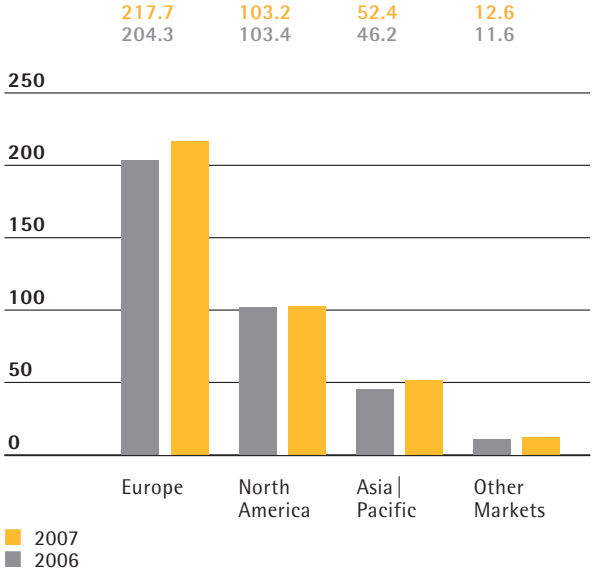
Looking at the regions on a pro forma basis, we achieved the highest growth rate in Asia | Pacific (currency-adjusted: 13.4%). Growth in Europe also reached a good level at a currency-adjusted rate of 6.6%. Sales revenue in North America was on the same level as the previous year's on the basis of constant currencies. This was primarily attributed to weakened second-half demand from a number of key customers.

Actual sales revenue for the Sartorius Stedim Biotech Group attained €268.8 million. This figure is comprised of former Stedim Group sales figures as of June 29, 2007, and sales revenue of the former Biotechnology Division of the Sartorius Group for the period of April 1 to December 31, 2007.

Order Intake
pro forma, € in millions



Sales Revenue by Region
pro forma, currency-adjusted, € in millions



Order Intake

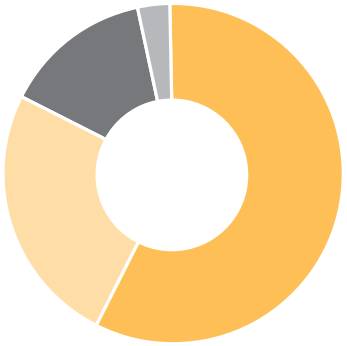
Pro forma order intake grew 0.8% to €367.1 million from €364.1 million a year ago. This was a lower rate than in the first nine months due to fluctuations in equipment business. Currency-adjusted order intake rose 3.5%.

Order intake varied from business area to business area. We reported substantial growth rates for the disposables business. These rates were primarily fueled by the filter business. At the same time, order intake for the equipment business declined as a result of unsatisfactory development in North America.

Looking at the regions on a pro forma basis, we achieved the highest currency-adjusted growth rate, at 8.3%, in Asia | Pacific. Growth rates in North America and Europe were more moderate overall at 3.7% and 2.9%, respectively, in constant currencies. Weaker development in equipment business was the major cause of this discrepancy.

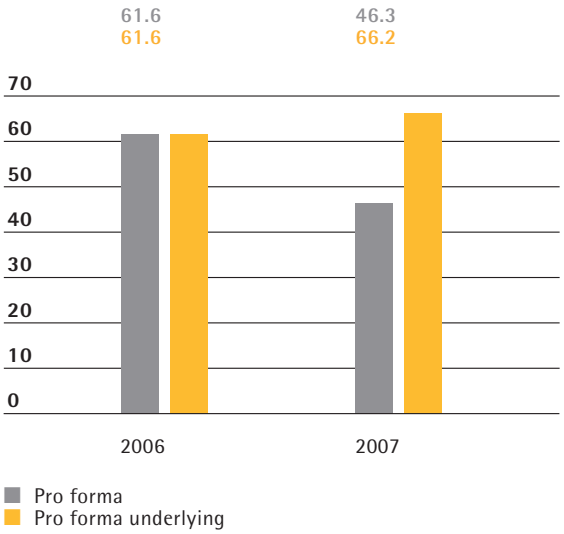
Actual order intake for fiscal 2007 was €257.4 million.

Sales Revenue by Region
pro forma, in %

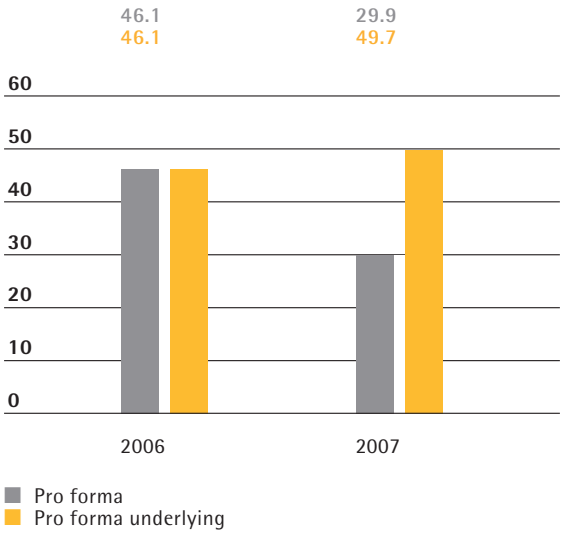


Europe	**57.6**
North America	**25.2**
Asia	Pacific	**13.9**
Other Markets	**3.3**

EBITDA
€ in millions



EBITA
€ in millions



Earnings

The Sartorius Stedim Biotech Group uses earnings before interest, taxes and amortization (EBITA) as the key figure for measuring earnings. Amortization in this context refers exclusively to the purchase price allocation (PPA) to intangible assets according to IFRS 3 and potential goodwill impairment losses. The Sartorius Stedim Biotech Group's actual EBITA for fiscal 2007 amounts to €18.2 million.

Because the actual financial statements represent the former Sartorius Biotech business for the period of April 1 to December 31, 2007, and the former Stedim business for the period of June 29 to December 31, 2007, only, the respective result does not indicate the full-year business of the combined entity Sartorius Stedim Biotech. Therefore, pro forma results have been prepared in addition to the actual income statement information under the technical assumption that the Sartorius Biotech | Stedim transaction had already been completed on January 1, 2006.

To provide a complete and transparent picture of the Group's profitability, we additionally present the pro forma EBITA adjusted for non-operating and other non-permanent effects. The overwhelming majority of the adjustments involve costs within the framework of the reverse merger of the former Sartorius Biotechnology Division and Stedim and the associated integration costs and wider-ranging reorganization measures.

We met our earnings forecast, as adjusted in October 2007, for the year ended, and reported an underlying pro forma EBITA of €49.7 million. The corresponding EBITA margin was 13.2% and thus within our defined target corridor of 13.0%–13.5%. The pro forma underlying EBITA for the previous year was €46.1 million; the corresponding EBITA margin, 12.6%. The Group's pro forma underlying EBITDA was €66.2 million for fiscal 2007, in comparison with €61.6 million for fiscal 2006.

Reconciliation actual | pro forma underlying EBITA

	in millions of €
Actual EBITA	**18.2**
Pro forma adjustments	11.7
Of which:	
Former Sartorius Biotechnology Division	7.8
Former Stedim Group	3.9
Pro forma EBITA	**29.9**
Pre-closing restructuring expenses for Stedim	2.0
Transaction	integration expenses	5.3
Restructuring Q4	2007	8.2
Of which:	
Plant closed in Bethlehem, PA, USA	4.5
Plant closed in Napa, CA, USA	2.7
Fuel cell activities discontinued	1.0
Other non-recurrent items	3.0
PPA impact included in EBITA	1.4
Pro forma underlying EBITA	**49.7**

Given the unfavorable exchange rate situation, we are satisfied overall with the profitability gains we have made. Apart from currency effects, our underlying pro forma EBITA margin has risen by one solid percentage point year-on-year, especially due to economies of scale in our disposables business.

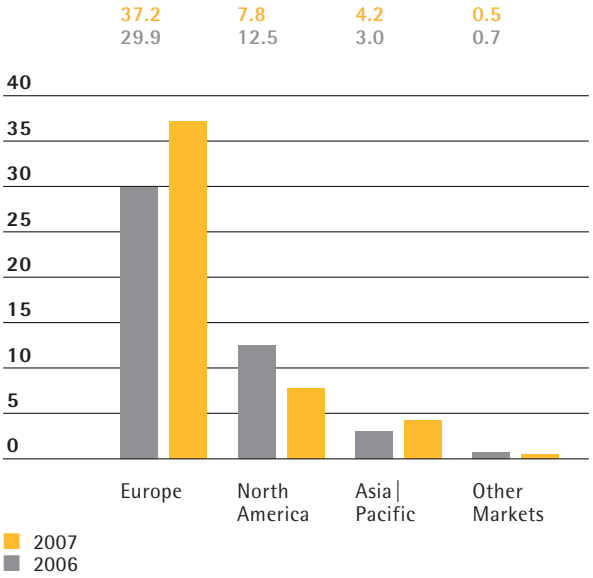
Transaction and integration costs, which we estimated at €5–10 million at the beginning of the year, were at €5.3 million. The costs incurred for additional measures concerning future operations were not included in this forecast. This applies in particular to the extensive reorganization of equipment business in North America, which we approved in the fourth quarter of 2007 and immediately began to implement. Under this new businees model, we will be subcontracting the manufacture of relatively large stainless steel systems to one of our alliance partners. At the same time, we also decided to consolidate our engineering activities, which were spread across three sites following the merger of Sartorius Biotechnology and Stedim, at a single location in the USA. We also discontinued our fuel cell activities in the fourth quarter in order to focus our research and development efforts even more strongly on our pharmaceutical and biotech core market segment. Two other non-cash amounts, namely the restructuring costs incurred at Stedim prior to the completion of the deal and the valuation effect from the acquired Stedim inventories resulting from the IFRS consolidation rules, were also excluded from the forecast mentioned above.

Pro forma underlying earnings per share amount to €1.26. Adjusting this figure to improve comparability by removing the effects of non-cash and non-operating amortization increases pro forma underlying earnings per share to €1.55.

Our pro forma underlying EBITA for fiscal 2007 was the highest in Europe, where it rose to €37.2 million (2006: €29.9 million). Pro forma underlying EBITA in North America slipped from €12.5 million to €7.8 million over the same period, while rising from €3.0 million to €4.2 million in the Asia | Pacific region. Our pro forma underlying EBITA in the Other Markets segment fell from €0.7 million in fiscal 2006 to €0.5 million in the year ended.

The Sartorius Stedim Biotech Group's actual EBITDA is €29.2 million. The actual net profit totals €4.7 million and the resulting actual earnings per share amount to €0.39.

EBITA by Region
pro forma underlying, € in millions



Cash Flow Statement
Summary

€ in millions	2007
Cash earnings	**22.8**
Cash flow from working capital	**4.4**
Cash flows from operating activities	**26.0**
Cash flows from investing activities	**–13.6**
Net cash flow	**12.4**
Cash flows from financing activities	**–6.5**
Cash and cash equivalents	**7.5**
Gross debt owed to banks	**161.3**
Net debt owed to banks	**153.8**

We generated most of our actual earnings through our European companies, where we posted an actual EBITA of €15.7 million. Additional contributions to actual earnings came from the companies in the Asia | Pacific region (€3.6 million) and Other Markets (€0.2 million). Our figures for North America show a slight loss of €1.4 million.

Cash Flow

Actual net cash flow of the Sartorius Stedim Biotech Group was €12.4 million in fiscal 2007. This figure essentially resulted from cash earnings of €22.8 million, a cash flow from working capital of €4.4 million and cash flows from investing activities of –€13.6 million. The cash flows of the former Sartorius Group Biotechnology Division were included as of April 1, 2007, and those of the former Stedim Group are included as of June 29, 2007.

The cash flows from investing activities primarily covered spending on expansion projects, such as the construction of a new laboratory building for research and development at the Goettingen location, acquisition of property at the Bangalore site in India and spending on replacement investments. The only payment streams generated for the Sartorius Stedim Biotech Group by the reverse merger of the Sartorius Biotechnology Division and Stedim were incidental transaction costs.

Actual net cash flow was substantially positive. This together with cash flows from financing activities of –€6.5 million and the impact of exchange rate fluctuations (–€1.3 million) caused cash on hand to increase to €7.5 million (2006: €4.6 million).

With gross debt at €161.3 million, net debt on the reporting date of December 31, 2007, was €153.8 million.

Earnings
pro forma underlying

	€ in millions	**2007 %***	€ in millions	2006 %*
EBITDA	**66.2**	**17.6%**	61.6	16.8%
EBITA	**49.7**	**13.2%**	46.1	12.6%
Earnings per share excluding armortization (in €)	**1.55**			

*) As a % of pro forma sales revenue

Appropriation of Profits

Management will submit a proposal to the General Annual Shareholder's Meeting on April 21, 2008, for payment of a dividend of €0.30 (previous year: €0.19; corporation distributing dividends: Stedim S.A.) per share from the profit reported for fiscal 2007. This distribution will enable its shareholders to participate adequately in the company's profits. Based on the 2007 (Jan 1st) opening share price of €39.50, this payment would result in a dividend yield of 0.8% for Sartorius Stedim Biotech shares.

Research and Development

We intensified our research and development activities in fiscal 2007 by expanding our infrastructure and hiring new staff. Research and development costs on a pro forma basis totaled €26.8 million. Because of the reverse merger, these expenses are hardley comparable with those of the previous year (€22.7 million). The ratio of R&D costs to sales revenue was 7.1% (previous year: 6.2%).

Optimizing complex production processes is a matter of great concern for our customers in the biopharmaceutical industry, and their demand for innovative technologies is immense. Consequently, we focus our research and development efforts on the creation of products and methods that facilitate the efficient production of biopharmaceutical active ingredients. Once again, the increasing use of disposable products influenced the direction of our research and development activities strongly in the year under review.

One of the year's main highlights for R&D came with the completion and formal opening of our new laboratory building in Goettingen. Erected in just eight months, the approximately 3,000 m^2 complex provides advanced laboratories, pilot facilities and offices that have increased our R&D capacity by more than 50 percent and brought all of our R&D resources in Goettingen together under one roof, which is particulary beneficial to the areas of prototype development and application-oriented testing.

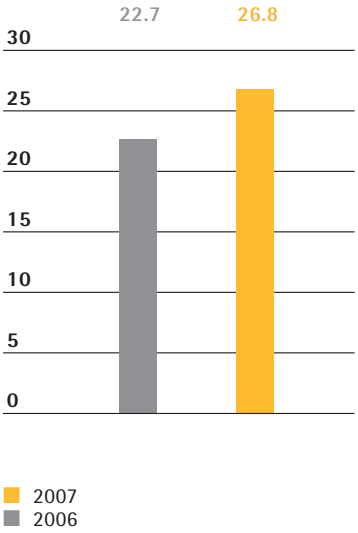
The new cell culture laboratory wing has substantially increased our capabilities in this area too, to the extent that we are now even able, for the very first time, to work with mammalian cell lines of specific relevance to customers and as a result can test our products very quickly under process-oriented conditions. Thanks to an antibody-producing cell line we have licensed, which enables us to check applicability in relation to both our own and customer products, we are now able to reduce development times for disposable bioreactors and the like significantly, and generate empirical application data at the same time. The new complex includes a biosafety level 2 virus lab as well. This gives us the ability to carry out virus studies in-house and test products for viral clearance and inactivation, such as our Virosart filtration untis and membrane adsorbers, enabling us to focus even more closely on customer applications. We have also been able to expand our service portfolio and cut costs using the opportunities opened up by this new lab.

We target our R&D activities in line with the strategic guidance we receive from marketing, which in turn is derived from observations of current trends and information about our customers' future needs. In the process, we orient ourselves toward our clear objective of mapping the entire biopharmaceutical manufacturing process with products and innovative methods so that we can offer a complete solution. This explicitly applies to disposable and hybrid systems as well as traditional stainless-steel-based processes. Our product range in this area extends from disposable sensors to complete systems, such as the new SARTOFLOW Alpha plus disposable crossflow unit.

We have mounted a substantial development effort in the area of sensor technology, and during the year under review we were able to launch the first disposable sensors. Another highlight was the realization of a prototype for a large process-scale disposable bioreactor, equipped with disposable sensors and a single-use controller, which was developed in an international project involving close collaboration between the Stonehouse, Goettingen and Aubagne sites.

Disposables were the focus of our development effort. Traditional filtration products, for example, received considerable attention from our R&D teams in 2007 as we sought to expand the leading position we have established in the area of sterile filters and prefilters. Rapid design changes made to products such as Minisart, Biosart and the like as part of this effort enabled us to meet the specific requirements of major customers in the medical-grade segment. We also continued to work on developing new technologies to produce a new generation of filters with novel properties. Activities in this field included fundamental work on surface modification in sterile filter membranes, a technique that promises to deliver marked improvements in the performance of future versions of sterile filters, such as Sartopore and Sartobran P.

Research and Development Costs
pro forma, € in millions



We also develop a range of new products and technologies for the laboratory in areas ranging from cell culture and techniques for viral gene therapies to new products in traditional applications, such as media filtration and microbiology.

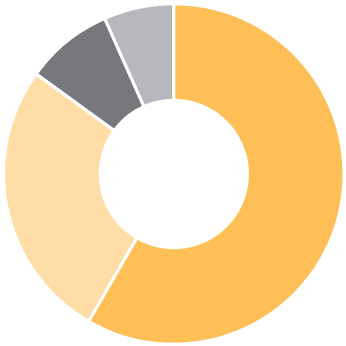
Merging the Biotech Division with the French company Stedim has created a unique combination of technical and scientific skills in the research and development arena. The center of competence for plastic films, film extrusion, bag and container design, tubing and connectors at Sartorius Stedim Biotech's headquarters in Aubagne, southern France, was also expanded during the year under review.

The acquisition of Sartorius Goettingen's longtime supplier Toha Plast GmbH, which was completed in January shortly before the merger, is proving to be most significant in terms of our research and development work as well. The expertise we have gained in plastics processing means that we can now develop high quality, high precision plastic components faster, and are therefore able to respond more rapidly and with an even larger measure of innovation to new, specific market requirements.

Research and Development

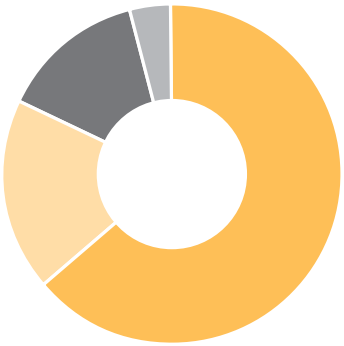
	2007
Pro forma R&D costs in millions of €	**26.8**
As a % of pro forma sales revenue	**7.1%**
Number of patent and trademark applications	**130**
Number of patents and trademarks registered	**98**

Employees by Function
pro forma, in %



Production	**58.5**
Sales & distribution	**26.6**
R&D	**8.5**
Administration	**6.4**

Employees by Region
pro forma, in %



Europe	**64.0**
North America	**18.4**
Asia | Pacific	**13.7**
Other Markets	**3.9**

Employees

Sartorius Stedim Biotech employed a total of 2,311 people at the end of fiscal 2007. This number decreased by nearly 1% relative to the pro forma figure for the previous year (2,343).

The regional figures show a slight increase of just under 1% to 1,478 employees in Europe in fiscal 2007 (2006: 1,468). North America experienced a decrease of 2% to 426 employees (2006: 436) due to reorganization efforts there. Likewise, the Asia | Pacific region also saw a 4% drop to 316 employees (2006: 329). In all other regions, we employed 91 people, which represents a 17% reduction in 2007 as compared with the previous year (2006: 110).

The majority of Sartorius Stedim Biotech's employees, 59%, work in production and production-related areas such as quality management and supply chain management (2006: 57%). Sales and distribution staff accounted for 27% (2006: 26%). Research and development saw a slight increase in the percentage of employees to 8% (2006: 7%). Administrative staff numbers decreased and are now at about 6% (2006: 10%).

As an innovative technology group, Sartorius Stedim Biotech has numerous highly qualified employees, especially in the natural sciences and process engineering. We also maintain a host of teams in the administrative functions, such as purchasing, finances, and human resources, in order to ensure that our operations run smoothly within the company and with our business partners and customers. We seek to retain our employees for the long term by presenting interesting opportunities for personal development. Thanks to the success of this retention strategy, our employees often have gained many years of experience over long careers at the Sartorius Group or Stedim S.A.

As early as their traineeships with us, young people are familiarized with the company and promoted and trained according to need. Our 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.

We prefer to fill management vacancies at Sartorius Stedim Biotech from within our own ranks. Our comprehensive management development program provides employees with the opportunity to enhance and expand their individual management skills. We cultivate an open, team-oriented environment at all levels of our company in line with our management guidelines. Our low attrition rate stands as proof of the effectiveness of our commitment to staff.

At an international level, we aim to fill research and development posts by working to establish from an early stage strong ties between the company and students and graduates in the natural sciences and engineering from across the globe. The International Biosciences Scholarship program helps people gain formal qualifications, and seeks to develop the skills employees need for effective international project and team work. Strength in this area is vital for us as a global company.

In addition to aiding employees with their continued education and providing opportunities for personal development, we also take a close interest in employees' health. Indeed, promoting health and job safety are the two pillars of Sartorius Stedim Biotech's corporate health management policy. It aims to bring about sustained improvements in health awareness and industrial accident prevention and to ensure that the job demands and work organization are conducive to good health.

We continuously optimize and adapt job safety policies in line with the applicable laws and regulations and pertinent expert recommendations. As an example, the new laboratory complex that opened in May 2007 incorporates the very latest technology and meets the most stringent safety requirements. Training events and information days about job safety and continuing education opportunities are also held regularly, as are health promotion seminars on subjects such as quitting smoking.

Environmental Management

Sartorius Stedim Biotech 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 an environmental protection program that covers every stage of our products and production. This program is subject to continuous further development and represents the standard for our international sites. Our environmental protection activities focus on the efficient use of raw materials and energy, reductions in the use of consumable materials, and recycling.

Our policy for optimizing energy consumption is a rigorous exploitation of every potential opportunity to save energy. In the year under review, sustained energy management helped us stabilize energy consumption at our site in Goettingen despite increased production. Optimized control technology for natural gas and electricity meant that we were able to reduce both energy consumption and CO_2 emissions.

In membrane production at Sartorius Stedim Biotech, we achieved further optimization in our existing approach to recycling solvents externally. We have completed the planning for a multistage reprocessing plant that will be installed at our production facilities in Goettingen in the near future. This will permit us to feed the recycled solvents directly back into the production process.

During the year under review, we were able to achieve significant success in the recycling of consumable materials at our site in Aubagne. In 2006, less than 25% of the plastics waste could be recycled, but last fiscal year we were able to raise that figure to approximately 65%. Other measures were aimed at the disposal and recycling of electrical devices in compliance with the European directive Waste Electrical and Electronic Equipment (WEEE).

Sartorius Stedim Biotech S.A., the parent company, designs and manufactures single-use soft plastic containers in France for the biopharmaceutical industry. Its operations are environmentally compatible as a result of its distinct characteristics.

The majority of Sartorius Stedim Biotech S.A.'s products are made from recyclable plastics. PVC, a known environmental hazard, is not used in its products. Manufacturing focuses on plastic transformation processes, such as film extrusion, injection molding, film sealing and assembly. These processes do not impact the environment negatively, as they do not discharge hazardous wastes into the environment. Furthermore, all products are manufactured in a controlled environment. Thus, all aspects of production are undertaken in a class 10,000 cleanroom, resulting in near-sterile conditions for the facilities and products. Total annual electricity consumption cost €0.2 million. Total annual water consumption came to €0.01 million, mainly for watering the grounds.

The operations performed at Sartorius Stedim Biotech S.A. do not cause noise pollution in the surrounding area.

Social Responsibility

The goal of our social program is to maintain a tangible link to our scientific and regional roots. Thus, science and research, education and society are inevitably the main focus of our commitment.

In the area of science and research, Sartorius Stedim Biotech has made it a priority to support and promote academic work and to provide financial assistance for talented young scientists. For example, we contribute financially to the Academy Prize for Biology awarded by the Goettingen Academy of Sciences, 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 Experimental Laboratory for Young People (XLAB). Sartorius Stedim Biotech also sponsors outstanding researchers from within the company through its own international scholarship program, the International Biosciences Scholarship, which focuses largely on research and development and product management.

The Sartorius College, the Sartorius Group's conference and training center in Goettingen, offers a platform for professional knowledge transfer both for our own employees and for current and potential external customers. The educational program comprises approximately 40 seminars every year from the areas of communication, business leadership, business administration and foreign languages as well as more than 20 specialized training courses in biotechnology. Sartorius Stedim Biotech also encourages dialog between science, business and society through public lectures, readings and technical symposia.

Sartorius Stedim Biotech shows its dedication to the region by sponsoring socially and culturally relevant projects. In these projects, we place great value on professional quality and broad appeal in order to strengthen the company's attractiveness to the region – and therefore to its employees.

Marketing | Sales and Distribution | Service

Sartorius Stedim Biotech is a global supplier and technology partner for the biopharmaceutical industry. Our strategy as a provider of integrated and complete solutions is to cover large areas of our customers' process chain with a wide range of products.

We followed this strategy consistently in the year under review, and significantly extended our range of products through in-house developments, cooperative activities and, above all, through reorganization in the Stedim Group. In this regard, products and solutions based on innovative disposables technology played a major role. We restructured our product range and the associated marketing organization in response to the merger of the former Sartorius Biotechnology Division and Stedim Biosystems and divided them into the Laboratory, Fermentation, Filtration and Purification application segments and the Fluid Management segment, which roughly corresponds to the sterile, single-use bags, transport containers and transfer systems, which largely make up the former Stedim product range.

Furthermore, we established a new Services segment in recognition of its growing strategic importance. This segment provides services such as process optimization and validation to enhance the program offered by the five application segments.

In the year under review, we again expanded our global key account management, which forms a vital bridge between marketing and regional sales operations. We combined the relevant areas of Sartorius and Stedim and added new staff. With US-based management as well, we are now able to support the research activities and production processes of our major customers even more closely and effectively. Given the existing market structures, we attach particular importance to a strong presence in the USA, since this is where the great majority of pharmaceuticals produced using biotech methods are developed and approved.

The integration of innovative technologies from development partners and the establishment and cultivation of strategic partnerships also form part of our business strategy. A good example of this strategy in practice is the agreement we reached during the reporting year with the Helmholtz Centre for Infection Research (HZI) concerning the use of its hydrocyclone technology. This agreement gives us access to an effective technical solution for the design of continuous cell culture processes in

both traditional bioreactor systems and disposable bioreactors, and grants us an exclusive right to develop, manufacture and distribute products in which the hydrocyclone technology is used.

We also signed a project-related agreement with Greenovation Biotech GmbH covering joint process development and industrial-scale realization of what Greenovation calls bryotechnology, an innovative fermentation and purification process for the production of highly effective plant-based proteins.

Companies in the biopharmaceutical business are increasingly interested in innovative and efficient ways to manufacture their products. This trend has become particularly pronounced in recent years in the field of vaccine production, not least as a result of the marked upswing that has spread through this segment of the pharmaceutical industry of late. The efficacy of preventive measures, which are often implemented at irregular intervals, depends to a great extent on the speed with which vaccines become available. Flexible disposable production systems have much to offer here, as the pharmaceutical industry is increasingly coming to appreciate. This applies to our entire product range in the area of fermentation, filtration and purification and the storage of biopharmaceutical media. 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 disposable solutions.

Trade fairs are an important part of our marketing activities because they provide an opportunity to bring customers into direct contact with our products. We participated in trade fairs in Europe, Asia and North America during the year under review.

We used our new unified branding and corporate design on our materials for the first time at the Pharmatex and the Biotechnica events. At Biotechnica, which is the leading trade fair for the European biotech sector, we presented a large number of new products in addition to our extensive existing range. These new products included Sartobind nano, which is the smallest membrane adsorber capsule, the SARTOFLOW Alpha plus crossflow filtration system, and the Cultibag RM 200 disposable bioreactor, each of which attracted a substantial amount of interest.

Sartorius Stedim Biotech's experts continue to actively exchange knowledge and expertise with users and researchers. They have given presentations at numerous conferences worldwide and their specialized knowledge is repeatedly sought by international trade journals. Our Downstream Technology Forums, which enable us to strategically promote knowledge transfer and hence boost the pace of innovation in specific areas, have become popular and highly respected conferences with customers, scientists and application specialists. We organized several of these highly successful events in Europe and the USA during fiscal 2007 and attracted a total of around 400 participants. The intensive exchange of experiences that our experts maintain with customers and scientists also demonstrably enhanced market acceptance of our products and technologies.

Our marketing organization devoted considerable attention to external communication on the merger during the year under review in order to ensure that our customers, our suppliers and the public understood the Stedim transaction. From the outset, Sartorius Stedim Biotech enjoyed a high media profile due to our large-scale advertising campaigns and a host of interviews and contributions in the international trade press.

We continued with our traditional sales promotion activities in fiscal 2007 and also launched a biotechnology newsletter to increase customer contact over the internet. The Biotech Newsletter enables us to update a wide audience every quarter about new products, applications and technologies and simultaneously increase the frequency of visits to the product pages on our website.

At the beginning of the year under review, our marketing materials worldwide were updated with our new slogan of "turning science into solutions," which is intended to express the central role played in our business by technical and scientific innovation.

In addition to having a clear focus on our principal customers in the biopharmaceutical sector, we also supply customers in the food industry with special filters for beverage filtration and microbiological testing. Owing to similarities between the specific applications involved, we see considerable potential in the supply of equipment for functional food production processes. The food industry is less intensively regulated than the biopharmaceutical sector and its product development times are considerably shorter. Here, we are able to bring our existing expertise to bear on the design of production processes and thus set our own products apart from those of the competition.

Products

Sartorius Stedim Biotech restructured and expanded its range of disposables significantly during the year under review, in keeping with its standing as a provider of integrated solutions for the biopharmaceutical industry. We offer our products in a series of sizes and volumes to match the phases of our customers' process development operations. Customers are thus able to use the same production technology at all times as testing proceeds.

Product highlights in fiscal 2007 included the launch of the new SARTOFLOW Alpha plus high-performance filtration system, which directly addresses the growing demand from the industry for greater flexibility in R&D process design. The modular benchtop system for semiautomated microfiltration, ultrafiltration and diafiltration is designed specifically for process development, clinical trials and small-scale production processes and can additionally be adapted quickly and easily to different production requirements in downstream processing. Thanks to a heat-sterilization module, it also offers the possibility of making all crossflow filtration processes aseptic. The cGMP-compliant system operates with both disposable components and permanently installed containers and can be adapted to any process. Even with the standard model, customers can choose from among a large number of modules and options.

Another result of our clear focus on process development and optimization is the new BIOSTAT Qplus fermentor | bioreactor system, which was also introduced during the year under review. Designed especially for parallel operation, the BIOSTAT Qplus provides fully independent control of up to twelve low-volume culture vessels. Measuring and controlling individual process parameters is straightforward, thus scale-up and scale-down experiments, cell line characterization and even quality checks can all be performed quickly. Moreover, the ability to process a large number of samples simultaneously makes it possible to evaluate a wide range of process parameters rapidly.

Fiscal 2006 saw the launch of our first disposable bioreactor, the BIOSTAT Cultibag RM, which is designed for laboratory applications. We followed this up in the year under review with the BIOSTAT Cultibag RM 200, which forms part of the same product series but has a working volume of up to 100 l and is therefore ideal for small-scale production. Our disposable bioreactors provide comprehensive control of all critical parameters and are therefore particularly valuable for cultivating shear-sensitive cells.

We completed our range of membrane adsorbers during the year under review with the introduction of the Sartobind nano, which is currently the smallest chromatography capsule available. Ideal for polishing high-cost proteins, it is designed for applications such as the removal of viruses, DNA, host cell proteins and monoclonal antibodies. The Sartobind nano has a tiny bed volume of just one milliliter, which can cut costs significantly in the purification process development phase by reducing the amount of material that needs to be used in expensive virus removal studies. In addition, the nano-capsule enables linear scale-up from lab to process-scale production.

Over the year under review, we also enhanced our range of single-use bags and containers for the transport and storage of biopharmaceutical media by adding new products for particularly large volumes. These include our first bags to offer a capacity of up to 2,500 l.

Integrating the Sartorius and Stedim product ranges was also a priority for us in fiscal 2007. We initiated an intensive effort to coordinate and develop compatible products and those for new applications. We already have some examples scheduled for launch as early as the first half of 2008.

Production and Supply Chain Management

Sartorius Stedim Biotech operates a well developed international production network to ensure that it can supply its customers around the world promptly and reliably. The merger of the Sartorius Biotechnology Division with Stedim S.A. increased both the number of production facilities and the global presence of the new joint company. Sartorius Stedim Biotech has production operations at a total of eleven locations around the globe: 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) and Bangalore (India), disposable laboratory products in Stonehouse (UK), and aseptic transfer systems in Lourdes (France). We also engineer fermentors, bioreactors, filtration and freeze-thaw systems for the North American market in Springfield, Missouri (USA).

The acquisition of Toha Plast GmbH, a long-standing supplier at our Goettingen site, marked a significant strategic step during the year under review. This acquisition took place in January of the fiscal year, and thus shortly before the merger with Stedim S.A. We took over the company's activities at the Puerto Rico site already in 2006, and the completion of its takeover and integration enabled us to secure our supply processes for the long term at the main production site for filters. This acquisition also creates enhanced delivery reliability for our customers in the biopharmaceutical industry, who are subject to strict regulatory controls, especially in the area of process development and validation, and consequently rely heavily on consistently high product quality and continuous supply.

Bringing Toha Plast GmbH on board has also boosted our expertise in the field of plastics processing and increased our vertical integration, both of which add value in light of the rapidly expanding market for disposables.

We began restructuring our business processes in fiscal 2006 in order to safeguard our ability to supply customers promptly and reliably. We continued with this initiative consistently during fiscal 2007, completing it successfully by the end of the year. We again stood by our philosophy of largely supplying the various markets directly from our production facilities in order to reduce lead and order processing times. This approach saw us relocate our warehousing operation in North America to Puerto Rico to create a main logistics center for the North American market.

In North America, we consolidated our freeze-thaw technology activities as of the end of the fiscal year. Engineering, order processing and project management are now all based in Springfield, Missouri, and the site in Napa, California, has been closed.

The progress of stainless steel systems business in North America proved just as unsatisfactory in the year under review as it had been in the two previous years. Thus, we decided at the end of fiscal 2007 to make fundamental changes to our business model in this sector. We have accordingly entered into a strategic partnership with American plant engineering specialist Paul Mueller, which will take over production of stainless steel systems for the North American market for us in the future. In line with this decision, we will be closing our production facilities at Bethlehem, Pennsylvania, in mid-2008 and pooling our customer-specific plant engineering operations with the corresponding activities in freeze-thaw business at the Springfield site.

Organization

Sartorius Stedim Biotech has been organized as a legally independent subgroup ever since it was created by the merger of the former Biotechnology Division of the Sartorius Group and Stedim. Sartorius Stedim Biotech's parent corporation has its headquarters at Aubagne near Marseille in southern France.

The Sartorius Stedim Biotech organization is globally aligned. All of the central functions, such as Marketing and Sales, Distribution and Service, Production and Supply Chain Management, and Research and Development, are managed centrally under global responsibility and closely coordinated with the management of the local companies. This structure allows us to achieve optimal integration of our production facilities and branch offices, 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.

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

The organizational priorities in the year under review included the planning and worldwide implementation of the integration process following the business combination of the Sartorius Biotechnology Division and Stedim. Activities in this area centered on coordinating and organizing the new joint sales and distribution structures in Europe, North America and Asia, strengthening our key account management system and placing this system on a more international footing. Moreover, we also focused on integrating and restructuring our product portfolio, for which we defined a total of six application areas.

Net Worth and Financial Position

Consolidated Balance Sheet

The Sartorius Stedim Biotech Group's balance sheet total was €640.7 million on December 31, 2007.

Equity reached €362.8 million, partially as a result of contributing the Sartorius Biotechnology Division to Stedim S.A. in connection with a capital increase through a contribution in kind. The Group thus finds itself in a very comfortable capital funding position, as is also reflected by its equity ratio of 56.6%.

The great majority of liabilities to banks, which totaled €161.3 million, were current liabilities on the reporting date of December 31, 2007.

The property, plant and equipment and intangible assets acquired in the deal and the goodwill created at the same time constituted the lion's share of the €479.0 million in non-current assets. The long-term-capital-to-fixed-assets ratio was 89.0% and is expected to rise once the refinancing of the liabilities to banks has been completed.

Current assets, which consist essentially of receivables and inventories, totaled €161.7 million on the reporting date.

For the respective details concerning the balance sheet, please refer to the Notes to the Financial Statements beginning on page 94.

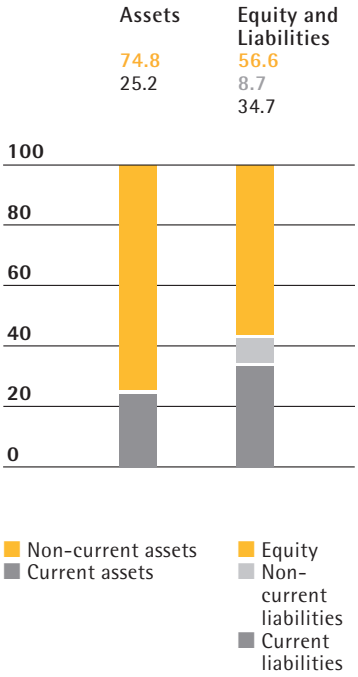
Financing | Treasury

The Sartorius Stedim Biotech Group sources its financing predominantly from the bridge loan arranged by Sartorius AG for the Stedim transaction. Goettingen-based Sartorius Stedim Biotech GmbH is the official beneficiary of this facility, which was set up with Commerzbank, Dresdner Bank and West/LB in March 2007. We aim to replace this bridge loan with a long-term financing package within the next few months.

In addition to this bridge loan, we also have access to a number of bilateral credit lines of around €48 million. Currently, we are using only a portion of these bilateral facilities.

Our gross debt owed to banks was €161.3 million on the reporting date, and our net debt amounted to €153.8 million. The net-debt-to-EBITDA ratio (pro forma underlying EBITDA) was 2.3. Gearing, the ratio of net debt to equity, was 0.4. Thus, the key ratios for assessing creditworthiness are at a thoroughly comfortable level.

Balance Sheet Structure 2007
in %



As a consequence of our global sales and distribution structure, we generate payments in various foreign currencies. Essentially, these are payments in US dollars, Japanese yen and British pounds. Because of this, we are affected by currency fluctuations, especially in the exchange rate of the euro to the US dollar. Using our global manufacturing network with production facilities outside Germany – e.g. in North America, the UK and India – we can compensate for the majority of currency fluctuations (natural hedging). We hedge the remaining net currency exposure through suitable currency transactions.

Key Balance Sheet Figures

	2007
Equity ratio	
Equity / Balance sheet total	**56.6%**
Long-term-capital-to-fixed-assets ratio	
Long-term capital / Fixed assets	**89.0%**

Key Working Capital Figures

		2007
Rate of turnover for inventories (in days)		
Inventories / Pro forma sales revenue	× 360	**51**
Rate of turnover for receivables (in days)		
Trade receivables* / Pro forma sales revenue	× 360	**81**
Rate of turnover for net working capital (in days)		
Net working capital** / Pro forma sales revenue	× 360	**107**

* incl. those from or to affiliated companies and from or to those in which investments are held
** sum of inventories and trade receivables* less the trade payables*

Key Financials

	2007
Net-debt-to-EBITDA ratio	
Net debt / Pro forma underlying EBITDA	**2.3**
Gearing	
Net debt / Equity	**0.4**

Risk and Opportunities Report

Risk Management System

As a group that operates internationally, the Sartorius Stedim Biotech Group is inevitably exposed to various risks associated with these operations. To help us track existing and potential risks efficiently, we implemented a a risk management system (RMS). It keeps the executive management informed about the overall risk situation at all times so executive management can take suitable action when required.

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 Stedim Biotech Group that had the potential to negatively impact our net worth, financial situation and | or profitability.

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 plastic components has given us much greater independence on the procurement side.

Production Risks

We ourselves manufacture products that belong to our core areas of technical expertise, usually with a high level of vertical integration, and work in collaboration with partners to manufacture other non-core products. The latter 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

Sales 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 Stedim Biotech 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 level of quality achieved in Sartorius Stedim Biotech 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

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 has created a certain amount of customer concentration in a few product segments. We are aiming at further expanding our customer base by offering the corresponding products to a wider range of our already existing customers, with the goal of establishing these products in this extended range.
In fiscal 2007, we generated approx. 30% of pro forma sales revenue with our top ten customers.

Competitive Risks

Sartorius Stedim Biotech has a leading competitive position in most of its markets. Some of our competitors are relatively large, and most share our status as a globally operating company. Our competitors include Millipore and Pall. 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 Stedim Biotech 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 training 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. Employment contracts in certain cases contain a clause prohibiting any move to a direct competitor.

Financial Risks

The global nature of the Sartorius Stedim Biotech 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 to the Financial Statements (please refer to pages 122 to 126).

Exchange Rate Risks

We generate approximately 40% of consolidated sales revenue in US dollars or in currencies pegged to the US 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 a large proportion of our products for the North American market locally, and are therefore not disadvantaged in any way in competition with our US rivals. We use derivative financial instruments to hedge against net currency exposure. By this, we mean the proportion of our foreign currency sales revenue that remains after we have settled our costs. Our hedging strategy provides for exposures to be hedged approximately 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 is subject to interest based on the market rate and therefore exposed to interest rate risks. We monitor interest rate trends constantly and have the facility to arrange hedging transactions where we consider it necessary and economically advisable to do so.

Liquidity Risks

The Sartorius Stedim Biotech Group's short-term solvency is secured by the bridge loan put in place in March 2007 to finance the Stedim transaction. We intend to refinance this syndicated credit line as soon as possible and in the process move the

Group's financing onto a broader and more long-term footing. 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 Stedim Biotech 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 Stedim Biotech over the medium term. To respond rapidly to any product defects and minimize any adverse consequences, Sartorius Stedim Biotech established a traceability system that enables us to recall an entire product batch immediately, if necessary.

Environmental Risks

The nature of the Sartorius Stedim Biotech Group's business and operations is such that we constantly interact with the environment and thus need to deal with environmental risk issues, such as emissions. Responsibility for preventing incidents of this kind and monitoring all of our environmentally-relevant operations around the world rests with the 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.

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 that are not allowed for in our balance sheet.

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 as well as 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.

Risks of Future Development

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

Business Development Report

Future Macroeconomic Environment

The IMF adjusted its 2008 growth forecast for the global economy in the second half of 2007 due to the likelihood that the turbulence witnessed in the global financial markets will persist. It now estimates that global economic growth, while remaining at a high level, will slow from 5.2% in 2007 to 4.8% in 2008.

The euro is expected largely to maintain its current strength against the US dollar over the coming fiscal year. On average, expert predictions suggest signs of a recovery for the US dollar later in 2008, possibly trading at $1.40 by the end of the year.

The economic outlook for the USA appears dampened in the face of the ongoing real estate crisis and a marked slowdown in the growth of private consumption. The IMF expects the US economy to grow by 1.9% in 2008 (2007: 1.9%). The US Federal Reserve (Fed) cut its prime interest rate to 4.25% in December because of growing economic risks and then slashed rates to 3.5%, a cut of 75 base points, in response to the price crashes that hit stock markets around the world on January 21. The Fed has made it clear that further interest rate cuts to stabilize the US economy remain a possibility.

The IMF adjusted its 2008 growth forecast for the eurozone downward by 0.4% to 2.1% in the second half of 2007 (2007: 2.6%). The economic fundamentals in the region remain robust, but the turmoil in the financial sector, the slowdown in the USA and the strength of the euro are all likely to continue to curtail the recovery in the eurozone in 2008. The European Central Bank left its basic rate unchanged at 4.0% in 2007, but was considering an increase in 2008 in light of the growing threat of inflation.

The upturn in Germany appears to be sufficiently well rooted to be able to withstand the adverse effects now visible, although the pace of expansion is likely to be noticeably slower. For example, the leading German economic research institutes expect the country's economy to grow by 2.2% in 2008 (2007: 2.6%). Domestic demand, a key driver of the German economy, may well expand rapidly, but the strength of the euro will probably hamper export business.

Private demand is expected to sustain the French economy over the coming quarters, with consumers likely to continue feeling the benefits of an increase in net incomes and a simultaneous slowdown in inflation. Consumer purchasing power is also expected to receive an additional boost as a result of tax and duty cuts (source: fall Joint Economic Forecast). The leading German economic research institutes nevertheless anticipate that economic growth in France will remain below 2.0% once again in 2008 (2007: 1.8%).

Global economic growth in 2008 will be driven primarily by the economies of Asia. China again looks set to play a leading role here. Economic growth in the country, while probably becoming slightly more moderate at 10.5% (2007: 11.0%) as a result of weaker domestic demand, is likely to remain very strong (source: fall Joint Economic Forecast). Leading German economic research institutes expect the less open Indian economy to be insulated from most of the effects of the downturn in the USA, and accordingly predict an economic growth of 8.5% in 2008 (2007: 9.0%).

Growth in the Japanese economy will probably be rather restrained at 1.7% (2007: 2.0%; source: IMF; fall Joint Economic Forecast). Export business in particular is expected to suffer as a consequence of the weaker global economy and the greater strength of the yen. Domestic demand is expected to stabilize (source: fall Joint Economic Forecast).

Sector Outlook for Sartorius Stedim Biotech

The international market research institute IMS Health expects global growth in the pharmaceutical industry to dampen slightly in 2008. Total market volume is predicted to reach US $735–$745 billion, with growth falling somewhat short of the 2007 level (6%–7%) at 5%–6% (IMS forecast report).

The pharmaceutical industry will need to adjust to an increasingly complex set of requirements in the future. A number of western industrialized countries have health care reform plans in place, one aim of which is to reduce treatment costs, while competition from countries such as India and China will continue to change the very nature of the pharmaceutical industry's research, development and production structures. Experts base their predictions for Asia in part on the expectation of a longer-term trend of relatively high investment by pharmaceutical companies. These investments encompass new research and development facilities as well as new production facilities. The market in Europe should remain stable overall, although companies will probably become more hesitant about major investments in production plants. This effect will be particularly pronounced in cases where just a single medication will be produced.

Moreover, further displacement in the consumer market is anticipated. While the USA will likely remain the leading market for drug sales for the time being, countries like China and India are catching up fast due to their strong market growth.

Growth rates for the global pharmaceutical market are expected to remain stable in the medium to long term. A recent study by the accounting firm PricewaterhouseCoopers suggests that the pharmaceutical industry's total sales worldwide will more than double by 2020 to around US $1.3 trillion. The authors base this prediction on aging populations in the industrialized countries and the drive in developing countries to bring health care provision up to the level of the industrialized countries. Global population will of course continue to rise as well. According to the aforementioned study, there were 6.5 billion people in the world in 2005, and this figure will rise to 7.6 billion by 2020.

The search for new active ingredients will continue unabated, as many illnesses are still untreatable. Generic products will be one of the most important drivers of growth in the area of medications in addition to novel specialized therapeutics for fields such as cancer treatment. In 2007 alone, medications worth US $16 billion, several blockbusters among them, lost their patent protection.

In this context, medications produced using biotech methods will take on a much more significant role. According to sector experts they will also be the source of strong growth in sales revenue.

Although chemically synthesized pharmaceuticals currently account for about 90% of the total market and are thus the mainstay of the pharmaceutical industry's production facilities, around 70% of medications now in the clinical testing phase contain biopharmaceutical active ingredients. It is clear from these figures that the growing need to tackle the many specific issues and challenges involved in manufacturing biopharmaceutical medications and to invest in the associated production facilities will be one of the principal concerns of companies in the sector. In this area, IMS Health forecasts sales revenue growth for 2008 at about 18%, which is on a par with last year.

The increasing use of disposables technologies will play a central role in biopharmaceutical production over the next few years. This highly dynamic development is also becoming more and more important for the development of new production methods for vaccines, an area of the pharmaceutical industry for which significant growth rates over the next few years have been predicted.

Fueling this trend are the significant reductions that can be achieved in investment spending coupled with lower production costs and improved flexibility for pharmaceutical manufacturing. Although innovative single-use products such as disposable bioreactors have only just begun to make inroads into the market, this area is expected to enjoy substantial growth rates and significantly greater market penetration for disposables technologies. It is also clear in this connection that biopharmaceuticals manufacturers are increasingly interested in complete solutions based on disposables in order to harness the full potential of disposables technologies and master the necessary validation steps efficiently. Against this backdrop, the more acute cost pressure in the pharmaceutical industry also opens up new opportunities for providers of innovative technologies and solutions such as Sartorius Stedim Biotech. However, particular market developments could affect this positive mid- to long-term outlook in the short run.

Future Business Development

In fiscal 2008, Sartorius Stedim Biotech Group targets sales revenue growth of more than 12% in constant currencies relative to the pro forma sales revenue of fiscal 2007. This growth will be fueled, in particular, by the disposables business. Based on this sales revenue target and on an average exchange rate of 1.40 US dollars to the euro, we are striving to increase our EBITA margin to around 14%. For fiscal 2008, non-cash amortization is forecasted to be around €6 million.

Our medium-term objective up to 2011 projects a compound annual growth rate (CAGR) of 14% to 15% in constant currencies. In the same period, we will be aiming at increasing our operating EBITA margin to around 16.0% to 16.5%, which will be especially leveraged by economies of scale.

Disposables technologies are strongly on the rise, and we anticipate that our disposables business will be the major engine driving our growth over the coming years. Our high-growth products already established on the market, such as filters, single-use containers and aseptic bags, will account for much of our development, but innovative products that we have recently launched or that are still in our product pipeline will also generate a significant share of our growth.

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 business.

Financial Statements of the Parent Company Sartorius Stedim Biotech S.A.

Financial Statements of the Parent Company

Sartorius Stedim Biotech S.A. is the holding company of the Group. In addition to its own operations that it conducts in close cooperation with corporate support functions based in Germany, it also acts as the Group's head office and performs some or all corporate functions, which include Finance, Human Resources, Research and Development, Information Systems, Quality Management and Purchasing.

The year 2007 was particularly noteworthy on account of the merger of Stedim S.A. and Sartorius.

In 2007, sales revenue generated at Sartorius Stedim Biotech S.A. was €48,616 K* compared to €52,158 K in 2006, a drop of 6.8%. The operating result was €1,610 K. Non-operating income and expenses totaled –€12,681 K and include the effect of writing down the shares in the company Sartorius Stedim Freeze Thaw Inc. (formerly IB Inc.).

The net result for 2007 is –€11,481 K compared to €7,858 K in 2006.

Net debt owed to banks is €28,416 K. The increase in the debt owed to banks is primarily attributable to the €7 million loan taken out to pay the transaction costs entailed by the merger between the Sartorius Biotech and Stedim groups.

Allocation of the Net Result

The Board of Directors will submit a proposal to the General Annual Shareholders' Meeting to allocate the 2007 loss of €11,481,567 as follows:

– Allocate €10,000,000 of the loss for the year to "Other Reserves";

– Carry forward the balance of €1,481,567;

and decides to:

– Transfer the amount of €5,069,396 from "Share Premiums" to be distributed to shareholders as a dividend

As a result, for every share with a par value of €0.61, a net dividend of €0.30 will be paid. Individual shareholders resident in France for tax purposes are eligible to receive the 40% tax rebate mentioned in the 2nd and 3rd paragraphs of Article 158-3 2 of the French General Tax Code.

The amounts distributed after January 1, 2005, and eligible for a tax rebate were as follows:

Year ended	Income eligible for a tax rebate	
	Dividends	Other income distributed
Dec. 31, 2006	€1,344,458.75	
Dec. 31, 2005	€1,328,270.00	
Dec. 31, 2004	€971,803.80	

* K = thousand(s)

Sartorius Stedim Biotech S.A. Share Capital

Share Capital as of December 31, 2007

Total capital comes to ten million three hundred and seven thousand seven hundred and seventy-two euros and sixty-eight cents (€10,307,772.68). It is divided into 16,897,988 shares worth sixty-one cents (€0.61) each, all fully subscribed and paid up (Heading I, Article 6 of the bylaws).

Movements in Sartorius Stedim Biotech S.A. Share Capital

The increase in share capital during 2007 is attributable primarily to Sartorius's subscription of 9,751,163 new shares in Sartorius Stedim Biotech as part of the contribution in kind made by Sartorius to Sartorius Stedim Biotech of the single share that constitutes the share capital of Sartorius Biotech GmbH, in accordance with the provisions of Article L.225-147 of the French Commercial Code.

Date	Nature of transactions	Share par value	Share capital increases	Share premium	Number of new shares	Number of shares after the transaction	Share capital after the transaction
June 21, 2002	Granting of a free share for each 10 shares held deducted from share premium	3.05	317,078.00	–317,078.00	103,960	1,143,562	3,487,864.10
July 13, 2002	Exercise of share subscription options	3.05	2,684.00	47,634.40	880	1,144,442	3,490,548.10
Jan. 15, 2003	Exercise of share subscription options	3.05	268.40	–268.40	88	1,144,530	3,490,816.50
May 23, 2003	Granting of a free share for each 10 shares held deducted from share premium	3.05	349,081.65	–349,081.65	114,453	1,258,983	3,839,898.15
May 5, 2004	Granting of a free share for each 10 shares held deducted from share premium	3.05	383,988.90	–383,988.90	125,898	1,384,881	4,223,887.05
May and June 2005	Exercise of share subscription options	3.05	10,226.65	129,972.60	3,353	1,388,234	4,234,113.70
June 10, 2005	5 for 1 split of share par value	0.61	0.00	0.00	5,552,936	6,941,170	4,234,113.70
2nd half 2005	Exercise of share subscription options	0.61	28,197.25	368,513.29	46,225	6,987,395	4,262,310.95
1st half 2006	Exercise of share subscription options	0.61	39,747.60	612,943.90	65,160	7,052,555	4,302,058.55
2nd half 2006	Exercise of share subscription options	0.61	3,050.00	43,100.00	5,000	7,057,555	4,305,108.55
1st half 2007	Exercise of share subscription options	0.61	48,354.70	818,031.90	79,270	7,136,825	4,353,463.25
June 29, 2007	Reverse merger between Sartorius and Stedim	0.61	5,948,209.43	44,102,031.00	9,751,163	16,887,988	10,301,672.68
2nd half 2007	Exercise of share subscription options	0.61	6,100.00	134,400.00	10,000	16,897,988	**10,307,772.68**

Sartorius Stedim Biotech S.A. Shareholdings as of December 31, 2007

Situtation of Sartorius Stedim Biotech Shareholdings

Shareholders	**Shares**	**Voting rights**
More than 50%	Sartorius AG	Sartorius AG
More than 10% but less than 50%	None	None
More than 5% but less than 10%	BL Invest	None

Over the past three years, the ownership of Sartorius Stedim Biotech share capital has been distributed as follows:

	December 31, 2005			December 31, 2006			**December 31, 2007**		
Shareholders	Number of shares	% of share capital	% voting rights	Number of shares	% of share capital	% voting rights	**Number of shares**	**% of share capital**	**% voting rights**
Sartorius AG							**9,770,178**	**57.82%**	**51.66%**
Single voting rights							**9,770,178**	**57.82%**	**51.66%**
Double voting rights									
VL Finance (a)	3,463,268	50.02%	66.53%	3,527,266	49.98%	66.42%	**2,012,095**	**11.91%**	**21.28%**
Single voting rights	47,708			70,231					
Double voting rights	3,415,560			3,457,035			**2,012,095**	**11.91%**	**21.28%**
Total Sartorius Group							**11,782,273**	**69.73%**	**72.94%**
BL Invest							**902,744**	**5.34%**	**4.77%**
Val Invest							**608,884**	**3.60%**	**3.22%**
Treasury shares									
Personnel and other shareholders									
General public	3,461,137	49.98%	33.47%	3,530,289	50.02%	33.58%	**3,604,087**	**21.33%**	**19.07%**
Total shares	6,924,405			7,057,555			**16,897,988**	**100.00%**	**100.00%**

Crossing Thresholds

During 2007, Sartorius Stedim Biotech S.A. registered the following equity threshold events:

- By means of its letter of June 29, 2007, the German company Sartorius AG (Weender Landstrasse 37075 Goettingen, Germany) declared that on June 29, 2007 it exceeded, directly and indirectly, the 5%, 10%, 15%, 20%, 25%, 1/3, 50%, and 2/3 thresholds in share capital and voting rights in the company Sartorius Stedim Biotech (formerly known as Stedim) and that it holds directly and indirectly, by means of the simplified joint-stock company (SAS) VL Finance, 13,293,901 shares in Sartorius Stedim Biotech, i.e., 78.72% of the share capital and 82.31% of the voting rights in the company (at that specific moment).
- By means of the letter dated July 13, 2007, the non-trading companies BL Invest, La Seigneurie (based at Travers de la Seigneurie, 13009 Marseille) and Val Invest (303 Boulevard des Hirondelles, 83150 Bandol) declared that on June 29, 2007, jointly and indirectly via VL Finance SAS, it fell below the 50% voting rights threshold and the 1/3, 25%, 20%, 15%, 10% and 5% share capital and voting rights thresholds of the company Sartorius Stedim Biotech, and that it no longer held, directly or indirectly, any interest in Sartorius Stedim Biotech. These equity threshold events are attributable to the transfer by the declarants of 100% of the share capital in the company VL Finance to Sartorius AG.
- By means of the letter of August 1, 2007, the non-trading company BL Invest (87 Traverse de la Seigneurie, 13009 Marseille), controlled by the Lemaître family, declared that on July 27, 2007, it exceeded the 5% share capital threshold and that it held 902,744 shares and voting rights in Sartorius Stedim Biotech, representing 5.35% of the share capital and 4.78% of the voting rights in the company. This equity threshold event resulted from the transfer to BL Invest of 902,744 shares in Sartorius Stedim Biotech by way of payment in settlement of the transfer by BL Invest, Val Invest and La Seigneurie of 100% of the share capital in VL Finance SAS to Sartorius AG on June 29, 2007.

The table previously shown on page 50 shows the distribution of the company's share capital as of December 31, 2007.

Control of the Company as of December 31, 2007

Sartorius AG holds, directly or indirectly, 69.73% of the share capital and 72.94% of the voting rights.

Staff Shareholdings

With the exception of stock subscription plans (stock option plans), the company does not run any employee profit-sharing schemes.

Treasury Shares Held by Sartorius Stedim Biotech

Sartorius Stedim Biotech is not currently planning to buy back any of its own shares.

Unpaid Capital

None

Authorized but Unissued Capital

None

Securities Not Representative of the Share Capital

None

Other Securities Giving Access to the Share Capital

Stock Options

Share Subscription Plan

It has been proposed to delegate to the Board of Directors, for a period of thirty-eight months, the ability to grant share subscription options for the benefit of employees and senior executives, as defined by law, both in the company and in economic interest groups and companies linked to it, pursuant to Article L.225-180 of the French Commercial Code.

The total number of options that may be granted by the Board of Directors by virtue of this authorization may not give the right to subscribe or purchase more than 1% of the share capital outstanding on the day of first allocation, in accordance with legal limits, in particular those set forth by Articles L.225-182 and R225-143 of the French Commercial Code.

The share subscription price to be paid by beneficiaries will be established on the day options are granted by the Board of Directors and may not be less than the minimum price determined by applicable prevailing legal provisions. The option exercise period set by the Board may not exceed ten years from the allocation date.

In consideration of the aforementioned restrictions, the Board is thus vested with all powers to set other terms and conditions for the allocation and exercise of options, in particular to set the conditions according to which options shall be granted, and to draw up the list or categories of beneficiaries as provided for above, to set the period or periods for the exercise of any such options granted, to carry out or provide for all actions and formalities for the purposes of finalizing the capital increase or increases that may result from the exercise of options, to amend the bylaws accordingly and, in general, to take any action as required.

Such options enabling the subscription of shares have been granted to certain employees. The options are dependent on achievement of the consolidated net profit objectives set each year by the Board of Directors. The objective of these stock option plans is to optimize the commitment of certain managers and executives employed by the Group in order to increase their contribution to the expansion of the Company and allow them to share in this growth by providing them with the opportunity to subscribe to shares of the Company.

Date on which the AGM* authorized the plan	Board meeting	Total number of options granted	Total options granted to senior executives	Number of senior executive beneficiaries	Numer of beneficiairies	Subscription price (€)	Number of shares subscribed from Jan. 1, 07 Dec. 31, 07	Number of options granted and exercisable	Remaining number of beneficiaries
June 23, 2000	Aug. 2, 2000	139,105			5	8.59	16,600	0	
June 23, 2000	Sept. 28, 2001	142,855			7	11.94	20,250	4,060	
June 23, 2000	Oct. 14, 2002	12,100			1	6.78	2,420	0	
June 23, 2000	Sept. 10, 2003	22,000			1	7.90		4,400	4,400
June 23, 2000	Feb. 11, 2004	66,000			1	6.42		22,000	
June 23, 2000	July 23, 2004	140,000			19	9.23	35,000	70,000	
June 10, 2005	Sept. 15, 2005	127,500	30, 000	1	15	18.87	15,000	46,667	10,000
June 10, 2005	Nov. 10, 2006	35,000			2	29.51		17,500	
Total		**684,560**	**30,000**	**1**	**51**		**89,270**	**164,627**	**14,400**
								179,027	

* AGM = Annual (General) Shareholders' Meeting

Development of the Number of Stock Options
between January 1, 2005, and December 31, 2007

	2007	2006	2005
Outstanding shares at January 1	**318,450**	378,610	375,600
Allocated during the period	**0**	35,000	127,500
Cancelled during the period	**–27,653**	–25,000	–61,500
Exercised during the period	**–89,270**	–70,160	–62,990
Lapsed during the period	**–22,500**	0	0
Outstanding at December 31	**179,027**	**318,450**	**378,610**

Share Capital Dilution

At December 31, 2007, the total number of shares liable to be issued on the basis of performance-based share subscription options was a potential 179,027 shares or 1.06% of the fully diluted share capital.

Share Subscription Options Granted to Each Senior Executive of the Company and Options Exercised by Them in Fiscal 2007

In September 2005, 30,000 share subscription options at a price of €18.87 per share were granted to the CEO of Sartorius Stedim Biotech S.A. Liliane de Lassus. This stock option program may be exercised as of 2007 in thirds, subject to the pre-condition that the objectives set by the Board of Directors are met. Accordingly, no such option was exercised in 2007.

Share Subscription Options Granted to the Ten Top Non-senior Executive Beneficiaries and Options Exercised by Them in the 2007 Fiscal Year

None

Options Exercised during the Fiscal Year

Of the 89,270 options exercised during the fiscal year, the ten most significant accounted for a total of 89,270 options.

Share Subscription Warrants

Sartorius Stedim Biotech S.A. has not issued any share subscription warrants.

Pledging of Shares

No Sartorius Stedim Biotech S.A. shares were pledged.

Pledging of Assets

Type of pledging	Date of initial pledging	Date pledging expires	Amount of assets pledged (a)	Total balance sheet (b)	% (a)/(b)	Conditions for pledging to be waived
Intangible assets						
Property, plant and equipment						
Investments						
Sartorius Stedim Freeze Thaw shares	July 7, 2004	July 7, 2011	11,992	31,792	37.72%	Loan repayment

in euros	2006	2005	2004	2003	2002
Dividend per share for the year	0.19	0.19	0.14	0.13	0.13
Number of shares	7,057,955	6,987,395	6,924,405	6,294,915	5,722,210
Dividend corrected per share[1)]	**0.19**	**0.19**	**0.14**	**0.12**	**0.11**

[1)] Compared to the number of shares as of December 31, 2007

Dividend Distribution Policy

The Company has a dividend distribution policy based on net profit generated at the Group level during the relevant fiscal year as well as on the Group's foreseeable growth and profitability.

On May 11, 2007, the General Annual Shareholders' Meeting voted for payment of a dividend of €0.19 per share. The dividend was available for payment on May 30, 2007.

Dividends and interim dividends unclaimed after five years following the payment date must be paid to the State, i.e., France (Article 2277 of the French Civil Code).

Senior Executives

Information on Sartorius Stedim Biotech S.A. senior executives, as well as the list of positions they hold or have held over the past five years, is included in the Corporate Governance report.

Directors' Meeting Attendance Fees

Directors' meeting attendance fees are calculated on an annual basis. They represent 5% of salaries of the ten best-paid individuals employed by Sartorius Stedim Biotech S.A.

A third of directors' fees is evenly distributed among the Directors. The balance is allocated at the end of the year based on the number of board meetings each member attends.

A total of €72,000 was paid in directors' meeting attendance fees in 2007.

Directors' Remuneration

	Base	fixed salaries € in K*	Annual incentives € in K*	Long-term incentives € in K*	Other € in K*	Stock options	Departure indemnity € in K*	Directors' meeting attendance fee € in K*
Total	1,145	728	103	135	10,000	240	22
Joachim Kreuzburg[1)]	440	475	63	112[2)]	0	0	0[3)]
Liliane de Lassus	240	53	0	23	10,000	240	12
Volker Niebel[4)]	229	100	20	0	0	0	6
Reinhard Vogt[5)]	236	100	20	0	0	0	4

[1)] Joachim Kreuzburg receives his salary from Sartorius AG for his duties as CEO for the entire Sartorius Group including Sartorius Mechatronics. His remuneration is determined annually by the Executive Task Committee of the Sartorius AG Supervisory Board.
[2)] The long-term incentive plan is comprised of a phantom stock plan and a two-year incentive program.
[3)] Due to his employment contract with Sartorius AG, Joachim Kreuzburg is not allowed to receive additional remuneration in any other Group company.
[4)] Volker Niebel receives his salary from the subsidiary Sartorius Stedim Biotech GmbH for his work in the entire Sartorius Stedim Biotech Group. His remuneration is determined annually by the shareholders of Sartorius Stedim Biotech GmbH.
[5)] Reinhard Vogt receives his salary from the subsidiary Sartorius Stedim Biotech GmbH for his work in the entire Sartorius Stedim Biotech Group. His remuneration is determined annually by the shareholders of Sartorius Stedim Biotech GmbH.

* K = thousand(s)

Independent Auditors

The independent auditors for Sartorius Stedim Biochtech S.A. are:

- Ernst & Young, represented by Jérôme Magnan — Alternate auditor: Patrick Gounelle
- Deloitte & Associés, represented by Vincent Gros — Alternate auditor: BEAS

Current and Regulated Agreements

The shareholders of Sartorius Stedim Biotech are requested to approve the agreements that are covered by Article L.225-38 of the French Commercial Code and duly authorized by the Board of Directors, in the form submitted to them.

Five-Year Financial Results of the Parent Company Sartorius Stedim Biotech S.A.

(€ in K*)	2003	2004	2005	2006	**2007**
Share capital at end of period					
Share capital (capital stock)	3,840	4,224	4,262	4,305	**10,308**
Number of shares outstanding	6,294,915	6,924,405	6,987,395	7,057,555	**16,897,988**
Transactions and financial performance for the period					
Sales revenue (excl. VAT)	35,470	37,590	41,449	52,158	**48,616**
Profit before tax, employee profit sharing plan, amortization, depreciation and provision expenses (and reversals)	3,084	8,107	4,180	13,401	**6,743**
Income tax	9	1,262	226	4,499	**-282**
Contribution to employee profit-sharing plan	0	257	0	944	**0**
Net result	748	4,489	504	7,858	**-11,481**
Dividends	844	969	1,328	1,344	**5,069**
Results per share					
EPS after tax and employee profit-sharing but before amortization, depreciation and provision expenses	0.49	0.95	0.57	2.67	**0.40**
EPS after tax and employee profit-sharing, amortization, depreciation and provision expenses	0.12	0.65	0.07	1.11	**–0.68**
Dividend per share	0.13	0.14	0.19	0.19	**0.30**
Personnel					
Workforce size	237	214	229	240	**246**
Personnel costs	7,154	7,250	7,730	8,973	**10,011**
Social security costs	3,434	3,401	4,004	4,576	**5,089**

* K = thousand(s)

turning science into solutions

Scalable

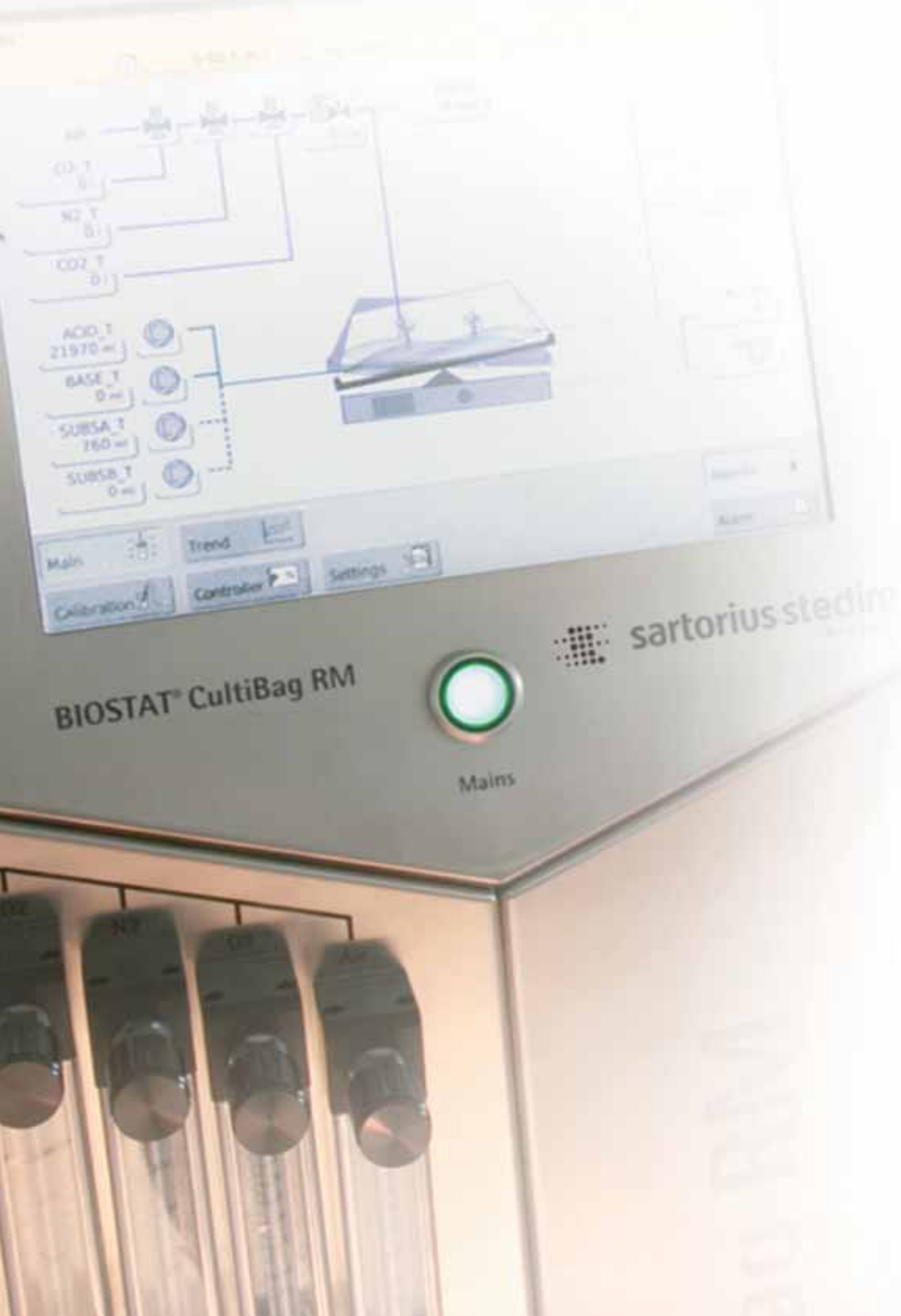
laboratory technology

A partner for research and development in industry and the public sector – with advanced and scalable cell cultivation, filtration and purification technologies as well as microbiological analysis and lab water systems.


Overlay

Fermentation

The widest range of bioreactors and fermentors from benchtop to process scale and from disposable to reusable technologies.




sartorius stedim

Filtration

A complete, scalable array of filter capsules and cartridges for all bioprocessing steps — backed by decades of experience in filter technologies.


DB2

Purification

A leading position in crossflow filtration, membrane chromatography and virus removal technologies for state-of-the-art initial recovery and contaminant clearance in biomanufacturing.


4982
sartorius stedim

Fluid management

Pioneer and leader in single-use systems, freeze-thaw processing and aseptic transfer systems, with the most extensive capabilities for creating fully integrated, single-use biomanufacturing solutions.


HALTER 4
sartorius stedim
Validation Report
Project No. 9-35-9603

Services

Dedicated experts for process optimization, validation and regulatory support as well as in-depth training courses and extensive instrument services – rapidly deployable and globally available.


Validation Report
Project No. P-15-0003

Total solution provider

Sartorius Stedim Biotech provides cutting-edge equipment and services that help our customers make bioprocesses even faster, safer and more efficient. Strongly rooted in the scientific community and closely allied with technology partners, we are dedicated to our philosophy of "turning science into solutions."

03

Corporate Governance

The Board of Directors and Its Committees

Sartorius AG acquired a controlling stake in Stedim S.A. in fiscal 2007. The transaction was completed as described below in accordance with a binding agreement concluded on February 21, 2007, between Sartorius AG (Biotechnology business activities) and the two founders of Stedim S.A., Bernard Lemaître and Bernard Vallot.

First, Sartorius AG organized its entire Biotechnology Division as a legally independent subgroup. The steps necessary for this process were completed by June 2007.

Then on June 29, 2007, Sartorius AG acquired the founders' Stedim shares, which were essentially in the possession of their financial holding company VL Finance S.A.S., at a price of €43.00 per share. The purchase price was paid partly in cash and partly in a tranche of shares, known as reinvestment shares. This stage of the deal gave Sartorius 3,542,738 shares in Stedim S.A., the majority of which granted double voting rights.

Immediately following this first stage of the transaction, Sartorius AG, acting with the permission of an extraordinary shareholders' meeting of Stedim S.A. also held on June 29, 2007, transferred its Biotechnology Division into Stedim S.A. as a contribution in kind. In return for this contribution, Stedim S.A. then issued 9,751,163 new shares as part of a capital increase to Sartorius AG. At the conclusion of this next stage, Sartorius AG held a stake of approximately 79% in the combined company and changed the latter's name to Sartorius Stedim Biotech S.A.

Having completed these first two stages of the deal, Sartorius AG made a mandatory offer to the shareholders of Sartorius Stedim Biotech S.A. to purchase their Sartorius Stedim Biotech shares at a price of €43.00 per share. Sartorius AG also offered a purchase price warrant as an alternative to those Sartorius Stedim Biotech shareholders who chose to remain invested in the company when the offer had expired. This warrant provides for compensation payment to be made on maturity in July 2009. The payment is calculated as the difference between €47.50, which is the capitalized purchase price, and the 30-day average trading price of the Sartorius Stedim Biotech share over the reference period up to the maturity date. The payment is capped at a maximum of €20.00 per share. This warrant offered to Sartorius Stedim Biotech S.A. shareholders was an incentive for them to retain their shares and consequently helped ensure that the shareholder base remained as broad as possible. All shareholders chose to take advantage of the price warrant. Thus, none had sold any shares to Sartorius AG when the mandatory offer expired on July 26, 2007.

Once the offer had expired, the reinvestment shares, which constitute the shares' component of the purchase price, were transferred to the founders. The reinvestment shares represent about 9% of the capital stock of Sartorius Stedim Biotech S.A. and about 8% of its voting rights. The founders received the reinvestment shares together with a price warrant comparable to that offered to the other shareholders.

As of the completion date of this transaction, Sartorius AG holds around 70% of the capital stock in Sartorius Stedim Biotech S.A. and about 73% of its voting rights. Approximately 21% of capital stock and about 19% of the voting rights are in free float.

The Board of Directors

The Board of Directors is composed of seven members, one of whom is independent. The directors are appointed for a three-year period.

Composition of the Board of Directors
as of December 31, 2007

Joachim Kreuzburg

Chairman and Chief Executive Officer
Date of birth: April 22, 1965
Nationality: German

Appointed on: June 29, 2007
Appointed until: date of the General Annual Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions:
Chairman of the Executive Board (Vorstand) of Sartorius AG;
Vice Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH;
Member of the Board of Directors of Sartorius Stedim North America Inc.;
Member of the Board of Directors of Sartorius Stedim SUS Inc.;
Member of the Board of Directors of Sartorius Stedim Freeze Thaw Inc.;
Member of the Board of Directors of Sartorius Stedim Filters Inc.;
Member of the Board of Directors of Sartorius Stedim Japan K.K.;
Member of the Board of Directors of Sartorius Stedim Lab LTD.;
Président of VL Finance S.A.;
Managing Director (Geschäftsführer) of Sartorius Corporate Administration GmbH;
Member of the Board of Directors of Sartorius Mechatronics Japan K.K.;
Member of the Board of Directors of Beijing Sartorius Instrument & System Engineering Co Ltd.;
Member of the Board of Directors of Sartorius Scientific Instruments (Beijing) Co. Ltd.;
Member of the Board of Directors of Sartorius Mechatronics UK Ltd.;
Member of the Advisory Board (Landesbeirat) of Commerzbank AG.

Past directorships (held during the past five years):
Member of the Board of Directors of Sartorius Stedim North America Inc.;
Member of the Board of Directors of Sartorius Mechatronics Corp.;
Member of the Board of Directors of Sartorius TCC Company;
Member of the Board of Directors of Denver Instrument Inc.;
Member of the Board of Directors of Sartorius Omnimark Instrument Corporation;
Member of the Board of Directors (Comité Exécutif) of Sartorius Stedim France S.A.S.;
Member of the Board of Directors (Comité Exécutif) of Sartorius Mechatronics France S.A.S.;
Member of the Board of Directors (Consiglio di Amministrazione) of Sartorius Stedim Italy S.p.A.;
Member of the Board of Directors (Consiglio di Amministrazione) of Sartorius Mechatronics Italy S.R.L.;
President of the Board of Directors (Verwaltungsrat) of Sartorius Mechatronics Switzerland AG;
Member of the Supervisory Board (Aufsichtsrat) of E.ON Mitte AG

Biography:
Diplom-Maschinenbau-Ingenieur, Dr. rer. pol. (University degree in mechanical engineering, doctorate in economics)

1992–1995	Research associate at the Institute for Solar Energy Research in Hamelin, Germany
1995–1999	Research associate at the Faculty of Economics and Management at the University of Hannover, Germany
Since May 1, 1999	Sartorius AG, Goettingen, Germany Most recent position: Vice President Finance and Investor Relations
Since Nov. 11, 2002	Member of the Executive Board of Sartorius AG, Goettingen, Germany Responsible for Finance, Controlling and Investor Relations
May 1, 2003 to Nov. 10, 2005	Spokesman (Sprecher) of the Executive Board of Sartorius AG, Goettingen, Germany
Since Nov. 11, 2005	CEO and Executive Board Chairman of Sartorius AG, Goettingen, Germany

Liliane de Lassus

Executive member – Vice CEO of Finance, HR and IT
Date of birth: December 29, 1943
Nationality: French

Appointed on: June 29, 2007
Appointed until: date of the General Annual Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions:
Member of the Board of Directors of Sartorius Stedim SUS Inc.;
Member of the Board of Directors of Sartorius Stedim Freeze Thaw Inc.;
President (Président) and Member of the Board of Directors (Conseil d'administration) of Sartorius Stedim Aseptics S.A.;
Managing Director (Gérant) of Integrated Biosystems SARL

Past directorships (held during the past five years):
None

Biography:
PhD in organic chemistry (1972)
MBA (1966)
Masters' degree in Sanskrit (1969)

1969–1977	Research associate in French CNRS (National Center for Scientific Research), later at UC Berkeley (USA)
1977–1981	PSA – Automobiles Citroën Chief of Department in charge of overall manufacturing planning
1981–1985	Renault Automation (Robotics) Vice President of Strategic Planning
1985–1989	CEO and Chairman of the Board of a high-tech startup company specializing in artificial intelligence (Cognitech)
1989–2005	Consultant in human resources management for company executives, especially in a multi-cultural environment
2005–2007	CEO of Stedim Biosystems

Volker Niebel

Executive member – Vice CEO of Operations
Date of birth: August 14, 1956
Nationality: German

Appointed on: June 29, 2007
Appointed until: date of the General Annual Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions:
Managing Director (Geschäftsführer) of Sartorius Stedim Biotech GmbH;
Member of the Board of Directors of Sartorius Stedim North America Inc.;
Member of the Board of Directors of Sartorius Stedim SUS Inc.;
Member of the Board of Directors of Sartorius Stedim Freeze Thaw Inc.;
Member of the Board of Directors of Sartorius Stedim Systems Inc.;
Member of the Board of Directors of Sartorius Stedim India Pvt. Ltd.;
Member of the Board of Directors of Sartorius Stedim Lab Ltd.;
Member of the Board of Directors (Conseil d'administration) of Sartorius Stedim Aseptics S.A.;
Managing Director (Gérant) of Sartorius Stedim SUS SARL;
Managing Director (Gérant) of Sartorius Stedim Industries SARL

Past directorships (held during the past five years):
Member of the Board of Directors of Sartorius Mechatronics Corporation;
Managing Director (Geschäftsführer) of Sartorius Stedim Plastics GmbH

Biography:
Diplom-Betriebswirt (MBA)

1983–1985	Schmidt & Clemens, Lindlar, Germany Sales Manager at Petro Chemical Industry (USA)
1985–1998	Gambro AB, Lund, Sweden
1998–2001	Skanska AB, Malmö, Sweden Member of the Executive Management Team of Poggenpohl GmbH in Herford, Germany
2001–2007	Sartorius AG, Goettingen, Germany Most recent position: Senior Vice President, Operations, Biotech Division
Since 2007	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany

Reinhard Vogt

Executive member – Vice CEO of Sales & Marketing
Date of birth: August 4, 1955
Nationality: German

Appointed on: June 29, 2007
Appointed until: date of the General Annual Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions:
Managing Director (Geschäftsführer) of Sartorius Stedim Biotech GmbH;
Member of the Board of Directors of Sartorius Stedim North America Inc.;
Member of the Board of Directors of Sartorius Stedim SUS Inc.;
Member of the Board of Directors of Sartorius Stedim Freeze Thaw Inc.;
Member of the Board of Directors of Sartorius Stedim Japan K.K.;
Member of the Board of Directors of Sartorius Stedim India Pvt. Ltd.;
Member of the Board of Directors of Sartorius Stedim Malaysia Sdn. Bhd.;
Member of the Board of Directors of Sartorius Stedim Australia Pty. Ltd.;
Managing Director (Geschäftsführer) of Sartorius Technologies & Services GmbH;
Managing Director (Geschäftsführer) of Sartorius Stedim F&B GmbH

Past directorships (held during the past five years):
Member of the Board of Directors of Sartorius Mechatronics UK Ltd.;
Member of the Board of Directors of Sartorius Stedim Lab Ltd.;
Member of the Board of Directors (Comité Exécutif) of Sartorius Stedim France S.A.S.;
Member of the Board of Directors (Comité Exécutif) of Sartorius Mechatronics France S.A.S.

Biography:
Industriekaufmann (Industrial Business Manager)

1979–1983	Sarstedt AG, Nuembrecht, Germany General Manager of Sarstedt AB, Sweden
1983–2007	Sartorius AG, Goettingen, Germany Most recent position: Senior Vice President, Sales & Marketing, Biotech Division
Since 2007	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany

Arnold Picot

Non-executive member
Date of birth: December 28, 1944
Nationality: German

Appointed on: June 29, 2007
Appointed until: date of the General Annual Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions:
Chairman of the Supervisory Board (Aufsichtsrat) of Sartorius AG;
Chairman of the Supervisory Board (Aufsichtsrat) of Sartorius Stedim Biotech GmbH;
Member of the Supervisory Board (Aufsichtsrat) of Takkt AG;
Member of the Supervisory Board (Aufsichtsrat) of Wissenschaftliches Institut für Infrastruktur und Kommunikationsdienste GmbH und WIK-Consult GmbH;
Vice Chairman of the Supervisory Board (Aufsichtsrat) of Etelon E-Solutions AG

Past directorships (held during the past five years):
Chairman of the Supervisory Board (Aufsichtsrat) of Datango AG

Biography:
Bankkaufmann, Diplom-Kaufmann (banker, Graduate in Business Administration), Dr. rer. pol., post-doctoral lecture qualification | Venia Legendi (Betriebswirtschaftslehre) = authorization to teach business and managerial economics at a university

1970–1975	Research assistant and assistant professor, University of Munich
1976–1984	University professor, Faculty of Business Administration, University of Hannover, Germany Director of the Institute for Management and Organization
1980–1981	Visiting scholar, Stanford University, California, USA
1984–1987	University professor, Faculty of Business Administration, Technical University of Munich Director of the Institute for General and Industrial Business Administration
Since 1988	University professor, Faculty of Business Administration, University of Munich Director of the Institute for Information, Organization and Management
2004–2005	Konrad Adenauer visiting professor, Georgetown University, Washington, D.C., USA

Bernard Lemaître

Non-executive member
Date of birth: December 16, 1938
Nationality: French

Appointed on: June 29, 2007
Appointed until: date of the General Annual Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held:
902,744 via BL Invest

Other current directorships and positions:
President of BL Invest S.A.S.
Managing Director of Financière de La Seigneurie SCF;
Member of the Supervisory Board of Intrasense S.A.;
Member of the Board of Directors of Phatom Nanosensors Inc.

Past directorships (held during the past five years):
President of VI Finance S.A.S.;
Chairman of the Board and CEO of Stedim S.A.;
Chairman of the Board of Isolateur Dénominateur Commun (IDC) S.A.;
Chairman of the Board of Stedim Inc.;
Chairman of the Board of Integrated Biosystems Inc.

Biography:

1979–2007	Founder, CEO and Chairman of Stedim S.A.

Henri Riey

Non-executive member
Independent member
Date of birth: November 5, 1961
Nationality: Monegasque

Appointed on: June 29, 2007

Appointed until: date of the General Annual Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held:
100

Other current directorships and positions:
Member of the Supervisory Board of Ginger – member of the Audit Committee
Member of the Board of Technofirst,
President of Odec

Past directorships (held during the past five years):
Member of the Supervisory Board of Ginger,
Deputy CEO, Member of the Board of Barclays Asset Management

Biography:
Diplôme Institut Supérieur de Gestion (France) (Graduate of Business Management)

1985–1988	Fund Manager at Banque Paribas
1988–1996	Fund Manager, responsible for the European Equity Fund Management Team at Barclays Bank, France
1996–1999	Head of Research of Barclays Asset Management Europe
1999–2004	Deputy CEO of Barclays Asset Management in charge of all fund management businesses
Since 2004	CFO of Hendyplan S.A.

Changes in the Membership of the Board of Directors:

The aforementioned seven directors were appointed by the ordinary shareholders' meeting held on June 29, 2007, following the purchase by Sartorius AG of a controlling stake in the Stedim Group. The previous members of the Stedim Board of Directors resigned when the controlling stake was acquired. The members who resigned their office effective June 29, 2007, are as follows:

First name and last name or corporate name of member	Date appointed to the Board of Directors of Sartorius Stedim Biotech S.A.	Appointed until	Principal function within Sartorius Stedim Biotech S.A.	Other positions held and functions performed in all companies for the last five years
Bernard Vallot	General Meeting of May 5, 2004, to approve the 2003 fiscal year (reappointed)	June 29, 2007	Vice-Chairman of the Board of Directors	Other positions held during the last five years: Member of the Board of Directors of IDC S.A. (now named: Sartorius Stedim Aseptics S.A.); Managing director of Stedim SARL (now named: Sartorius Stedim SUS SARL); Managing director of Allukadi SARL; Managing director of SCI VAL Invest
Maria-Dolores Lemaître	General Meeting of May 5, 2004, to approve the 2003 fiscal year (reappointed)	June 29, 2007	Director	Other positions held during the last five years: None
Ana Treneulle	General Meeting of May 5, 2004, to approve the 2003 fiscal year (1st appointment)	June 29, 2007	Director	Other positions held during the last five years: None
Marie-Christine Hosni-Lemaître	General Meeting of May 5, 2004, to approve the 2003 fiscal year (1st appointment)	June 29, 2007	Director	Other positions held during the last five years: None
Xavier Lemaître	General Meeting of May 5, 2004, to approve the 2003 fiscal year (1st appointment)	June 29, 2007	Director	Other positions held during the last five years: None

Independent Directors

Pursuant to the principles of good corporate governance, the independent members may not be principal shareholders, employees, former Group employees, suppliers or bankers of the Group or significant customers, nor may they have any other link likely to impair their judgment.

The Sartorius Stedim Board of Directors includes one independent director, Mr. Henri Riey.

To the company's knowledge, no member of the Board of Directors:
- has been convicted of fraud during the last five years or has been subject to any official public investigation or sanction by statutory regulatory authorities;
- has been associated in his | her capacity of manager in any bankruptcy, receivership or liquidation for the past five years;
- has been disqualified by a court from acting in the capacity of a member of an administrative, management or supervisory body of an issuer or from acting in the capacity of a management executive or conducting the business of any issuer for the past five years.

To the company's knowledge, no family relationships exist among the members of the company's Board of Directors.

Furthermore, to the company's knowledge, there is no conflict of interest between any duty of the members of the Board of Directors and their private interests and | or other duties. A Director must inform the Board as soon as he | she is aware of any conflict of interests, or even the possibility of a potential conflict, and must refrain from any participation in discussions on the relevant subject matter and from voting on any associated resolutions.

To the company's knowledge, no settlement or agreement has been reached with shareholders, clients, suppliers or others to appoint a member of the Board of Directors.

To the company's knowledge, there is no service contract linking a Board member to the SSB Group and granting him | her benefits.

The Audit Committee

The Audit Committee was created on June 29, 2007, and is currently composed of three members:

Mr. Henri Riey
Chairman of the Committee since December 5, 2007

Mr. Arnold Picot

Mr. Bernard Lemaître

The Chairman of the Audit Committee is independent. The Chairman of the Board of Directors, who is also the CEO of the Group, is a permanent guest of the Audit Committee, but has no voting rights.

Remuneration Committee

The Remuneration Committee was created on June 29, 2007, and is currently composed of four members:

Mr. Arnold Picot,
Chairman of the Committee since June 29, 2007

Dr. Joachim Kreuzburg

Mr. Henri Riey

Mr. Bernard Lemaître

One of the four members of the Remuneration Committee is independent.

For more information on the organization, functions and activities of each Committee during the previous fiscal year, please refer to the Chairman's Report Pursuant to Article L. 225-37 of the French Commercial Code included in this publication (page 82).

The Executive Committee

The Executive Committee was created by Sartorius on June 29, 2007. It is composed of the following persons:

- Joachim Kreuzburg
- Liliane de Lassus
- Volker Niebel
- Reinhard Vogt

The Executive Committee met eight times during fiscal 2007.

Reorganization of the Company's General Management

Pursuant to a decision of the Board of Directors of the company dated March 6, 2008, the Board decided to reorganize the company's general management, in particular, the allocation of functions among the CEO, vice CEOs and other managers of the company. This reorganization was to take place in the context of a general analysis of the company's corporate governance eight months after the completion of the combination between Sartorius and the company on June 29, 2007. Reorganization of management aims at optimizing the decision-making process in the interest of the company itself and in the context of its relationships with the company's parent company, Sartorius AG.

The Board of Directors decided on a new organization of the company's general management, which will be more centralized than it was before. As a result of this reorganization, certain responsibilities have been reallocated between the CEO and vice CEOs.

In the context of the reorganization of the general management decided by the Board of Directors, Mrs. Liliane de Lassus's functions of vice CEO will have ceased on March 31, 2008. However, it is specified that Mrs. Liliane de Lassus will remain as director of the company until the term of her position has expired i.e., until the end of the Annual Shareholders' Meeting to be held in 2010 to approve the 2009 financial statements.

Undertakings of the Company for the Benefit of Directors and Officers

At the meeting held on June 29, 2007, the Board of Directors appointed Mrs. Liliane de Lassus vice CEO of the company, and the duties of CEO were assumed by Dr. Joachim Kreuzburg on that same day. In the context of such an appointment, the Board has decided that, in case of revocation of Mrs. Liliane de Lassus's appointment as vice CEO for a cause other than negligence or gross negligence, Mrs. Liliane de Lassus would receive severance payment in the amount of 12 months of her gross monthly remuneration, where such "departure indemnity" excludes any other compensation or indemnification.

Pursuant to this decision on June 29, 2007, and after having acknowledged the fulfillment of the conditions provided for that purpose, the Board of Directors decided during its meeting held on March 6, 2008, to pay such indemnity to Mrs. Liliane de Lassus in the context of the termination of her duties as vice CEO.

Chairman's Report Pursuant to Article L. 225-37 of the French Commercial Code

Pursuant to Article L. 225-37 of the Commercial Code, the Chairman of the Board of Directors uses this report, which covers the fiscal year ended December 31, 2007, to present the conditions of the preparation and organization of the work of the Board of Directors and the internal control procedures implemented by the company within the Group.

Pursuant to the last paragraph of Article L. 225-235 of the Commercial Code, the company's independent auditors prepare their own report concerning the report by the Chairman of the Board of Directors on the internal control procedures relative to the preparation and processing of accounting and financial information.

Conditions for Preparation and Organization of the Work of the Board of Directors

Internal Rules and Regulations

The procedures governing the organization and functioning of the Board of Directors are defined by the Internal Rules and Regulations of the Board.

The Board of Directors deals with all matters concerning the proper operation of the company and takes decisions on subjects that concern it.

Activity Report of the Board for Fiscal 2007

The Board of Directors met six times during the fiscal year (three times for the former Stedim Board of Directors and three times for the Sartorius Stedim Biotech Board of Directors). Average attendance was 83.33% (former Stedim) and 90.48% (Sartorius Stedim Biotech).

The Board reviewed and approved the consolidated and parent financial statements for 2006.

The Board of Directors considered and debated on the following at its meetings:

- Strategic direction and major Group projects – reverse merger between Sartorius and Stedim
- The annual and half-year financial statements and quarterly data
- Budgets presented by Executive Management
- Information on the financial and cash positions
- Refinancing of the bridge loan
- Guarantees to be given to Group subsidiaries in order to manage Group cash resources efficiently (central treasury management)
- Significant off-balance sheet commitments
- Risk indicators for the Group
- Internal organization projects
- Stock market performance, stock options
- Corporate governance: appointment of an Independent Director; establishment of internal regulations
- Creation of an Audit Committee and a Remuneration Committee

The committee chairmen submitted their committee work reports to the Board for discussion.

The independent auditors were invited to two Board meetings.

Information to be Supplied to the Directors

The Directors receive a report on the agenda items that require prior examination and consideration in due time and with prior notice in advance of each Board meeting.

- Draft annual and interim accounts are generally sent to all directors at least one week before the meeting of the Audit Committee, which always precedes the Board meeting.

In addition to Board meetings, the Chairman regularly informs the Directors of any event or development that may have a material impact on operations or on any information previously communicated to the Board.

The Directors receive copies of any press releases issued by the company that have not been specifically approved by the Board. The Directors may, at any time, request further information from the Chairman of the Board, who shall assess the relevance of the request.

Board Committees

The Board of Directors has created two Committees since mid-2007. These bodies, the Audit Committee and the Remuneration Committee, are responsible for studying and making preparations for the Board's main deliberations in order to improve the Board's efficiency.

Each Board meeting is preceded by a meeting of at least one of the two Committees depending on the items on the agenda. The Committees report to the Board on their work and observations and submit their opinions, proposals and recommendations.

The procedures of each Committee are also defined by Internal Rules and Regulations.

Duties of the Audit Committee:

The Audit Committee assists the Board of Directors with the company's accounting policy, reporting, internal and external control, financial communication and risk management.

The Audit Committee's duties in the field of accounting policy and internal control consist mainly of:

- reviewing all financial statements, half-yearly and annual corporate accounts and consolidated accounts, including the notes to the financial statements and the management report presented by the Board of Directors to the general shareholders' meeting called to approve the accounts of the financial year ended, and presenting its observations to the Board of Directors;
- ensuring that the accounting methods and procedures chosen by the company are appropriate and that they are correctly applied; and
- examining the accounting treatment of any significant transactions carried out by the company.

The Audit Committee's duties in the field of external control consist of:

- submitting recommendations to the Board of Directors concerning the statutory auditors and their appointment or reappointment by the general shareholders' meeting; and
- analyzing and issuing an opinion on the definition, scope and timetable of their assignment and fees.

The Audit Committee's duties in the field of risk analysis and prevention consist of:

- examining the company's exposure to significant financial risks; and
- verifying satisfactory application of internal controls and reporting procedures.

The Audit Committee's duties in the field of financial communication consist of:

- reviewing the company's proposed financial communication with respect to its half-yearly and annual corporate accounts and its quarterly results.

The Committee may also perform any other activities deemed necessary or appropriate by the Committee and the Board of Directors.

The Audit Committee's only meeting of the fiscal year took place at the beginning of December 2007. The main topic was the settlement of the internal procedures of the Audit Committee.

Duties of the Remuneration Committee:
The purpose of the Remuneration Committee is to help the company's Board of Directors establish the remuneration policy for corporate officers and, in particular, the incentive mechanisms (grant of share subscription options, share purchase options or free allotment of shares) that the company may introduce.

In this framework, the Remuneration Committee is consulted by the Board of Directors on any proposal concerning:

- the amount of the global budget allowance for directors' fees granted to directors and the terms of allocation thereof, by taking into account the effective presence of the directors at Board meetings and possibly at Committee meetings;
- the amount of the fixed remuneration for corporate officers and the terms of the variable remuneration; and
- the general policy on the granting of share subscription options, share purchase options or free allotment of company shares.

The first Remuneration Committee meeting will be held at the beginning of March 2008.

Limitations on the Powers of the Chairman and Chief Executive Officer

As of June 29, 2007, the Board of Directors voted to combine the roles of Chairman and Chief Executive Officer without any limitations on powers other than those provided by the law.

Remuneration of Executive and Non-executive Directors ("Mandataires sociaux")

The total remuneration, including all benefits paid during the year to each senior executive (Chairman of the Board of Directors, Chief Executive Officer, Directors) including share-based payments, is disclosed in the Management Report of the Sartorius Stedim Biotech Group.

The remuneration for Liliane de Lassus was determined at the Board of Directors' meeting on June 29, 2007. For further changes in the remuneration of Board of Directors' executive members, a Remuneration Committee has been set up that deals with these topics. Furthermore, the Remuneration Committee discusses and agrees on the fees for the non-executive Board of Directors' members.

The remuneration of Joachim Kreuzburg is determined annually by the Executive Task Committee of Sartorius AG's Supervisory Board. His remuneration consists of fixed and variable components and is in line with his area of responsibilities at Sartorius AG. The variable portion contains components that are annually paid out and components that serve as long-term incentives.

The remuneration for Reinhard Vogt and Volker Niebel is established annually by the shareholders' meeting of Sartorius Stedim Biotech GmbH (Germany), with which Reinhard Vogt and Volker Niebel have signed their employment contracts. Their remuneration consists of fixed and variable components and is in line with their respective area of responsibilities.

Internal Control Procedures

The year 2007 offered the Sartorius Stedim Biotech Group the opportunity to follow up its efforts related to internal control matters, specifically within the accounting and financial scope, for which a dedicated project has been designed and implemented to benefit from the following:

- the recommendations of the Autorité des Marchés Financiers (AMF) issued on January 22, 2007, on the "Internal Control: Reference Framework";

- the amendments on financial regulatory framework, issued on January 9, 2008, by a Market Advisory Group (AMF and Middlenext), for Small and Midcaps.

Introduction

The objectives defined by the Chairman for the internal control system of Sartorius Stedim Biotech are as follows:

- prevent risks that would endanger the assets of Sartorius Stedim or even its existence;
- ensure that management action, the transactions completed and the conduct of employees are within the framework defined by senior executives and the applicable laws and regulations, by the fundamental values, standards and internal rules of the business and by the ethical codes and conventions of the health industry;
- ensure that accounting and financial information and management data provided to senior executives of the Company accurately reflect the operations of Sartorius Stedim; and
- prevent risks arising from operations, errors or fraud, especially in the accounting and financial area.

Scope

The internal control system described covers the parent company and its affiliates.

Components of Internal Control

Control Environment

The core of any business is its people – their individual attributes, including integrity, ethical values and competence – and the environment in which they operate. They are the engine that drives the organization and the foundation that supports the company.

Risk Assessment Process – Risk Mapping

The organization must be aware of, and deal with, the risks it faces. It must set itself objectives and integrate these objectives into its sales, production, marketing, financial and other activities so that the organization operates in concert. It must also establish mechanisms to identify, analyze and manage the related risks.

Control Activities

Control activities are the range of activities that are undertaken at every level of the Group to ensure that internal control is efficient. Possible control activities include checking the accuracy, completeness, authorization, validation and recording of transactions and ensuring that different people discharge different duties so as to reduce the risk of errors or fraud.

Information and Communication

The production and dissemination of accurate, reliable and complete information is essential both to achieve business objectives and to enable proper reporting to all parties concerned in compliance with the applicable securities laws and regulations.

The internal control procedures relating to financial information are disclosed in the paragraph on procedures for the production of financial information.

Monitoring

Responsibilities and authorities must be defined and understood on a unit level as well as on an entire company level if internal control is to function effectively. Duties must be assigned in such a way that a person's work is always checked and approved by a different person. Where the size of the local unit concerned permits, responsibility for initiating, authorizing, recording and processing transactions must always be assigned to different individuals.

Unit management is responsible for maintaining internal checks and internal control at all times.

Internal Control Roles

Senior Management

The Chairman and Chief Executive Officer is responsible for the internal control system and management at all levels. He is also responsible for the development, operation and monitoring of the internal control systems and for providing the necessary assurances that these steps have been implemented.

Audit Committee

The Audit Committee, which was created in mid-2007, is responsible for carrying out any necessary reviews and evaluations of the internal control procedures, including those relating to financial information, and also assists with the preparation of the Group's consolidated financial statements. For further information about the Audit Committee, see page 80.

Risk Management

The Sartorius Stedim Biotech Group is inevitably exposed to a wide variety of risks through its operations around the world. A risk management system has been instituted to help track existing and potential risks efficiently. This system is designed to allow early identification, assessment and monitoring of risks. Within this risk management system, a committee comprised of representatives of various specialized departments additionally deals with current topics on risk management. The information it provides keeps the Executive Management Team abreast of the overall risk situation at all times and enables it to take appropriate action when required.

Internal Audit Department

The Internal Audit Department is a group function that addresses the effectiveness and appropriateness of the risk management and internal controlling system as well as the compliance of all activities and processes with internal and external rules and standards. The Internal Audit Department provides independent and objective auditing and consulting services that focus on compliance with all relevant legal provisions and the improvement of business processes. To secure the independence of the officers of this department, the Audit Committee receives a yearly report from them on their work and findings.

Finance & Controlling Departments

The Finance & Controlling Departments track and monitor the businesses, operations and projects to optimize the Group's profitability and cash generation, providing internal and external stakeholders with reliable information.

The Finance & Controlling Departments define the Group's principles and key financial processes (five-year plan, budget, etc.) as well as reporting tools to monitor the day-to-day business.

Procedures for Preparing the Group Financial Statements and Other Accounting and Financial Information

The accounts of local affiliates are prepared in accordance with the Group's accounting policies. The data is then amended, where necessary, to produce the local statutory and tax accounts. Integrated consolidation software is used both for management reporting purposes and to produce the Group financial statements.

Accounting Standards

The consolidated financial statements are prepared in accordance with IFRS as currently adopted by the European Union. The consolidated financial statements comply with accounting policies as detailed in the Notes to the Financial Statements.

Roles of the Group's Finance & Controlling Departments

These Departments check the quality of the reporting packages submitted by the local affiliates, focusing primarily on reconciliations between legal entities and reporting entities, inter-company eliminations, and the accounting treatment of non-recurring transactions for the period, and movements between the opening and closing balance sheets to prepare the cash flow statement.

The Department also checks the result of procedures, including conversions, inter-company eliminations, etc.

Key points of review include the preparation and validation of the statement of changes in shareholders' equity and the cash flow statement.

Financial Information and Reporting

The Group's rules and procedures in relation to financial reporting and accounting are set out in the Accounting and Reporting Manual. Application of and compliance with these principles, rules and procedures are the direct responsibility of the relevant local Finance Director. Local Finance Directors must ensure that information provided via the Management Information System complies fully with all applicable disclosure requirements.

Management reviews the effectiveness of the internal control of financial reporting regularly. In particular, it verifies that transactions have been recorded consistently, in accordance with IFRS as applied by the Group and as set out in the Accounting and Reporting Manual, in order to ensure the timelines and accuracy of accounting for transactions and assets in circulation.

Benefits for 2007

Following the initiation of the Internal Control Reference Framework project, the SSB Group resolved to comply with the recommendations of the AMF.

This approach is designed to combine the following elements:

- Risk mapping across the range of activities covered by AMF;
- Compliance with AMF Internal Control recommendations and adoption of best practices;
- Restricted scope of consolidation for the first year that the recommendations and best practices were applied (Sartorius Stedim Biotech S.A., parent company).

Following AMF recommendations and local professional accounting standards (Normes d'Exercice Professionnel des Commissaires aux Comptes – NEP n°95-05), a "Management Testing" program is to be defined to provide a panel of controls involving some materiality.

Expectations for 2008

The following steps must be completed in order to finalize this Internal Control Reference Framework project properly:

1. Definition and implementation of a remediation plan targeted at critical elements inherent in accounting and financial process risk mapping;
2. Definition and implementation of a Management Testing program to provide to a list of controls involving some materiality; and
3. Updating of the internal control self-assessment on an annual basis.

Aubagne, March 7, 2008

The Chairman of the Board
Joachim Kreuzburg

Statutory Auditor's Report Prepared in Accordance with Article L. 225-235 of the French Commercial Code

Statutory Auditors' report, prepared in accordance with article L. 225-235 of French Company Law (Code de Commerce), on the report prepared by the Chairman of the Board of Directors of Sartorius Stedim Biotech S.A., describing the internal control procedures relating to the preparation and processing of financial and accounting information

To the Shareholders,

In our capacity as Statutory Auditors of Sartorius Stedim Biotech S.A., and in accordance with the requirements of Article L. 225-235 of the French Company Law (Code de Commerce), we present you with our report concerning the one prepared by the Chairman of the Board of Directors of Sartorius Stedim Biotech S.A. in accordance with article L. 225-37 of the French Company Law (Code de Commerce) for the year ended December 31, 2007.

It is the Chairman's responsibility to give an account, in his report, notably of the conditions in which the duties of the Board of Directors are prepared and organized and the internal control procedures in place within the company.

It is our responsibility to report to you our observations on the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with professional guidelines applicable in France. These guidelines require us to perform procedures to assess the fair presentation of the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information.

These procedures consisted in particular of the following:

- obtaining an understanding of the objectives and general organization of internal control as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the Chairman's report;
- determining if any significant deficiencies in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our commission are properly disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information that is contained in the Chairman of the Board of Director's report and prepared in accordance with Article L. 225-37 of the French Company Law (Code de Commerce).

Marseilles, March 10, 2008
The Statutory Auditors

Deloitte & Associés

French original signed by
Vincent Gros

Ernst & Young Audit

French original signed by
Jérôme Magnan

Independent Auditors

Principal Independent Auditors

Ernst and Young Audit
408, Avenue du Prado – BP 116 –
13267 Marseille Cedex 08
Represented by Jérôme Magnan.
First commissioned by the Combined General Meeting on June 28, 1985.
Date commission expires: 2009 General Annual Shareholders' Meeting to approve the 2008 financial statements.
Member of Compagnie régionale de Versailles.

Deloitte et Associés
10, place de la Joliette – Les Docks – Atrium 10.4 –
13002 Marseille, France
Represented by Vincent Gros.
First commissioned by the General Annual Shareholders' Meeting on May 19, 2006.
Date commission expires: 2012 General Annual Shareholders' Meeting to approve the 2011 financial statements.

Independent Auditors' Fee

	Cabinet Ernst & Young						Cabinet Deloitte			
	Fee amounts			%			Fees	%	Fees	%
	2007	2006	2005	2007	2006	2005	**2007**	2007	2006	2006
AUDIT										
– Independent audit, certification, parent company and consolidated financial statements										
* Issuer	70,290	103,947	68,226	17.05%	87.39%	100.00%	63,650	13.33%	51,431	94.66%
* Fully consolidated subsidiaries	5,000						320,000			
– Services directly related to audit services										
* Issuer	337,000	15,000	0	81.74%	12.61%	0.00%	94,000	19.68%	2,900	5.34%
* Fully consolidated subsidiaries										
Subtotal	412,290	118,947	68,226	98.79%	100.00%	100.00%	477,650	33.01%	54,331	100.00%
Other services										
– Legal, tax, corporate	0	0	0	0.00%	0.00%	0.00%	121,000	0.00%	0	0.00%
– Information technology, other	0	0	0	0.00%	0.00%	0.00%	0	0.00%	0	0.00%
Subtotal	0	0	0	0.00%	0.00%	0.00%	121,000	0.00%	0	0.00%
Total	**412,290**	**118,947**	**68,226**	**100%**	**100%**	**100%**	**598,650**	**100%**	**54,331**	**100.00%**

Substitute Independent Auditors

Patrick Gounelle
Tour Ernst & Young – Faubourg de l'Arche –
92037 Paris La Défense Cedex, France
Member of Compagnie régionale de Versailles.
First commissioned by the General Annual Shareholders' Meeting on March 22, 1991.
Date commission expires: 2009 General Annual Shareholders' Meeting to approve the 2008 financial statements.

BEAS
7/9, Villa Houssay – 92200 Neuilly sur Seine
Represented by Alain Pons.
Commissioned by the General Annual Shareholders' Meeting on May 19, 2006.
Date commission expires: 2012 General Annual Shareholders' Meeting to approve the 2011 financial statements.

		Other				Cabinet Littardi	
Fee amounts			%			Fees	
2007	2006	2005	2007	2006	2005	2005	2005
						17,670	100%
207,650	71,130	30,475	100%	100%	100%		
						0	0,00%
0	0	0	0.00%	0.00%	0.00%		
207,650	71,130	30,475	100%	100%	100%	17,670	100%
75,000	0	0	0.00%	0.00%	0.00%	0	0.00%
0	0	0	0.00%	0.00%	0.00%	0	0.00%
75,000	0	0	0.00%	0.00%	0.00%	0	0.00%
282,650	**71,130**	**30,475**	**100%**	**100%**	**100%**	**17,670**	**100%**

04

Consolidated Financial Statements and Notes

Consolidated Balance Sheet

Assets	Notes	Dec. 31, 2007 € in K*
A. Non-current assets		
I. Goodwill	(12)	**249,306**
II. Intangible assets	(12)	**105,236**
III. Property, plant and equipment	(13)	**113,852**
IV. Financial assets	(14)	**1,766**
		470,160
V. Non-current trade and other receivables	(15)	**319**
VI. Deferred tax assets	(16)	**8,535**
		479,014
B. Current assets		
I. Inventories	(17)	**53,751**
II. Current trade and other receivables	(18)	**95,206**
III. Current tax assets	(18)	**5,288**
IV. Cash and cash equivalents	(19)	**7,461**
		161,706
		640,720

Equity and Liabilities	Notes	Dec. 31, 2007 € in K*
A. Equity		
I. Issued capital	(20)	**10,308**
II. Capital reserves	(21)	**338,202**
III. Earnings reserves and retained profits (incl. net profit)	(24)	**14,247**
IV. Minority interest		**0**
		362,757
B. Non-current liabilities		
I. Pension provisions	(25)	**11,426**
II. Deferred tax liabilities	(25)	**36,425**
III. Other non-current provisions	(25)	**2,625**
IV. Loans and borrowings	(26)	**4,908**
V. Other non-current liabilties	(26)	**320**
		55,704
C. Current liabilities		
I. Current provisions	(27)	**7,518**
II. Current tax liabilities	(28)	**3,467**
III. Loans and borrowings	(28)	**156,386**
IV. Trade payables	(28)	**22,960**
V. Other current liabilities	(28)	**31,928**
		222,259
		640,720

* K = thousand(s)

Consolidated Income Statement

	Notes		2007[1] € in K*
1. Sales revenue	(32)	268,836	
2. Cost of sales	(33)	149,431	
3. Gross profit on sales			**119,405**
4. Selling and distribution costs	(34)	59,898	
5. Research and development costs	(35)	18,922	
6. General administrative expenses	(36)	16,020	
7. Other operating income and expenses	(37)	–6,412	
			101,252
8. Earnings before interest, taxes and amortization (EBITA)	(10)		**18,153**
9. Amortization[2]		4,241	
10. Earnings before interest and taxes (EBIT)			**13,912**
11. Interest and similar income	(38)	101	
12. Interest and similar expenses	(38)	6,367	
13. Interest result			**–6,265**
14. Profit before tax			**7,647**
15. Deferred tax income	(39)	–2,103	
16. Income tax expenses	(39)	4,016	
17. Other taxes		992	
			2,905
18. Net profit for the period			**4,742**
19. Minority interest		0	
20. Net profit for the period after minority interest			**4,742**
Earnings per share (€)	(40)		**0.39**
Diluted earnings per share (€)	(40)		**0.39**

The Notes are an integral part of the consolidated financial statements.

[1] The period covers 9 months of the biotechnology business of the Sartorius Group (Sartorius Biotech) and 6 months of the former Stedim Group business.
[2] Amortization refers to the effects of the purchase price allocation (PPA) to intangible assets according to IFRS 3 and potential goodwill impairment losses. See also note 10.

* K = thousand(s)

Consolidated Statement of Changes in Equity

€ in K*	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits
Balance at April 1, 2007	**4,305**	**34,538**	**0**	**–1,130**	**13,438**
Cash flow hedges	0	0	1,611	0	0
Actuarial losses from pension provision	0	0	0	1,593	0
Related deferred tax	0	0	–483	–555	0
Currency translation differences	0	0	0	0	0
Net income recognized directly in equity	**0**	**0**	**1,128**	**1,038**	**0**
Net profit for the period	0	0	0	0	4,742
Total recognized income and expense for the period	**0**	**0**	**1,128**	**1,038**	**4,742**
Stock options	7	134	0	0	0
Effects from reverse acquisition	5,996	308,875	0	–138	0
Equity issuance costs	0	–5,345	0	0	0
Change in minority interest	0	0	0	0	0
Dividends	0	0	0	0	0
Balance at December 31, 2007	**10,308**	**338,202**	**1,128**	**–230**	**18,180**

The Sartorius Stedim Biotech Group was created by the contribution of the former Sartorius Biotechnology segment of Sartorius AG into the Stedim Group. Legally, Stedim is the acquirer and Sartorius Biotechnology the acquiree. However, from an economic and accounting perspective, this transaction is to be regarded as a reverse acquisition according to IFRS 3. As a matter of fact, the parent of the legal subsidiary (Sartorius AG) has, after the business combination, the power to govern the financial and operating policies of the combined entities, the Sartorius Stedim Biotech Group. As a consequence, for accounting purposes, Sartorius Biotechnology is treated as the acquirer and Stedim as the acquiree and the reverse acquisition is accounted for according to IFRS Sections 3.B1 to B15.

According to IFRS 3.B7, the amount recognized as issued equity instruments in the consolidated financial statement of Sartorius Stedim Biotech Group represents the issued equity of the legal subsidiary immediately before the business combination plus the cost of the business combination. The equity structure reflects the equity structure of the legal parent, Sartorius Stedim Biotech S.A.

In accordance with IFRS 3.B7, the comparative information is that of the legal subsidiary. However, the current IFRS 3 lacks guidance with regard to the equity (share capital) to be presented in the opening balance sheet as of April 1, 2007.

As an accounting policy choice, we have decided to apply the presentation that will be required by IFRS 3 (revised 2008) while IFRS 3 revised 2008 does not change the current requirements of IFRS 3 with respect to the accounting for reverse acquisitions, it does provide additional guidance for determining the amount of share capital to be included in the comparative period after a reverse acquisition has taken place. As a consequence, as of December 31, 2007, we retroactively adjusted the legal subsidiary's (Sartorius Biotech GmbH's) issued capital as of April 1, 2007, to reflect the equity structure of the legal parent (Sartorius Stedim Biotech SA).

Therefore, the total equity shown in the Statement of Changes in Equity is as follows:

- as of April 1, 2007: the amount of equity instruments of Sartorius Biotech (€38,843 K*; total equity: €51,151 K), reflecting the issued capital of Stedim (€4,305 K) and capital reserves in the amount of €34,538 K
- as of December 31, 2007: the amount of equity instruments of Sartorius Biotech increased by the cost of the combination (€38,843 K and €315,302 K, respectively), reflecting the issued capital of Sartorius Stedim Biotech S.A. after the impact relating to the acquisition (€10,308 K) and the corresponding reserves. Furthermore, these were impacted by equity issuance costs and other events within the period, and amounted to €338,202 K as of December 31, 2007.

* K = thousand(s)

Foreign currency translation reserve	Total	Minority interest	Total equity
0	**51,151**	**0**	**51,151**
0	1,611	0	1,611
0	1,593	0	1,593
0	–1,038	0	–1,038
–4,831	–4,831	0	–4,831
–4,831	**–2,665**	**0**	**–2,665**
0	4,742	0	4,742
–4,831	**2,077**	**0**	**2,077**
0	141	0	141
0	314,733	0	314,733
0	–5,345	0	–5,345
0	0	0	0
0	0	0	0
–4,831	**362,757**	**0**	**362,757**

Statement of Recognized Income and Expense

	2007 € in K*
Net profit for the period	**4,742**
Cash flow hedges	**1,611**
Actuarial losses on defined benefit obligations	**1,593**
Differences from currency translation	**–4,831**
Deferred taxes	**–1,038**
Net income recognized directly in equity	**–2,665**
Total recognized income and expense	**2,077**

* K = thousand(s)

Consolidated Cash Flow Statement

	Notes	2007[1] € in K*
Profit before income taxes		6,655
Deferred Taxes	(39)	2,103
Portion of minority interest in the net profit		0
Depreciation and amortization of fixed assets		15,253
Change in non-current assets	(15)	–907
Change in non-current provisions	(25)	–262
Other material non-cash income and expenses		0
+ Cash earnings		**22,842**
Change in the current provisions	(27)	4,124
Change in inventories	(17)	–575
Change in trade and other receivables including prepaid expenses	(18)	–691
Change in liabilities (excl. bank liabilities)	(28)	1,528
+/– Cash flows from working capital		**4,386**
Interest income	(38)	–101
Interest expenses	(38)	6,367
Income taxes paid	(39)	–7,473
= Cash flows from operating activities		**26,021**
Proceeds from fixed asset disposals		975
Payment for intangible assets	(12)	–3,279
Payments for property, plant and equipment	(13)	–10,405
Payments for financial assets	(14)	–16
Effects from business combinations		–886
+/– Cash flows from investing activities		**–13,611**
= Net cash flow		**12,410**
Changes in capital		–5,972
Dividend payments		0
Interest income	(38)	101
Interest expenses	(38)	–6,367
Change in minority interest		0
Additions to financial liabilities (incl. currency fluctuations)	(26/28)	5,721
+/– Cash flows from financing activities		**–6,517**
+/– Change due to currency translation		**–1,311**
= Change in cash and cash equivalents		**4,582**
Cash and cash equivalents at the beginning of the period		2,879
Cash and cash equivalents at the end of the period		**7,461**
Gross debt owed to banks		**161,294**
Net debt owed to banks		**153,833**

[1] The period covers 9 months of the biotechnology business of the Sartorius Group (Sartorius Biotech) and 6 months of the former Stedim Group business.

* K = thousand(s)

Segment Reports

Segment Report by Division	Biopharma	Group
€ in K	2007	2007
Order intake	257,434	257,434
Sales revenue	268,836	268,836
EBITDA	29,165	29,165
As a % of sales revenue	10.8%	10.8%
Depreciation and amortization	11,012	11,012
EBITA	18,153	18,153
As a % of sales revenue	6.8%	6.8%
Amortization	4,241	4,241
EBIT	13,912	13,912
as a % of sales revenue	5.2%	5.2%
Net operating assets	541,389	541,389
– which contain business debt	78,048	78,048
Investments	366,149	366,149
R&D costs	18,922	18,922
No. of employees at Dec. 31, 2007	2,311	2,311

Segment Report by Region	Europe	North America	Asia | Pacific	Other Markets	Group
€ in K	2007	2007	2007	2007	2007
Sales revenue					
Acc. to customers' location	157,202	60,159	41,831	9,644	268,836
As a total %	58.5%	22.4%	15.6%	3.6%	100.0%
Acc. to company location	173,157	70,013	25,666	0	268,836
EBITA	15,748	–1,368	3,608	165	18,153
As a % of sales revenue	9.1%	–2.0%	14.1%		6.8%
No. of employees at Dec. 31, 2007	1,478	426	316	91	2,311

* K = thousand(s)

Notes to the Financial Statements

1. Corporate Information

Sartorius Stedim Biotech is a leading provider of cutting-edge equipment and services for the development, quality assurance and production processes of the biopharmaceutical industry. Its integrated solutions covering fermentation, filtration, purification, fluid management and lab technologies are supporting the biopharmaceutical industry around the world to develop and produce drugs safely, timely and economically. For next generation processes, Sartorius Stedim Biotech focuses on single-use technologies and added-value services to meet the rapidly changing technology requirements of the industry it serves. Strongly rooted in the scientific community and closely allied with customers and technology partners, the company is dedicated to its philosophy of "Turning science into solutions".

Headquartered in Aubagne, France, Sartorius Stedim Biotech is listed on the Euronext Paris (ISIN code: FR 0000053266). With its own manufacturing and sales companies in Europe, North America and Asia, Sartorius Stedim Biotech enjoys a worldwide presence. Its key manufacturing and R&D location is in Germany. The Group employs over 2,300 people, and in 2007 earned pro forma sales revenue of €375.9 million.

The Sartorius Stedim Biotech Group (SSB) resulted from the combination of Stedim S.A. with the carved-out Biotechnology Division of the Sartorius Group. The combination was effected on June 29, 2007, as contribution in kind for increasing capital by contributing the Sartorius Biotech subgroup into Stedim S.A. against the issue of new Stedim shares. Immediately before that, Sartorius AG had already acquired 49.8% of Stedim S.A. shares at a price of €43.00 per share from the founders of the company. As expected, none of the minority shareholders responded to the tender offer subsequently made. Following the completion of the entire transaction, Sartorius AG became the majority shareholder with a controlling stake in the company registered under the new name Sartorius Stedim Biotech S.A. Sartorius AG holds 69.8% of the shares and 73.0% of the voting rights in Sartorius Stedim Biotech S.A. Following reinvestment of the shares, additional shareholders are the two Stedim founders, who together hold a 9.0% stake. Shares in free float are 21.3%.

2. Statement of Compliance

The consolidated financial statements of Sartorius Stedim Biotech Group for the year ended December 31, 2007, were prepared in accordance with the international accounting standards of the International Accounting Standards Board (IASB) — the International Financial Reporting Standards (IFRS) — as adopted by the European Union on December 31, 2007. International accounting standards include IFRS and IAS, as well as their interpretations (SIC and IFRIC). The requirements imposed by these regulations were met without exception, so that the consolidated financial statements of Sartorius Stedim Biotech Group present a true and fair view of the financial position, liquidity situation and profitability, as well as the cash flows during the past financial year. The Board of Directors' meeting of March 6, 2008, approved the consolidated financial statements of Sartorius Stedim Biotech Group for the period of April 1, 2007, to December 31, 2007.

In the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosures, which applies to annual reporting periods beginning on or after January 1, 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

Five Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are:

- IFRIC 7: Applying the Restatement Approach under IAS 29: Financial Reporting in Hyperinflationary Economies
- IFRIC 8: Scope of IFRS 2
- IFRIC 9: Reassessment of Embedded Derivatives
- IFRIC 10: Interim Financial Reporting and Impairment
- IFRIC 11: IFRS 2: Group and Treasury Share Transactions (effective March 1, 2007)

The adoption of these Interpretations did not lead to any changes in the Group's accounting policies.

The Group decided against the early application of IFRS 8 Operating Segments (effective for accounting periods beginning on or after January 1, 2009), which has already been adopted by the European Union.

The following standards | interpretations are in the process of being adopted by the European Union and were therefore not applied:

- IAS 23 Amendment: Borrowing Costs (effective for accounting periods beginning on or after January 1, 2009)
- IFRIC 12: Service Concession Arrangements (effective January 1, 2008)
- IFRIC 13: Customer Loyalty Programs (effective for accounting periods beginning on or after July 1, 2008)
- IFRIC 14: IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective January 1, 2008)

To date, the Group has not measured the potential impact of these standards, amendments and interpretations on its future consolidated financial statements.

The web address of the European Commission is as follows:
http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

During the preparation of consolidated financial statements, management uses estimates and assumptions based on their best knowledge of the current and future situation of the period. However, actual results may differ from these estimates. These estimates and assumptions are revised on a regular basis, and the impact of all changes is immediately recognized as income | (expense) for the period.

Assumptions and estimates primarily concern the following standards:

- IFRS 3: Business Combinations
- IAS 19: Employee Benefits
- IAS 36: Impairment of Assets
- IAS 37: Provisions, Contingent Liabilities and Contingent Assets
- IAS 38: Intangible Assets

4. 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 determined using the indirect method; i.e., expenses without an effect on 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 changes in equity and additions or repayments of loans.

In addition to securities recognized as current assets, the cash and cash equivalents include all liquid assets, i.e., cash on hand and deposits in banks.

5. Segment Reports

According to IAS 14, segment reporting has to be carried out in a primary and in a secondary format. The decision whether an enterprise's primary reporting format is business segments or geographical areas has to be taken on the basis of the dominant sources and nature of the enterprise's risks and returns. In this context, the internal organizational and management structure and the system of internal financial reporting to key management personnel is normally the basis for identifying the predominant source of risks and returns. Furthermore, if an enterprise's risks and rates of return are strongly affected both by differences in the products and services it produces and by differences in the geographical areas in which it operates, then the enterprise should use business segments as its primary segment reporting format.

The Sartorius Stedim Biotech Group has a global functional management organization in place (matrix organization). For this reason, the internal financial reporting is influenced by both business segments and geographical areas. Therefore, the primary segment format for Sartorius Stedim Biotech can be business segments only and the secondary format is then geographical areas. For the Sartorius Stedim Biotech Group, the primary format covers the operating business segment "Biopharma," which consists of both the former "Single-Use Products" and "Equipment" segments of the former Stedim Group as well as the carved out "Biotechnology" segment of the Sartorius Group. Accordingly, the secondary reporting format is used for the geographical segments of Europe, North America, Asia | Pacific and Other Markets.

6. Principles and Methods of Consolidation

The consolidated financial statements of Sartorius Stedim Biotech Group include the annual financial statements of all companies, which are controlled directly or indirectly by Sartorius Stedim Biotech S.A. In terms of IAS 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries, a controlling interest exists if Sartorius Stedim Biotech S.A. 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 Stedim Biotech S.A. or its subsidiaries acquired such control. They are no longer included as of the time control is relinquished.

Subsidiaries have been included on the basis of their annual financial statements for the same reporting period as the parent company, using uniform Group recognition and measurement methods.

Business combinations were recognized according to the purchase method stipulated by IFRS 3. Under this method, the acquirer has to be identified first. The acquirer is the combining entity that obtains control of the other combining entity. The cost of the combination has to be measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred, and equity instruments issued by the acquirer, in exchange for obtaining control of the acquiree plus any directly attributable costs. These costs are allocated to the assets acquired and liabilities or contingent liabilities assumed. Any excess of the cost of the combination over the acquiree's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities has to be recognized as goodwill.

Accounts receivable and debts between the consolidated companies have been netted out, and internal Group valuation allowances and provisions reversed. Intra-group results, revenues and expenses have been fully eliminated. Taxes are deferred on consolidation processes that affect net income.

7. Scope of Consolidation, List of Subsidiaries

As described on the previous page, the Sartorius Stedim Biotech Group resulted from the combination of Stedim S.A. with the carved-out Biotechnology Division of the Sartorius Group. As a result of this transaction, the financial statements of the following companies have been included in the Group financial statements:

	Ownership %
Europe	
Sartorius Stedim Biotech S.A., Aubagne, France	Parent company
Sartorius Stedim Austria GmbH, Vienna, Austria	100.0
Sartorius Stedim Belgium N.V., Vilvoorde, Belgium	100.0
Sartorius Stedim Biotech GmbH, Göttingen, Germany	100.0
Sartorius Stedim F&B GmbH, Göttingen, Germany	100.0
Sartorius Technologies & Services GmbH, Göttingen, Germany	100.0
Sartorius Stedim Plastics GmbH, Göttingen, Germany	100.0
Sartorius Stedim Systems GmbH, Melsungen, Germany	100.0
Sartorius Stedim France S.A.S, Palaiseau, France	100.0
Sartorius Stedim Aseptics S.A., Lourdes, France	100.0
Sartorius Stedim U.K. Ltd., Epsom, U.K.	100.0
Sartoriud Stedim Lab Ltd., Louth, U.K.	100.0
Sartorius Stedim Italy S.p.A., Florence, Italy	100.0
Sartorius Stedim Netherlands B.V., Nieuwegein, Netherlands	100.0
Sartorius Stedim Switzerland GmbH, Dietikon, Switzerland	100.0
Integrated Biosystems Sarl, Fribourg, Switzerland	100.0
Sartorius Stedim Spain S.A., Madrid, Spain	100.0
America	
Sartorius Stedim North America Inc., New York, USA	100.0
Sartorius Stedim Systems Inc., Bethlehem, Pennsylvania, USA	100.0
Sartorius Stedim SUS Inc., Concord, California, USA	100.0
Sartorius Stedim Freeze Thaw Inc., Napa, California, USA	100.0
Sartorius Stedim Filters Inc., Yauco, Puerto Rico	100.0
Asia | Pacific	
Sartorius Stedim Australia Pty. Ltd., East Oakleigh, Australia	100.0
Sartorius Stedim India Pvt. Ltd., Bangalore, India	100.0
Sartorius Stedim Japan K.K., Tokyo, Japan	100.0
Sartorius Stedim Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.0
Sartorius Stedim Singapore Pte. Ltd., Singapore	100.0
Other Markets	
Sartorius Stedim SUS S.A.R.L., M'Hamdia, Tunisia	99.9

There are no associates or joint ventures included in the scope of consolidation.

* K = thousand(s)

8. Business Combination

On June 29, 2007, the Sartorius Stedim Biotech Group was created by the contribution of the Sartorius Biotech subgroup into Stedim S.A. against the issue of new shares to Sartorius AG. Under economical aspects, the combination of Stedim S.A. with the Sartorius Biotech subgroup must be interpreted as an acquisition of Stedim S.A. by the Sartorius Biotech subgroup. Hence, according to IFRS 3, the accounting rules of reverse acquisition are applied. As a result, this yields the corresponding consequences for accounting and reporting the income statement of the new Sartorius Stedim Biotech Group. Thus, its income statement is identical to that of the Sartorius Biotech subgroup up to the time of its combination with Stedim. From a formal standpoint, this subgroup was created by the carve-out of the Sartorius Group's Biotechnology Division, effective April 1, 2007. Therefore, in the actual figures given in the Sartorius Stedim Biotech income statement for the reporting period, only the corresponding figures of the Sartorius Biotech subgroup from April 1, 2007, to December 31, 2007, and of the former Stedim Group from July 1, 2007, to December 31, 2007, have to be taken into account. For the same reasons, there is no comparative information for 2006 regarding the balance sheet, the income statement, cash flow statement or the statement of changes in equity.

The following table shows the fair value of the identifiable assets and liabilities of Stedim Group (the aquiree for accounting purposes) as of the date of acquisition and the corresponding carrying amounts immediately before the acquisition:

	Carrying amounts immediately before the business combination € in K*	Fair values on the date of acquisition € in K*
Intangible assets	34,436	101,860
Property, plant and equipment	19,722	23,330
Financial assets	217	217
Inventories	11,981	12,625
Trade and other receivables	24,009	23,932
Cash and cash equivalents	3,219	3,219
Minority interest	–284	–284
Pension provisions	–501	–501
Net deferred taxes	–6,688	–27,116
Financial liabilities	–27,457	–27,457
Trade payables	–6,757	–6,839
Other current liabilities	–10,023	–11,619
Net assets acquired	**41,874**	**91,367**
Purchase price		315,012
Costs directly attributable to the business combination		4,105
Goodwill		**227,750**

The goodwill disclosed essentially results from the improvement in the market position of the combined business constituted by Sartorius Stedim Biotech as a result of joining complementary product portfolios that cover the process chain of our customers in the biopharmaceutical industry.

* K = thousand(s)

As the combination had not been completed until June 29, 2007, the sales and earnings figures do not represent the full-year numbers for the combined business. Since the acquisition date, the acquiree (former Stedim Group) has contributed an operating profit, excluding amortization, of €885 K* (EBITA). If the business had been combined and established as early as January 1, 2007, sales revenue of the Sartorius Stedim Biotech Group would have been €375.9 million and earnings (EBITA) would have been €29.9 million.

Pro forma	**2007 € in mn**	2006 € in mn
Order intake	**367.1**	364.1
Sales revenue	**375.9**	365.5
EBITA	**29.9**	46.1
Underlying EBITA	**49.7**	46.1
Net result	**6.9**	N/A

Although the Executive Board Management is confident that the purchase price allocation presented above reflects the actual fair value of the acquiree's identifiable assets and liabilities at the acquisition date, this allocation is to be regarded as provisional. Adjustments to this initial accounting could be recognized to correct an error in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; i.e., those adjustments would have to be made retrospectively.

Determination of the Acquisition Cost

The merger of Stedim S.A. and Sartorius Biotech GmbH was effected by contributing Sartorius Biotech GmbH to Stedim S.A. against the issuance of new Stedim shares. The transaction was regarded as a reverse acquisition in accordance with IFRS 3.21, where Stedim S.A. was the legal parent and Sartorius Biotech GmbH had to be considered the acquirer for accounting purposes.

In a reverse acquisition, the cost of the business combination is deemed to have been incurred by the legal subsidiary (i.e. Sartorius Biotech GmbH) in the form of equity instruments issued to the owners of the legal parent (i.e. Stedim S.A.). IFRS 3.24 requires the cost of the business combination to include the fair value of the equity instruments issued and given as consideration. IFRS 3.27 notes that, in the absence of a reliable published price, the fair value of the equity instruments can be estimated by reference to the fair value of the acquirer or the fair value of the acquiree, whichever is more clearly evident.

As there is no published price for Sartorius Biotech GmbH shares, but market prices for the shares of Stedim S.A., the cost of acquisition was determined by reference to the equity instruments of Stedim S.A, before the business combination. The published share price of the Stedim S.A. shares as at the acquisition date was €50.20. However, it was considered that the price of €50.20 per share is not the best evidence of the fair value of the equity instruments issued as part of the cost of the business combination mainly because this share price on the closing date included the fair value of the warrants granted by Sartorius AG to the shareholders of Stedim S.A. at that time. Therefore, this fair value would need to be deducted from the published share price to calculate the cost of acquisition. According to the results of this calculation approach, the acquisition costs of Stedim S.A. have been determined at €315,012 K*, which is equivalent to €43.00 per Stedim share. This value is consistent with the price paid in exchange for the shares in the offer submitted to the shareholders.

* K = thousand(s)

9. Related Parties

The majority shareholder of Sartorius Stedim Biotech S.A. is Sartorius AG, which holds a controlling stake in the company of 69.8% in equity capital and 73.0% of the voting rights. VL Finance S.A.S., a 100% subsidiary of Sartorius AG, has a partial interest in the 69.8%. Additional shareholders are the two Stedim founders and their families, who together hold a 9.0% stake. Shares in free float are 21.3%.

Transactions between Sartorius Stedim Biotech S.A. and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in these Consolidated Notes to the Financial Statements. Details of transactions between the Group and other related parties, primarily with companies belonging to the Mechatronics Division of the Sartorius Group, are disclosed below.

Several service and sublease agreements are in place between Sartorius Group (Mechatronics Division) companies and Sartorius Stedim Biotech Group companies. The reason is that until Sartorius had carved out its Biotechnology Division, as of April 1, 2007, business was done partially in mixed companies by sharing central service functions. These central service functions remained in one of the companies (Biotech or Mechatronics) — depending on the respective local carve out process — and former cost allocations were replaced by service and sublease contracts concluded at arm's length terms.

These contracts include a sublease for office space and central administrative functions, such as accounting and controlling, human resource management and IT. In this respect, the relevant companies charge rent, salaries, social security costs and general expenses (professional fees, consulting and other services) as well as a pro-rated profit margin for the respective services they provide.

The most important contract in place is the one between Sartorius Stedim Biotech GmbH, Germany, and Sartorius Corporate Administration GmbH, Germany, a 100% affiliate of Sartorius AG. This company provides all central service and administrative functions to Sartorius Stedim Biotech GmbH as well as to Sartorius AG on arm's length terms. In 2007, services for approx. €7.6 million were provided to Sartorius Stedim Biotech GmbH. These services primarily covered administrative functions (accounting and controlling, legal affairs, human resource management and IT) as well as corporate marketing and public relations, central maintenance and facility management. In this respect, Sartorius Corporate Administration GmbH charges rent, salaries, social security costs and general expenses (professional fees, consulting and other services) as well as a pro-rated profit margin for the respective services they provide.

During 2007, the Group entered into the following contractual relationships with parties that are not part of the Group (Sartorius Group Mechatronics Division):

* K = thousand(s)

	Sales revenue 2007 € in K*	Purchases 2007 € in K*	Receivables at Dec. 31, 2007 € in K*	Payables at Dec. 31, 2007 € in K*
Related parties	5,813	5,126	12,031	3,767

In connection with the service agreements described above, the Group companies rendered administrative services worth €1,880 K* to related parties that are not part of the Group; €10,220 K* was paid for services received.

Compensation of Key Management Personnel:

In 2007, the Executive Board Management received the following remuneration:

	Base | fixed salaries € in K*	Annual incentive € in K*	Long-term incentives € in K*	Other[2] € in K*	Non-cash benefits	Stock options	Departure indemnities € in K*	Directors' meeting attendance fees € in K*
Total[1]	1,145	728	103	135	Company cars	10,000	240	22

[1] The amounts include Dr. Joachim Kreuzburg's salary, which he receives from Sartorius AG for his work performed for the entire Sartorius Group including Sartorius Mechatronics.
[2] This amount includes additions to pension provisions and the current value of a phantom stock plan.

* K = thousand(s)

10. Structure of the Balance Sheet and the Income Statement

The Sartorius Stedim Biotech Group uses earnings before interest, taxes and amortization (EBITA) as the key figure for measuring earnings. Here, amortization refers to goodwill impairment and to the impacts from the purchase price allocation (PPA) to intangible assets according to IFRS 3. Thus, EBITA is a suitable figure for measuring the operating profitability of the Sartorius Stedim Biotech Group.

To enhance the clarity of the presentation, some individual items have been combined in the balance sheet and the income statement and are 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.

11. Currency Translation

The consolidated financial statements of Sartorius Stedim Biotech Group were prepared in thousands of euros. In the annual financial statements of the individual companies, foreign currency transactions were translated at the exchange rates applicable at the time of the transaction. Monetary assets and debts whose value is given in a foreign currency have been translated at the exchange rate on the balance sheet date. Rate gains and losses have been recognized directly in the item "Other operating income and expenses."

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 Stedim Biotech Group. Balance sheet items have been translated at the exchange rates on the balance sheet date. Income and expense items have been converted at the average 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.

The following exchange rates were used for currency translation:

	Year-end exchange rates 2007	Average exchange rates 2007
USD	1.47180	1.36901
GBP	0.73470	0.68387
AUD	1.67500	1.63444
JPY	165.10000	161.14745
INR	57.86000	56.46958
CHF	1.65600	1.64249
SGD	2.11390	2.06060
MYR	4.87980	4.69887
TND	1.79560	1.76843

* K = thousand(s)

Notes to the Individual Balance Sheet Items

Non-current Assets

12. Goodwill and Intangible Assets

Goodwill

	€ in K*
Gross book values at April 1, 2007	21,085
Currency translation	0
Change in the scope of consolidation	227,750
Investments	471
Disposals	0
Transfers	0
Gross book values at Dec. 31, 2007	249,306
Amortization at April 1, 2007	0
Currency translation	0
Amortization in 2007	0
Disposals	0
Transfers	0
Amortization at Dec. 31, 2007	0
Net book values at Dec. 31, 2007	249,306

The item reported as goodwill in the amount of €249,306 is the capitalized difference in assets resulting from business combinations. According to IFRS 3, goodwill acquired in a business combination may not be amortized, but rather, must be tested annually for impairment.

For the purpose of impairment testing, goodwill has to be allocated to each of the acquirer's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The cash generating unit shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and shall not be larger than a segment. With the combination of the former Sartorius Biotechnology division and the former Stedim Group, the newly founded Sartorius Stedim Biotech Group follows the strategy to be a total solution provider for its customers. Due to the various conjunctions and interdependences within the business, the lowest level at which the goodwill is monitored is that of the Biopharma segment. Therefore the goodwill acquired is allocated to this CGU.

The impairment tests conducted for 2007 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 management for a period of three to five years. Our calculations were based on a discount interest rate of 9.0% and a terminal growth rate of 2.5%. In 2007, our impairment tests did not result in recognition of impairment losses.

* K = thousand(s)

Intangible Assets

	Concessions, industrial property rights and similar rights as well as licenses for such rights and assets € in K*	Capitalized development costs € in K*	Payments on account € in K*	Total € in K*
Gross book values at April 1, 2007	5,473	8,479	136	**14,088**
Currency translation	–114	0	0	**–114**
Change in the scope of consolidation	101,628	117	0	**101,745**
Investments	413	2,442	33	**2,888**
Disposals	375	0	1	**376**
Gross book values at Dec. 31, 2007	107,025	11,038	168	**118,231**
Amortization at April 1, 2007	3,289	4,313	0	**7,602**
Currency translation	–17	0	0	**–17**
Amortization in 2007	4,730	1,017	0	**5,747**
Disposals	337	0	0	**337**
Amortization at Dec. 31, 2007	7,665	5,330	0	**12,995**
Net book values at Dec. 31, 2007	99,360	5,708	168	**105,236**

* K = thousand(s)

Intangible assets acquired are stated at cost less the accumulated, regular amortization that is calculated according to the straight-line method. The useful life of an intangible asset is the period over which this asset is expected to contribute directly or indirectly to the cash flows of that entity.

According to the regulations of IFRS 3, the combination of Sartorius Biotech and Stedim had to be recorded as a reverse acquisition. According to this method, Sartorius Stedim Biotech is required to allocate the purchase price to the identifiable tangible and intangible assets, liabilities and contingent liabilities of former Stedim based on its fair value as of the date of the acquisition.

With regard to intangible assets, the main assets identified are as follows:

	June 30, 2007 € in mn*
Brand name	10.8
Technology	7.7
Customer relationship	81.0
Backlog	1.1
	100.6

This valuation was obtained by external appraisal.

The brand name acquired in the business combination 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 Group. For 2007 an impairment test was carried out to determine the recoverability of the carrying amount of the asset. The cash flow forecasts were based on the budgets approved by the management for a period of three to five years. The calculations were based on a discount interest rate of 9.0% and a terminal growth rate of 2.5%. In 2007, our impairment tests did not result in recognition of impairment losses.

Costs incurred within the scope of the development of new products and methods were capitalized as internally generated intangible assets if the following criteria were met:

- The technical feasibility of completing the intangible assets so that it will be available for use or sale
- The intention to complete the intangible asset to use or sell it
- The ability to use or sell the intangible asset
- The demonstration of how the intangible asset will generate probable future economics benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

In 2007, the development costs of €2,442 K* were recognized as assets. The capitalized development costs essentially covered the costs that were allocated to the staff involved in the R&D effort, raw materials and supplies, outside services and directly attributable overhead. Internally generated intangible assets were amortized according to the straight-line method over their useful life, which usually did not exceed four years.

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

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

Software	2 to 5 years
Customer relations and technologies	5 to 15 years
Backlog	6 months
Brand name	N/A

* K = thousand(s)

13. 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 plant and equipment and construction in progress € in K*	Total € in K*
Gross book values at April 1, 2007	66,272	51,757	6,514	32,381	9,117	**166,041**
Currency translation	–288	–979	–5	–231	48	**–1,455**
Investments	2,978	2,303	0	4,258	1,404	**10,943**
Disposals	697	684	164	2,123	147	**3,815**
Transfers	6,503	125	0	2,187	–8,832	**–17**
Change in the scope of consolidation	15,619	3,806	9	2,822	96	**22,352**
Gross book values at Dec. 31, 2007	90,387	56,328	6,354	39,294	1,686	**194,049**
Depreciation at April 1, 2007	15,773	31,597	4,196	23,028	0	**74,594**
Currency translation	–127	–716	–5	–158	0	**–1,006**
Depreciation in 2007	2,551	3,251	598	3,105	0	**9,505**
Disposals	365	515	121	1,878	0	**2,879**
Transfers	0	–116	0	99	0	**–17**
Depreciation at Dec. 31, 2007	17,832	33,501	4,668	24,196	0	**80,197**
Net book values at Dec. 31, 2007	72,555	22,827	1,686	15,098	1,686	**113,852**

* K = thousand(s)

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 Stedim Biotech 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 2007, we received lease payments of €1,713 K*. For 2008, the expected lease payments for existing leasing contracts are €1,496 K*, and for 2009 to 2012, a total of €1,213 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

During the current business year, depreciation and amortization of intangible assets and property, plant and equipment was €15,253 K*.

Impairment of Assets

The book values (carrying amounts) of property, plant and equipment as well as intangible assets are examined on 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 the individual asset's recoverable amount cannot be estimated, the recoverable amount of the asset's cash-generating unit (CGU) 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. In 2007, there were no material impairment losses to recognize in the intangible assets and property, plant and equipment.

* K = thousand(s)

14. Financial Assets

	Investment in subsidiaries € in K*	Investment in associates € in K*	Securities as fixed assets and other loans € in K*	Total € in K*
Gross book values at April 1, 2007	81	2,785	37	**2,903**
Currency translation	0	0	0	**0**
Change in the scope of consolidation	0	10	3	**13**
Investments	10	0	0	**10**
Disposals	0	0	4	**4**
Transfers	0	0	0	0
Gross book values at Dec. 31, 2007	91	2,795	36	**2,922**
Impairment losses at April 1, 2007	0	1,153	0	**1,153**
Impairment losses 2007	0	0	3	**3**
Disposals	0	0	0	**0**
Impairment losses at Dec. 31, 2007	0	1,153	3	**1,156**
Net book values at Dec. 31, 2007	91	1,642	33	**1,766**

Investments in subsidiaries, associates, and securities as fixed assets are measured at cost because no active market exists for these shares and securities and the fair values of these assets cannot be reliably measured. The other financial assets are accounted for at cost, unless they have to be reported at a lower recoverable amount on the balance sheet date.

For a list of the companies consolidated and their ownership percentages, please refer to Section 7 "Scope of Consolidation, List of subsidiaries."

* K = thousand(s)

15. Non-current Trade and Other Receivables

	Dec. 31, 2007 € in K*
Non-current trade receivables	**0**
Other non-current assets	**319**
	319

16. 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 balance sheet 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 liabilities in 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 amounts carried forward can be used. 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. Deferred tax items in France were measured at the expected tax rate for 2008: 33.33%. In Germany, it can be assumed that the corporation tax rate will be 15% for 2008. Taking into account the 5.5% solidarity surcharge as well as the average Group trade income tax rate, the tax rate used to calculate deferred taxes is thus approx. 30%.

The deferred tax assets developed as follows during 2007:

	Deferred taxes on losses carried forward € in K*	Pension benefits € in K*	Consolidation processes € in K*	Other deductible temporary differences € in K*	Total € in K*
Balance at April 1, 2007	173	2,157	3,111	2,062	**7,503**
Change in the scope of consolidation	2,555	0	147	631	**3,333**
Actuarial losses recognized directly in equity	0	–555	0	0	**–555**
Recognized as affecting net income	–350	–563	–858	153	**–1,618**
Differences in currency translation	0	0	0	–128	**–128**
Balance at Dec. 31, 2007	2,378	1,039	2,400	2,718	**8,535**

* K = thousand(s)

On the balance sheet date, the Group had unused tax loss amounts carried forward of €16.8 million to be deducted from future taxable profits. A deferred tax amount was reported on approx. €8.4 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.

Current Assets

17. Inventories

	Dec. 31, 2007 € in K*
Raw materials and supplies	**11,235**
Work in progress	**13,385**
Finished goods and merchandise	**25,301**
Payments on account	**3,830**
	53,751

Raw materials and supplies, including merchandise, are reported under "Inventories" at average cost. 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.

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 2007, no material write-downs or reversals of write-downs were recognized in the income statement.

* K = thousand(s)

18. Current Trade and Other Receivables

	Dec. 31, 2007 € in K*
Trade receivables	**72,784**
Receivables from Sartorius AG Group subsidiaries	**12,031**
Receivables from associated companies	**37**
Other assets	**6,679**
Derivative financial intruments	**1,888**
Current tax assets	**5,288**
Prepaid expenses	**1,787**
	100,494

The receivables from subsidiaries refer to companies of the Mechatronics Division of the Sartorius AG Group.

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. In the opinion of the Executive Committee management, the book values of trade receivables and other receivables approximate their fair value. 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 a large base of unrelated customers.

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.

Development of allowances:

	Dec. 31, 2007 € in K*
Valuation allowance at April 1, 2007	**–3,497**
Increase during the year	**–1,417**
Derecognition and consumption	**923**
Recoveries of amounts previously impaired	**252**
Foreign exchange translation differences	**32**
Valuation allowance at Dec. 31, 2007	**–3,707**

Aging of trade receivables past due, but not impaired:

	Dec. 31, 2007 € in K*
1–30 days	**14,291**
31–90 days	**7,954**
91–180 days	**3,820**
181–360 days	**2,396**
More than 360 days	**1,222**
	29,683

* K = thousand(s)

19. Cash and Cash Equivalents

	Dec. 31, 2007 € in K*
Cash on hand, deposits in bank	**7,461**
Other securities	**0**
	7,461

The book value of these assets closely approximates their fair value.

20. Issued Capital

At December 31, 2007, Group share capital totaled €10,308 K*. The equity structure reflects the issued shares of the legal parent company Sartorius Stedim Biotech S.A., i.e., 16,897,988 shares with a par value of €0.61. All shares are fully paid up.

At December 31, 2005, December 31, 2006, and December 31, 2007, there were no dilutive instruments other than share subscription option plans.

Shares registered in the name of the same owner for over 4 years benefit from a double voting right.

The Group did not hold any treasury shares as of December 31, 2005, December 31, 2006, or December 31, 2007.

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

21. Capital Reserves

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

22. 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."

23. 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."

24. Earnings Reserves and Retained Profits

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

* K = thousand(s)

Non-current Liabilities

25. Non-current Provisions

	Dec. 31, 2007 € in K*
Pension provisions and similar obligations	**11,426**
Deferred tax liabilities	**36,425**
Other non-current provisions	**2,625**
	50,476

Pension provisions and similar obligations have been recognized in the consolidated financial statements of Sartorius Stedim Biotech Group 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 gains | losses, which were transferred to the pension reserves, essentially resulted from a change in the discount rate and totalled €339 K*.

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

	2007
Discount rate	**4.5% – 5.25%**
Future salary increases	**2.75% – 3.0%**
Future pension increases	**1.75%**

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

	Dec. 31, 2007 € in K*
Current service cost	**362**
Interest cost	**383**
	745

The present value recognized in the balance sheet developed as follows in 2007:

	2007 € in K*
Present value of the obligations as of April 1	**11,923**
Current service cost	**362**
Interest cost	**383**
Change in the scope of consolidation	**501**
Actuarial losses	gains	**–1,593**
Currency translation differences	**–13**
Retirement benefits paid in the reporting year	**–137**
Present value of the obligations as of Dec. 31, 2007	**11,426**

On the reporting date, the net liability that was wholly unfunded was €11,139 K*.

* K = thousand(s)

Development of deferred tax liabilities:

	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 April 1, 2007	3,986	0	1,666	2,111	7,763
Change in the scope of consolidation	1,423	29,219	829	445	31,916
Hedge accounting, not affecting net income	0	0	0	483	483
Affecting net income in the fiscal year	–670	–1,339	–822	–890	–3,721
Effect of currency differences	0	–6	0	–10	–16
Balance at Dec. 31, 2007	4,739	27,874	1,673	2,139	36,425

Other non-current provisions:

	Payments to employees on the early retirement plan for offsetting reduced work hours € in K*	Provisions for anniversaries € in K*	Other € in K*	Total € in K*
Balance at April 1, 2007	2,077	492	554	3,123
Currency translation	0	0	–1	–1
Consumption	–429	0	–28	–457
Reversal	–53	–12	–129	–194
Addition	99	34	21	154
Balance at Dec. 31, 2007	1,694	514	417	2,625

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 for anniversaries is 5.25%. The provision for employees on the early retirement plan has a term of up to five years.

* K = thousand(s)

26. Non-current Liabilities

This item consists of the following:

	Balance at Dec. 31, 2007 € in K*	Remaining term of more than five years € in K*
Loans and borrowings	**4,908**	357
Other non-current liabilities	**320**	0
	5,228	357

Current Liabilities

27. Current Provisions

In 2007, current provisions developed as follows:

	Warranties € in K*	Other € in K*	Total € in K*
Balance at April 1, 2007	1,189	1,002	2,191
Currency translation	–5	–237	–242
Change in the scope of consolidation	105	1,689	1,794
Consumption	–472	–353	–825
Release	4	–270	–266
Addition	529	4,338	4,866
Balance at Dec. 31, 2007	**1,349**	**6,169**	**7,518**

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 the employee benefits expense of €2,332 K*, mainly arising from severance payments. The increase in other provisions is mainly related to transaction and integration costs as well as to the reorganization of our equipment business in North America.

* K = thousand(s)

28. Current Liabilities

	Dec. 31, 2007 € in K*
Loans and borrowings	**156,386**
Payments received on account of orders	**4,489**
Trade payables	**22,960**
Payables to associated companies	**36**
Payables to subsidiaries of the Sartorius AG Group	**3,767**
Current tax liabilities	**3,467**
Other liabilities	**23,636**
	214,741

The item "Payables to subsidiaries of the Sartorius AG Group" refer to companies of the Mechatronics Division of the Sartorius Group.

29. Other Financial Obligations

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

	Dec. 31, 2007 € in K*
Rental and leasing contracts	
– due in the financial year 2008	**2,978**
– due in any one financial year from 2009 to 2012	**5,780**
– due after 2012	**851**
Forward exchange transactions for hedging of commodity trade	**2,038**

30. Financial Instruments | Financial Risks

This chapter gives an overview of the impact of financial instruments on the financial statements of Sartorius Stedim Biotech Group and provides additional information on the balance sheet items, which contain financial instruments.

The fair values and carrying amounts of the categories of financial instruments as of the reporting date are as follows:

* K = thousand(s)

Assets	Fair value Dec. 31, 2007 € in K*	Held for trading FVTPL[1] € in K*	Held to maturity Cost € in K*	Loans and receivables Cost € in K*	Hedging relationship FVRDE[2] € in K*	Carrying amount Dec. 31, 2007 € in K*	Not in the scope of IAS 39 € in K*	Carrying amount Dec. 31, 2007 € in K*
Non-current assets								
Financial assets	34	0	34	0	0	34	1,732	1,766
Trade receivables	0	0	0	0	0	0	0	0
Other assets	319	0	0	319	0	319	0	319
Current assets								
Trade receivables	69,945	0	0	69,945	0	69,945	0	69,945
Trade receivables, POC	2,839	0	0	2,839	0	2,839	0	2,839
Receivables from subsidiaries	12,031	0	0	12,031	0	12,031	0	12,031
Receivables from associated companies	37	0	0	37	0	37	0	37
Other assets	8,466	0	0	8,466	0	8,466	0	8,466
Derivatives	1,888	277	0	0	1,611	1,888	0	1,888
Cash and cash equivalents	7,461	0	0	7,461	0	7,461	0	7,461

Liabilities	Fair value Dec. 31, 2007 € in K*	Held for trading FVTPL[1] € in K*	Financial liabilities Cost € in K*		Carrying amount Dec. 31, 2007 € in K*	Not in the scope of IAS 39 € in K*	Carrying amount Dec. 31, 2007 € in K*
Non-current liabilities							
Loans and borrowings	4,908	0	4,908		4,908	0	4,908
Other liabilities	0	0	0		0	0	0
Leasing	320	0	320		320	0	320
Current liabilities							
Provisions	6,169	0	6,169		6,169	1,349	7,518
Loans and borrowings	156,386	0	156,386		155,386	0	155,386
Trade payables	22,960	0	22,960		22,960	0	22,960
Receivables from subsidiaries	3,767	0	3,767		3,767	0	3,767
Receivables from associated companies	36	0	36		36	0	36
Other liabilities	28,125	0	28,125		28,125	0	28,125

[1] Fair value through profit or loss
[2] Fair value recognized directly in equity

* K = thousand(s)

The net gains and losses of the various categories of financial intruments are presented in the following table:

Held-for-trading instruments	**2007 € in K***
Valuation	**277**
Gains on realization	**573**
Exchange gains | losses	**0**
	850

Loans and receivables	**2007 € in K***
Interest income	**0**
Allowances	**–1,417**
Income from the decrease in allowances for bad debts	**252**
Exchange gains | losses	**541**
	–624

Goals of Financial Risk Management

The Treasury Department of the Sartorius Stedim Biotech Group is centrally focused in Sartorius Corporate Administration GmbH, a subsidiary of Sartorius AG. This centralized Treasury Department performs services for all companies of the Sartorius Group including the Sartorius Stedim Biotech Group, and 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 Sartorius Stedim Biotech Group strives to minimize the impact of currency risk 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. Following thorough analysis of the current and anticipated interest rate situation, the Group has not carried out interest hedging to date. 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.

* K = thousand(s)

Exchange Rate

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. On principle, we use derivative financial instruments to hedge the net currency exposure resulting from currency translation of our sales revenue.

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). As a result, this enables us to keep the costs for currency hedging low. 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, provided that this rate reaches a certain value during the term of the option.

Our strategy provides for hedging of approximately one and a half years in advance. Our hedging measures are reviewed at regular intervals in order to adapt them to currency fluctuations.

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 balance sheet 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 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, 2007				
USD	12,500,000	up to 6 months	1,3821	579
USD	20,000,000	up to 12 months	1,4068	686
USD	10,000,000	more than 12 months	1,4225	227
	42,500,000			**1,492**

If the exchange rate of the U.S. dollar to the euro had dropped 5%, earnings from currency hedging transactions in 2007 would have increased by around €1.1 million.

If the exchange rate of the U.S. dollar to the euro had risen 5%, earnings from currency hedging transactions in 2007 would have fallen by about €1.2 million.

* K = thousand(s)

Interest Risk Management

Financing of the Sartorius Stedim Biotech Group is usually done through the German subsidiary Sartorius Stedim Biotech GmbH and the French parent company Stedim Biotech S.A., which ensure the financing of all Group companies using internal group loans. In this case, the Group is exposed to interest rate risks as these loans are primarily taken out at variable interest rates. To control the interest risk, we maintain an appropriate ratio between fixed and variable loans. Furthermore, we regularly review which interest hedging measures are required.

Liquidity Risk Management

The Group controls liquidity risks by maintaining credit lines and additional facilities with banks, by continuously tracking the forecasted and actual cash flows as well as by managing the maturity profiles of financial assets and liabilities.

The difference between the existing credit line of €204.7 million as of December 31, 2007, and gross debt of €161.3 million shows the amount of unused credit lines. The majority of these are available to the Group without entailing any additional costs and thus reduce future liquidity risks.

The table below provides an overview of the credit lines available on the reporting date. For 2007, interest expenses were €6.3 million.

	Credit line at Dec. 31, 2007 € in K*	Interest rate	End of term
Syndicated credit line	**157,035**	Variable	2008
Bilateral credit line	**42,749**	Variable	Until further notice
Long-term loans	**4,884**	Fixed	2009–2014
	204,668		

If the market interest rate had been 1.0 of a percentage point higher, interest expenses in 2007 would have increased by about €1.2 million. If this interest rate had been 1.0 of a percentage point lower, interest expenses for 2007 would have decreased by about €1.2 million.

* K = thousand(s)

31. Share-based Payments

Share-based payments relate to stock option plans allocated for Group personnel.

	Dec. 31, 2007
Outstanding at start of period	**318,450**
Granted during the period	**0**
Forfeited during the period	**–27,653**
Exercised during the period	**–89,270**
Expired in the period	**–22,500**
Outstanding at the end of period	**179,027**
Exercisable at the end of period	**164,627**

The various stock option plans outstanding at December 31, 2007 were as follows:

Date of General Meeting authorizing the plan	Date of grant by the Board of Directors	Initial number of shares to be subscribed	Number of shares to be subscribed by directors and executives	Number of directors and executives concerned	Number of beneficiaries	Subscription on price in €	Number of shares subscribed over the fiscal year	Number of options granted and exercisable	Number of options subject to target performance	Number of beneficiaries 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	0	4,400	4,400	1
06/23/2000	02/11/2004	66,000	0	0	1	6.42	0	22,000	0	1
06/23/2000	07/23/2004	140,000	0	0	19	9.23	35,000	70,000	0	12
06/10/2005	09/15/2005	127,500	30,000	1	15	18.87	15,000	46,667	10,000	7
06/10/2005	11/10/2006	35,000	0	0	2	29.51	0	17,500	0	1
Total		**684,560**	**30,000**		**51**		**89,270**	**164,627**	**14,400**	**23**
								179,027		

The cost for the 2007 year was €33 K*.

Sartorius Stedim Biotech share purchase options have been allocated by the Group to some of its employees and directors. The fair value of services performed as consideration for the allocation of these options is measured decisively by reference to the fair value of these options and warrants at the date of allocation. In order to perform this estimate, the Group uses 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. This expense is recognized under personnel costs and offset by an increase in reserves. No expense is recognized for entitlements that are not eventually acquired.

Cash received by the Group upon the exercise of these options is recognized in the cash and cash equivalents with a corresponding item in the reserves.

* K = thousand(s)

Notes to the Income Statement

32. 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:

	€ in K*
France	27,281
Germany	29,811
All other countries	211,744
	268,836

An amount of €5,813 K* was earned with subsidiaries.

33. 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.

34. Selling and Distribution Costs

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

35. 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.

36. General Administrative Expenses

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

* K = thousand(s)

37. Other Operating Income and Expenses

	2007 € in K*
Currency translation gains	**3,497**
Income from the decrease in allowances for bad debts	**252**
Income from release and use of provisions	**954**
Income from grants	**1,675**
Other income	**1,832**
Other operating income	**8,210**
Currency translation losses	**2,383**
Reorganization expenses	**8,440**
Allowances for bad debts	**1,417**
Other expenses	**2,382**
Other operating expenses	**14,622**
Other operating income and expenses	**–6,412**

38. Interest

	2007 € in K*
Interest and similar income	**101**
– of which from subsidiaries	**(7)**
Interest and similar expenses	**5,865**
– of which from associated companies	**(0)**
Expenses for derivative financial instruments	**119**
Interest expense for pensions	**383**
	–6,266

39. Income Tax Expense

	2007 € in K*
Current income taxes	**4,016**
Deferred taxes	**–2,103**
	1,913

As a matter of principle, income taxes in France are calculated at 33.33% of the estimated taxable profit for the year. For Germany, a rate of 40% was applied to the taxable income of 2007, whereas for 2008 and the following years, a rate of 30% is appropriate for deferred taxes. Income generated outside France and Germany is taxed at the particular rates that are valid in the corresponding country.

Considering the French and German average tax rates as well as the impact of other tax legislation, the expected tax rate for the SSB Group is roughly 35%. The following table describes the difference between the tax expense to be expected and the income tax expenses reported for the particular business year.

	2007 € in K*
Expected tax expense (35%)	**2,329**
Difference from the Group average income tax rate	**–814**
Expenses not deductible for tax purposes	**453**
Losses and temporary differences not considered as assets	**4,316**
Adjustments from previous years	**–1,673**
Tax-free income and other tax exemptions	**–2,572**
Other	**–126**
	1,913
Effective tax rate	**28.7%**

* K = thousand(s)

40. Earnings per Share

Diluted net earnings per share was measured by taking into account share subscription options outstanding at December 31, 2007, resulting in certain Group employees acquiring entitlements to subscribe to a total of 179,027 shares, with respect to the financial results reported for the years from 2000 to 2007 and allocations granted by the Group's Board of Directors since June 23, 2000.

The Extraordinary General Meetings on June 23, 2000, and June 10, 2005, delegated power to the Board of Directors to allocate new options providing entitlements to a maximum number of shares. Since the exercise of options is subject to the performance of targets in the financial years of 2000 to 2007, their impact on diluted net earnings per share was taken into consideration up to the number of options permanently attributed with respect to the results of 2000 to 2007 and including potential options subject to the performance of future objectives.

Therefore, the diluted net earnings per share at December 2005, December 31, 2006, and December 31, 2007, were calculated on the following basis:

- At December 31, 2005 — on the basis of 2005 financial year items — the number of existing and potential future shares (including optional shares) was 7,366,005.
- At December 31, 2006 — on the basis of 2006 financial year items — the number of existing and potential future shares (including optional shares) was 7,376,005.
- At December 31, 2007 — on the basis of 2007 financial year items — the number of existing and potential future shares (including optional shares) + issued shares related to the contribution of Sartorius Biotech activities was 12,201,434.

	Dec. 31, 2007
Net profit after tax (€ in K*)	4,742
Group net profit after tax (€ in K*)	4,742
Earnings per share (€)	0.39
Diluted earnings per share (€)	0.39
Number of shares used in earnings per share calculation	12,022,407
Future options	164,627
Potential options	14,400
Number of shares used in diluted earnnings per share calculation	12,201,434

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.

41. Other Disclosures

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

Material Events after the Reporting Date

Reorganization of the Company's General Management

Pursuant to a decision of the Board of Directors of the company dated March 6, 2008, the Board decided to reorganize the company's general management, in particular, the allocation of functions among the CEO, vice CEOs and other managers of the company. This reorganization was to take place in the context of a general analysis of the company's corporate governance eight months after the completion of the combination between Sartorius and the company on June 29, 2007. Reorganization of management aims at optimizing the decision-making process in the interest of the company itself and in the context of its relationships with the company's parent company, Sartorius AG.

* K = thousand(s)

The Board of Directors decided on a new organization of the company's general management, which will be more centralized than it was before. As a result of this reorganization, certain responsibilities have been reallocated between the CEO and vice CEOs.

In the context of the reorganization of the general management decided by the Board of Directors, Mrs. Liliane de Lassus's functions of vice CEO will have ceased on March 31, 2008. However, it is specified that Mrs. Liliane de Lassus will remain as director of the company until the term of her position has expired i.e., until the end of the Annual Shareholders' Meeting to be held in 2010 to approve the 2009 financial statements.

Undertakings of the Company for the Benefit of Directors and Officers

At the meeting held on June 29, 2007, the Board of Directors appointed Mrs. Liliane de Lassus vice CEO of the company, and the duties of CEO were assumed by Dr. Joachim Kreuzburg on that same day. In the context of such an appointment, the Board has decided that, in case of revocation of Mrs. Liliane de Lassus's appointment as vice CEO for a cause other than negligence or gross negligence, Mrs. Liliane de Lassus would receive severance payment in the amount of 12 months of her gross monthly remuneration, where such "departure indemnity" excludes any other compensation or indemnification.

Pursuant to this decision on June 29, 2007, and after having acknowledged the fulfillment of the conditions provided for that purpose, the Board of Directors decided during its meeting held on March 6, 2008, to pay such indemnity to Mrs. Liliane de Lassus in the context of the termination of her duties as vice CEO.

Analysis of Operating Profit by Category

		2007 € in K*
Sales revenue		268,836
Purchases consumed	96,609	
Cost of purchased sevices	6,120	
Personnel costs	76,698	
Amortization and depreciation	15,213	
Other operating costs	60,284	
		254,924
Operating profit		**13,912**
Finance income | expenses		–6,265
Income tax and other taxes		–2,905
Net profit		**4,742**

Raw Materials and Supplies

This item consists of the following:

	2007 € in K*
Expenses for raw materials, supplies and purchased materials	**96,890**
Cost of purchased services	**6,120**
	103,011

Employee Benefits Expense

This item can be broken down as follows:

	2007 € in K*
Wages and salaries	**63,273**
Social security	**12,512**
Expenses for retirement benefits and pensions	**914**
	76,698

Number of Employees

The average workforce employed during the year 2007 was 2,294.

* K = thousand(s)

Statutory Auditors' Report

Statutory Auditors' Report on the Consolidated Financial Statements

(Translation of the French original)

To the Shareholders,

In accordance with our appointment as statutory auditors by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Sartorius Stedim Biotech for the nine months ended December 31, 2007.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as of December 31, 2007 and the results of its operations for the nine months then ended in accordance with IFRS as adopted in the European Union. Without qualifying the above opinion, we draw your attention to Note 8 "Business combination" to the consolidated financial statements which outlines the impacts of the merger between the Stedim Group and the Biotechnology division of the Sartorius AG Group.

II. Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we draw your attention to the following:

- Note 3 "Accounting policies | assumptions and estimates" to the consolidated financial statements refers to the significant judgments and estimates made by management, particularly those concerning the capitalization of research and development expenditure and the impairment tests on goodwill and assets with indefinite useful lives.

- At each period-end, the Company systematically performs an impairment test on goodwill and assets with indefinite useful lives and also assess whether there is an indication of a loss in value for long-term assets, according to the terms and conditions defined in Note 12 "Goodwill and intangible assets" to the financial statements.

- Note 6 "Consolidation methods" to the financial statements outlines the accounting methods relating to the recognition of business combinations. As part of our assessment of the accounting policies adopted by the Company, we verified the appropriateness of the accounting methods described above and the disclosures in the notes to the financial statements, particularly Note 8 "Business combination."

Our work consisted in assessing the data and assumptions on which these judgments and estimates were based, reviewing, on a test basis, the calculations performed by the Company, comparing the accounting estimates of previous periods with the corresponding achievements, examining the procedures implemented by management to approve the estimates and verifying that the notes to the financial statements provide an appropriate disclosure on the assumptions and options adopted by the Company. These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of the opinion in the first part of this report.

III. Specific procedures and verifications

We have also verified the information given in the management report in accordance with professional standards applicable in France.

We have no comment to make as to the fair presentation of this information or its consistency with the consolidated financial statements.

Marseilles, 10 March 2008

The Statutory Auditors

Deloitte & Associes

French orginal signed by
Vincent Gros

Ernst & Young Audit

French original signed by
Jérôme Magnan

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Additional Information

Other Information of a Legal Nature

General Information on the Issuer

Corporate Name

The corporate name of the Company is:
"Sartorius Stedim Biotech S.A."
In all legal deeds and documents issued by the company, this is always preceded or followed by the words "société anonyme" or the abbreviation "S.A." and a statement of the share capital (Heading 1, Article 1 of the company bylaws).

Registered Office

The registered office is in Aubagne (13400), France, ZI des Paluds, avenue de Jouques.

This office may be transferred to another location in the same département [French country or state] or an adjacent département by simple decision of the Board of Directors subject to ratification by the next Annual General Meeting and anywhere else in France by a decision taken by an Extraordinary General Meeting.

If the Board of Directors decides to transfer the registered office, it is authorized to revise the bylaws as a result (Heading 1, Article 2, of the company bylaws).

Legal Form and Applicable Law

Public limited liability company or joint stock company [société anonyme] with a Board of Directors under French law, subject to the Commercial Code and Decree No. 67-236 of March 23, 1967 on commercial companies.

Date of Incorporation — Duration

The Company was incorporated on September 28, 1978 as a "société anonyme."

The company's duration is for 99 years, effective upon registration in the French trade and commercial register (Registre du Commerce et des Sociétés), unless subject to dissolution or extension provided by the present company bylaws (Heading 1, Article 3).

Corporate Purpose

The Company may, in France and abroad, manufacture, sell and distribute equipment to be used in the biopharmaceutical area and, more generally, carry out all property, financial and securities transactions that relate directly or indirectly to the operations above or are likely to assist their completion.

Trade and Commercial Register — APE Code

The Company is registered with the Registre du Commerce et des Sociétés de Marseille, under the number RCS B 314 093 352. Its economic activity code (APE) is 252H (conversion of plastic materials).

Inspection of Legal Documents at the Registered Office of the Company

The reference document may be inspected at the registered office of the company, on its website and on the website of the AMF.

Financial Year

The financial year, also referred to as fiscal year, covers a period of twelve months, beginning on January 1 and ending on December 31 of each year.

Specific Clauses in the Bylaws

Form of Shares

Shares may be in nominative or bearer form according to the shareholders' choice. These shares are entitled to be recorded in an account in accordance with French law.

Allocation of Profits

The income statement that summarizes the income and expenses of the year discloses by difference, after deduction of amortization, depreciation and provisions, the profit for the year. At least 5% must be deducted from the annual profit reduced, where appropriate, by prior losses, to set up the legal reserve. This deduction ceases to be obligatory when the legal reserve amounts to one tenth of the share capital. This obligatory deduction resumes when, for whatever reason, the legal reserve falls below this one tenth.

The distributable profit comprises the profit for the year less prior losses and amounts transferred to reserves, pursuant to French laws and the company bylaws, and increased by profit brought forward.

This profit is allocated among all shareholders proportionally to the number of shares each one holds. The General Meeting may decide to distribute amounts taken from reserves available to it by expressly indicating the reserve from which the transfers are made.

However, dividends are disbursed by way of priority from the annual profit. Except for a reduction in capital, no distribution may be made to shareholders when the equity falls below, or would consequently fall below, the amount of the capital together with the reserves that French laws or the company bylaws do not permit to distribute.

Revaluation surplus is not distributable. It may be incorporated in full or part into capital. However, after the transfer to reserves, pursuant to the law, the General Meeting may transfer any amount it wishes to all available, ordinary or extraordinary reserves, or carry it forward.

Shareholders' Meetings

Notification

Annual (or Ordinary) General Meetings are those convened to take all decisions that do not result in a revision of the bylaws.

Extraordinary General Meetings are those called to decide or authorize direct or indirect revisions to the bylaws.

Special Meetings bring together the holders of a specific class of share to consider revisions to the rights of this class of share.

Decisions made at the General Meetings are binding for all shareholders, even those who are absent, dissenting or legally incapable or incapacitated (Heading 3, Article 13 of the company bylaws).

General Meetings are convened by the Board of Directors or, by default, the independent auditors or a person thus empowered.

General Meetings are held at the registered office or any other place stated in the notification (Heading 3, excerpt of Article 14 of the company bylaws).

The forms and timescale of the notification are governed by French laws.

Agenda

The notice of the meeting must include the agenda approved by the author of the notice (Heading 3, excerpt of Article 14 of the bylaws).

The Meeting may only consider matters included in the agenda. It may, however, in all circumstances, dismiss one or more Directors (Heading 3, excerpt of Article 14 of the bylaws).

One or more shareholders representing a share of the capital provided by law may, subject to legal conditions and timeframe, require the inclusion on the agenda of draft resolutions (Heading 3, excerpt of Article 14 of the bylaws).

If the Meeting has been unable to make a valid decision due to a lack of a required quorum, the second Meeting and, where appropriate, the second Meeting adjourned are called at least six days in advance in the same form as the first Meeting (Heading 3, excerpt of Article 14 of bylaws).

Admission to Meetings, powers (Heading 3, excerpt of Article 14 of bylaws)

Every shareholder has the right to attend General Meetings and to participate in the discussions, in person or by proxy, regardless of the number of shares held, on simple proof of identity and the ownership of shares. The right to participate in a General Meeting is subject to the condition that the shares must be recorded, in the name of the shareholder or the shareholder's appointed broker, either in the nominative share accounts held by the Company or in the bearer share accounts held by the authorized broker, by zero hours, Paris time, on the third working day prior to the Meeting. The recording or registration of the shares in the bearer share accounts held by the authorized broker must be confirmed by a share certificate provided by the broker. This share certificate must be attached to the postal voting form, the proxy form or the application for an admission pass, issued in the name of the shareholder or on behalf of the shareholder represented by the appointed broker. A certificate must also be supplied to shareholders who wish to attend the General Meeting in person but who have not received an admission pass by zero hours, Paris time, on the third working day prior to the Meeting. Shareholders can be represented only by their spouse or by another shareholder: the proxy holder must justify the mandate held.

The legal representatives of shareholders who are legally incapable or incapacitated and individuals representing corporate shareholders take part in meetings, whether or not they are shareholders.

In the event of a postal vote, only the voting forms received by the Company three days prior to the date of the Meeting will be considered.

All legal documents relative to legal information for shareholders are made available to them at the registered office of the Company.

Conditions for the Exercise of Voting Rights — Majority Quorum
(Heading 3, Article 15 of bylaws)

At Annual and Extraordinary General Meetings, the quorum is calculated on the basis of the shares comprising the share capital and, in Special Meetings, on the basis of all the shares of the class concerned, net of shares not entitled to voting rights by virtue of the law.

In the event of postal voting, only the forms received by the company prior to the Meeting will be considered when calculating the quorum, under the conditions and timeframe set by the decree.

The right to vote conferred to shares is proportional to the capital they represent. With an equal par value, every share in capital or income right carries the right to one vote.

In the event that the shares are pledged, the voting right is exercised by the holder of the securities. The issuing company may not validly vote with shares subscribed, acquired or taken in pledge by it; these shares are not taken into account to calculate the quorum.

The voting takes place and the votes are cast by show of hands, or by those sitting and standing, or by roll call, as decided by the officers of the Meeting.

Further Information on Voting Rights

There is no limit in the bylaws on voting rights. In the event of conversion to bearer form, the converted share immediately forfeits its double voting right.

In the event of a capital increase by incorporation of reserves, profits or share premium, this double voting right applies, to new shares issued and allocated free of charge to a shareholder on the basis of existing shares that already carry this right (Heading 2, Article 3 of bylaws).

This revision to the bylaws was unanimously passed by the General Meeting in extraordinary session on August 24, 1994. It may be cancelled by a General Meeting in extraordinary session and after ratification by a Special Meeting of shareholders who benefit.

As of December 31, 2007, there were 2,014,380 shares with a double voting right out of a total of 16,897,988 shares. Thus, the total voting rights are 18,912,368.

(Heading 3, Article 16 [excerpt])
The Annual General Meeting is held at least once a year, within six months of the year end, to consider the financial statements of that year, subject to an extension of this timeframe by a legal decision. The Annual General Meeting may only validly deliberate, upon the first convocation, if the shareholders present — represented or voting by post — hold at least one quarter of the shares with a right to vote. No quorum is required upon the second convocation. It decides on the basis of the majority of votes held by shareholders present or represented, including shareholders voting by post.

Crossing Thresholds

The crossing upwards or downwards of the thresholds set by law must be declared by every shareholder to the Autorité des Marchés Financiers, pursuant to the law in force. The bylaws of the Company do not provide for additional threshold declarations.

Identification of Shareholders

Within the legal and regulatory framework, the company is authorized to seek the identity of bearer shareholders.

Payment of Dividends

The General Meeting has the facility to grant every shareholder, for all or part of a dividend payable, the option of paying the dividend in shares, according to French law, or in cash.

The terms of the payment of the dividend in cash are set by the General Meeting or, by default, the Board of Directors.

Cash dividends must be paid within a maximum of nine months after the end of the financial year, unless this timeframe is extended by a legal authorization.

However, this profit may be distributed as an interim dividend prior to the approval of the annual financial statements when a balance sheet prepared during or at the end of a financial year and certified by the independent auditors discloses that the company has realized a profit since the close of the previous financial year, after recognition of the necessary amortization, depreciation and provisions, as well as after deduction, where relevant, of prior losses and amounts to be transferred to the reserves, as required by French laws or the company bylaws. These interim dividends may not exceed the profit thus defined.

No reimbursement of dividends may be required from shareholders unless the distribution was made in violation of legal provisions and the company determines that the beneficiaries were aware of the illegality of this distribution at the time it occurred or could not ignore this nature of the dividends distributed, given the circumstances. Where this occurs, the shares in reimbursement are time-barred three years after the payment of these dividends. Dividends not collected within five years of their payment are time-barred.

Company's Acquisition of Own Shares

The Company has not set up a share buyback program.

Liquidity Contract

Under the liquidity contract concluded between Sartorius Stedim and the stockbroker Gilbert Dupont, the following assets appeared on the liquidity account at December 31, 2007:
– Number of shares: 5,884
– Liquidity account cash balance: €191,371.23

For information, the following assets appeared on the liquidity account on the date when the notification of contract implementation was issued:
– Number of shares: 0
– Liquidity account cash balance: €450,000

Other Information on the Assets, Financial Position and Results for the Group

Major Contracts

Several services agreements were entered into between entities of the two divisions of the Sartorius Group, Sartorius Stedim Biotech and Sartorius Mechatronics in order to enable the entities from both divisions to benefit from certain general administrative services under the same terms.

Among these service agreements, the service agreement with the highest volume and importance that is in place is between Sartorius Stedim Biotech GmbH and Sartorius Corporate Administration GmbH, a 100% subsidiary of Sartorius AG. Sartorius Corporate Administration GmbH provides general administrative services to Sartorius Stedim Biotech and Sartorius Mechatronics. Such services include, among others, accounting, treasury management, human resources management, IT systems and legal services. Sartorius Corporate Administration GmbH invoices its services on the basis of the internal and external costs incurred plus a margin of 3%. The services invoiced by Sartorius Corporate Administration GmbH to Sartorius Stedim Biotech GmbH in 2007 totaled €7,597,945.39.

Apart from the above-mentioned service agreements, there are no other contracts with material obligations or commitments that have been concluded outside the ordinary course of the company's business or to which a member of the Sartorius Stedim Biotech Group is a party.

Registered Trademarks and Trademark Applications

Name	EU	Germany	France	International registration in the countries designated	USA	Australia	Brazil	Mexico	UK	Canada
Sartorius Stedim Biotech	13/08/2007 No. 006228019 Reg. in progress			Application filed; reg. pending	17/08/2007 No. 76/680,786 Reg. in progress		Application filed; reg. pending			09/11/2007 No. 1371410 Reg. in progress
BIOSTAT		04/10/1968 No. 873661 31/10/2008		26/06/1985 No. 494574 26/06/2015 + AT BX CH DE ES FR IT PT	22/07/1988 No. 1572999 26/12/2009				16/07/1988 No. 1246230 16/07/2016	
HYDROSART	12/11/2001 No. 002458461 12/11/2011	07/04/1983 No. 1065357 07/04/2013			10/12/2001 No. 2677224 21/01/2013					28/11/2001 No. 609610 06/05/2019
MAXICAPS	04/10/1999 No. 001330885 04/10/2009				15/11/1999 No. 2450203 08/05/2011					
MIDICAPS	15/02/2005 No. 004289724 15/02/2015				16/02/2005 No. 3195052 02/01/2017					
MINISART		09/08/1978 No. 980370 09/08/2008	26/10/1988 No. 1495753 26/10/2008		07/02/1979 No. 1144895 30/12/2010				18/01/1979 No. 1107904 09/08/2009 18/01/1979 No. 1107903 18/01/2010	
SARTOCHECK		13/06/1979 No. 987883 13/06/2009	17/10/1989 No. 1555685 17/10/2009		05/12/1979 No. 1200237 06/07/2012				20/12/1986 No. 1125952 20/12/2010	
SARTOCON		06/06/1979 No. 988000 06/06/2009	17/10/1989 No. 1555684 17/10/2009		15/06/1982 No. 1197792 15/06/2012				20/12/1986 No. 1125951 20/12/2010	
VIROSART	02/11/2004 No. 004103701 02/11/2014	28/07/2004 No. 30443764 31/07/2014			10/11/2004 No. 3178067 28/11/2016					
SARTOFLOW		03/06/1983 No. 1057870 30/06/2013		06/03/1985 No. 494396 06/03/2015 + AT BX CH DE DZ EG ES FR HU IT KP LI MA MC PT RO RS RU SD VN	08/08/2007 No. 76/680,474 Reg. in progress				25/10/1984 No. 1228900 25/10/2015	
SARTOPORE	10/01/2000 No. 001454461 10/01/2010				15/02/2000 No. 2429825 20/02/2011					
FLEXBOY	31/08/2005 No.004614038 31/08/2015		19/04/1993 No. 93465632 19/04/2013	24/01/1995 No. 630 378 24/01/2015 + DE AT BX IT CH	31/08/1993 No. 2041550 04/03/2017	31/01/1995 No. 651778 31/01/2015	15/07/2003 No. 825688744 15/07/2013	03/09/2003 No. 810249 03/09/2013	31/01/1995 No. 2009384 31/01/2015	
FLEXEL	20/02/1998 No. 000753202 20/02/2008		02/09/1997 No. 97693975 02/09/2017		27/02/1998 No. 2414947 26/12/2010	19/02/1998 No. 755302 19/02/2008	15/07/2003 No. 825688736 15/07/2013	03/09/2003 No. 810250 03/09/2013		
PALLETANK	01/07/1998 No. 000865865 01/07/2008					30/06/1998 No. 765980 30/06/2008				
RAFT	31/08/2005 No. 004614046 31/08/2015			27/02/2006 No. 881021 27/02/2016 + US						
EVAM	15/01/1999 No. 001344266 15/10/2009									
STEDIM	08/08/2005 No. 004582037 08/08/2015			09/10/2006 No. 904339 09/10/2016 + JP	30/03/1984 No. 1366524 22/10/2015					
NUTRIBAG			19/07/1989 No. 1627260 19/07/2009							
NUTRIKIT			05/06/1989 No. 1535354 05/06/2009							
NUTRIMIX			05/06/1989 No. 1535353 05/06/2009							
NUTRIPOCHE			05/06/1989 No. 1535352 05/06/2009							
BIOSAFE			01/02/1995 No. 95556118 01/02/2015	22/02/2001 No. 758706 22/02/2011 + DE DK GB CH						
BIOSTEAM			01/08/2005 No. 053373523 01/08/2015							
FLUXBULLE			03/11/1994 No. 94543057 03/11/2014							

Apart from the trademarks mentioned above, the Sartorius Stedim Biotech Group is the owner | applicant of 303 different brands in various countries.

Registered Trademarks and Trademark Applications

Name	Japan	Denmark	Finland	Ireland	Malaysia	Norway	Sweden	China	Switzerland	India	Taiwan
Sartorius Stedim Biotech	08/11/2007 N° 2007113595 Reg. in progress				28/11/2007 Applications filed for 13 different classes; reg. in progress			Application filed; awaiting reg.		19/11/2007 Applications filed for 13 different classes; reg. in progress	Application filed; reg. pending
BIOSTAT	22/02/1988 No. 2021770 22/02/2008 27/08/1986 No. 1880889 27/08/2016	28/06/1985 No. 233586 29/08/2016	05/01/1988 No. 100350 05/01/2018	01/07/1985 No. 116688 30/06/2016	11/07/1985 No. 8502982 11/07/2012	27/05/1987 No. 128877 27/05/2017	31/03/1988 No. 209760 31/03/2018				
HYDROSART	21/11/2001 No. 4663672 18/04/2013										
MAXICAPS	15/10/1999 No. 4535058 11/01/2012										
MIDICAPS	25/02/2005 No. 4906540 04/11/2015										
MINISART	09/02/1979 No. 1583197 26/04/2013										
SARTOCHECK	29/09/1983 No. 1618759 29/09/2013										
SARTOCON											
VIROSART	28/01/2005 No. 5040228 13/04/2017							24/11/2004 No. 4379959 Reg. in progress	20/01/2005 No. 533,632 20/01/2015		
SARTOFLOW											
SARTOPORE	02/02/2000 No. 4495393 03/08/2011										
FLEXBOY	27/02/2006 No. 879252 27/02/2016						19/01/1995 No. 323347 16/05/2017				
FLEXEL	02/03/1998 No. 4470133 27/04/2011										
PALLETANK	28/02/2006 No. 5005301 24/11/2016										
RAFT											
EVAM											
STEDIM											
NUTRIBAG											
NUTRIKIT											
NUTRIMIX											
NUTRIPOCHE											
BIOSAFE											
BIOSTEAM											
FLUXBULLE											

Apart from the trademarks mentioned above, the Sartorius Stedim Biotech Group is the owner | applicant of 303 different brands in various countries.

Statutory Auditors' Report on Agreements and Commitments Involving Members of the Board of Directors of the Company

(Translation of the French original)

To the Shareholders,

In accordance with our appointment as statutory auditors of your Company, we hereby report on the agreements and commitments involving members of the Board of Directors of the Company.

Agreements and commitments authorised during the fiscal year

Pursuant to Article L. 225-40 of the French Commercial Code (Code de Commerce), agreements and commitments previously authorised by the Board of Directors have been brought to our attention.

The terms of our engagement do not require us to identify such agreements or commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness or their merit. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

We conducted our procedures in accordance with professional standards applicable in France; those standards require that we agree the information provided to us with the relevant source documents.

With Madame Liliane de Lassus, Vice CEO

Nature
In the event that the board of directors would decide to terminate the duties of Ms. Liliane de Lassus for a cause other than gross negligence or wilful misconduct, Ms. Liliane de Lassus would be entitled to a severance payment. Such severance payment would be to the exclusion of any other form of remedies or indemnification in the context of the termination. For the avoidance of doubt, such severance payment shall not be due to Ms. Liliane de Lassus in the event of resignation, whether such resignation results from the decision of Ms. de Lassus or from the applicable laws, regulations or by-laws of the Company.

Terms
The severance payment would be equal to 12 months of her fixed gross monthly compensation.

Agreements and commitments approved during previous fiscal years with continuing effect

In addition, pursuant to the French Commercial Code, we were informed that the following agreements and commitments, approved during previous fiscal years, continued in effect.

1. With Madame Liliane de Lassus, Vice CEO

Nature
Liliane de Lassus benefits from a supplementary, pre-funded pension plan in the form of a deferred annuity, the contributions to which are paid by Sartorius Stedim Biotech S.A.

This supplementary pension is payable at the normal age of retirement; the periodic payments are capitalized at the rate of 4.5%.

Terms
With respect to the financial year, the contributions paid by Sartorius Stedim Biotech S.A. amount to €22,828.

2. With the company VL Finance

Nature
Assistance and strategy advisory with respect to VL Finance in favour of Sartorius Stedim Biotech S.A.

Terms
VL Finance invoiced Sartorius Stedim Biotech S.A. for payroll and payroll charges, travel expenses, and more generally, overhead costs (fees, advisory and other services) performed within the scope of this activity, for an amount of €348,978 in 2007.

Marseilles, 10 March 2008

The Statutory Auditors

Ernst & Young Audit

French original signed by
Jérôme Magnan

Deloitte & Associés

French original signed by
Vincent Gros

Resolution Submitted to the Annual General Meeting on April 21, 2008

First Resolution

The General Meeting, having considered the report of the Board of Directors, the General Report of the Independent Auditors and the Special Report of the Chairman, pursuant to Article L. 225-37 of the Commercial Code,

- ratifies the transfer from "Other reserves" of €1,924 to pay the dividend approved by the General Meeting of May 16, 2007, in respect of shares derived from subscription options exercised between May 16, 2007, and the date of payment of the said dividend. As a result, it approves amount of "Other reserves" of the company of €10,592,039 after transfer of the said amount;

- approves the financial statements for the year ended December 31, 2007, that disclosed a net loss €11,481,567, as presented, as well as the transactions reflected in these financial statements or summarized in these reports.

The General Meeting, having considered the reports of the independent auditors, on the consolidated financial statements of the said year, approves these financial statements at December 31, 2007, which disclose a net profit (group share) of €4,742 thousands euros, as well as the transactions included therein or summarized in the Group Management Report.

As a result, the General Meeting grants a full and unreserved discharge to the Directors for the execution of their mandate for the said year.

The General Meeting also approves the overall amount of excess amortization or other amortization not deductible from profits subject to corporate income tax, which amounted to €20,000 as well as the corresponding tax.

Second Resolution

Noting the existence of distributable amounts in excess of the loss for the year, the General Meeting approves the proposal of the Board of Directors in respect of the allocation of the loss for the year of €11,481,567, as follows:

- To allocate €10,000,000 of the loss for the year to "Other Reserves";

- To carry forward the balance of €1,481,567;

and decides to:

- Transfer the amount of €5,069,396 from "Share Premiums" to be distributed to shareholders as a dividend,

As a result, for every share with a par value of €0.61, a net dividend of €0.30 will be paid. Individual shareholders resident in France for tax purposes are eligible to receive the 40% tax rebate referred to in the 2nd and 3rd paragraphs of Article 158-3 2 of the French General Tax Code.

In addition, the General Meeting authorizes the Board of Directors to transfer from "Other reserves" the amounts necessary to pay the above dividend to shares resulting from the exercise of subscription options effected prior to the date of payment of the dividend. The dividend will be payable with effect from April 30, 2008.

The amounts distributed after January 1, 2005, and eligible for a tax rebate were as follows:

Year ended	**Income eligible for a tax rebate**	
	Dividends	Other income distributed
Dec. 31, 2006	€1,344,458.75	
Dec. 31, 2005	€1,328,270.00	
Dec. 31, 2004	€971,803.80	

Information on the Annual Financial Report

Third Resolution

The General Meeting, having considered the special report of the Independent Auditors on the agreements subject to Articles L. 225-38 and subsequent of the Commercial Code, approves the conclusions of the said report and the agreements contained therein.

Fourth Resolution

Fourth resolution — approval of a transaction pursuant to article L.225-42-1 of the French Commercial Code The General Meeting, acting under the quorum and majority conditions required for ordinary shareholders' meetings, having considered the special report of the statutory auditors on the agreements subject to Articles L. 225-38 and L.225-42-1 of the Commercial Code, approves, in accordance with Article L. 225-42-1 of the Commercial Code, the undertaking made by the Board of Directors during its meeting held on June 29, 2007, to pay to Mrs. Liliane de Lassus, as Vice CEO of the company, an indemnity of an amount equal to 12 months of her gross monthly remuneration in case of revocation of her duties of Vice CEO for a cause other than negligence or gross negligence. It is specified that such indemnity shall exclude any other compensation as a result of the cease of her duties.

Fifth Resolution

The General Meeting grants all powers to a bearer of the original, a copy or an extract from the minutes of the present meeting to carry out all necessary formalities.

Declaration of Responsibility for the 2007 Annual Financial Report

I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Reference Document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the company and all the undertakings included in the consolidation, and that the management report (pages 18–55) presents a fair review of the development and performance of the business and financial position of the company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

We have received a completion letter from the auditors stating that they have audited the information contained in this Reference Document about the financial position and accounts and that they have read this document in its entirety. This letter does not contain any reservations, comments or objections.

The historical financial information presented in the Reference Document has been discussed in the auditors' report found on page 133 of this document, which contains a comment.

March 13, 2008

Joachim Kreuzburg
CEO

Table of Reconciliation

In order to facilitate understanding of the present document concerning the presentation of Sartorius Stedim Biotech S.A., the table below has, on the left, the headings from note 1 of European Regulation n°809/2004 of April 29, 2004 of the European Commission and in the column on the right, the corresponding sections of the present document.

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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 "fermenter" 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.

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
A product for a single use.

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.

Integrity test
Testing a membrane filter to ensure that it is intact. The most commonly used integrity tests are the diffusion, pressure hold, bubble point and water intrusion tests.

Membrane adsorbers
Specifically surface-modified, microporous membranes for chromatographic purification (see "Membrane chromatography") of the active ingredients of pharmaceuticals, such as proteins and viruses, and for use in protein analysis.

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.

PDA — Parenteral Drug Association
Influential international association that represents the interests of the pharmaceutical|biotech industry.

Purification
Using mixtures of substances to purify.

Scale-up
Transfer of scale or increase in size. This term is used to denote the progressive increase of a process ranging from lab scale to pilot scale to process scale, while retaining the basic technology of this process.

Separation technology
Technology for removal or isolation of solids, liquids and gases.

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.

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.

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.

CAC-40
The "Cotation Assistée en Continu" is a narrow-based, modified capitalization-weighted index of 40 companies listed on the Paris stock exchange.

Cash flow
The flow of funds or financial resources that are earned through day-to-day business activities and that are adjusted for expenses and income of considerable significance, which do not affect payments.

D&O insurance — Directors' and Officers' liability insurance
This liability insurance provides coverage to Board of Directors members, including managerial employees.

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

EBITA
Earnings before interest, taxes and amortization.

Economies of scale
A reduction in unit costs brought about especially by increased size of production facilities.

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.

Pro forma
The pro forma data is prepared by including Stedim business, which we consolidated for the first time on June 29, 2007, and Sartorius Stedim Plastics GmbH business, which was consolidated on January 1, 2007, for the full fiscal years of 2007 and 2006, respectively. At the same time, we excluded the hydrodynamic bearings business, sold on October 31, 2007, from both years, and eliminated the proceeds of the sale.

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.

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