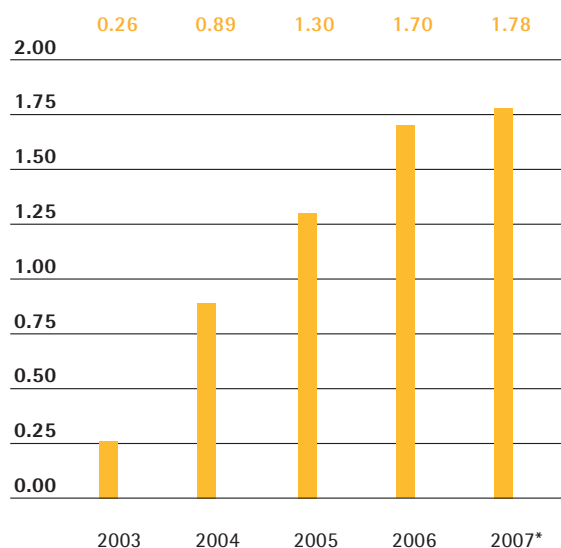




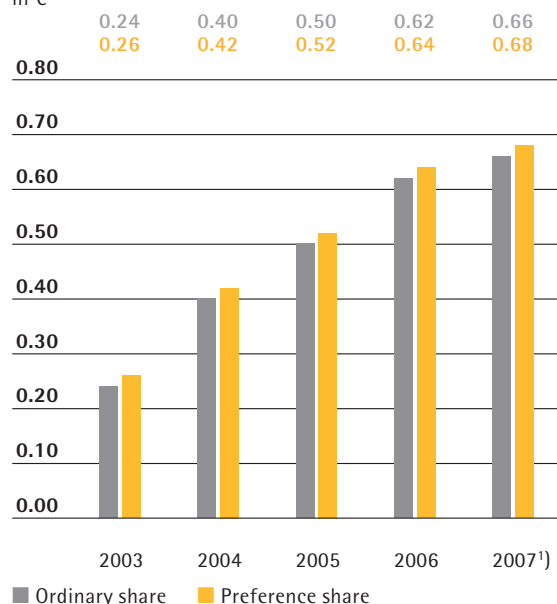
Sartorius Group  
2007 Annual Report

### Earnings per Share in €



\* pro forma underlying (excluding amortization)

### Dividends in €



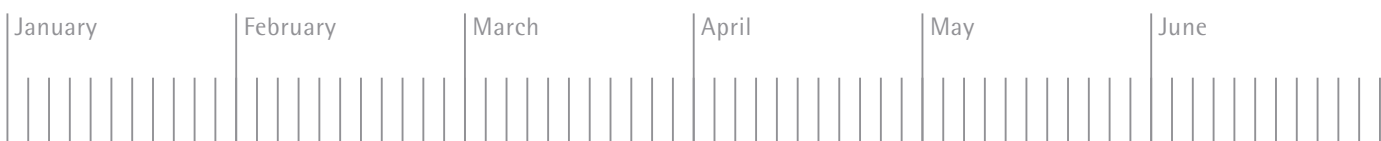
■ Ordinary share ■ Preference share

## Key Figures

All figures are given in millions of € according to the IFRS, unless otherwise specified		2007	2006	2005	2004	2003
<b>Results</b>						
Sales revenue	Actual	589.0	521.1	484.3	467.6	442.3
	Pro forma	622.7	602.6			
EBITDA	Actual	82.3	71.3	62.1	54.8	37.7
	Pro forma underlying	95.1	89.5			
EBITA	Actual	59.2	52.1	43.7	34.9	17.3
	Pro forma underlying	71.1	67.2			
Earnings per share (in €)	Actual	1.77	1.70	1.30	0.89	0.26
	Pro forma underlying excl. amortization	1.78				
Dividend per ordinary share (in €)		0.66 <sup>1)</sup>	0.62	0.50	0.40	0.24
Dividend per preference share (in €)		0.68 <sup>1)</sup>	0.64	0.52	0.42	0.26
<b>As a % of sales revenue</b>						
EBITDA	Actual	14.0%	13.7%	12.8%	11.7%	8.5%
	Pro forma underlying	15.3%	14.9%			
EBITA	Actual	10.0%	10.0%	9.0%	7.5%	3.9%
	Pro forma underlying	11.4%	11.1%			
<b>Balance sheet</b>						
Balance sheet total		783.9	377.3	362.5	357.7	366.2
Equity		334.1	168.9	148.4	134.4	128.7
Equity ratio		42.6%	44.8%	40.9%	37.6%	35.1%
<b>Finances</b>						
Cash earnings		55.0	64.5	54.8	45.1	35.1
Net cash flow		-80.9	20.4	32.1	36.3	33.9
Net debt		189.6	54.4	60.7	78.9	105.0
Ratio of net debt to EBITDA	Actual	2.3	0.8	1.0	1.4	2.8
	Pro forma underlying	2.0	0.6			
<b>Employees as of Dec. 31</b>		4,518 <sup>2)</sup>	3,749 <sup>2)</sup>	3,606 <sup>2)</sup>	3,569 <sup>2)</sup>	3,661
<b>R&amp;D</b>						
R&D costs	Actual	41.5	35.5	32.7	27.6	25.2
	Pro forma	43.2	38.2			

<sup>1)</sup> Amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG

<sup>2)</sup> Without vocational trainees and employees on leaves of absence or on various retirement plans



**January**

**Purchase of Toha Plast GmbH**  
Sartorius acquires all shares in its long-time supplier and development partner Toha Plast GmbH of Goettingen, thereby further expanding its expertise in the area of plastics technology for biopharmaceutical disposables.



**February**

**Announcement of the merger of the Sartorius Biotechnology Division and French company Stedim S.A.**  
Sartorius signs a binding agreement to acquire a controlling stake in the French biotech supplier and spends the next few months preparing to merge the Biotechnology Division with Stedim S.A. to create a new company, Sartorius Stedim Biotech S.A., in order to expand its position as a globally leading technology provider for the biopharmaceutical industry.

**March**

**Endowed professorship at the Technical University of Ilmenau**  
Sartorius agrees to fund a chair of precision metrology at the Technical University of Ilmenau for a period of five years in a step that continues a 15-year tradition of successful collaboration with the university in the field of metrology and weighing systems.



**April**

**Sixteenth Annual Shareholders' Meeting**  
Some 400 shareholders attend the Annual Shareholders' Meeting on April 27, 2007, at the Goettingen Lokhalle venue. Dividend payments of €0.62 per ordinary share and €0.64 per preference share are approved. The total profit distributed rises by 23.5% to €10.6 million. The shareholders grant discharge to the Executive Board and Supervisory Board by a large majority and elect a new Supervisory Board to serve until the 2011 Annual Shareholders' Meeting.

**Consent of the antitrust authorities**

Preparations for the merger of the Biotechnology Division with Stedim S.A. are progressing rapidly: the antitrust authorities in Germany, the USA and Spain give their unconditional approval to the acquisition by Sartorius AG of a controlling stake in Stedim S.A.



**May**

**Official opening of the new laboratory building in Goettingen**  
The new laboratory building for biotechnology is officially opened in a ceremony attended by Christian Wulff, Prime Minister of Lower Saxony. The new complex, which occupies approximately 3,000 m<sup>2</sup>, spread over five floors, provides advanced laboratories, pilot facilities and offices that increase Sartorius's biotechnology research and development capacity by more than 50%.

**Award for market focus**

BBDO Consulting and the University of Bremen confer an award on the Sartorius Group for its consistent market focus, placing it second overall in their study of the leading market-focused joint stock corporations in Germany.



**European Downstream Forum**  
International knowledge sharing at the Sartorius College: around 120 experts from over 20 countries attend the Third Sartorius European Downstream Technology Forum in Goettingen.

# Highlights of 2007

July

August

September

October

November

December

## June

### Merger with Stedim completed

Sartorius AG completes the acquisition of the block of shares held by Stedim's founders on June 29, 2007. At an extraordinary shareholder's meeting held the same day in Paris, a large majority of Stedim shareholders approve the contribution of the Sartorius



Biotechnology Division into Stedim S.A. and the associated capital increase. Sartorius thus holds a controlling majority stake in Sartorius Stedim Biotech S.A.

## July

### Start of the integration phase and launch of a mandatory offer

Sartorius AG makes a tender offer to the remaining shareholders of Sartorius Stedim Biotech S.A. to take over their shares. As expected, no shares are sold to Sartorius AG during the offer period. This means that the aim of maintaining the

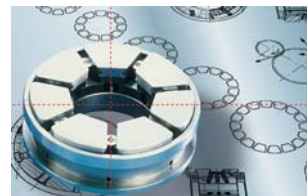


broadest shareholder base possible for Sartorius Stedim Biotech S.A. has been achieved. The beginning of July sees the start of the integration phase of the new company Sartorius Stedim Biotech S.A.

## September

### Sartorius inaugurates new plant in China

A modern new plant in Beijing is officially opened in the presence of customers, business partners and representatives from the worlds of politics and science. The new building doubles Sartorius's production capacity to more than 8,000 m<sup>2</sup> and enables it to supply laboratory balances and industrial scales not just to the Chinese market, but also to other markets in Asia.



## October

### Hydrodynamic bearings business sold

Sartorius sells Sartorius Bearing Technology GmbH to British technology company Smiths Group in order to sharpen its focus on the two key business sectors of biotechnology and mechatronics. Joining Smiths Group gives the successful hydrodynamic bearings business the opportunity to access new international markets.

## November

### Cooperation agreement with Dylog

Sartorius signs a cooperation agreement concerning the marketing and servicing of X-ray inspection systems with Italian technology and software provider Dylog. With product quality and process safety requirements rising both domestically and internationally, Sartorius responds to these needs by adding another important component to its range of foreign object detection systems.



### First Food & Process Forum at the Aachen site

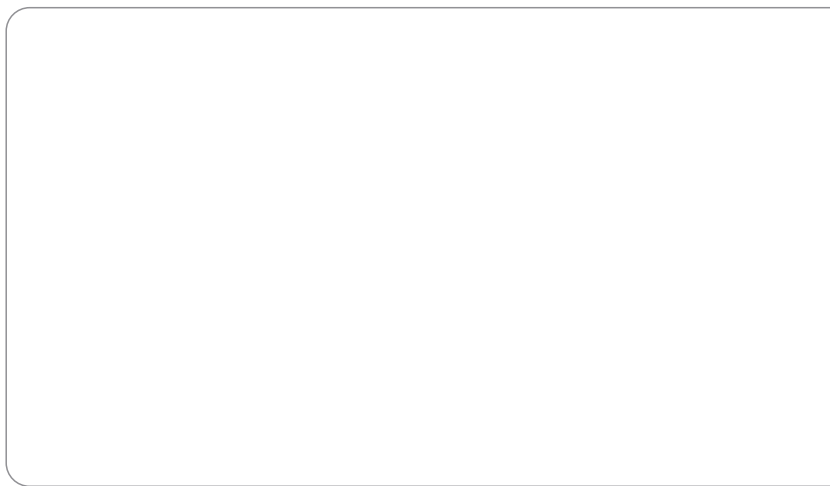
Organized by Sartorius Mechatronics, the event serves primarily as an opportunity to address safety and reliability in food industry manufacturing processes. Our customers take advantage of the highly practical event to discuss their interests, concerns and experiences with sector experts and Sartorius's own specialists.



## Our Mission

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

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



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

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

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

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01



## To Our Shareholders

- Dividends to be raised again
- Share prices relative to 2006 levels  
down for the first time in four years
- Trading volume increases significantly

## Letter to Our Shareholders



**Dear Shareholders,  
Ladies and Gentlemen:**

Fiscal 2007 proved to be an exceptionally intense and successful year for the Sartorius Group. Besides continuing to develop our operating business, we focused on a number of major strategic projects that have long-term significance – projects that strengthened the basis for sustainable, positive development of the Group. Therefore, I am particularly pleased to inform you that we have implemented these projects successfully and achieved further growth in sales revenue and profitability:

- On January 1, 2007, we acquired the Goettingen-based company Toha Plast, a plastics specialist and a long-standing Sartorius supplier. This move has enabled us to secure and expand our expertise in plastics technology for biopharmaceutical disposables.
  - On June 29, 2007, we completed the Stedim transaction that we had announced at the start of the year. With the new Sartorius Stedim Biotech Group, we have established one of the world's leading suppliers to the biopharmaceutical industry. Sartorius Stedim Biotech is an independent legal entity and is listed on the Paris stock exchange. However, because Sartorius AG owns a shareholding of some 70%, Sartorius Stedim Biotech is included in our consolidated financial statements. Operational integration has been successful and entirely according to plan. Thus, we launched the new global, uniformly integrated organization immediately upon closing of the transaction.
  - As a prerequisite for the implementation of the Stedim deal, we structured both divisions of the Sartorius Group as legally independent entities during the first half of 2007. By this move
- which to a great extent reflects the existing organizational independence of the two divisions – we created significantly more flexible and transparent structures for the future strategic development stages of our Biotechnology and Mechatronics Divisions.
  - On October 31, 2007, we sold our successful, but strategically and operationally marginal, hydrodynamic bearings business to the British Smiths Group. We took this step to focus our Mechatronics Division even more intensively on its core business areas and the corresponding customer segments and technologies.
  - In the fourth quarter of 2007, we launched comprehensive reorganization of the equipment business of our Biotechnology Division in North America. Under this new business model, we will be shifting the manufacture of stainless steel equipment to a North American alliance partner and will be consolidating our own engineering activities in this area at a single location in the USA. Although these measures involved additional special expenses in fiscal 2007, they will already start to strengthen the operating profitability of the Sartorius Group from 2008 onward.
  - The expansion of the Group's infrastructure also played a major role during the year under review. In May, for example, we commissioned our new laboratory building for the Biotechnology Division in Goettingen and extended the corresponding capacities significantly in terms of both quantity and quality. In September, we opened the Mechatronics Division's new plant in Beijing. With its additional production areas, this represents a key building block of our growth strategy in Asia, particularly in the area of industrial weighing equipment.

Of course, in addition to implementing this comprehensive package of strategic projects, our focus in 2007 was on pursuing our operating business targets. I am pleased to report that we have achieved these targets in most of the Group's business areas and that, overall, we have further increased our sales revenue and profitability. We have reached our targets both for the Group and for the two divisions, though we did adjust these figures slightly, primarily because of the worsening currency situation over the course of the year. I would now like to present and comment on the most important results of fiscal 2007:

- Pro forma sales revenue for the Group marked a new level at €622.7 million. Organic growth reached 5.9% in constant currencies. As a result of changes in the scope of consolidation, we grew a further 16.2% in net terms, whereas currency effects had an impact of -2.6%. Overall, the Sartorius Group reported a 19.5% gain compared to the previous year.
- Following our acquisitions, we use EBITA as it is the most informative earnings performance indicator and can be compared best with the previous year's figures. The Group's EBITA rose to €71.1 million, on a pro forma basis and adjusted to eliminate non-operating and other non-permanent effects. Accordingly, the Group return on sales increased to 11.4%.
- Due to the special structure of the Stedim deal, we succeeded in maintaining all balance sheet and financial key figures at extraordinarily robust levels, where the balance sheet total more than doubled: the equity ratio was 42.6%; the ratio of net debt to EBITDA, 2.0.
- In view of the profit after tax and minority interest, the special impacts mentioned above are almost entirely netted out: At €30.4 million, the relevant net profit is at almost the same level as the actual net profit of €30.1 million. The corresponding earnings per share were €1.78 and, therefore, up 4.7% from last year's figure. On this basis, the Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting on April 23, 2008, to increase dividends once again and pay €0.68 per preference share and €0.66 per ordinary share.
- Following four years of continuous and clearly positive development, the Sartorius share price at the end of 2007 was lower than it had been at the beginning of the year. Factors that most likely contributed to this unwelcome development include not only the capital market environment, which has been particularly tough for European

biotechnology shares, but also the adjustment of our annual targets. The current, comparatively low price-earnings ratio of Sartorius shares appears to indicate that the analysts' unanimously positive share price expectations are realistic.

Our guiding principle for the current phase of Group development is acceleration, particularly in relation to three targets: stronger growth, higher rates of innovation and the progressive further development of our Group structures. In this context, 2007 was both an intense and a successful year for Sartorius.

Equally important topics are on the agenda for 2008: For the Biotechnology Division, these are completion of the Stedim integration and implementation of the new business model in our North American equipment business. The Mechatronics Division will focus on achieving dynamic growth in Asia, particularly in the area of industrial weighing equipment. In both divisions, we have a large number of innovative products in the pipeline, which we plan to launch on the market in the new fiscal year. Accordingly, we have set ourselves ambitious financial targets for 2008: We aim to achieve growth of more than 9% in constant currencies and increase the Group's EBITA margin to around 12%.

At this point, I would like to cordially thank all employees of the Sartorius Group for their tremendous commitment and excellent work in 2007, a truly exceptional year. Moreover, my special thanks go out to all our customers, business partners and shareholders for our successful cooperation and the continued trust invested over the years. In the new fiscal year as well, we will continue to proactively capitalize on our good prospects, and pursue a targeted strategy for the sustainable further development of our company.

I would be pleased if you would continue to join us as we pave the way to the future as an innovative, highly profitable technology group.

Yours sincerely,

Dr. Joachim Kreuzburg  
CEO and Executive Board Chairman

Goettingen, February 2008

## The Executive Board



**Dr. Joachim Kreuzburg (42)**

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

Studied mechanical engineering at the University of Hannover, Germany. Dr. Kreuzburg, who holds a doctorate in economics, has been a member of the Executive Board since November 2002, prior to which he had held various executive positions at Sartorius in the finance unit. Dr. Kreuzburg has also been Chairman of the Board of Directors and CEO of Sartorius Stedim Biotech S.A. since the Sartorius Biotechnology Division merged with the French-based company Stedim S.A. in June 2007.



**Dr. Günther Maaz (58)**

**Mechatronics Division, Human Resources,  
IT and General Administration**

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

## Report of the Supervisory Board



In fiscal 2007, the Supervisory Board of Sartorius AG thoroughly dealt with the situation and prospects of the company, advised the Executive Board, and performed the tasks assigned by German corporate law and the bylaws of the company. The Executive Board provided the Supervisory Board with regular, prompt and detailed reports, both written and verbal, about all relevant corporate planning and strategic development issues, about the progress of business and the situation of the Group, including the risk situation, and about the company's risk management. Any discrepancies between actual business developments and the Group's forecasts and targets were explained to the Supervisory Board in detail, and the Supervisory Board reviewed all of the documents presented to it. The Executive Task Committee and the full Supervisory Board both discussed all of the company's significant transactions at length on the basis of the reports submitted by the Executive Board.

The Supervisory Board cast its vote on the Executive Board's reports and proposed resolutions where necessary and after thorough consideration and consultation. In addition to the regular reports and Supervisory Board meetings, the Supervisory Board Chairman received continuous updates concerning the latest developments in the business situation and the principal business transactions. Cooperation between the Supervisory Board and the Executive Board was always characterized by openness, constructive dialogue and trust, which was particularly important in a year of such far-reaching changes.

### Focus of the Supervisory Board's Conferences

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

Following thorough discussion, the Supervisory Board endorsed the financial statements for fiscal 2006 at its meeting on February 23, 2007, on the basis of the Audit Committee's report. In this connection, the members discussed and approved the agenda and proposed resolutions to be submitted at the 2007 Annual Shareholders' Meeting and the proposal for appropriation of profits. The Supervisory Board also ensured that it was kept thoroughly informed about the status of the project to acquire a majority stake in French biotechnology supplier Stedim S.A. and then merge this company with the Sartorius Biotechnology Division. The legal firm of Hengeler Mueller, whose partner is Prof. Dr. Gerd Krieger, member of the Supervisory Board, was commissioned to provide legal advice for the necessary carve-out of the Biotechnology Division. The Supervisory Board approved this commission in its meeting on December 14, 2006. Compensation for this commission is disclosed in the Remuneration Report.

New elections for the position of Supervisory Board Chairman, Vice Chairman and the Supervisory Board committees were held at the constitutive meeting on April 27, 2007, following the new elections for all shareholder and employee representative positions on the Supervisory Board. The Executive Board subsequently reported on the progress of the business combination of the Biotechnology Division with Stedim S.A. and on the status of the carve-out

process to make the Division legally independent, which was a prerequisite for the reverse merger. The Supervisory Board also addressed the possibility of selling the Group's hydrodynamic bearings business, Sartorius Bearing Technology GmbH.

The completion of the transaction with Stedim S.A. and, in particular, the status of the integration processes were at the focus of the next meeting, which took place on August 30, 2007, at the headquarters of the newly merged Sartorius Stedim Biotech in Aubagne, France. Issues involving the Executive Board were also discussed at this meeting. The report on the company's position was considered, a series of other strategic development matters were moreover addressed, a possible revision of Supervisory Board remuneration was debated and the amendments were approved that concerned changes to the rules of procedure of the Supervisory Board, its committees and the Executive Board as a result of amendments to the German Corporate Governance Code.

At the Supervisory Board Meeting of December 13, 2007, the Executive Board's budget proposal for 2008 was approved. The Declaration of Compliance with the German Corporate Governance Code was also approved, and strategic issues were discussed. These included the restructuring of the biotechnology equipment business in North America. The meeting additionally discussed and approved a proposal to revise Supervisory Board remuneration.

### Committee Agenda

In 2007, the Executive Task Committee met a higher than average number of times, holding nine meetings. Its intensive consultations focused on the strategic measures of the company, particularly on the acquisition of the majority stake in Stedim S.A. and the sale of Sartorius Bearing Technology GmbH. Beyond this, the Executive Task Committee dealt with the company's strategic plan of succession for key managerial positions and those of the Executive Board and Board of Directors as well as with a variety of issues involving the Executive Board.

The Audit Committee met three times in the reporting year. At its first meeting for discussing the annual accounts, the committee conferred with one another in the presence of the auditors and the Executive Board on the annual financial statements of Sartorius AG and the consolidated financial statements for 2006, the corresponding management reports and on the proposal for appropriation of profits. The Committee used its subsequent meetings to keep itself fully informed about internal auditing, risk management and compliance matters, to define the main points to be considered by the auditors and to appoint the auditors for fiscal 2007.

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

### Audit of the Annual and Consolidated Financial Statements

The Sartorius AG Annual Shareholders' Meeting held on April 27, 2007, selected the independent auditing company Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, based in Hanover, Germany. Once the audit had been commissioned, the auditing company reviewed the annual financial statements of Sartorius AG and the consolidated financial statements for the year ended December 31, 2007, together with the management reports for Sartorius AG and the Group, and issued an unqualified audit certificate. The financial statements of Sartorius AG were prepared in accordance with the principles of the German Commercial Code (HGB), and the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

Deloitte & Touche GmbH auditors attended the Audit Committee meeting on March 10, 2008, and the Supervisory Board meeting on March 11, 2008, and reported on the essential results of their audits. On the basis of its own thorough examination, the Supervisory Board did not raise any objections to the financial statements and reports mentioned above. Thus, the Supervisory Board agreed with the results of the audit and endorsed the financial statements of Sartorius AG and the Group prepared by the Executive Board for the year ended December 31, 2007. The annual financial statements of Sartorius AG are thereby approved. The Supervisory Board and the Executive Board will submit a proposal at the Annual Shareholders' Meeting on April 23, 2008, that shareholders be paid dividends of €0.68 per preference share and €0.66 per ordinary share from the retained profit.

### Composition of the Executive Board and the Supervisory Board

Regular elections for the shareholder and employee representative positions on the Supervisory Board took place in fiscal 2007. Shareholder representative Dr. Erwin Hardt left the Supervisory Board at the end of the Annual Shareholders' Meeting on April 27, 2007, because of his age. The Supervisory Board wishes to thank Dr. Hardt for the many years of commendable service he provided. Dr. Hardt was

# Corporate Governance Report

succeeded by Dr. Lothar Kappich of Hamburg, who took office at the constitutive meeting of the Supervisory Board on April 27, 2007, following his election at the Annual Shareholders' Meeting. The remaining shareholder representatives were reelected. All of the incumbent employee representatives were reelected.

There was also one change to the Executive Board. Mr. Olaf Grothey left the Executive Board by mutual agreement in September 2007. The Supervisory Board wishes to thank Mr. Grothey for his dedicated service to the company over many years in various functions. When Mr. Grothey left, Executive Board member Dr. Günther Maaz assumed the former's Executive Board functions. At the same time, Dr. Maaz was appointed Executive for Labor Relations.

Strategic development, organizational realignment and the growing challenges in the global financial and product markets dominated fiscal 2007 at Sartorius AG. The company energetically tackled these considerable demands under the leadership of the Executive Board, built itself a strong position for the future and put in place essential planks of the foundation needed to prosper in the relevant markets in the face of the growing competition. This process will continue in 2008. The Supervisory Board would like to express its special acknowledgment and thanks to the Executive Board and to all employees across the globe for their hard work and great commitment over the course of the fiscal year ended. The Board thanks the shareholders for the confidence they have shown in the company.

For the Supervisory Board



Prof. Dr. Dres. h.c. Arnold Picot  
Chairman  
Munich, March 2008

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

In the reporting year, the Supervisory Board and the Executive Board of Sartorius AG issued a Declaration of Compliance according to § 161 of the German Stock Corporation Law ("Aktengesetz") concerning the recommendations of the German Corporate Governance Code. This Declaration of Compliance, which is dated December 13, 2007, is printed in the following and is also available over the internet from the Sartorius website.

Sartorius AG followed the same principles of transparent and responsible corporate governance in fiscal 2007 as it had done in the previous year. The exceptions stated in the 2007 Declaration of Compliance corresponded to those for 2006.

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



remuneration paid for the activities of the Supervisory Board.

Furthermore, as in the past, the Directors' & Officers' (D&O) insurance policy has not stipulated a deductible, or excess, for Supervisory Board and Executive Board members. So far, there has been no generally binding amount specified as adequate for D&O insurance. For this reason, Sartorius AG will address this issue of agreeing upon a reasonable deductible again once this legal uncertainty has been eliminated.

We received no reports under the applicable mandatory disclosure requirements of any purchases or sales of shares in Sartorius AG or of related financial instruments made by the members of the Executive Board and the Supervisory Board or other persons with management responsibilities or their related parties. Supervisory Board Chairman Prof. Dr. Dres. h.c. Arnold Picot holds approximately 50.1% of the ordinary shares issued by the company in his capacity as executor of the estate of Horst Sartorius, but otherwise no member of the Executive Board or Supervisory Board has any holding of shares or financial instruments subject to the mandatory reporting requirements that directly or indirectly exceeds 1% of the shares issued by the company.

Details of the remuneration paid to the Executive Board and Supervisory Board are presented and disclosed in a standardized form in a Remuneration Report that forms an integral part of the Group Management Report. In order to avoid having to repeat these details, this Corporate Governance Report explicitly adopts and references the presentation included in the Group Management Report (see p. 89 ff.).

The Supervisory Board | The Executive Board

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

The Executive Board and the Supervisory Board declare compliance with the recommendations made by the Government Commission on the German Corporate Governance Code and published by the German Federal Ministry of Justice in the official section of the electronic German Federal Gazette ("Elektronischer Bundesanzeiger"), as amended on June 14, 2007.

However, this compliance applies with the restriction that a D&O insurance policy without any deductible by officers exists for the members of the Executive Board and of the Supervisory Board (Code Item 3.8, Sentence 4) and that the remuneration of the Supervisory Board members is not individualized, but rather reported as a total subdivided into fixed and variable components, and as payments for services personally rendered, in the Notes to the Financial Statements and in the Corporate Governance Report (Code Item 5.4.7, Paragraph 3).

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

Goettingen, December 13, 2007



For the  
Supervisory Board

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



For the  
Executive Board

Dr. Joachim Kreuzburg

# Sartorius Shares

## Share Price Development

The two halves of the fiscal year under review produced two very different patterns for the Sartorius shares. Both the preference share and the ordinary share made clear gains in the first half of fiscal 2007, but then their gains eroded in the second half of the year. At the end of the year, shares were trading below the level recorded at the beginning of the year.

Initially, the Sartorius shares reached a new all-time high against the backdrop of a favorable climate on the stock market and well-received news from the company. The preference share peaked in terms of its daily closing price (Xetra) on July 23, 2007, at €47.05. The ordinary share hit a new high watermark of €46.99 on the same day. As the year progressed, however, the shares came under increasing pressure. The key factors here 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 proved rather unfavorable for an exporting company.

The adjustment of the sales revenue and earnings targets for 2007 may well also have weighed on our shares in the second half of the year. Both classes hit their low point for 2007 on December 27 at €26.25 (preference) and €26.00 (ordinary), respectively.

For the first time in four consecutive years, the year-end closing price (Xetra) of the Sartorius preference share (€27.00) and ordinary share (€27.90) in fiscal 2007 were down from the previous year's corresponding closing price. Fiscal 2007 also saw the Sartorius shares, which had likewise previously outperformed the German DAX share index and TecDAX® technology index for four years in a row, fail to match these two benchmarks. The DAX rose from 6,596.9 to 8,067.3 over the year, a gain of 22.3%, while the TecDAX® surged from 748.3 to 974.2, a gain of 30.2%.

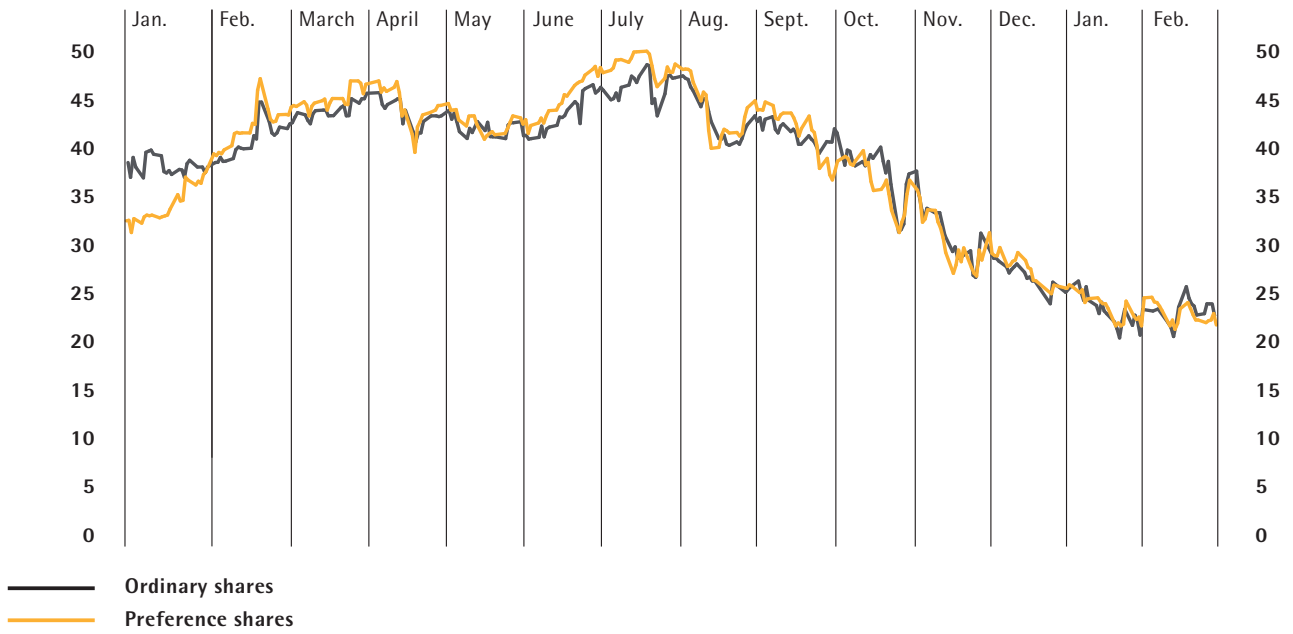
## Trading Volume and Share Price Development

	2007	2006	Change in %
Preference share in € (Xetra year-end closing price)	27.00	33.00	-18.2
Ordinary share in € (Xetra year-end closing price)	27.90	39.00	-28.5
Market capitalization in millions of €*	467.9	613.7	-23.8
Average daily trading volume of preference shares	15,110	10,563	43.1
Average daily trading volume of ordinary shares	2,985	2,975	0.3
Trading volume of preference shares in millions of €	145.7	77.1	89.0
Trading volume of ordinary shares in millions of €	30.1	23.8	26.6
<b>Total trading volume in millions of €</b>	<b>175.8</b>	<b>100.9</b>	<b>74.2</b>
<b>TecDAX</b>	<b>974.2</b>	<b>748.3</b>	<b>30.2</b>
<b>DAX</b>	<b>8,067.3</b>	<b>6,596.9</b>	<b>22.3</b>

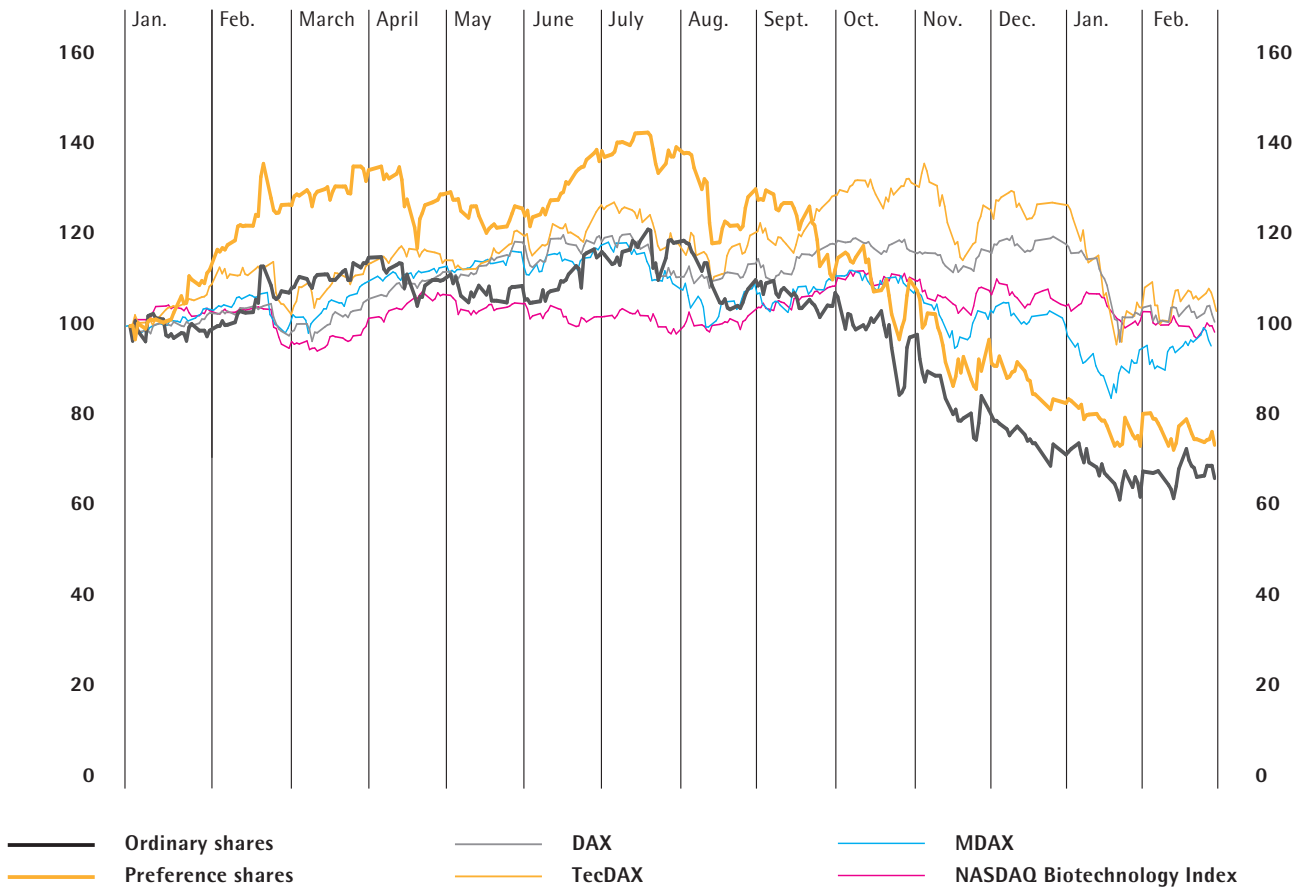
Sources: Deutsche Börse AG, vwd

\* without treasury shares

**Sartorius Shares in €**  
January 2, 2007, to February 29, 2008

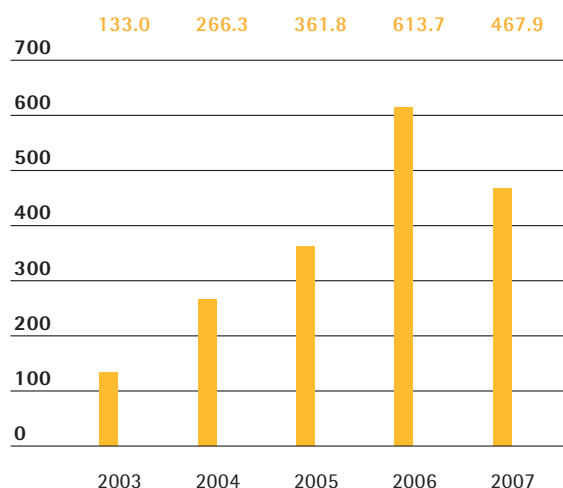


**Sartorius Shares in Comparison to the DAX, TecDAX, MDAX and NASDAQ Biotechnology Index (indexed)**  
January 2, 2007, to February 29, 2008



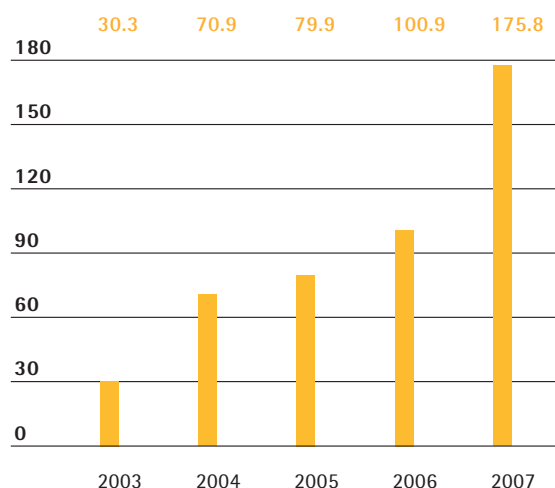
### Market Capitalization

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



### Trading Volume

€ in millions (preference and ordinary shares, Frankfurt stock exchange)



### Market Capitalization and Trading Volume

Market capitalization (sum of outstanding shares of both classes multiplied by the corresponding share price) declined over the course of the year under review as a result of the price decline in the second half of the year. The company's market capitalization as of December 31, 2007, stood at €467.9 million, a reduction of 23.8% over the previous year (€613.7 million).

In contrast, the trading volume of both types of share increased over the same period. The value of preference shares traded on the Frankfurt Stock Exchange (Xetra and on the floor) in 2007 rose to €145.7 million, which equates to a substantial 89.0% increase over the previous year (€77.1 million). The

volume of ordinary shares traded rose by 26.6% overall to €30.1 million (2006: €23.8 million). The overall increase in trading volume for Sartorius preference and ordinary shares combined amounted to 74.2%, which is well above the 50.7% increase in the total volume of shares traded across all German stock exchanges in 2007.

The average number of preference shares traded every day on the Frankfurt Stock Exchange increased by 43.1% to €15,110 (2006: €10,563) in the period under review. The average number of ordinary shares traded every day was essentially unchanged from the previous year at 2,985 (2006: 2,975).

### Facts about Sartorius Shares

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

## Research Coverage

Institute	Date	Vote
Dresdner Kleinwort	February 18, 2008	Buy
Berenberg	February 14, 2008	Buy
Nord/LB	February 14, 2008	Buy
Cheuvreux	February 13, 2008	Outperform
West/LB	January 23, 2008	Buy
MainFirst	November 7, 2007	Buy

## The Analysts' View

Among analysts, the level of interest in Sartorius shares remains high. Analysts at Berenberg Bank, West/LB, Nord/LB, Dresdner Kleinwort and MainFirst have been following the progress of our shares closely throughout the year. Cheuvreux expanded its coverage to include Sartorius in mid-2007, thereby joining the growing number of well-known institutions publishing regular studies and updates on the company. Most recently, all the analysts across the board had our shares on their buy list, citing upside targets well above current prices.

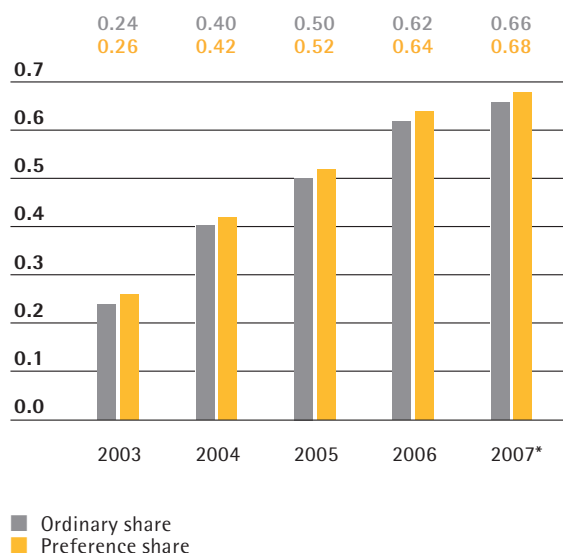
## Investor Relations Activities

The fiscal year ended at Sartorius brought a host of developments of importance for the capital market. In our investor relations work, we seek to provide capital market participants with prompt access to comprehensive and transparent information. Our annual and interim reports, press releases and ad hoc announcements together present a detailed record of the development of our business.

In addition, we actively seek dialog with financial analysts and investors worldwide. Accordingly, against the backdrop of an eventful fiscal year for Sartorius and the capital market's high need for information, the number of roadshows and capital market forums rose markedly compared with the previous year. We attended a total of eleven roadshows with institutional investors in London, Paris and Frankfurt, and presented the company to a broad professional audience at a wide range of capital market forums including the Deutsche Bank German Corporate Conference in Frankfurt, the UBS Global Life Science Conference in New York, the Dresdner Kleinwort North European Midcap Event in Paris and the HSBC Small- & Midcap Healthcare Conference in London. That the number of personal meetings held also rose emphasizes how the volume of information shared with the capital market has grown. The opportunity to find out more about Sartorius by participating in a site tour also proved very popular with analysts and investors alike during the reporting year.

In the future, we plan on holding regular teleconferences to accompany the publication of the annual and quarterly results. We are also planning on the ongoing addition of new functions and enhanced services to our internet offering in order to provide a greater depth of relevant information to all parties interested who visit our investor relations site.

## Dividends in €



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

## Dividends

The management of Sartorius intends, as usual, to distribute an appropriate proportion of the company's profits for fiscal 2007 to shareholders. The dividend proposal to be presented by the Supervisory Board and the Executive Board at the Annual Shareholders' Meeting scheduled for April 23, 2008, will call for the payment of dividends of €0.68 per preference share and €0.66 per ordinary share from Sartorius AG's retained profit of €31.6 million. This would represent the fourth consecutive dividend increase. Last year, dividends paid to shareholders for fiscal 2006 amounted to €0.64 per preference share and €0.62 per ordinary share.

The total profit distributed would amount to €11.4 million, which would equate to an increase of €0.7 million or 6.3% over the previous year (€10.7 million), and the distribution quota based on the pro forma underlying net profit without amortization would be 37.8% (2006: 37.0%). The dividend yield based on the opening price for 2007 (preference €32.56; ordinary €39.50) would amount to 2.1% for the Sartorius preference share and 1.7% for the Sartorius ordinary share. Treasury shares held by Sartorius AG are not entitled to dividends.

## Share Indexes

Sartorius shares are listed in Deutsche Börse's CDAX, Prime All Share, Technology All Share and Prime Industrial Performance indexes and in Norddeutsche Landesbank's NISAX20 index. Sartorius aims to gain entry into the TecDAX® in the medium term. Inclusion in this index requires that preference shares rank at least 35th among all technology sector shares outside the DAX® as measured by both the free float market capitalization and the volume traded on the Frankfurt Stock Exchange over the preceding twelve months (35/35 rule). At the end of fiscal 2007, the preference share ranked 29th (2006: 27th) for market capitalization and 50th (2006: 60th) for volume traded, and consequently inclusion in the TecDAX® cannot be expected in the short term.

**Key Figures for Sartorius Shares**

in €		February 29, 2008	2007	2006	2005	2004	2003
Ordinary shares <sup>1)</sup> in €	Reporting date	<b>24.90</b>	<b>27.90</b>	39.00	22.00	16.00	8.80
	High	<b>46.99</b>	<b>44.00</b>	44.00	22.90	16.34	11.00
	Low	<b>26.00</b>	<b>20.60</b>	20.60	16.00	9.05	5.90
Preference shares <sup>1)</sup> in €	Reporting date	<b>23.57</b>	<b>27.00</b>	33.00	20.45	15.24	6.80
	High	<b>47.05</b>	<b>33.30</b>	33.30	23.00	15.24	7.30
	Low	<b>26.25</b>	<b>20.35</b>	20.35	14.21	6.65	3.27
Market capitalization <sup>2)</sup> in millions of €		<b>467,9</b>	<b>613,7</b>	613,7	361,8	266,3	133,0
Dividend per ordinary share <sup>3)</sup> in €		<b>0.66</b>	<b>0.62</b>	0.62	0.50	0.40	0.24
Dividend per preference share <sup>3)</sup> in €		<b>0.68</b>	<b>0.64</b>	0.64	0.52	0.42	0.26
Total dividends <sup>4)</sup> in millions of €		<b>11.4</b>	<b>10.7</b>	10.7	8.7	7.0	4.3
Dividend yield per ordinary share <sup>5)</sup>		<b>1.7%</b>	<b>2.9%</b>	2.9%	3.1%	4.5%	3.6%
Dividend yield per preference share <sup>5)</sup>		<b>2.1%</b>	<b>3.2%</b>	3.2%	3.4%	6.2%	7.0%

<sup>1)</sup> Xetra daily closing price

<sup>2)</sup> Without treasury shares

<sup>3)</sup> For 2007, amounts suggested by the Supervisory Board and the Executive Board of Sartorius AG

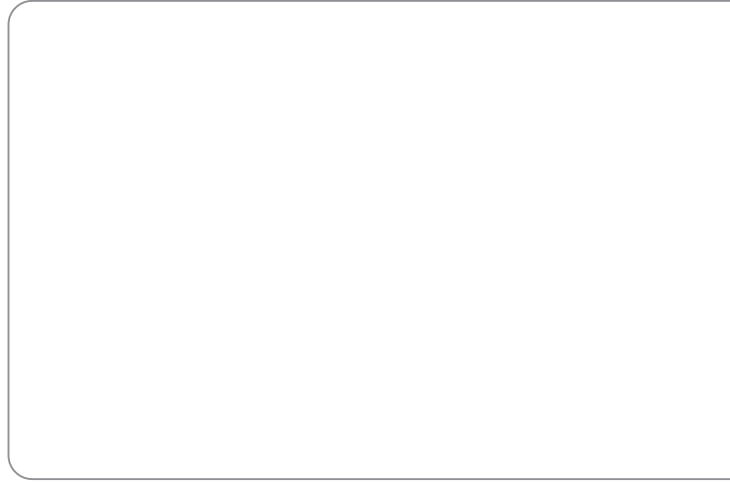
<sup>4)</sup> Calculated on the basis of the number of shares entitled to dividends

<sup>5)</sup> Dividends for 2003 to 2005 in relation to the particular year-earlier closing price;  
dividend for 2006 to 2007 in relation to the particular opening price in 2006

**Shareholder Structure**

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

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## Group Management Report

- Pro forma underlying EBITA margin climbs to 11.4%
- Pro forma currency-adjusted sales revenue rises 5.9%
- Group structures further developed and strategically focused
- Integration process for new subgroup Sartorius Stedim Biotech on track

# Changes to the Group Structure

The structure of the Sartorius Group continued to evolve over the course of 2007, and the list of consolidated companies changed as a result of two acquisitions and one deinvestment.

Sartorius AG acquired all shares in Toha Plast GmbH at the beginning of the year under review. The Goettingen-based plastics specialist was renamed Sartorius Stedim Plastics GmbH and integrated into the Biotechnology Division.

The Sartorius Group merged its Biotechnology Division with Paris Bourse-listed biotech supplier Stedim S.A. on June 29, 2007. The merger was completed by the transfer of the Sartorius Biotechnology subgroup as part of a capital increase against contribution in kind. Sartorius AG had acquired just short of 50% of the shares in Stedim S.A. from the company's founders immediately prior to this stage. None of the remaining shareholders took up the subsequent tender offer, which was precisely as we had intended and anticipated. Ever since the deal as a whole was completed, Sartorius AG has held a controlling stake in Sartorius Stedim Biotech S.A. amounting to around 70% of the shares and around 73% of the voting rights (cf. section on "The Stedim Transaction in Detail").

One major change was made to the Group structure in the reporting year prior to the completion of the Stedim deal. The Biotechnology Division was carved out and made into a legally independent company to meet the necessary conditions for the transfer of Sartorius's biotechnology activities into Stedim S.A. The Group's two divisions now operate under the names Sartorius Stedim Biotech and Sartorius Mechatronics.

Sartorius AG's administrative sections were combined into a separate company, Sartorius Corporate Administration GmbH, as part of the same process. This company continues to provide the same local and global services for the divisions that it has in the past.

Sartorius AG signed a contract for the sale of its Goettingen hydrodynamic bearings business, Sartorius Bearing Technology GmbH, with British technology company Smiths Group on October 15, 2007. The sale transaction was legally completed in November 2007, so the business was deconsolidated on October 31, 2007.

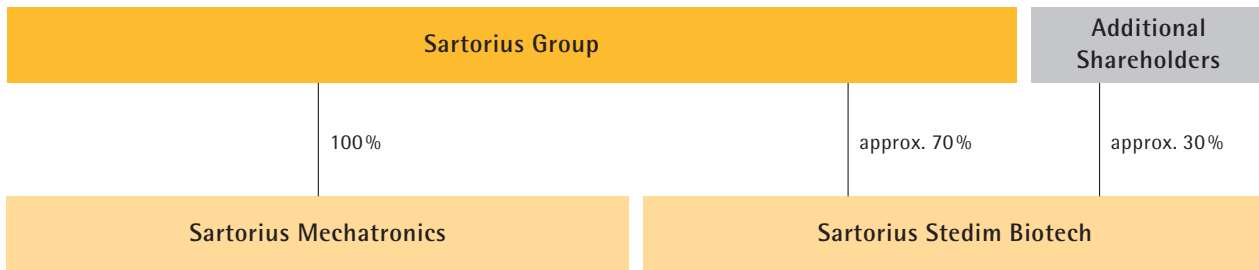
In reporting our operating business for 2007, we show pro forma figures, in particular. These figures include the Stedim activities for the whole of 2007 and exclude the hydrodynamic bearings business for the same period. Equivalent data for 2006 has been prepared retrospectively in the same way to permit meaningful comparisons.

## The Stedim Transaction in Detail

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 stages 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 the 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 the 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 S.A. 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 until 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.

# Macroeconomic Environment and Conditions in the Sectors

## 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 in the reporting year for an exporter like the Sartorius Group. On December 31, 2007, the euro cost about 1.47, which equates to an increase of more than 10% within one 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 particular 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 again 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 helped 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%; sources 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 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 the area of 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 (source: IMF; 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 weaker 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: Biotech Division

Sartorius Stedim Biotech is a leading supplier of products and services for development, production and quality assurance processes serving customers in the biopharmaceutical industry. Specific trends in this sector have an important influence on the course of the Biotech Division'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. Manufacturers 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 indices (for example, the NASDAQ Biotechnology Index), which either ground mostly to a halt or went into reverse.

## **Sector Conditions: Mechatronics Division**

Sartorius Mechatronics supplies products and services for the pharmaceutical, chemical, food and beverage and public research sectors. Special trends in these sectors have an influence on the course of business in the Mechatronics Division.

## **Conditions in the Pharmaceutical Sector**

The previous chapter, "Sector Conditions: Biotech Division," presented a detailed description of the conditions in the pharmaceutical sector regarding the production phase (see p. 25). Since Sartorius Mechatronics offers analysis and weighing equipment for research and development and for process and quality management in the pharmaceutical industry, the research expenditures of the pharmaceutical companies are also of particular interest. Expert assessments indicate that companies in the sector increased their R&D investment once again in the year under review in search of new active ingredients and innovative medications. Research budgets have risen from US \$12 billion to no less than US \$36 billion overall in the last ten years.

Other trends within the pharmaceutical industry also made their presence felt again in the year under review. Two examples are a greater openness to form cooperations and mergers as a way to accelerate the development of new products and the need to cut costs in the production process. A certain reluctance to invest in new production plants emerged in the USA and Europe, but both international and local pharmaceutical groups in China and India moved ahead with new research and production facilities.

## **Conditions in the Chemical Sector**

In recent years, the chemical industry has expanded steadily across the globe. In 2007, this trend has continued despite high oil prices and turbulence in financial markets. Encouraged by the sustained strength of the global economy and robust industrial performance, it expanded capacities again and, according to estimates by the German chemical industry association Verband der Chemischen Industrie e.V. (VCI), increased production by around 4% just as in the previous year. According to preliminary estimates, the rise in chemical production was highest in Asia at 8%. In North America, in contrast, the end of the construction boom and weak demand for consumer chemical products both contributed to restricted growth of just 0.5%. Chemical production in Europe expanded by around 3% on the back of strong export business and the upturn in the domestic economy. Specialty

chemicals and consumer chemicals were among the most prominent engines of growth in Europe.

The major international groups stepped up their activities in Asia in particular and continued to construct large-scale plants, especially in China. Indeed, China is now second only to the USA in chemical production, surpassing both Japan and Germany.

For much of the year under review, the European chemical industry was preoccupied with REACH, the regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals, which came into force in June. The EU's most extensive body of legislation to date, REACH is intended to better inform Europe on the hazards posed by chemicals. For the first time, instead of placing the burden of proof on the authorities, manufacturers and importers must assume responsibility for the safety of their substance portfolios and submit the relevant data about their chemicals to the European Chemicals Agency in Helsinki. Complying with REACH entails installing additional instruments and systems of the type supplied by Sartorius Mechatronics in order to monitor and ensure purity, traceability and product quality in chemical production processes.

### Conditions in the Food and Beverage Sector

The food and beverage sector in the western industrialized countries achieved no more than modest gains. However, ongoing social changes in the developing countries of Asia, especially population growth, rapid urbanization and an increasingly wealthy middle class, ensured another year of dynamic growth overall for the industry. The associated industrialization of food production in Asia and the burgeoning presence of international food and beverage corporations boosted demand for processing plants and systems and the related monitoring and control technologies, which are successively meeting international safety and quality standards.

Owing to the prevailing wellness and health trends in the industrialized countries, consumers and manufacturers of food products are focusing heavily on nutritional value, quality and convenience. Demand for foods with added health-enhancing ingredients, which have become known as functional foods, consequently remains just as high as sales of industrially processed convenience products that are easy to prepare or ready to eat. Both of these niche segments posted double-digit growth rates.

The beverage sector saw consumer interest shift even further toward alcohol-free, vitamin-fortified and calorie-reduced products based on mineral water, juice or milk.

Lawmakers and major trading companies alike continued to raise their expectations with regard to the quality and safety of food production during the year under review. Version 5 of the International Food Standard (IFS), for example, which appeared in August 2007, defines wide-ranging requirements for quality management, process control and comparability and transparency throughout the production and supply chain.

### Conditions in the Public Research Sector

Following many years of stagnation, investment in research infrastructure in Europe picked up slightly in the public research sector in response to the introduction of the European Union's Seventh Framework Programme for Research in January 2007. The European Union aims to raise research spending by the public sector and private sector from 1.9% to 3.0% of the region's gross domestic product between 2007 and 2010, and has increased the research budget from 17.5 billion for the period from 2002 to 2006 to 54.4 billion for the period from 2007 to 2013.

China currently spends around 1.3% of its gross national product on research, but although it still trails the leading research regions – Japan, the USA and Europe – on this measure, its research budgets have been growing at an average rate of 18% in recent years, which is close to twice the overall rate of economic growth in the country. The Chinese government provides direct support for cutting-edge fields such as biotechnology, aerospace and materials technology in addition to promoting basic research. Other Asian nations including India and South Korea also continued to expand their education and research infrastructures in the year under review.

# Group Business Development

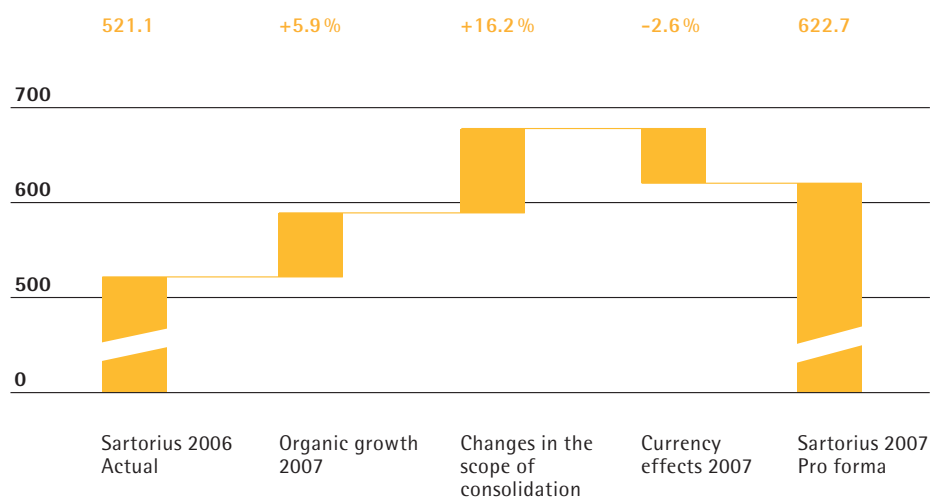
## Sales Revenue

The Sartorius Group achieved its sales revenue target, adjusted in October 2007, in the year under review. Analysis of the figures on a pro forma basis, i.e., including Stedim for the full year and excluding the hydrodynamic bearings business for the full year, shows consolidated sales revenue of €622.7 million, which is 3.3% up from the comparable pro forma year-earlier figure of €602.6 million. On the basis of constant currencies, the increase in sales revenue is 5.9%. If full-year sales revenue of around €15 million from the hydrodynamic bearings business is included, the company's defined target of more than €630 million was clearly reached.

Overall the Sartorius Group's pro forma sales revenue is 19.5% higher than the published figure for the previous year (€521.1 million). Organic growth added 5.9% to sales revenues and changes in the scope of consolidation added a further 16.2% (net). Currency effects, however, reduced sales revenue by 2.6%.

The Biotechnology Division achieved its target, increasing pro forma sales revenue 2.8% (currency-adjusted: +5.6%) to €375.9 million from €365.5 million a year ago. The Mechatronics Division also reached its target following a strong fourth quarter, growing its pro forma sales revenue by 4.1% (currency-adjusted: 6.4%) from €237.1 million to €246.8 million (or approximately €262 million if the hydrodynamic bearings business is included for the full year).

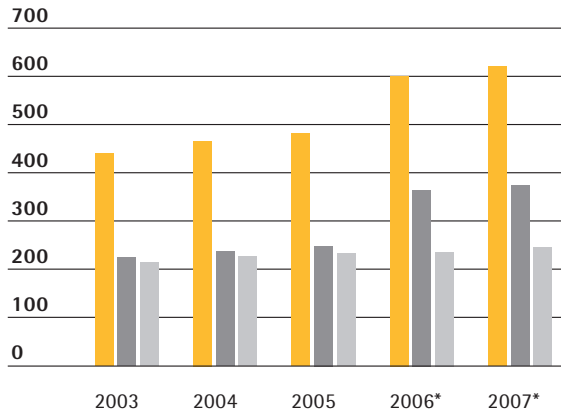
Sales Revenue  
€ in millions





**Sales Revenue**  
€ in millions

442.3	467.6	484.3	602.6	622.7
227.1	239.4	249.8	365.5	375.9
215.1	228.1	234.5	237.1	246.8



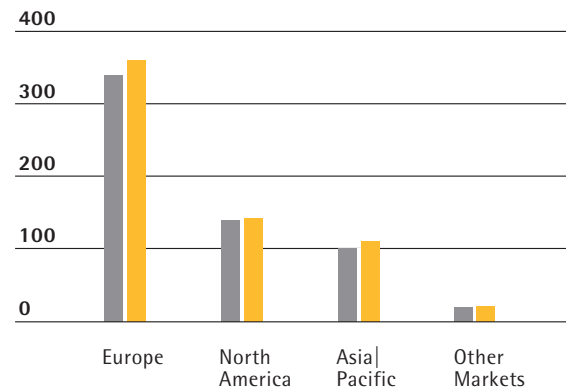
- Group
- Biotechnology
- Mechatronics

\* pro forma

Looking at the regions on a pro forma basis, we achieved the highest growth rate in the Asia|Pacific region (currency-adjusted: 10.5%). Growth in Europe also reached a good level at a currency-adjusted rate of 5.8%. Our progress in North America was more restrained, with an increase of 2.3% on the basis of constant currencies. This could primarily be attributed to weakened second-half demand from individual key customers of the Biotechnology Division.

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

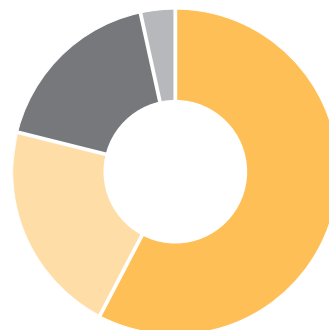
360.9	143.6	111.8	21.9
341.0	140.4	101.2	20.0



- 2007
- 2006

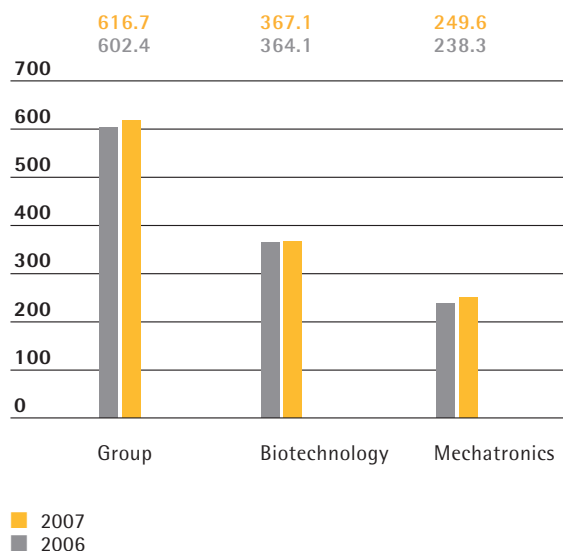
Actual sales revenue at the Sartorius Group rose from €521.1 million to €589.0 million (+13.0%). These figures include sales revenue from Stedim from June 29, 2007, onward, that of Sartorius Stedim Plastics as of January 1, 2007, and sales revenue from the hydrodynamic bearings business up to October 31, 2007. Actual sales revenue at the Biotechnology Division climbed 21.7% to €329.8 million from €271.0 million a year ago, while the Mechatronics Division posted a rise of 3.7% to €259.2 million from €250.0 million a year earlier.

**Sales Revenue by Region**  
pro forma, in %

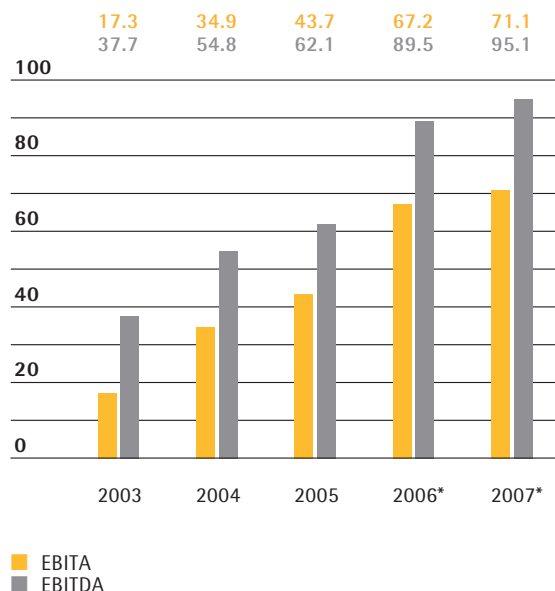


- Europe 57.7
- North America 21.2
- Asia|Pacific 17.6
- Other Markets 3.5

### Order Intake pro forma, € in millions



### EBITA and EBITDA € in millions



\* pro forma underlying

### Order Intake

The Sartorius Group received orders worth €616.7 million in fiscal 2007 on a pro forma basis. This represents a gain of 2.4% compared with the pro forma figure for the previous year of €602.4 million; the currency-adjusted increase is 5.0%.

Pro forma order intake for the Biotechnology Division grew 0.8% (currency-adjusted: +3.5%) to €367.1 million (previous year: €364.1 million) at a lower rate than in the first nine months due to fluctuations in equipment business. In the Mechatronics Division, we received orders worth €249.6 million on a pro forma basis, which is 4.8% (currency-adjusted: +7.2%) up from the previous year (€238.3 million).

We reported the largest gains in the Asia|Pacific region, where pro forma currency-adjusted order intake rose by 12.0%. In North America as well, the currency-adjusted rate of increase was at a good level, 6.1%, where the Mechatronics Division posted double-digit gains. Progress was somewhat slower in Europe, where we reported a gain of 3.5% in constant currencies as a result of a decline in equipment business.

The Sartorius Group's actual order intake rose by a substantial 11.1% year on year to €582.1 million (2006: €523.9 million). This is due in part to Stedim being included for the first time.

### Earnings

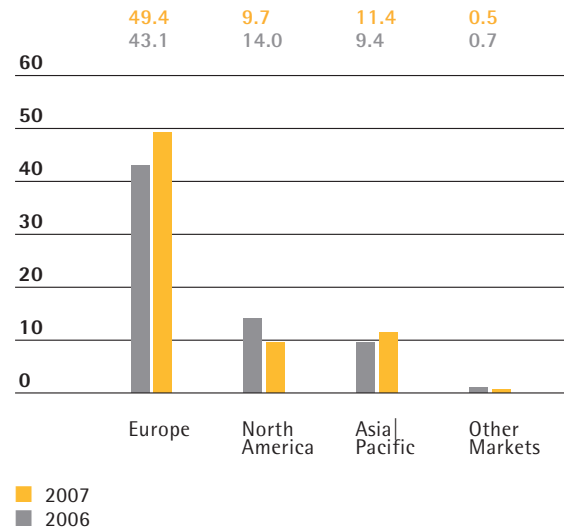
The Sartorius Group uses earnings before interest, taxes and amortization (EBITA) as the key figure for measuring earnings. Amortization in this context relates exclusively to IFRS 3 purchase price allocation (PPA) to the intangible assets acquired. EBITA is thus comparable with EBIT indicated in the past, and suitable for gauging the operating profitability of the Sartorius Group.

We indicate EBITA on a pro forma basis and adjusted to remove non-operating and other non-permanent effects, just as in our interim reports, in order to convey a complete and transparent picture of the Group's profitability. The pro forma underlying presentation of this data signifies that we included business generated by Stedim, which we consolidated for the first time as of June 29, 2007, and that of Sartorius Stedim Plastics GmbH, which was consolidated on January 1, 2007, for the full fiscal years of 2006 and 2007, respectively.

**Earnings**  
pro forma underlying

€ in millions	2007	2006
EBITDA	95.1	89.5
As a % of sales revenue	15.3%	14.9%
EBITA	71.1	67.2
As a % of sales revenue	11.4%	11.1%
Earnings per share (in €)	1.58	

**EBITA by Region**  
pro forma underlying, € in millions



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. The adjustments essentially relate to the Stedim transaction and the associated integration costs and to a number of wider-ranging reorganization measures taken in the Biotechnology Division in particular. For further details, please see the description of the earnings by division (pages 57 and 66).

The Sartorius Group posted an adjusted underlying pro forma EBITA of €71.1 million in the year under review. The corresponding EBITA margin was 11.4% and thus within our forecasted target corridor of 11.0% to 11.5%. The pro forma underlying EBITA for the previous year was 67.2 million; the corresponding EBITA margin, 11.1%. If these figures had been calculated based on the previous year's exchange rates, our pro forma underlying EBITA margin would have increased by one solid percentage point year on year, especially due to economies of scale in our disposables business and further profitability gains in industrial weighing equipment.

In Europe, we achieved the highest pro forma underlying EBITA for the year under review where it rose to €49.4 million from €43.1 million reported for 2006. Pro forma underlying EBITA in North America slipped from €14.0 million to €9.7 million over the same period, while rising from €9.4 million to €11.4 million in the Asia | Pacific region. Our pro forma underlying EBITA in the Other Markets region was €0.5 million after €0.7 million in 2006.

The Sartorius Group's pro forma underlying EBITDA was €95.1 million (2006: €89.5 million).

Our pro forma underlying net profit after minority interest totaled €27.0 million, which equates to pro forma underlying earnings per share of €1.58, or €1.78 after adjustment to remove the effects of non-cash amortization.

We are satisfied overall with the operating profitability gains made in fiscal 2007, given the unfavorable exchange rate environment.

The Sartorius Group's actual EBITA amounts to €59.2 million (2006: €52.1 million), while actual EBITDA is €82.3 million (2006: €71.3 million). Amortization, which in this context relates exclusively to the purchase price allocation, totals €4.3 million. The financial result already includes expenses of €2.9 million in connection with the financing of the Stedim transaction and, at -€13.7 million, is below the year-earlier figure of -€6.2 million. Actual earnings include the proceeds generated by selling our hydrodynamic bearings business.

## Cash Flow Statement Summary

€ in millions	2007	2006
Cash earnings	55.0	64.5
Cash flow from working capital	-6.8	-5.2
Cash flows from operating activities	33.1	51.7
Cash flows from investing activities	-114.1	-31.3
Net cash flow	-80.9	20.4
Cash flows from financing activities	90.9	-22.4
Cash and cash equivalents	17.7	8.0
Gross debt owed to banks	207.4	62.4
Net debt owed to banks	189.6	54.4

As income taxes are due on only a portion of this sum, the corporate tax rate at 23.0% is therefore significantly lower than the previous year's rate of 35.0%. Actual net profit after minority interest amounts to 30.1 million, up from €29.0 million a year ago. Actual earnings per share stand at €1.77 (2006: €1.70).

Our actual EBITA for the year under review was highest in Europe, where it surged to €47.3 million from €34.9 million reported in 2006. By contrast, at €1.1 million, actual EBITA in North America was considerably below the previous year's figure of €7.7 million, whereas actual EBITA grew in the Asia | Pacific region from €9.4 million to €10.7 million.

## Cash Flow

In 2007, the development of cash flow in the Sartorius Group was strongly impacted by the Stedim transaction and the subsequent reorganization as well as the sale of the hydrodynamic bearings business. For this reason, the individual items in the cash flow statement are comparable only to a limited extent with the figures reported in previous years and also include the special impacts already presented in the income statement disclosures.

The cash earnings for fiscal 2007 amounted to €55.0 million (previous year: €64.5 million), and the cash flow from working capital was -€6.8 million (previous year: -€5.2 million) due to the growth-driven increase in receivables and inventories. Cash flows from operating activities were €33.1 million (previous year: €51.7 million).

Essentially due to the change in the scope of consolidation (-€78.4 million after €0.0 million in 2006) as well as a rise in cash spent on intangible assets, property, plant, and equipment, and financial assets (-€44.4 million after -€32.0 million in the previous year), the Sartorius Group's net cash flow for fiscal 2007 amounted to -€80.9 million (previous year: net inflow of €20.4 million).

## Research and Development

	2007	2006
R&D costs, pro forma, in millions of €	43.2	38.2
As a % of sales revenue	6.9%	6.3%
Number of patent and trademark applications	201	197
Registered patents and trademarks	159	97*

\* several registered patents and trademarks can be attributed to both divisions

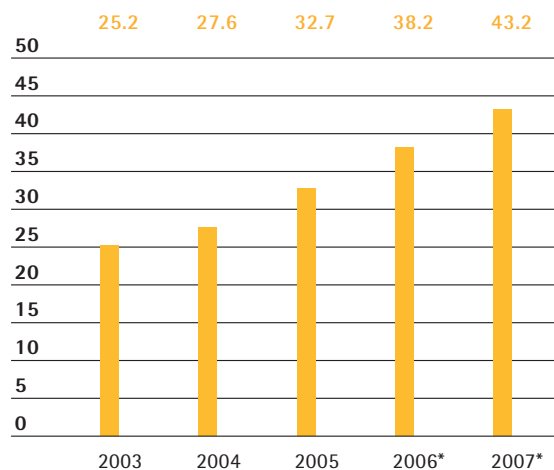
Consolidated net debt was €189.6 million (2006: €54.4 million); this figure includes bank liabilities contributed to the Group by Stedim and Toha Plast as well as the bank liabilities incurred for the Stedim transaction. As a result of the increase in bank liabilities, interest expenses also increased sharply in fiscal 2007. Cash and cash equivalents of €17.7 million, which are relatively high when compared with previous years (2006: €8.0 million), are to be optimized again in the short term.

## Appropriation of Profits

The Executive Board and the Supervisory Board will submit a proposal to the Annual Shareholders' Meeting to be held on April 23, 2008, to raise dividends for fiscal 2007 over the previous year's to €0.68 per preference share and to €0.66 per ordinary share. The total profit distributed would thus rise by 6.3% to €11.4 million (previous year: €10.7 million). The remaining retained profit for Sartorius AG of €20.2 million is to be carried over to the new account.

## Research and Development Costs

€ in millions



\* pro forma

## Research and Development

We further intensified our research and development work in fiscal 2007, increasing the related expenses on a pro forma basis by 13.1%, as budgeted, from €38.2 million to €43.2 million. The Group's ratio of R&D costs to sales revenue is 6.9%, up from the previous year's ratio of 6.3%.

The rise in R&D spending can essentially be attributed to staff recruitment to boost our research and development capacity and to the continued expansion of our research and development infrastructure. We concentrate the majority of our R&D activities at our Goettingen-based Group headquarters in Germany. For our Biotechnology Division, for example, we completed and officially opened a new laboratory in Goettingen, expanding our R&D capacity by over 50%. In the Mechatronics Division, one focus of our activities in the year under review was the extension of our industrial weighing equipment product portfolio, particularly for the Asian market.

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

In 2007, the number of applications for intellectual and industrial property rights (201) was approximately at the previous year's number (197). As a result of the applications submitted in the past years, we were issued 159 patents and trademarks (previous year: 97). As of the balance sheet date, we had a total of 1,871 patents and trademarks in our possession (previous year: 1,915).

### **Organization**

The business activities of the Group are divided into the legally independent divisions Biotechnology and Mechatronics. Strategically and operatively, we manage the two divisions independently of one another. However, for administrative functions, they share a common infrastructure, for example, at our headquarters in Goettingen or at other international sites. Although the division of responsibilities strictly upheld, we use synergies in different areas such as research and development, production, and supply chain management.

Since the combination of our biotechnology activities in the summer of 2007 with Stedim S.A., the Biotechnology Division has been doing business under the name Sartorius Stedim Biotech. The Mechatronics Division is now known as Sartorius Mechatronics.

### **Change in Management**

Effective September 7, 2007, Olaf Grothey, Executive for Labor Relations, resigned from the Executive Board of Sartorius AG by mutual agreement. Dr. Günther Maaz additionally assumed responsibility for human resources, IT and general administration. At the same time, Dr. Maaz became Executive for Labor Relations.

### **Employees**

As of the end of the fiscal year on December 31, 2007, the Sartorius Group employed 4,518 (previous year: 3,749) people. This represents an increase of 769, or almost 21%, in the total number of employees compared with December 31, 2006. The sharp increase in the number of employees in the past fiscal year is primarily due to the acquisition of Toha Plast at the beginning of 2007 (now Sartorius Stedim Plastics, 81 people as of January 1, 2007) and the merger of the Biotech Division of the Sartorius Group with the French-based biotech supplier Stedim in the summer of last fiscal year (now Sartorius Stedim Biotech; 513 people as of June 30, 2007). On October 31, 2007, Sartorius sold its hydrodynamic bearings business, which had employed 89 people as of December 31, 2006.

On a pro forma basis, i.e., including Stedim's and Toha Plast's employees and disregarding the employees of the hydrodynamic bearings business as from December 31, 2006, the Group's workforce grew by 244 employees as of December 31, 2007. The increase occurred primarily in the Mechatronics Division and was particularly concentrated in the Asia|Pacific region, where we commissioned a new plant at our location in Beijing in September of last fiscal year.

We employed a total of 2,115 staff in the Mechatronics Division, an increase of 10% over the 2006 figure (1,931) on a pro forma basis. In the Biotech Division, the total number of employees grew by 60 to 2,403 on a pro forma basis as of December 31, 2007, an increase of just under 3%.

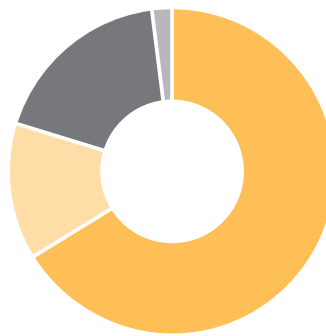
Regionally, our workforce grew mainly in Europe and Asia|Pacific. In Europe, the number of employees on a pro forma basis stood at 2,989 as of December 31, 2007, 149 employees or a good 5% more than at the end of 2006. In Asia|Pacific, our workforce expanded from 717 to 826 employees, an increase of about 15%. A significant proportion of this increase is attributable to China and India. In North America, we had 612 employees as of December 31, 2007, around 1% more than the previous year's pro forma figure (607).

**Employees by Division**  
Dec. 31, 2007; in %



■ Biotechnology 53.2  
■ Mechatronics 46.8

**Employees by Region**  
Dec. 31, 2007; in %



■ Europe 66.2  
■ North America 13.5  
■ Asia | Pacific 18.3  
■ Other Markets 2.0

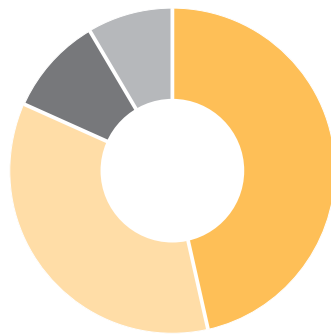
As an innovative technology group, Sartorius employs numerous highly qualified workers from scientific and technical fields. We also maintain a host of teams in the administrative functions, such as purchasing, finances and human resources, in order to ensure that our operations run smoothly not just within the Sartorius Group, but also when they come into contact with our business partners and customers. We seek to retain our employees for the long term by presenting interesting opportunities for personal development. Very many of them have gathered years of experience during their career with the company. On average, Sartorius employees have spent almost 15 years with the company.

As early as their traineeships with us, young people are familiarized with the company and promoted and trained according to need. The highly practical study programs in both the natural sciences and business administration, which provide targeted hands-on development, are particularly effective at preparing promising young individuals for important future roles. The training we offer young people also includes an international component. A total of 137 trainees and interns throughout Europe currently receive thorough professional training that goes beyond the mandatory curriculum.

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

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

**Employees by Function**  
Dec. 31, 2007; in %



Production	46.5
Sales and distribution	35.2
Administration	9.8
R&D	8.5

In addition to providing technical education and development opportunities, we also take a close interest in employees' health. Promoting health and job safety are the two pillars of Sartorius'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 organizations are conducive to good health. In 2006, the number of occupational accidents at Sartorius was, for the fifth time in succession, below the statistical mean calculated by the "Berufsgenossenschaft der Feinmechanik und Elektrotechnik," which is the German Occupational Health and Safety Agency for Precision Engineering and Electrical Engineering Industries.

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

## Environmental Management

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

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 headquarters in Goettingen despite increased production. Optimized control technology for natural gas and electricity meant that we were able to reduce both energy costs and CO<sup>2</sup> 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 the near future. This will permit us to feed the recycled solvents directly back into the production process.

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

In the year under review, we also focused on implementing the requirements to eliminate hazardous materials from electronic products produced by the Mechatronics Division. These requirements take the form of new global standards known as "Restriction of the use of certain hazardous substances in electrical and electronic equipment" or RoHS. We take these regulations into account as early as the development phase for new products.

We have also adapted our environmental protection activities in the wake of our expanded Group structure. In the year under review, we carried out the preparations necessary for integrating the new Sartorius Stedim Biotech sites into our environmental management activities. Here it should be noted that these sites are already very active in their pursuit of environmental protection.

## 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 attention.

In the area of science and research, Sartorius has made it a priority to support and promote academic work and to provide financial assistance to promising young scientists. For example, in Germany we intensified our long-term cooperation with the Technical University of Ilmenau during the year under review and endowed a chair of precision metrology, for which we will finance the personnel costs for a period of five years. We also 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) and the "Kinder-Uni" children's program at Goettingen's Georg-August University. Sartorius also sponsors outstanding researchers from within the company through its own international scholarship program, the Sartorius International Biosciences Scholarship, which focuses largely on research and development and product management. In addition, we have entered into cooperation agreements with several regional schools under which we offer informative events for teachers as well as work experience, business simulations and job application training for students.

The Sartorius College, our conference and training center in Goettingen, offers a platform for professional knowledge transfer both for its 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 40 specialized training courses in biotechnology and mechatronics. We also encourage dialog between science, business and society through public lectures, readings, and technical symposia.

Sartorius is an active sponsor of events and projects, especially social and cultural ones, throughout its home region and in particular in Goettingen, where the company is headquartered. In these projects, we place great value on professional quality and broad appeal in order to strengthen the company's attractiveness to the region – and therefore to our employees. Sartorius has thus been a regular supporter of the internationally renowned Goettingen Handel Festival and the city's "Literatur-herbst" fall literature festival for several years, and has also backed one-time events such as large sporting events or the restoration of the historic cupola of the university's observatory.





turning science **into solutions**



Global leader  
A unique success story



Southern France is home to new Sartorius Stedim Biotech, headquartered in Aubagne near Marseille. This is where the biotech supplier Stedim set out to conquer the market for single-use, sterile bags, establishing itself as the global market leader in this field. The merger of the former Sartorius Biotechnology Division, a leader in the fermentation, filtration and purification markets, and Stedim has created one of the best positioned solution providers to the biopharmaceutical industry.



sartorius stedim  
BIOLAB

# A perfect combination

## Single-use technologies for the future

Disposables technologies are playing an ever-increasing role in the dynamic growth market of the biopharmaceutical industry. By combining single-use filters and bags, Sartorius Stedim Biotech offers all-in-one solutions from a single source for easy validation of our customers' production processes.







# Safe and sterile

## Practical solutions for the lab

Product safety is priority No. 1 in the manufacture of biopharmaceuticals. To guarantee maximum safety standards, Sartorius Stedim Biotech develops intelligent solutions for daily lab routines. Fully automatic dispensers for sterile filters on demand make microbiological analyses even faster, more efficient and safer.



# Strong in Asia

## Headed for growth at our new plant

Ever since 1996, Sartorius has been manufacturing laboratory balances in China. And now we are well equipped to take the next strides in growing our business in Asian markets. At our new plant in Beijing, we have doubled our production capacity to step up manufacture of industrial scales as well, and to supply further Asian markets in addition to the mainland Chinese marketplace.



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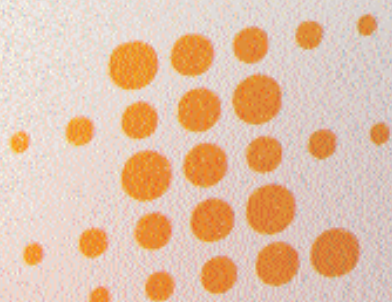
# Professional performance

Maximum precision in record time

Just eight seconds is all it takes to deliver a stable and reproducible readout, accurate to five entire decimal places. This remarkable technological feat is performed by the semi-microbalance from the Sartorius ME series. In daily lab work, it therefore saves valuable time in a large number of weighing procedures.

# Detecting traces

Accurate moisture analysis



**sartorius**

The quality and shelf life of many products are strongly affected by their moisture content. This is why analysis and accurate monitoring of water constituents are crucial to the quality of a manufacturing process. The WDS 400 water detection system reliably measures even the lowest residual traces down to 0.001%.



US





# Where innovation is at home

Forging ideas into biotechnology solutions

The new laboratory building for biotechnology at our central research site in Goettingen, Germany, has enabled us to boost our R&D capacity by more than 50 percent. This hub is the creative source of innovative products and procedures for our customers in the growth markets of the biotech and pharmaceutical industries.



# Business Development of the Biotechnology Division

## **Combination of the Biotechnology Division with Stedim S.A.**

### **Strategy**

In the Biotechnology Division, the Sartorius Group is positioned as a solution provider for the biopharmaceutical industry, and focuses on creating and providing innovative disposable products and systems for safe, reliable and efficient production of therapeutics. We follow the strategy of offering customers integrated solutions from a single source for their biopharmaceutical production processes.

The above-average organic growth achieved in this segment over recent years stems to a considerable extent from our continuous expansion of the product range right along our customers' process chain. Carefully targeted cooperative arrangements and acquisitions play a central role alongside our own research and development activities in putting this growth strategy into practice.

Completed against this backdrop during the year under review, the merger of our Biotechnology Division and French company Stedim S.A. combined two innovative industry leaders whose product ranges, technologies and regional strengths are a perfect match (for details of the transaction, see p. 22 ff.). Sartorius Stedim Biotech S.A., the new company created by the reverse merger, offers a comprehensive range of products and technologies and is a global market leader in single-use solutions for the biopharmaceutical industry.

Combining the Sartorius range of special filters, fermenters and bioreactors, system equipment and instruments with the business of Stedim, the world's market leader for sterile single-use bags, has made us an even more attractive partner for our customers. Sartorius had already been distributing single-use fluid handling bags for a number of years through a cooperative arrangement with an American 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.

In the fast-growing, dynamically innovative bioprocessing market, bag technology is increasingly becoming a key platform technology that we are using for additional disposable products, such as disposable bioreactors and single-use transfer systems. 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 single-use 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.

The Stedim deal has strengthened our international competitive position over the long term. Sartorius Stedim Biotech is now the global leader in aseptic bag technology and internationally ranks among the leading companies in fermentation and bioprocess filtration as well as in a series of purification technologies including membrane chromatography. According to our estimates, none of our competitors is currently so broadly positioned or has such a strong focus on complete solutions.

### Integration

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 Sartorius Stedim Biotech's corporate design on the Sartorius Group's typography, graphics and color scheme, which are firmly established in the international marketplace, in order to ensure a consistent group-wide market presence. 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.

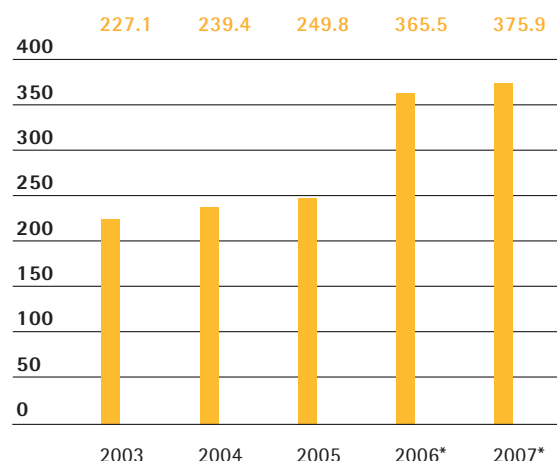
Parallel to the progress made in integrating our sales activities, we are also nearing completion of this process for supply chain management. We ensured that customer-friendly, combined order processing and comprehensive global availability of all products were already in place in our European operations 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 established a number of international teams that work together closely on all pertinent technical issues and have already turned several initial projects into marketable products.

### Key Figures for Biotechnology pro forma

€ in millions	2007	2006
Order intake	367.1	364.1
Sales revenue	375.9	365.5
Underlying EBITDA	66.2	61.6
As a % of sales revenue	17.6 %	16.8 %
Depreciation and amortization	16.5	15.5
Underlying EBITA	49.7	46.1
As a % of sales revenue	13.2 %	12.6 %
Employees as of Dec. 31	2,403	2,343

### Sales Revenue for Biotechnology € in millions



\* pro forma

### Sales Revenue

In fiscal 2007, the Biotechnology Division achieved its sales revenue target, adjusted in October 2007, and generated pro forma sales revenue of €375.9 million. This corresponds to a gain of 2.8% 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 the year 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. Because the development of equipment business was not satisfactory in North America, sales revenue for this business reached the previous year's level.

Looking at the regions on a pro forma basis, we achieved the highest growth rates in the Asia | Pacific region (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. As mentioned earlier, this was primarily attributed to weakened second-half demand from a number of key customers.

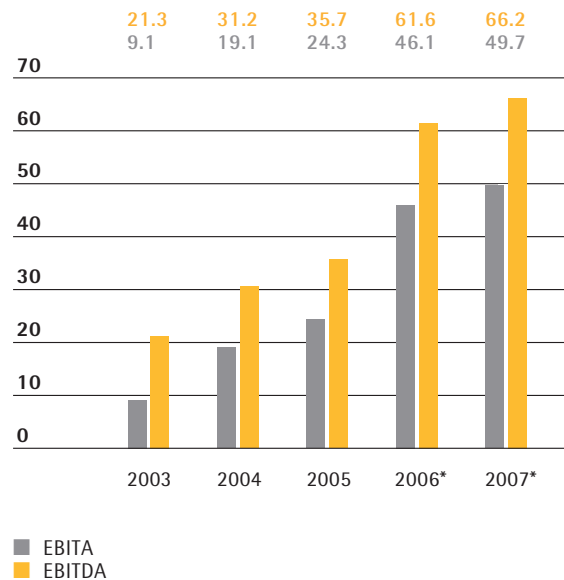
Actual sales revenue in the Biotechnology Division climbed 21.7% to €329.8 million from €271.0 million a year ago. This figure includes Stedim's sales revenue as of July 1, 2007.

### Order Intake

Pro forma order intake grew 0.8% to €367.1 million from €364.1 million a year earlier. 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.

**EBITA and EBITDA for Biotechnology**  
€ in millions



\* pro forma underlying

Considering the regions on a pro forma basis, we achieved the highest currency-adjusted growth rate, at 8.3%, in Asia | Pacific. Because of weakened development in equipment business, in particular, growth rates in North America and Europe were more moderate overall at 3.7% and 2.9%, respectively, in constant currencies.

Factors such as the initial consolidation of Stedim in the second half of 2007 increased the actual order intake of the Biotechnology Division to €319.6 million, up 17.6% compared with the previous year's figure of €271.7 million.

**Earnings**

We indicate EBITA on a pro forma basis and adjusted to remove non-operating and other non-permanent effects, just as in our interim reports, in order to convey a complete and transparent picture of the Group's profitability. The pro forma presentation of this data signifies that we included business generated by Stedim, which we consolidated for the first time on June 29, 2007, and that of Sartorius Stedim Plastics GmbH, which was consolidated on January 1, 2007, for the full fiscal years of 2006 and 2007, respectively. The adjustments essentially relate to transaction and integration costs and to a number of wider-ranging reorganization measures.

For fiscal 2007, the Biotechnology Division achieved an adjusted 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% to 13.5%. Pro forma underlying EBITA for 2006 was €46.1 million; the corresponding EBITA margin, 12.6%. If these figures had been calculated based on the previous year's exchange rates, our pro forma underlying EBITA margin would have increased by one solid percentage point year on year, especially due to economies of scale in our disposables business.

**Reconciliation Statement for Actual | Pro Forma  
Underlying EBITA**

€ in millions

<b>Actual EBITA in 2007</b>	<b>26.0</b>
<b>Pro forma underlying adjustment for the former Stedim Group</b>	<b>5.8</b>
Of which: Pro forma adjustment	3.9
Restructuring expenses for Stedim before closing of the transaction	2.0
<b>Transaction   integration costs</b>	<b>5.3</b>
<b>Reorganization in Q4   2007</b>	<b>8.2</b>
Of which: Plant closed in Bethlehem, PA, USA	4.5
Plant closed in Napa, CA, USA	2.7
Fuel cell activities discontinued	1.0
<b>Other non-permanent effects</b>	<b>3.0</b>
<b>PPA impact included in EBITA</b>	<b>1.4</b>
<b>Pro forma underlying EBITA in 2007</b>	<b>49.7</b>

Our pro forma underlying EBITA for the year under review was highest in Europe, where it rose to €37.2 million from €29.9 million reported for 2006. 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. In the Other Markets segment, we reported a pro forma underlying EBITA of €0.5 million in 2007 after posting €0.7 million in fiscal 2006.

The Division's pro forma underlying EBITDA was €66.2 million for the year under review, compared with €61.6 million for fiscal 2006.

We are satisfied with the gains in operating profitability achieved, given the unfavorable exchange rate environment.

Transaction and integration costs, which we forecasted at €5-10 million at the beginning of the year, amounted to €5.3 million for the Biotechnology Division. 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 business model, we will be shifting the manufacture of relatively large stainless steel systems to a North American alliance partner and will be consolidating our own engineering activities, which were spread out across three locations, 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 effort 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 effect of measuring the acquired Stedim inventories in accordance with IFRS consolidation rules, were also excluded from the forecasted costs mentioned above.

The Biotechnology Division's actual EBITA was €26.0 million (2006: €31.8 million) and actual EBITDA was €41.2 million (2006: €43.7 million).

## Organization

Sartorius Stedim Biotech has been organized as a legally independent subgroup ever since it was created by the reverse merger of the Biotechnology Division 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, Sales | Distribution and Service, Production and Supply Chain Management, and Research and Development, are managed centrally under a global responsibility system in close consultation 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 contacts 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 planning and worldwide implementation of the integration process following the business combination of the 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.

## 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 our range accordingly gained several important products for the future, some originating from in-house developments, some from cooperative activities and many from the Stedim deal. In this regard, products and solutions based on innovative disposables technology played a very significant role. We restructured our product range and the associated marketing organization in response to the merger of the Biotechnology Division and Stedim and divided them into the Laboratory, Fermentation, Filtration and Purification application segments and the Fluid Management segment, which roughly corresponds to the sterile disposable containers, transport containers and transfer systems of what was the Stedim product range.

Furthermore, we established a new Services segment and increased organizational support for this area 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. And 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 adsorber capsule, the SARTOFLOW Alpha plus crossflow filtration system, and the Cultibag RM 200 disposable bioreactor, each of which attracted significant interest.

Our experts continue to actively exchange their knowledge with users and researchers. They have given presentations at numerous conferences worldwide and their specialized knowledge is repeatedly sought by international 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 a popular and highly respected feature 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 this 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 inform a wide audience every quarter of 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 claim 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

As a provider of integrated solutions for the biopharmaceutical industry, we have extended our entire range of disposables, adding a substantial number of new products during the year under review. In particular, the Stedim deal has enabled the lasting expansion of our product portfolio for biopharmaceutical media storage and transport. 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 and the quantities of active ingredient required increase.

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 development process design. The modular benchtop system for semiautomated microfiltration, ultrafiltration and diafiltration applications 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 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 con-

trolling individual process parameters is straightforward, thus up- and downscale 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, manufacturing processes that use the nano capsule can be transferred linearly from laboratory scale to production scale.

## Biotechnology Research and Development

	2007	2006
R&D costs, pro forma, in millions of €	<b>26.8</b>	22.7
As a % of sales revenue	<b>7.1%</b>	6.2%
Number of patent and trademark applications	<b>130</b>	109
Registered patents and trademarks	<b>98</b>	44

Over the year under review, we also enhanced our range of disposable 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 2500 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 products for new applications. And we already have some examples scheduled for launch as early as the first half of 2008.

### Research and Development

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 3,000 m<sup>2</sup> 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 particularly 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 depletion and inactivation, such as our membrane adsorbers, enabling us to focus even more closely on customer applications. We will also be 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 recently, 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 with associated disposable sensor and control systems, which was developed in an international project involving close collaboration between the Stonehouse, Goettingen and Aubagne sites.

Disposables by no means consumed our entire 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.

We also continued to work on the new technologies we will need in order 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.

We also developed 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 Biotechnology 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 and film extrusion, bag and container design and tubing and connectors at Sartorius Stedim Biotech's headquarters in Aubagne, southern France, was also expanded during the year under review.

The acquisition of Toha Plast GmbH is proving to be most significant in terms of our research and development work. 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 or specific market requirements.

## Production and Supply Chain Management

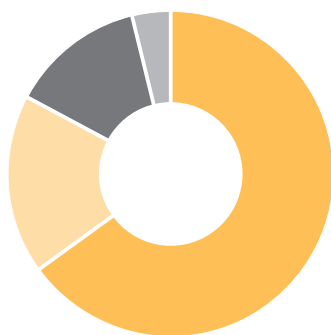
Sartorius Stedim Biotech operates a well developed international production network to ensure that it can supply its customers around the world promptly and reliably. The merger of the Sartorius Biotechnology Division with Stedim S.A. increased both the number of production facilities and the global 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, disposable 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 (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. We took over the company's injection molding activities at the Puerto Rico site 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 are particularly valuable 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 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.

**Biotechnology Employees by Region**  
Dec. 31, 2007; in %



Europe	65.0
North America	17.8
Asia Pacific	13.4
Other	3.8

**Biotechnology Employees by Function**  
Dec. 31, 2007; in %



Production	56.2
Sales and distribution	25.6
Administration	10.0
R&D	8.1

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 the field. 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 in 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.

## Employees

The Biotech Division employed a total of 2,403 people at the end of fiscal 2007. This equates to an increase of almost 3% or 60 employees relative to the pro forma figure for the previous year (2,343).

The regional figures show an increase of around 7% to 1,563 employees in Europe in fiscal 2007 (previous year: 1,468). There was a fall of 2% to 427 employees in North America due to reorganization efforts there (previous year: 436) and an identical 2% fall to 322 employees in the Asia|Pacific region (previous year: 329). We employed 91 people in other regions, which represents a reduction of 17% as compared with the previous year (2006: 110 people).

The majority of the Division's employees – 56% (previous year: 57%) – work in production and production-related areas such as quality management and supply chain management. Sales and distribution staff accounted for 26% (previous year: 26%). Research and development saw a slight increase in the percentage of employees to 8% (previous year: 7%). Administrative staff numbers remained constant at 10% (previous year: 10%).

# Business Development of the Mechatronics Division

## Key Figures for Mechatronics pro forma

€ in millions	2007	2006
Order intake	249.6	238.3
Sales revenue	246.8	237.1
Underlying EBITDA	28.9	28.0
As a % of sales revenue	11.7%	11.8%
Depreciation and amortization	7.5	6.9
Underlying EBITA	21.3	21.1
As a % of sales revenue	8.6%	8.9%
Employees as of Dec. 31	2,115	1,931

The Mechatronics Division offers its customers in the pharmaceutical, chemical and food and beverage industries as well as in the public sector metrological instruments and systems for use in the laboratory and in industrial production. Our key areas of expertise are weighing technology, electrochemical analysis, moisture analysis and detection of metal contaminants and foreign objects.

### Hydrodynamic Bearings Business Sold

During the year under review, we sold the Mechatronics Division's profitable hydrodynamic bearings business, Sartorius Bearing Technology GmbH, to the British corporation Smiths Group. This step has enabled Sartorius Mechatronics to focus more intensely on its primary customer segments and on its measurement and weighing product portfolios. The sale transaction was completed in November 2007. Owing to the complementary nature of the two product portfolios and to the Smiths Group's broad international presence, significant synergies can be expected from this transaction. All of the approximately 100 employees of Sartorius Bearing Technology GmbH were taken on by the Smiths Group.

### Sales Revenue

The Mechatronics Division clearly achieved its target following a strong fourth quarter, growing its pro forma sales revenue by 4.1% from €237.1 million to €246.8 million. Currency-adjusted sales revenue for the Division rose 6.4%.

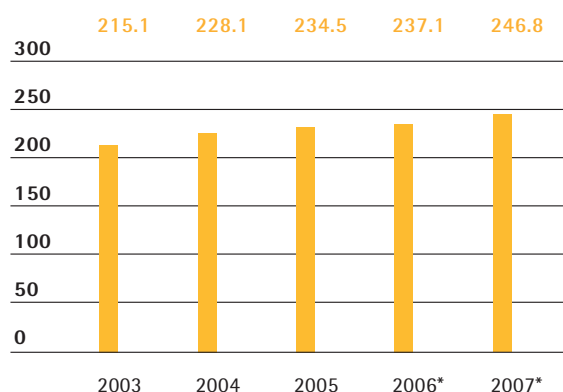
The pro forma sales revenue figures for the Mechatronics Division do not include the figures for the hydrodynamic bearings business. If these figures are included for the full year, the sales revenue of the Division stands at approximately €262 million.

We reported growth in all continued business areas and achieved our highest growth rates in the industrial scale business. For all regions, we saw a marked increase in volume for this business.

With currency-adjusted growth rates of 9.2% and 8.1%, we reported a dynamic development of our sales revenue in the North American and Asia | Pacific regions, respectively. In the European region, where we have been particularly successful in the industrial scale business, pro forma currency-adjusted growth in sales revenue was 4.8%.

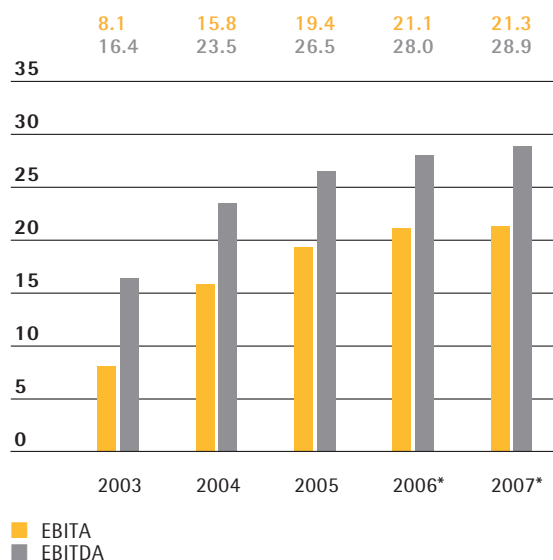
Actual sales revenue for the Mechatronics Division, which includes the sales revenue for the hydrodynamic bearings business up to October 31, 2007, increased by 3.7% to €259.2 million, up from €250.0 million a year earlier.

### Sales Revenue for Mechatronics € in millions



\* pro forma: excluding the hydrodynamic bearings business, approx. €15 million; sales revenue in 2007 on a full-year basis

### EBITA and EBITDA for Mechatronics € in millions



\* pro forma underlying

### Order Intake

In fiscal 2007, we received pro forma orders worth €249.6 million for the Mechatronics Division. This represents a gain of 4.8% compared with the previous year's figure of €238.3 million, or a currency-adjusted increase of 7.2%.

Like our sales revenue, our order intake also grew in all business areas. We achieved the strongest growth in the industrial scale business, where we reaped the benefits of our proactive product and sales drive, especially in the Asia|Pacific region.

While pro forma order intake grew 4.2% in the European region, the currency-adjusted growth rates in the Asia|Pacific and North American regions reached double digits at 14.0% and 12.3%, respectively.

Actual order intake for the Mechatronics Division was €262.5 million, up 4.1% compared to the previous year's figure of €252.1.

### Earnings

To convey a complete and transparent picture of the earnings power of the Mechatronics Division, we indicate EBITA on a pro forma underlying basis. This means that we do not include the hydrodynamic bearings business, which was sold on October 31, 2007, or the proceeds from its sale. We also adjust the result to eliminate non-permanent effects, just as we have already done in our interim reports.

In fiscal 2007, the Mechatronics Division achieved an adjusted underlying EBITA of €21.3 million on a pro forma basis. The corresponding EBITA margin was 8.6% and thus within the target corridor of 8.5% to 9.0% that we defined in October 2007.

Pro forma underlying EBITA for 2006 was €21.1 million; the corresponding EBITA margin, 8.9%. If the previous year's exchange rates had been used, our pro forma underlying EBITA margin would have increased by around half a percentage point year on year, primarily because the profitability of our industrial weighing equipment business has been improving.

### Reconciliation Statement for Actual | Pro Forma Underlying EBITA

€ in millions	2007	2006
Actual EBITA	33.2	20.2
Total adjustment	-11.8	0.9
Of which: Income from discontinuation of hydrodynamic business activities	-14.8	0.0
Other non-permanent effects	3.0	0.9
Pro forma underlying EBITA	21.3	21.2

In fiscal 2007, our pro forma underlying EBITA was highest in Europe, where it was €12.2 million (2006: €13.2 million). In the same period, the pro forma underlying EBITA in North America rose from €1.5 million to €1.9 million, while increasing from €6.5 million to €7.2 million in the Asia | Pacific region.

The pro forma underlying EBITDA of the Division was €28.9 million (previous year: €28.0 million).

In fiscal 2007, we achieved an overall satisfactory profitability level in a difficult currency environment.

The actual EBITA of the Mechatronics Division, which includes the proceeds from the sale of the hydrodynamic bearings business, was €33.2 million (2006: €20.2 million). Actual EBITDA amounted to €41.1 million (2006: €27.6 million).

### Organization

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

In the year under review, key areas of organizational development were more strongly specialized management of the various distribution channels and systematic expansion of our sales and distribution presence in Asia. The latter step is in line with the expansion of our production facilities in Beijing, China.

## Marketing | Sales and Distribution | Service

Sartorius Mechatronics pursues a multi-track distribution strategy in order to reach its customer segments most effectively. Products that require intensive sales support and process-integrated solutions are marketed through our own global network of sales staff. Given the success we have achieved and the high potential for growth in the market for industrial weighing equipment, we significantly stepped up our sales and marketing activities in the year under review. We continued to develop our customer relationship management system, which ensures that our marketing processes are efficient and uniform across the company, and began preparations for a Europe-wide implementation of this system.

Key global customers are assigned a Sartorius key account manager who coordinates our consulting and service activities for all the sites operated by that customer. In 2007, key account managers again managed to develop relationships with new major customers and to expand existing activities as well.

In contrast, our standard range of products is marketed through specialized global or regional distributors. With our trade management department, conferences and training sessions for distributors, and the e-shop we launched in Germany in 2007, we provide optimum support for our distribution partners. The e-shop is a virtual store that offers distributors both a lean ordering and processing system and accurate planning in terms of delivery and inventories. Using the product configurator, distributors and customers can also group products to meet their own individual requirements.

As a complete provider for laboratory and industrial processes, Sartorius Mechatronics exhibited at specialized trade fairs in Germany such as the Hannover Messe, Powtech in Nuremberg, and the K International Trade Fair for Plastics and Rubber in Cologne. Our exhibits at these trade fairs focused on solutions that help customers satisfy regulatory requirements in the pharmaceutical and food industries. In this regard, a great deal of interest was generated by the new CoSYNUS metal detection unit and the PMD300 online moisture analyzer. The latter allows users to measure the moisture in raw materials and end products as part of the production process without having to wait for the results of a random sample analysis from the laboratory.

The first "Food and Process Forum" at Sartorius in Aachen also focused on new approaches in the areas of foodstuff regulation and quality management. At this two-day event, production managers

from the food industry exchanged practical knowledge with external specialists and experts from Sartorius. We plan to hold this forum regularly in the future in order to offer existing and potential customers an ongoing information platform.

In the year under review, BBDO Consulting and the University of Bremen recognized Sartorius for its rigorous focus on the market. They placed Sartorius second overall in their joint study of the leading market-oriented corporations in Germany. In their study, the research teams had questioned 254 publicly traded companies in Germany about their use of relevant market information. When they provided the reasons for their decision, the experts noted that Sartorius succeeded in identifying unspoken customer needs and implementing them in customized solutions.

In addition to classic sales-support activities, the targeted use of electronic media is now a feature of our product launches. In the year under review, for example, we significantly increased the use of electronic advertisements and product presentations on industry-specific online portals and began distributing our customer e-newsletter internationally. Employees at our various facilities have the option of writing the newsletter in the relevant language versions and localizing the content to account for country-specific and market-specific circumstances. Since the fall of 2007, the newsletter has been available in five languages. The increase in demand from customers who find our newly designed website via links in the newsletter and various portals demonstrates that our e-marketing approach is successful.

We also use our customer magazine "WeighAhead" as a medium for decision-makers. Owing to the positive response this publication has received, the magazine is now published with a print run of 32,000 copies in 14 languages. Since 2007, we have also published Polish, Russian and Chinese editions.

When considered on a regional basis, Sartorius Mechatronics marked its greatest growth once again in Asia. To provide optimum support for this market, we have adopted the parallel approach of setting up a new Sartorius plant in Beijing and also expanding our sales and service infrastructure through additional personnel and a targeted skills development program. In North America, we have reinforced our sales and marketing presence by adding further independent distributors to our distribution network.

In the year under review, we expanded our extensive service organization with additional expertise in industrial weighing technology. In particular, the focus was on the construction of a repair center at



the new plant in Beijing, the recruitment of new service personnel in India, and the expansion of an end-to-end service for key customers that covers the customer's entire installed base of weighing technology. In the year under review, we continued the expansion of our service program, which includes suitability assessment for measurement systems and advanced professional training in addition to classic services, such as installation, repair and maintenance. In 2007, as a result of the calibration service provided by Sartorius Mechatronics, it became the first weighing industry company in Europe to achieve accreditation under the new European guidelines for calibration. Sartorius will be accelerating the expansion of these calibration services in the future.

## Products

Laboratory products from Sartorius Mechatronics can be found in nearly every commercial and academic research and quality assurance lab. With innovative measurement and weighing technologies and comprehensive service support, we help users bring more efficiency and accuracy to their laboratory activities. At the same time, we offer products and services that allow for growing requirements in terms of reliability, safety and data-intensive documentation.

The year under review saw the market launch of a new range of laboratory balances known as Sartorius CP. These balances are characterized by their high quality, technological details and comprehensive range of features. From microbalances to precision balances, all 29 models have the isoCAL calibration and adjustment function, which performs internal adjustment fully automatically at regular intervals to ensure that the balances consistently deliver high accuracy.

The weighing of toxic compounds in powdered form requires appropriate protection, which we provide in the new Safety Weighing Cabinet (SWC) available on the European market since the fall of 2007. The system uses an even airflow to draw off airborne particles to an external filtering unit and is designed to enable users to work effectively and ergonomically. In the area of electrochemical analysis, we overhauled and optimized the Sartorius PP conductivity measurement equipment range during the year under review. These units combine the measurement of temperature, electrical conductivity and the pH level of aqueous solutions in one operation.

Weighing equipment is used not just in laboratories, but also in many production processes. These instruments support processes that range from testing raw materials in incoming goods shipments

to batching ingredients accurately according to formulas, to final quality control testing in the packaging process. Users want precise results. The features that interest them most in this regard are accuracy, robustness, speed and ease of use. In addition, the integration of weighing equipment into higher-level data processing systems is becoming increasingly important. Our customers are looking for stable, automated processes that are easy to document and not prone to error.

Sartorius Mechatronics rigorously implements these customer needs in the development of its products, once again having expanded its portfolio of industrial measurement and weighing equipment during the year under review. For the food industry, we expanded the SYNUS range with the addition of the new CoSYNUS model, which combines dynamic weighing and metal detection in one unit. This design permits flexible processes with the highest level of accuracy and detection reliability combined with a fast throughput speed. Its modular design and electronic analysis technology allow users to integrate this dual purpose unit seamlessly in their production processes, thereby saving space, time and costs. Since all parameters in metal detection technology are managed and documented on a product-related or batch-related basis, the system meets the requirements for the monitoring of measuring equipment optimally. Sartorius has expanded its range of detection devices to include the detection of further materials such as glass and ceramics. This has been achieved through a cooperation agreement with the technology and software provider Dylog permitting the sale and servicing of x-ray inspection systems.

Another product series ideal for use in the food industry are the new Combics Food scales. These scales are robust and manufactured entirely from high-alloy stainless steel to meet the stringent hygiene and accuracy requirements of the food industry. They have been specially designed for applications involving contact with unpackaged products.

The year 2007 saw the launch of the compact Signum series – premium industrial scales available in a wide range of configurations. With a large number of options, these scales can be customized to individual customer requirements. Users can choose from three application levels, different resolutions and a wide variety of interfaces. The scales have a high degree of protection against overload and side impact, offer flexible installation options and can be used in areas where there is a danger of explosion. They can therefore be configured for use in a wide variety of industrial environments.

## Research and Development for Mechatronics

in millions of €	2007	2006
R&D costs, pro forma	16.4	15.4
As a % of sales revenue	6.6 %	6.5 %
Number of patent and trademark applications	71	88
Registered patents and trademarks	61	54

The new universal and configurable Midrics range of scales is designed for day-to-day weighing tasks in the pharmaceuticals, chemicals, food and electronics industries. Ease of operation and logically ordered control keys with intuitive symbols mean that weighing tasks can be completed quickly and safely. The Midrics range offers excellent value and is distributed separately via our specialized distributors.

Since fall 2007, we have been marketing the PMD300, a moisture analyzer that can be integrated directly into the production process. This analyzer uses microwave resonance technology to check the moisture content of materials in the production process within a fraction of a second. Users can immediately adjust their processes in line with the measurement results without having to wait for the laboratory to return the results of spot checks. Continuous analysis and documentation of the moisture content of raw materials or finished products increases process quality and supports compliance with statutory requirements, such as the International Food Standard (IFS).

To support the convenient integration of weighing components into company IT networks, we launched the X3 Process Indicator and PR5220 Transmitter in the reviewing year. Weighing results, process status and further process information can therefore be transferred to PCs that check and control the data. Users can also access their on-site processes via the internet, allowing remote process control and error rectification.

## Research and Development

Research and development in Sartorius Mechatronics is heavily influenced by future customer requirements and industry trends. To turn new ideas from both of these sources into innovative products, Sartorius Mechatronics research and development works in close cooperation with the marketing, service, procurement and production departments throughout the international group of companies. Our internal knowledge pool is systematically enhanced by alliances with industrial partners and academic institutions.

In the year under review, we placed particular emphasis on the enhancement of our industrial weighing equipment product portfolio, especially for the Asian market. On the basis of an analysis of the Chinese market and under particular consideration of cost requirements, we developed the MIRAS range of industrial weighing equipment especially for Asian countries. The key features of the MIRAS series are simple, robust operation and flexibility of use. Within the same year, we started production of this series in China and successfully launched it on the market. The decision to opt for an overall modular construction again proved to be the right strategy.

In order to allow us to respond directly and locally to the requirements of the Asian market, we expanded our research and development capacity as part of the construction of the new plant in Beijing. Our experts work in a modern research environment in close cooperation with their colleagues in Germany to develop new product components that meet the quality and pricing requirements of the Asian market.

In the year under review, we continued to press ahead with the optimization of our product development process across all our sites. For example, we have developed methods allowing us to complete projects more effectively at lower cost. Our R&D experts work together with relevant marketing specialists in "twin teams," enabling us to respond directly to new customer requirements. From the very start of the prototyping phase, we involve our

sites throughout the world and, depending on the project, bring together the programming and software knowledge of our experts in India, the construction expertise of our specialists in China, and the special electrochemicals know-how of our American colleagues.

In the area of laboratory instruments, particular efforts were directed toward the development of new products for our high-end segment, with a focus on precision, speed and improved ergonomics. We also concentrated on basic research, which enables us to incorporate new knowledge about performance, miniaturization and integrated sensors into future developments.

In 2007, we strengthened our activities in the area of laboratory analysis with the expansion of our applications laboratory for moisture analysis in Goettingen and the construction of a new applications laboratory in Hong Kong. In addition to our existing laboratories in Germany and the USA, we can now also offer direct applications customer support in Asia. We are working in close cooperation with users and alliance partners to produce direct and indirect systems for measuring moisture content, enabling customers to obtain accurate, fast results and therefore develop efficient production and quality assurance processes. Apart from micro-wave resonance technology, another particular focus of research was infrared spectroscopy. Both systems form the basis for several new products that we will be launching in the marketplace in 2008.

Our product components are frequently integrated into complex and sometimes highly controlled processes requiring comprehensive, secure data transfer. The development of compatible interfaces and user-friendly software for each area of use was therefore also a further important element of development activities.

## Production and Supply Chain Management

Our goal is to deliver goods to the market optimally. To achieve this end, we place emphasis on manufacturing close to the target markets in our regions of activity for the vast majority of our products. Accordingly, we have manufacturing plants in the USA (Denver, Colorado), China (Beijing), India (Bangalore), and Russia (St. Petersburg) in addition to our production facilities in Germany. Since Asia has been recording high levels of growth in the Mechatronics Division, we increased our investments in production capacity in China once again in the year under review.

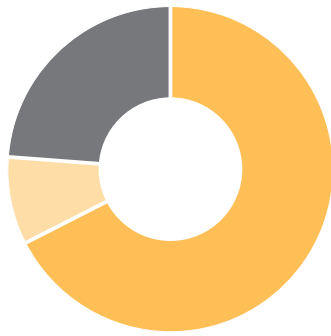
In the summer of 2007, we commissioned our new plant in the Tianzhu Airport Industrial Zone in Beijing. This new plant doubles our production area and offers first-rate logistical ties. It will produce both standard laboratory balances and almost the entire range of industrial weighing equipment for the Chinese and other Asian markets as well. In the year under review, we were able to begin production of the new MIRAS series of industrial weighing equipment in addition to existing production lines. We also completed the structural requirements for the manufacture of other product lines important to the Asian market, such as modular platform weighing equipment for road vehicles.

In the year under review, we also completed planning for the relocation of our existing production facilities in Bangalore to one new site. This will allow us to streamline production processes and expand production in Bangalore. We modified our existing and newly planned production sequences in line with the structure of the building, enabling us to begin construction of the production facility in 2008.

At our headquarters in Goettingen, we have further streamlined the process from order intake to production and reduced lead time. By taking a holistic approach, we have done more than just expand technologically. We have also developed methods with which we are able to analyze and improve internal processes on an ongoing basis. By participating in innovative projects, such as the global variant production system project promoted by the German Federal Ministry of Education and Research, we are able to align our systems regularly with modern process methods.

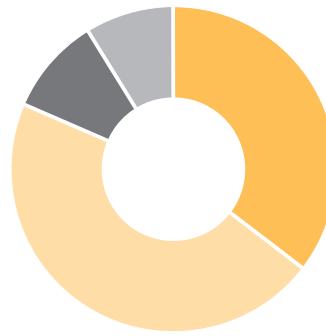
In the area of supply chain management, we work within a global network to ensure our supply chain is optimized and flexible, and to achieve continuous improvements in key performance indicators that are relevant to the market, such as speed and reliability of delivery.

**Mechatronics Employees by Region**  
Dec. 31, 2007; in %



■ Europe	<b>67.4</b>
■ North America	<b>8.7</b>
■ Asia Pacific	<b>23.8</b>

**Mechatronics Employees by Function**  
Dec. 31, 2007; in %



■ Production	<b>35.4</b>
■ Sales and distribution	<b>46.1</b>
■ Administration	<b>9.7</b>
■ R&D	<b>8.8</b>

In fiscal 2007, we succeeded – as observed from a total cost perspective – in sustainably improving the reliability of our supply chain processes while maintaining the same quality standards and optimizing inventories. This achievement can be attributed to our global procurement structures, the expansion of our supply network through new alliances, consistent procurement marketing and the implementation of a unified view on quality across all locations. The outcome of these measures was that we were able to increase our purchasing volume (calculated in US dollars), optimize risk management through an improved supplier base, and guarantee competitive prices for our products under consideration of the total costs.

We also expanded both the provision of purchasing-relevant information across all locations and our electronic supplier and procurement management systems. Existing and potential suppliers can obtain an overview of our entire range of purchasing activities by accessing the "Global Sourcing" section of our website. Registered suppliers have the option of viewing an evaluation of their quality and performance, and they can also be integrated into vendor-managed inventory.

To increase the use of Asian markets for procurement purposes, we work in cooperation with regional partners who can help simplify our access to suppliers that have been audited and found to be qualified.

## Employees

The Mechatronics Division employed a total of 2,115 people at the end of fiscal 2007. On a pro forma basis, this equates to an increase of almost 10% relative to the previous year (1,931; 2,020 including the hydrodynamic bearings business).

From a regional perspective, our workforce expanded primarily in Asia|Pacific and North America. Here, the growth in our workforce of just under 30% to 504 (previous year: 389) and around 8% to 185 (previous year: 171) respectively was due in particular to the expansion of our activities in China and India. The number of employees in Europe rose by almost 4% from the previous year's 1,372 to 1,426 in 2007.

With regard to employee functions, almost half of the Mechatronics staff is involved in sales and distribution (approximately 46% compared to the previous year's 47%). Some 35% of the workforce is deployed in production and production-related areas such as quality management and supply chain management (previous year: around 35%). Approximately 9% of employees are involved in research and development and 10% in administrative tasks. These figures remain at the same level as the previous year.

# Net Worth and Financial Position

## Consolidated Balance Sheet

The balance sheet total of the Sartorius Group more than doubled from €377.3 million on December 31, 2006, to €783.9 million, mainly as a result of the Stedim deal.

Non-current assets rose from €175.3 million to €522.3 million. This figure includes the intangible assets purchased and retained in connection with the Stedim transaction, as well as the goodwill and property, plant and equipment thus acquired.

Equity increased overall by €165.2 million to €334.1 million, especially because of an increase in the items for earnings reserves and retained profits and for minority interest, resulting from the contribution of the Biotechnology Division into Stedim S.A. Following the close of the Stedim deal, the equity ratio of the Sartorius Group was at a very comfortable level of 42.6% (December 31, 2006: 44.8%).

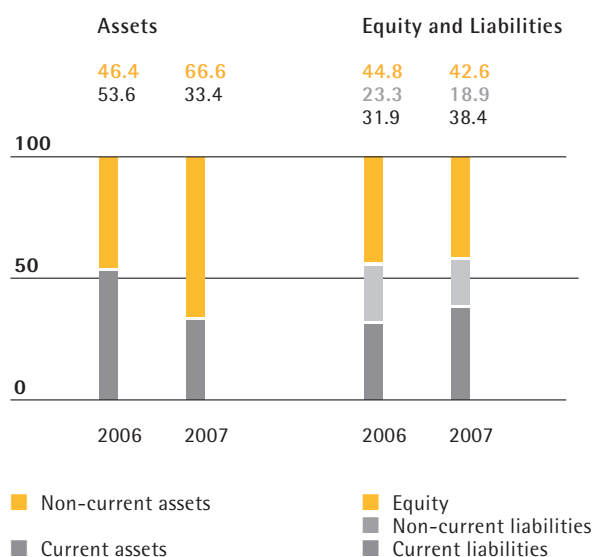
The increase in current liabilities by €181.0 million to €301.3 million is attributable in particular to the acquisition of bank liabilities to finance the cash components within the scope of the Stedim transaction (approximately €87 million) and the transfer of liabilities from Stedim and Toha Plast.

## Key Balance Sheet Figures

	2007	2006
<b>Equity ratio</b>		
Equity		
Balance sheet total	42.6 %	44.8 %
<b>Long-term-capital-to-fixed-assets ratio</b>		
Long-term capital		
Fixed assets	94.8 %	159.9 %

## Balance Sheet Structure

in %



We also reported the price warrants offered to the shareholders of Sartorius Stedim Biotech S.A. as part of the deal at a present value of €9.50 per warrant, which account for a total of €50.8 million within the non-current liabilities. According to IFRS, this liability will result in a non-cash interest expense of some €2 million in 2008.

The long-term-capital-to-fixed-assets ratio was 94.8% (previous year: 159.9%) and should rise once the refinancing of the liabilities to banks has been completed.

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

## Key Working Capital Figures

in days

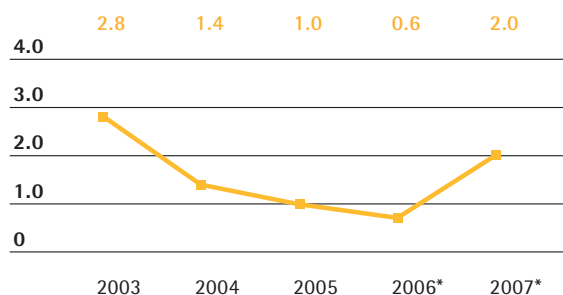
	2007*	2006
<b>Rate of turnover for inventories</b>		
Inventories		
Pro forma sales revenue	50	49
<b>Rate of turnover for receivables</b>		
Trade receivables**		
Pro forma sales revenue	76	77
<b>Rate of turnover for net working capital</b>		
Net working capital***		
Pro forma sales revenue	104	106

\* on a pro forma basis

\*\* incl. those from or to affiliated companies and from or to those in which investments are held

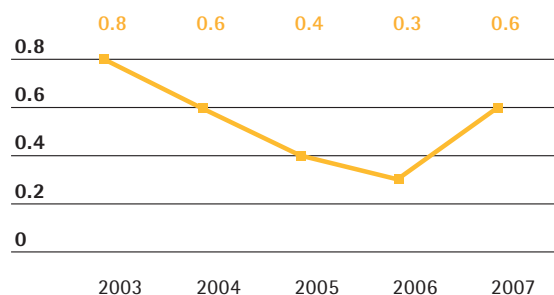
\*\*\* sum of inventories and trade receivables\*\* less the trade payables\*\*

### Ratios of Net Debt to EBITDA



\* pro forma underlying

### Gearing



### Financing | Treasury

To finance the Stedim deal, we arranged a syndicated bridge loan in March 2007 with Commerzbank AG, Dresdner Bank AG and WestLB AG. The financing package replaces a syndicated loan taken out in 2005, and provides the Sartorius Group with the financial leeway it needs for the entire deal as well as a working capital line. Following the conclusion of the deal, the credit line – which is to be replaced within the next few months by a long-term financing package – stands at some €260 million.

We also have access to a number of bilateral credit lines amounting to around €100 million in addition to the bridge loan. Currently we are using only a portion of these bilateral facilities.

Gross debt owed to banks was €207.4 million as of the reporting date, a rise of €144.9 million compared to the previous year's figure, due to the Stedim transaction.

At €189.6 million, net debt has risen from the previous year's level of €54.4 million. Even after the Stedim deal, the most important financial key figures remain at a comfortable level: the ratio of net debt to pro forma underlying EBITDA stands at 2.0 (previous year: 0.6) and gearing, the ratio of net debt to equity, is 0.6 (previous year: 0.3).

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 – in North America, the U.K., China and India – we can compensate for the majority of currency fluctuations (natural hedging). We hedge the remaining net currency exposure through suitable currency transactions.

# Annual Financial Statements of Sartorius AG

The retained profit of Sartorius AG is the key reference value for the payment of dividends to our shareholders. Whereas the Sartorius Group financial statements were drawn up according to the International Financial Reporting Standards (IFRS), the annual financial statements for Sartorius AG were prepared by applying the rules and regulations of the German Commercial Code, HGB. The individual financial statements drawn up according to HGB for Sartorius AG report dividend income from subsidiaries, which is due to the holding function of Sartorius AG within the Sartorius Group. Consolidated results according to IFRS are only minimally affected by this income.

With economic effect as of April 1, 2007, the Biotechnology Division of Sartorius AG became an independent entity. As a result of the carve-out, it was incorporated into the subsidiary Sartorius Stedim Biotech GmbH, Goettingen, retaining the carrying amounts of the transferred assets and liabilities. Furthermore, effective May 1, 2007, various administrative functions were transferred to the subsidiary Sartorius Corporate Administration GmbH, Goettingen. This restructuring within the Group resulted in significant changes to Sartorius AG's balance sheet structure and its revenue and cost structures in fiscal 2007. For this reason, Sartorius AG's net worth, financial situation and profitability are comparable only to a limited extent with the previous year's figures.

In fiscal 2007, sales revenue posted for Sartorius AG fell 30.5% from €253.1 million to €175.9 million. The percentage of sales revenue that Sartorius AG generated with other companies of the Sartorius Group was at 55.6%, above the previous year's level (44.9%). Approximately two thirds of Sartorius AG's sales revenue (65.2%; 2006: 68.1%) were earned outside Germany. As a result of the carve-out, the Biotechnology Division now accounts for just 27.5% of total sales revenue (2006: 52.0%).

Sartorius AG's profitability increased in fiscal 2007. The capital gain from the sale of Sartorius Bearing Technology GmbH during the fiscal year must be taken into account. EBITDA reached €36.3 million, up from €35.5 million a year ago. During the same period, EBIT rose from €25.2 million to €30.3 million, up 20.0%. The decrease in the financial result from -€2.5 million to -€6.8 million is due, in particular, to the additional loans taken out in connection with the Stedim transaction. The resulting profit before tax increased 3.2% from €22.7 million to €23.4 million. Along with the tax reduction from €4.5 million

to €1.3 million, net profit at €22.2 million was 21.6% higher than the 2006 figure of €18.2 million.

In fiscal 2007, Sartorius AG's balance sheet ratios again attained excellent levels. For instance, equity rose from €165.5 million to €177.0 million. At the same time, liabilities climbed from €149.6 million to €227.7 million. Overall, the balance sheet total increased from €315.1 million to €404.7 million. The equity ratio, at 43.7%, was slightly below the previous year's level of 52.5%. On the assets side of the balance sheet, the percentage of current assets fell from €118.5 million to €75.0 million, essentially because of the transfer to the new companies. Concurrently, fixed assets jumped from €196.2 million to €329.7 million due to the increase in financial assets. As a result, the percentage of the balance sheet total attributable to fixed assets rose from 62.3% to 81.5%.

Cash earnings according to the DVFA (Methods Commission of the German Association for Financial Analysis and Asset Management) and SG (German Association for Economics) reported at €24.3 million fell below the previous year's figure of €28.7 million. As a result of the carve-out, the cash flows from operating activities dropped to €1.5 million from the previous year's €47.6 million. Cash flows from investing activities were -€96.7 million (2006: -€31.1 million) due to the Stedim deal. At -€99.7 million, the resulting net cash flow was significantly below the previous year's level of €16.7 million.

The number of employees at Sartorius AG decreased from 1,543 to 788 due to the carve-out of the Biotechnology Division and the administrative unit. This figure, reported according to HGB, includes persons on leaves of absence or in early retirement. About half (51.1%; 2006: 50.3%) of our total staff worked in production and 27.5% in sales and distribution (2006: 21.5%). Salaried employees conducting research and development accounted for 15.2% (2006: 15.2%). Because of the carve-out, 1.2% was posted for the staff level in administration (2006: 12.6%).

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



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

Assets	Dec. 31, 2007	Dec. 31, 2006
<b>A. Fixed Assets</b>		
I. Intangible assets	1.2	9.2
II. Property, plant and equipment	17.2	81.9
III. Financial assets	311.3	105.1
	<u>329.7</u>	<u>196.2</u>
<b>B. Current Assets</b>		
I. Inventories	16.6	36.1
II. Trade and other receivables	37.4	65.9
III. Securities	16.1	16.1
IV. Cash on hand, deposits in banks	4.9	0.4
	<u>75.0</u>	<u>118.5</u>
<b>C. Prepaid Expenses</b>	0.0	0.5
	<u>404.7</u>	<u>315.1</u>

Equity and Liabilities	Dec. 31, 2007	Dec. 31, 2006
<b>A. Equity</b>		
I. Issued capital	18.7	18.7
II. Capital reserves	101.4	101.4
III. Earnings reserves	25.3	25.3
IV. Retained profits incl. net profit for the period	31.6	20.2
	<u>177.0</u>	<u>165.5</u>
<b>B. Provisions</b>	77.1	43.4
<b>C. Liabilities</b>	150.6	106.2
	<u>404.7</u>	<u>315.1</u>

**Income Statement of Sartorius AG**  
According to HGB\*, summary

in millions of €	2007	2006
Sales revenue	175.9	253.1
EBITDA	36.3	35.5
Depreciation and amortization	6.1	10.3
EBIT	30.3	25.2
Financial result	-6.8	-2.5
Profit before tax	23.4	22.7
Net profit for the period	22.2	18.2
Retained profit	<u>31.6</u>	<u>20.2</u>

\* HGB = German Commercial Code

# Forecast 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 basis 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 foreign 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%; sources: 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: Biotech Division

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 for the next few years have been predicted. The main drivers behind 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 biopharmaceutical 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.

## **Sector Outlook: Mechatronics Division**

### **Outlook for the Pharmaceutical Sector**

Market researchers expect growth in the global pharmaceutical market to dampen slightly from its current level of 6%-7% to 5%-6% in 2008 largely as a consequence of more patent expirations and the effects of further cost-cutting measures in the health care systems of the western industrialized nations (see p. 79).

Experts' regional forecasts predict further displacement in the pharmaceutical markets. For the first time ever, the seven largest pharmaceutical markets will contribute no more than half of the global growth in the sector, while seven emerging nations, among them China, Brazil and India, will contribute almost 25% to total market growth worldwide. Moreover, the newly industrialized countries will grow increasingly important as centers of innovation, since they are now investing heavily in their own research and development as well as offering inexpensive industrial manufacturing opportunities.

The large pharmaceutical groups will aim to enhance the speed and efficiency of their efforts to develop new active ingredients by continuing to increase their overall research budgets and stepping up cooperation with academic researchers and innovative biotech companies.

### Outlook for the Chemical Sector

A minor slowdown in the worldwide growth rate of chemical production (from 4.0% to 3.7%) appears likely in 2008, but experts forecast that the global environment will remain favorable. Demand for and production of tailored specialty chemicals will rise markedly, especially in China and India, which will acquire a large, consumption-friendly middle class in the medium term. Proximity to raw materials and to the Asian growth markets will become even more important in the commodity chemicals segment. Modularity, scalability, automation and miniaturization will become the main areas of concern in relation to chemical production plants.

### Outlook for the Food and Beverage Sector

Experts forecast that demand for foodstuffs in the developing countries of Asia will continue to rise as a result of rapid population growth and increasing purchasing power, and anticipate that this trend will be accompanied by the development of modern processing production plants.

It is predicted that the food industry in the West will achieve moderate growth overall. However, sector watchers do think it likely that certain niche segments such as functional food, convenience products and organic food will expand much faster than the market as a whole. This is a consequence, once again, of the same consumer trends – indulgence, fitness, healthy eating and convenience – that are driving innovation in the sector. While they strive to capitalize on these trends, companies in the sector will also be boosting their investment in product development, optimizing the quantity, price and quality of the raw materials they purchase, and facing up to more stringent approval and verification procedures. In particular, version 5 of the International Food Standard (IFS), which is binding as of 2008, will introduce more stringent rules. The knockout criteria for the regular audits have been

increased from four to ten. They now include, for example, items such as foreign object management, recipe compliance and traceability. One likely consequence of these changes is an increase in demand for, among other things, monitoring, control and weighing solutions.

### Outlook for the Public Research Sector

The OECD predicts that investment in science and research will pick up following several years of economic growth. National budget deficits are expected to shrink over the coming years, which ought to create greater financial leeway for the public research sector.

The emerging countries in Asia, for their part, have already made it clear that they intend to press ahead with the construction and expansion of universities and research institutions, a process in which innovative fields such as biotechnology and nanotechnology will receive particular attention.

## Future Business Development

### Future Business Development of the Group

For fiscal 2008, we expect sales revenue for the entire Group to increase by more than 9% in constant currencies compared to pro forma sales in fiscal 2007. Based on this anticipated sales revenue figure and on an average exchange rate of 1.40 US dollars|euro, we expect the EBITA margin to increase to around 12%. Non-cash amortization is likely to amount to about €6 million in fiscal 2008. The financial result takes into account interest expenses, also non-cash, of around €2 million resulting from the reporting of share price warrants issued in connection with the Stedim deal, as well as interest on liabilities to banks and pension interest.

Our medium-term forecast for up to 2011 targets a compound annual growth rate of 11% to 12% for sales revenue in constant currencies for the entire Group. We aim to increase the Group EBITA margin to approximately 15% over the same period, particularly by leveraging positive economies of scale.

### Future Business Development of the Biotechnology Division

We expect the Biotechnology Division to achieve sales revenue growth of more than 12% in constant currencies in fiscal 2008, in contrast to the pro forma sales revenue in fiscal 2007. This growth will be fueled, in particular, by the disposables business. Based on this anticipated sales revenue figure and on an average exchange rate of 1.40 US dollars|euro, we will strive to increase the EBITA margin to around 14%.

For the Biotechnology Division, our medium-term forecast for up to 2011 targets a compound annual growth rate of 14% to 15% in constant currencies. We aim to increase our EBITA margin to around 16.0% to 16.5% over the same period especially by leveraging the positive 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, and innovative products that we have recently launched or that are still in our product pipeline will also generate a significant share of our growth. Examples of recent product launches in this context include safe, reliable and efficient single-use transfer systems and purification modules.

As a supplier to the biopharmaceutical industry, we are exposed to all of the risks typical of this market. The decisions of regulatory agencies, especially those concerning the granting or withholding of approval for new medications, can have a significant impact on our customers' investment and purchasing decisions and their timing. Yet we believe that although they can certainly affect sales revenues and earnings in a particular fiscal year, these factors do not pose a threat to our medium-term growth and profitability trajectory.

### Future Business Development of the Mechatronics Division

For the coming fiscal year, we expect the sales revenue for the Mechatronics Division to increase by more than 5% in constant currencies compared to pro forma sales in fiscal 2007. Based on this anticipated sales revenue figure and on an average exchange rate of 1.40 US dollars|euro, we are targeting an increase in the EBITA margin to over 9%.

# Risk and Opportunities Report

By 2011, we aim to achieve a compound average growth rate in sales revenue of more than 5% in constant currencies. In the same period, we will strive to increase the division's EBITA margin to around 11%.

We see the increasing demand in the Asian markets, combined with the growing requirements for industrial weighing equipment solutions in our most significant customer segments, as the most important driver of growth for the Mechatronics Division. Future growth in Asia will be driven, in particular, by the development of the Chinese and Indian markets, where we have continued to strengthen our presence through the further expansion of our production and sales activities. We expect our industrial business to be fueled significantly as a result of the increasing automation and streamlining of production and quality assurance processes and the expansion of our customer segments in the Asian market.

The growth potential for the Mechatronics Division is dependent to a certain degree on the economic development in the relevant markets. Against the background of the current and planned shares of sales revenue in the various regions of the world, this applies in particular to the European and Asia | Pacific regions. Consequently, our medium-term forecast is based on positive, yet, in our opinion, moderately optimistic expectations with regard to economic developments.

## Important Events after the End of the Fiscal Year

After the end of fiscal 2007, no important events occurred up to the editorial deadline on March 11, 2008 for the Annual Report.

## Risk Management System

As a group that operates internationally, Sartorius is inevitably exposed to various risks associated with these operations. To help us track existing and potential risks efficiently, we implemented a risk management system (RMS). It keeps the Executive Board informed about the overall risk situation at all times so the Board can take suitable action when required. In addition, the Audit Committee of the Supervisory Board receives a report every year on the development of the risk situation.

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

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

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

## Explanation of the Risk Situation

### Supply Chain Risks

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

### Procurement Risks

We purchase a wide range of raw materials, components, parts and services from suppliers and are consequently exposed to the risks of unexpected delivery bottlenecks and/or price increases. Our global supply chain management system reduces these risks by enabling us to monitor and supervise procurement activities. Moreover, we conduct regular supplier reviews and also use early warning systems. In addition, we maintain reserve inventories for strategic raw materials, and work with alternative suppliers where possible. Our acquisition of a long-term development partner and supplier of 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 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 products and processes. Irrespective of these measures, we also maintain significant insurance coverage against product liability risks.



## R&D Risks

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

## Customer Risks

For Sartorius, we draw our key customers from the pharmaceutical, chemical and food and beverage industries as well as from research and educational institutions of the public sector. Most of them are relatively large organizations that have been in existence for some time and have strong credit ratings. We cultivate long-term cooperative relationships, based on well-founded trust, with the vast majority of our customers, and our bad debt losses have consequently been very low for many years.

As most of our business areas have a highly diversified customer base, our dependence on individual key accounts remains relatively low across the Group as a whole, although the Stedim transaction 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.

## Competitive Risks

Sartorius 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 in the Biotechnology Division and Mettler-Toledo in the Mechatronics Division. As we serve a large number of conservative customers from highly regulated sectors like the pharmaceutical and food and beverage industries, and the technological barriers to market entry are substantially high, we regard the risk of new competitors emerging as low. Furthermore, our global presence gives us a significant competitive edge.

## Personnel Risks

As an innovative technology group, Sartorius employs a large number of highly qualified people. We counter the threat of losing employees, especially those in key positions, by offering performance-related remuneration models, targeted continuing professional development options, interesting development opportunities and a range of other attractive employee benefits. The success of these measures is evident from the exceptionally low attrition rates registered in recent years and employee loyalty, as our people tend on average to stay with the company for a long time. Employment contracts in certain cases contain a clause prohibiting any move to a direct competitor.

## Financial Risks

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

## Exchange Rate Risks

We generate approximately 40% of consolidated sales revenue in 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 are subject to interest based on the market rate. Some of these are hedged with interest caps, but the majority are exposed to interest rate risks. We monitor interest rate trends constantly and have the facility to arrange additional hedging transactions where we consider it necessary and economically advisable to do so.

## Liquidity Risks

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

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

## Environmental Risks

The nature of the Sartorius Group's business 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 allowances have been made on our balance sheet to cover the cost of any such proceedings.

## Insurance

Where possible and economically advisable, we have taken out insurance policies to cover a wide range of risks. These insurance policies include coverage against liability, business interruption, transport, material and pecuniary damages and other risks 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.

## Future Risks

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

# Explanatory Report of the Board on the Disclosures Pursuant to Section 289, Subsection 4, and Section 315, Subsection 4, of the German Commercial Code (HGB)

## Composition of the Issued Capital | Limitations to Voting Rights

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

The rights and obligations associated with these shares are governed by the provisions of the German Stock Corporation Law ("Aktengesetz", abbreviated "AktG"). According to the company's bylaws, preference shares are entitled to a dividend payment that is higher than the dividend payment for ordinary shares, by an amount equal to 2% of each preference share's calculated proportion of the issued capital (i.e., two eurocents per share). In any case, the dividend entitlement shall be at least 4.0% of each preference share's calculated proportion of the issued capital (i.e., four eurocents per share). Apart from the cases provided for in Sections 140 and 141 of the German Stock Corporation Law, preference shares are non-voting. However, they do grant all other rights to which every shareholder is entitled.

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

## Direct or Indirect Equity Ownership Exceeding 10.0% of Voting Rights

The community of heirs consisting of Mrs. U. Baro, resident of Munich, Germany; Mrs. C. Franken, resident of Bovenden, Germany; and Mrs. K. Sartorius-Herbst, resident of Northeim, Germany, holds a voting percentage of approximately 50.1% in Sartorius AG (4,688,540 votes; sources: list of attendees at the Annual Shareholders' Meeting on April 27, 2007). The decedent Horst Sartorius ordered that his will be executed. The appointed executor of the will is Prof. Dr. Dres. h.c. Arnold Picot, resident of Gauting, Germany, who exercises the specified voting rights at his own discretion as defined by Section 22, Subsection 1, Sentence 1, No. 6, of the German Securities Trading Act (WpHG).

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

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

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

### **Powers of the Executive Board to Issue Shares**

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

The Executive Board was authorized, subject to approval by the Supervisory Board, to issue, once or in partial amounts, warrant bonds for up to a total of €25,000,000, for a term not to exceed ten years, and to grant holders of warrant bonds option rights on ordinary and preference shares of Sartorius AG, in accordance with the details of the option terms and conditions, for a proportional amount of the issued capital up to a total of €1,672,927, in the period ending June 19, 2007. No use was made of this authorization.

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

# Remuneration Report

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

The Executive Task Committee of the Supervisory Board is responsible for establishing the remuneration for the members of the Sartorius AG Executive Board. Remuneration of the Executive Board includes both fixed and variable components, and is reviewed annually to ensure that it remains appropriate. The variable components paid in addition to the fixed base salary represent at least 50% of the total remuneration. The total value of all remuneration components reflects the scope of the responsibilities of the Executive Board member concerned.

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

The portion of the variable remuneration that is paid annually is based on the economic success of the Sartorius Group, in particular, on business volume and profit. For the components of the variable remuneration paid annually and for those designed as long-term incentives, additional individual targets have been set that reflect the operating and strategic goals of the Group.

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

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

Executive Board members also receive pension commitments. The level of their entitlement to benefits paid under a company pension scheme is calculated based on the salary of a German federal civil servant of salary class B for ministry officials according to the Federal Civil Service Remuneration Act ("Bundesbesoldungsgesetz"), and depends on the term of their respective appointments.

## 2. Variable Remuneration Component with a Long-Term Incentive (Phantom Stock Plan)

Through the issue of shadow shares, called phantom stock, Executive Board members are treated as if they were owners of a certain number of shares in Sartorius AG. The development of the value of this phantom stock is linked with the development of the Sartorius share; both increases and decreases in the share price are taken into account. Later, this phantom stock is valued based on the share price at the time and its equivalent is paid out, provided that the associated conditions are met. Phantom stock cannot be traded and does not entail any share subscription rights.

According to the Sartorius phantom stock plan, each Executive Board member is credited at the beginning of every year with phantom stock units valued at an agreed monetary sum. The value of this phantom stock can be paid out only as an entire annual tranche. Payment can be requested, at the earliest, after a period of three years.

An Executive Board member is entitled to receive payment for phantom stock units only if the share price at the time of the payment request has appreciated at least 10.0% per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The phantom stock plan does not permit subsequent changes to the parameters used for comparative stock valuation. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned.

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

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

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

### 3. Remuneration of the Executive Board Members

€ in K*	2007	2006
<b>Total Remuneration for the Executive Board</b>		
- Total remuneration	<b>1,665</b>	1,435
- Performance-independent remuneration	<b>875</b>	902
- Performance-related remuneration	<b>790</b>	533
- Phantom stock units paid out	<b>0</b>	0
- Fair value of the phantom stock units held (see separate table)	<b>513</b>	568
- Fair value of mid-term remuneration components	<b>63</b>	0
- Addition to provisions for employee benefits	<b>60</b>	85

#### Remuneration for the Individual Executive Board Members

€ in K*	2007	2006
<b>Dr. Joachim Kreuzburg</b>		
- Total remuneration	<b>915</b>	646
- Performance-independent remuneration	<b>440</b>	398
- Performance-related remuneration	<b>475</b>	248
- Phantom stock units paid out	<b>0</b>	0
- Fair value of the phantom stock units held (see separate table)	<b>319</b>	263
- Fair value of mid-term remuneration components	<b>63</b>	0
- Addition to provisions for employee benefits	<b>15</b>	27

<b>Dr. Günther Maaz</b>		
- Total remuneration	<b>498</b>	448
- Performance-independent remuneration	<b>285</b>	283
- Performance-related remuneration	<b>213</b>	165
- Phantom stock units paid out	<b>0</b>	0
- Fair value of mid-term units held (see separate table)	<b>194</b>	172
- Addition to provisions for employee benefits	<b>24</b>	19

<b>Olaf Grothey until Sept. 7, 2007</b>		
- Total remuneration*	<b>252</b>	341
- Performance-independent remuneration	<b>150</b>	221
- Performance-related remuneration	<b>102</b>	120
- Phantom stock units paid out	<b>**</b>	0
- Fair value of the phantom stock units held (see separate table)	<b>0</b>	133
- Addition to provisions for employee benefits	<b>21</b>	<b>39</b>

K\* = thousand

\* up to the time he left the company

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

	Number of phantom stock units	Fair value when granted on Jan. 1 of the particular year € in K*	Fair value at year-end on Dec. 31, 2007 € in K*	Paid out € in K*
<b>Components with a Long-term Incentive Effect</b>				
<b>Dr. Joachim Kreuzburg</b>				
- Tranche of phantom stock units for 2005	4,053	63	114	0
- Tranche of phantom stock units for 2006	3,871	83	108	0
- Tranche of phantom stock units for 2007	3,593	125	97	0
	<b>11,517</b>	<b>271</b>	<b>319</b>	
<b>Dr. Günther Maaz</b>				
- Tranche of phantom stock units for 2005	2,594	40	73	0
- Tranche of phantom stock units for 2006	2,580	55	72	0
- Tranche of phantom stock units for 2007	1,796	63	49	0
	<b>6,970</b>	<b>158</b>	<b>194</b>	
<b>Olaf Grothey</b>				
- Tranche of phantom stock units for 2005	2,108	33	0	*
- Tranche of phantom stock units for 2006	1,876	40	0	*
- Tranche of phantom stock units for 2007	959	33	0	*
	<b>4,943</b>	<b>106</b>	<b>0</b>	

K\* = thousand

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

#### 4. Main Features of the Remuneration Plan for the Supervisory Board

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

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

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

#### 5. Remuneration of the Supervisory Board Members

€ in K*	2007	2006
<b>Remuneration for the Supervisory Board Members</b>		
- Total remuneration	<b>459</b>	432
- Fixed remuneration	<b>150</b>	150
- Performance-related remuneration	<b>181</b>	175
- Compensation for committee work	<b>30</b>	30
- Meeting attendance fee	<b>98</b>	77
- Compensation for individually performed services	<b>216*</b>	0

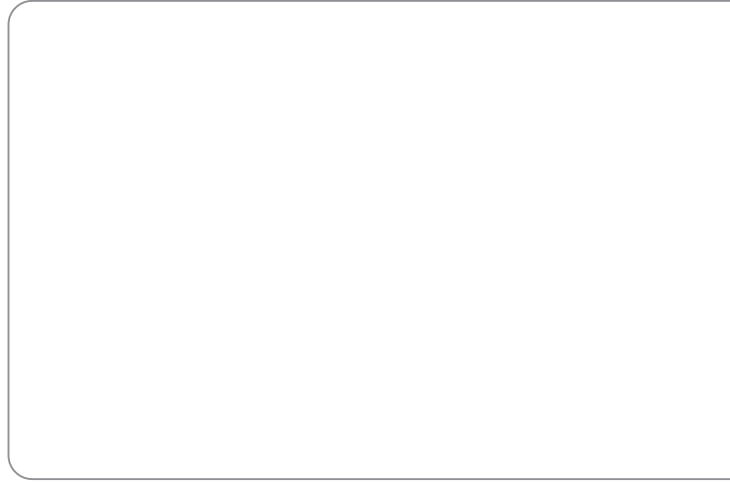
\* lawyers' fees for Hengeler & Müller, whose partner Prof. Gerd Krieger is a member of the Supervisory Board

#### 6. Remuneration of Former Managing Directors

€ in K*	2007	2006
<b>Remuneration of Former Managing Directors</b>		
Remuneration of former managing directors, directors and their surviving dependents	<b>1,896</b>	285
Retirement benefits and pension obligations to former members of the Executive Board and their surviving dependents	<b>4,377</b>	3,747

K\* = thousand

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# Consolidated Financial Statements and Notes

# Balance Sheet

Assets	Notes	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
<b>A. Non-current Assets</b>			
I. Goodwill	(9)	241,197	22,247
II. Intangible assets	(9)	114,892	13,273
III. Property, plant and equipment	(10)	149,336	121,403
IV. Financial assets	(11)	3,423	3,761
		<b>508,848</b>	<b>160,684</b>
V. Non-current trade and other receivables	(12)	1,045	1,049
VI. Deferred tax assets	(13)	12,366	13,534
		<b>522,259</b>	<b>175,267</b>
<b>B. Current Assets</b>			
I. Inventories	(14)	85,706	70,733
II. Current trade and other receivables	(15)	146,623	121,627
III. Current tax assets		11,599	1,670
IV. Cash and cash equivalents	(16)	17,747	8,043
		<b>261,676</b>	<b>202,073</b>
		<b>783,935</b>	<b>377,340</b>
<b>Equity and Liabilities</b>			
	Notes	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
<b>A. Equity</b>			
I. Issued capital	(17)	17,047	17,047
II. Capital reserves	(18)	86,988	86,988
III. Earnings reserves and retained profits (incl. net profit)	(21)	187,217	64,896
IV. Minority interest		42,846	0
		<b>334,098</b>	<b>168,931</b>
<b>B. Non-current Liabilities</b>			
I. Pension provisions	(22)	34,048	36,145
II. Deferred tax provisions	(22)	41,129	13,413
III. Other non-current provisions	(22)	8,573	9,839
IV. Liabilities to banks	(23)	13,627	28,490
V. Other non-current liabilities	(23)	51,125	157
		<b>148,503</b>	<b>88,043</b>
<b>C. Current Liabilities</b>			
I. Current provisions	(24)	12,065	8,313
II. Current tax liabilities	(25)	8,864	15,864
III. Liabilities to banks	(25)	193,742	33,940
IV. Trade payables	(25)	38,096	28,261
V. Other current liabilities	(25)	48,567	33,989
		<b>301,334</b>	<b>120,366</b>
		<b>783,935</b>	<b>377,340</b>

# Income Statement

	Notes	2007 € in K*	2006 € in K*
1. Sales revenue	(29)	589,027	521,053
2. Cost of sales	(30)	316,348	275,377
<b>3. Gross profit on sales</b>		<b>272,680</b>	245,677
4. Selling and distribution costs	(31)	142,586	123,476
5. Research and development costs	(32)	41,529	35,532
6. General administrative expenses	(33)	35,378	34,178
7. Other operating income and expenses (-)	(34)	5,979	-435
		<b>213,515</b>	193,622
<b>8. Earnings before interest, taxes and amortization (EBITA)</b>		<b>59,165</b>	52,055
9. Amortization		4,271	0
<b>10. Earnings before interest and taxes (EBIT)</b>		<b>54,894</b>	52,055
11. Interest and similar income	(35)	1,040	235
12. Interest and similar expenses	(35)	14,717	6,420
<b>13. Financial result</b>		<b>-13,677</b>	-6,186
<b>14. Profit before tax</b>		<b>41,217</b>	45,869
15. Income tax expense	(36)	11,837	13,772
16. Deferred tax income   expenses (-)	(36)	-2,770	1,853
17. Other taxes		1,856	1,225
		<b>10,923</b>	16,851
<b>18. Net profit</b>		<b>30,294</b>	29,019
Attributable to:			
Equity holders of the parent		30,132	29,019
Minority interest		162	0
Earnings per ordinary share (€)	(37)	1.77	1.70
Earnings per preference share (€)	(37)	1.77	1.70

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

# Statement of Changes in Equity

€ in K*	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Earnings reserves and retained profits
<b>Balance at Jan. 1, 2006</b>	<b>17,047</b>	<b>86,988</b>	<b>-4,009</b>	<b>-5,136</b>	<b>57,135</b>
Cash flow hedges	0	0	8,005	0	0
Actuarial gains   losses from pension provisions	0	0	0	422	0
Currency translation differences	0	0	0	0	0
Tax effects due to net income recognized directly in equity	0	0	-3,202	-195	0
<b>Net income recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>4,803</b>	<b>227</b>	<b>0</b>
Net profit for the period	0	0	0	0	29,019
Change in minority interest	0	0	0	0	51
<b>Total recognized income and expense</b>	<b>0</b>	<b>0</b>	<b>4,803</b>	<b>227</b>	<b>29,070</b>
Dividends	0	0	0	0	-8,694
<b>Balance at Dec. 31, 2006   Jan. 1, 2007</b>	<b>17,047</b>	<b>86,988</b>	<b>794</b>	<b>-4,909</b>	<b>77,511</b>
Cash flow hedges	0	0	1,899	0	0
Actuarial gains   losses from pension provisions	0	0	0	5,334	0
Currency translation differences	0	0	0	-7	0
Tax effects due to net income recognized directly in equity	0	0	-437	-2,113	0
<b>Net income recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>1,462</b>	<b>3,214</b>	<b>0</b>
Net profit for the period	0	0	0	0	30,132
<b>Total recognized income and expense</b>	<b>0</b>	<b>0</b>	<b>1,462</b>	<b>3,214</b>	<b>30,132</b>
Increase in equity in connection with the Stedim transaction	0	0	0	0	104,296
Dividends	0	0	0	0	-10,740
<b>Balance at Dec. 31, 2007</b>	<b>17,047</b>	<b>86,988</b>	<b>2,256</b>	<b>-1,695</b>	<b>201,199</b>

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

Difference resulting from currency translation	Total	Minority interest	Total equity
<b>-3,674</b>	<b>148,351</b>	<b>0</b>	<b>148,351</b>
0	8,005	0	8,005
0	422	0	422
-4,826	-4,826	0	-4,826
0	-3,397	0	-3,397
<b>-4,826</b>	<b>204</b>	<b>0</b>	<b>204</b>
0	29,019	0	29,019
0	51	0	51
<b>-4,826</b>	<b>29,274</b>	<b>0</b>	<b>29,274</b>
0	-8,694	0	-8,694
<b>-8,500</b>	<b>168,931</b>	<b>0</b>	<b>168,931</b>
0	1,899	0	1,899
0	5,334	0	5,334
-6,043	-6,050	0	-6,050
0	-2,550	0	-2,550
<b>-6,043</b>	<b>-1,367</b>	<b>0</b>	<b>-1,367</b>
0	30,132	162	30,294
<b>-6,043</b>	<b>28,765</b>	<b>162</b>	<b>28,927</b>
0	104,296	42,684	146,980
0	-10,740	0	-10,740
<b>-14,543</b>	<b>291,252</b>	<b>42,846</b>	<b>334,098</b>

#### Statement of Recognized Income and Expense

	2007 € in K*	2006 € in K*
Net profit for the period	30,294	29,019
Cash flow hedges	1,899	8,005
Actuarial gains losses on defined benefit obligations	5,334	422
Differences resulting from currency translation	-6,050	-4,826
Deferred taxes	-2,550	-3,397
Net income recognized directly in equity	-1,367	204
Total recognized income and expense	<b>28,927</b>	29,223
Attributable to:		
Equity holders of the parent	28,765	29,223
Minority interest	162	0

# Segment Reports

Segment Report by Division	Biotechnology			Mechatronics		
	2007	2006	Change	2007	2006	Change
€ in millions						
Order intake	<b>319.6</b>	271.7	18%	<b>262.5</b>	252.1	4%
Sales revenue	<b>329.8</b>	271.0	22%	<b>259.2</b>	250.0	4%
As a total %	<b>56.0%</b>	52.0%		<b>44.0%</b>	48.0%	
EBITDA	<b>41.2</b>	43.7	-6%	<b>41.1</b>	27.6	49%
As a % of sales revenue	<b>12.5%</b>	16.1%		<b>15.8%</b>	11.0%	
Depreciation and amortization	<b>19.5</b>	11.8	65%	<b>7.9</b>	7.4	7%
EBITA	<b>26.0</b>	31.8	-18%	<b>33.2</b>	20.2	64%
As a % of sales revenue	<b>7.9%</b>	11.7%		<b>12.8%</b>	8.1%	
EBIT	<b>21.7</b>	31.8	-32%	<b>33.2</b>	20.2	64%
As a % of sales revenue	<b>6.6%</b>	11.7%		<b>12.8%</b>	8.1%	
Segment assets	<b>598.7</b>	208.0	188%	<b>143.5</b>	146.1	-2%
Segment liabilities	<b>127.3</b>	61.1	108%	<b>65.8</b>	49.1	34%
Investments	<b>21.2</b>	16.6	28%	<b>20.2</b>	14.6	39%
As a % of sales revenue	<b>6.4%</b>	6.1%		<b>7.8%</b>	5.8%	
R&D costs	<b>24.7</b>	19.7	26%	<b>16.8</b>	15.9	6%
No. of employees at Dec. 31	<b>2,403</b>	1,729	39%	<b>2,115</b>	2,020	5%

Segment Report by Region	Europe			North America		
	2007	2006	Change	2007	2006	Change
€ in millions						
Sales revenue						
- acc. to customers' location	<b>350.7</b>	302.6	16%	<b>108.8</b>	100.3	9%
As a total %	<b>59.5%</b>	58.1%		<b>18.5%</b>	19.2%	
- acc. to company location	<b>403.4</b>	351.3	15%	<b>112.4</b>	103.7	8%
EBITDA	<b>67.2</b>	52.5	28%	<b>3.4</b>	8.8	-61%
As a % of sales revenue	<b>16.6%</b>	14.9%		<b>3.0%</b>	8.5%	
Depreciation and amortization	<b>23.9</b>	17.6	36%	<b>2.6</b>	1.1	151%
EBITA	<b>47.3</b>	34.9	35%	<b>1.1</b>	7.7	-86%
As a % of sales revenue	<b>11.7%</b>	9.9%		<b>1.0%</b>	7.4%	
EBIT	<b>43.3</b>	34.9	24%	<b>0.8</b>	7.7	-90%
As a % of sales revenue	<b>10.7%</b>	9.9%		<b>0.7%</b>	7.4%	
Investments	<b>29.9</b>	21.0	42%	<b>1.6</b>	2.0	-22%
As a % of sales revenue	<b>7.4%</b>	6.0%		<b>1.4%</b>	2.0%	
R&D costs	<b>39.7</b>	34.2	16%	<b>1.4</b>	0.9	51%
No. of employees at Dec. 31	<b>2,989</b>	2,586	16%	<b>612</b>	446	37%

Non-allocated Assets and Liabilities						Group
2007	2006	Change	2007	2006	Change	
			582.1	523.9	11%	
			589.0	521.1	13%	
			100.0%	100.0%		
			82.3	71.3	15%	
			14.0%	13.7%		
			27.4	19.2	42%	
			59.2	52.1	14%	
			10.0%	10.0%		
			54.9	52.1	5%	
			9.3%	10.0%		
41.7	23.2		783.9	377.3	108%	
256.7	98.3		449.8	208.4	116%	
			41.5	31.2	33%	
			7.0%	6.0%		
			41.5	35.5	17%	
			4,518	3,749	21%	

Asia   Pacific			Other Markets			Group		
2007	2006	Change	2007	2006	Change	2007	2006	Change
108.5	99.9	9%	21.0	18.3	15%	589.0	521.1	13%
18.4%	19.2%		3.6%	3.5%		100.0%	100.0%	
73.3	66.0	11%				589.0	521.1	13%
11.4	10.0	14%	0.3			82.3	71.3	15%
15.6%	15.1%					14.0%	13.7%	
0.7	0.6	24%	0.1			27.4	19.2	42%
10.7	9.4	13%	0.2			59.2	52.1	14%
14.6%	14.2%					10.0%	10.0%	
10.7	9.4	13%	0.2			54.9	52.1	5%
14.6%	14.2%					9.3%	10.0%	
10.0	8.1	23%	0.0			41.5	31.2	33%
13.7%	12.3%					7.0%	6.0%	
0.4	0.4	-4%	0.0			41.5	35.5	17%
826	717	15%	91			4,518	3,749	21%

# Cash Flow Statement

	Notes	2007 € in K*	2006 € in K*
Profit before income taxes		39,199	44,643
Deferred taxes	(36)	2,770	-1,853
Portion of minority interest in the net profit		162	0
Depreciation and amortization of fixed assets		27,360	19,211
Change in non-current assets		402	2,282
Change in non-current provisions and liabilities	(22)	-104	232
Proceeds from the disposal of subsidiaries		-14,808	12
<b>+ Cash earnings</b>		<b>54,981</b>	<b>64,527</b>
Change in current provisions	(24)	2,589	-128
Losses   Realized gains on fixed asset disposals		0	144
Change in inventories	(14)	-5,473	-3,239
Change in trade and other receivables including prepaid expenses	(12/15)	-4,292	-12,485
Change in liabilities (excl. bank liabilities)	(23/25)	425	10,482
<b>+/- Cash flow from working capital</b>		<b>-6,751</b>	<b>-5,226</b>
Interest income	(35)	-1,040	-235
Interest expenses	(35)	14,717	6,420
Income taxes paid	(36)	-28,766	-13,771
<b>= Cash flows from operating activities</b>		<b>33,141</b>	<b>51,715</b>
Proceeds from fixed asset disposals		8,688	682
Payments for intangible assets	(9)	-10,161	-7,358
Payments for property, plant and equipment	(10)	-33,798	-23,849
Payments for financial assets	(11)	-443	-808
Payments for acquisition of subsidiaries		-97,418	25
Proceeds from the disposal of subsidiaries		19,051	0
<b>+/- Cash flows from investing activities</b>		<b>-114,081</b>	<b>-31,308</b>
<b>= Net cash flow</b>		<b>-80,940</b>	<b>20,407</b>
Dividend payments		-10,740	-8,694
Interest income	(35)	1,040	235
Interest expenses	(35)	-14,717	-6,420
Change in minority interest		0	51
Additions to financial liabilities (incl. currency fluctuations)	(23/25)	115,342	-7,594
<b>+/- Cash flows from financing activities</b>		<b>90,925</b>	<b>-22,422</b>
<b>+/- Change due to currency translation</b>		<b>-281</b>	<b>201</b>
<b>= Change in cash and cash equivalents</b>		<b>9,704</b>	<b>-1,814</b>
Cash and cash equivalents at the beginning of the period		8,043	9,857
<b>Cash and cash equivalents</b>		<b>17,747</b>	<b>8,043</b>
<b>Gross debt owed to banks</b>		<b>207,370</b>	<b>62,430</b>
<b>Net debt owed to banks</b>		<b>189,623</b>	<b>54,387</b>



# Notes to the Consolidated Financial Statements

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

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

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## 1. Accounting Principles

The consolidated financial statements of Sartorius AG for the year ended December 31, 2007, were prepared in accordance with § 315a, Subsection 1, of the German Commercial Code (HGB) in conjunction with Art. 4 of the Regulation (EC) No. 1606/2002 of the European Parliament and Council, dated July 19, 2002 (OJ L243 p. 1). These statements conform to the accounting standards of the International Accounting Standards Board (IASB) – the International Financial Reporting Standards (IFRS) – observing all IFRS | IAS to be applied effective December 31, 2007, as well as the corresponding interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The requirements imposed by these regulations were met without exception, so that the consolidated financial statements of Sartorius AG present a true and fair view of the financial, liquidity and earnings positions, as well as the cash flows during the past financial year. The Executive Board is scheduled to submit the consolidated financial statements on March 11, 2008, to the Supervisory Board.

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## 2. Cash Flow Statement

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

In this instance, cash flows from operating activities are 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 loans taken out and dividends paid. In addition to securities recognized as current assets, the cash and cash equivalents include all liquid assets, i.e., all cash on hand and deposits in banks.

For fiscal 2007, it must be considered that a major part of the Stedim acquisition (cf. Section 5) was a non-cash transaction and thus not an integral part of our cash flow statement.

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## 3. Segment Reporting

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

The Biotechnology Division consists of the following business areas: Biolab, Bioprocess, Biosystems, Food & Beverage, Environmental Technology and Fluid Management. The Mechatronics Division covers the following business areas: Lab Instruments, Process Weighing & Control, Service and Hydrodynamic Bearings. There are no material sales between the segments.

The European region includes the markets of Western and Eastern Europe. The North American region reflects the U.S. marketplace and the Canadian market. Japan, China, Australia and India, among other countries, were allocated to the Asia | Pacific region. The Other Markets segment primarily consists of Latin America and Africa. The key figures of the regional segments refer to the company location, except for the sales revenue, which is also reported according to the customer's location. The sum of the consolidated key figures for the segments equals that of the Group key figures.

Since fiscal 2005, goodwill has no longer been amortized as scheduled, but rather is tested for impairment at least annually according to IFRS 3. Any impairment loss is immediately recognized in the result for the period and shall not be reversed in subsequent periods. This means that after initial recognition, goodwill is recognized at cost less the impairment loss.

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

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

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

The consolidation methods applied remained unchanged with respect to the previous year's figures that were contrasted with the figures of fiscal 2007 for comparative purposes. Therefore, a description of the effect on the net worth, financial situation and profitability was omitted.

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#### 4. Principles and Methods of Consolidation

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

Capital has been consolidated in accordance with the purchase method, under which the acquisition costs of the shareholding are offset against their equity share at the time of the acquisition. Any excess of the acquisition costs over the fair value of the identifiable assets and liabilities is disclosed as goodwill, unless it can be allocated to the other assets of the subsidiary.

## 5. Scope of Consolidation and List of Subsidiaries

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

	Owner- ship %	Equity at Dec. 31, 2007 € in K*	Net profit at Dec. 31, 2007 € in K*	Consolidated
<b>Europa</b>				
Sartorius AG, Goettingen, Germany	Parent	177,004	22,195	•
Sartorius Mechatronics Belgium B.V., Vilvoorde, Belgium	100.0	324	28	•
Sartorius Stedim Belgium N.V., Vilvoorde, Belgium	100.0	170	108	•
Sartorius Stedim Nordic A/S, Roskilde, Denmark *) **)	100.0	147	103	
Sartorius Stedim Systems GmbH, Melsungen, Germany	100.0	10,870	1,044	•
Denver Instrument GmbH, Goettingen, Germany	100.0	1,275	252	•
Distribo GmbH, Goettingen, Germany *) **)	26.0	710	137	
Sartorius Mechatronics C&D GmbH & Co. KG, Aachen, Germany along with its subsidiary Sartorius-Verwaltungs-GmbH	100.0	84	-551	•
Sartorius Mechatronics T&H Hamburg GmbH, Hamburg, Germany	100.0	17,056	2,635	•
Sartorius Stedim F&B GmbH, Goettingen, Germany	100.0	3,904	249	•
Sartorius Stedim Plastics GmbH, Goettingen, Germany	100.0	1,531	712	•
Sartorius Corporate Administration GmbH, Goettingen, Germany	100.0	1,237	56	•
Munktell & Filtrak GmbH, Baerenstein, Germany *) **)	49.0	3,253	611	
Sartorius Technologies & Services GmbH, Goettingen, Germany	100.0	78	46	•
Sartorius Stedim Biotech GmbH, Goettingen, Germany	100.0	41,288	6,126	•
Sartorius Stedim France S.A.S, Palaiseau, France	100.0	1,353	-276	•
Sartorius Mechatronics France S.A.S, Palaiseau, France	100.0	1,547	-663	•
Sartorius Stedim Biotech S.A., Aubagne, France	100.0	74,002	-12,252	•
Sartorius Stedim Aseptics S.A., Lourdes, France	100.0	2,408	365	•
VL Finance S.A.S., Aubagne, France	100.0	69,510	63,377	•
Sartorius Mechatronics UK Ltd., Epsom, UK along with its subsidiary:	100.0	2,337	664	•
Sartorius Ltd., Dublin, Ireland **)	100.0			
Sartorius Stedim UK Ltd., Epsom, UK	100.0	2,103	1,163	•
Sartorius Stedim Lab Ltd., Louth, UK	100.0	1,644	746	•
Sartorius Stedim Italy S.p.A., Florence, Italy	100.0	2,406	459	•
Sartorius Mechatronics Italy S.r.L., Florence, Italy	100.0	974	209	•
Sartorius Mechatronics Netherlands B.V., Nieuwegein, Netherlands along with its subsidiary:	100.0	260	415	•
GWT Global Weighing Technologies B.V. Netherlands, Nieuwegein, Netherlands	100.0	6	0	•
Sartorius Stedim Netherlands B.V., Nieuwegein, Netherlands	100.0	38	120	•
Sartorius Mechatronics Austria GmbH, Vienna, Austria	100.0	3,061	386	•
Sartorius Stedim Austria GmbH, Vienna, Austria	100.0	581	227	•
ZAO Sartogosm, St. Petersburg, Russia *) **)	51.0	694	-208	
OOO Sartorius ICR, St. Petersburg, Russia **)	100.0	0	0	
Sartorius Mechatronics Switzerland AG, Dietikon, Switzerland	100.0	-187	153	•
Sartorius Stedim Switzerland GmbH, Dietikon, Switzerland	100.0	50	-10	•
Integrated Biosystems Sàrl, Freiburg, Switzerland	100.0	1,217	66	•
Sartorius Stedim Spain S.A., Madrid, Spain	100.0	-987	-914	•
Sartorius Mechatronics Spain, S.A., Madrid, Spain	100.0	377	73	•

K\* = thousand

\*) \*\*) see footnotes on the next page

	Owner- ship %	Equity at Dec. 31, 2007 € in K*	Net profit at Dec. 31, 2007 € in K*	Consolidated
<b>America</b>				
Sartorius Argentina S.A., Buenos Aires, Argentina **)	99.0	354	93	
Sartorius do Brasil Ltda., Sao Paulo, Brazil **)	100.0	-237	-76	
Sartorius de México S.A. de C.V., Naucalpan, Mexico **)	99.0	409	120	
Sartorius North America Inc., Edgewood, New York, USA	100.0	21,970	-1	•
Sartorius Stedim North America Inc., Edgewood, New York, USA	100.0	11,318	974	•
Sartorius Mechatronics Corporation, Edgewood, New York, USA	100.0	6,985	787	•
Sartorius TCC Company, Arvada, Colorado, USA	100.0	6,741	135	•
Denver Instrument Inc., Denver, Colorado, USA	100.0	516	256	•
Sartorius Mechatronics Canada Inc., Mississauga, Canada	100.0	199	67	•
Sartorius Omnimark Instrument Corp., Tempe, Arizona, USA	100.0	0	138	•
Sartorius Stedim Systems Inc., Bethlehem, Pennsylvania, USA	100.0	736	-2,790	•
Sartorius Stedim Filters Inc., Yauco, Puerto Rico	100.0	3,396	3,268	•
Sartorius Stedim SUS Inc., Concord, California, USA	100.0	5,862	-214	•
Sartorius Stedim Freeze Thaw Inc., Springfield, Missouri, USA	100.0	12,575	305	•
<b>Asia   Pacific</b>				
Sartorius Stedim Australia Pty. Ltd., East Oakleigh, Australia	100.0	944	1,260	•
Beijing Sartorius Instrument Et System Engineering Co. Ltd., Beijing, China	100.0	4,025	-176	•
Sartorius Scientific Instruments (Beijing) Co.Ltd., Beijing, China	100.0	7,577	2,482	•
Sartorius Mechatronics Hong Kong Ltd., Kowloon, Hong Kong	100.0	2,085	235	•
Sartorius Stedim India Pvt. Ltd., Bangalore, India	100.0	4,496	1,067	•
Sartorius Mechatronics India Pvt. Ltd., Bangalore, India	100.0	4,063	1,064	•
PT. Sartorius Indonesia, Jakarta, Indonesia**)	95.0	17	37	
Sartorius Mechatronics Japan K.K., Tokyo, Japan	100.0	4,664	1,356	•
Sartorius Stedim Japan K.K., Tokyo, Japan	100.0	328	244	•
Sartorius Stedim Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.0	742	270	•
Sartorius Mechatronics Philippines Inc., Makati City, Philippines *) **)	100.0	195	26	
Sartorius Mechatronics Korea Ltd., Seoul, South Korea	100.0	1,680	431	•
Sartorius Stedim Singapore Pte. Ltd., Singapore	100.0	290	176	•
Sartorius Mechatronics Singapore Pte. Ltd., Singapore	100.0	863	134	•
Sartorius Mechatronics (Thailand) Co. Ltd., Bangkok, Thailand	49.0	119	116	•
<b>Other Markets</b>				
Sartorius Stedim SUS S.A.R.L., M'Hamdia, Tunisia	100.0	-41	196	•

As the financial statements of the subsidiaries identified by an \*) were not available at the time our consolidated financial statements were prepared, the information from the annual financial statements from 2006 were considered.

The companies identified by \*\*) were not included in the consolidated Group financial statements because they have minor importance for assessment of the actual net worth, financial situation and profitability of the Sartorius Group.

For the first time in fiscal 2007, Sartorius Stedim Biotech S.A. (formerly Stedim Biosystems S.A.) with its subsidiaries was consolidated in the Group financial statements. On June 29, 2007, the former Stedim Group was combined with the previously carved-out Biotechnology Division of Sartorius AG. Details of this transaction are provided in the following subsection.

On January 3, 2007, the Sartorius Group acquired all shares of Sartorius Stedim Plastics GmbH (formerly known as toha-plast GmbH). For this reason, the company was also consolidated for the first time in the Group financial statements for fiscal 2007.

Furthermore, in fiscal 2007, various reorganization measures, particularly spin-offs, were carried out within the Group as part of the carve-out of the Biotechnology Division from the Group.

Effective September 1, 2007, Sartorius AG signed an agreement with Smiths Specialty Engineering, a subsidiary of the British technology group Smiths, to sell German-based Sartorius Bearing Technology GmbH to this Group. Upon transfer of control of Sartorius Bearing Technology GmbH to the Smiths Group as the acquirer, the German company was deconsolidated as of October 31, 2007.

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

## Stedim Acquisition

On June 29, 2007, Sartorius AG acquired a controlling stake in the French company Stedim S.A. headquartered in Aubagne, France. In the first stage, a tranche of shares of the Stedim founders was acquired at a purchase price of €43.00 per Stedim share. Then, the Sartorius Biotechnology subgroup carved out on April 1, 2007, was transferred into Stedim S.A. as a contribution in kind. For this purpose, around 9.7 million new Stedim shares were issued to Sartorius. At the conclusion of these stages, Sartorius AG now holds 69.8% of the shares and 73.0% of the voting rights in the combined Sartorius Stedim Biotech company. As provided in the transaction agreement, the two Stedim founders together have an interest of about 9% in Sartorius Stedim Biotech S.A.; the remaining 21.3% are in free float.

Of the total acquisition costs determined at €273.1 million, about €89.8 million were paid in cash. Within the scope of purchase price allocation, the Stedim assets and liabilities acquired are measured at the following fair values:

	Carrying amounts directly before the business combination € in K*	Fair value on the acquisition date € 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	-12,184
Other liabilities	-10,023	-11,702
<b>Net assets acquired</b>	<b>41,874</b>	<b>85,939</b>
Of which 69.8%:		59,985
Acquisition cost		270,655
Costs directly attributed to the business combination		2,487
<b>Goodwill</b>		<b>213,157</b>

The goodwill disclosed essentially resulted 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.

As the acquisition of Stedim did not take place until June 29, 2007, the Stedim business has been included in the Sartorius Group results only as of July 1, 2007. Since this date of acquisition, Stedim has contributed sales revenue of €38.2 million and an EBITA of €0.9 million to consolidated results. If Stedim had been acquired as early as January 1, 2007, the sales revenue for the Sartorius Group would have been €635.0 million and earnings (EBITA) €63.0 million.

In comparison to the acquisition costs and the fair value of the net assets acquired that were preliminarily disclosed in the interim reports for the periods ending June 30, 2007, and September 30, 2007, respectively, the following changes have resulted:

- The acquisition costs (without costs directly attributed to the business combination) increased significantly, relative to the interim reporting periods, to €270.7 million. This is essentially due to first-time consideration of the share price warrants. Against the background of the general capital market development and the basically corresponding price development of the share in the second half of 2007, we measured the price warrants on the basis of option pricing models as of December 31, 2007, and included the respective value in the acquisition costs. A corresponding amount is disclosed in the other non-current liabilities.
- The costs directly attributed to the business combination rose slightly from €2.2 million to €2.5 million.
- The net assets acquired increased from €84.9 million to €85.9 million. This change was entailed by a more exact measurement of the fair values of the identifiable intangible assets on the basis of an external expert opinion.

## Determination of the Acquisition Cost

The acquisition cost of the transaction essentially consists of a cash portion and a contribution in kind entailing the Sartorius Biotechnology Division. According to IFRS 3.24, the cost of a business combination is to be measured as the aggregate of the fair values, at the date of exchange, of assets given and equity instruments issued by the acquirer. On the other hand, IFRS 3.27 also allows the cost to be estimated by reference to the fair value of the business acquired, if it provides a more reliable measure of the equity instrument's fair value.

Based on the published price of the acquiree (Stedim S.A.) on the acquisition date, measurement of the fair value, less the amount to be deducted for price warrants, yields €43 per Stedim share – just as does evaluation of the assets given (fair value of Sartorius Biotechnology). This also corresponds to valuation of the cash payment and the price of the tender offer.

The fair value of the price warrants needs to be additionally allowed for as additional acquisition costs so the total cost of the business combination amounted to approximately €273 million.

## Acquisition of Sartorius Stedim Plastics GmbH

On January 3, 2007, Sartorius AG acquired all shares of Sartorius Stedim Plastics GmbH (formerly toha-plast GmbH). The following shows the purchase price allocation:

	Carrying amounts directly before the business combination € in K*	Fair values on the acquisition date € in K*
Fixed assets	3,198	3,801
Inventories	1,626	1,786
Trade and other receivables	1,190	1,190
Cash and cash equivalents	757	757
Pension provisions	-1,156	-1,156
Financial liabilities	-2,354	-2,354
Other liabilities	-1,807	-2,112
<b>Net assets acquired</b>	<b>1,454</b>	<b>1,912</b>
Acquisition cost		7,261
Costs directly attributed to the business combination		68
<b>Goodwill</b>		<b>5,417</b>

Goodwill contains assets that are not separable, such as, for instance, expertise in the field of plastic technologies, which represents a key technology for the fast-growing market for single-use products used for biopharmaceutical production processes.

As of the acquisition date, Sartorius Stedim Plastics GmbH contributed a sales revenue of €2.5 million and an EBITA of €1.2 million to consolidated results.

## Hydrodynamic Bearing Business Sold

On October 15, 2007, Sartorius AG signed an agreement with the Smiths Group to sell Sartorius Bearing Technology GmbH to this British technology group. The sale of the bearings company dovetails with the Sartorius Group strategy of focusing on its two core areas of activity, biotechnology and mechatronics, as well as on its major groups of customers, the biopharmaceutical, chemical and food industries. At the same time, this step represents the best prospects for the hydrodynamic bearings sector. As this business had been a rather marginal activity at Sartorius, it would not have been possible to promote this business sufficiently or take the necessary steps for its globalization, had it remained within the Sartorius Group. The sale transaction was completed on October 31, 2007, when control of the business was transferred to the acquirer.

The assets and liabilities sold are presented as follows:

	Carrying amounts of the net assets sold € in K*
Property, plant and equipment	2,198
Inventories	3,041
Receivables and other assets	1,991
Cash and cash equivalents	525
Non-current provisions	-904
Other liabilities	-2,083
<b>Net assets sold</b>	<b>4,768</b>
<b>Selling costs</b>	<b>1,570</b>
<b>Gain on disposal of assets</b>	<b>14,808</b>
<b>Consideration (paid by cash and cash equivalents)</b>	<b>21,146</b>

## 6. Recognition and Measurement Principles

The consolidated financial statements of Sartorius AG have been prepared in accordance with the regulations of the IASB. In the course of the transition to the International Financial Reporting Standards, methods of recognition and measurement have been applied which diverge from the provisions of German commercial law. Compared with the previous consolidated financial statements, the following IFRS | IAS and IFRIC were required to be applied for the first time or according to their amended versions:

- IFRS 7, Financial Instruments: Disclosures
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRS 8, Scope of IFRS 2
- IFRIC 9, Reassessment of Embedded Derivatives
- IFRIC 10, Interim Financial Reporting and Impairment

The first-time application of IFRS 7 resulted in an extension of the obligatory disclosures in connection with financial instruments. The application of the interpretations given did not have any material impact on the reporting on fiscal 2007.

The following overview lists the Standards and Interpretations not yet applied in fiscal 2007. The impacts of the Standards and Interpretations on the net worth, financial position and profitability of the Sartorius Group are currently being assessed and cannot be reliably indicated at the current time. Presently, the first-time application is planned for each respective reporting period in which the Standards, Interpretations or Supplements enter into force.

IFRS   IFRIC		Must be mandatorily applied as of
IFRS 2	Share-based Payment - Amendment relating to vesting conditions and cancellations	January 1, 2009
IFRS 3	Business Combinations - Comprehensive revision on applying the acquisition method	July 1, 2009
IFRS 8	Operating Segments	January 1, 2009
IAS 1	Presentation of Financial Statements - Comprehensive revision including requiring a statement of comprehensive income and presentation of financial statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	January 1, 2009
IAS 23	Borrowing Costs - Comprehensive revision to prohibit immediate expensing	January 1, 2009
IAS 27	Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 32	Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation	January 1, 2009
IFRIC 11	IFRS 2: Group and Treasury Share Transactions	March 1, 2007
IFRIC 12	Service Concession Arrangements	January 1, 2008
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2008

The Standards and Interpretations have not yet been adopted by the EU, except for IFRS 8 and IFRIC 11.

When the consolidated financial statements are prepared, estimates must be made that affect, to a certain extent, the totals of the assets, liabilities, income and expenses of the reporting period. The actual amounts yielded may differ from these estimates.



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## 7. Structure of the Balance Sheet and the Income Statement

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

As of fiscal 2007, the Sartorius Group has been using earnings before interest, taxes and amortization (EBITA) as the key figure for measuring earnings. Amortization in this context refers to impairments of goodwill and to the purchase price allocation (PPA) to intangible assets according to IFRS 3. Therefore, EBITA is comparable with EBIT stated in the past. The presentation of the previous year's figures was adjusted accordingly.

## 8. Currency Translation

The consolidated financial statements of Sartorius AG 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."

The Group concludes option transactions to hedge against currency risks. The Group's recognition and measurement methods with respect to these derivative financial instruments are presented under Section 28.

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

The following exchange rates were used for currency translation:

	Year-end exchange rates		Average annual exchange rates	
	2007	2006	2007	2006
USD	<b>1.47180</b>	1.31840	<b>1.36901</b>	1.25534
GBP	<b>0.73470</b>	0.67160	<b>0.68387</b>	0.68165
CAD	<b>1.44500</b>	1.52870	<b>1.46794</b>	1.42333
AUD	<b>1.67500</b>	1.66980	<b>1.63444</b>	1.66591
HKD	<b>11.47710</b>	10.25200	<b>10.67419</b>	9.74745
JPY	<b>165.10000</b>	156.70000	<b>161.14745</b>	146.00792
INR	<b>57.86000</b>	58.32000	<b>56.46958</b>	56.83637
CNY	<b>10.74940</b>	10.29210	<b>10.41262</b>	10.00452
KRW	<b>1,377.46</b>	1,225.45	<b>1,270.49</b>	1,197.48
CHF	<b>1.65600</b>	1.60800	<b>1.64249</b>	1.57221
SGD	<b>2.11390</b>	2.02150	<b>2.06060</b>	1.99236
MYR	<b>4.87980</b>	4.65000	<b>4.69887</b>	4.59872
THB	<b>43.42000</b>	0	<b>44.08246</b>	0
TND	<b>1.79560</b>	0	<b>1.76843</b>	0

# Notes to the Individual Balance Sheet Items

## Non-current Assets

### 9. Goodwill and Intangible Assets

#### Goodwill

	Goodwill € in K*
Gross book values at Jan. 1, 2006	<b>22,247</b>
Change in the scope of consolidation	<b>0</b>
Investments	<b>0</b>
Disposals	<b>0</b>
Gross book values at Dec. 31, 2006	<b>22,247</b>
Impairment losses at Jan. 1, 2006	<b>0</b>
Change in the scope of consolidation	<b>0</b>
Impairment losses in 2006	<b>0</b>
Disposals	<b>0</b>
Impairment losses at Dec. 31, 2006	<b>0</b>
Net book values at Dec. 31, 2006	<b>22,247</b>
Gross book values at Jan. 1, 2007	<b>22,247</b>
Change in the scope of consolidation	<b>218,950</b>
Investments	<b>0</b>
Disposals	<b>0</b>
Gross book values at Dec. 31, 2007	<b>241,197</b>
Impairment losses at Jan. 1, 2007	<b>0</b>
Impairment losses in 2007	<b>0</b>
Disposals	<b>0</b>
Impairment losses at Dec. 31, 2007	<b>0</b>
Net book values at Dec. 31, 2007	<b>241,197</b>

The item reported as goodwill in the amount of €241,197 K\* is the capitalized difference in assets resulting from capital consolidation. Up to and including 2004, goodwill was generally amortized over a period of useful life between 5 and 15 years. According to IFRS 3, goodwill as of fiscal 2005 may no longer be amortized according to this schedule, but rather, must be tested annually for impairment.

In conjunction with the combination of our Biotechnology Division with Stedim, the structure of our biotechnology business has sustainably changed. For this reason, the existing goodwill had to be reallocated to the particular cash-generating units of the Division. Because of the increasing level of integration of our entire biotechnology business, we assume that as of fiscal 2007 the cash-generating unit refers to the whole biotechnology segment. The goodwill of Mechatronics is not affected by this re-allocation and is distributed among several cash-generating units. The impairment tests conducted for fiscal 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 the Executive Board for a period of three to five years. Calculations were based on a discount interest rate of 9.0% and a terminal growth rate of 2.5% for the fiscal years after 2009. In fiscal 2007, our impairment tests did not result in recognition of impairment losses.

## 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 Jan. 1, 2006	15,262	10,875	72	<b>26,209</b>
Currency translation	-86	-1	-1	<b>-89</b>
Change in the scope of consolidation	0	0	0	<b>0</b>
Investments	2,794	4,372	193	<b>7,358</b>
Disposals	156	1,679	154	<b>1,989</b>
Transfers	114	0	0	<b>114</b>
Gross book values at Dec. 31, 2006	17,928	13,567	110	<b>31,604</b>
Amortization at Jan. 1, 2006	10,902	4,971	0	<b>15,873</b>
Currency translation	-38	0	0	<b>-38</b>
Change in the scope of consolidation	0	0	0	<b>0</b>
Amortization in 2006	2,135	2,162	0	<b>4,297</b>
Disposals	151	1,679	0	<b>1,830</b>
Transfers	30	0	0	<b>30</b>
Amortization at Dec. 31, 2006	12,877	5,454	0	<b>18,331</b>
Net book values at Dec. 31, 2006	5,051	8,113	110	<b>13,273</b>
Gross book values at Jan. 1, 2007	17,928	13,567	110	<b>31,604</b>
Currency translation	-246	-13	-1	<b>-260</b>
Change in the scope of consolidation	101,632	117	104	<b>101,853</b>
Investments	4,481	5,840	81	<b>10,402</b>
Disposals	16,008	330	2	<b>16,341</b>
Transfers	96	0	-96	<b>0</b>
Gross book values at Dec. 31, 2007	107,883	19,180	196	<b>127,259</b>
Amortization at Jan. 1, 2007	12,877	5,454	0	<b>18,331</b>
Currency translation	-81	-2	0	<b>-83</b>
Amortization in 2007	6,946	2,535	0	<b>9,481</b>
Impairment losses in 2007	561	0	0	<b>561</b>
Disposals	15,924	0	0	<b>15,924</b>
Transfers	-52	52	0	<b>0</b>
Amortization at Dec. 31, 2007	4,327	8,039	0	<b>12,367</b>
Net book values at Dec. 31, 2007	103,555	11,141	196	<b>114,892</b>

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

As part of purchase price allocation in connection with the Stedim acquisition, the following intangible assets were recognized:

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

The brand name acquired is considered to have an indefinite useful life as no limitation of the period can be foreseen in which the asset is anticipated to generate net cash flows for the company. In fiscal 2007, an impairment test was carried out on the brand name. This test may not yield any required adjustment in value. Our calculations were based on an interest rate of 9.0% and a terminal growth rate of 2.5%, as well as on cash flow forecasts for the next five years.

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

- The internally generated asset is identifiable (e.g., software and new methods);
- It is probable that the internally generated asset will generate future economic benefits; and
- The development costs of the asset can be reliably measured.

In fiscal 2007, the development costs of €5,840 K\* (2006: €4,372 K) were recognized as assets. The capitalized development costs essentially covered the costs that were allocated to the staff involved in the R&D effort, raw materials and supplies, outside services and directly attributable overhead. Internally generated intangible assets were amortized according to the straight-line method over their useful life, which usually did not exceed four years.

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

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

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

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

In fiscal 2007, impairment expenses of €561 K\* for licensed software was recognized in "Other operating expenses."

## 10. Property, Plant and Equipment

	Land and leasehold rights and improvements including buildings on third-party land € in K*	Technical machinery and equipment € in K*	Leasing of equipment € in K*	Other equipment, factory and office equipment € in K*	Payments on account relating to equipment and construction in progress € in K*	Total € in K*
Gross book values at Jan. 1, 2006	91,406	70,236	8,030	77,235	1,663	<b>248,570</b>
Currency translation	-546	-960	-1	-746	-57	<b>-2,311</b>
Investments	7,431	3,120	417	6,378	6,504	<b>23,849</b>
Disposals	345	2,227	2,342	3,094	60	<b>8,068</b>
Transfers	23	616	431	766	-1,603	<b>233</b>
Change in scope of consolidation	0	0	0	0	0	<b>0</b>
Gross book values at Dec. 31, 2006	97,969	70,784	6,535	80,539	6,446	<b>262,273</b>
Depreciation at Jan. 1, 2006	25,003	45,703	4,635	59,304	0	<b>134,645</b>
Currency translation	-167	-730	0	-577	0	<b>-1,473</b>
Depreciation in 2006	2,701	4,560	1,420	6,234	0	<b>14,915</b>
Disposals	274	2,077	2,082	2,939	0	<b>7,372</b>
Transfers	0	104	-4	57	0	<b>156</b>
Reversals	0	0	0	0	0	<b>0</b>
Depreciation at Dec. 31, 2006	27,263	47,560	3,969	62,079	0	<b>140,871</b>
Net book values at Dec. 31, 2006	70,706	23,224	2,567	18,460	6,446	<b>121,403</b>
Gross book values at Jan. 1, 2007	97,969	70,784	6,535	80,539	6,446	<b>262,273</b>
Currency translation	-830	-1,228	-5	-844	68	<b>-2,839</b>
Investments	11,668	4,311	0	8,888	6,220	<b>31,087</b>
Disposals	7,081	2,747	185	9,301	714	<b>20,028</b>
Transfers	6,506	1,191	0	1,834	-9,531	<b>0</b>
Change in the scope of consolidation	17,434	3,533	9	2,406	21	<b>23,403</b>
Gross book values at Dec. 31, 2007	125,666	75,844	6,354	83,522	2,510	<b>293,896</b>
Depreciation at Jan. 1, 2007	27,263	47,560	3,969	62,079	0	<b>140,871</b>
Currency translation	-278	-908	-5	-676	0	<b>-1,867</b>
Depreciation in 2007	3,485	4,936	844	7,051	0	<b>16,316</b>
Impairment losses in 2007	560	340	4	98	0	<b>1,002</b>
Disposals	579	2,362	144	8,677	0	<b>11,762</b>
Transfers	0	0	0	0	0	<b>0</b>
Depreciation at Dec. 31, 2007	30,451	49,566	4,668	59,875	0	<b>144,560</b>
Net book values at Dec. 31, 2007	95,215	26,278	1,686	23,647	2,510	<b>149,336</b>

The item "property, plant and equipment" is reported at cost, and if subject to depreciation, is depreciated as scheduled. The straight-line method is used to standardize the depreciation reported in the consolidated financial statements. The cost of conversion covers full production-related costs. Interest on borrowings is not capitalized.

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

In addition, we offer a "global filtration policy" in which replacement modules are also an integral part of the contract. Our leasing business essentially covers Italy, France, Spain and Germany. In fiscal 2007, we received lease payments of €1,713 K\* (2006: €2,448 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

In fiscal 2007, impairment of property, plant and equipment, which was related to the reorganization of the equipment business in North America, was recognized in the amount of €1.0 million. Transfers also contained assets that were formerly reported in the current assets.

## Impairment of Assets

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

## 11. Financial Assets

	Investment in affiliated companies € in K*	Participating interests € in K*	Securities as fixed assets and other loans € in K*	Total € in K*
Gross book values at Jan. 1, 2006	1,549	3,252	192	<b>4,993</b>
Currency translation	0	0	-2	<b>-2</b>
Change in the scope of consolidation	-25	0	0	<b>-25</b>
Investments	713	88	6	<b>807</b>
Disposals	80	0	0	<b>80</b>
Transfers	0	0	-8	<b>-8</b>
Gross book values at Dec. 31, 2006	2,157	3,340	188	<b>5,685</b>
Impairment losses at Jan. 1, 2006	468	1,512	12	<b>1,992</b>
Impairment losses in 2006	0	10	2	<b>12</b>
Disposals	80	0	0	<b>80</b>
Impairment losses at Dec. 31, 2006	388	1,522	14	<b>1,924</b>
Net book values at Dec. 31, 2006	1,769	1,818	174	<b>3,761</b>
Gross book values at Jan. 1, 2007	2,157	3,340	188	<b>5,685</b>
Currency translation	0	0	-6	<b>-6</b>
Change in the scope of consolidation	-687	10	-12	<b>-689</b>
Investments	34	216	193	<b>443</b>
Disposals	0	78	5	<b>83</b>
Gross book values at Dec. 31, 2007	1,504	3,488	359	<b>5,351</b>
Impairment losses at Jan. 1, 2007	388	1,522	14	<b>1,924</b>
Impairment losses in 2007	0	0	4	<b>4</b>
Disposals	0	0	0	<b>0</b>
Impairment losses at Dec. 31, 2007	388	1,522	18	<b>1,928</b>
Net book values at Dec. 31, 2007	1,116	1,966	341	<b>3,423</b>

Investments in subsidiaries, associates and securities as fixed assets are measured at cost because they do not have a quoted market price in an active market, and the fair values of these assets cannot be reliably measured at a reasonable cost. The other financial assets are accounted for at cost, unless they have to be reported at a lower recoverable amount on the reporting date.

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

## 12. Non-current Trade and Other Receivables

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Non-current trade receivables	<b>220</b>	235
Other non-current assets	<b>825</b>	814
Deferred tax assets	<b>12,366</b>	13,534
	<b>13,411</b>	14,583



### 13. Deferred Tax Assets

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

Deferred tax liabilities are recognized for all taxable temporary differences and are reported separately as deferred tax provisions on the liabilities side of the balance sheet. Deferred tax assets are recognized if it is probable that taxable profits will be available in future, against which the deductible temporary difference or unused tax loss 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. In Germany, it can be assumed that the corporation tax rate will be 15.0%, considering the German Corporate Tax Reform Law ("Unternehmenssteuerreformgesetz"). 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 domestic taxes is thus approx. 30%.

The assets resulting from future tax relief developed as follows during fiscal 2006 and 2007:

	Deferred taxes on losses carried forward € in K*	Pension benefits € in K*	Consolidation measures € in K*	Other € in K*	Total € in K*
Balance at Jan. 1, 2006	2,981	6,390	2,514	6,792	<b>18,677</b>
Cash flow hedges recognized directly in equity	0	0	0	-2,672	<b>-2,672</b>
Actuarial losses recognized directly in equity	0	0	0	-194	<b>-194</b>
Recognized as affecting net income	-2,495	-332	1,425	-544	<b>-1,946</b>
Differences in currency translation	-129	0	0	-202	<b>-331</b>
Balance at Dec. 31, 2006	357	6,058	3,939	3,180	<b>13,534</b>

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

As in the previous year, in fiscal 2007, the tax effect, which resulted from reporting derivative financial instruments recognized outside the income statement according to IAS 39 rules for hedge accounting, and deferred tax assets from recognition of actuarial losses in the pension reserves were recognized directly in the consolidated equity.

On the balance sheet date, the Group had unused tax loss amounts carried forward of about €41 million (2006: approx. €28 million) to be deducted from future taxable profits. A deferred tax amount was reported on approx. €11 million (2006: approx. €2 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

### 14. Inventories

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Raw materials and supplies	22,458	20,222
Work in progress	22,964	19,797
Finished goods and merchandise	36,159	27,660
Payments on account	4,125	3,054
	<b>85,706</b>	<b>70,733</b>

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

In fiscal 2007, inventories in the amount of approx. €186 million were recognized as expenses (2006: €171 million).

Lower net realizable values are recognized by devaluation. The net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary for marketing, sales and distribution. Where inventory risks exist, such as the risk of reduced shelf life as a result of storage periods or limited usability, inventories are marked down accordingly. In fiscal 2007, no material impairment losses or reversals of these losses were recognized in the income statement.

## 15. Current Trade and Other Receivables

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Trade receivables	<b>128,351</b>	107,730
Receivables from affiliated companies	<b>3,337</b>	2,553
Receivables from companies in which investments are held	<b>38</b>	620
Other assets	<b>8,218</b>	6,834
Derivative financial instruments	<b>4,156</b>	1,819
Prepaid expenses	<b>2,524</b>	2,071
	<b>146,623</b>	121,627

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

In the fiscal year, valuation allowances developed as follows:

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Valuation allowances at the beginning of the year	<b>-6,007</b>	-6,012
Increases during the fiscal year	<b>-3,083</b>	-2,278
Derecognition and consumption	<b>1,451</b>	1,520
Recoveries of amounts previously impaired	<b>981</b>	855
Foreign exchange translation differences	<b>70</b>	-92
	<b>-6,589</b>	-6,007

In determining the recoverability of trade receivables, the Group considers any change in the credit quality from the date the credit was originally granted. There are no significant concentrations of credit risks due to the large base of unrelated customers. Accordingly, the Executive Board believes that it is not necessary to make any further provision to cover risks beyond the allowances already considered.

Aging of trade receivables past due, but not impaired:

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Not due	<b>76,747</b>	49,144
1-30 days	<b>23,564</b>	19,352
31-90 days	<b>12,933</b>	8,583
91-180 days	<b>5,831</b>	12,001
181-360 days	<b>4,112</b>	8,665
More than 360 days	<b>5,165</b>	9,985
	<b>128,351</b>	107,730

For trade receivables in the amount of €51,604 K\* (2006: €58,586 K), which were past due on the reporting date, no valuation allowances were made as there was no material change in the creditworthiness of the debtors and it could be expected that they would pay the amounts outstanding.

Customer-specific construction contracts are recognized by the application of IAS 11, Construction Contracts, based on the percentage of completion method. The amount requiring capitalization is reported under the receivables, while an equal amount is recorded as "sales revenue." The stage of completion corresponds to the partial performance rendered by the Group as of the balance sheet date, and is equal to the ratio of expenses accrued prior to the balance sheet date to the expected total expense (Cost to Cost Method). Expected contract losses are taken into account through allowances. Revenues fixed by contract are defined as contract revenues. The aggregate amount of costs incurred and recognized profits|losses for projects in progress on the reporting date is €19,704 K\* (2006: €27,984 K). For these projects, advance payments of €14,451 K (2006: €20,445 K) were received.

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

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## 16. Cash and Cash Equivalents

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

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## 17. Issued Capital

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

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

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

These shares are held in particular as currency for future acquisitions of companies. From October 27, 2000, to the reporting date, 831,944 ordinary shares were repurchased at an average price of €11.27 and 840,983 preference shares at an average price of €7.98. This corresponds to a portion of €1,673 (8.9%) of the capital stock. In fiscal 2007, no treasury shares were purchased.

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

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## 18. Capital Reserves

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

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## 19. Hedging Reserves

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

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## 20. Pension Reserves

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

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## 21. Other Earnings Reserves and Retained Profits

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

## Non-current Liabilities

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## 22. Non-current Provisions

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Pension provisions and similar obligations	34,048	36,145
Deferred tax provisions	41,129	13,413
Other non-current provisions	8,573	9,839
	<b>83,751</b>	<b>59,397</b>

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

All actuarial gains and losses are directly recognized in the equity (outside the income statement) according to the IAS 19.93A option. The actuarial losses, which were transferred to the pension reserves, essentially resulted from a change in the discount rate and totalled €2,545 K\* (2006: €7,893 K).

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

	2007	2006
Discount rate	4.50 – 5.25%	4.25%
Future salary increases	2.75 – 3.00%	3.00%
Future pension increases	1.75%	1.75%

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

	2007 € in K*	2006 € in K*
Current service cost	1,375	630
Interest cost	1,532	1,394
Expected return on plan assets (-)	31	39
	<b>2,876</b>	1,985

The net value and the present value, respectively, recognized in the balance sheet developed as follows in fiscal 2007:

	2007 € in K*	2006 € in K*
Present value of obligations as of Dec. 31 of the prior year	36,733	36,524
Fair value of the plan assets (-) as of Dec. 31 of the prior year	588	549
Net liability as of Jan. 1	36,145	35,975
Change in the scope of consolidation	1,440	0
Current service cost	1,375	630
Interest cost	1,532	1,394
Expected return on plan assets (-)	31	39
Actuarial gains	-5,334	-423
Currency translation differences	-46	-113
Retirement benefits paid in the reporting year	1,033	1,279
Net liability as of Dec. 31	34,048	36,145
Fair value of the plan assets (+)	620	588
Present value of obligations as of Dec. 31	<b>34,668</b>	36,733

The plan assets consist exclusively of life insurance policies. The net liability on the reporting date that was wholly unfunded was €32,989 K\* (2006: €35,262 K).

The present value of the defined benefit plans and net liability developed as follows during the past five years:

	2007 € in K*	2006 € in K*	2005 € in K*	2004 € in K*	2003 € in K*
Present value of obligations	34,668	36,733	36,524	29,913	27,437
Fair value of the plan assets	620	588	549	510	474
Net liability	<b>34,048</b>	36,145	35,975	29,403	26,963

### Development of Deferred Tax Provisions:

	Differences in useful lives in the fixed assets € in K*	Intangible assets € in K*	Capitalized development costs € in K*	Other € in K*	Total € in K*
Balance at Jan. 1, 2006	6,994	0	2,195	3,809	<b>12,998</b>
Hedge accounting, not affecting net income	0	0	0	530	<b>530</b>
Affecting net income in the fiscal year	-686	0	896	-301	<b>-90</b>
Effect of currency differences	-17	0	0	-7	<b>-25</b>
Balance at Dec. 31, 2006	6,291	0	3,091	4,031	<b>13,413</b>

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

In fiscal 2007, the tax effect from accounting of derivative financial instruments that were recognized outside the income statement according

to the rules of IAS 39 on hedge accounting was recognized directly in equity.

### Other Non-current Provisions:

	Payments to employees on the early retirement plan for offsetting reduced work hours € in K*	Provisions for company anniversaries € in K*	Other € in K*	Total € in K*
Balance at Jan. 1, 2007	6,757	1,097	1,985	<b>9,839</b>
Currency translation	0	0	-57	<b>-57</b>
Change in the scope of consolidation	-581	-30	0	<b>-611</b>
Consumption	-1,047	-2	-130	<b>-1,179</b>
Reversal	-52	-22	-72	<b>-146</b>
Addition	446	39	242	<b>727</b>
Balance at Dec. 31, 2007	5,523	1,082	1,968	<b>8,573</b>

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

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### 23. 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*	Balance at Dec. 31, 2006 € in K*	Remaining term of more than five years € in K*
Liabilities to banks	13,627	357	28,490	0
Other non-current liabilities	51,125	0	157	0
	<b>64,752</b>	<b>357</b>	<b>28,647</b>	<b>0</b>

The increase in the "Other non-current liabilities" can be attributed to measurement of the price warrants in connection with the acquisition of Stedim. Sartorius guaranteed former Stedim shareholders a price of €47.50 per share for a term of two years after the acquisition had been completed. If the price goes below this price, the warrant provides for compensation payment to be made, which is the difference between €47.50 and the 30-day average trading price of the Sartorius Stedim Biotech share over the reference period. The warrant is capped at a maximum of €20.00 per share. Against the background of the general capital market development and the basically corresponding price development of the share in the second half of 2007, we measured the price warrants on the basis of option pricing models as of December 31, 2007, and recognized the respective liability. A corresponding amount was included in the acquisition costs for the business combination.

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

Liabilities are reported as the amounts repayable.



## Current Liabilities

### 24. Current Provisions

In fiscal 2007, current provisions developed as follows:

	Warranties € in K*	Other € in K*	Total € in K*
Balance at Jan. 1, 2007	3,628	4,684	8,312
Currency translation	-123	-247	-370
Change in the scope of consolidation	143	-673	-530
Consumption	-1,225	-3,335	-4,560
Reversals	-245	-941	-1,186
Additions	1,162	9,236	10,398
Balance at Dec. 31, 2007	<b>3,341</b>	<b>8,724</b>	<b>12,065</b>

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

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

The other provisions include employee benefits expense in the amount of €3,972 K\* (2006: €478 K), of which €3,722 K are for severance payments.

### 25. Current Liabilities

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Liabilities to banks	<b>193,742</b>	33,940
Payments received on account of orders	<b>5,707</b>	1,646
Trade payables	<b>38,096</b>	28,261
Payables to companies in which investments are held	<b>52</b>	237
Payables to affiliated companies	<b>204</b>	104
Income tax expense	<b>8,864</b>	15,864
Other liabilities	<b>42,605</b>	32,002
	<b>289,270</b>	112,054

The current liabilities to banks predominantly consist of a syndicated credit line along with account credits within bilateral credit lines. The increase in current liabilities to banks is essentially due to the acquisition of Stedim.

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Other liabilities relate to the following:		
- Taxes	<b>5,366</b>	3,784
- Liabilities relating to social security	<b>4,092</b>	1,056

Of the liabilities to banks reported, €26.0 million are collateralized by the assignment of VL Finance S.A.S. shares as well as by the Sartorius Stedim Biotech S.A. shares resulting from the contribution of Sartorius Biotech subgroup.

## 26. Contingent Liabilities

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Loan guarantees and similar contingent liabilities	600	900

## 27. Other Financial Obligations

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

	Dec. 31, 2007 € in K*	Dec. 31, 2006 € in K*
Rental and leasing contracts		
- due in 2008	7,666	
(2006: due in the financial year 2007)		8,084
- due in any one financial year from 2009 to 2012	14,748	
(2006: due in any one year from 2008 to 2011)		18,424
- due after 2012	2,224	
(2006: due after 2011)		5,083
Forward exchange transactions for hedging of commodity trade	9,511	6,088
Obligation from purchase contracts	0	6,650

Moreover, Sartorius committed itself to an affiliated company to provide capital resources in the amount of €0.3 million.

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

## 28. Other Information on Financial Instruments

### A. General Information

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

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

### B. Classes of Financial Instruments | Net Earnings | Maturity

The following tables compare the carrying amounts and the fair values of all categories of financial instruments and reconcile these with the balance sheet items. The fair values of the financial assets and liabilities approximate the carrying amounts on account of their predominantly short-term maturity.

Dec. 31, 2007	Held for trading € in K*	Held to maturity € in K*	Loans and receivables € in K*	Held for hedging purposes € in K*	Carrying amount at Dec. 31, 2007 € in K*	Not in the scope of IAS 39 € in K*	Disclosed on Dec. 31, 2007 € in K*
<b>Non-current assets</b>							
Financial assets	0	340	0	0	340	3,083	<b>3,423</b>
Trade receivables	0	0	220	0	220	0	<b>220</b>
Other assets	0	0	825	0	825	0	<b>825</b>
<b>Current assets</b>							
Trade receivables	0	0	128,351	0	128,351	0	<b>128,351</b>
- of which from construction contracts	0	0	2,849	0	2,849	0	<b>2,849</b>
Receivables from affiliated companies	0	0	3,337	0	3,337	0	<b>3,337</b>
Receivables from companies in which investments are held	0	0	38	0	38	0	<b>38</b>
Other assets	0	0	8,218	0	8,218	0	<b>8,218</b>
Derivative financial instruments	934	0	0	3,222	4,156	0	<b>4,156</b>
Cash and cash equivalents	0	0	17,747	0	17,747	0	<b>17,747</b>

	Financial liabilities € in K*	Carrying amount at Dec. 31, 2007 € in K*	Not in the scope of IAS 39 € in K*	Disclosed on Dec. 31, 2007 € in K*
<b>Non-current liabilities</b>				
Other provisions	1,968	1,968	6,605	<b>8,573</b>
Liabilities to banks	13,627	13,627	0	<b>13,627</b>
Other liabilities	51,125	51,125	0	<b>51,125</b>
<b>Current liabilities</b>				
Other provisions	8,724	8,724	3,341	<b>12,065</b>
Liabilities to banks	193,742	193,742	0	<b>193,742</b>
Trade payables	38,096	38,096	0	<b>38,096</b>
Other liabilities	33,402	33,402	15,165	<b>48,567</b>

<b>Dec. 31, 2006</b>	Held for trading € in K*	Held to maturity € in K*	Loans and receivables € in K*	Held for hedging purposes € in K*	Carrying amount at Dec. 31, 2006 € in K*	Not in the scope of IAS 39 € in K*	Disclosed on Dec. 31, 2006 € in K*
<b>Non-current assets</b>							
Financial assets	0	174	0	0	174	3,587	<b>3,761</b>
Trade receivables	0	0	235	0	235	0	<b>235</b>
Other assets	0	0	814	0	814	0	<b>814</b>
<b>Current assets</b>							
Trade receivables	0	0	107,730	0	107,730	0	<b>107,730</b>
- of which from construction contracts	0	0	6,805	0	6,805	0	<b>6,805</b>
Receivables from affiliated companies	0	0	2,553	0	2,553	0	<b>2,553</b>
Receivables from companies in which investments are held	0	0	620	0	620	0	<b>620</b>
Other assets	0	0	6,834	0	6,834	0	<b>6,834</b>
Derivative financial instruments	495	0	0	1,324	1,819	0	<b>1,819</b>
Cash and cash equivalents	0	0	8,043	0	8,043	0	<b>8,043</b>

	Financial liabilities € in K*	Carrying amount at Dec. 31, 2006 € in K*	Not in the scope of IAS 39 € in K*	Disclosed on Dec. 31, 2006 € in K*
<b>Non-current liabilities</b>				
Other provisions	1,985	1,985	7,854	<b>9,839</b>
Liabilities to banks	28,490	28,490	0	<b>28,490</b>
Other liabilities	157	157	0	<b>157</b>
<b>Current liabilities</b>				
Other provisions	4,684	4,684	3,628	<b>8,312</b>
Liabilities to banks	33,940	33,940	0	<b>33,940</b>
Trade payables	28,261	28,261	0	<b>28,261</b>
Other liabilities	27,503	27,503	6,486	<b>33,989</b>

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

The net gains and losses per category are as follows:

<b>Result from financial instruments held for trading</b>	<b>2007 € in K*</b>	<b>2006 € in K*</b>
Interest income	<b>215</b>	0
Results from measurement on the reporting date	<b>-29</b>	-1,741
Gains realized	<b>3,136</b>	1,851
	<b>3,322</b>	110

<b>Result from loans and receivables</b>	<b>2007 € in K*</b>	<b>2006 € in K*</b>
Impairment losses	<b>-3,083</b>	-2,278
Recoveries	<b>981</b>	855
Losses from currency translation	<b>-1,026</b>	-1,964
	<b>-3,128</b>	-3,387

The maturity of the financial liabilities shows the following pattern:

€ in K*	< 1 year	1 - 5 years	> 5 years	Carrying amount Dec. 31, 2007
<b>Non-current liabilities</b>				
Other provisions	0	1,968	0	<b>1,968</b>
Liabilities to banks	0	13,270	357	<b>13,627</b>
Other liabilities	0	51,125	0	<b>51,125</b>
<b>Current liabilities</b>				
Other provisions	8,724	0	0	<b>8,724</b>
Liabilities to banks	193,742	0	0	<b>193,742</b>
Trade payables	38,096	0	0	<b>38,096</b>
Other liabilities	33,402	0	0	<b>33,402</b>

€ in K*	< 1 year	1 - 5 years	> 5 years	Carrying amount Dec. 31, 2006
<b>Non-current liabilities</b>				
Other provisions	0	1,985	0	<b>1,985</b>
Liabilities to banks	0	28,490	0	<b>28,490</b>
Other liabilities	0	157	0	<b>157</b>
<b>Current liabilities</b>				
Other provisions	4,684	0	0	<b>4,684</b>
Liabilities to banks	33,940	0	0	<b>33,940</b>
Trade payables	28,261	0	0	<b>28,261</b>
Other liabilities	27,503	0	0	<b>27,503</b>

### C. Capital Risk Management

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

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

### D. Goals of Financial Risk Management

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

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

## E. Management of Exchange Rate Risks

The Group is exposed to currency risks as approx. 40% of sales revenue is generated in US dollars or currencies linked to the US 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. At the same time, our global production network enables us to offset the lion's share of sales revenues received in foreign currency within the Group against costs likewise incurred in foreign currency. We use derivative financial instruments to hedge against net currency exposure within the scope of cash flow hedging. Our hedging strategy provides for exposures to be hedged approximately 1.5 years in advance. These hedging measures are reviewed at regular intervals to adapt them, when necessary, to expected exchange rate fluctuations.

For currency hedging, we primarily use currency options, where all currency options we hold exclusively serve this purpose – there is no trading for speculative purposes. As a rule, we use zero-cost options that consist of purchasing and simultaneously selling an option. Because both options have the same value at the time of these transactions, no payment is due (zero cost). 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. At the same time, with this option sold, we obligate ourselves to sell the option on the exercise date for a specific foreign currency amount at a fixed exchange rate against the euro, provided that this rate reaches a certain value during the term of the option. Accordingly, the profit or loss resulting from the difference between the current and the previously established exchange rate is measured as income or an expense in the income statement.

Derivative financial instruments are measured at the time of acquisition at cost and at fair value on subsequent balance sheet dates. The changes in value of the derivative financial instruments are to be recognized in the income statement on the reporting date. If the derivative financial instruments serve to hedge against cash flow risk and a qualified hedging relationship exists based on the criteria of IAS 39, the value adjustments are recognized directly in equity. The non-effective portion of the hedged transactions is recognized in the result of the respective period. In fiscal 2007, expenses for non-effective hedging relationships were €238 K\* (2006: earnings were €495 K).

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

Currency	Volume	Term	Hedged exchange rate	Fair value € in K*
<b>Reporting date on Dec. 31, 2007</b>				
USD	25,000,000	Up to 6 months	1,3821	1,158
USD	40,000,000	Up to 12 months	1,4068	1,372
USD	20,000,000	More than 12 months	1,4225	455
	<b>85,000,000</b>			<b>2,985</b>
<b>Reporting date on Dec. 31, 2006</b>				
USD	30,000,000	Up to 6 months	1,2779	981
USD	35,000,000	Up to 12 months	1,3132	618
USD	15,000,000	More than 12 months	1,3327	220
	<b>80,000,000</b>			<b>1,819</b>

If the exchange rate of the US dollar to the euro had dropped 5.0%, the net result and equity in fiscal 2007 would have increased by around €1.3 million (2006: €1.6 million). If the exchange rate to the

US dollar to the euro had risen 5.0%, the net result and equity in fiscal 2007 would have fallen by about €1.5 million (2006: €1.8 million). Overall, the impact on other financial instruments is immaterial.

In addition to the option transactions, on the reporting date the Group concluded the following forward exchange transactions for hedging against currency risks:

Currency	Volume	Maturity	Forward rate	Fair value € in K*
USD	5,000,000	January 31, 2008	1.3283	367
USD	5,000,000	February 29, 2008	1.3079	425
				<b>792</b>



## F. Interest Risk Management

Financing of the entire group is usually done through Sartorius AG and by a few additional companies, which ensure the financing of all Group companies using internal group loans. In this case, the Sartorius Group is exposed to interest rate risks as these loans are taken out at variable and fixed interest rates. To control the interest risk, we maintain an appropriate ratio between fixed and variable loans.

This is done using interest rate contracts, so-called interest caps that limit the risk of the market interest rates increasing beyond an established level. By purchasing interest caps, we secure compensatory payment for specific dates during the term of an

interest rate contract in the amount of the positive difference between the market rate of interest, which is current at the particular time, and a previously established maximum interest rate (cap).

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

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

No.	Initial amount hedged € in K*	Hedge volume (at Dec. 31, 2007) € in K*	Hedge volume (at Dec. 31, 2006) € in K*	Term	Strike	Fair value at Dec. 31, 2007 € in K*	Fair value at Dec. 31, 2006 € in K*
1	7,670	3,359	4,317	March 2010	4.5%	11	6
2	7,669	3,360	4,320	March 2011	4.5%	13	8
3	3,159	2,106	2,808	June 2010	2.5%	35	43
4	12,636	8,424	11,232	June 2010	2.5%	146	168
5	15,795	8,775	12,285	June 2010	2.5%	174	200
	<b>46,929</b>	<b>26,024</b>	<b>34,962</b>			<b>380</b>	<b>425</b>

If the market rate of interest had increased by 0.5 of a percentage point in fiscal 2007, our net result and equity in fiscal 2007 would have decreased by around €0.5 million (2006: €0.1 million). If the interest rate had decreased by 0.5 of a percentage point in fiscal 2007, the net result and equity would have increased by €0.5 million (2006: €0.1 million). These effects are essentially due to the considerably lower interest hedging volume relative to the interest-bearing liabilities.

## G. Liquidity Risk Management

The Group controls liquidity risks by maintaining credit lines and additional facilities with banks, 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 €360.6 million as of December 31, 2007, and gross debt of €207.4 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 fiscal 2007, interest expenses were €13.7 million (2006: €6.2 million).

	Dec. 31, 2007 € in K*	Credit lines Dec. 31, 2006 € in K*	Interest rate	End of term
Syndicated credit	259,700	119,470	Variable	2008
Bilateral credit lines	85,114	58,596	Variable	Until further notice
Other loans	15,825	13,127	3.1–5.4%	2009–2014
	<b>360,639</b>	<b>191,193</b>		

## H. Share-based Payments

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

	Number of phantom stock units	Fair value Dec. 31, 2007 € in K*	Fair value Dec. 31, 2006 € in K*	Paid out € in K*
Tranche of phantom stock units, fiscal 2005	8,755	187	296	0
Tranche of phantom stock units, fiscal 2006	8,327	180	272	0
Tranche of phantom stock units, fiscal 2007	6,348	146	0	0
	<b>23,430</b>	<b>513</b>	<b>568</b>	<b>0</b>

In fiscal 2007, expenses related to phantom stock units were €78 K\* (2006: €392 K\*). Concerning the details of entitlement to receive payment for phantom stock units, please refer to the Remuneration Report that is an integral part of the Group Management Report.

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

	Dec. 31, 2007
Outstanding at the beginning of the 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
<b>Outstanding at the end of the period</b>	<b>179,027</b>
<b>Exercisable at the end of the period</b>	<b>164,627</b>

As of December 31, 2007, the various stock option plans outstanding were as follows:

Date the General Annual Shareholders' Meeting authorized the plan	Date on which the Board granted approval	Initial number of shares to be subscribed	Number of shares to be subscribed by directors and executives	Number of directors and executives concerned	Total number of beneficiaries	Sub- cription price in €	Number of shares subscribed over fiscal 2007	Number of options granted and exercisable on Dec. 31, 2007	Number of options subject to target performance as of Dec. 31, 2007	Number of beneficiaries of valid options
June 23, 2000	August 2, 2000	139,105	0	0	5	8.59	16,600	0	0	0
June 23, 2000	Sept. 28, 2001	142,855	0	0	7	11.94	20,250	4,060	0	1
June 23, 2000	Nov. 14, 2002	12,100	0	0	1	6.78	2,420	0	0	0
June 23, 2000	Sept. 10, 2003	22,000	0	0	1	7.90	-	4,400	4,400	1
June 23, 2000	Feb. 11, 2004	66,000	0	0	1	6.42	-	22,000	0	1
June 23, 2000	July 23, 2004	140,000	0	0	19	9.23	35,000	70,000	0	12
June 10, 2005	Sept. 15, 2005	127,500	30,000	1	15	18.87	15,000	46,667	10,000	7
June 10, 2005	Nov. 11, 2006	35,000	0	0	2	29.51	-	17,500	0	1
<b>Total</b>		<b>684,560</b>	<b>30,000</b>		<b>51</b>		<b>89,270</b>	<b>164,627</b>	<b>14,400</b>	<b>23</b>
								<b>179,027</b>		

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

In fiscal 2007, the expense for stock options recognized in the income statement is €33 K\*, which equates to approximately 30% of the total expenses for share-based payments in the amount of €111 K\*.

Cash received upon the exercise of these options is recognized in the cash and cash equivalents by disclosing a corresponding item in the minority interest.

# Notes to the Income Statement

## 29. Sales Revenue

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

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

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

In 2007, sales revenue for the Sartorius Group rose 13.0% to €589,027 K\* (2006: €521,053 K). Currency-adjusted, the increase for the Group was 15.7%. An amount of €6,221 K (2006: €6,288 K) was earned with affiliated companies.

## 30. Cost of Sales

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

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

## 31. Selling and Distribution Costs

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

## 32. Research and Development Costs

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

## 33. General Administrative Expenses

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

## 34. Other Operating Income and Expenses

	2007 € in K*	2006 € in K*
Currency translation gains	9,554	3,840
Gains on the disposal (sale) of Sartorius Bearing Technology GmbH	16,263	0
Income from the decrease in allowances for bad debts	981	855
Income from release and use of provisions	1,353	872
Income from grants	3,117	3,823
Other income	2,710	2,119
<b>Other operating income</b>	<b>33,978</b>	<b>11,507</b>
Currency translation losses	7,444	3,953
Reorganization expenses	11,354	1,970
Expenses resulting from the disposal (sale) of Sartorius Bearing Technology GmbH	1,455	0
Allowances for bad debts	3,083	2,278
Impairment losses on financial assets	0	12
Other expenses	4,663	3,729
<b>Other operating expenses</b>	<b>27,999</b>	<b>11,942</b>
<b>Other operating income and expenses</b>	<b>5,979</b>	<b>-435</b>

Reorganization expenses predominantly concern transaction and integration costs in connection with the Stedim acquisition as well as reorganization of the equipment business in North America.

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

### 35. Interest

	2007 € in K*	2006 € in K*
Interest and similar income	1,040	235
– of which from affiliated companies	20	15
Interest and similar expenses	12,364	3,285
Expenses for derivative financial instruments	821	1,741
Interest expense for pensions	1,532	1,394
	<b>-13,677</b>	<b>-6,186</b>

### 36. Income Tax Expense

	2007 € in K*	2006 € in K*
Current income taxes	11,837	13,772
Deferred taxes	-2,770	1,853
	<b>9,067</b>	<b>15,625</b>

As a matter of principle, domestic income taxes are calculated at 40.0% of the estimated taxable profit for the fiscal 2007. Income generated outside Germany is taxed at the particular rates that are valid in the corresponding country.

Because we are required to use the income tax rate to be applied for deferred taxes at the time the temporary difference is reversed, this rate was calculated for German companies on the basis of the tax rates of around 30% applicable as of 2008. Taking the local tax rates that are to be applied for subsidiaries outside Germany, we expected the income tax rate to average 35.0%. The following table shows the difference between the tax expense to be expected and the income tax expenses reported for the particular fiscal year:

	2007 € in K*	2006 € in K*
Expected tax expense (35.0%; 2006: 40.0%)	13,777	17,858
Difference from the Group average income tax rate	-2,559	-2,709
Expenses not deductible for tax purposes	284	1,751
Effects from losses, for which no deferred taxes were accrued	3,486	-617
Adjustments concerning the usability of tax loss carryforwards and temporary differences	-256	627
Tax-free income	-4,669	-981
Income tax for previous years	-1,296	-138
Other	300	-165
	<b>9,067</b>	<b>15,625</b>
Effective tax rate	<b>23,0%</b>	<b>35,0%</b>

The item "Adjustments concerning the usability of tax loss carryforwards and temporary differences" are the tax effects that result from reassessment of these components of deferred taxes because of newer information.

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### 37. Earnings per Share

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

	2007	2006
<b>Ordinary shares</b>		
Basis for calculating undiluted earnings per ordinary share (net profit after minority interest)	15,074,089	14,517,022
Weighted average number of shares outstanding	8,528,056	8,528,056
Earnings per share €	1.77	1.70
<b>Preference shares</b>		
Basis for calculating undiluted earnings per preference share (net profit after minority interest)	15,058,112	14,501,636
Weighted average number of shares outstanding	8,519,017	8,519,017
Earnings per share €	1.77	1.70

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

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### 38. Other Disclosures

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

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

For the annual financial statements reported by Sartorius Aachen GmbH & Co. KG, Germany, for the year ended December 31, 2007, the exemption provided by Section 264b of the German Commercial Code (HGB) was applied.

### Declaration According to Section 314, Subsection 1, Sentence No. 8, of the German Commercial Code (HGB)

The declaration prescribed by Section 161 of the German Stock Corporation Law (AktG) was submitted on December 13, 2007, and made available to the shareholders of Sartorius AG on the company's website [www.sartorius.com](http://www.sartorius.com).

### Members of the Supervisory Board and the Executive Board

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

### Total Remuneration of the Supervisory Board and the Executive Board Members

The Supervisory Board of Sartorius AG and Olaf Grothey, member of the Executive Board and Executive for Labor Relations, mutually agreed that Olaf Grothey would resign from his position on the Executive Board of Sartorius AG in September 2007. The Supervisory Board appointed Dr. Günther Maaz as the new Executive for Labor Relations. Dr. Maaz, who has been with Sartorius since 1979, has been a member of the Executive Board since November 2002 and is responsible as President of the Mechatronics Division. He assumed the Executive Board responsibilities previously performed by Olaf Grothey in addition to his regular tasks.

The total remuneration of the Supervisory Board members was €459 K\* (2006: €432 K); that of the Executive Board members, €1,665 K (2006: €1,435 K). The remuneration of former managing directors and members of the Executive Board and their surviving dependents was €1,896 K (2006: €285 K).

The pension obligations for former managing directors, Executive Board members and their surviving dependants was €4,377 K\* (2006: €3,747 K). Concerning the details of this remuneration, please refer to the Remuneration Report, which is an integral part of the Group Management Report.

## Non-Periodic Income and Expenses

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

During the financial year, other income that can be allocated to other periods was €2,557 K\* (2006: €2,738 K). Expenses attributable to other periods amounted to €12,256 K\* (2006: €3,605 K). Essentially, non-periodic income includes income from the release of provisions of €1,563 K and income from reversal of valuation allowances in the amount of €981 K. In particular, the non-periodic expenses concern various reorganization measures amounting to €11,354 K as well as diverse other non-periodic expenses.

## Raw Materials and Supplies

This item consists of the following:

	2007 € in K*	2006 € in K*
Expenses for raw material, supplies and purchased materials (including changes in inventory)	186,291	170,807
Cost of purchased services	12,636	8,233
	<b>198,927</b>	179,040

## Employee Benefits Expense

This item can be broken down as follows:

	2007 € in K*	2006 € in K*
Wages and salaries	183,065	159,058
Social security	33,235	28,712
Expenses for retirement benefits and pensions	4,072	3,442
	<b>220,373</b>	191,213

## Number of Employees

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

	2007	2006
Biotechnology	2,245	1,676
Mechatronics	2,131	2,020
	<b>4,376</b>	3,696

## Auditors' Fee

In fiscal 2007, the following fees were paid to the Group auditors, Deloitte & Touche GmbH:

	2007 € in K*	2006 € in K*
Audits	353	334
Other certification, verification and valuation services	710	92
Tax consultation services	113	88
	<b>1,176</b>	514

# Declaration of the Executive Board

## Proposal for Appropriation of Profits

The Supervisory Board and the Executive Board will submit a proposal to the Annual Shareholders' Meeting to appropriate the retained profit of €31,609,587.94 reported by Sartorius AG for the year ended December 31, 2007, as follows:

	€
Payment of a dividend of €0.66 per ordinary share	5,628,516.96
Payment of a dividend of €0.68 per preference share	5,792,931.56
Unappropriated profit carried forward	20,188,139.42
	<b>31,609,587.94</b>

Goettingen, February 2008

Sartorius Aktiengesellschaft  
The Executive Board

To the best of our knowledge, we declare that the consolidated financial statements for fiscal 2007 present a true and fair view of the actual net worth, financial situation and profitability of the Group in accordance with the accounting standards used in preparing these statements. We also certify that the progress of the Group's business, including its business performance and the situation of the Group, are represented accurately in the Group Management Report in all material respects and present the most important opportunities and risks of the Group's future development during the fiscal year.

Goettingen, February 2008

Sartorius Aktiengesellschaft  
Executive Board



Dr. Joachim Kreuzburg



Dr. Günther Maaz



# Independent Auditors' Report

We audited the consolidated year-end financial statements, which consist of the consolidated balance sheet, income statement, statement of changes in equity, statement of recognized income and expense, cash flow statement and notes to the financial statements – along with the management report integrated into the Group Management Report – and which Sartorius Aktiengesellschaft, Germany, prepared for the fiscal year from January 1 through December 31, 2007. Preparation of the consolidated financial statements and the Group Management Report according to the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, and according to the commercial rules to be additionally applied in conformance with § 315a, Subsection 1, of the German Commercial Code (HGB), is the responsibility of the Executive Board of the parent corporation, Sartorius Aktiengesellschaft. Our responsibility is to express an opinion on the consolidated financial statements and on the Group Management Report based on our audit.

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

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

Our audit did not result in any objections.

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

Hanover, February 29, 2008

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



Reker  
Auditor



Tenambergen  
Auditor

# Executive Board and Supervisory Board

During Fiscal 2007 <sup>1)</sup>

## Executive Board

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

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

## Olaf Grothey

Industriemeister Metall (Foreman for metalworking)  
Member and Executive for Labor Relations until  
Sept. 7, 2007  
Human Resources and General Administration  
Born Jan. 22, 1960  
Goettingen, Germany

## Supervisory Board

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

**Gerd-Uwe Boguslawski**  
Dipl.-Sozialwirt (Graduate Social Manager)  
Vice Chairman of the Supervisory Board  
1st senior local officer of the  
German Metalworkers' Union in  
Goettingen, Germany

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

**Annette Becker**  
Kauffrau (Business Administrator)  
Exempted member of the Employees' Council  
of Sartorius AG  
Goettingen, Germany

**Christiane Benner**  
Dipl.-Soziologin (Graduate Sociologist)  
Gewerkschaftssekretärin (Union Secretary)  
Regional Management  
of the German Metalworkers' Union for  
Lower Saxony and Saxony-Anhalt  
Hanover, Germany

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

**Michael Dohrmann**

Feinmechaniker (Precision Engineer)  
Vice Chairman of the Employees'  
Council of Sartorius AG  
Goettingen, Germany

**Dr. Lothar Kappich**

Dipl.-Ökonom (Graduate Economist)  
Member since April 27, 2007  
Managing Director of ECE Projektmanagement  
GmbH & Co.KG  
Hamburg, Germany

**Prof. Dr. Gerd Krieger**

Lawyer  
Honorary professor at the Heinrich-Heine University  
in Duesseldorf  
Duesseldorf, Germany

**Prof. Dr. rer. nat. Dr.-Ing. E.h.****Heribert Offermanns**

Dipl.-Chemiker (Graduate Chemist)  
Honorary Professor at the Johann-Wolfgang-  
Goethe University of Frankfurt am Main  
Hanau, Germany

**Dr. Michael Schulenburg**

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

**Manfred Werner**

Dipl.-Ökonom (Graduate Economist)  
Senior Vice President of Administration,  
Organization and Auditing, Sartorius Corporate  
Administration GmbH  
Goettingen, Germany

**Dr. Erwin Hardt**

Dipl.-Kaufmann (Graduate in Business  
Administration)  
Member until April 27, 2007  
Feldafing, Germany

**Committees of the Supervisory Board****Executive Task Committee**

Prof. Dr. Dres. h.c. Arnold Picot (Chairman)  
Gerd-Uwe Boguslawski  
Uwe Bretthauer  
Dr. Michael Schulenburg as of April 27, 2007

**Audit Committee**

Dr. Michael Schulenburg (Chairman)  
as of April 27, 2007  
Gerd-Uwe Boguslawski  
Uwe Bretthauer  
Prof. Dr. Dres. h.c. Arnold Picot

**Conciliation Committee**

Prof. Dr. Dres. h.c. Arnold Picot (Chairman)  
Gerd-Uwe Boguslawski  
Uwe Bretthauer  
Dr. Michael Schulenburg as of April 27, 2007

**Nomination Committee**

**(as of December 13, 2007)**

Prof. Dr. Gerd Krieger  
Prof. Dr. Dres. h.c. Arnold Picot  
Dr. Michael Schulenburg

**Dr. Erwin Hardt**

Executive Task Committee until April 27, 2007  
Audit Committee (Chairman) until April 27, 2007  
Conciliation Committee until April 27, 2007

<sup>1)</sup> Information required pursuant to Section 285,  
No. 10, of the German Commercial Code (HGB)

**Positions Held by the Members of the Executive Board <sup>1)</sup> as of December 31, 2007**

**Dr. rer. pol. Joachim Kreuzburg**

Président-Directeur Général of:

- Sartorius Stedim Biotech S.A., France <sup>2)</sup>

On the Supervisory Board of:

- Sartorius Stedim Biotech GmbH, Germany, Vice Chairman <sup>2)</sup>

On the Board of Directors of:

- Sartorius Stedim North America, Inc., USA <sup>2)</sup>
- Sartorius Stedim SUS, Inc., USA <sup>2)</sup>
- Sartorius Stedim Freeze Thaw, Inc., USA <sup>2)</sup>
- Sartorius Stedim Filters, Inc., Puerto Rico <sup>2)</sup>
- Sartorius Mechatronics Japan K.K., Japan <sup>2)</sup>
- Sartorius Stedim Japan K.K., Japan <sup>2)</sup>
- Beijing Sartorius Instrument & System Engineering Co. Ltd., China <sup>2)</sup>
- Sartorius Scientific Instruments (Beijing) Co. Ltd., China <sup>2)</sup>
- Sartorius Stedim Lab Ltd., United Kingdom <sup>2)</sup>

On the Landesbeirat (Regional Advisory Board) of:

- Commerzbank AG, Germany <sup>3)</sup>

**Dr. rer. nat. Günther Maaz**

On the Board of Directors of:

- Sartorius North America, Inc., USA <sup>2)</sup>
- Sartorius Mechatronics Corporation, USA <sup>2)</sup>
- Sartorius TCC Company, USA <sup>2)</sup>
- Denver Instrument, Inc., USA <sup>2)</sup>
- Sartorius Omnimark Instrument Corporation, USA <sup>2)</sup>
- Sartorius Stedim Filters, Inc., Puerto Rico <sup>2)</sup>
- Sartorius Mechatronics Hong Kong Ltd., China <sup>2)</sup>
- Beijing Sartorius Instrument & System Engineering Co. Ltd., China, Vice Chairman <sup>2)</sup>
- Sartorius Scientific Instruments (Beijing) Co. Ltd., China, Vice Chairman <sup>2)</sup>

On the Advisory Board of:

- Denver Instrument GmbH, Germany <sup>2)</sup>

**Olaf Grothey**

On the Board of Directors of:

- Sartorius North America, Inc., USA, until Sept. 8, 2007 <sup>2)</sup>
- Sartorius Mechatronics Corporation, USA, until Sept. 8, 2007 <sup>2)</sup>
- Sartorius Mechatronics Hong Kong Ltd., China, until Sept. 8, 2007 <sup>2)</sup>
- Sartorius Mechatronics Korea Ltd., Korea, until Sept. 8, 2007 <sup>2)</sup>
- Sartorius Biotech India Pvt. Ltd., India, until Sept. 8, 2007 <sup>2)</sup> <sup>4)</sup>
- Sartorius Mechatronics India Pvt. Ltd., India, until Sept. 8, 2007 <sup>2)</sup>
- Sartorius Stedim Malaysia Sdn. Bhd., Malaysia, until Sept. 8, 2007 <sup>2)</sup>
- Sartorius Stedim Australia Pty. Ltd., Australia, until Sept. 8, 2007 <sup>2)</sup>

<sup>1)</sup> Information required pursuant to Section 285, No. 10, of the German Commercial Code (HGB)

<sup>2)</sup> Positions held within the Group

<sup>3)</sup> External positions held

<sup>4)</sup> Sartorius Biotech India Pvt. Ltd. renamed Sartorius Stedim India Pvt. Ltd., effective October 22, 2007

**Positions Held by the Members of the Supervisory Board <sup>1)</sup> as of December 31, 2007**

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

On the Conseil d' Administration of:

– Sartorius Stedim Biotech S.A., France <sup>2)</sup>

On the Supervisory Board of:

– Sartorius Stedim Biotech GmbH, Germany, Chairman <sup>2)</sup>

– eteleon e-solutions AG, Germany, Vice Chairman <sup>3)</sup>

– Takkt AG, Germany <sup>3)</sup>

– Wissenschaftliches Institut für Kommunikationsdienste GmbH and WIK-Consult GmbH (Scientific Institute for Communications Services GmbH and WIK Consult GmbH), Germany <sup>3)</sup>

**Gerd-Uwe Boguslawski**

On the Supervisory Board of:

– Novelis Deutschland GmbH, Germany <sup>3)</sup>

– Demag Cranes & Components GmbH, Germany <sup>3)</sup>

– Demag Cranes AG, Germany <sup>3)</sup>

**Dr. Dirk Basting**

None

**Annette Becker**

None

**Christiane Benner**

Im Aufsichtsrat von:

On the Supervisory Board of:

– IAV GmbH, Ingenieurgesellschaft Auto und Verkehr (auto and traffic engineering company), Germany <sup>3)</sup>

**Uwe Bretthauer**

None

**Michael Dohrmann**

None

**Dr. Lothar Kappich**

None

**Prof. Dr. Gerd Krieger**

On the Supervisory Board of:

– ARAG Lebensversicherungs-AG, Germany <sup>3)</sup>

– ARAG Krankenversicherungs-AG, Germany <sup>3)</sup>

**Prof. Dr. rer. nat. Dr.-Ing. E.h.**

**Heribert Offermanns**

On the Supervisory Board of:

– Innovectis (Gesellschaft für Innovative Technologien und FuE-Dienstleistungen = Innovative Technologies and R&D Services) GmbH, Germany, Vice Chairman <sup>3)</sup>

**Dr. Michael Schulenburg**

On the Administrative Board

(Verwaltungsrat) of:

– TÜV Rheinland Berlin Brandenburg Pfalz e.V., Germany <sup>3)</sup>

On the Advisory Board (Beirat) of:

– Lohmann GmbH & Co.KG, Germany <sup>3)</sup>

– Odenwald Faserplattenwerk GmbH, Germany <sup>3)</sup>

On the Board of Directors of:

– Cognis Holding Luxembourg S.à.r.l., Luxembourg

On the Supervisory Board of:

– Cognis GmbH, Germany, Chairman <sup>3)</sup>

**Manfred Werner**

On the Consejo de Administración of:

– Sartorius Stedim Spain S.A., Spain, "Presidente" (President) <sup>2)</sup>

On the Raad van Bestuur:

– Sartorius Mechatronics Belgium N.V., Belgium <sup>2)</sup>

– Sartorius Stedim Belgium N.V., Belgium <sup>2)</sup>

**Dr. Erwin Hardt**

None

<sup>1)</sup> Information required pursuant to Section 285, No. 10, of the German Commercial Code (HGB)

<sup>2)</sup> Positions held within the Group

<sup>3)</sup> External positions held

0

4



## Supplementary Information

# Glossary

## Industrial | Product-specific Terms

### Bioreactor

In English-speaking countries, a bioreactor is used as a vessel for cultivating animal or human cells in a culture medium. In non-English-speaking countries, this term is also used synonymously with "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.

### Electrochemical analysis

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

### FDA – Food and Drug Administration

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

### Fermentation

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

### Fluid Management

Generic term for sterile storage and aseptic transport of biopharmaceutical media.

### IFS – International Food Standard

The IFS is an internationally accepted standard for auditing and certifying systems to ensure safety and quality in the production of foods, and has been specially written for food producers who supply own branded products to retailers. As of January 1, 2008, food safety audits may be performed only according to the latest IFS version 5. In particular, the new version has improved the hygiene, packaging material and traceability requirements. In Germany and France, IFS requirements have been implemented by the respective retailers' associations Deutscher Einzelhandelsverband and the Fédération des Entreprises du Commerce et la Distribution.

### isoCAL

Fully automatic calibration and adjustment function implemented in Sartorius balances and scales. It is activated according to preset or user-defined intervals. In addition, if the balance or scale detects that the temperature has gone below or exceeded a preset difference, calibration and adjustment are performed automatically. This feature ensures that the accuracy of the balance or scale is maintained even without requiring any intervention by the user.

### 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.

### Mechatronics

The interdisciplinary field and interaction of mechanical, electrical and electronics engineering, intelligent control technology and computer science. This enables the effects of material properties and ambient conditions on measured results to be largely compensated for.

### 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.

### Metal detectors

Systems integrated into a manufacturing process to search for and sort out contaminants (such as metal particles) from products. These metal detectors are used in the food-processing industry, for example, to protect consumers or as auxiliary equipment on machines to prevent particles from ruining post-connected machinery, thus preventing costly repairs and machine downtimes.

### Microwave resonance technology

Fast analytical process that takes just seconds instead of hours required by other methods in order to measure the moisture of a material indirectly.

### 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.

**Business | Economic Terms****Amortization**

Amortization relates exclusively to potential reductions in the value of goodwill and the assignment of the purchase price to intangible assets acquired as carried out in accordance with IFRS 3.

**Cash flow**

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

**DAX®, MDAX®, SDAX®, TecDAX®**

German stock indexes of the transaction service provider and marketplace organizer Deutscher Börse AG.

**D&O insurance – Directors' and Officers' liability insurance**

This liability insurance provides coverage to Supervisory and Executive Board members, including managerial employees.

**Derivative financial instruments**

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

**DVFA|SG**

The Methods Commission of the German Association for Financial Analysis and Asset Management (DFVA e.V.) and the Work Group for "External Corporated Accounting of the Schmalenbach Gesellschaft" (German Association for Economics).

**EBITA**

Earnings before interest, taxes and amortization.

**EBIT margin**

EBIT (earnings before interest and taxes (as a ratio of the operating income without depreciation (without allowing for debt service) to sales revenue.

**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.

**Prime Standard**

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

**Pro forma**

The pro forma data 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 value-added process.

**Treasury**

Short- and medium-term liquidity management.

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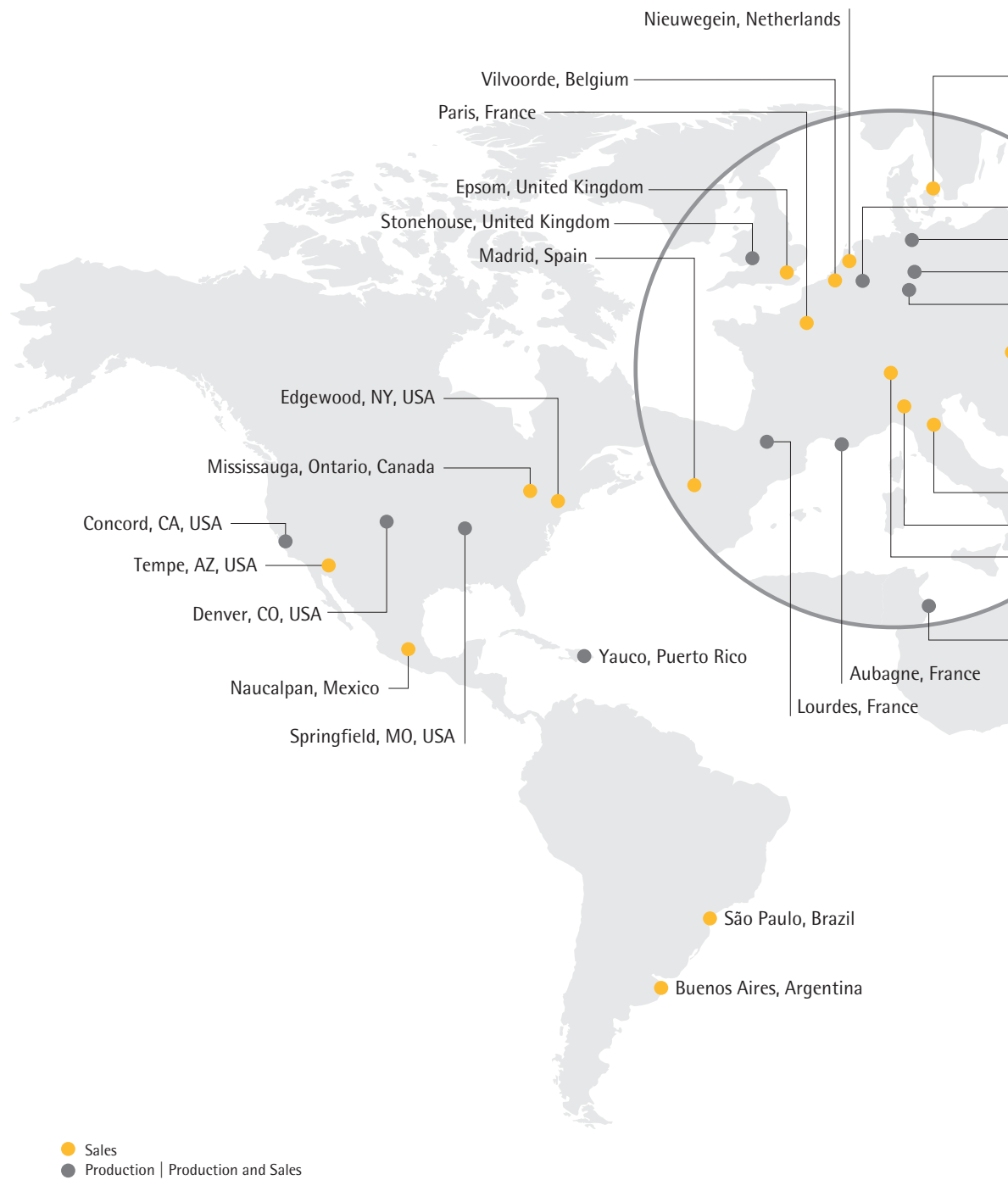
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Value added | 28 | 54

## W

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# A Local Presence Worldwide





# sartorius



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# About This Publication

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## 2007 Environmental Production and Occupational Safety Report

If you would like more information on the topics of environmental protection and occupational safety, you can download a PDF file of this current German-language publication from our website. (English is in preparation.) On some 30 pages, Sartorius explains its approach of "going beyond our duty and developing a concept for success" in view of the environmental protection and occupational safety standards at the German locations of the Sartorius Group.



# A Selection of Our Products

## Biotechnology



**Sartorius MidiCaps® | MaxiCaps®**  
Disposable filter capsules with a wide selection of various filter materials, sizes and connector options



**SARTOFLOW® Alpha plus**  
Modular benchtop crossflow filtration system for semiautomatic microfiltration, ultrafiltration and diafiltration applications



**Sartobind Q SingleSep® nano**  
Smallest scalable membrane adsorber capsule with 1 ml bed volume for the purification of proteins



**Flexboy®**  
Sterile disposable bags with a capacity of 500 ml for the collection of biopharmaceutical media samples



**BIOSTAT® Cultibag RM 200**  
Bioreactor system for cultivation of shear-sensitive cells in disposable bags (working volume up to 100 l)



**Minisart®**  
Syringe filters with high flow rates for sterile filtration, particle removal, ultracleaning and prefiltration of sample volumes up to 100 ml



**Flexel® 3D Modular Palletank® System**  
Stainless steel container for the safe transport and storage of biopharmaceutical media in sterile Flexel® 3D disposable bags



**BIOSTAT® Qplus**  
Modular bioreactor system for process development and optimization; designed for parallel operation with fully independent control of up to twelve low-volume culture vessels



**BioSealer® | Biowelder®**  
Fully automated devices for leak-free, sterile connections and disconnections of thermoplastic tubing on disposable bag systems

## Mechatronics



Sartorius CP  
Series of micro-, analytical and precision balances featuring a weighing range from 1 µg to 34 kg



CoSYNUS®  
Dynamic checkweigher combined with a metal detector for quality assurance and flexibility of use



Combics® Food series  
Complete scale designed in accordance with European Hygienic Equipment Design Group (EHEDG) guidelines specifically for use in the food industry



Sartorius Midrics®  
Completely flexible, individually configurable industrial scale with a range of platform sizes (weighing capacities of 3 kg to 3,000 kg)



OEM Weigh and Load Cells  
For integration into process or lab equipment



PMD300 Moisture Analyzer  
Designed for online measurement of moisture in free-flowing, granular and pourable products



X3 Controller  
Process indicator for determining weight values and transferring data to higher-level systems (e.g. over a network, such as Ethernet)



Sartorius MoveLine  
Mobile flat-bed scale for weighing containers in hygienically sensitive areas of the pharmaceutical and food industries (weighing capacities from 150 kg to 3,000 kg)



Sartorius Signum®  
Compact premium industrial scale, specifically designed for customized weighing applications

# Financial Schedule and Contacts

## Financial Schedule

### April 23, 2008

Annual Shareholders' Meeting  
in Goettingen, Germany

### 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

### March 2009

Annual press conference  
in Goettingen, Germany

### April 23, 2009\*

Annual Shareholders' Meeting  
in Goettingen, Germany

### April 2009

Publication of  
first-quarter figures for 2009

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\* Tentative date scheduled

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