stratec

Interim Financial Report

06.30.2016

PROFILE

STRATEC designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology.

Furthermore, the company offers sample preparation solutions, integrated laboratory software, and complex consumables for diagnostic and medical applications. STRATEC covers the entire value chain – from development to design and production through to quality assurance.

The partners market the systems, software and consumables in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. STRATEC develops its products on the basis of its own patented technologies.

CONTENTS

HIGHLIGHTS

- Two major company acquisitions successfully completed
- Substantial sales growth
  - 6M / 2016 at € 78.0 million (+11.5%; 6M / 2015: € 70.0 million)
  - Q2 / 2016 (organic) +2.6% to € 36.3 million (Q2 / 2015: € 35.5 million)
- Positive development in EBIT margin
  - 6M / 2016 at 16.2% [1] (-95 basis points; 6M / 2015: 17.1%)
  - Q2 / 2016 (organic) at 17.5% (Q2 / 2015: 17.3%)
- Financial forecast for the 2016 and 2017 financial years
  - 2016 sales: € 175 million to € 182 million
  - 2017 sales: € 205 million to € 220 million
- Earnings per share at € 0.87 [2] in 6M / 2016 (+4.8%; 6M / 2015: € 0.83)

KEY GROUP FIGURES AT A GLANCE

in € thousand	01.01. – 06.30.2016	01.01. – 06.30.2015	Change
Sales	78,032	70,012	+11.5%
EBIT [1]	12,616	11,986	+5.3%
EBIT margin (in %) [1]	16.2	17.1	-95 bps
Consolidated net income [2]	10,312	9,807	+5.1%
Earnings per share (in €) [2]	0.87	0.83	+4.8%
Employees (June, 30)	842	562	+49.8%

	06.30.16	12.31.15	Change
Shareholders' equity	129,189	130,280	-0.8%
Total assets	242,673	158,939	+52.7%
Equity ratio (%)	53.2	82.0	-2,873 bps

[1] 2016 figure adjusted to exclude non-recurring items for transaction activities
[2] 2016 figure additionally adjusted to exclude financing expenses and tax expenses in connection with the acquisition of the Diatron Group and non-recurring items arising from the external tax audit for the assessment periods from 2009 to 2013.

bps = basis points

LETTER FROM THE BOARD OF MANAGEMENT

Dear Shareholders,

Dear Partners and Friends of STRATEC,

In mid-2015, we set ourselves the strategic objective of extending our technology portfolio and thus accessing new business fields. This took also acquisitions into consideration. The primary aim here was to generate sustainable growth while also exploiting synergies with our existing core business and extending the range of products and services offered to our partners. We are delighted to report that we delivered on this objective in the first half of this year, with the acquisition of two companies that are outstandingly positioned in their respective markets and whose success is based on OEM partnership concepts with alignments similar to STRATEC's business model.

In March we acquired Diatron, a company based in Budapest, Hungary, that is a specialist in the field of hematology and clinical chemicals. This acquisition will not only supplement our own product range to include these areas of the diagnostics market, but will also contribute valuable experience, processes, and technologies in the development and production of smaller systems and modules. With Diatron, we will diversify our range of services and gain access to new customers in both human and veterinary diagnostics.

Our takeover of Sony DADC BioSciences, now known as STRATEC Consumables, in June of this year has enabled us to take a major step towards becoming a full-range provider of systems, software, and consumables. Based in Anif, near Salzburg, Austria, STRATEC Consumables is an expert in complex consumables with integrated process steps – so-called "smart consumables". These products are already being used in joint projects and are one of the fastest-growing areas in our industry.

These companies, consolidated from April and July respectively, are set to play a major role in STRATEC's product and service offering and will provide a further pillar for STRATEC's expected future growth. Specific joint solutions have already been negotiated in some of our conversations with customers and have been met with great interest from our partners. Integrating these businesses and exploiting synergies will be a key focus of our activities in the quarters ahead. Our company structure is already being prepared to accommodate the expected growth and resultant organizational changes. After completion of the integration, the STRTAEC group will consist of around 960 employees in eight countries.

Alongside these acquisitions, STRATEC's business performance in the first six months was also characterized by a very strong second quarter, after the dip seen in the first quarter. STRATEC increased its sales to € 78.0 million as of June 30, 2016, equivalent to year-on-year growth of 11.5%. Diatron contributed sales of € 10.5 million. Due to benefits of scale taking effect once again in the second quarter, the EBIT margin, adjusted for acquisition and integration expenses, came to 16.2% in the first six months of 2016.

For the 2016 financial year as a whole, STRATEC expects its sales – following the time-apportioned consolidation of Diatron and STRATEC Consumables – to increase to between €175 million and €182 million, with an EBIT margin (excluding acquisition and integration expenses) of 16.0% to 17.5%. In the 2017 financial year, the two companies acquired will be consolidated in the STRATEC Group for the first time for a full reporting period. Excluding further acquisitions, sales are expected to rise to between €205 million and €220 million, with a slight increase in the EBIT margin compared with 2016.

According to its most recent financial forecast, STRATEC expects its average annual sales growth, excluding newly acquired companies, to amount to around 6% in 2016 and 2017.

We thank you for your trust and would also like to take this opportunity to welcome our new colleagues to the STRATEC family.

Birkenfeld. im Juli 2016

Die Vorstände Ihrer
STRATEC Biomedical AG

Marcus Wolfinger | Dr. Robert Siegle | Dr. Claus Vielsack

INTERIM GROUP MANAGEMENT REPORT

REPORT ON THE EARNINGS, FINANCIAL AND NET ASSET POSITION

The development in the earnings, financial and net asset position at STRATEC Biomedical AG in the first six months of 2016 was significantly influenced by two acquisitions and the associated financing measures, as well as by the prorated consolidation of one of these two companies. The Diatron Group was included in STRATEC's scope of consolidation for the period from April 1 to June 30, 2016.

Adjustments have been made to the extent necessary to provide a clear understanding of the STRATEC Group's sustainable earnings strength.

Earnings

STRATEC's sales grew to € 78.0 million in the first six months of the 2016 financial year, up 11.5% on the previous year's figure of € 70.0 million. Diatron accounted for € 10.5 million of these sales.

The gross profit (gross profit on sales) increased from € 25.5 million in the previous year to € 29.8 million in the first half of 2016. The cost of sales amounted to € 48.2 million as of June 30, 2016, as against € 44.5 million in the previous year's period. Diatron's share amounted to € 6.9 million. The gross margin therefore amounted to 38.2% as of June 30, 2016, compared with 36.4% in the previous year.

Gross development expenses rose by € 0.5 million to € 11.3 million, of which € 6.2 million was capitalized. Particularly worth mentioning in this respect is the increase in the number of employees in development divisions due to the large number of development projects. Sales-related expenses increased from € 3.3 million to € 5.4 million, while adjusted administration expenses rose by € 0.8 million to € 6.1 million.

EBIT was adjusted to exclude advisory and integration expenses (including directly allocable personnel expenses) mainly incurred in connection with the acquisitions of the Diatron Group and Sony DADC BioSciences and scheduled amortization of the intangible assets identified in the purchase price allocation (PPA) and the realization of hidden reserves identified in the inventories of the Diatron Group. The reconciliation of adjusted EBIT with EBIT as reported in the consolidated statement of comprehensive income is presented below:

in € thousand	01.01. – 06.30.2016
Adjusted EBIT	**12,616**
Adjustments	
Expenses due to company acquisitions	-985
Internal integration expenses	-218
Expenses due to purchase price allocation	-1,199
Realization of hidden reserves identified	-263
EBIT	9,951

Due to the taking up of loans to finance acquisitions and interest on back payments resulting from the external tax audit, financial expenses rose to € 0.3 million. The external tax audit for the assessment periods from 2009 to 2013, which has now largely been completed, led to the recognition at STRATEC AG of expenses of € 1.4 million as of June 30, 2016.

STRATEC therefore reported adjusted consolidated net income of € 10.3 million for the period under report (previous year: € 9.8 million). Adjusted earnings per share amounted to € 0.87 (previous year: € 0.83).

In addition to the adjustments to EBIT presented above, consolidated net income was also adjusted to exclude financing expenses and tax expenses incurred in connection with the acquisition of the Diatron Group and non-recurring items arising from the external tax audit for the assessment periods from 2009 to 2013. The reconciliation of adjusted consolidated net income with the consolidated net income as reported in the consolidated statement of comprehensive income is presented below:

in € thousand	01.01.-06.30.2016
Adjusted consolidated net income	**10,372**
Adjustments	
Expenses due to company acquisitions	-985
Internal integration expenses	-218
Realization of hidden reserves identified	-263
Expenses due to purchase price allocation	-1,199
Financing expenses due to company acquisitions and external tax audit	-397
Current tax expenses	-1,052
Deferred tax expenses	201
Consolidated net income	6,399
Earnings per share (€)	0.54

Financial Position

The inflow of funds from operating activities fell from €12.3 million to €9.6 million, a development due in particular to the reduction in consolidated net income.

Investments rose from €2.8 million in the previous year to €101.5 million. The Group's investment activities in the first half of the year were shaped by company acquisitions, with funds of around €96.8 million being channeled into the acquisition of the Diatron Group and Sony DADC BioSciences GmbH.

The increase in outlays for investments in property, plant and equipment was due to the construction work performed in Switzerland and Romania.

A net cash inflow of €67.6 million was received to finance the company acquisitions. A dividend of €8.9 million was paid to shareholders. Cash and cash equivalents decreased to €22.4 million, down from €56,4 million in the previous year.

Asset position

The purchase of Diatron led intangible assets to rise to €94.9 million. The growth in inventories to €25.7 million was also predominantly due to the inclusion of Diatron. The increase in receivables and other assets to €45.8 million was essentially due to the items contributed by Diatron.

The equity ratio amounted to 53.2% as of June 30, 2016, as against 82.0% in the previous year. Non-current liabilities grew from €10.0 million in the previous year to €17.3 million as of June 30, 2016. This was attributable in particular to an increase in deferred taxes.

Current liabilities rose from €18.7 million to €96.2 million. This in turn was due to the taking up of bridge financing of €68 million in connection with the two corporate transactions. This financing, which matures in March 2017, is scheduled to be converted into financing facilities with medium to long-term maturities in the second half of 2016. The increase in trade payables to €10.1 million chiefly resulted from the inclusion of Diatron.

CHANGES IN THE BUSINESS ENVIRONMENT AND IMPLICATIONS FOR STRATEC

Macroeconomic framework: Having still predicted global economic growth of 3.4% in its 2016 forecast issued in January 2016, in April 2016 the International Monetary Fund (IWF) corrected its forecast downwards to 3.2%. Growth was set to continue, but at an ever slower pace. According to the IMF, the global recovery was nevertheless still intact.

The factors specifically identified by the IMF as preventing the global economy from achieving higher growth rate are the continuing slowdown in growth in China and recessions in other emerging economies such as Brazil and Russia. Political insecurities were also one of the largest risks facing the global economy.

For 2017, the experts now expect the global economy to grow by 3.5%, having previously forecast growth of 3.6%.

Following the UK's vote to leave the EU, the IMF expects the euro area to generate noticeably lower growth than previously expected. To date, STRATEC has not felt any implications in the wake of current development in the UK.

Irrespective of the aforementioned developments, global demographic developments represent one of the most serious challenges facing the world. The dynamic growth in the world's population, together with an unprecedented increase in the elderly share of the population and the sharp rise in the number of people with access to medical care, represent key factors which will shape the 21st century. This situation is accompanied by scientific and technological progress, which is opening up ever new possibilities in the fields of medicine, research, diagnostics and life science.

These developments will lead not only to an increase in the numbers of clinical diagnostics tests to be performed, but will also result in new, unique business opportunities for which STRATEC is optimally positioned with its automation solutions and on which it will continue to focus its strategy and operations.

For the reasons outlined above, global economic risks only have a very limited impact on STRATEC's business performance and business model. Moreover, long-term supply agreements with our customers minimize the potential implications for STRATEC.

Key industry and market-related data: Based on different estimates, in-vitro diagnostics (IVD) is and will remain a growth market, with average annual global growth of 4% to 5% in the years until 2018 and 2020 respectively. By 2018, the IVD market will thus have an estimated volume of USD 65 billion. The various segments within IVD are set to grow at different rates. STRATEC operates in particular in those segments that are forecast to generate disproportionate growth. These also include molecular diagnostics, for example, where annual growth rates are expected to average around 8% in the years from 2013 to 2018. Other areas, such as blood sugar self-testing, are declining and are not among STRATEC's activities. Having acquired Diatron, STRATEC now also operates in the hematology market segment, which accounts for around 11% of the overall IVD market and is forecast to generate moderate growth.

An increasingly ageing population, the ever greater prevalence of chronic diseases based on our current lifestyles, and the growing significance of personalized treatment – these factors are all key drivers of market growth. Not only that, research into innovative technologies such as specific biomarkers is also creating new opportunities for future market growth.

Consistent with expectations, the USA, which remains the most important single market for STRATEC's customers, has developed positively. Due to the "Affordable Care Act" (Obamacare), an estimated total of 32 million previously uninsured Americans will now be provided with health insurance cover. The higher number of people with access to the healthcare system will also increase the numbers of visits to doctors and thus also boost demand for in-vitro diagnostics. Not only that, the decline in unemployment totals seen for several years now is also impacting positively on the number of people with health insurance.

The North American, European, and Japanese markets currently account for 75% of the total IVD market. In the years ahead, emerging markets such as China, Brazil, Turkey, Korea, India, Russia, and Mexico will also report growing test volumes, as the governments in those countries are investing heavily in their healthcare systems. Demand for new tests and procedures remains high, with cost-effective solutions particularly sought after.

Due not least to the increasing complexity of IVD tests, it is difficult for any one company to develop proprietary products in all technology and market segments. Diagnostics groups are therefore obliged to procure specific technologies in order to remain competitive and survive in the market. This means that the IVD market has witnessed a process of consolidation for years now, and this is set to continue in future as well. What's more, the increasingly strict regulatory requirements imposed on the diagnostics industry in recent years also represent an increasingly high barrier to market entry by any potential competitors to STRATEC. Very few other companies are able to offer a comparable range of products, from the compilation of specifications, via development and approval, through to production of the solutions. The competitive situation therefore remains highly manageable and, apart from in-house development departments at diagnostics groups, is mainly limited to a handful of specialized companies.

With the targeted acquisitions made in the first quarter of 2016, STRATEC has substantially boosted its competitive situation. Following the acquisition of Diatron, the Group will now also be offering systems for use in hematology applications and associated consumables.

REPORT ON FORECASTS AND OTHER STATEMENTS CONCERNING THE COMPANY'S EXPECTED DEVELOPMENT

STRATEC aims to generate permanent, sustainable growth in all business divisions. We are building on innovative solutions enabling our customers to serve their markets with high-quality products. Alongside the activities within our group of companies, we are also relying on further growth in our target markets, especially in the field of in-vitro diagnostics and on the continuing positive trend towards outsourcing at our partners and potential customers.

In the first half of 2016, we announced the implementation of two company acquisitions. These give reason to update our medium-term financial forecast. The companies newly acquired will be consolidated on a prorated basis in the 2016 financial year: Diatron from April 1, 2016 and STRATEC Consumables (previously: Sony DADC Biosciences) from July 1, 2016.

For the 2016 financial year as a whole, STRATEC expects its sales – following the prorated consolidation of Diatron and STRATEC Consumables – to increase to between € 175 million and € 182 million, with an EBIT margin (excluding acquisition and integration expenses) of 16.0% to 17.5%. In the 2017 financial year, the two companies acquired will be consolidated in the STRATEC Group for the first time for a full reporting period. Excluding further acquisitions, sales are expected to rise to between € 205 million and € 220 million, with a slight increase in the EBIT margin compared with 2016.

According to its most recent financial forecast, STRATEC expects its average annual sales growth, excluding newly acquired companies, to amount to around 6% in 2016 and 2017.

In terms of their precision, our forecasts remain subject to uncertainty. Instrument call-up volumes by STRATEC's customers can be budgeted with comparatively high precision. In the case of spare parts and consumables, however, orders are only submitted at short notice and are dependent on analyzer system placement volumes and their level of utilization at the respective laboratories. This share of sales is subject to fluctuations that impact in particular on the development in our margins. We therefore generally forecast corridors, compliance with which may be significantly influenced by factors arising at short notice.

Due to the immense debt accumulated by some countries and economic regions and the resultant potential implications (debt crisis), movements in currency markets, and volatile developments in individual economic regions, the level of budgeting reliability remains low for all industries, and for the global economy as a whole. This situation continues to harbor risks for STRATEC's customers and suppliers, as a result of which STRATEC also faces economic risks. The ongoing difficult economic climate also means that STRATEC continues to face increased market risk.

OPPORTUNITY AND RISK REPORT

We analyze and evaluate the risks facing the company and its business environment within the framework of our risk management system, which has been established as an early warning risk identification system. Furthermore, this system also includes an internal control system (IKS) and a compliance system to ensure compliance with the relevant legal and industry-specific requirements.

The core tasks of risk management at the STRATEC Group involve managing and monitoring the Group's internal financing requirements and securing the overall company's financial independence.

Financial risks are monitored by the reporting department and managed using detailed rolling financial and liquidity planning.

In respect of its financing and liquidity risks, STRATEC has witnessed a change in its financial risks due to the taking up of loans in connection with the acquisitions made and reported. To secure sufficient liquidity and financial flexibility within the STRATEC Group at all times, upon making the acquisitions the company took up a bridge financing facility of €60 million and maturing in March 2017 and a money market loan of €8 million which matured on June 29, 2016. It is planned to replace these short-term loans with medium to long-term loan facilities in the second half of the current financial year.

The Group's other financing requirements are secured with liquid funds and credit lines.

Due to the loans taken up, STRATEC is exposed to interest rate risks that may adversely affect its refinancing costs in particular. Due to current central bank policies and the overall macroeconomic situation, we nevertheless see only a low risk of interest rates rising in the short term. The company nevertheless plans to draw on the favorable terms currently available to increase its budgeting reliability by agreeing fixed interest rates.

Overall, STRATEC assess its financing, liquidity, and interest rate risks as low.

Apart from the financial risks outlined above and the factors presented in the "Report on forecasts and other statements concerning the company's expected development", we do not see any changes compared with the risks and opportunities identified in the Group Management Report for the 2015 financial year dated April 14, 2016. Details of our risk management system and our company's specific opportunity and risk profile can be found in Section E "Opportunity and Risk Report" of our 2015 Group Management Report.

CONSOLIDATED BALANCE SHEET

as of June 30, 2016 of STRATEC Biomedical AG

Assets

in € thousand	06.30.2016	12.31.2015
Non-current assets		
Goodwill	29,491	5,125
Other intangible assets	65,433	25,867
Property, plant and equipment	22,931	19,595
Financial assets	30,843	184
Deferred taxes	34	21
	148,732	**50,792**
Current assets		
Inventories		
Raw materials and supplies	14,421	9,375
Unfinished products, unfinished services	7,115	3,853
Finished products and merchandise	4,199	2,791
	25,736	**16,019**
Receivables and other assets		
Trade receivables	28,989	24,045
Future receivables from construction contracts	1,299	1,470
Receivables from associates	21	23
Other financial assets	5,027	2,779
Other receivables and other assets	4,596	2,358
Income tax receivables	5,862	5,038
	45,795	**35,713**
Cash and cash equivalents	22,411	56,415
	93,941	**108,147**
Total assets	**242,673**	**158,939**

Shareholders' equity and debt

in € thousand	06.30.2016	12.31.2015
Shareholders' equity		
Share capital	11,858	11,853
Capital reserve	20,274	20,061
Revenue reserves	91,821	94,307
Treasury stock	-118	-172
Other equity	5,354	4,231
	129,189	**130,280**
Non-current debt		
Non-current financial liabilities	4,236	4,328
Other non-current liabilities	27	22
Provisions for pensions	63	63
Deferred taxes	12,968	5,579
	17,294	**9,992**
Current debt		
Current financial liabilities	71,522	3,816
Trade payables	10,134	3,436
Liabilities to associates	16	14
Other current liabilities	11,760	8,391
Current provisions	1,025	1,508
Income tax liabilities	1,733	1,502
	96,190	**18,677**
Total shareholders' equity and debt	**242,673**	**158,939**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Period from January 1 to June 30, 2016 of STRATEC Biomedical AG

in € thousand	01.01. – 06.30.2016	01.01. – 06.30.2015
Sales	78.032	70.012
Cost of sales	-48.189	-44.537
Gross profit	**29.843**	**25.475**
Research and development expenses	-5.127	-3.364
Sales-related expenses	-5.363	-3.264
General administration expenses	-7.301	-5.308
Other operating income / expenses	-2.101	-1.553
Earnings before interest and taxes (EBIT)	**9.951**	**11.986**
Net financial expenses	-701	154
Earnings before taxes (EBT)	**9.250**	**12.140**
Current tax expenses	-3.095	-1.192
Deferred tax income / expenses	245	-1.141
Consolidated net income	**6.399**	**9.807**
Items that may not be subsequently reclassified to profit or loss		
Currency translation differences from translation of foreign business operations	-923	3.650
Change in value of financial investments	2.046	0
Comprehensive income	**7.522**	**13.457**
Basic earnings per share in €	**0,54**	**0,83**
No. of shares used as basis (basic)	11.845.226	11.787.238
Diluted earnings per share in €	**0,54**	**0,82**
No. of shares used as basis (diluted)	11.931.248	11.889.797

CONSOLIDATED CASH FLOW STATEMENT

for the Period from January 1 to June 30, 2016 of STRATEC Biomedical AG

in € thousand	01.01.–06.30.2016	01.01.–06.30.2015
I. Operations		
Consolidated net income (after taxes)	6,399	9,807
Depreciation and amortization	3,742	2,212
Current income tax expenses	3,095	1,192
Income taxes paid less income taxes received	-3,582	-3,542
Financial income	-62	-168
Financial expenses	453	85
Interest paid	-170	-85
Interest received	62	168
Other non-cash expenses	954	252
Other non-cash income	-790	-211
Cash flow	**10,101**	**9,710**
Change in deferred taxes through profit or loss	-245	1,141
- Profit / + loss on disposals of non-current assets	-9	-57
- Increase / + reduction in inventories, trade receivables and other assets	-3,642	-5,410
+ Increase / - reduction in trade payables and other liabilities	3,423	6,882
Inflow of funds from operating activities	**9,627**	**12,266**
II. Investments		
Incoming payments from disposals of non-current assets		
Property, plant and equipment	23	138
Financial assets	0	0
Outgoing payments for investments in non-current assets		
Intangible assets	-1,485	-1,685
Property, plant and equipment	-3,138	-1,284
Financial assets	-30,617	0
Incoming / outgoing payments from granting / repayment of financial liabilities	-50	0
Payments for acquisition of consolidated companies less acquired cash	-66,217	0
Outflow of funds for investing activities	**-101,484**	**-2,831**
III. Financing		
Incoming funds from taking up of financial liabilities	67,550	2,000
Proceeds / payments for granting / redeeming financial liabilities	-938	-3,174
Incoming payments from issue of shares for employee stock option programs	157	702
Dividend payments	-8,885	-8,248
Outflow of funds for financing activities	**57,884**	**-8,720**
IV. Cash-effective change in cash and cash equivalents	**-33,973**	**715**
Cash and cash equivalents at start of period	56,415	46,636
Change in scope of consolidation	25	79
Impact of exchange rate movements	-56	1,681
Cash and cash equivalents at end of period	**22,411**	**49,111**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Period from January 1 to June 30, 2015 of STRATEC Biomedical AG

in € thousand	Notes	Shared capital
January 01, 2015	**11,795**	**18,129**
Equity transactions with owners		
Dividend payment	0	0
Issue of subscription shares from stock option programs, less costs of capital issue after taxes	24	678
Allocations due to stock option plans	0	71
Allocations due to employee participation program	0	0
Comprehensive income in 2015	0	0
Change in scope of consolidation	0	0
June 30, 2015	**11,819**	**18,878**

for the Period from January 1 to June 30, 2016 of STRATEC Biomedical AG

January 01, 2016	**11,853**	**20,061**
Equity transactions with owners		
Dividend payment	0	0
Issue of subscription shares from stock option programs, less costs of capital issue after taxes	5	152
Allocations due to stock option plans	0	70
Allocations due to employee participation program	0	-9
Comprehensive income in 2016	0	0
June 30, 2016	**11,858**	**20,275**

	Revenue reserves			Other equity			
	Accumulated net income	Free revenue reserves	Treasury stock	Fair value reserve	Pension plans	Currency translation	Group equity
	61,086	**19,392**	**-212**	**0**	**-67**	**1,928**	**112,051**
	-8,248	0	0	0	0	0	-8,248
	0	0	0	0	0	0	701
	0	0	0	0	0	0	72
	0	0	0	0	0	0	0
	9,807	0	0	0	0	3,650	13,457
	-7	0	0	0	0	0	-7
	62,638	**19,392**	**-212**	**0**	**-67**	**5,578**	**118,020**
	74,915	**19,392**	**-172**	**0**	**-47**	**4,278**	**130,280**
	-8,885	0	0	0	0	0	-8,885
	0	0	0	0	0	0	157
	0	0	0	0	0	0	70
	0	0	54	0	0	0	45
	6,399	0	0	2,046	0	-923	7,523
	72,429	**19,392**	**-118**	**2,046**	**-47**	**3,356**	**129,191**

SELECT EXPLANATORY NOTE DISCLOSURES

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2016 OF STRATEC BIOMEDICAL AG

INFORMATION ABOUT THE COMPANY

STRATEC Biomedical AG (www.stratec.com) designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology. Furthermore, the company offers sample preparation solutions, integrated laboratory software, and complex consumables for diagnostic and medical applications. STRATEC covers the entire value chain – from development to design and production through to quality assurance.

The partners market the systems, software and consumables in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. STRATEC develops its products on the basis of its own patented technologies.

STRATEC AG is entered in the Commercial Register in Mannheim under No. HRB 504390.

The half-year financial report was approved for publication by the Board of Management of STRATEC AG on July 21, 2016.

FINANCIAL REPORTING

Consistent with § 37w of the German Securities Trading Act (WpHG), this half-year financial report comprises interim consolidated financial statements, an interim group management report, and a responsibility statement. The interim consolidated financial statements, which have not been audited, have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial statements and in accordance with the requirements of International Financial Accounting Standards (IAS) 34 as applicable in the EU, while the interim group management report has been prepared in accordance with the applicable requirements of the German Securities Trading Act (WpHG). STRATEC AG has made application of all IFRS issued by the International Accounting Standards Board (IASB) and applicable in the European Union upon the preparation of these interim consolidated financial statements.

The interim consolidated financial statements should be read in conjunction with the consolidated financial statements of STRATEC AG as of December 31, 2015, as not all of the information required in a year-end set of consolidated financial statements is presented here. The Board of Management believes that these financial statements include all adjustments required to ensure the suitable presentation of the Group's earnings, financial and net asset position.

Apart from the following standards, the accounting policies applied in these interim consolidated financial statements are consistent with those applied when preparing the consolidated financial statements as of December 31, 2015.

Standard	Title	Effective date [1]	EU endorsement
New and amended standards and interpretations			
IAS 19	Amendments: Defined Benefit Plans – Employee Contributions	02.01.2015	12.17.2014
Sundry	Annual Improvements to IFRS, 2010-2012 cycle, published in December 2013	02.01.2015	12.17.2014
IAS 16 and IAS 41	Amendments: Agriculture: Bearer Plants	01.01.2016	11.23.2015
IFRS 11	Amendments: Acquisition of an Interest in a Joint Operation	01.01.2016	11.24.2015
IAS 16 and IAS 38	Amendments: Clarification of Acceptable Methods of Depreciation and Amortization	01.01.2016	12.02.2015
Sundry	Annual Improvements to IFRS, 2012-2014 cycle, published in September 2014	01.01.2016	12.15.2015
IAS 1	Amendments: Disclosure Initiative	01.01.2016	12.18.2015
IAS 27	Amendments: Equity Method in Separate Financial Statements	01.01.2016	12.18.2015

[1] for companies like STRATEC AG whose financial year corresponds to the calendar year

Overall, first-time application of the aforementioned requirements at STRATEC AG did not have any implications for the presentation of the net asset, earnings, or financial position, or for earnings per share or the disclosures made in the interim consolidated financial statements.

The Group has not made premature application of new or amended standards and interpretations that have already been published but which do not yet require mandatory application.

The group currency is the euro. Unless otherwise indicated, all amounts have been stated in thousand euros (€000s).

BUSINESS COMBINATIONS AND CHANGES IN SCOPE OF CONSOLIDATION

On March 23, 2016, STRATEC announced that an agreement had been signed governing the acquisition of all of the shares in Diatron MI, its US associate Diatron US, and the superordinate holding structure. The purchase was completed on March 31, 2016. As of March 31, 2016, the STRATEC Group thus acquired a total of 100% of the shares in RE Medical Analyzers Luxembourg 2 S.à r.l. (REMA Lux 2), based in Luxembourg. REMA Lux 2 is the sole owner of Medical Analyzers Holding GmbH (MAH), based in Zug, Switzerland. MAH is in turn the sole owner of Diatron Medical Instrumentumok Laboratoriumi Diagnosztikai Fejlesztö-Gyarto Zrt (Diatron MI), based in Budapest, Hungary, and Diatron US, Inc. (Diatron US), based in Delaware, US. The companies thereby acquired, namely REMA Lux 2, MAH, Diatron MI, and Diatron US, have been fully consolidated.

With this acquisition, STRATEC has extended its product range and customer base in the field of hematology. The Diatron Group's OEM portfolio chiefly comprises analyzer systems, system components, consumables, and tests for the lower throughput hematology segment. This business combination has been recognized using the purchase method pursuant to IFRS 3. Since the acquisition date, the earnings of the Diatron Group have been included in the interim consolidated financial statements.

The fair values upon acquisition of the assets and liabilities identified at the Diatron Group are as follows:

Fair values of assets and liabilities identified at the Diatron Group (preliminary [1])

	Upon acquisition in € thousand
Assets	
Property, plant and equipment	1,460
Cash and cash equivalents	1,717
Receivables and other assets	6,119
Inventories	7,689
Other intangible assets	41,124
Deferred taxes	162
Total assets	**58,271**
Liabilities	
Deferred tax liabilities	-7,886
Current financial liabilities	
Financial liabilities	-305
Trade payables	-3,975
Other current liabilities	-2,690
Current provisions	-116
Total liabilities	**-14,972**
Total net assets identified at fair value	43,298
Goodwill from company acquisition	24,607
Total consideration	**67,906**

[1] As no conclusive assessment was possible at the interim reporting date as to whether all information needed to determine the fair values in connection with the company acquisition was available, the values stated are preliminary pursuant to IFRS 3.45.

Breakdwown of outflow due to company acquisition

in € thousand	
Cash and cash equivalents acquired with subsidiary (included in cash flows from investing activities)	1,717
Outflow of cash and cash equivalents	-67,906
Actual outflow of funds	**-66,189**

Since the acquisition date, the Diatron Group has contributed € 10,470k to the sales and € 1,724k to the earnings before taxes of the STRATEC Group. If the business combination had already been completed at the beginning of the financial year, then the respective contributions to sales and earnings before taxes for the period would have amounted to € 18,107k and € 308k.

The goodwill thereby recognized chiefly results from the synergies expected in particular in the development and production of consumables, modules for complete analyzer systems and smaller systems, and in the supply chain.

The transaction expenses of € 681k have been expensed and recognized under administration expenses in the income statement and in the cash flow from operating activities in the cash flow statement.

Furthermore, on May 30, 2016 the STRATEC Group acquired 100% of the shares in Blitz 16-332 GmbH, Munich, Germany, for an amount of € 28k. As Blitz 16-332 GmbH is a shelf company that does not constitute a business operation pursuant to IFRS 3.3, its acquisition did not result in a company acquisition as defined in IFRS 3 (Business Combinations). By shareholder resolution dated May 30, 2016, Blitz 16-332 GmbH was renamed as STRATEC PS Holding GmbH (STRATEC PS), based in Birkenfeld, Germany and the company's legal domicile was relocated from Stuttgart, Germany, to Birkenfeld, Germany. This company is of subordinate significance for the net asset, financial and earnings position of the Group. On June 8, 2016, the company concluded a contract governing the full acquisition of Sony DADC BioSciences GmbH. Reference is made to the further comments under "Events after the balance sheet date".

The scope of consolidation of STRATEC AG (parent company) in the consolidated financial statements as of June 30, 2016 is set out below. Pursuant to the requirements of IFRS 10, it basically includes all companies controlled by STRATEC AG (subsidiaries). Specifically, the scope of consolidation includes – as already the case at December 31, 2015 – the following subsidiaries:

- STRATEC Biomedical Switzerland AG, Beringen, Switzerland
- STRATEC Biomedical UK, Ltd. Burton upon Trent, UK
- STRATEC Molecular GmbH, Berlin, Germany,
- STRATEC Biomedical USA, Inc., Newbury Park, US
- STRATEC Biomedical S.R.L, Cluj-Napoca, Romania
- STRATEC Services AG, Beringe, Switzerland and
- STRATEC Capital GmbH, Birkenfeld, Germany.

Furthermore, the scope of consolidation also included the following subsidiaries for the first time as of March 31, 2016:

- RE Medical Analyzers Luxembourg 2 S.à r.l., Luxembourg
- Medical Analyzers Holding GmbH, Zug, Switzerland
- Diatron Medical Instrumentumok Laboratoriumi Diagnosztikai Fejlesztö-Gyarto Zrt, Budapest, Hungary
- Diatron US, Inc. (Diatron US), Delaware, US

(The latter companies were also taken over in their then existing holding structure upon the acquisition of the Diatron Group from The Riverside Company based in New York and Cleveland, US. This holding structure was annulled with the objective of establishing the operating companies as wholly-owned subsidiaries of STRATEC Capital GmbH.)

The following subsidiary was included in the scope of consolidation for the first time as of May 30, 2016:

- STRATEC PS Holding, Birkenfeld, Germany

The level of shareholding and percentage of voting rights held amounted to 100% of voting capital at all of the companies listed.

Due to their immaterial significance, the following companies have – as previously – not been fully consolidated in the interim consolidated financial statements:

- STRATEC Biomedical Inc., Hamden, CT, USA,
- Sanguin International Inc., Hamden, CT, USA,
- STRATEC Biomedical (Taicang) Co. Ltd., Taicang, China.

SEGMENT DISCLOSURES

No changes in segmentation have arisen compared with the consolidated financial statements as of December 31, 2015.

Segment data by operating segment for the period from January 1 to June 30, 2016

in € thousand	Instrumentation	All other segments	Reconciliation	Total
Sales with external customers	75,087	3,302	-357	78,032
Inter-segmental sales	751	908	-1,659	0
Depreciation and amortization	3,578	164	0	3,742
EBIT [1]	12,221	-225	-2,045	9,951
Interest income	606	8	-553	62
Interest expenses	-460	-546	553	-453
Assets	312,593	32,428	-102,348	242,673
Additions to non-current assets	33,914	1,365	-52	35,227

[1] before consolidation

Segment data by operating segment for the period from January 1 to June 30, 2015

in € thousand	Instrumentation	All other segments	Reconciliation	Total
Segment sales	83,055	5,369	-18,412	70,012
EBIT	12,749	-117	-646	11,986
Assets	169,757	7,311	-26,436	150,632

Net financial expenses and taxes on income have not been allocated to individual operating segments.

Reconciliation of earnings

in € thousand	01.01.–06.30.2016	01.01.–06.30.2015
Segment earnings	11,996	12,631
Net financial expenses	-701	154
Taxes on income	-2,851	-2,333
Consolidation	-2,045	-646
Consolidated net income	**6,399**	**9,807**

IMPAIRMENT TEST

Impairment tests pursuant to IAS 36 (Impairment of Assets) are performed on goodwill and other intangible assets with unlimited or indefinite useful lives, as well as on intangible assets not yet ready for use, at least once a year and if there are specific indications of impairment. Other intangible assets with limited useful lives and property, plant and equipment are only tested if there are specific indications of impairment. The impairment tests for goodwill and intangible assets with unlimited or indefinite useful lives are based on a calculation of their value in use. The underlying assumptions referred to when determining the recoverable amounts of the various cash generating units are presented in the consolidated financial statements as of December 31, 2015.

In a communication published on March 15, 2016, the Board of Management of STRATEC Biomedical AG announced that the Group had reviewed and adjusted its medium-term sales expectations due to call-up forecasts and expectations at its customers and in response to the business performance of the Group in the first two months of the 2016 financial year. Average annual sales growth (CAGR) of around 6% was forecast for the years from 2014 to 2017 and sales of between € 150 million and € 154 million were forecast for the 2016 financial year. An EBIT margin at around the same level as in the 2015 financial year was forecast. This adjustment in medium-term sales expectations was taken as a specific indication triggering the performance of impairment tests on goodwill and on capitalized internally generated intangible assets.

CASH GENERATING UNITS

The cash generating units determined for goodwill impairment testing are “laboratory automation”, “workflow software”, “nucleic acid purification” and “contact-free measurement and capacity calculation methods”.

The determination of the recoverable amount for the cash generating units as of March 15, 2016 has been based on their value in use, defined as the present value of future net inflows of cash. Future net inflows of cash have been adjusted to account for customers’ call-up forecasts and expectations. Given the risk and return profiles of the cash generating units thereby reviewed, the costs of capital have been calculated on an individual basis. The key parameters are as follows:

Cash generating unit	Pre-tax-WACC in %
Laboratory automation	
03.15.16	7.74
12.31.15	7.29
Workflow software	
03.15.16	7.42
12.31.15	6.94
Nucleic acid purification	
03.15.16	7.53
12.31.15	7.13
Contact-free measurement and capacity calculation methods	
03.15.16	11.26
12.31.15	8.93

The detailed budget period covers three years. For the cash generating units attributable overall to the “Healthcare Products and Services” market and industry, growth rates of 1.0% have been assumed for the net inflows of cash beyond the detailed budget period, i.e. in perpetuity (December 31, 2015: 1.0%).

Weighted average cost of capital

The calculation of the weighted average cost of capital (WACC) as of March 15, 2016 was based on a risk-free interest rate of 1.06% and 2.73% respectively, a market risk premium of 7.0%, and a beta factor of 0.749.

Sensitivity of assumptions made

In respect of the determination of the values in use of the cash generating units, no material changes have been made to the sensitivity disclosures presented in the consolidated financial statements as of December 31, 2015.

On this basis, STRATEC AG concluded that there were no indications of potential impairment in the goodwill reported at any of the cash generating units.

INTERNALLY GENERATED INTANGIBLE ASSETS

Internally generated intangible assets include both capitalized development expenses for proprietary development projects (€9,128k; December 31, 2015: €8,480k) and capitalized development expenses for development cooperations (€15,679k; December 31, 2015: €16,097k). The impairment test focused in particular on capitalized development expenses for those development projects and cooperations that formed the basis for the adjustment in the medium-term sales expectations as of March 15, 2016.

On this basis, STRATEC AG concluded that there were no indications of potential impairment in the assets at these development projects and cooperations.

FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values of individual financial assets and liabilities for each class of financial instruments and reconciles these with the corresponding balance sheet items.

Abbreviations for IAS 39 measurement categories

LaR Loans and receivables
AfS Available-for-sale financial assets
FVTPL Assets measured at fair value through profit or loss
FAHfT Financial assets held for trading
FLAC Financial liabilities measured at amortized cost

06.30.2016 12.31.2015 in € thousand	IAS 39 category	Carrying amount	Amortized cost
Non-current assets			
Investments in associates	AfS	176	176
		184	184
Other financial assets	LaR	30,667	30,667
		0	0
Current assets			
Trade receivables	LaR	28,989	28,989
		24,045	24,045
Future receivables from construction contracts	LaR	1,299	1,299
		1,470	1,470
Receivables from associates	LaR	21	21
		23	23
Other financial assets		5,027	177
		2,779	121
Available-for-sale financial instruments	AfS	3,772	
		0	
Financial instruments measured at fair value through profit or loss	FVTPL	0	
		1,271	
Assets held for trading	FAHfT	1,078	
		1,387	
Loans and receivables	LaR	177	177
		121	121
Cash and cash equivalents	LaR	22,411	22,411
		56,415	56,415
Non-current liabilities			
Non-current financial liabilities	FLAC	4,236	3,060
		4,328	3,614
Current liabilities			
Other current financial liabilities	FLAC	71,522	71,522
		3,816	3,799
Trade payables	FLAC	10,134	10,134
		3,436	3,436
Liabilities to associates	FLAC	16	16
		14	14

Fair value through profit or loss	Fair value in equity	Outside scope of IFRS 7	Total	Fair value
			176	
			184	
			30,667	30,667
			0	0
			28,989	28,989
			24,045	24,045
			1,299	1,299
			1,470	1,470
			21	21
			23	23
1,078	3,772		5,027	5,027
2,658	0		2,779	2,779
	3,772		3,772	3,772
	0		0	0
0			0	0
1,271			1,271	1,271
1,078			1,078	1,078
1,387			1,387	1,387
			177	177
			121	121
			22,411	22,411
			56,415	56,415
		1,176	4,236	4,420
		714	4,328	4,545
		0	71,522	73,218
		17	3,816	4,039
			10,134	10,134
			3,436	3,436
			16	16
			14	14

Of non-current other financial assets, an amount of €30,667k involves payments made in connection with the acquisition of SONY DADC BioSciences GmbH, based in Anif, Austria. As this business combination was only executed as of July 1, 2016, but the purchase price was settled prior to the interim reporting date already, it has been necessary to recognize a financial asset in the interim financial statements as of June 30, 2016. Reference is also made to the comments under “Major events after the interim reporting date” from Page 31 onwards.

Fair value hierarchy

To ensure the comparability and consistency of fair value measurements and related disclosures, IFRS 13 (Fair Value Measurement) stipulates a fair value hierarchy that allocates the input factor used in valuation methods to calculate fair value to three levels. The hierarchy grants the highest priority to prices (taken over without amendment) on active markets for identical assets or liabilities (Level 1 input factors) and the lowest priority to non-observable input factors (Level 3 input factors). The following specific definitions apply:

Input factors: Assumptions that would be used by market participants when determining the price of an asset or liability, including risk assumptions, such as:

(a) The risk involved in a specific valuation method used to calculate fair value (such as a price model), and

(b) The risk involved in the input factors used in the valuation method.

Input factors may be observable or non-observable.

Level 1 input factors: Listed prices (taken over without amendment) on active markets for identical assets or liabilities to which the company has access on the valuation date.

Level 2 input factors: Input factors other than the listed prices included in Level 1 that are either directly or indirectly observable for the asset or liability.

Level 3 input factors: Input factors not observable for the asset or liability.

Observable input factors: Input factors derived from market data, such as publicly available information about actual events or transactions, which reflect those assumptions that would be used by market participants when determining the price of the asset or liability.

Non-observable input factors: Input factors for which no market data is available and which are derived from the best information available concerning the assumptions that would be used by market participants when determining the price of the asset or liability.

Financial assets measured at fair value have been allocated to the three input factor levels as follows:

06.30.2016 12.31.2015 in € thousand	Total carrying amount	of which Level 1	of which Level 2	of which Level 3
Current assets				
Financial assets	4,849 2,658	1,078 1,387		3,772 1,271

As in the 2015 financial year, no items were reclassified within the three input factors in the period from January 1 to June 30, 2016. However, financial assets with a carrying amount and fair value of € 1,387k were reported in Level 3 as of December 31, 2015 even though these items should have been reported in Level 1 due to their listing on an active market. In this half-year financial report, the figures reported as of December 31, 2015 in the aforementioned table have been adjusted accordingly. The financial assets allocated to Level 1 involve shares in publicly listed companies. These have been measured by reference to the closing price on the securities exchange with the highest trading volume on the reporting date.

The other financial assets measured at fair value result from the development cooperation in connection with Quanterix Corporation, US (hereinafter: "Quanterix"). This item showed the following implications and changes:

As of December 31, 2015, STRATEC AG possessed 1,300,000 option rights to shares in Quanterix, a company that is not publicly listed. As of the balance sheet date on December 31, 2015, these option rights were measured using Level 3 input factors. For the measurement of these option rights, the company was able to refer to a survey dated February 3, 2016. In this, the independent surveyor commissioned by the Board of Management of Quanterix determined that shares in the "common stocks" class had a value of USD 1.42 per share as of the reporting date on September 30, 2015. The surveyor applied a hybrid model accounting for two scenarios: on the one hand, an IPO scenario that would be followed by crossover financing and on the other a "remain private" scenario. Measurement for the IPO scenario used a market-based valuation method, while measurement for the "remain private" scenario was based on a DCF method. Each scenario was weighted on the basis of its likelihood as estimated by the Board of Management of Quanterix. Furthermore, the surveyor accounted for a discount for lack of marketability for the common stocks. As the option rights can be exercised at any time and the costs of exercising the rights are negligible, STRATEC's Board of Management based the valuation of the options on the value of the common stocks as stated in the survey, while including an additional discount of 25% to account for the subjective, unverifiable discretionary decisions taken by the Board of Management of Quanterix. The Board of Management of STRATEC AG believed that any hypothetical market player would have also included this type of discount to account for the risks and uncertainties resulting from such discretionary decisions.

In the period from January 1 to June 30, 2016, STRATEC AG was not granted any further option rights to shares in Quanterix in return for the achievement of milestones (previous year: none). However, the option rights existing as of December 31, 2015 were exercised on February 1, 2016 in return for payment of an amount of USD 0.001 per option right, i.e. for a total amount of USD 1,300.00. Accordingly, STRATEC AG received preferred stocks in the A-3 series at Quanterix. In accordance with IAS 39, these option rights were measured at fair value through profit or loss as of their exercise date. Based on the assessment of the Board of Management of STRATEC AG, no better insights concerning the Level 3 input factors arose in the period between December 31, 2015 and the exercise date. With regard to the measurement of option rights, reference is therefore made to the comments on Page 97 of the 2015 Annual Report and to the information presented above. However, the measurement of the option rights in 2016 was adjusted to the extent that the discount recognized as of December 31, 2015 to account for subjective, unverifiable discretionary decisions taken by the Board of Management of Quanterix Corporation, US, has not been continued. This is due to the factors presented below in connection with the financing round implemented by Quanterix in 2016, as a result of which it became apparent that the discount previously recognized was no longer needed. The resultant income of € 425k in the 1st quarter of 2016 ((01.01.-06.30.2015: € 0k; 01.01.-12.31.2015: € 663k) has been recognized under other operating income in the consolidated income statement.

The 1,300,000 A-3 series preferred stocks in Quanterix (hereinafter: "Quanterix shares" received upon the options being exercised on February 1, 2016 have been classified pursuant to IAS 39 as "available-for-sale". The Quanterix shares have initially been measured at a total amount of € 1,697k, corresponding to the fair value of the option rights on February 1, 2016 plus the payment of the exercise amount of USD 1,300. Subsequent measurement of the Quanterix shares will also be at fair value, with any changes in value basically being recognized directly in equity ("Other equity", "Fair value measurement reserve") and under "Changes in the value of financial investments" in the consolidated income statement. As of the interim reporting date on June 30, 2016, this led to the recognition of fair value changes (prior to deferred taxes) of € 2,075k directly in equity.

The fair value of the Quanterix shares recognized at STRATEC AG was determined on the basis of a financing round executed at Quanterix at the end of March 2016 in which STRATEC AG did not participate. Based on the information available to STRATEC AG, Quanterix used this financing round to obtain an amount of around USD 46 million from existing and new investors. The post-money valuation of Quanterix was stated at “more than USD 200 million”. Based on the information available to STRATEC concerning the pre-money valuation for the financing round, an “imputed value” per share of USD 4.23 was determined on the assumption of full dilution and the discontinuation of all existing liquidation preferences for the Quanterix shares. It should be noted, however, that given Quanterix’ current status as an unlisted company there are various share classes which enjoy different levels of priority in terms of existing liquidation preferences. These priorities will only cease to apply in the event of an IPO at Quanterix, which means that the “imputed value” per Quanterix share may only be realized by STRATEC AG or any other market participant in such event. Unlike preferred stocks in the A-1, A-2, B, C, C-1 series and the preferred stocks in the D series issued in the financing round at the end of March 2016, the stocks in the A-3 series held by STRATEC AG do not have rights to cumulative dividends. In the event of a liquidation (in the sense used for companies financed by venture capital) of Quanterix, the shares in the B, C, C-1, and D series have priority over all other classes, while the shares in the A-1, A-2, and A-3 classes have priority over common stocks. The subordinate nature of the A-3 series shares held by STRATEC AG compared with the other preferred stocks in the event of a “remain private scenario” at Quanterix, a scenario whose likelihood is assessed by the Board of Management of STRATEC AG at 50%, resulted in a value of USD 3.22 per A-3 series share.

As not all of the aforementioned input factors are available to all market participants, the measurement of the Quanterix shares has been allocated to Level 3 in the measurement hierarchy.

A reconciliation of the financial assets repeatedly measured at fair value in Level 3 of the measurement hierarchy is presented below:

in € thousand	
Balance at 01.01.2015	**877**
Total gains and losses recognized through profit or loss	
Other financial result	71
Balance at 06.30.2015	**948**
Total gains and losses recognized through profit or loss	
Other operating income	663
Other financial result	46
Purchases	1,001
Reclassifications into or out of Level 3	-1,387
Balance at 12.31.2015	**1,271**
Total gains and losses recognized through profit or loss	
Other operating income	425
Total gains and losses recognized in OCI	2,075
Purchases	1
Balance at 06.30.2016	**3,772**

Financial assets measured at fair value comprise shares in listed companies (€ 1,078k; previous year; € 1,387k) and shares (previous year: option rights) in the unlisted company Quanterix (€ 3,772k; previous year: option rights of € 1,271k).

RISK MANAGEMENT ACTIVITIES

The STRATEC Group had not concluded any hedging transactions as of June 30, 2016.

TAXES ON INCOME

The STRATEC Group calculates the income tax expenses due for the period by reference to the tax rate deemed applicable to the expected income for the financial year as a whole. The key components of income tax expenses are presented in the consolidated statement of comprehensive income.

Of current tax expenses, an amount of € 1,383k relates to the findings of the external tax audit performed at STRATEC Biomedical AG for the 2009 to 2013 assessment periods. The findings of the external tax audit will not result in any outflow of funds, as prepayments have already been made in sufficient volumes.

SHAREHOLDERS' EQUITY

The development in the shareholders' equity of the STRATEC Group and dividends paid are presented in the consolidated statement of changes in equity on Pages 16 and 17. The number of ordinary shares issued by STRATEC Biomedical AG as of June 30, 2016 amounts to 11,858,020. All shares are fully paid in and are registered shares.

Within the contractual clauses (non-financial covenants) agreed in a loan agreement, the annual dividend is capped at € 0.80 per share for the term of the loan. Should any of the contractual clauses be infringed, then the creditor may be entitled to terminate the relevant loan facilities and demand immediate repayment irrespective of the contractually agreed term.

DISCLOSURES ON THE VOLUME OF TREASURY STOCK AND ON SUBSCRIPTION RIGHTS HELD BY MEMBERS OF THE COMPANY'S EXECUTIVE AND SUPERVISORY BODIES AND ITS EMPLOYEES PURSUANT TO § 160 (1) NOS. 2 AND 5 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The company owned a total of 6,690 treasury stock shares at the interim balance sheet date. This corresponds to a prorated amount of € 6,690.00 of the company's share capital and to a 0.06% share of its equity.

Stock option programs

Since the 2015 financial year, the individual members of the Board of Management have only participated in the stock option program in respect of stock options already granted but have not been granted any further stock options.

The members of the Board of Management and managing directors held the following number of subscription rights (stock option rights) as of the interim reporting date:

Stock option rights	Board of Management/Managing Directors	Employees	Total
Outstanding on 01.01.2016	142,500	88,325	230,825
Granted	1,500	11,000	12,500
Exercised	0	5,050	5,050
Lapsed	0	0	0
Forfeited	0	2,400	2,400
Outstanding on 06.30.2016	144,000	91,875	235,875

Of the stock option rights granted in the first six months, a total of 1,500 were granted to managing directors of subsidiaries (previous year: 3,000) and 11,000 to employees (previous year: 8,550).

No stock option rights were exercised by members of the Board of Management in the first six months (previous year: 10,000). As in the previous year, the managing directors of subsidiaries did not exercise any stock option rights in this period. Employees exercised 5,050 stock option rights (previous year: 13,600). In order to service the stock option rights thereby exercised, a total of 5,050 shares were created from conditional capital (previous year: 23,600).

As in the previous year, no stock option rights lapsed in the period under report. A total of the 2,400 employee stock option rights were forfeited in the period under report (previous year: 0).

Stock appreciation rights

The fair value of stock appreciation rights (SARs) developed as follows:

Stock appreciation rights (SARs)	Tranche 1/2015	Tranche 1/2016
Issue date:	03,08,2015	01,04,2016
Fair value at exercise date:	11.28 €	11.36 €
Fair value at 12.31.2015:	17.85 €	n/a
Fair value at 06.30.2016:	12.65 €	16.76 €

The development in the number of stock appreciation rights (SARs) is presented below:

Number	Total at 01.01.2016	Granted	Exercised Lapsed Forfeited	Total at 06.30.2016	of which exercisable
Tranche 1/2015	40,000	0	0	40,000	0
Tranche 2/2016	0	40,000	0	40,000	0
Total	**40,000**	**40,000**	**0**	**80,000**	**0**

The total obligation for the payments expected in connection with the stock appreciation rights (SARs) granted as of the reporting date amounted to € 1,176k (December 31, 2015: € 714k). This item has been recognized under financial liabilities.

COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The currency translation reserve of € 3,355k stated as of the reporting date (previous year: € 4,278k) comprises currency differences arising upon the translation of the separate financial statement of companies whose functional currency is not the euro and from the translation within equity of group-internal net investments as of the reporting date.

The fair value measurement of available-for-sale financial instruments resulted in the recognition in other comprehensive income of gains after taxes of € 2,046k. This item relates to the measurement of the Quanterix shares as of the reporting date. Reference is also made to the comments from Page 27 onwards.

Financial liabilities

Financial liabilities include liabilities of € 71,833k to banks. The change in this item compared with December 31, 2015 (€ 5,106k) is due to the taking up of new borrowing in connection with the company acquisitions made.

Research and development expenses

Outlays for research and development expenses not meeting the criteria for capitalization set out in IAS 38 (Intangible assets) totaled € 5.1 million in the first six months of the 2016 financial year (previous year: € 3.4 million) and mainly involved personnel expenses and costs of materials. Overall, the STRATEC Group invested a total of € 11.3 million in research and development in the first six months of the 2016 financial year (previous year: € 10.8 million).

OTHER FINANCIAL OBLIGATIONS

As of June 30, 2016, the Group had obligations to acquire property, plant and equipment of €0.8 million. This item mainly relates to the construction of new company premises at the STRATEC Biomedical S.R.L. subsidiary in Cluj-Napoca, Romania.

SELECT RELATED PARTY DISCLOSURES

In the first half of the year, STRATEC AG generated revenues of €2k from transactions with STRATEC Biomedical (Taicang) Co. Ltd. (previous year: €2k) and purchased services of €155k from this company (previous year: €142k).

As of June 30, 2016, the Group had outstanding balances of €1,996k in connection with profit participation by members of the Board of Management (December 31, 2015: €1,788k).

EMPLOYEES

Including temporary employees, the STRATEC Group had a total workforce of 842 employees as of June 30, 2016 (previous year: 562).

MAJOR EVENTS AFTER THE INTERIM REPORTING DATE

On June 8, 2016, STRATEC AG signed an agreement with Sony DADC Austria AG ("Sony DADC"), based in Anif/Salzburg, Austria, concerning the acquisition of all of the shares in Sony DADC BioSciences GmbH ("Sony DADC BioSciences"), a wholly owned subsidiary of Sony DADC.

Sony DADC BioSciences is one of the world's leading OEM manufacturers of smart consumables for applications in diagnostics, life sciences, and medical technology. The company has outstanding skills and applications in nano-structuring and micro-structuring, various coating technologies, polymer science applications, and automated production. Sony DADC BioSciences has a certified production site and a global logistics network and covers the entire value chain, from development and design via production and quality assurance through to logistics. The company complies with all requirements in the most important target markets. Its customers include global players operating in highly regulated markets and innovative start-up companies. Furthermore, the company maintains numerous partnerships with universities and research institutes. Alongside its headquarters in Anif near Salzburg in Austria, the company also has sales offices both in Asia and in America. In the past financial year ending on March 31, 2016, Sony DADC BioSciences generated sales of around €14.5 million. In its current financial year, due to end on March 31, 2017, the company expects to generate sales of around €17 million and slightly positive earnings. This will have a correspondingly positive impact on STRATEC's EBIT prior to the write-downs arising in connection with the purchase price allocation. Based on current planning, the management expects the EBIT margin at Sony DADC BioSciences to rise steadily and to reach the STRATEC Group's current level of EBIT margin by 2020. The company currently has around 120 employees. The purchase price was determined by reference to an overall company valuation amounting to around twice the volume of sales in the past financial year.

The acquisition date for Sony DADC BioSciences is after the interim reporting date and before the publication of STRATEC's group interim report. However, the initial consolidation of the company had not been completed upon the approval of this report for publication. In particular, no data was yet available from any preliminary purchase price allocation, as the takeover was only executed as of July 1, 2016. Application has therefore been made of the relief provided for in IFRS 3.B66.

RESPONSIBILITY STATEMENT

We hereby affirm that, to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group consistent with the principles of proper accounting, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the financial year.

ADDITIONAL INFORMATION

FINANCIAL CALENDAR 2016

July 21, 2016	Half-Year Financial Report as of June 30, 2016
October 27, 2016	Interim Statement as of September 30, 2016
November 21-23, 2016	German Equity Forum, Frankfurt am Main, Germany – Analysts' Conference –

Furthermore, based on current planning, STRATEC will be taking part in the following capital market conferences in 2016

August 2016	Commerzbank Sector Conference, Frankfurt am Main, Germany
September 2016	13th Annual Goldman Sachs European Medtech and Healthcare Services Conference, London, UK Berenberg Bank & Goldman Sachs German Corporate Conference, Munich, Germany
November 2016	HSBC Healthcare Day 2016, Frankfurt am Main, Germany
December 2016	Berenberg Bank European Conference, Pennyhill Park, UK

Partially incomplete / subject to amendment

ABOUT STRATEC

STRATEC Biomedical AG (www.stratec.com) designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology. Furthermore, the company offers sample preparation solutions, integrated laboratory software, and complex consumables for diagnostic and medical applications. STRATEC covers the entire value chain – from development to design and production through to quality assurance.

The partners market the systems, software and consumables in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. STRATEC develops its products on the basis of its own patented technologies.

Shares in the company (ISIN: DE000STRA555) are traded in the Prime Standard segment of the Frankfurt Stock Exchange and are listed in the TecDAX select index of the German Stock Exchange.

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NOTICE

Forward-looking statements involve risks: This interim report contains various statements concerning the future performance of STRATEC. These statements are based on both assumptions and 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.

This interim report contains various disclosures of an economic nature that do not form part of the relevant accounting requirements. These disclosures are to be viewed as a supplement to, rather than as a substitute for the disclosures made in accordance with IFRS.

Discrepancies may arise throughout this interim report on account of mathematical rounding up or down in the course of addition.

This interim report is also available in German.

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