



**sartorius stedim**  
biotech



Sartorius Stedim Biotech Group  
First-Half Financial Report  
January to June 2008

## Macroeconomic Environment

According to the leading German economic research institutes in their spring 2008 Joint Economic Forecast, the global economy is currently losing momentum. Therefore, they expect the global economy to grow 2.7%, down from 3.6% in the past year.

In the USA, the persistent woes on the financial markets, along with eroding prices on the real-estate markets, are expected to hurt property values of homeowners, and considerably dampen private consumption that is essential for the US economy. For the current year, the German economic research institutes therefore predict that gross domestic product in the USA will grow 1.5%, compared with 2.2% a year ago.

For the eurozone economy, the leading German economic institutes likewise forecast moderate economic activity during the further course of the year and project that growth will be 1.7% (2.6% in 2007). Germany is expected to attain a rate of 1.8% and France 1.5%.

For Japan as well, experts anticipate that cyclical expansion during the current year will weaken to 1.4% from 2.1% in 2007.

While the economy in the emerging Asian countries has largely remained unfazed by the financial crisis so far, the weakness of the US economy and the risk of inflation are bound to have a dampening effect from now on. For 2008, German research analysts forecast growth of around 10% for China (2007: 11.9%) and 7.0% (2007: 9.2%) for India.

The European Central Bank (ECB) raised its base rate, which had remained constant at 4.0% since June 2007, to 4.25% in June 2008. By contrast, the US Federal Reserve (Fed) trimmed its prime rate by 25 basis points to 2.0% during the last cut on April 30 to shore up the faltering economy.

As a result of the weakening US economy and the substantially lowered key interest rates in the USA, the dollar continued to plummet in the first half of 2008. Thus, the average first-half exchange rate of 1.53 US dollars to the euro was 20 cents higher than the year-earlier exchange rate of 1.33 US dollars to the euro.

## Sector Situation

The international market research institute IMS Health estimates that overall global growth in the pharmaceutical industry will dip slightly from 6%-7% in 2007 to 5%-6% in 2008. The trend toward increasing utilization of single-use products is expected to continue dominating this sector.

In 2008, IMS Health experts predict that the pharmaceutical market will grow between 4% and 5% in the USA and the five largest European markets. Tightened regulatory standards concerning testing, safety and, ultimately, the cost-efficiency of pharmaceuticals have delayed the launch of new medications. On top of this, many pharmaceutical companies have been facing mounting cost pressure, according to IMS Health. As a consequence, a few companies, particularly those in the USA, implemented programs for optimizing their inventory.



To ensure the best possible comparability, the first-half figures of 2008 are presented in parallel with those of 2007 on a pro forma basis. This means they include Stedim as of January 1, 2007, and are adjusted for extraordinary expenses and effects (underlying figures).

## Order Intake

In the first half of 2008, the Sartorius Stedim Biotech Group received orders worth €188.4 million (first half 2007 pro forma: €198.3 million). The currency-adjusted figure corresponds to a decline of -0.9% (actual exchange rate -5.0%). This situation resulted from a large contract in our equipment business that magnified order intake during the year-earlier period.

## Sales Revenue

Sartorius Stedim Biotech increased its sales revenue by a currency-adjusted 3.5%. At €185.4 million, sales revenue in the reporting currency is approximately at the previous year's pro forma level (€186.6 million).

Business in Europe showed highly dynamic development, attaining a double-digit growth rate, and thus reflects our successful integration of the former business entities and our enhanced market positioning. In the US pharmaceutical market, sales revenue fell as a result of the weaker demand of certain key accounts in the biopharmaceutical sector. The reason is that these key accounts had to accept delayed or restricted drug approvals by the Food and Drug Administration (FDA). As a consequence, these large customers manufactured considerably fewer medications than they had originally planned. In addition, a few key customers initiated programs to reduce their inventory and thus temporarily put the brakes on demand for our products on top of this.



## Key Figures

In millions of € (unless otherwise specified)	1st half 2008	1st half 2007 pro forma	Change in %	Change in % (in constant currencies)
<b>Sales revenue</b>	<b>185.4</b>	186.6	-0.6	3.5
Europe <sup>1)</sup>	<b>118.7</b>	106.7	11.2	12.7
North America <sup>1)</sup>	<b>37.6</b>	50.4	-25.2	-14.2
Asia   Pacific <sup>1)</sup>	<b>23.8</b>	23.8	-0.1	2.4
Other Markets <sup>1)</sup>	<b>5.4</b>	5.8	-6.7	-6.3
<b>EBITA<sup>2)</sup></b>	<b>20.8</b>	21.3		
<b>EBITA margin<sup>2)</sup> in %</b>	<b>11.2</b>	11.4		
<b>Net profit<sup>2)3)</sup></b>	<b>10.3</b>	10.7		
<b>Earnings per share<sup>2)3)</sup> in €</b>	<b>0.60</b>	0.62		

<sup>1)</sup> According to customers' location

<sup>2)</sup> For 2007: underlying

<sup>3)</sup> Excluding amortization

## Earnings Development

First-half operating earnings, reported as EBITA (earnings before interest, taxes and amortization) were €20.8 million in 2008 compared with €21.3 million in 2007 (pro forma underlying). The corresponding EBITA margin was 11.2% compared with 11.4% in 2007 (pro forma underlying). Based on the previous year's exchange rates, this EBITA margin increased to a solid 12%.

The company's first-half financial result of -€4.6 million was impacted by the hike in the euro base interest rate above last year's.

The Sartorius Stedim Biotech Group's first-half net profit after minority interest was €8.1 million in 2008 (first half 2007 pro forma underlying: €8.2 million) and also impacted by the exchange and interest rates as described above. If non-cash amortization for business combinations is excluded, net profit totals €10.3 million (first half 2007 pro forma underlying: €10.7 million). The corresponding earnings per share amount to €0.60 (first half 2007 pro forma underlying: €0.62).

## Assessment

The sales increase in Europe shows that after integration of the two former businesses had successfully progressed, we reinforced our position in the market. Overall, we made a strong showing in our regional markets, although we could not evade the challenging market conditions in the USA. Given the EBITA margin we achieved, we are continuing to perform on a very solid earnings level, against the backdrop of these adverse conditions.

## Cash Flow

As of June 30, 2008, Group cash earnings amounted to €22.0 million in 2008. Capital expenditures in the first half of 2008 totaled €8.7 million. Thus, we invested 4.7% of sales revenue in the Group. For the full year, we expect that our investment to sales ratio will be at a similar level.

On the whole, first-half net cash flow was -€2.8 million. For the full year of 2008, we estimate that net cash flow will be positive.

## Research and Development

In the first half of 2008, research and development (R&D) costs were at €12.8 million relative to €13.4 million a year ago. The ratio of R&D costs to sales revenue eased slightly from 7.2% in the first half of 2007 to 6.9% in the reporting period.

## Employees

As of June 30, 2008, the Sartorius Stedim Biotech Group employed 2,343 persons, or 32 more than at the end of the financial year 2007 (2,311).

It should be noted that the reorganization of our activities in the North American region entailed a reduction in our workforce from 426 to 371 persons.



# Net Worth and Financial Position



## Financing | Treasury

During the first half of 2008, the Sartorius Stedim Biotech Group still sourced its financing predominantly from the bridge loan arranged by Sartorius AG for the Stedim transaction. A separate financing package will be provided to replace this bridge loan and ensure that the Sartorius Stedim Biotech Group is financed independently of Sartorius AG. For this reason, in July 2008 we contracted Commerzbank AG, Dresdner Bank AG and West/LB AG as lead banks to arrange for a syndicated loan. The financing package was originated on July 23, 2008.

## Consolidated Balance Sheet

The balance sheet total of the Sartorius Stedim Biotech Group was €654.3 million as of June 30, 2008 (March 31, 2008: €649.0 million).

Equity is valued at €363.4 million. In relation to the balance sheet total, the equity ratio of 55.5% is at a comfortable level (March 31, 2008: 56.2%) for the Group.

Gross debt owed to banks was €173.5 million as of June 30, 2008; net debt totaled €165.6 million. The ratio of net debt to EBITDA was 2.6. Gearing, the ratio of net debt to equity, was 0.5. Thus, the key ratios for assessing the company's creditworthiness are at robust levels.

## Future Macroeconomic Report

Based on the estimates of the leading German economic research institutes, global growth in 2008 is likely to remain stable for the most part at 2.7% in 2008 and at 2.9% in 2009, respectively. Growth in the global economy will be driven primarily by the dynamics in the emerging Asian countries. On the whole, analysts see considerable uncertainties in their forecasts. These doubts will linger as long as the end and the extent of the financial crisis remain insufficiently known.

The leading German economic institutes expect the US economy to be impacted by the crisis on the financial markets both in the current and in the upcoming year. After registering a rise of 1.5% in the gross domestic product of the USA in 2008, the leading German economic institutes assume that the US economy will grow 2.2% in 2009.

For the eurozone economy, analysts expect that the momentum of the economic cycle will be moderate. Thus, gross domestic product for 2008 is projected at 1.7%; for 2009, at 1.6%. For Germany, the leading German economic institutes anticipate that in 2009 its economy will grow at 1.9%; for France, they estimate that the rate of increase will be 1.5%.

China's gross domestic product is expected to grow again in 2009 at approximately 10%, at a pace lower than that of 2008. India's economy is projected to maintain growth at a high level of 7.0% in 2008 and 2009.

After having cut the prime rate for the seventh consecutive time since September 2007, the US Federal Reserve (Fed) has left it at 2.0% during the past few weeks. In the interim, the Fed has rated inflation as a major concern in its interest policy and has halted its cycle of rate cuts for the time being. Some analysts estimate that the first rate hike will come in September of this year.

In their forecasts, the German institutes for economic research assumed that the crude oil price, which last stood at more than 140 US dollars per barrel, would be 98 US dollars per barrel this year and some 100 US dollars per barrel next year, and that the average exchange rate would be 1.58 US dollars to the euro.

## Future Business Development in 2008

For the second half of 2008, Sartorius Stedim Biotech forecasts higher growth in sales revenue than in the first half. Acceleration of growth is likely to be accompanied by a rise in profitability. However, the Group does not expect to reach its ambitious full-year targets. The current uncertainties concerning the US biotechnology market and the present economic climate make all forecasting attempts difficult for the second half.

## Market and Sector Risks

The Sartorius Stedim Biotech Group in its role as a supplier to the biopharmaceutical industry is exposed to a certain degree to the specific risks of this market. In particular, approval or denial of approval of new medications and other decisions of the regulatory authorities affect our customers' investment and purchase decisions as well as the timing of these decisions. We estimate that although these influential factors may have an impact on sales revenue and earnings in certain financial years, they will not affect the medium-term growth and profitability development of Sartorius Stedim Biotech.

## Assessment of Risks that Could Jeopardize the Existence of the Company | Risk Management System

After thorough analysis of the entire risk situation and according to our current review, there are no discernible risks that could jeopardize the existence or the future of the corporation. A detailed description of our risk management system and of the individual risks and opportunities of the Sartorius Stedim Biotech Group is given in the "Reference Document 2007" starting on page 40.





# Balance Sheet

## Assets

	June 2008		December 2007	
	€ in mn	%	€ in mn	%
<b>Non-current assets</b>				
Goodwill	249.3	38.1	249.3	38.9
Intangible assets	102.8	15.7	105.2	16.4
Property, plant and equipment	113.5	17.4	113.9	17.8
Financial assets	1.8	0.3	1.8	0.3
Subtotal	<b>467.4</b>	<b>71.4</b>	<b>470.2</b>	<b>73.4</b>
Receivables and other assets	0.4	0.1	0.3	0.0
Deferred tax assets	8.6	1.3	8.5	1.3
Total (1)	<b>476.3</b>	<b>72.8</b>	<b>479.0</b>	<b>74.8</b>
<b>Current assets</b>				
Inventories	61.7	9.4	53.8	8.4
Trade receivables	92.7	14.2	84.9	13.2
Current tax assets	4.3	0.7	5.3	0.8
Other assets	11.4	1.7	10.4	1.6
Cash and cash equivalents	7.9	1.2	7.5	1.2
Total (2)	<b>178.0</b>	<b>27.2</b>	<b>161.7</b>	<b>25.2</b>
<b>Total assets</b>	<b>654.3</b>	<b>100.0</b>	<b>640.7</b>	<b>100.0</b>

## Equity and Liabilities

	June 2008		December 2007 <sup>1)</sup>	
	€ in mn	%	€ in mn	%
<b>Equity</b>				
Issued capital	10.3	1.6	10.3	1.6
Capital reserves	338.2	51.7	338.2	52.8
Retained earnings	14.9	2.3	14.2	2.2
Minority interest	0.0	0.0	0.0	0.0
Total (1)	<b>363.4</b>	<b>55.5</b>	<b>362.8</b>	<b>56.6</b>
<b>Non-current liabilities</b>				
Pension provisions	11.8	1.8	11.4	1.8
Deferred tax liabilities	35.5	5.4	36.4	5.7
Other provisions	2.7	0.4	2.6	0.4
Loans and borrowings	3.8	0.6	4.9	0.8
Other liabilities	0.3	0.0	0.3	0.0
Total (2)	<b>54.1</b>	<b>8.3</b>	<b>55.7</b>	<b>8.7</b>
<b>Current liabilities</b>				
Provisions	5.8	0.9	7.5	1.2
Trade payables	31.7	4.8	31.3	4.9
Loans and borrowings	169.6	25.9	156.4	24.4
Current tax liabilities	4.6	0.7	3.5	0.5
Other liabilities	25.0	3.8	23.6	3.7
Total (3)	<b>236.8</b>	<b>36.2</b>	<b>222.3</b>	<b>34.7</b>
<b>Total equity and liabilities</b>	<b>654.3</b>	<b>100.0</b>	<b>640.7</b>	<b>100.0</b>

<sup>1)</sup> The figures of the balance sheet consolidated as of December 31, 2007, have been adjusted with regard to the allocation of liabilities of the Sartorius AG Group subsidiaries and payments received for orders. These have been reclassified from the item "Other liabilities" into "Trade payables" in order to better reflect their nature.

# Income Statement

	2nd quarter 2008		2nd quarter 2007		1st half 2008 <sup>1)</sup>		1st half 2007 <sup>1)</sup>	
	€ in mn	%	€ in mn	%	€ in mn	%	€ in mn	%
Sales revenue	94.2	100.0	77.6	100.0	185.4	100.0	77.6	100.0
Cost of sales	47.1	50.1	41.4	53.4	94.9	51.2	41.4	53.4
Gross profit on sales	47.0	49.9	36.1	46.6	90.6	48.8	36.1	46.6
Selling and distribution costs	22.2	23.6	17.6	22.7	44.1	23.8	17.6	22.7
Research and development costs	6.7	7.1	5.9	7.6	12.8	6.9	5.9	7.6
General administrative expenses	6.1	6.5	4.1	5.3	12.6	6.8	4.1	5.3
Other operating income and expenses	-0.5	-0.6	0.1	0.2	-0.2	-0.1	0.1	0.2
Earnings before interest, taxes and amortization (EBITA)	11.4	12.1	8.6	11.1	20.8	11.2	8.6	11.1
Amortization <sup>2)</sup>	1.6	1.6	0.1	0.1	3.1	1.7	0.1	0.1
Earnings before interest and taxes (EBIT)	9.9	10.5	8.5	11.0	17.7	9.5	8.5	11.0
Interest and similar income	0.0	0.0	0.0	0.0	0.3	0.2	0.0	0.0
Interest and similar expenses	2.5	2.6	1.6	2.0	4.9	2.6	1.6	2.0
Profit before tax	7.5	7.9	7.0	9.0	13.2	7.1	7.0	9.0
Income tax expenses	-3.4	-3.6	-2.0	-2.5	-5.1	-2.7	-2.0	-2.5
Other taxes	-0.6	-0.7	-0.2	-0.3	-1.2	-0.6	-0.2	-0.3
Deferred taxes	1.2	1.2	-0.4	-0.5	1.3	0.7	-0.4	-0.5
Net profit for the period	4.6	4.9	4.4	5.7	8.1	4.4	4.4	5.7
Attributable to:								
Equity holders of Sartorius Stedim Biotech	4.6	4.9	4.4	5.7	8.1	4.4	4.4	5.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic earnings per share (in €)					0.48		0.45	
Diluted earnings per share (in €)					0.48		0.44	

<sup>1)</sup> The figures for the first half of 2007 refer to the former Sartorius Biotech subgroup from April 1, 2007, to June 30, 2007. The figures for the first half of 2008 refer to the activity of the combined Sartorius Stedim Biotech Group from January 1, 2008, to June 30, 2008.

<sup>2)</sup> Amortization refers only to amortization of goodwill (if applicable) and of intangible assets recognized in connection with purchase price allocation (PPA) according to IFRS 3.

# Cash Flow Statement

	1st half 2008 <sup>1)</sup> € in mn	1st half 2007 <sup>1)</sup> € in mn
Profit before income taxes	12.0	6.8
Deferred taxes	1.3	-0.4
Minority interest	0.0	0.0
Depreciation and amortization of fixed assets	10.1	3.0
Change in non-current assets	-0.5	0.6
Change in non-current provisions	-0.8	0.0
<b>Cash earnings</b>	<b>22.0</b>	<b>10.0</b>
<b>Change in current provisions</b>	<b>-1.4</b>	<b>0.6</b>
Change in inventories	-9.1	-1.6
Change in trade and other receivables	-10.1	-5.1
Change in liabilities (excl. loans and borrowings)	2.7	11.9
<b>Cash flow from working capital</b>	<b>-17.9</b>	<b>5.7</b>
<b>Interest income</b>	<b>-0.3</b>	<b>0.0</b>
Interest expenses	4.9	1.6
Income taxes paid	-3.0	-2.0
<b>Cash flows from operating activities</b>	<b>5.7</b>	<b>15.2</b>
<b>Proceeds from fixed asset disposals</b>	<b>0.3</b>	<b>0.2</b>
Payments for intangible assets	-1.9	-1.0
Payments for property, plant and equipment	-6.8	-4.7
Payments for financial assets	0.0	-0.2
Cash and cash equivalents acquired in the business combination	0.0	3.2
<b>Cash flows from investing activities</b>	<b>-8.4</b>	<b>-2.5</b>
<b>Net cash flow</b>	<b>-2.8</b>	<b>12.8</b>
<b>Dividend payments</b>	<b>-5.1</b>	<b>0.0</b>
Interest income	0.3	0.0
Interest expenses	-4.9	-1.6
Change in minority interest	0.0	0.0
Additions to   repayment of loans and borrowings	12.4	0.4
<b>Cash flows from financing activities</b>	<b>2.8</b>	<b>-1.1</b>
<b>Change due to currency translation</b>	<b>0.4</b>	<b>0.3</b>
<b>Change in cash and cash equivalents</b>	<b>0.4</b>	<b>12.0</b>
Cash and cash equivalents at the beginning of the period	7.5	2.9
Cash and cash equivalents at the end of the period	7.9	14.9
Gross debt owed to banks	173.5	156.0
Net debt owed to banks	165.6	141.2

<sup>1)</sup> The figures for the first half 2007 refer to the former Sartorius Biotech subgroup from April 1, 2007, to June 30, 2007. The figures for the first half 2008 refer to the activity of the combined Sartorius Stedim Biotech Group from January 1, 2008 to June 30, 2008.

# Segment Reports

## Segment Report by Division

€ in mn	Biopharma			Group		
	1st half 2008	1st half 2007	Δ	1st half 2008	1st half 2007	Δ
Order intake	<b>188.4</b>	83.4	<b>126%</b>	<b>188.4</b>	83.4	126%
Sales revenue	<b>185.4</b>	77.6	<b>139%</b>	<b>185.4</b>	77.6	139%
As a total %	<b>100.0%</b>	100.0%		<b>100.0%</b>	100.0%	
EBITDA	<b>27.8</b>	11.5	<b>141%</b>	<b>27.8</b>	11.5	141%
As a % of sales revenue	<b>15.0%</b>	14.9%		<b>15.0%</b>	14.9%	
Depreciation and amortization	<b>10.1</b>	3.0	<b>236%</b>	<b>10.1</b>	3.0	236%
EBITA	<b>20.8</b>	8.6	<b>141%</b>	<b>20.8</b>	8.6	141%
As a % of sales revenue	<b>11.2%</b>	11.1%		<b>11.2%</b>	11.1%	
EBIT	<b>17.7</b>	8.5	<b>108%</b>	<b>17.7</b>	8.5	108%
As a % of sales revenue	<b>9.5%</b>	11.0%		<b>9.5%</b>	11.0%	
R&D costs	<b>12.8</b>	5.9	<b>118%</b>	<b>12.8</b>	5.9	118%
No. of employees at June 30	<b>2,343</b>	2,272	<b>3%</b>	<b>2,343</b>	2,272	3%

## Segment Report by Region

€ in mn	Europe			North America			Asia   Pacific			Other Markets			Group		
	1st half 2008	1st half 2007	Δ	1st half 2008	1st half 2007	Δ	1st half 2008	1st half 2007	Δ	1st half 2008	1st half 2007	Δ	1st half 2008	1st half 2007	Δ
Sales revenue															
- acc. to customers' location	<b>118.7</b>	43.7	171%	<b>37.6</b>	18.3	106%	<b>23.8</b>	13.1	81%	<b>5.4</b>	2.5	117%	<b>185.4</b>	77.6	139%
As a total %	<b>64.0%</b>	56.4%		<b>20.3%</b>	23.5%		<b>12.8%</b>	16.9%		<b>2.9%</b>	3.2%		<b>100.0%</b>	100.0%	
- acc. to company location	<b>135.0</b>	52.1	159%	<b>38.4</b>	18.1	112%	<b>12.0</b>	7.4	63%	<b>0.0</b>	0.0		<b>185.4</b>	77.6	139%
EBITA	<b>17.1</b>	5.5	212%	<b>1.7</b>	1.9	-10%	<b>1.8</b>	1.3	37%	<b>0.3</b>	0.0		<b>20.8</b>	8.6	141%
As a % of sales revenue	<b>12.6%</b>	10.5%		<b>4.4%</b>	10.4%		<b>14.7%</b>	17.4%					<b>11.2%</b>	11.1%	
<b>No. of employees at June 30</b>	<b>1,550</b>	1,443	7%	<b>371</b>	436	-15%	<b>307</b>	308	0%	<b>115</b>	85	<b>35%</b>	<b>2,343</b>	2,272	3%

## Statement of Changes in Equity

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€ in mn	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Currency translation reserves	Total	Minority interest	Total equity
<b>Balance at April 1, 2007</b>	<b>4.3</b>	<b>34.5</b>	<b>0.0</b>	<b>-1.1</b>	<b>13.4</b>	<b>0.0</b>	<b>51.2</b>	<b>0.0</b>	<b>51.2</b>
<b>Currency translation differences</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net income recognized directly in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net profit for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.4</b>	<b>0.0</b>	<b>4.4</b>	<b>0.0</b>	<b>4.4</b>
Total recognized income and expense for the period	0.0	0.0	0.0	0.0	4.4	0.0	4.4	0.0	4.4
Effects from reverse acquisition	6.0	309.0	0.0	0.0	0.0	0.0	315.0	0.0	315.0
Equity issuance costs	0.0	-5.3	0.0	0.0	0.0	0.0	-5.3	0.0	-5.3
Change in minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Balance at June 30, 2007</b>	<b>10.3</b>	<b>338.2</b>	<b>0.0</b>	<b>-1.1</b>	<b>17.8</b>	<b>0.0</b>	<b>365.2</b>	<b>0.3</b>	<b>365.5</b>

€ in mn	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Currency translation reserves	Total	Minority interest	Total equity
<b>Balance at Jan. 1, 2008</b>	<b>10.3</b>	<b>338.2</b>	<b>1.1</b>	<b>-0.2</b>	<b>18.2</b>	<b>-4.8</b>	<b>362.8</b>	<b>0.0</b>	<b>362.8</b>
<b>Cash flow hedges</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>0.0</b>	<b>0.8</b>
<b>Actuarial losses from pension provisions</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>
<b>Currency translation differences</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-2.9</b>	<b>-2.9</b>	<b>0.0</b>	<b>-2.9</b>
<b>Deferred taxes</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.2</b>
<b>Net income recognized directly in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>-0.1</b>	<b>0.0</b>	<b>-2.9</b>	<b>-2.5</b>	<b>0.0</b>	<b>-2.5</b>
<b>Net profit for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>8.1</b>	<b>0.0</b>	<b>8.1</b>	<b>0.0</b>	<b>8.1</b>
Total recognized income and expense for the period	0.0	0.0	0.5	-0.1	8.1	-2.9	5.7	0.0	5.7
Stock options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	-5.1	0.0	-5.1	0.0	-5.1
<b>Balance at June 30, 2008</b>	<b>10.3</b>	<b>338.2</b>	<b>1.7</b>	<b>-0.3</b>	<b>21.3</b>	<b>-7.8</b>	<b>363.4</b>	<b>0.0</b>	<b>363.4</b>

As explained in the Consolidated Statement of Changes in Equity included in the Reference Document 2007 and to apply the principles required by IFRS 3 (revised 2008), we retroactively adjusted the legal subsidiary's (Sartorius Stedim Biotech GmbH's) issued capital as of April 1, 2007, to reflect the equity structure of the legal parent (Sartorius Stedim Biotech S.A.).

# Key Figures

All figures are given in millions of €, unless otherwise specified	1st half 2008	1st half 2007	Change in %
<b>Operating results</b>			
Order intake	188.4	83.4	126.0
Sales revenue	185.4	77.6	139.0
EBITDA	27.8	11.5	140.9
EBITA	20.8	8.6	141.0
EBIT	17.7	8.5	107.6
Earnings before taxes	13.2	7.0	88.3
Net profit	8.1	4.4	85.0
(Basic) earnings per share in €	0.48	0.45	7.1
<b>As a % of sales revenue</b>			
EBITDA	15.0%	14.9%	
EBITA	11.2%	11.1%	
EBIT	9.5%	11.0%	
Profit before tax	7.1%	9.0%	
Net profit	4.4%	5.7%	
<b>Financials</b>			
Cash earnings	22.0	10.0	120.7
Depreciation and amortization (without financial assets)	10.1	3.0	236.0
Net cash flow	-2.8	12.8	-121.5
Capital expenditures	8.7	5.7	52.9
As a % of sales revenue	4.7%	7.3%	
Net debt	165.6	141.2	17.3
<b>Employees</b>			
Total	2,343	2,272	3.1
<b>R&amp;D</b>			
R&D costs	12.8	5.9	118.4
As a % of sales revenue	6.9%	7.6%	

## Notes to the Interim Financial Statements

### 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 and define 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 000053266).

The interim condensed consolidated financial statements of the Group for the six months ended June 30, 2008, were approved by the Board of Directors on July 18, 2008.

### Accounting Rules and Methods

The consolidated financial statements of the Sartorius Stedim Biotech Group for the period ended June 30, 2008, were prepared in conformance with the IAS 34 Standard "Interim financial reporting," of the IFRS reference system as adopted by the European Union. These first-half statements are condensed statements that do not include all the information required by the IFRS reference system and must be read in relation to the consolidated annual financial statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2007.

The accounting principles retained for preparing the consolidated half-year statements are in conformance with the IFRS Standards and Interpretations as adopted by the European Union on June 30, 2008, and are available on the website:  
[http://ec.europa.eu/internal\\_market/accounting/ias\\_en.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission)

These accounting principles maintained are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2007, except for the new Standards and Interpretations adopted below as these are obligatory for the Group:

- IFRIC 11: Group and Treasury Share Transactions (the application of this Interpretation is obligatory for annual periods beginning on or after March 1, 2007)

The adoption of this Interpretation did not have any impact on the first-half consolidated financial statements for the period ended June 30, 2008.

These principles do not differ from the IFRS Standards published by the IASB to the extent that the application of the following Standards and Interpretations, which are obligatory for reporting periods commencing on January 1, 2008, and have not yet been endorsed by the European Union, will not affect the

financial statements of the Sartorius Stedim Biotech Group:

- IFRIC 12: Service Concession Arrangements,
- IFRIC 14: IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The Group did not anticipate the Standards and Interpretations whose application was not obligatory as of January 1, 2008:

- IAS 23 Amendment: Borrowing Costs (applicable to accounting periods beginning on or after January 1, 2009);
- IFRS 8: Operating Segments (applicable to accounting periods commencing on January 1, 2009 or after this date)
- IFRIC 13: Customer Loyalty Programs (applicable to accounting periods beginning on or after July 1, 2008);
- IFRS 3: Business Combinations (revised)
- Amendments to IFRS 2: Share-based Payment
- Amendments to IAS 27: Consolidated and Separate Financial Statements
- Amendments to IAS 32 and IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation

The process of measuring the potential impact of these Standards and Interpretations on the consolidated financial statements of the Group is in progress. The Sartorius Stedim Biotech Group does not anticipate, at this stage of analysis, any significant impact on its consolidated accounts.

The list of subsidiaries and scope of consolidation remained unchanged in the reporting period from January 1 to June 30, 2008. The details are provided in the Reference Document 2007.

For calculation of income tax expenses, the provisions of IAS 34.30c) were adopted; i.e., the best estimate of the weighted average annual income tax rate expected for the full financial year was applied.

## Business Combination

The purchase price allocation in connection with the acquisition of the Stedim Group in 2007 has remained unchanged from the time the Reference Document 2007 was published. In fact, we observed no changes in the determination of the fair values of the acquiree's identifiable assets and liabilities at the acquisition date.

If the business of Sartorius Biotech and Stedim had been combined and established as early as January 1, 2007, sales revenue for the first half of 2007 would have attained €186.6 million; earnings adjusted by extraordinary expenses (underlying EBITA), €21.3 million; and the underlying net result, €8.2 million.

As for the reporting period of 2007, we conducted an impairment test for goodwill, measuring the recoverable amount on the basis of the value in use of the particular cash-generating unit (Biopharma segment) for the reporting period in 2008. 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 assumptions for the calculations remained unchanged compared to 2007 (interest rate: 9.0%; terminal growth rate: 3.0%). For the first half of 2008, our impairment tests did not result in recognition of impairment losses.

## Related Parties

The majority shareholder of Sartorius Stedim Biotech S.A. is Sartorius AG, which holds, either directly or indirectly through its subsidiary VL Finance S.A.S., 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, owns 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 Notes to the Interim Financial Statements.

Several service and sublease agreements have been in place between the companies of the Sartorius Group (Mechatronics Division) and the Sartorius Stedim Biotech Group. The reason is that until Sartorius had carved out its Biotechnology Division, its so-called "support" activities were provided by mixed companies (Biotech and Mechatronics). From the period after the carve-out and onwards, service functions devolved upon the one or the other company. As a consequence, the former cost allocations were replaced by service and sublease contracts on 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 other expenses for such services as consulting as well as a pro-rated profit margin for the 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.



### Earnings Reporting

The Sartorius Stedim Biotech Group uses earnings before interest, taxes and amortization (EBITA) as the key figure for measuring earnings. The term "Amortization" refers only to any possible amortization of goodwill and of the intangible assets measured within the scope of purchase price allocation according to IFRS 3 (Business combinations). Thus, EBITA includes depreciation and amortization of all other intangible and tangible assets and is a suitable figure for measuring the operating profitability of the Sartorius Stedim Biotech Group.

The key indicator EBITDA used in the segment reports and in the key figures refers to earnings before interest, taxes, depreciation and amortization. Compared with EBITA, EBITDA excludes depreciation on tangible assets and amortization of all intangible assets.

### Other Disclosures

In the reporting period, Sartorius Stedim Biotech S.A. paid a dividend of €5.1 million. The first-half report was reviewed by the group auditors.

# Statutory Auditors' Report on the First-Half Financial Information for 2008

To the Shareholders:

This statutory auditors' report issued in French has been freely translated into English and is provided solely for the convenience of English-speaking readers. The report should be read in conjunction with, and construed in accordance with, French law and the professional standards applicable in France.

In our capacity as statutory auditors and in accordance with the requirements of article L. 232-7 of the French Commercial Law (Code de Commerce) and article L. 451-1-2 II of the French Monetary and Financial Law (Code monétaire et financier), we proceeded to:

- review the accompanying condensed half-year consolidated financial statements of Sartorius Stedim Biotech, for the period of January 1 to June 30, 2008,
- verify of information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express our conclusion of these financial statements based on our review.

1. Conclusion concerning the statements  
We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements were not prepared, in any material respects, in accordance with the IAS 34 Standard of the IFRS as adopted by the European Union and applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw attention to the note "Business combination," which sets out the final nature of the cost of the combination and its allocation to acquired assets and to assumed liabilities and contingent liabilities, relating to the business combination carried out on June 29, 2007, between the Stedim S.A company and the Sartorius Biotech subgroup.

## 2. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the interim half-year financial report, commenting on the condensed half-year consolidated financial statements that were subject to our review.

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

Marseille, August 1, 2008

French original signed  
by the statutory auditors

DELOITTE &  
ASSOCIES

ERNST & YOUNG  
Audit

Vincent Gros

Jérôme Mangan

## Declaration of Responsibility for the First-Half Financial Report

I certify, to the best of my knowledge, that the condensed financial statements for the first half ended have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, the financial position and the results of the company and of the group of companies included in the consolidation, and that the first-half financial report on pages 2 to 17 presents a fair review of the important events that happened during the first six months of the financial year, including their effects on the accounts, and of the major transactions between the related parties as well as of the description of the main risks and uncertainties for the remaining six months of the financial year.



Joachim Kreuzburg  
CEO of the Sartorius Stedim  
Biotech Group

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### September 29–30, 2008

Mid Cap Event CF&B  
in Paris, France

### October 2008

Publication of the nine-month figures  
(January – September 2008)

### January 8 – 9, 2009

European Mid Cap Event Oddo Midcap  
in Lyon, France

This is a translation of the original French-language first-half financial report "Information financière semestrielle." Sartorius shall not assume any liability for the correctness of this translation. The original French interim report 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.

### Forward-looking Statements Contain Risks

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

Throughout the entire report, differences may be apparent as a result of rounding during addition.