

STRATEC Biomedical Systems AG

Interim Report as of March 31, 2006

Dear Shareholders,

Our earnings reporting for the 2006 financial year began with a triumph at the end of April.

At more than 50%, our sales growth was considerably higher than expected by many market participants. The growth in consolidated net income, which rose by 120% on the equivalent period in the previous year to Euro 1.572 million in the first three months of 2006, also provided a very positive surprise. Quarterly earnings per share thus amount to Euro 0.43.

The consolidated income statement, and therefore also the consolidated net income figure, does not include the positive earnings generated by Sanguin, the Anglo-American software company acquired in mid-March 2006. In contrast to the consolidation of the balance sheet, which was already undertaken in the first quarter of 2006, the consolidation of the income statement of the profitable company Sanguin for the second quarter of 2006 will be undertaken in the interim report for the first half of 2006.

We expect the takeover of Sanguin to generate savings of around Euro 3 million in the medium term in the implementation of analyzer system families currently in the development and planning stages. Both companies will benefit in particular from the complementary product portfolio for clinical diagnostic laboratories resulting from the combination of Sanguin's software with STRATEC's technology. Sanguin is currently one of the few companies to provide FDA-approved software solutions capable of use by diagnostics companies around the world in networks, particularly in the field of blood bank applications.

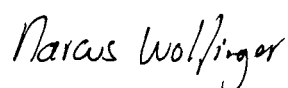
Since April 2006, the activities of the STRATEC Group and the performance of our share price have been closely monitored in company studies by a further renowned bank. In addition to Landesbank Baden-Württemberg and Berenberg Bank, WestLB is thus the third bank to provide regular documentation and commentaries on the financial performance of the STRATEC Group.

Birkenfeld, May 2006

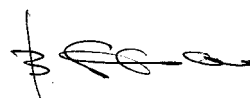
The Board of Management of
STRATEC Biomedical Systems AG



Hermann Leistner



Marcus Wolfinger



Bernd M. Steidle

Events between January and March 2006

- In mid-March 2006, STRATEC Biomedical Systems AG took over 100% of the shares in Sanguin International Ltd., Barton-under-Needwood, UK, including its 75% shareholding in Sanguin International Inc., Hamden, CT, USA.

The net purchase price (purchase price less the paid cash position), which has so far only been paid in part, amounts to a total of a maximum of a medium-sized single-digit million euro amount. This figure represents a maximum amount to the extent that part of the net purchase price is dependent, among other factors, on the earnings generated by Sanguin for the 2005/2006 financial year and on the progress made in a software integration project at the company thereby taken over. STRATEC conclusively paid the remaining portion of the purchase price with a total of 18,206 new shares created from the authorized capital of STRATEC Biomedical Systems AG (non-cash capital increase). These shares are subject to an agreed lock-up period. The fair value of these shares amounted to Euro 43.94 per STRATEC share at the time of the acquisition of Sanguin. The aforementioned non-cash capital increase was entered in the Commercial Register on March 31, 2006. The consolidated cash flow statement includes only those items relating to the acquisition of Sanguin which had an impact on liquidity at the end of the quarter.

As a result of the ongoing positive performance of Sanguin and the resultant high probability that the conditions precedent and qualifying components relating to the payment of the purchase price will be met, the remaining share of the purchase price (based on the assets identified within the framework of the purchase price allocation), amounting to Euro 860k, has been capitalized as goodwill.

Due account was taken of the net cash position at Sanguin when determining the purchase price.

We assume that it will be possible to complete the transaction in full during the 2006 financial year.

In conclusion, we would point out that as a result of the initial consolidation of Sanguin, the balance sheet items stated as of March 31, 2006 are only comparable to a limited extent with the balance sheet items reported as of December 31, 2005.

- At "LabAutomation", one of the most important trade fairs for laboratory automation, which was held in Palm Springs, California, USA, in January 2006, CyBio AG, Jena, Germany, and STRATEC Biomedical Systems AG signed a cooperation agreement. The systems will be designed and manufactured by STRATEC for the pharmaceutical and biotechnology sector and will be sold by CyBio around the world under its own name.

The fully automated systems designed and manufactured by STRATEC will initially supplement CyBio's liquid handling portfolio with a flexible pipetting platform, thus expanding CyBio's range of applications for the life science industry. One of these systems, in this case for decided applications, was already exhibited to great acclaim at the Analytica trade fair in Munich in April. This cooperation enables STRATEC to benefit from CyBio's established global sales network and thus saves it from having to develop its own costly sales organization.

In view of this situation, on January 20, 2006 STRATEC Biomedical Systems AG increased its existing shareholding in its new sales partner, CyBio, by 6.250% from 4.875% to 11.125% by means of an off-market transfer placement.

Employees

The STRATEC Group had a total of 206 employees as of March 31, 2006 (previous year: 179).

Our forecast model

Within the framework of long-term development and supply contracts, our customers provide us at regular intervals with forecasts for various periods in the future. While one part of such forecasts constitutes a legally binding order, the other assists us in our planning and accounts for the high level of forecasting reliability in the business model of STRATEC.

Investments

In the first three months of the 2006 financial year, STRATEC invested a total of Euro 204k in fixed assets, with software (Euro 73k) making up the largest single component. Moreover, in the first quarter of 2006, STRATEC invested a total of Euro 5,203k in financial assets, of which Euro 1,338k related to third-party investment securities and Euro 3,865k to shares in affiliated companies. This item includes cash holdings amounting to Euro 1,209k at the acquired company Sanguin.

Research and development expenses

The expenses relating to research and project management, and to development services not fulfilling the capitalization criteria set out in IAS 38, amounted to Euro 1,969k in the first three months (previous year: Euro 1,081k) and have been reported mainly as personnel expenses in the company's consolidated income statement. Moreover, procurement volumes of around Euro 179k (previous year: Euro 105k) were incurred during the period under report in connection with materials used in research and development. These have been included in the cost of materials item.

Initial inclusion of Sanguin in the consolidated financial statements

Pursuant to IFRS 3 (Business Combinations), the income statement of Sanguin has **not** been included in the consolidated income statement of the STRATEC Group for the first quarter of 2006. In contrast to the consolidation of the balance sheet, which was already undertaken in the first quarter of 2006, the consolidation of the income statement of the profitable company Sanguin for the second quarter of 2006 will, pursuant to the aforementioned regulation, be undertaken in the interim report for the first half of 2006.

Disclosures relating to the shareholding held in CyBio AG

In view of the sales partnership entered into with CyBio AG, Jena, Germany, on January 20, 2006 STRATEC Biomedical Systems AG increased its existing shareholding in this company by 6.250% from 4.875% to 11.125% by means of an off-market transfer placement.

The shares involved constitute shares available for sale, which were stated at fair value as of the reporting date. In view of the high level of volatility shown by the share price, the fair value has been determined on the basis of investment theory. In particular, this involved the use of parameters of expectation, volatilities and a risk-adjusted interest rate. The fair value determined in this manner amounted to Euro 2,004k as of March 31, 2006 and is thus around Euro 367k higher than the historical cost of acquisition (the market value as of March 31, 2006 is around Euro 1,127k higher than the fair value stated). The differential amount has been recorded directly under equity (revenue reserves) without any impact on earnings.

Facts and Figures

Consolidated Balance Sheet (in Euro 000s)

Assets	03.31.2006	12.31.2005
A. Fixed assets		
Intangible assets	4,945	188
Goodwill	860	-
Property, plant and equipment	5,660	5,688
Financials assets	2,440	840
	13,905	6,716
B. Current assets		
Inventories	14,407	12,733
Accounts receivable	10,282	10,495
Future receivables from production orders	4,240	3,115
Other assets	1,184	489
Other securities	271	-
Cash on hand, cash at banks	7,095	9,962
	37,479	36,794
C. Prepayments and accrued income	149	117
Total assets	51,533	43,627

Shareholders' equity and liabilities	03.31.2006	12.31.2005
A. Shareholders' equity		
Share capital	3,679	3,660
Capital reserve	15,934	15,896
Revenue reserves	13,025	7,567
Consolidated net earnings	1,572	4,413
Treasury stock	-13	-13
	34,197	31,523
B. Dept capital		
1. Long-term debt capital		
Provisions for pensions	24	24
Provisions for deferred taxes	2,137	394
Long-term financial liabilities	1,742	1,706
	3,903	2,124
2. Short-term debt capital		
Short-term financial liabilities	1,753	1,840
Accounts payable	4,550	2,463
Liabilities to affiliated companies	39	57
Short-term provisions	2,094	1,547
Tax provisions	2,364	2,319
Other short-term liabilities	2,633	1,754
	13,433	9,980
Total shareholder's equity and liabilities	51,533	43,627

Consolidated Income Statement (in Euro 000s)

	01.01.06 - 03.31.06	01.01.05 - 03.31.05
Sales	15,359	10,097
Reduction (previous year: increase) in unfinished products and services	-143	518
Other capitalized own-account services	42	36
Overall performance	15,258	10,651
Other operating income	29	30
Cost of raw materials and supplies	-8,596	-5,578
Cost of services rendered	-172	-163
Personnel expenses	-2,892	-2,657
Other operating expenses	-1,203	-875
EBITDA	2,424	1,408
Depreciation of fixed assets	-270	-220
EBIT	2,154	1,188
Net interest expenses	-16	-48
Result of ordinary activities (EBT)	2,138	1,140
Current taxes	-266	-468
Deferred taxes	-300	47
Consolidated net income	1,572	719

Earnings per share	0.43	0.22
No. of underlying shares	3,662,078	3,298,400

Earnings per share, diluted	0.42	0.21
No. of underlying shares	3,777,436	3,390,682

Consolidated Cash Flow Statement (in Euro 000s)

	01.01.06 – 03.31.06	01.01.05 – 03.31.05
Consolidated net income	1,572	719
Deprecation and amortization of fixed assets and current assets	270	220
Other expenses not affecting payments	58	32
Decrease in long-term provisions	-	-4
Increase (previous year: decrease) in provisions for deferred taxes	300	-47
Cash flow	2,200	920
Profit from disposals of fixed assets	-5	-11
Increase in inventories, accounts receivable and other assets	-3,028	-3,790
Increase in accounts payable and other liabilities	2,177	2,524
Inflow of funds from operating activities	1,344	-357
Incoming payments from disposals of fixed assets	5	11
Addition to payment funds at the Group resulting from company acquisition	1,209	-
Investment in company acquisition	-3,769	-
Outgoing payments for investments in fixed assets	-1,585	-270
Outflow of funds from investment activities	-4,140	-259
Outgoing payments (previous year: incoming payments) from the repayment (previous year: taking up) of (financial) loans	-71	307
Outflow of funds (previous year: inflow of funds) from financing activities	-71	307
Payment-related change in financial funds	-2,867	-309
Financial funds at start of period	9,962	1,222
Financial funds at end of period	7,095	913

Statement of Changes in Group Shareholders' Equity (in Euro 000s)

January - March 2005	Subscribed capital	Capital reserve	Revenue reserves	Consolidated net income	Treasury stock	Total equity
Balance at 01.01.2005	3,300	4,059	5,344	2,778	-13	15,468
Profit carried forward ⁽¹⁾	-	-	2,778	-2,778	-	-
Transfer due to share option plans	-	32	-	-	-	32
Consolidated net income	-	-	-	719	-	719
Balance at 03.31.2005	3,300	4,091	8,122	719	-13	16,219

January - March 2006	Subscribed capital	Capital reserve	Revenue reserves	Consolidated net income	Treasury stock	Total equity
Balance at 01.01.2006	3,660	15,896	7,568	4,413	-13	31,524
Profit carried forward ⁽¹⁾	-	-	4,413	-4,413	-	-
Capital increase for company acquisition by issuing 18,206 shares	19	-	782	-	-	801
Transfer due to share option plans	-	38	-	-	-	38
Adjustment resulting from the valuation of assets available for sale at fair value	-	-	262	-	-	262
Consolidated net income	-	-	-	1,572	-	1,572
Balance at 03.31.2006	3,679	15,934	13,025	1,572	-13	34,197

Breakdown of Sales at the Group

The breakdown of sales into their respective geographical regions represents the distribution of STRATEC products. In view of the fact that the customers of STRATEC generally supply their country outlets and customers from central distribution centers, however, this breakdown of sales does not represent the geographical distribution of the final operating locations of STRATEC analyzer systems. We assume that the overwhelming majority, with a rising tendency, of all analyzer systems ever produced by STRATEC are now located outside Germany.

Sales can be broken down into their respective geographical regions (customer locations) as follows:

Period	Germany	EU	Other	Total
January - March 2005	€ 2,333k	€ 6,441k	€ 1,323k	€ 10,097k
	23.1%	63.8%	13.1%	100.0%

Period	Germany	EU	Other	Total
January - March 2006	€ 3,237k	€ 11,242k	€ 880k	€ 15,359k
	21.1%	73.2%	5.7%	100.0%

Disclosures on the volume of treasury stock in STRATEC Biomedical Systems AG and on the subscription rights of members of the company's executive and supervisory bodies and of its employees pursuant to Section 160 (1) Nos. 2 and 5 of the German Stock Corporation Act (AktG)

As of March 31, 2006, STRATEC Biomedical Systems AG owned a total of 1,500 of its own shares. This corresponds to a prorated amount of Euro 1,500 of its share capital and to a 0.04% share in its equity.

The members of the Board of Management and the employees held the following numbers of subscription rights (share option rights) as of March 31, 2006:

Conditional Capital I *	Board of Management	Employees	Total
Outstanding on 12.31.2005	10,750	-	10,750
Issued	-	-	-
Expired	-	-	-
Lapsed	-	-	-
Outstanding on 03.31.2006	10,750	-	10,750

* Conditional capital I was created by resolution of the Annual General Meeting held on July 27, 2000.

Conditional Capital II *	Board of Management	Employees	Total
Outstanding on 12.31.2005	56,250	81,750	138,000
Issued	-	-	-
Expired	-	-	-
Lapsed	-	-	-
Outstanding on 03.31.2006	56,250	81,750	138,000

* Conditional capital II was created by resolution of the Annual General Meeting held on May 28, 2003.

Outlook

The sales growth in past years was based on a balanced portfolio of new systems and of systems whose marketing launch had taken place in the respective previous period. The changes in our product portfolio resulting from systems due to be launched in coming periods or which have recently been launched onto the market will generate further growth. The very pleasing sales and earnings figures for the first quarter provide clear evidence of this.

As a result of the outsourcing requirements on the part of our customers and of our high rate of investment in our development divisions, we assume that our sales in particular will show considerably more rapid growth than the market in the coming periods. Moreover, the measures undertaken to expand our margin and the increasing internationalization of the STRATEC Group lead us to expect further disproportionate earnings growth.

Latest News

At their meeting in April 2006, the Supervisory Board and Board of Management of STRATEC Biomedical Systems AG decided to propose to the Annual General Meeting to be held on June 23, 2006 that the distribution to the shareholders of the company be increased by 50%. A dividend of Euro 0.30 per share is proposed for distribution for the 2005 financial year (previous year: dividend of Euro 0.15 plus a bonus of Euro 0.05). Moreover, a capital increase from company funds and the issuing of bonus shares will also be proposed for approval by the Annual General Meeting. This measure would involve each shareholder receiving two additional new shares for each existing share. No deposit would be made by the shareholders in this context.

The invitation to our Annual General Meeting, including all items on the agenda, the respective proposed resolutions and the report of the Board of Management, are available for you to download as a PDF document from our company's website.

Notice

This interim report is also available in German.

The interim report as of March 31, 2006 has been compiled in accordance with IAS 34. Application has been made of the total cost method in the compilation of the interim report as of March 31, 2006. Unless otherwise stated, the same accounting and valuation methods have been used as in the previous annual financial statements. The accounting and valuation methods applied therein have been presented in detail in the notes to the annual financial statements as of December 31, 2005.

Pursuant to IAS 34.16, only those aspects which relate to STRATEC have been disclosed in the text of the quarterly report.

Consolidation principles – Receivables and liabilities between the companies consolidated have been offset against one another. The same applies to inter-company income and expenses. The financial assets of STRATEC Biomedical Systems AG have also been consolidated with the share capital of Robion AG and Sanguin International Ltd. The various currencies have been converted using period-end exchange rates. Reference is made to IAS 34.16 in respect of the remaining items in the notes.

Forward-looking statements involve risks. This interim report contains various statements concerning the future performance of STRATEC. These statements are based both on assumptions and on estimates. Although we are convinced that these forward-looking statements are realistic, we can provide no guarantee of this. This is because our assumptions involve risks and uncertainties which could result in a substantial divergence between actual results and those expected. It is not planned to update these forward-looking statements.

There may be some discrepancies throughout this interim report on account of mathematical rounding up in the course of addition.

Anglicisms in the field of diagnostics – The specialist terminology used in the field of diagnostics mainly derives from linguistic usage in the English-speaking world. For this reason, we make periodic use of “anglicisms” in our ongoing reporting. Any attempt to find a suitable German equivalent for these established terms relating to diagnostics could result in an impediment of the concepts in question. We nevertheless take trouble to define such concepts in German wherever we consider it feasible.

Financial Calendar 2006

06.23.2006	Annual General Meeting, Pforzheim
08.09.2006	Publication of 6 month report
11.08.2006	Publication of 9 month report
11.28.2006	Deutsches Eigenkapitalforum – Analysts' Conference, Frankfurt am Main

Partially incomplete / Subject to amendment

About STRATEC

STRATEC Biomedical Systems AG (<http://www.stratec-biomedical.de>) designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology. These partners market such system solutions, in general together with their own reagents, to laboratories and research institutes around the world. The company develops its products on the basis of its own patented technologies. The shares in the company (WKN: 728900 / ISIN: DE0007289001) are traded in the Prime Standard market segment of the Frankfurt Stock Exchange and in the Gate-M trading segment of the Stuttgart Stock Exchange, as well as on other exchanges.

The STRATEC Group comprises the listed holding company "STRATEC Biomedical Systems AG" and the subsidiaries "STRATEC NewGen", "Robion" and "Sanguin".

Regularly updated information about the company can be found at our website at: www.stratec-biomedical.de.

STRATEC Biomedical Systems AG

Gewerbestr. 37

75217 Birkenfeld

Germany

Tel: +49 7082 7916-0

Fax: +49 7082 7916-999

ir@stratec-biomedical.de

www.stratec-biomedical.de

stratec[®] ● ●
biomedical systems