

**09.30.2014**  
INTERIM REPORT

# PROFILE

STRATEC DEVELOPS AND MANUFACTURES FULLY AUTOMATED ANALYZER SYSTEMS BASED ON ITS OWN PATENTED TECHNOLOGIES FOR ITS PARTNERS IN THE FIELDS OF CLINICAL DIAGNOSTICS AND BIOTECHNOLOGY. STRATEC'S PARTNERS ARE MOSTLY GLOBAL PLAYERS OPERATING IN THE IN-VITRO DIAGNOSTICS INDUSTRY. THESE COMPANIES MARKET STRATEC'S SYSTEMS UNDER THEIR OWN NAMES, IN GENERAL TOGETHER WITH THEIR OWN REAGENTS, AS SYSTEM SOLUTIONS TO LABORATORIES, BLOOD BANKS, AND RESEARCH INSTITUTES AROUND THE WORLD.

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## HIGHLIGHTS

Sales of € 105.3 million in 9M/2014  
(+15.9%; 9M/2013: € 90.8 million)

EBIT of € 17.7 million<sup>2</sup> in 9M/2014  
(+37.7%; 9M/2013: € 12.8 million)

EBIT margin of 16.8%<sup>2</sup> in 9M/2014  
(+270 base points; 9M/2013: 14.1%)

Consolidated net income of € 14.6 million<sup>2</sup> in 9M/2014  
(+43.8%; 9M/2013: € 10.2 million)

Earnings per share of € 1.24<sup>2</sup> in 9M/2014  
(+42.5%; 9M/2013: € 0.87)

Improved EBIT margin expectations

## KEY GROUP FIGURES AT A GLANCE

in € thousands	01.01.- 09.30.2014	01.01.- 09.30.2013 <sup>1</sup>	Change
Sales	105,278	90,819	+15.9%
EBIT	17,685 <sup>2</sup>	12,847	+37.7%
EBIT margin (%)	16.8 <sup>2</sup>	14.1	+270 BPS
Consolidated net income	14,627 <sup>2</sup>	10,173	+43.8%
Earnings per share (€)	1.24 <sup>2</sup>	0.87	+42.5%
No. of employees (09.30.)	554	544	+1.8%

in € thousands	09.30.2014	12.31.2013 <sup>1</sup>	Change
Shareholders' equity	106,088	97,179	+9.2%
Total assets	130,217	117,788	+10.6%
Equity ratio (%)	81.5	82.5	-100 BPS

<sup>1</sup> The accounting methods used in the consolidated financial statements were amended in line with IAS 8 in the 2013 financial year. Reference is made in this respect to the information in the 2013 Annual Report in Section A of the notes to the consolidated financial statements.

<sup>2</sup> 2014 figure adjusted to exclude a one-off negative item resulting from recognition in the first quarter of expenses for the remaining years of the term of a management board contract for a retired member of the Board of Management and a positive non-operating item due to recognition of income for a development project discontinued in 2013. Unadjusted EBIT amounts to € 17.0 million, the corresponding EBIT margin amounts to 16.2%, consolidated net income to € 14.2 million and earnings per share to € 1.20. The actual amount of the aforementioned expense item may differ at the time of payment from the amounts presented here.

# LETTER FROM THE BOARD OF MANAGEMENT

## Dear Shareholders,

The company's pleasing performance in the first six months of 2014 continued in the third quarter.

Nine-month sales grew 15.9% to € 105.3 million. The adjusted EBIT margin rose to 16.8%, up from 14.1% in the equivalent period in the previous year. Adjusted earnings per share increased 42.5% to € 1.24.

The measures taken in recent years are now bearing fruit in many areas, for example in the form of an improved gross margin on recently launched systems. Current development projects have also contributed to a well-stocked development pipeline. Furthermore, some of our customers are reporting a slight rise in sales once again due to higher test volumes at laboratories.

Sales with service parts and consumables have continued to develop positively. Even after adjustment for one customer's initial stocking, the trend towards recovery seen over the past quarters remains intact.

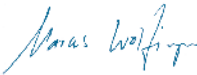
All these factors are reflected in the high growth rates we are currently able to report. Irrespective of this, we are taking the company's current development as an opportunity to implement targeted measures aimed at maintaining solid growth.

We expect construction work on a development complex in Romania to start at the beginning of next year. What's more, we will be further expanding our production capacities in Switzerland in 2015. These actions are intended to further facilitate our planned growth in terms of our operational footprint.

We expect the pleasing performance witnessed to date to continue in the final quarter of the current year, with a further increase in development work and a positive sales and earnings performance.

Birkenfeld, October 2014

The Board of Management of  
STRATEC Biomedical AG



Marcus Wolfinger



Dr. Robert Siegle



Dr. Claus Vielsack

# INTERIM GROUP MANAGEMENT REPORT

## REPORT ON THE EARNINGS, FINANCIAL AND NET ASSET POSITION

Sales grew by 15.9% to € 105.3 million in the nine six months of the 2014 financial year (previous year: € 90.8 million). The gross profit (gross profit on sales) increased to € 22.6 million (32.2% of sales), up € 6.6 million on the previous year's figure of € 35.8 million (34.0% of sales). This was due to significant growth in the volume of established and newer analyzer systems, as well as the ongoing positive development in turnover with service parts.

Gross development expenses rose by € 2.3 million to € 17.0 million, of which € 11.4 million were capitalized. Sales-related expenses could be further significantly reduced from € 6.0 million to € 4.2 million. Administration expenses increased by € 1.5 million to € 8.2 million. This was chiefly due to the recognition of expenses for the remaining years covered by the residual term of the management board contract for a retired member of the Board of Management.

At € 17.0 million, EBIT improved by 32.7% and significantly exceeded the previous year's figure, and that despite the one-off charge due to the expenses incurred for changes in the Board of Management. The figures include a small positive financial effect, one set also to continue over the remaining quarters of the current financial year, resulting from the termination of a development and supply agreement announced in July 2013. This factor will also impact on the final quarter of the current financial year. Based on current planning, this monetary item will increase the EBIT margin for the 2014 financial year as a whole by around 30 basis points. The EBIT margin thus amounted to 16.2% (adjusted: 16.8%; previous year: 14.1%). As in the previous year, net financial expenses were marginally negative. The tax result amounted to € 2.8 million. STRATEC can therefore report a 39.1% increase in consolidated net income to € 14.2 million for the period under report (previous year: € 10.2 million). Earnings per share amounted to € 1.20 (previous year: € 0.87).

Despite ongoing strong demand for analyzer systems and a full development pipeline, inventories only rose slightly from € 18.1 million to € 20.1 million. Due to the significant reduction in trade receivables, total receivables could be reduced by € 4.0 million.

The equity ratio amounted to 81.5%. The Group has reduced its non-current financial liabilities by € 1.2 million to € 5.4 million. The increase in trade payables was driven by higher procurement volumes for raw materials and supplies. Other current liabilities also include the liability for the remaining years covered by the residual term of the management board contract for a retired member of the Board of Management.

The cash flow from operating activities rose significantly from € 20.0 million in the previous year to € 25.7 million. This figure also includes write-downs of € 0.8 million for impairments of proprietary development projects. At € 5.7 million, investments fell short of the previous year's figure. Despite the dividend payment in June, cash and cash equivalents thus increased from € 20.7 million to € 34.6 million.

## **CHANGES IN THE BUSINESS ENVIRONMENT AND IMPLICATIONS FOR STRATEC**

In its forecast published in October 2014, the International Monetary Fund (IMF) predicted ongoing global economic growth, but nevertheless warned of the risk of a new global economic crisis due to growing risks to the global economy.

Compared with its previous forecast in April, the IMF cut its global economic growth forecast for 2014 by 0.4 percentage points to 3.3%. It also corrected its outlook for 2015 downwards and now expects growth of 3.8%.



According to the IMF, the pace of growth seen in recent years has been disappointing. In major economies in particular, not enough has been invested and not enough has been done to stimulate demand, and that despite low interest rates. Not only that, numerous countries urgently need to introduce structural reforms. The downstream implications of the severe recession around six years ago are more intractable than previously thought.

One key concern is that the recovery in the euro area is stagnating. Geopolitical crises, such as those in the Ukraine or the Middle East, could also result in economic damage far beyond the areas affected, for example due to rising energy prices. The IMF continues to see major problems for the Russian economy, not least due to the sanctions imposed in the Ukraine crisis. Brazil, previously a key growth driver, also faces weaker economic developments than most recently expected. The IMF sees fewer difficulties for China, whose growth is expected to remain above seven percent in the next two years. India has also regained momentum following a period of weakness.

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 21<sup>st</sup> 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.

In view of the factors 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.

Our partners, who generally market our systems together with their own reagents, have currently reported only a very low level of impact related to events in connection with the Ukraine crisis and sanctions on Russia. To date, the only implications are a slight reduction in analyzer system call-up volumes at one partner.

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

In the current year, STRATEC is focusing on achieving further major development milestones, additional market launches, and finalizing negotiations for new development and production contracts.

Furthermore, the expansion in the company's production and development capacities is set to play a major role in the coming quarters. One example here is the planned construction of a proprietary development complex at STRATEC's location in Romania, where construction work is expected to start at the beginning of 2015. The company also plans to extend production areas at its Beringen location in Switzerland. This measure, also scheduled for 2015, will boost the STRATEC Group's production capacity by around 20%.

Based on budgets that account for acceptance volume forecasts from our customers and market launches expected in the coming years, STRATEC continues to expect average annual sales growth of 8% to 12% for the years through to 2017 (based on the volume of sales generated in the 2013 financial year). Growth rates are expected to fluctuate between individual years. For 2014, STRATEC continues to expect substantial sales growth compared with the 2013 financial year; accompanied by a significant rise in its EBIT margin.

Due to the immense debt accumulated by some countries and economic regions and the resultant potential implications (debt crisis), 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.

Apart from this, since the assessment of the company's situation provided on April 15, 2014 upon the compilation of the Annual Report for the 2013 financial year, no new information has arisen which could lead to any change in our assessment of the company's expected development.

## **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 a compliance system to ensure compliance with the relevant legal and industry-specific requirements.

STRATEC's business activities basically focus on sustainability and responsible behavior. In future, the company will document this in a sustainability report.

Apart from the factors outlined 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 2013 financial year dated April 15, 2014. Details of our risk management system and our company's specific opportunity and risk profile can be found in the "Opportunity and Risk Report" section of our 2013 Group Management Report. Information about our use of financial instruments can be found in Section F of the 2013 Group Management Report.

# CONSOLIDATED BALANCE SHEET

as of September 30, 2014  
of STRATEC Biomedical AG

## ASSETS

in € thousands	09.30.2014	12.31.2013	01.01.2013 <sup>1</sup>
<b>NON-CURRENT ASSETS</b>			
Goodwill	4,697	4,427	4,547
Other intangible assets	26,437	25,761	22,280
Property, plant and equipment	16,535	17,013	17,108
Interests in associates	412	392	363
Deferred tax assets	842	867	2,135
	<b>48,923</b>	<b>48,460</b>	<b>46,433</b>
<b>CURRENT ASSETS</b>			
Raw materials and supplies	9,715	8,391	8,857
Unfinished products, unfinished services	7,898	7,758	7,846
Finished products and goods	2,457	1,942	807
Trade receivables	19,119	23,372	25,627
Future receivables from construction contracts	1,764	1,312	1,011
Receivables from associates	73	65	96
Income tax receivables	2,933	3,523	2,016
Other receivables and other assets	2,017	1,585	2,182
Other financial assets	707	646	366
Cash and cash equivalents	34,611	20,734	13,209
	<b>81,294</b>	<b>69,328</b>	<b>62,017</b>
<b>TOTAL ASSETS</b>	<b>130,217</b>	<b>117,788</b>	<b>108,450</b>

<sup>1</sup> Previous year's figures adjusted in line with the information provided in the notes to the consolidated financial statements in the 2013 Annual Report (A. General disclosures).

**SHAREHOLDERS' EQUITY AND DEBT**

in € thousands

	09.30.2014	12.31.2013	01.01.2013 <sup>1</sup>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11,791	11,770	11,738
Capital reserve	17,973	17,219	16,247
Revenue reserves	74,861	67,766	58,768
Other equity	1,463	424	789
	<b>106,088</b>	<b>97,179</b>	<b>87,542</b>
<b>DEBT</b>			
<b>NON-CURRENT DEBT</b>			
Non-current financial liabilities	5,401	6,643	7,459
Pension provisions	14	14	28
Deferred taxes	1,563	1,389	1,604
	<b>6,978</b>	<b>8,046</b>	<b>9,091</b>
<b>CURRENT DEBT</b>			
Current financial liabilities	1,707	1,895	1,183
Trade payables	6,308	4,402	4,288
Liabilities to associates	223	211	282
Other current liabilities	7,567	4,520	5,218
Current provisions	687	679	608
Income tax liabilities	659	857	238
	<b>17,151</b>	<b>12,563</b>	<b>11,817</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND DEBT</b>	<b>130,217</b>	<b>117,788</b>	<b>108,450</b>

<sup>1</sup> Previous year's figures adjusted in line with the information provided in the notes to the consolidated financial statements in the 2013 Annual Report (A. General disclosures).

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Period from July 1 to September 30, 2014  
of STRATEC Biomedical AG

in T€	07.01.-09.30.2014	07.01.-09.30.2013 <sup>1</sup>
<b>SALES</b>	<b>36,228</b>	<b>30,748</b>
Cost of sales	-23,052	-21,000
<b>Gross profit</b>	<b>13,176</b>	<b>9,748</b>
Research and development expenses	-2,559	-1,213
Information only: Total research and development expenses	-6,323	-4,746
Information only: Capitalized research and development expenses	3,764	3,533
Sales-related expenses	-1,220	-1,717
General administrative expenses	-2,398	-2,008
Other operating expenses	-231	-220
<b>EBIT</b>	<b>6,768</b>	<b>4,590</b>
Net financial expenses	-34	-21
<b>Earnings before taxes (EBT)</b>	<b>6,734</b>	<b>4,569</b>
Current tax expenses	-1,599	-911
Deferred tax expenses	91	-28
<b>Consolidated net income</b>	<b>5,226</b>	<b>3,630</b>
<b>Items that may be subsequently reclassified to profit or loss</b>		
Currency translation differences from translation of foreign operations	638	-49
<b>COMPREHENSIVE INCOME</b>	<b>5,864</b>	<b>3,581</b>
<b>Earnings per share in €</b>	<b>0.44</b>	<b>0.31</b>
No. of shares used as basis	11,778,966	11,735,522
<b>Earnings per share, diluted, in €</b>	<b>0.44</b>	<b>0.31</b>
No. of shares used as basis, diluted	11,843,051	11,745,192

<sup>1</sup> Previous year's figures adjusted in line with the information provided in the notes to the consolidated financial statements in the 2013 Annual Report (A. General disclosures).

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Period from January 1 to September 30, 2014  
of STRATEC Biomedical AG

in € thousands	01.01.-09.30.2014	01.01.-09.30.2013 <sup>1</sup>
<b>SALES</b>	<b>105,278</b>	<b>90,819</b>
Cost of sales	-69,518	-61,574
<b>Gross profit</b>	<b>35,760</b>	<b>29,245</b>
Research and development expenses	-5,506	-3,223
Information only: Total research and development expenses	-16,950	-14,691
Information only: Capitalized research and development expenses	11,444	11,468
Sales-related expenses	-4,217	-5,987
General administrative expenses	-8,208	-6,680
Other operating expenses	-787	-508
<b>EBIT</b>	<b>17,042</b>	<b>12,847</b>
Net financial expenses	-113	-190
<b>Earnings before taxes (EBT)</b>	<b>16,929</b>	<b>12,657</b>
Current tax expenses	-2,569	-1,391
Deferred tax expenses	-210	-1,093
<b>Consolidated net income</b>	<b>14,150</b>	<b>10,173</b>
<b>Items that may be subsequently reclassified to profit or loss</b>		
Currency translation differences from translation of foreign operations	1,039	-456
<b>COMPREHENSIVE INCOME</b>	<b>15,189</b>	<b>9,717</b>
<b>Earnings per share in €</b>	<b>1.20</b>	<b>0.87</b>
No. of shares used as basis	11,765,491	11,729,395
<b>Earnings per share, diluted, in €</b>	<b>1.20</b>	<b>0.87</b>
No. of shares used as basis, diluted	11,818,081	11,760,492

<sup>1</sup> Previous year's figures adjusted in line with the information provided in the notes to the consolidated financial statements in the 2013 Annual Report (A. General disclosures).

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Period from January 1 to September 30, 2013  
of STRATEC Biomedical AG

in € thousands	Share capital	Capital reserve
Balance at 01.01.2013 <sup>1</sup>	11,738	16,247
Equity transactions with owners		
Dividend payment		
Issue of subscription shares from stock option programs, less costs of capital issue after taxes	10	184
Allocations due to stock option plans		133
Total comprehensive income		
Change in scope of consolidation		4
Balance at 09.30.2013	11,748	16,568

<sup>1</sup> Previous year's figures adjusted in line with the information provided in the notes to the consolidated financial statements in the 2013 Annual Report (A. General disclosures).

for the Period from January 1 to September 30, 2014  
of STRATEC Biomedical AG

in € thousands	Share capital	Capital reserve
Balance at 01.01.2014	11,770	17,219
Equity transactions with owners		
Dividend payment		
Issue of subscription shares from stock option programs, less costs of capital issue after taxes	21	554
Allocations due to stock option plans		200
Total comprehensive income		
Balance at 09.30.2014	11,791	17,973



Revenue reserves		Other equity			Group equity
Accumulated net income	Free revenue reserves	Treasury stock	Pension plans	Currency translation	
39,376	19,392	-212	-32	1,033	87,542
					-6,567
-6,567					
					194
					133
10,173				-456	9,717
86					90
43,068	19,392	-212	-32	577	91,109

Revenue reserves		Other equity			Group equity
Accumulated net income	Free revenue reserves	Treasury stock	Pension plans	Currency translation	
48,374	19,392	-212	-18	654	97,179
-7,055					-7,055
					575
					200
14,150				1,039	15,189
55,469	19,392	-212	-18	1,693	106,088

# CONSOLIDATED CASH FLOW STATEMENT

for the Period from January 1 to September 30, 2014  
of STRATEC Biomedical AG

in € thousands	01.01. - 09.30.2014	01.01. - 09.30.2013 <sup>1</sup>
Consolidated net income (after taxes)	14,150	10,173
Depreciation and amortization	5,759	4,176
Current income tax expenses	2,569	1,391
Income taxes paid less income taxes received	-2,188	-1,941
Financial income	-88	-115
Financial expenses	144	305
Interest paid	-142	-281
Interest received	88	70
Other non-cash expenses	916	488
Other non-cash income	-1,717	-372
<b>Cash flow</b>	<b>19,491</b>	<b>13,894</b>
Change in deferred taxes through profit or loss	210	1,093
Profit on disposals of non-current assets	-56	-9
Decrease in inventories, trade receivables and other assets	1,083	3,627
Increase in trade payables and other liabilities	5,007	1,395
<b>Inflow of funds from operating activities</b>	<b>25,735</b>	<b>20,000</b>
Incoming payments from disposals of non-current assets		
Property, plant and equipment	165	9
Outgoing payments for investments in non-current assets		
Intangible assets	-4,489	-5,706
Property, plant and equipment	-1,356	-1,980
Financial assets	0	-100
Outgoing payments for acquisitions of consolidated companies	0	-127
<b>Outflow of funds for investing activities</b>	<b>-5,680</b>	<b>-7,904</b>
Incoming payments for repayment of financial liabilities	0	1,000
Outgoing payments for repayment of financial liabilities	-1,467	-932
Incoming payments for issues of shares for employee stock option programs	575	194
Dividend payment	-7,055	-6,567
<b>Outflow of funds for financing activities</b>	<b>-7,947</b>	<b>-6,305</b>
<b>Cash-effective change in cash and cash equivalents</b>	<b>12,108</b>	<b>5,791</b>
<b>Cash and cash equivalents at start of period</b>	<b>20,734</b>	<b>13,209</b>
Change in scope of consolidation	0	84
Impact of exchange rate movements	1,769	-375
<b>Cash and cash equivalents at end of period</b>	<b>34,611</b>	<b>18,709</b>

<sup>1</sup> Previous year's figures adjusted in line with the information provided in the notes to the consolidated financial statements in the 2013 Annual Report (A. General disclosures).

# NOTES TO THE GROUP INTERIM REPORT

for the period from January 1 to September 30, 2014  
of STRATEC Biomedical AG

## SUMMARY OF PRINCIPAL ACCOUNTING AND VALUATION METHODS

The consolidated financial statements of STRATEC Biomedical AG as of December 31, 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU valid at the balance sheet date. In the interim report as of September 30, 2014, which has been prepared on the basis of International Accounting Standard (IAS) 34 “Interim Financial Reporting”, application has been made of the same accounting methods as in the consolidated financial statements for the 2013 financial year.

Application has also been made of all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) with binding effect as of September 30, 2014.

There were no indications of any potential impairment in goodwill at the balance sheet date. Impairments of € 0.8 million were recognized for proprietary development projects in the third quarter. Furthermore, the management is currently reviewing possible future uses for the non-current assets associated with structural optimization measures at the US location in Newbury Park.

The company’s interim reports are neither audited, nor subject to an audit review, by the group auditor, Wirtschaftstreuhand GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart.

Reference is made to the consolidated financial statements of STRATEC Biomedical AG as of December 31, 2013 with regard to further information concerning the individual accounting and valuation methods applied.

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

## ADJUSTMENT TO PREVIOUS YEAR'S FIGURES PURSUANT TO IAS 8

At the end of the 2013 financial year, the accounting methods used to recognize projects were voluntarily adjusted in order to implement recommendations made by the German Financial Reporting Enforcement Panel (DPR). Moreover, the presentation of shareholders' equity and of the statement of changes in equity were also voluntarily amended and errors were corrected. Further details and a presentation of the overall implications can be found on Pages 48 to 53 of our consolidated financial statements as of December 31, 2013. To ensure comparability, the figures reported for January 1, 2013 and for the period from January 1, 2013 to September 30, 2013 have been adjusted accordingly.

## SEGMENT DISCLOSURES

There have been no changes in segmentation compared with the consolidated financial statements as of December 31, 2013.

Segment data by operating segment for the period from January 1 to September 30, 2014

<b>in € thousands</b>	<b>Instrumentation</b>	<b>All other segments</b>	<b>Reconciliation</b>	<b>Total</b>
Sales	109,177	5,061	-8,960	105,278
EBIT	17,378	-293	-43	17,042
Assets	141,036	6,179	-16,998	130,217

Segment data by operating segment for the period from January 1 to September 30, 2013

<b>in € thousands</b>	<b>Instrumentation</b>	<b>All other segments</b>	<b>Reconciliation</b>	<b>Total</b>
Sales	93,979	3,481	-6,641	90,819
EBIT	14,038	-504	-687	12,847
Assets	131,737	4,300	-22,170	113,867

The breakdown of sales by geographical region represents the distribution of the STRATEC Group's products. As the customers of the STRATEC Group generally supply their country outlets and customers from their own central distribution centers, however, this breakdown of sales does not represent the geographical distribution of the final operating locations of the STRATEC Group's analyzer systems.

Sales can be broken down by geographical regions (customer locations) as follows:

<b>in € thousands</b>	<b>Germany</b>	<b>EU</b>	<b>Other</b>	<b>Total</b>
January - September 2014	12,771	44,757	47,750	105,278
	12.1%	42.5%	45.4%	100.0%

<b>in € thousands</b>	<b>Germany</b>	<b>EU</b>	<b>Other</b>	<b>Total</b>
January - September 2013	15,059	38,904	36,856	90,819
	16.6%	42.8%	40.6%	100.0%

## RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses not fulfilling the capitalization criteria set out in IAS 38 (Intangible Assets) amounted to € 5.5 million in the nine six months of the 2014 financial year (previous year: € 3.2 million) and mainly involve personnel and material expenses. The STRATEC Group invested a total of € 17.0 million in research and development in the first nine months of the 2014 financial year (previous year: € 14.7 million).

## SHAREHOLDERS' EQUITY

The development in shareholders' equity at the STRATEC Group has been presented in the consolidated statement of changes in equity on Pages 15 and 16.

The number of ordinary shares with a nominal value of € 1.00 each issued by STRATEC Biomedical AG as of September 30, 2014, amounts to 11,791,345. These are all bearer shares.

## 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)

STRATEC Biomedical AG owned a total of 12,223 treasury stock at the interim balance sheet date. This corresponds to a prorated amount of € 12,223.00 of the company's share capital and to a 0.10% share of its equity.

### Stock option programs

Members of the Board of Management / Managing Directors and employees held the following numbers of subscription rights (share option rights) at the interim balance sheet date:

	Board of Management / Managing Directors	Employees	Total
Outstanding on 01.01.2014	148,500	92,100	240,600
Issued	40,000	9,050	49,050
Exercised	15,000	6,100	21,100
Lapsed	0	0	0
Forfeited	0	1,000	1,000
Outstanding on 09.30.2014	173,500	94,050	267,550

Of the stock options granted in the first nine months, 40,000 (previous year: 50,000) were granted to members of the Board of Management (previous year: 0), as in the previous year 0 to managing directors of subsidiaries, and 9,050 (previous year: 34,550) to employees.

Furthermore, members of the Board of Management exercised 15,000 stock option rights in the first nine months (previous year: 0). As in the previous year, managing directors of subsidiaries did not exercise any stock option rights in this period. Employees exercised 6,100 stock option rights (previous year: 10,000). To service the stock option rights exercised, a total of 21,100 shares were created from conditional capital (previous year: 10,000).

No stock option rights for employees lapsed in the period under report (previous year: 1,400).

Furthermore, in the period under report no stock option rights were forfeited for managing directors of subsidiaries (previous year: 2,000) while 1,000 stock option rights were forfeited for employees (previous year: 2,000).

## **EMPLOYEES**

Including temporary employees the STRATEC Group had a total workforce of 554 employees as of September 30, 2014 (previous year: 544).

## **MAJOR EVENTS AFTER THE INTERIM REPORTING DATE**

No events of particular significance with material implications for the business performance of our Group have occurred since the interim balance sheet date.

## **RESPONSIBILITY STATEMENT**

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, and the interim management report of the Group 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

October 22, 2014	Interim Report as of September 30, 2014
November 25, 2014	German Equity Forum, Frankfurt / Main, Germany – Analysts' conference –

Furthermore, based on current planning, STRATEC will be taking part in the following capital market conferences in 2014:

November 2014	8. WGZ BANK Small Cap Konferenz, Dusseldorf, Germany HSBC Healthcare Day 2014, Frankfurt / Main, Germany LBBW German Company Day 2014, London, UK Jefferies 2014 Global Healthcare Conference, London, UK
December 2014	Berenberg Bank European Conference, Pennyhill Park, UK

Partially incomplete / subject to amendment



## ABOUT STRATEC

STRATEC Biomedical AG designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology. These partners market such systems, in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. The company develops its products on the basis of its own patented technologies.

Shares in the company (ISIN: DE0007289001) 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.

Further information about STRATEC is available on the internet at [www.stratec.com](http://www.stratec.com)

## IMPRINT

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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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