

STRATEC Biomedical Systems AG

Interim Report as of June 30, 2006

Dear Shareholders,

Our highly positive business performance continued apace in the second quarter of 2006.

The Anglo-American software company Sanguin, which was acquired in March 2006, has now been fully integrated into the STRATEC Group. Sanguin's income statement for the second quarter of 2006 has been consolidated in the figures reported in the consolidated income statement as of June 30, 2006.

The STRATEC Group generated sales of Euro 32.7 million in the first six months of the 2006 financial year, equivalent to an increase of more than 40% on the first six months of the 2005 financial year. In addition to the expansion in the numbers of existing analyzer system families sold, this sales growth is mainly due to the launch of marketing in November 2005 for an analyzer system which we have developed for the American diagnostics company Bayer HealthCare and which is now in serial production.

At Euro 3.5 million, the consolidated net income for the first six months of the 2006 financial year was 80% higher than the half-yearly income reported in the previous year. The resultant earnings per share amount to Euro 0.97 ⁽¹⁾.

As a result of the very pleasing course of business in 2006, the STRATEC Group is currently undertaking a review of its currently valid guidance figures and will announce any amendments required by the middle of September 2006.

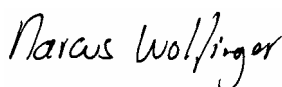
In view of the positive announcements made by our company, the price of our share approached its all-time high at the end of July, and exceeded this just before the announcement of the procedure for the technical implementation of our capital increase from company funds. Bonus shares started being issued before the end of July and have now been allocated to all shareholders. The total number of STRATEC shares has therefore virtually trebled to 11,135,467. We expect this measure to increase the trading liquidity of our share and to lead to an expansion of our shareholder base in the medium term.

Birkenfeld, August 2006

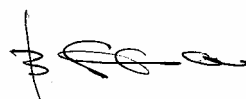
The Board of Management of
STRATEC Biomedical Systems AG



Hermann Leistner



Marcus Wolfinger



Bernd M. Steidle

⁽¹⁾ The capital increase from company funds and the issuing of bonus shares were undertaken subsequent to the reporting date on June 30, 2006 and thus had no impact on the calculation of the key "earnings per share" figure.

Events between April and June 2006

- Around 250 shareholders attended the Annual General Meeting of STRATEC Biomedical Systems AG held at CongressCentrum Pforzheim on June 23, 2006 and cast their votes on the most extensive agenda in the company's history to date. All of the resolutions proposed by the management were passed by the shareholders with clear majorities in each case. The shareholders approved, for example, the distribution of a dividend of Euro 0.30, and thus 50% higher than in the previous year, for the 2005 financial year, corresponding to a distribution totaling Euro 1.1 million. The dividend was paid to shareholders via the appointed paying agent on June 26, 2006. The increase in the dividend distribution enabled shareholders to participate in the superb earnings performance of the STRATEC Group in the 2005 financial year.

Moreover, the Annual General Meeting also approved the execution of a capital increase of Euro 7,416,478.00 from company funds and the issuing of 7,416,478 individual bearer shares with a face value of Euro 1.00 (bonus shares).

Furthermore, the shareholders authorized the Board of Management to buy back own shares, as well as to grant share options and create new conditional capital to service stock option rights. In addition, they approved the restructuring of Supervisory Board remuneration, the creation of new authorized capital and an authorization empowering the Board of Management to issue convertible and warrant bonds. Moreover, the shareholders also authorized the Board of Management to waive the disclosure of the remuneration of the members of the Board of Management and the Supervisory Board on an individual basis. Various additional amendments to the articles of association were adopted, especially with regard to the entry into force of the law to strengthen corporate integrity and to modernize the right to challenge contracts (UMAG).

An extensive report on the Annual General Meeting is available in German for downloading and can be found in the Investor Relations section of our homepage ("Investor Relations" > "Hauptversammlungen" > "Nachbesprechung").

- At the end of June, STRATEC announced the conclusion of an exclusive agreement concerning the development of a fully automated instrumentation for one of the key players acting worldwide successfully in the field of molecular diagnostics. Molecular diagnostics is the fastest growing segment within the clinical diagnostics markets.

The new business partner will make an up-front payment followed by additional payments based on STRATEC's achievement of product development milestones. Initial payments under the agreement will total less than USD 2 million, about 20 - 25% of the overall development payments to STRATEC.

The analyzer system is conceived as our partner's next generation molecular diagnostics platform intended to automate their current and future portfolio of proprietary DNA and RNA testing systems for Screening, Monitoring and Diagnosis

The parties have agreed to begin to negotiate the modalities for the manufacture and supply of the analyzer system in an early phase of the development project, which is scheduled to span a period of about three years.

Employees

The STRATEC Group had a total of 210 employees as of June 30, 2006 (previous year: 183).

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 six months of the 2006 financial year, STRATEC invested Euro 262k in property, plant and equipment, and Euro 87k in software. Moreover, STRATEC invested a total of Euro 5,518k in financial assets in the first half of 2006, of which Euro 1,653k related to third-party long-term securities and Euro 3,865k to shares in affiliated companies. These figures include cash holdings of Euro 1,209k from the acquisition of 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 3,760k in the first six months (previous year: Euro 2,357k) and have been reported mainly as personnel expenses in the company's consolidated income statement. Moreover, procurement volumes of around Euro 311k (previous year: Euro 334k) 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

The income statement of Sanguin, which was acquired in March, has been initially consolidated in accordance with IFRS 3 (Business Combinations) in the consolidated income statement of the STRATEC Group for the second quarter of 2006.

In contrast to the consolidation of the balance sheet already undertaken as of the first quarter of 2006, in accordance with the aforementioned accounting provisions the consolidation of the income statement of the profitable company Sanguin for the first half year only involved the consolidation of the figures for the second quarter.

Facts and Figures

Consolidated Balance Sheet (in Euro 000s)

Assets	06.30.2006	12.31.2005
A. Fixed assets		
Intangible assets	4,799	188
Goodwill	860	-
Property, plant and equipment	5,569	5,688
Financials assets	2,918	840
	14,146	6,716
B. Current assets		
Raw materials and supplies	6,491	4,167
Unfinished products, unfinished services	8,971	8,566
Accounts receivable	11,452	10,495
Future receivables from production orders	4,514	3,115
Other assets	1,368	489
Other securities	667	-
Cash on hand, cash at banks	3,874	9,962
	37,337	36,794
C. Prepayments and accrued income	149	117
Total assets	51,632	43,627

Shareholders' equity and liabilities	06.30.2006	12.31.2005
A. Shareholders' equity		
Share capital	3,720	3,660
Capital reserve	16,122	15,896
Revenue reserves	12,063	7,567
Consolidated net earnings	3,548	4,413
Treasury stock	-13	-13
	35,440	31,523
B. Dept capital		
1. Long-term debt capital		
Provisions for pensions	24	24
Provisions for deferred taxes	2,149	394
Long-term financial liabilities	1,608	1,706
	3,781	2,124
2. Short-term debt capital		
Short-term financial liabilities	2,025	1,840
Accounts payable	4,543	2,463
Liabilities to affiliated companies	8	57
Short-term provisions	2,027	1,547
Tax provisions	627	2,319
Other short-term liabilities	3,181	1,754
	12,411	9,980
Total shareholders' equity and liabilities	51,632	43,627

Consolidated Income Statement (in Euro 000s)

	04.01.06 - 06.30.06	04.01.05 - 06.30.05
Sales	17,314	13,043
Reduction (previous year: increase) in unfinished products and services	-113	455
Other capitalized own-account services	42	34
Overall performance	17,243	13,532
Other operating income	167	65
Cost of raw materials and supplies	-9,205	-7,114
Cost of services rendered	-131	-174
Personnel expenses	-3,221	-2,906
Other operating expenses	-1,695	-1,120
EBITDA	3,158	2,283
Depreciation of fixed assets	-411	-240
EBIT	2,747	2,043
Net interest expenses	-53	-47
Result of ordinary activities (EBT)	2,694	1,996
Current taxes	-708	-714
Deferred taxes	-11	-35
Consolidated net income	1,975	1,247

Earnings per share	0.54	0.38
No. of underlying shares	3,689,762	3,304,014

Earnings per share, diluted	0.52	0.37
No. of underlying shares	3,793,859	3,408,482

Consolidated Income Statement (in Euro 000s)

	01.01.06 - 06.30.06	01.01.05 - 06.30.05
Sales	32,672	23,140
Reduction (previous year: increase) in unfinished products and services	-255	972
Other capitalized own-account services	84	70
Overall performance	32,501	24,182
Other operating income	196	95
Cost of raw materials and supplies	-17,801	-12,692
Cost of services rendered	-303	-337
Personnel expenses	-6,113	-5,563
Other operating expenses	-2,898	-1,993
EBITDA	5,582	3,692
Depreciation of fixed assets	-681	-460
EBIT	4,901	3,232
Net interest expenses	-69	-96
Result of ordinary activities (EBT)	4,832	3,136
Current taxes	-973	-1,181
Deferred taxes	-311	11
Consolidated net income	3,548	1,966

Earnings per share	0.97	0.60
No. of underlying shares	3,675,920	3,301,207

Earnings per share, diluted	0.94	0.58
No. of underlying shares	3,785,969	3,403,389

Consolidated Cash Flow Statement (in Euro 000s)

	01.01.06 - 06.30.06	01.01.05 - 06.30.05
Consolidated net income	3,548	1,966
Deprecation of fixed assets	681	460
Other expenses not affecting payments	103	64
Decrease in long-term provisions	-	-8
Increase (previous year: decrease) in provisions for deferred taxes	311	-11
Cash flow	4,643	2,471
Profit from disposals of fixed assets	-5	-20
Increase in inventories, accounts receivable and other assets	-6,002	-6,530
Increase in accounts payable and other liabilities	688	3,658
Outflow of funds from operating activities	-677	-421
Incoming payments from disposals of fixed assets	25	20
Addition of cash and cash equivalents resulting from change in reporting entity	1,209	-
Investment in company acquisition	-3,769	-
Outgoing payments for investments in fixed assets	-2,049	-639
Outflow of funds from investment activities	-4,584	-619
Dividend payments	1,097	-660
Incoming payments from the taking up of (financial) loans	54	1,047
Incoming payments from the capital increase	216	-
Deposits made for the execution of the resolved capital increase	-	28
Outflow of funds (previous year: inflow of funds) from financing activities	-827	415
Payment-related change in financial funds	-6,088	-625
Financial funds at start of period	9,962	1,222
Financial funds at end of period	3,874	597

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

January - June 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	-	-	2,778	-2,778	-	-
Transfer due to share option plans	-	64	-	-	-	64
Dividend payment	-	-	-660	-	-	-660
Consolidated net income	-	-	-	1,966	-	1,966
Balance at 06.30.2005	3,300	4,123	7,462	1,966	-13	16,838

January - June 2006	Subscribed capital	Capital reserve	Revenue reserves	Consolidated net income	Treasury stock	Total equity
Balance at 01.01.2006	3,660	15,896	7,567	4,413	-13	31,523
Profit carried forward	-	-	4,413	-4,413	-	-
Dividend payment	-	-	-1,098	-	-	-1,098
Capital increase for company acquisition by issuing 18,206 shares	19	-	782	-	-	801
Capital increase in return for cash contributions in the course of the exercising of 40,644 share options	41	157	-	-	-	198
Transfer due to share option plans	-	69	-	-	-	69
Adjustment resulting from the valuation of assets available for sale at fair value	-	-	399	-	-	399
Consolidated net income	-	-	-	3,548	-	3,548
Balance at 06.30.2006	3,720	16,122	12,063	3,548	-13	35,440

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 - June 2005	€ 4,939k	€ 14,390k	€ 3,811k	€ 23,140k
	21.3%	62.2%	16.5%	100.0%

Period	Germany	EU	Other	Total
January - June 2006	€ 6,170k	€ 23,619k	€ 2,883k	€ 32,672k
	18.9%	72.3%	8.8%	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 June 30, 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.

In view of the several "conditional capitals" created by resolutions adopted at the Annual General Meetings held on July 27, 2000, May 28, 2003 and June 23, 2006, these various items have been combined below in the interests of clarity.

The members of the Board of Management and the employees held the following numbers of subscription rights (share option rights) as of June 30, 2006:

Conditional Capital I / II / III	Board of Management	Employees	Total
Outstanding on 03.31.2006	67,000	85,000	152,000
Issued	-	1,000	1,000
Expired	29,500	11,144	40,644
Lapsed	-	-	-
Outstanding on 06.30.2006	37,500	74,856	112,356

Outlook

Our customers provide laboratories and blood banks around the world with system solutions consisting of their reagents and our automation solutions. The diagnostics companies – our partners and customers – are increasingly focusing on their core business field – developing reagents and marketing them on a global basis. The outsourcing to STRATEC of the development of analyzer systems provides the STRATEC Group with a historic opportunity of increasing its sales considerably more rapidly than the market. Moreover, the measures taken to expand our margin and the increasing internationalization of the STRATEC Group lead us to expect further disproportionate earnings growth.

Our growth ambitions are supported by the expansion of our product portfolio to include new systems, which will be launched onto the market by our partners in the coming periods following the successful completion of their development.

In the first half of the year we found ourselves confronted by the positive challenge of having come considerably closer to the limits of our current capacity. The measures initiated to expand our capacity are taking effect. We therefore expect to be able to meet the rise in demand both in terms of development and of production.

Further growth in sales and earnings is foreseeable in the medium to long term.

Latest News

- The updated version of our Strategy Brochure was published in July 2006. We would be pleased to send you a copy upon request. The brochure can also be downloaded from our homepage at “Investor Relations” > “Download” and then in the “Miscellaneous” section.
- The capital increase of Euro 7,416,478.00 from company funds resolved by the Annual General Meeting of STRATEC Biomedical Systems AG on June 23, 2006 was entered in the Commercial Register on July 14, 2006.

In the period between the Annual General Meeting and the entry of the execution of the capital increase from company funds in the Commercial Register, a total of 10,750 shares were issued from the conditional capital in a time-phased manner in connection with the exercising of share option rights. For this reason, the bonus shares were allocated to all shareholders on the increased volume of outstanding shares prior to the execution of the capital increase from company funds.

The shareholders in the company were entitled to receive bonus shares on their previous shareholdings at a ratio of 1 : 1.9942188, meaning that 1.9942188 additional new shares (bonus shares) were allocated for each share previously held. The new shares will participate for the first time in the profit for the 2006 financial year.

The allocation of bonus shares to shareholders free of charge was undertaken starting on July 31, 2006 by means of a credit to their securities accounts based on their securities account holdings on the evening of July 28, 2006. The allocation procedure has now been completed. Since July 31, 2006, the bonus shares have been included in the company's current listing.

Following the execution of this capital measure, the share capital of STRATEC Biomedical Systems AG amounts to Euro 11,135,467.00 and is divided into 11,135,467 ordinary bearer shares with a face value of Euro 1.00.

Notice

This interim report is also available in German.

The interim report as of June 30, 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 June 30, 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.

For reasons of comparability, the figures of Robion AG for the previous year have been adjusted to the existing reporting entity. This has resulted in insubstantial variances to the figures published in the interim report as of June 30, 2005. As a result of the acquisition of Sanguin Ltd., the figures stated in the balance sheet are only comparable to a limited extent.

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

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.

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