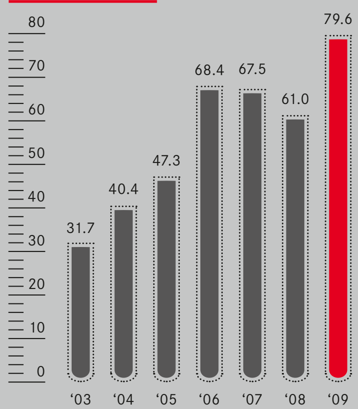
2009
ANNUAL REPORT

LOCATIONS

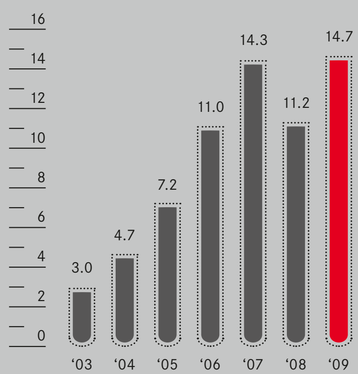
Headquarters
Subsidiary
Customer support
Sales office

KEY FIGURES AT A GLANCE

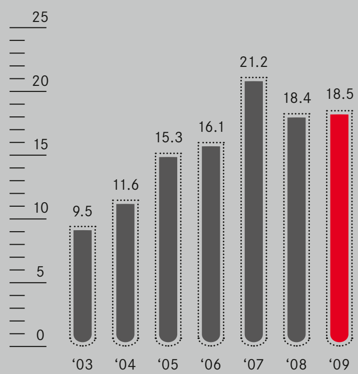
Sales in € million



EBIT in € million

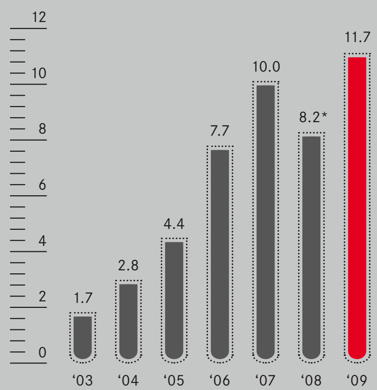


EBIT margin in %

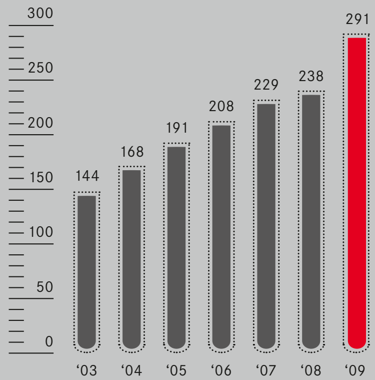


Key figures at a glance and Locations

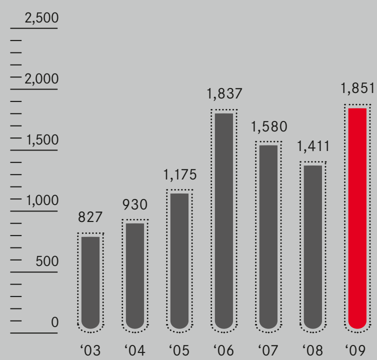
Consolidated net income in € million



Employees (annual average)



Analyzer systems delivered



* Excluding a non-operating one-off expense of € 2.1 million due to a valuation adjustment in 2008. Including this expense, "Consolidated net income" in 2008 amounts to € 6.1 million.

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, IN GENERAL TOGETHER WITH THEIR OWN REAGENTS, AS SYSTEM SOLUTIONS TO LABORATORIES, BLOOD BANKS, AND RESEARCH INSTITUTES AROUND THE WORLD.

Key figures at a glance and Locations

COMMITTED TO QUALITY

PROVEN PARTNERSHIPS

FLEXIBILITY

HIGHLY INNOVATIVE

FORMIDABLE EXPERTISE

SUCCESS HAS A NAME

LOOKING TO THE FUTURE

CONTENTS

REPORT OF THE BOARD OF MANAGEMENT

**Dear Shareholders,
Ladies and Gentlemen,**

Our business model, with its long-term planning reliability and focus on sustainable growth, means that we can report on a highly successful 2009 financial year, even though it was a very difficult year for large sections of the global economy.

This positive development involved all business divisions and projects. Our growth was driven both by increased numbers of analyzer systems delivered, which at around 1,850 units set a new record in the company's history, and by higher volumes of service materials. Given the base of analyzer systems already installed, which has now risen to around 8,000, service materials can be expected to contribute substantially to the company's earnings in future as well.

Our sales increased to € 79.6 million in the 2009 financial year, up 30.5 % on the figure of € 61.0 million reported for 2008, and thus exceeded our own previously published forecast. EBIT amounted to € 14.7 million, as against € 11.2 million in the 2008 financial year. That represents growth of 31.1 % and corresponds to an EBIT margin of 18.5 %. Given the costs of developing and preparing the analyzer systems being newly launched on the market, this high margin can be viewed in an even more positive light.

At € 11.7 million, our consolidated net income also benefited from positive net financial expenses and a lower tax rate across the Group.

In view of the company's sustainably positive earnings position, the Board of Management and Supervisory Board are proposing an increase in the dividend from € 0.35 to € 0.45 for approval by the Annual General Meeting.

This positive performance and the preparations for the next round of growth are also reflected in the size of our workforce. The number of employees at the STRATEC Group rose to 380 by the end of 2009. One particular factor driving this development was the acquisition of Invitek GmbH, Berlin, in April 2009, which together with its total of around 30 employees has now been fully integrated in the Group.

Our customers and partners are focusing on those markets that are expected to generate growth in the coming decades, and are aligning their planning and other activities towards these markets at a correspondingly early stage. For STRATEC, close cooperation with these partners brings a high degree of budgeting reliability based on many years of joint development activities, minimum acceptance volumes fixed over periods of several years and a calculable share of service materials.

The 2010 and 2011 financial years will be characterized above all by four new system launches by our customers. Beyond this, we see further growth in the diagnostics market due to the global expansion in healthcare systems, especially in BRIC states, the enhancement of existing technologies and automation processes, the development of new tests and biomarkers by our

Hermann Leistner (64),
Chairman of the
Board of Management

Marcus Wolfinger (42),
Member of the Board
of Management,
Chief Financial Officer

Bernd M. Steidle (57),
Member of the Board
of Management,
Marketing and Sales

partners, and demographic developments. In view of Invitek's product range, which ideally supplements STRATEC's comprehensive OEM solution approach, the first feasibility studies have already been initiated and are expected to be followed by promising orders.

STRATEC has a constantly growing portfolio of innovative technologies suitable for use in the field of in-vitro diagnostics and is actively helping to shape developments in the industry.

As a result, and in view of further projects currently in the development and initiation stages, STRATEC has underlined its superb growth prospects in the guidance published for 2010 to 2012. Accordingly, we expect to achieve average annual sales growth of at least 15% over this three-year period.

We would like to thank our employees, shareholders and business partners for the trust they have placed in us. By acting together in awareness of our responsibility, we can lay further foundations for ongoing sustainable success for STRATEC, and thus also for our shareholders and business partners.

Birkenfeld, April 2010

The Board of Management of
STRATEC Biomedical Systems AG

Hermann Leistner | Marcus Wolfinger | Bernd M. Steidle

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the 2009 financial year, the Supervisory Board accompanied and advised the Board of Management in its running of the company, supervising its management and performing the duties required by law, the articles of incorporation, its code of procedure and the German Corporate Governance Code. The Supervisory Board was directly involved in all decisions or measures of fundamental significance, particularly those relating to the corporate strategy, group-related matters and the net asset, financial and earnings position of the company and the Group. The Board of Management provided the Supervisory Board with regular, timely and comprehensive written and oral information concerning all issues of relevance to the company.

Outside the framework of Supervisory Board meetings, the individual members were also available to discuss specific topics with the Board of Management in various one-to-one talks held in person or by telephone.

Meetings and focus of deliberations

The Supervisory Board held four regular meetings in the 2009 financial year, each of which was attended by all members of the Supervisory Board and the Board of Management. At these meetings, which took place on March 30, 2009, June 25, 2009, September 18, 2009, and December 18, 2009, the Supervisory Board addressed the Risk Handbook, compliance management, the sales and earnings performance, the financial position and status of the various development projects at the company and the Group, as well as discussing the implications of new legislative requirements. Particular importance was also attached at each of the meetings to discussing the subsidiaries, organizational structure and the integration of the Berlin-based company Invitek Gesellschaft für Biotechnik & Biodesign mbH acquired in April 2009.

Moreover, at its meeting on March 30, 2009, the Supervisory Board discussed and approved the annual financial statements and management report of STRATEC Biomedical Systems AG, as well as the consolidated financial statements and group management report for the 2008 financial year. It approved the agenda for the Annual General Meeting on May 20, 2009, and endorsed the proposal made by the Board of Management concerning the distribution of a dividend of € 0.35 per ordinary bearer share with dividend entitlement.

Corporate governance and Declaration of Conformity

Furthermore, at its meeting on December 18, 2009, the Supervisory Board addressed the German Corporate Governance Code in its version dated June 18, 2009. To monitor compliance with the German Corporate Governance Code, the Supervisory Board reviewed implementation of the recommendations at STRATEC Biomedical Systems AG and the efficiency of its own work. This resulted in the Supervisory Board and Board of Management renewing their Declaration of Conformity pursuant to § 161 of the German Stock Corporation Act (AktG) on this date and making this permanently available to shareholders at the company's homepage.

Fred K. Brückner (67), Chairman of the Supervisory Board

Dr. Robert Siegle (42), Deputy Chairman of the Supervisory Board

Prof. Dr. Hugo Hämmerle (58), Member of the Supervisory Board

Committees
In view of its size, and deviating from the relevant recommendation in the German Corporate Governance Code, the Supervisory Board has to date not formed any committees.

Composition of the Supervisory Board and the Board of Management
Due to elections, the composition of the Supervisory Board changed in the 2009 financial year. The Annual General Meeting held on May 20, 2009, re-elected the existing members Fred K. Brückner and Dr. Robert Siegle and elected Prof. Dr. Hugo Hämmerle to the Supervisory Board for the first time. Burkhard G. Wollny had not stood for re-election.

At its constitutive meeting on May 20, 2009, the Supervisory Board confirmed Fred K. Brückner as Chairman and Dr. Robert Siegle as Deputy Chairman of the Supervisory Board.

We would like to thank Burkhard G. Wollny for his constructive and competent contributions, as well as for his productive, close cooperation during the period of almost ten years in which he was a member of the Supervisory Board.

There were no changes in the composition of the Board of Management.

Audit of annual and consolidated financial statements for 2009 financial year

On the basis of the resolution adopted by the Annual General Meeting on May 20, 2009, the Supervisory Board appointed WirtschaftsTreuhand GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, to conduct the audit of the annual and consolidated financial statements for the 2009 financial year. The audit included the annual financial statements of STRATEC Biomedical Systems AG prepared pursuant to German commercial law and the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as well as the management reports of STRATEC Biomedical Systems AG and the Group.

The annual financial statements and management report of STRATEC Biomedical Systems AG based on German commercial law, the consolidated financial statements and group management report prepared on the basis of IFRS for the 2009 financial year, and the company's accounts were audited by the auditor, WirtschaftsTreuhand GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, and provided in each case with an unqualified audit opinion. The auditor confirmed that the consolidated financial statements and group management report prepared in accordance with IFRS were consistent with IFRS regulations as applicable in the EU and with the provisions of commercial law requiring supplementary application pursuant to § 315 a (1) of the German Commercial Code (HGB) and that the Board of Management had introduced an effective risk management system consistent with legal requirements. The auditor performed his audit taking due account of the principles of proper auditing promulgated by the German Institute of Auditors (IDW).

The financial statements and management reports were discussed in detail at the meeting of the Supervisory Board on March 29, 2010. This meeting was attended by the auditor, who reported on the audit and answered all questions on the part of the Supervisory Board. Moreover, the year-on-year variances in items in the balance sheet and income statement were discussed in detail.

Following its own examination, the Supervisory Board raised no objections to the financial statements and management reports thereby presented and, based on the conclusive results of its own audit, concurred with the findings of the auditor. The Supervisory Board approved the annual financial statements and management report prepared by the Board of Management, as well as the consolidated financial statements and group management report of STRATEC Biomedical Systems AG prepared by the Board of Management for the 2009 financial year. The annual financial statements of STRATEC Biomedical Systems AG are thus adopted. The Supervisory Board concurs in its assessment of the situation of the company and the Group with the presentation of such by the Board of Management in the management report and group management report.

The Supervisory Board also endorses the proposal submitted by the Board of Management with regard to the appropriation of profits.

At its meeting on March 29, 2010, the Supervisory Board addressed the disclosures required by § 289 (4) and § 315 (4) of the German Commercial Code (HGB) and the report on these disclosures in the group management report. Reference is made to the corresponding comments in the group management report, Section 14 „Supplementary disclosures in accordance with the Takeover Directive Implementing Act of July 8, 2006“. These comments have been audited and adopted by the Supervisory Board.

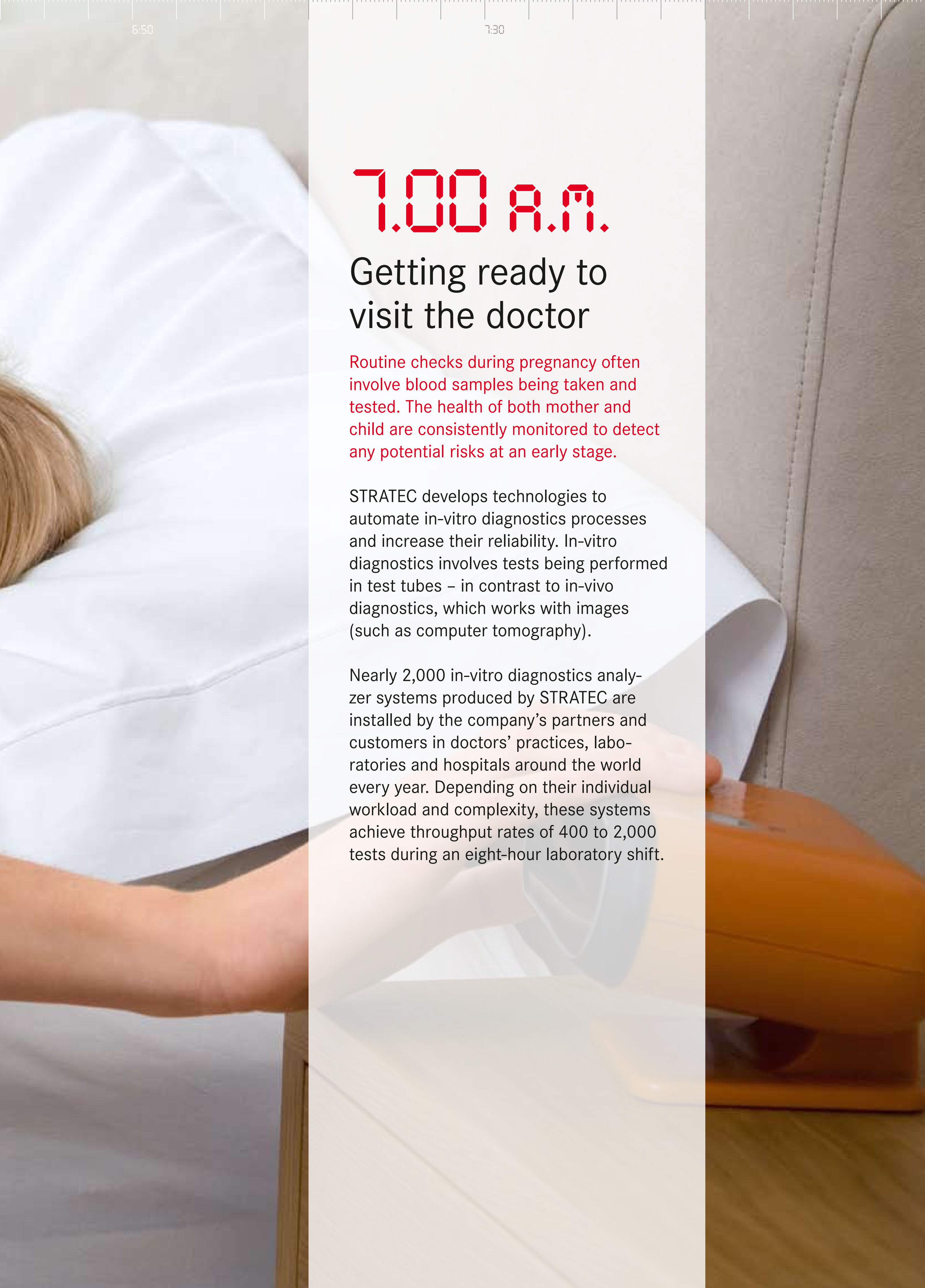
The Supervisory Board would like to thank the Board of Management, the management teams at group companies and all employees for their work. By working together with great commitment, you enabled the company to achieve superb results in the 2009 financial year as well.

Birkenfeld, March 29, 2010

On behalf of the Supervisory Board

Fred K. Brückner
Chairman


3:30
4:50
6:20



7.00 A.M.

Getting ready to visit the doctor

Routine checks during pregnancy often involve blood samples being taken and tested. The health of both mother and child are consistently monitored to detect any potential risks at an early stage.

STRATEC develops technologies to automate in-vitro diagnostics processes and increase their reliability. In-vitro diagnostics involves tests being performed in test tubes – in contrast to in-vivo diagnostics, which works with images (such as computer tomography).

Nearly 2,000 in-vitro diagnostics analyzer systems produced by STRATEC are installed by the company’s partners and customers in doctors’ practices, laboratories and hospitals around the world every year. Depending on their individual workload and complexity, these systems achieve throughput rates of 400 to 2,000 tests during an eight-hour laboratory shift.

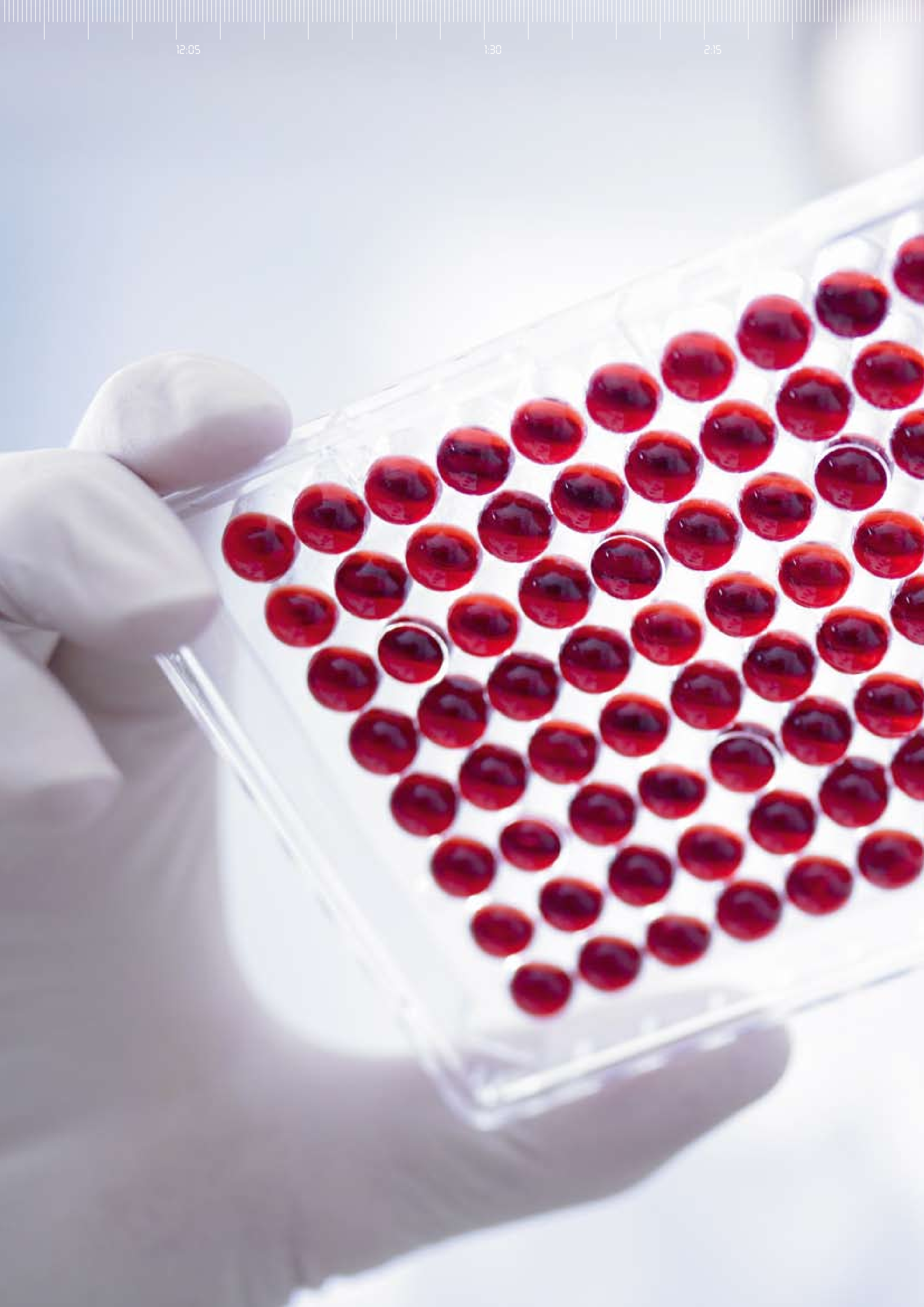

8:00
8:50
9:40

8.38 a.m.

Talking to the doctor and giving blood

Once the doctor has explained the background to the test, the blood sample is taken. This generally involves several milliliters of blood being taken in a test tube labeled with the patient's name and a barcode enabling the sample to be clearly allocated.

Depending on the type of test to be performed, a variety of analytical techniques and applications are used. One area that is still quite new is molecular diagnostics. This enables the genetic makeup of the individual pathogens present in the blood to be investigated. This way, more precise results can be obtained considerably faster. Invitek, a company acquired by STRATEC in April 2009, specializes in molecular biological applications and has developed reagent systems enabling DNS and RNS to be separated from cell components not required for the analysis. Together with STRATEC, Invitek has further optimized the automation of this so-called purification process. As a result, STRATEC can now offer its customers and partners an additional, important component in its capacity as an OEM supplier of complete molecular diagnostic system solutions.


12:05
1:30
2:15

3:08

4:12

1.55 p.m.

Analyzing the blood at the laboratory

The blood sample is stored cool and delivered safely to a selected laboratory. Depending on their arrival times and urgency, samples are prepared for the test and loaded into an analyzer system. In several fully automated processes the blood is taken from the sample containers and mixed with reagents in separate reaction vessels. The consequent reactions are measured, documented and evaluated. The integrated system software controls the processes, prioritizes the samples and uses the barcodes to ensure that results are allocated to the right patient. The results are validated and released by the laboratory doctor.

State-of-the-art technologies, such as the random access analyzers developed by STRATEC, enable laboratories to load newly arrived blood samples into the system at any time as in line with the workflow in the laboratory. Individual samples, such as those in acute emergencies, can thus be prioritized in terms of their urgency. They can bypass previously loaded samples and the required results can be obtained within a few minutes.

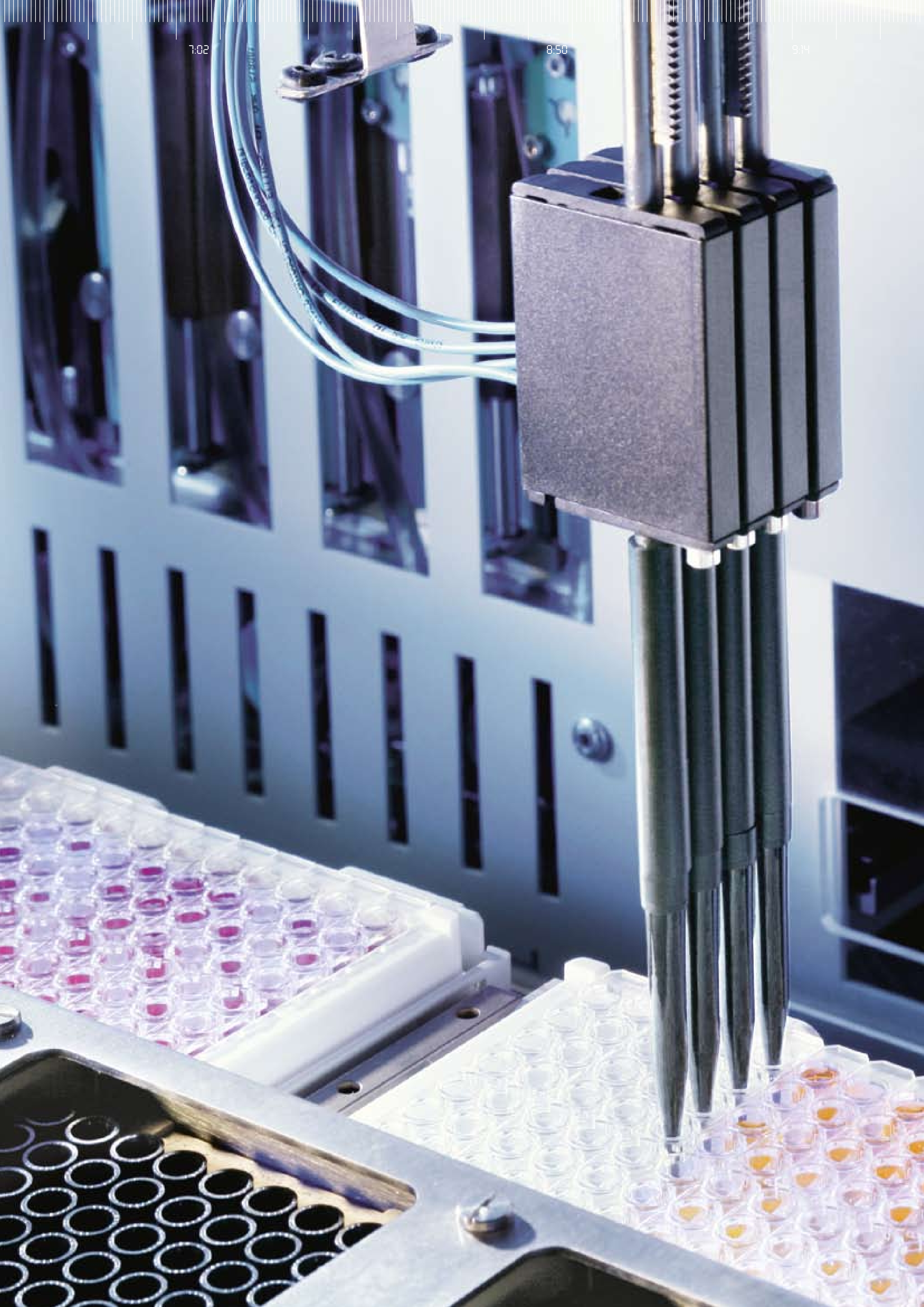

4:20
5:10
6:03

4.20 p.m.

Getting the results

The results are encrypted and sent to the doctor. The doctor explains the results of the tests to the expectant mother. In this case the findings are easy to interpret and a relief for the mother-to-be. No rubella, hepatitis or HIV viruses were detected.

STRATEC's subsidiary Sanguin develops software solutions to act as an interface between the system software in the blood analysis instrument and the laboratory or hospital's own software. This way, the results of the test just performed can be transmitted to the patient's electronic datasheet. The doctor responsible can call up the results, make a corresponding diagnosis and communicate the results to the patient. Given the increasing complexity of the results, especially in the field of molecular diagnostics, evaluation matrices will be available in future to assist doctors in providing a diagnosis that accounts for all parameters, such as the patient's DNA or various sub-forms of a virus.


7:02
8:50
9:14

Just one example of what happens day in, day out around the world. Blood tests during pregnancy are just as routine as tests performed before people donate blood, prior to surgeries, in case of accidents or for a health check at the doctor or at the hospital.

Diagnostics has been transformed in recent years by the development of new tests and innovations in the field of automation technology. Constantly rising numbers of diagnostics tests mean that doctors, and thus also their patients, have access to an ever wider selection of tests that, especially in the field of molecular diagnostics, also enable patients to be diagnosed far more specifically. Not so long ago, such diagnoses could only be made by performing complicated tests that were sometimes also very unpleasant for patients. Some types of tumor, for example, could only be detected in an advanced stage by way of computer tomography or biopsies.

To ascertain whether a patient showed signs of bowel cancer, for example, it was necessary to carry out a colonoscopy. Now, this can be replaced by blood-based tests. It is the same story when it comes to detecting cervical cancer, which is caused by the human papilloma virus (HPV). Here, doctors relied exclusively on the Pap test. Combined with an HPV blood test, this now provides far more precise results at a far earlier stage of the disease.

Alongside the benefits offered by earlier detection, these tests also allow far more detailed diagnoses to be reached. Molecular diagnostic tests mostly show not only whether the reaction to the virus was positive or negative, but also what subtype of virus is involved. Together with the patient's genetic information, this often enables far more specific methods of treatment with correspondingly higher chances of success to be identified. This personalized medical care approach is still in an early, yet highly dynamic stage of development. It can be expected to have a sustainable impact on healthcare in the coming decades.

These factors point to sustainable growth in the diagnostics market, as do demographic developments in industrialized nations and the rapid progress being made in building up healthcare systems in emerging economies. Ever greater sections of the populations in many of these countries will then have access to basic medical care.

As an innovative, autonomous system supplier, STRATEC is playing an important role in these developments on behalf of virtually all major market players. By making further investments and taking on new, challenging projects, we aim to continue to play a shaping role in developing reliable, user-friendly automation technology for in-vitro diagnostics applications.

THE SHARE

2009 on the stock markets

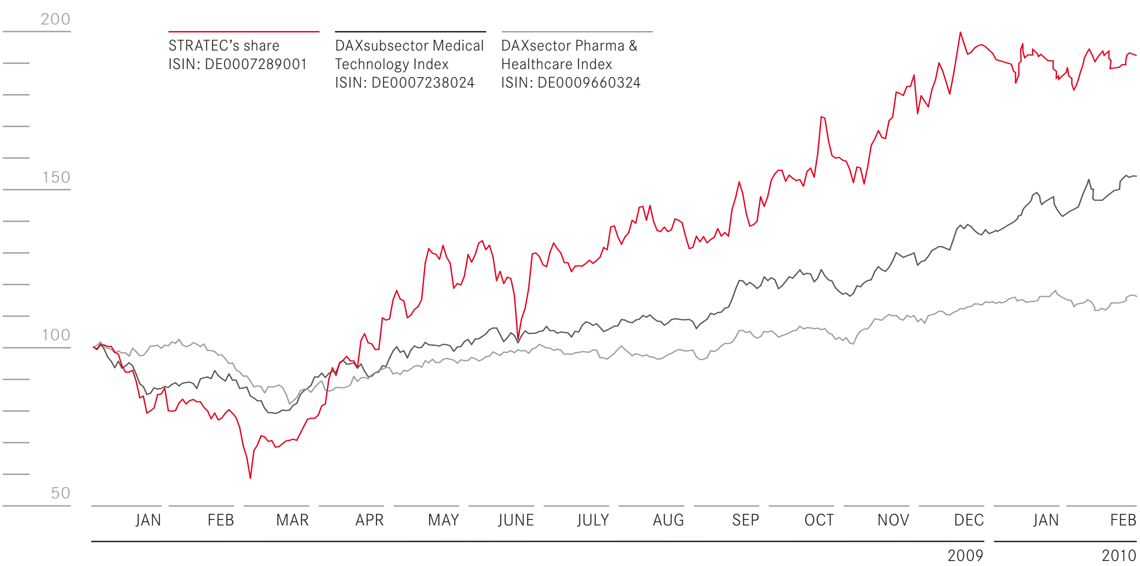
The international financial crisis, which had its roots in the US real estate crisis in mid-2007, increasingly spilled over onto the real economy in 2008 and 2009. Having said this, the 2009 trading year nevertheless took a surprising turn for many market players. Until early March 2009, stock markets were faced with doomsday scenarios. The global financial system was on the brink of collapse and the economy threatened to slide into a period of depression. Only robust, coordinated intervention by the governments of leading industrialized nations and their central banks prevented a collapse. Industrial output showed double-digit year-on-year declines in many countries, gross domestic product fell at a rate rarely seen in the past, unemployment rose sharply. In short, at the beginning of 2009 the global economy was in the grip of one of its severest crises in recent times.

From March 2009, positive news from the banking sector and significant improvements in early economic indicators led to a turnaround on the stock markets. The economy then actually followed the path forecast in these early indicators. In the third quarter of 2009, gross domestic product in the US, for example, showed marked growth once again compared with the previous quarter. The increasingly favorable climate on the stock markets from March onwards ultimately enabled the DAX to close the year 23.3 % up on the previous year. The TecDAX index rose by 60.8 %.

STRATEC's share performance

Starting at € 13.55 (XETRA, closing price on December 30, 2008), STRATEC's share was unable to escape the overall trend in the sector, initially losing disproportionate ground compared, for example, with German medical technology indices (benchmark, see share performance chart). STRATEC's share reached its annual low at € 8.00 on March 6, 2009 (XETRA, intraday). The publication of pleasing company news and improved stock market climate then enabled STRATEC's share to clearly outperform its benchmark and, apart from a temporary period of weakness in June 2009, to rise consistently to its annual high of € 28.14 on December 15, 2009 (XETRA, intraday). STRATEC's share closed at € 26.58 on December 30, 2009, thus ending an eventful and highly volatile year on the market 96.2 % up on the previous year.

Performance comparison of STRATEC's share (indexed, January 2009 to December 2009) in %



Key figures for STRATEC's share

	2009	2008	2007	2006	2005
Year-end price previous year in €	13.55	20.75	22.00	14.93	5.68
Annual low in €	8.00	10.56	17.16	11.44	5.44
Annual high in €	28.14	22.00	29.53	22.50	15.66
Year-end price in €	26.58	13.55	20.75	22.00	14.93
Year-on-year performance comparison in €	+13.03	-7.20	-1.25	+7.07	+9.25
Year-on-year performance comparison in %	+96.2	-34.7	-5.7	+47.4	+162.9
Share capital in € million	11.4	11.4	11.4	11.3	11.0
Number of shares in millions	11.4	11.4	11.4	11.3	11.0
Market capitalization (total) in € million	304.2	154.8	236.9	247.7	163.6
Trading volumes * in € million	61.9	104.6	176.0	135.7	90.8
Average volume per trading day * numbers	12,937	26,597	30,641	18,593	11,453
Average volume per trading day * in €	243,383	411,813	698,570	532,111	353,447

* trading volumes of STRATEC shares across all German marketplaces

Share capital

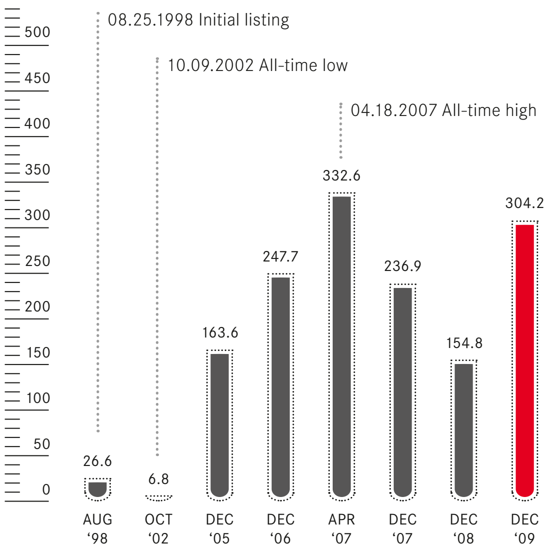
A total of 14,487 stock option rights were exercised in the 2009 financial year within the stock option programs introduced for managers and employees. The 20,042 new shares arising as a result increased the share capital by € 20,042.

The share capital amounted to € 11,445,736 as of December 31, 2009, and was divided into 11,445,736 ordinary bearer shares. These shares are evidenced in global notes. The Articles of Association exclude any claims on the part of shareholders to the certification of their shares. Pursuant to § 15 No. 15.3. of the Articles of Association of STRATEC AG, each share entitles its bearer to one vote.

STRATEC's market capitalization

In line with the performance of the share price, the company's market capitalization virtually doubled compared with the previous year, rising from € 154.8 million to € 304.2 million.

STRATEC's market capitalization in € million



Trading volumes

STRATEC's shares are traded on XETRA and in floor trading at the Frankfurt, Stuttgart, Munich, Berlin-Bremen and Düsseldorf stock exchanges. Measured in terms of gross order book turnover, STRATEC shares worth € 61.9 million changed hands on German marketplaces in 2009 (previous year: € 104.6 million). Of this total, the XETRA and Frankfurt marketplaces alone accounted for 96 % (previous year: 96 %). The decline in trading volumes with STRATEC's shares was consistent with the reduction in order book turnover at the German Stock Exchange. This in turn was attributable to reduced demand on the part of institutional and private investors due to the uncertainties surrounding macroeconomic developments.

German Stock Exchange stock index ranking

STRATEC's shares are listed in the Prime Standard, a segment of the Regulated Market of the Frankfurt Stock Exchange. The German Stock Exchange (Deutsche Börse), the company which operates the Frankfurt Stock Exchange, publishes stock index rankings at the beginning of each month. These serve as the basis for the decisions taken at meetings of the Stock Index Working Group with regard to the composition of the DAX, MDAX, SDAX and TecDAX indices. At the time of each such review, the ranking is compiled based on selection criteria consisting of order book turnover on the XETRA trading platform and in floor trading in Frankfurt in the past twelve months and the market capitalization based on the free float of the relevant share class.

In view of the sector in which it operates, STRATEC Biomedical Systems AG is classified by the German Stock Exchange as a technology stock. Upon meeting the relevant criteria, technology stocks may be promoted to the TecDAX and DAX indices, both of which consist of 30 stocks, but may not be listed in the SDAX and MDAX indices, which are reserved for traditional stocks.

In recent years, STRATEC's share has continually improved its position within the TecDAX ranking, and occupied 25th position in terms of its free float market capitalization (previous year: 33rd) and 40th position in terms of order book turnover (previous year: 43rd) as of December 31, 2009.

Ideally, if accompanied by further good investor relations work, the stepping up in the company's sales and earnings growth should lead to a further increase in the interest shown in the company by existing and new shareholders, and thus to consistent growth in the share price and trading volumes. These are the critical success factors for the share to be promoted to the "TecDAX", a highly regarded select index at the German Stock Exchange.

Key figures for STRATEC's share

	2009	2008	2007	2006	2005
Market capitalization (Free float weighted) in € million	170.1	84.3	130.6	133.6	86.0
Market capitalization (Free float weighted) rank	25	33	46	41	49
Trading volumes in past 12 months* in € million	59.2	100.6	163.6	117.8	76.6
Trading volumes in past 12 months* rank	40	43	48	49	52

*trading volumes of STRATEC shares on XETRA and in floor trading in Frankfurt

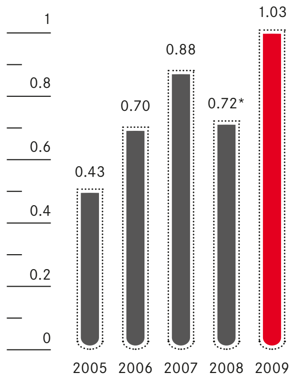
Earnings per share

Earnings per share (EPS) are calculated by dividing the annual net surplus of STRATEC AG by the weighted average number of shares in circulation during the financial year. An average of 11,346,814 shares were in circulation in 2009. EPS amounted to € 1.03 in 2009.

Dividend

In view of the expected future business performance of the STRATEC Group and the company's high volume of liquidity and high equity ratio, the Supervisory Board and Board of Management will be proposing the distribution to shareholders of a dividend of € 0.45 per share with dividend entitlement for approval by the Annual General Meeting on May 21, 2010 (previous year: € 0.35). Subject to approval by the Annual General Meeting, this would correspond to a total distribution of € 5.1 million (previous year: € 4.0 million).

Earnings per share in €



*Excluding a non-operating one-off expense of € 2.1 million due to a valuation adjustment in 2008. Including this expense, "EPS" in 2008 amounts to € 0.54.

Dividend payment

	2009	2008	2007	2006	2005
Dividend per share in €	0.45*	0.35	0.22	0.15	0.10
Distribution total in € million	5.1*	4.0	2.5	1.7	1.1
Dividend yield in %	1.7*	2.6	1.1	0.7	0.7

*proposal to Annual General Meeting

Key data for STRATEC's share

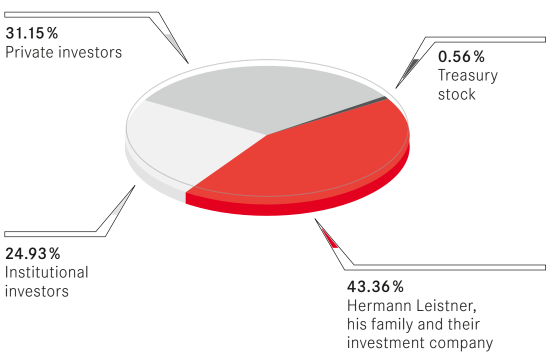
ISIN	DE0007289001
WKN	728900
Deutsche Börse ticker	SBS
Reuters Instrument Code	SBSG.DE
Bloomberg ticker	SBS:GR
Sector	DAXsector All Pharma & Healthcare
Transparency level	Prime Standard
Market segment	Regulated market
Currency	€
Class	Ordinary bearer shares
Share capital (€)	11,445,736.00
Share capital (numbers)	11,445,736
Initial listing	August 25, 1998
Marketplaces	XETRA; Frankfurt and further German trading floors
Designated sponsors	Commerzbank AG, WestLB AG
Average stock turnover per trading day	11,306 shares in XETRA trading 1,113 shares in floor trading in Frankfurt 518 shares on all other German trading floors

Shareholder structure

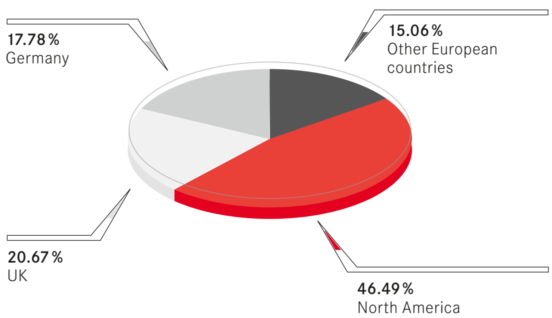
There were only minor changes in the shareholder structure of STRATEC AG in 2009. STRATEC's shares are widely owned. The free float share (based on the German Stock Exchange definition) amounts to 56.08 % and is spread across a broad group of private and institutional investors in Germany and abroad.

43.92 % of the shares are in fixed ownership. Of these, 0.56 % are treasury stock owned by the company itself and therefore do not have any voting or dividend rights. 43.36 % of the shares are attributable to the company's founder and CEO, Hermann Leistner, and to his family and their investment company. This group of shareholders pursues a long-term investment strategy and currently has no plans to change its investments.

Distribution of share ownership by investor group



Distribution of share ownership of institutional investors by region



Investor relations

STRATEC backs up its corporate strategy, which is aimed at achieving sustainable growth, with continuous and transparent communications with capital market participants. Our aim is to retain investors' trust and to attract new investors. STRATEC's investor relations activities ensure that investors, analysts and the business and financial media are actively provided with continuous, up-to-date information about the company's business performance.

Our financial calendar, which is published in the annual report, quarterly reports and on our company's homepage, allows shareholders to inform themselves of important dates regularly and with sufficient notice. In the 2009 financial year, STRATEC published six press releases, four ad-hoc announcements, one extensive annual report and three interim reports. Via our electronic newsletter, we drew readers' attention to the publication of press releases and ad-hoc announcements, as well as to special events relating to STRATEC.

One core component of our investor relations activities involves the teleconferences held upon publication of our interim reports, as well as upon publication of any other important news about the company. Alongside these, we also hold numerous one-to-one meetings every year and give presentations at capital market events in which the Board of Management presents the company and outlines its underlying business model in extensive detail to investors from Germany and abroad.

Analysts' recommendations are one of the key instruments in helping shareholders and investors to reach an opinion about a share. Eight institutions regularly reported on STRATEC in extensive studies and brief analyses in the 2009 financial year. As well as Berenberg Bank, Crédit Agricole Cheuvreux, Goldman Sachs, HSBC Trinkaus & Burkhardt, Landesbank Baden-Württemberg, Viscard and WestLB, Commerzbank now also regularly compiles reports about STRATEC.

Up-to-date information about STRATEC is available to interested parties around the clock at our company's homepage at www.stratec-biomedical.de.

CORPORATE GOVERNANCE REPORT

Corporate governance involves high-quality, responsible corporate management and supervision aimed at generating long-term value growth. The guidelines compiled to assist German companies in enhancing their corporate governance have been summarized in the German Corporate Governance Code (DCGK), which was most recently updated by the German Corporate Governance Code Government Commission in June 2009.

At STRATEC Biomedical Systems AG, the Board of Management and Supervisory Board attach great importance to clear, efficient rules governing the management and supervision of the company, as well as to the recommendations made by the German Corporate Governance Code. The Supervisory Board and Board of Management act in the awareness that high-quality corporate governance is in the interests of the capital markets and that it provides an important foundation for the success of the company, and thus also of its employees. What's more, compliance with corporate governance regulations represents a significant factor in enhancing the trust placed in the company by the general public.

Board of Management

The Board of Management manages the company with the aim of sustainably increasing its value. In this, it acts under its own responsibility and in the company's interests, and therefore takes due account of the interests of the company's shareholders, employees and other stakeholders. The Board of Management manages the company in accordance with the requirements of the law, the Articles of Association and its Code of Procedure. The Board of Management is committed to the principles of high-quality, responsible and efficient corporate governance. The Board of Management formulates the company's strategic alignment, agrees this with the Supervisory Board and sees to its implementation. Furthermore, it ensures that suitable risk management and risk controlling structures are in place at the company.

The Supervisory Board imposes a Code of Procedure on the Board of Management. Specifically, this includes a catalog of transactions requiring approval, and governs the allocation of responsibilities and cooperation within the Board of Management, as well as its cooperation with the Supervisory Board.

In view of its size, the Board of Management has not formed any committees to date.

The members of the Board of Management and their areas of responsibility are listed on Page 114 of this Annual Report, and under Company / Management / Board of Management at the company's internet site at www.stratec-biomedical.de.

Supervisory Board

The Supervisory Board advises and monitors the Board of Management in its management of the company. It is directly involved in decisions of fundamental significance for the company.

The Supervisory Board performs its duties in accordance with the requirements of the law, the Articles of Association and its Code of Procedure. The members of the Supervisory Board have the same rights and duties and are not bound by instructions. The Supervisory Board is committed to the principles of high-quality, responsible and efficient corporate governance. In this, it adheres to the current recommendations of the German Corporate Governance Code to the extent that compliance is disclosed in the annual declaration on the German Corporate Governance Code (Declaration of Conformity) submitted in accordance with § 161 of the German Stock Corporation Act. The Supervisory Board appoints and dismisses members of the Board of Management, ensures adequate diversity in the composition of the two boards and liaises with the Board of Management to safeguard long-term succession planning.

It determines the overall compensation of individual members of the Board of Management, lays down the compensation system for the Board of Management and reviews this regularly. The Supervisory Board Chairman informs the Annual General Meeting of the basic features of the compensation system of the Board of Management, and of any changes in this. The Supervisory Board reports to the Annual General Meeting on any conflicts of interest arising and on how they have been dealt with. No conflicts of interest requiring such disclosure arose in the 2009 financial year.

The Supervisory Board has imposed a Code of Procedure on its activities. In particular, this governs the cooperation within the Supervisory Board and the cooperation with the Board of Management.

The Supervisory Board regularly subjects its activities to an efficiency review performed with the assistance of a detailed checklist. The most recent review, performed on December 18, 2009, revealed that the activities of the Supervisory Board are conducted efficiently in every respect.

In view of its size, the Supervisory Board has not formed any committees to date.

The members of the Supervisory Board and their responsibilities are listed on Page 114 of this Annual Report, and under Company / Management / Supervisory Board at the company's internet site at www.stratec-biomedical.de.

Shareholders and the Annual General Meeting

Shareholders exercise their rights, including their voting rights, at the Annual General Meeting. Each share entitles its bearer to the same voting rights. The Annual General Meeting decides on the matters incumbent on it by law, including the appropriation of earnings, the approval of the actions of the Board of Management and the Supervisory Board, the appointment of the auditor, the election of Supervisory Board members, amendments to the Articles of Association, and capital measures. The Annual General Meeting is generally chaired by the Supervisory Board Chairman. To assist shareholders in exercising their rights in person, documents requiring publication following the convening of the Annual General Meeting are made available in the Investor Relations / Annual General Meeting section of the company's internet site at www.stratec-biomedical.de. Shareholders have the option of authorizing a voting proxy to exercise their voting rights in accordance with their instructions.

Transparency

Shareholders are kept informed of all major developments and events at the company by means of public announcements and the company's clearly structured internet site. All developments at the company of significant relevance for its share price and not yet in the public arena are published by way of ad-hoc announcements. Information about reporting dates and other important dates can be found in the financial calendar on the internet site. The "Internet Relations" section of the site also includes the annual and interim reports, as well as information about all transactions requiring disclosure and the invitation and agenda for the most recent Annual General Meeting. All declarations on the German Corporate Governance Code (Declarations of Conformity) previously submitted by the Board of Management and Supervisory Board pursuant to § 161 of the German Stock Corporation Act (AktG) can also be found here. Virtually all of the information published by the company on the internet is also made available in English.

Directors' Dealings

According to § 15 a of the German Securities Trading Act (WpHG), members of the Board of Management and the Supervisory Board and their close relations are required by law to disclose any acquisitions or sales of STRATEC shares or related financial instruments to the company and the Federal Financial Supervisory Authority (BaFin) when the value of such transactions performed within a given calendar year reaches or exceeds a total amount of € 5,000. Any such notification received by the company must be published immediately.

Following the entry into effect of the German Shareholder Protection Improvement Act in October 2004, the group of individuals required to make such disclosures was extended to include other individuals with regular access to insider information and authorized to take significant entrepreneurial decisions.

The securities transactions requiring disclosure under § 15 a WpHG (Directors' Dealings) have been published on the internet sites of the company and the Federal Financial Supervisory Authority (BaFin).

Shareholdings of the Board of Management and Supervisory Board

The total number of company shares and related financial instruments held by all members of the Board of Management and Supervisory Board exceeds 1 % of the shares issued by the company. The entire holdings of company shares and related financial instruments have not been reported separately for the Board of Management and Supervisory Board.

Reporting and Audit of the Annual Financial Statements

In line with the resolution adopted by the Annual General Meeting on May 20, 2009, the Supervisory Board commissioned the auditing company WirtschaftsTreuhand GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, to audit the annual and consolidated financial statements for the 2009 financial year. The scope of this audit included the annual financial statements of STRATEC Biomedical Systems AG prepared in line with the requirements of German commercial law and the consolidated financial statements prepared in line with International Financial Reporting Standards (IFRS), as well as the management reports of STRATEC Biomedical Systems AG and the Group.

The consolidated financial statements and interim reports were published within the publication deadlines stipulated by law and the regulations of the Frankfurt Stock Exchange governing the segment of the regulated market involving additional listing requirements (Prime Standard).

Before proposing its candidate for election as auditor to the Annual General Meeting, the Supervisory Board obtains a statement from the auditing company outlining its relationships to the company and its directors and officers. The declaration most recently obtained provides no grounds to doubt the auditor's independence. The Supervisory Board agreed with the auditor that the auditor would provide immediate report on any findings and occurrences arising in the course of its audit that were of relevance to the duties of the Supervisory Board. It was also determined that the auditor would inform the Supervisory Board should it identify any inaccuracies in the Declaration of Conformity with the German Corporate Governance Code jointly submitted by the Board of Management and Supervisory Board and comment on these in its audit report. No such inaccuracies were identified.

Disclosures on stock option programs

Stock option programs are especially well-suited to provide a sustainable performance incentive for members of the Board of Management and employees of the company, as well as for members of the management and employees of associates, and thus to help increase the value of the company in the interests of the company and its shareholders.

The first stock option program for managers and employees was introduced by resolution of the Annual General Meeting on July 27, 2000. The company had four stock option programs as of December 31, 2009. Stock option rights may only be granted within the stock option program most recently adopted by the Annual General Meeting. For members of the Board of Management, the stock options allocated to them simultaneously serve as variable components of compensation.

The following specific conditions apply to all stock option programs:

Each stock option entitles its bearer to subscribe one STRATEC share at a later date in return for payment of an exercise price determined upon the options being granted. Stock options granted prior to the capital increase from company funds executed on July 14, 2006 entitle their bearers to subscribe 2.9942188 STRATEC shares due to the share split resulting from this capital increase. The exercise price is equivalent to the average closing price of the STRATEC shares on the five trading days prior to the decision being taken to grant stock options, with the par value of one euro per share representing the minimum possible exercise price. Following the expiry of qualifying periods and the meeting of specified performance targets, the stock options may only be exercised in predetermined exercise windows. Up to 50% of the stock option rights granted may only be exercised at the earliest following a qualifying period of two years, provided that STRATEC's share has risen in value by at least ten percent compared with the exercise price between the date of the option rights being granted and the date marking the expiry of the qualifying period. Following a qualifying period of a further year, up to 100% of the stock options granted may be exercised, provided that STRATEC's share has risen in value by at least 15% between the date of the option rights being granted and the date marking the expiry of the qualifying period. Following a seven-year term following granting, the option rights lapse without compensation.

Compensation report

The Supervisory Board determines the overall compensation of individual members of the Board of Management, lays down the compensation system for the Board of Management and reviews this regularly. The Supervisory Board Chairman informs the Annual General Meeting of the basic features of the compensation system of the Board of Management, and of any changes in this. The compensation system for members of the Supervisory Board is determined by the Annual General Meeting and governed by § 13 of the Articles of Association.

Basic features of the compensation system for members of the Board of Management

Members of the Board of Management are compensated in line with their performance. Their monetary compensation consists of both fixed and variable components. The variable component of compensation is dependent on the Group's performance, the member's personal performance and the company's economic position. The variable compensation component is based on participation by the members of the Board of Management in the company's stock option program. No cap has been agreed for the stock option rights granted to members of the Board of Management. The Supervisory Board points out in this respect that the contracts with members of the Board of Management were concluded prior to the latest amendments in stock corporation law. Furthermore, the members of the Board of Management are also covered by a D&O insurance policy. The agreement of a deductible was foregone upon the conclusion of this insurance policy, as the insurance company did not provide for any deductible in its calculation of the premium. The current employment contracts with members of the Board of Management are covered by the transitional legislation pursuant to § 23 of the Introductory Act to the Stock Corporation Act (EGAktG).

Disclosure of the compensation of the Board of Management

The Annual General Meeting held on June 23, 2006, resolved to make use of the so-called opting-out clause. Accordingly, until 2010 the company is exempted pursuant to § 315 (2) No. 4 of the German Commercial Code (HGB) from the legal requirement to disclose the compensation of the Board of Management on an individualized basis.

The total compensation of the Board of Management for the 2009 financial year amounted to € 1,107 thousand (previous year: € 816 thousand).

Further information about the compensation of the Board of Management can be found on Page 106 of this Annual Report.

Basic features of the compensation system for members of the Supervisory Board

The compensation of Supervisory Board members accounts for their responsibilities and scope of activities, as well as for the company's economic position and performance. The Chairman and Deputy Chairman of the Supervisory Board are compensated in line with their responsibilities. Members of the Supervisory Board receive fixed and performance-related compensation. Furthermore, the members of the Supervisory Board are also covered by a D&O insurance policy. The agreement of a deductible was foregone upon the conclusion of this insurance policy, as the insurance company did not provide for any deductible in its calculation of the premium.

Disclosure of the compensation of the Supervisory Board

The Annual General Meeting held on June 23, 2006, resolved to make use of the so-called opting-out clause. Accordingly, until 2010 the company is exempted pursuant to § 315 (2) No. 4 of the German Commercial Code (HGB) from the legal requirement to disclose the compensation of the Supervisory Board on an individualized basis.

The total compensation of the Supervisory Board for the 2009 financial year amounted to € 119 thousand (previous year: € 108 thousand).

Further information about the compensation of the Supervisory Board can be found on Page 107 of this Annual Report.

DECLARATION ON CORPORATE GOVERNANCE CODE PURSUANT TO § 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG) (DECLARATION OF CONFORMITY)

The Board of Management and Supervisory Board dealt with the Code in its current version at their joint meeting on December 18, 2009. The Board of Management and Supervisory Board then renewed their Declaration of Conformity on the same day:

Declaration of Conformity of the Board of Management and the Supervisory Board of STRATEC Biomedical Systems AG with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG)

STRATEC Biomedical Systems AG has complied with the recommendations made by the German Corporate Governance Code government commission concerning the management and supervision of German listed companies in the version dated June 6, 2008 since submitting its previous Declaration of Conformity on December 12, 2008 – with the exceptions outlined in that declaration. STRATEC Biomedical Systems AG will comply in future with the recommendations made by the German Corporate Governance Code government commission concerning the management and supervision of German listed companies in the version dated June 18, 2009 with the following exceptions:

Point 3.8

If the company takes out a D&O insurance policy for the Board of Management, a deductible of at least 10% of the loss up to at least the amount of one and a half times of the fixed annual compensation of the Management Board member must be agreed upon.

Previously, the D&O insurance policy for members of the Board of Management did not provide for any deductible, as the company was convinced that members of the Board of Management took every effort to avoid any damages to the company and that their responsibility and motivation to uphold their efforts in this respect would not be further promoted by a deductible. Moreover, a potential deductible also had no impact on the insurance premium. The current employment contracts with members of the Board of Management are governed by the statutory transitional regulations set out in § 23 of the Introductory Act to the German Stock Corporation Act (EGAktG).

A similar deductible must be agreed upon in any D&O policy for the Supervisory Board. Due to the reasons outlined above, no such deductible is foreseen for members of the Supervisory Board.

Point 4.2.3

The German Corporate Governance Code recommends that to cover against extraordinary developments the Supervisory Board should in general agree a cap on variable monetary components of the compensation of the Board of Management, such as company-related share or index-based compensation components.

The Supervisory Board has not agreed any cap for the stock options issued to the Board of Management, as these would otherwise fail to provide the element of risk / opportunity required, especially for variable compensation components, and would also fail to provide the necessary incentive, particularly when compared with practices in other countries. The Supervisory Board points out that the contracts with members of the Board of Management were concluded prior to the latest amendments to the German Stock Corporation Act.

Points 4.2.4 and 4.2.5

According to the law governing the disclosure of management board compensation, the total compensation of each member of the Board of Management has to be disclosed by name, divided into fixed and variable compensation components. The same applies to promises of benefits that are granted to a member of the Board of Management in case of premature or statutory termination of the function of a member of the Board of Management or that have been changed during the financial year. Disclosure may be dispensed with if the Annual General Meeting passes a resolution to this effect by three-quarters majority.

The German Corporate Governance Code recommends that such disclosures be made on an individual basis in a compensation report (forming part of the Corporate Governance Report).

The compensation of all members of the Board of Management, broken down into its components, was and continues to be reported as an aggregate total. The company has foregone the individual disclosure of the total compensation of each member of the Board of Management in view of the resolution for the period up to and including the 2010 financial year adopted with the necessary qualifying majority by the Annual General Meeting on June 23, 2006.

It is our opinion that the recipient of such disclosures concerning the compensation of individual members of the Board of Management is less interested in the incentive for the individual member of the Board than in the incentive for the Board as a whole. Moreover, any disclosure of the compensation of the Board of Management on an individual basis would in the longer term result in a leveling out of the salaries between the various positions on the Board, thus undermining the desired incentive effect.

Points 5.2 and 5.3.1 to 5.3.5

The German Corporate Governance Code recommends that, depending on the specific circumstances of the company and the number of its members, the Supervisory Board should form specialist committees (including an audit and a nomination committee). Moreover, the Chairman of the Supervisory Board should assume the chairmanship of the committees which deal with the contracts concluded with members of the Board of Management and prepare the meetings of the Supervisory Board. Among other factors, the compensation paid to members of the Supervisory Board should account for the chairmanship and membership of committees.

The Supervisory Board of the company consists of the minimum legal requirement of three members and, in view of its size, has not formed any committees to date.

Point 5.4.6

The German Corporate Governance Code recommends that the compensation of the members of the Supervisory Board be disclosed in the Corporate Governance report on an individual basis and broken down into its constituent components.

The compensation, broken down into its constituent components, has been and continues to be reported as an aggregate total for all members of the Supervisory Board. The individual disclosure of the compensation of each member of the Supervisory Board has been foregone in view of the resolution covering the period up to and including the 2010 financial year adopted with the required qualifying majority by the Annual General Meeting on June 23, 2006. Moreover, the transparency requirements of this Code recommendation are largely accounted for by disclosure of the composition of Supervisory Board compensation in § 13 of the company's Articles of Incorporation.

Point 6.6

The German Corporate Governance Code recommends that any ownership of shares in the company or of related financial instruments by members of the Board of Management and the Supervisory Board should be stated in the Corporate Governance report in the event of such direct or indirect shareholdings exceeding 1 % of the shares issued by the company. Moreover, the German Corporate Governance Code recommends that the total shareholding held by such members should be stated in the Corporate Governance report broken down into the Board of Management and the Supervisory Board in the event of the total shareholding of all members of the Board of Management and the Supervisory Board exceeding 1 % of the shares issued by the company.

The Board of Management and the Supervisory Board are of the opinion that the notification duties set out in the respective legal requirements, which require the company to be notified in the event of the shareholding held by any shareholder (in this case a company board) exceeding certain thresholds, are adequate in this respect. The holdings of shares in the company or of related financial instruments by members of the Board of Management and the Supervisory Board have not been stated in the past and will not be reported in future. This does not apply to disclosures required by law.

Point 7.1.2

The German Corporate Governance Code recommends that the consolidated financial statements be published within 90 days and the interim reports within 45 days of the conclusion of the respective reporting period.

The aforementioned deadlines for the publication of consolidated financial statements and interim reports have not been and are in some cases still not met by the company. However, the company does meet the publication deadlines required by law and stipulated in the rules and regulations governing membership of the segment of the regulated market of the Frankfurt Stock Exchange involving additional admission requirements (Prime Standard), namely four months in the case of annual financial statements and two months for interim reports.

GROUP MANAGEMENT REPORT

for the 2009 Financial Year
of STRATEC Biomedical Systems AG

1. OVERVIEW OF BUSINESS PERFORMANCE AND EARNINGS

Alongside substantial sales and earnings growth, the 2009 financial year was characterized by the planned market launch of a total of four new analyzer systems by our customers (previous year: one analyzer system). The Group successfully mastered a massive expansion in its production output while at the same time significantly boosting its development activities.

- EBITDA margin of 21.7 % well above industry standard
- Sales growth of 30.5 % to € 79.6 million (previous year: € 61.0 million)
- Earnings per share (EPS) at € 1.03, as against € 0.72* in previous year
- Cash flow from operating activities more than doubled to € 10.9 million
- Proposed increase in dividend by 29 % to € 0.45

* Excluding a non-operating one-off expense of arround € 2.1 million due to a valuation adjustment

Within the company's implementation of its strategic planning, the following aspects of outstanding significance could be observed in 2009:

- Further substantial gain in significance for automation of molecular biological applications (share of sales: < 10 %; share of development > 55 %)
- Integration stage (integration of reagent and analyzer system) increasingly gaining in significance
- Preparatory measures for production of a total of four new analyzer systems in final stages or already completed
- Development projects with market launch dates in 2011 and 2013 increasingly gaining in significance
- New development agreement signed for fully automated molecular diagnostics system

Following the inventory-driven weakness in turnover due to a customer of STRATEC AG in the 4th quarter of the 2008 financial year, the company returned to its accustomed rate of growth in 2009. Alongside strong turnover in the core business with serial analyzer systems, the sales growth was driven by higher numbers of pre-serial appliances and the expected growth in the consumables and replacement parts business.

The following key factors are of outstanding significance for the company's long-term growth:

- Safeguarding competitive price structures while meeting the utmost quality standards
- Maintaining and expanding the processes required by health authorities
- Smooth transition to next-generation analyzer systems
- Maintaining a fresh product portfolio with new products, revisions and software releases
- Acquiring new projects within the company's range of core competencies

The relative margin contribution of the two largest individual companies within the STRATEC Group, namely STRATEC AG and Robion AG, developed in favor of Robion AG in the 2009 financial year. This was due to the products marketed by Robion AG having shown stronger percentage growth than the overall product portfolio in the 2009 financial year.

2. MARKET AND SECTOR

Market and sector: Overview

The users of STRATEC's analyzer systems, such as hospital laboratories, do not constitute the direct customers of the STRATEC Group. Our customers mainly include large companies, including some of the largest players, and rapidly growing companies in the diagnostics industry. These generally supply the aforementioned end users with reagents (that is tests to detect infections with the carcinogenic human papillomavirus (HPV)) together with STRATEC's automation solutions. The analyzer systems designed and produced by STRATEC are virtually all used in in-vitro diagnostics (that is in the aforementioned laboratories in hospitals, central laboratories or blood banks).

The core competency of STRATEC's partners relates in particular to the development and worldwide sale of reagents (the chemicals required for the reaction), as well as related marketing activities and the development of the relevant industrial property rights. Some of these companies now also outsource the development and enhancement of testing processes to specialist reagent development companies.

Following the lull in large-scale corporate acquisitions and mergers in 2008, the trend towards consolidation regained considerable momentum in 2009 and at the beginning of 2010. All in all, experts within the industry concur that the trend towards consolidation will continue, although there is disagreement as to whether this trend will be driven by large or medium-sized market players, or by players alien to the sector.

The world's ten leading diagnostics companies thus account for more than 85% of global market sales. Influenced in particular by the USA, the largest single clinical diagnostics market with a share of 40%, the relatively high level of growth in the overall market will according to experts continue unchanged at around 5% (CAGR) between 2010 and 2016. Our customers see much of their growth potential in the BRIC states.

Our assessment and that of our customers has been confirmed by the business performance of the STRATEC Group. Due to the following factors, the financial and economic crisis did not have any notable negative influence on our business performance. Developments have rather confirmed the thesis that the business performance of STRATEC and of some of its customers is more dependent microeconomic factors:

- Demographic factors
- Developments in global healthcare systems, especially in emerging economies
- Reagent leasing transactions (investments not affected by budget cuts)
- Scope of tests required by health authorities (that is tests on blood donations)
- Accessing and expansion of new geographical markets by our customers (that is China)

Due to these and other factors, the diagnostics market is expected to show substantial growth in the longer term. As already in past years, we expect the overall market to achieve growth of between 5% and 7% per annum in the coming three years.

Within the diagnostics sector, it is still apparent that individual market segments will post significantly higher growth rates than the market average. More specifically, these high-growth segments include molecular diagnostics (expected CAGR of around 15% between 2010 and 2015), near-patient diagnostics (point of need) and diagnostics based on the use of luminescence immunoassays (currently the method offering the best value for money).

All of the in-vitro diagnostics market segments referred to here represent the main markets of the STRATEC Group, which has a wealth of expertise and experience, as well as systems currently being sold and in development, in these areas.

Market and sector: Key success factors

Global marketing – By meeting global regulatory requirements, the STRATEC Group provides its customers with the possibility of developing innovative analyzer systems and achieving market approval at above average speed in markets shaped by regional regulatory frameworks. This unique selling point also provides customers with a clear criterion on which to base their decisions between proprietary, internal development and outsourcing to companies within the STRATEC Group. Particularly in recent years, several of the large diagnostics companies which previously developed their instrumentation internally have relied on outsourcing and development at STRATEC. STRATEC's competencies in this area are confirmed by regular customer audits and by inspections performed by the authorities.

Development quality – Alongside the quality of development results and the achievement of a balanced relationship between price-sensitive specific development work and recycling parts and modules, the reliability of analyzer systems as experienced by end users is mainly affected by the following factors:

- The complexity of the biochemical processes to be automated in the respective analyzer system
- Consistent development measures, taking due account of the relevant reliability criteria and ease of servicing factors for the system solution

Due to regulatory requirements, quality enhancements introduced at a later stage during serial production often oblige customers to undertake a renewed audit of the entire analytical process. The success of an analyzer system family is determined by both aspects – high-quality development consistent with regulatory requirements and rapid market access. The processes and methods in place at STRATEC mean that we are optimally positioned to do justice to requirements such as speed of development, economic effectiveness and reliability.

Reliability and dependability as a system partner – One critically important factor is the dependability of any statements made between development partners, for example about project plans. For interdisciplinary development projects involving several development partners, compliance with schedules, development expenses and the guaranteed transfer price is crucially important for the success of the overall project. STRATEC has successfully built up a very good reputation in recent years in this respect.

STRATEC supplies several system partners who in turn operate in competitive markets. One factor of key importance for our partners, and thus for us, is that no expertise should be shared between projects which may possibly have to compete with each other during the marketing stage.

By drawing on suitable processes, established procedures, Chinese walls, project team selection and contractual commitments, we permanently document our reliability in terms of protecting expertise in our function as a system partner.

Scalability – The technologies, established processes, high degree of expertise, development, development transfer and production available under one roof at STRATEC, coupled with the relevant logistical structures, make for a highly economical overall package for STRATEC's customers.

The expertise STRATEC has built up over many years enables the company's customers to define the development costs and transfer prices for the analyzer systems in development at the beginning of a development project already. Once the specifications for an automated solution have been determined, the parties contractually agree fixed prices for the use of STRATEC technology and the transfer price per analyzer system.

Moreover, minimum purchase volumes are defined for each system family. This approach enables us to submit highly detailed offers to our customers and provides them with a solid costing basis within a favorable, attractive structure.

Individual application of standards – STRATEC pursues two fundamental approaches to development:

- The system platform business, in which a generic system is adapted to customer-specific requirements.
- The new development business, in which new analyzer systems are developed on the basis of existing technologies.

In both cases we generate the predominant share of our sales with solutions developed or adjusted to specific customer requirements and which, once development is complete, are then serially produced over a period of several years.

STRATEC's strategy of focusing on a small number of business partners enables the company to respond very closely to its customers' requirements, not least as a result of its high degree of integration with business processes at its customers. Given the direct link between a comprehensive understanding of market and customer acceptance criteria on the one hand and the success of an analyzer system on the other, the specification stage is accorded great significance. Alongside purely physical and biological requirements, account also has to be taken of other features, such as service aspects, extension possibilities, scalability and how intuitively the solution can be used. These factors affect the subsequent success of the automation solutions. Factors not directly attributable to the analyzer systems, such as development, production or quality management processes, also form an integral component of customer requirements. Even Sanguin's standard software, with its high degree of paramaterization, can be adjusted to meet specific customer requirements.

Market and sector: The market position of the STRATEC Group

Our market leadership in the field of outsourcing solutions for the diagnostics industry is based on the consistent implementation of our corporate strategy. The companies within the STRATEC Group have significantly extended their very strong competitive positions and unique selling points by agreeing new development cooperations and offering successful project management.

Market – STRATEC increasingly succeeded in substantially raising its profile among market and technology leaders in the diagnostics industry. Agreements are concluded with these market-leading companies, within which individual projects can last up to 20 years from the definition of basic requirements through to the decommissioning of the last analyzer system. As well as acquiring new market and technology leaders as customers, one of the STRATEC Group's declared aims is therefore to handle follow-up projects for existing customers, and thus to already start work on the development of successor systems during the peak stage of the product lifecycle. We achieved both of these objectives once again in 2009. As a result, our development departments will be working at capacity over a period of several years on both areas – new developments and next-generation system developments.

Most recently, we successfully agreed a major development and supply contract in December 2009 to develop a new fully automated molecular diagnostics analyzer system.

Production transfer – The speed at which new products are launched onto the market requires the production departments and suppliers to be involved at an early stage. Our customers therefore view our speed of development and the virtually seamless transition to the launch of production for the newly developed analyzer systems as one of our most important characteristics. Specially qualified production departments, for example, undertake feasibility studies, test functional modules or take over all of the tasks involved in building and documenting prototypes. Moreover, they also support the development departments in designing testing equipment. This dovetailing of processes reduces development times, accelerates the project on hand and this increases efficiency levels.

Expansion of technology pool – The integration of Invitek Gesellschaft für Biotechnik & Biodesign mbH, which was acquired in April 2009, was successfully completed by the beginning of the 3rd quarter of 2009. All key figures are developing positively. The company is currently involved in several promising negotiations concerning the separate or integrated use of Invitek technology and STRATEC technology.

Project management – STRATEC's management adopts systematic and heuristic approaches to support and promote the development of innovative solutions. The large number of development projects brought to a successful conclusion means that employees can draw on a large technology pool that is constantly being extended to include current development projects. This means that the STRATEC Group now has access to a broad spectrum of solutions for diagnostics applications.

As an automation specialist, STRATEC can offer a unique range of services and substantial competitive benefits supported by the following factors:

- The STRATEC Group has employees with proven expertise in the field of engineering and employees with a high degree of competence in physical, biochemical and biological processes. This expertise is transferred to the automation solutions STRATEC designs.
- The STRATEC Group can provide its customers with everything they need for laboratory automation from a single source.
- STRATEC's projects do not just consist of development, approval and production. They begin with supporting customers in generating product requirements and continue through to the processes involved in the after-sale supervision of analyzer systems.
- STRATEC retains control over the development documentation.
- STRATEC takes over the whole range of change order and complaints management for the automation solution on behalf of the customer, thus allowing all aspects of further development performed during the marketing stage to be performed at STRATEC.

3. FINANCIAL POSITION AND INVESTMENTS

Due to the substantial growth in consolidated net income, the cash flow increased from € 6.1 million in the previous year to € 11.7 million. As a result, the inflow of funds from operating activities rose from € 4.2 million to € 10.9 million.

Investment activities focused in the year under report on the acquisition of Invitek GmbH for an amount of € 1.7 million, as well as on investments of € 1.9 million in development-related and product-related property, plant and equipment. Furthermore, the STRATEC Group made prepayments of € 1.1 million for assets under construction.

Financing activities led to an overall outflow of funds of € 4.4 million in 2009. This figure includes an outflow of funds amounting to € 4.0 million for the distribution of the dividend for the 2008 financial year and outgoing payments of € 0.7 million for the repayment of financial liabilities.

The net total of all inflows and outflows of funds in 2009 led to a currency-adjusted increase in liquid funds by € 2.0 million to € 21.2 million as of December 31, 2009.

4. EARNINGS POSITION

The STRATEC Group increased its sales to € 79.6 million, up 30.5 % from € 61.0 million in the previous year. Together with the high volume of development work on current customer projects and the resultant increase in volumes of unfinished services, this led the overall performance to rise from € 67.6 million to € 87.2 million.

The increase in cost of materials from € 32.2 million to € 43.0 million is directly linked to the sales growth generated by the Group.

The stepping up in development activities, the further expansion in production capacities and the integration of Invitek GmbH led personnel expenses to rise by 24.1 %. Other operating expenses rose from € 6.4 million to € 7.0 million.

Amortization of intangible assets and depreciation of property, plant and equipment grew slightly from € 2.3 million to € 2.6 million. EBIT amounted to € 14.7 million in the year under report, as against € 11.2 million in 2008.

Net financial expenses amounted to € 0.4 million, compared with a substantially negative figure of € -1.8 million in the previous year due to a non-operating one-off item.

Taxes on income amounted to € 3.4 million in 2009, compared with € 3.3 million one year earlier. As a result, consolidated net income showed considerable growth of 90.4 % from € 6.1 million to € 11.7 million.

5. ASSET AND CAPITAL STRUCTURE

Total assets grew to € 85.8 million, an increase of € 15.8 million on the previous year. Non-current assets increased from € 10.5 million to € 15.9 million.

Due in particular to the acquisition of Invitek GmbH, the goodwill recognized under intangible assets and the identified fair values included under other intangible assets grew overall from € 3.3 million in the previous year to € 6.5 million.

As a result of the investments made in development-related and product-related items, property, plant and equipment increased from € 6.3 million to € 8.9 million. Following the disposal of the investment held in CyBio AG, the relevant balance sheet item declined from € 0.6 million to € 0.0 million.

Current assets increased by € 10.4 million to € 69.9 million. Raw materials and supplies remained unchanged, while unfinished products and unfinished services grew from € 16.8 million to € 23.9 million.

Trade receivables, which were almost unchanged in spite of the substantial sales growth, benefited from efficiency enhancements in the field of receivables management, while future receivables from construction contracts also remained virtually constant at € 4.9 million.

The securities acquired for trading purposes gained substantially in value during the year under report, increasing from € 0.3 million in the previous year to € 0.7 million.

Notwithstanding the dividend payment of € 4.0 million, shareholders' equity grew from € 49.9 million to € 59.3 million. The equity ratio amounted to 69.1 % as of December 31, 2009.

Due to a slight increase in deferred taxes, non-current debt rose from € 6.8 million to € 7.3 million. While trade payables remained unchanged, other current liabilities grew from € 7.3 million to € 13.7 million. This increase was driven in particular by the rise in prepayments received by € 5.2 million. Current provisions rose from € 0.9 million to € 1.3 million. Income tax liabilities could be reduced from € 1.0 million to € 0.3 million.

6. DEVELOPMENT

The further acceleration in the process of concentration on respective core businesses seen in the diagnostics industry is leading not only to longer product lifecycles, but also to the need for ever short development cycles. This is basically due to the need to determine the specification of each automation solution at as late a stage as possible in order to minimize the risk of any erroneous analysis of the future market. In the long term, this approach will lead diagnostics companies with global operations to further outsource the development of their instrumentation and production. It will be possible to reduce development times further, not least on account of the system platform concept successfully implemented by STRATEC. This concept draws on hardware and software concepts (modules) which can be combined flexibly. The use of platform concepts also offers the possibility of diversifying established, reliable STRATEC technologies into new market segments.

The STRATEC Group's basic approach – and at the same time one of its most important USPs – is the successful completion of each individual development project in such a way as to meet contractually agreed specifications. Although STRATEC is to be viewed in objective terms as a development company, we are of the opinion that the requirements set out in IAS 38 for the capitalization of development projects as intangible assets were still not adequately met in 2009. This is largely due to the fact that the underlying criteria can only be assessed at a relatively late stage of development. We have thus adopted a conservative approach to evaluating the opportunities and risks of the actual situation at the balance sheet date. As in previous years, should there be any direct or indirect links between developments and customer-specific solutions, then the respective developments are capitalized at cost as unfinished services.

7. EMPLOYEES

The STRATEC Group grew by a total of 96 new employees in 2009. Of these, 29 employees joined the Group due to acquisition of Invitek Gesellschaft für Biotechnik & Biodesign mbH in March 2009. Including the personnel hired from a temporary employment agency, the STRATEC Group had 380 employees as of December 31, 2009 (previous year: 284). The average number of personnel (excluding temporary personnel) employed at the STRATEC Group increased to 291 (previous year: 238).

Following the largest growth in the development departments in the company's history, the number of employees working in this area also grew significantly.

Personnel expenses rose overall by 24.1 % to € 20.7 million in the year under report (previous year: € 16.7 million). This growth in personnel expenses was chiefly due to the increased workforce in the development departments and to the Invitek acquisition.

Our stock option program enables longstanding employees to participate in the value growth they have helped to achieve for the company.

Our organizational structure is already prepared for further growth. The largest share of STRATEC's team works on development projects. The future growth of the STRATEC Group can be derived from the duration of development projects, which as a general rule last 36 months, and the growth in personnel totals working on development projects. Today's teams are working on products scheduled for market launches between 2010 and 2013 and which will facilitate the company's growth far beyond those dates.

We would like to thank our employees for their extraordinary commitment and their ability and willingness at all times to give of their best.

8. BASIC FEATURES OF THE COMPENSATION SYSTEM FOR THE SUPERVISORY BOARD AND THE BOARD OF MANAGEMENT

Compensation system of the Supervisory Board

Each member of the Supervisory Board receives fixed compensation in addition to the reimbursement of his expenses and the benefits of a pecuniary loss liability insurance policy concluded by the company for members of the Supervisory Board at its own expense and at suitable conditions customary to the market. Furthermore, each member of the Supervisory Board receives performance-related compensation for each financial year, the total amount of which is capped at double (that is twice) the level of fixed compensation. The variable compensation is structured as follows:

- € 500.00 per complete € 500,000.00 "Result of ordinary business activities" (pursuant to IFRS)

  and an additional amount to be offset of

- € 500.00 per complete € 500,000.00 "Cash flow from operating activities".

The Deputy Chairman of the Supervisory Board receives one and a half times (1.5 times) the aforementioned compensation and the Chairman of the Supervisory Board receives twice (2 times) such amount. Moreover, each member of the Supervisory Board receives a meeting allowance for each meeting of the Supervisory Board attended in person. The company reimburses each member of the Supervisory Board for the sales tax incurred on his compensation. Fixed compensation is due for payment upon the conclusion of the financial year. Variable compensation is due for payment upon the approval or adoption of the annual financial statements.

Compensation system of the Board of Management

The compensation system for members of the Board of Management provides for:

- A fixed salary component paid in prorated monthly installments,
- a variable component which accounts for the performance of the Group, the personal performance of the Board member and the economic position of the company,
- stock option programs based on the resolution adopted by the Annual General Meeting on May 16, 2007.

A D&O insurance policy has been concluded for the Board of Management and Supervisory Board of STRATEC AG and the managing directors of subsidiaries. No deductible was arranged in 2009, as the insurance company does not provide for any such deductible in its calculation of the premium.

9. PROCUREMENT

STRATEC covers only a small part of the production chain, focusing its production activities on the share requiring the greatest expertise and generating the greatest value. This approach increases revenues, but at the same time also raises the complexity of its logistics, which basically involve complex functional modules. These modules are purchased from a small number of suppliers distinguished by their quality management systems and a process orientation compatible with that at STRATEC. STRATEC works with long-term master agreements to secure supply capabilities and price reliability. By involving module suppliers at an early stage of development, STRATEC is able to factor specialist supplier expertise into development projects in a targeted manner and ensure that the latest production methods and processes and most modern materials are used. This enables innovative solutions to be provided on economical terms. One of our aims for 2010 is to intensify this approach further.

10. SYSTEM ASSEMBLY AND INSPECTION

Assembly, quality assurance and inspection processes are performed by highly qualified and excellently trained personnel. Some of these processes are carried out in a laboratory environment. The company's focus on production processes that are complex and necessary from a regulatory perspective requires qualified employees and suitably developed infrastructure. This approach represents the optimal balance between economic efficiency and high quality within an infrastructure which corresponds to the later actual application locations of STRATEC's analyzer systems.

11. SALES LOGISTICS

The companies in the STRATEC Group forward the analyzer systems directly to the centralized procurement organizations of the large diagnostics companies, which in turn market the systems together with their own reagents as system solutions under their own names and brands. Given that the customers of the STRATEC Group generally supply their country outlets and customers directly from these distribution centers, the regional sales as reported in the figures of the STRATEC Group do not reflect the actual geographical distribution of the final operating locations of the analyzer systems manufactured by the STRATEC Group.

12. CORPORATE COMPLIANCE

STRATEC understands corporate compliance as requiring each individual employee within the Group to act responsibly and in accordance with the relevant legal requirements. As a development company, the STRATEC Group is subject to a large number of country-specific laws, ordinances, guidelines and norms in the instrumentation of clinical-diagnostic applications, all of which have to be respected and implemented by all employees on a daily basis. The compliance management system in place at the STRATEC Group was extended in 2009 and is currently being integrated into the existing risk management system. In particular, definitions of rules and regulations have been substantially refined within the individual specialist departments governed by compliance requirements.

Identification of risks – The identification of risks not just by compliance managers but also by employees themselves requires knowledge of the regulatory framework governing the activities of each respective employee. In-vitro diagnostics applications are governed by the regulations for CE labeling in Europe and those of the FDA health authority in the US.

The relative risk resulting from the withdrawal of approvals granted for our customers and of product recalls is crucially dependent on knowledge of these regulations and is classified internally as representing our potentially most important risk. Within the STRATEC Group, the highly experienced division heads are jointly responsible for this area together with the regulatory affairs and quality management departments, which are generally involved in the development of systems for regulated markets.

The company's risk managers also view the risk of product image damage being incurred at the respective customer due to non-compliance with general product requirements as a result of development shortfalls as representing an equally major risk. Other less sector-specific risks include the risk of fines or contractual penalties due to non-compliance with regulations or the risk of legal proceedings being initiated against the company's directors and officers. The availability of considerable expertise at the internal legal department and from the legal advisors of the STRATEC Group enable these risks under private, criminal and labor law to be dealt with appropriately. The investor relations and communications departments of the STRATEC Group are the contact partners for risks relating to capital market law in terms of non-compliance with disclosure obligations or insider trading.

Internal information system – Within the STRATEC Group, the internal exchange of information takes place directly between the relevant specialist departments and management teams in the case of subsidiaries. This process is assisted by the quality management department and is dependent on the clear instruction issued by this department to all employees that the agreed regulations have to be complied with. The assessment of such risks is covered by a separate section in the risk management system of the STRATEC Group. The specialist departments hold regular employee training sessions covering the relevant requirements (including those applicable to the capital market).

Internal controlling system – Controlling activities in the context of the compliance management system are performed by the relevant specialist departments, which in turn are required to report to the management of the respective companies of STRATEC AG.

All key positions at the STRATEC Group are filled with responsible, competent employees. Within their respective areas of responsibility, however, managers are nevertheless obliged to perform ongoing checks throughout the business process.

The ongoing checks in both development and production divisions take the form of documentation inspections undertaken by the respective managers. Moreover, the quality management department also performs internal audits at regular intervals. Accounting procedures and the flow of funds at the companies are inspected by applying the dual control principle and by undertaking audits of key areas upon the preparation of the financial statements.

The Board of Management is regularly informed about the compliance system and about important compliance-related matters at the company. The Board of Management in turn reports on compliance-related matters to the Supervisory Board within the framework of the risk management system.

13. RISK REPORT

Risk report: Risk management system

The risk management system was established as an early warning risk identification system and serves to analyze and assess the risks facing the company and its environment pursuant to § 91 (2) of the German Stock Corporation Act (AktG). The individuals required to report such risks compile reports on their respective areas of risk at fixed intervals, as well as ad-hoc reports if necessary, which are qualified and quantified on the basis of a systematic approach. At the various levels of aggregation, the decision makers and directors and officers of the company are provided with a so-called Risk Handbook to serve as a controlling instrument. This enables the conceivable consequences of individual risks, including those arising over time, to be viewed and assessed alongside any change in their probability of occurrence. With the extension of group structures within the STRATEC Group, the subsidiaries have been incorporated into the existing risk management system at the parent company. The respective risks and their various interdependencies are analyzed both at the individual companies and between the group companies.

The opportunities arising for the STRATEC Group on account of its cooperation with existing and new partners, its new technologies, and its substantial growth in changing markets are to be assessed as being sustainably positive. Potential risks should nevertheless be reported, regardless of whether it is considered likely or unlikely that they will actually occur. Factors such as the speed of development, the smooth integration of hardware and software, and the fulfillment of regulatory and market requirements have a considerable impact on the growth and success of the STRATEC Group. In contrast to these, other factors, such as the definition of market acceptance criteria and the reagents portfolio, a major factor in the success of a given product, lie outside the control of the STRATEC Group. Due to our business model, trials, validation, the extent to which minimum purchase volumes are exceeded and the sales structures are in the hands of our customers.

Risk report: Market and customer-related risks

In line with its business model the STRATEC Group focuses on companies which are market or technology leaders in their respective fields, a factor which by definition limits the number of potential partners. This can potentially result in a high degree of dependency. The resultant concentration of sales on a limited number of key customers and volatilities in the sale of analyzer systems to these customers can lead to fluctuations in STRATEC's performance. By further diversifying the STRATEC Group's customer base in the market for laboratory automation in the fields of diagnostics and research, STRATEC succeeded in 2009 in particular in further reducing the aforementioned dependence on individual customers.

The STRATEC Group draws on internal and external supervision to ensure that no industrial property rights are violated. Moreover, the company has protected its own expertise directly or indirectly with numerous international patents and registrations.

The STRATEC Group has reacted to the increase in development expenses, particularly for systems automating molecular diagnostic applications, by introducing strict project controlling procedures coupled with an effective target cost management system. In particular, the complexity of production processes means that, for reasons of economy, the STRATEC Group focuses on a small number of suppliers. The high cost of supervising logistics activities and of monitoring quality standards necessitates this degree of concentration in terms of suppliers. This risk is knowingly entered into and is minimized by accompanying measures, such as individual contract terms, maintaining inventory stocks and regular supplier audits.

Risk report: Financial instruments / risk management

Financial instruments are contractually regulated financial transactions involving a claim to payment. A distinction is made in this respect between:

- Primary financial instruments, such as trade receivables or payables, or financial receivables and liabilities.
- derivative financial instruments not involving a hedging relationship with a hedged item, and
- derivative financial instruments, such as hedges used to hedge movements in exchange or interest rates.

The volume of primary financial instruments can be seen in the balance sheet. Pursuant to IAS 39, the financial instruments on the asset side have been assigned to various categories and recognized either at cost or at fair value in line with their respective category.

With the exception of investments reported under financial assets and marketable securities, the short-term nature of receivables and liquid funds means that there are no material variances between the respective carrying amounts and fair values.

Changes in the fair value of financial instruments available for sale are recognized in equity up to the realization of the respective financial instrument. However, permanent impairments in the value of such instruments are recognized through profit or loss. Changes in the fair value of financial instruments held for trading are recognized through profit or loss.

Financial risks can in principle arise from currency and interest rate fluctuations, as well as from financial dependency on individual debt capital providers.

Currency risks in procurement and sales markets are still of immaterial significance for the STRATEC Group, as the majority of its procurement markets are located within the euro area and group companies also still mainly denominate their invoices in euros. There was no increase in the flow of payments from outside the euro area in 2009. For reasons of economy, the company currently does not deploy any derivative hedging instruments to cover currency fluctuations.

The managers responsible for cash management review the expediency of currency hedging transactions at regular intervals. Given the group structure, the internationalization of procurement activities and in particular the high volume of currency holdings, the Group is facing significantly increased risk in terms of currency fluctuations.

Interest rate risks are countered on the basis of the internal requirements of the risk management system in place at the STRATEC Group. Depending on the internal risk assessment, these also involve covering such risks by means of derivative financial instruments.

Further details can be found in Section VII "Financial instruments / risk management" in the notes to the consolidated financial statements.

Risk report:
Other risks

In the light of the substantial growth expected at the company in the coming years, the risk managers have identified the following potential challenges:

- Recruitment of adequately qualified personnel with appropriate industry experience,
- problems associated with project delays (time-to-market),
- implications of delays in sales due to postponement of market launches by customers (that is product launch, different geographical scope or with incomplete reagents portfolio).

The company's risk management system in general and its Risk Handbook as the central component of this system in particular have been and continue to be adjusted and extended to account for these growth-related challenges, as have the processes and systems used to control the company.

Internal control system
for financial reporting process

STRATEC has an internal control system for its (group) financial reporting process which lays down suitable structures and processes and is implemented within the company's organizational structures. This is designed so as to ensure the uniform, correct and prompt documentation of all business transactions. It ensures compliance with legal requirements, accounting requirements and the company's internal accounting guidelines, which are binding for all of the companies included in the consolidated financial statements. The basic principles underlying the internal control system, which is suitable for the size and structure of the Group, are defined approval processes, separation of functions, dual control etc. The group companies prepare their financial statements locally. Local companies are supported by contact partners at the parent company throughout the accounting process. The consolidated accounts are prepared centrally based on the data from the subsidiaries included in the scope of consolidation. Processes intended to ensure that the consolidated financial statements are consistent with all of the relevant requirements have been implemented. The company also draws on expertise from external consulting companies when preparing its consolidated financial statements. Amendments in legislation, accounting standards and other pronouncements are promptly analyzed in terms of their relevance and implications for the consolidated financial statements and then implemented as appropriate. As a general rule, it should be noted that any internal control system, regardless of its specific structure, cannot provide absolutely certainty that material accounting misstatements have been avoided or detected.

14. SUPPLEMENTARY DISCLOSURES IN ACCORDANCE WITH THE TAKEOVER DIRECTIVE IMPLEMENTING ACT OF JULY 8, 2006

The share capital is divided into 11,445,736 ordinary shares with a nominal value of € 1.00 each (previous year: 11,425,694 ordinary shares). The shares are bearer shares. At the balance sheet date, the Chairman of the Board of Management, Hermann Leistner, held 9.46% of the share capital directly and a further 9.96% indirectly via an investment company under his control.

The appointment and dismissal of members of the Board of Management, as well as any amendments to the Articles of Association, are undertaken in accordance with the requirements of stock corporation law. The Articles of Association do not include any opposing provisions in this respect.

The company is managed and represented to third parties by the Board of Management. The Board of Management consists of one or more persons appointed pursuant to § 84 of the German Stock Corporation Act (AktG) for a maximum period of five years. Renewed appointment or the extension of an existing contract is permitted in each case for a maximum period of five years. These measures required a further resolution by the Supervisory Board.

The Supervisory Board may appoint members of the Board of Management as Chairman or Deputy Chairman of the Board of Management.

The Supervisory Board may revoke any appointment to the Board of Management in the event of compelling reason. Reference is made in this respect to the further comments provided in § 84 (3) of the German Stock Corporation Act (AktG).

Any amendment to the Articles of Association requires a resolution by the Annual General Meeting. The Annual General Meeting may authorize the Supervisory Board to make amendments only affecting the specific wording. Any such resolution requires a majority corresponding to at least three quarters of the share capital represented upon the adoption of the resolution.

The Annual General Meeting held on May 20, 2009, authorized the company until November 19, 2010, to acquire treasury stock up to a total of ten percent of the company's share capital for purposes other than stock market securities trading. The company did not act on this authorization in 2009 or in 2010 up to the date of approval of the 2009 annual financial statements.

The Board of Management is authorized by § 4 (4.5) of the Articles of Association, subject to approval by the Supervisory Board, to increase the company's share capital until June 22, 2011 by issuing new shares with a nominal value of € 1.00 each in return for non-cash or cash contributions on one or more occasions by a maximum total of up to € 5,500,000.00 (Authorized Capital). Shareholders must generally be granted subscription rights. In certain circumstances set out in the Articles of Association, however, the Board of Management is entitled to exclude such subscription rights.

In accordance with the provisions of the Articles of Association (§ 4 Paragraphs 4.6 and 4.7), the company has various conditional capitals (Conditional Capitals I – V) with a total value of € 1.6 million as of December 31, 2009. Conditional Capitals I – III and V (amounting to € 1.1 million) only authorize the company to increase its capital to the extent that bearers of stock options exercise their subscription rights. The new shares have profit participation rights from the beginning of the financial year in which they are issued. Conditional Capital IV authorizes the company to increase its share capital by up to € 500,000 by issuing up to 500,000 new ordinary bearer shares. This conditional capital serves exclusively to issue new shares to the bearers or creditors of warrant or convertible bonds issued by the company or by subsidiaries in which the company holds direct or indirect majority shareholdings in accordance with the resolution adopted by the Annual General Meeting on June 23, 2006. In this respect, Conditional Capital IV only authorizes the company to increase its capital to the extent that the bearers or creditors of warrant or convertible bonds actually exercise their option or conversion rights or the conversion obligations underlying such bonds have been met.

The parent company has significant agreements that are subject to any change of control resulting from any takeover bid. With regard to further disclosures, use has been made of the protective clause provided for by § 315 (4) No. 8 of the German Commercial Code (HGB).

Individual agreements with the Board of Management and Supervisory Board of the company include change of control provisions pursuant to § 315 (4) No. 9 of the German Commercial Code (HGB) in line with the relevant requirements of the German Corporate Governance Code.

15. DECLARATION ON CORPORATE GOVERNANCE

The company has published the declaration on corporate governance required by § 289 a of the German Commercial Code (HGB), including the declaration on the German Corporate Governance Code required by § 161 of the German Stock Corporation Act (AktG), in the Investor Relations / Corporate Governance section of its internet site at www.stratec-biomedical.de.

16. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE AND EXPECTED DEVELOPMENT OF THE STRATEC GROUP

Events after the balance sheet date

There have been no events of particular significance since the end of the financial year which could have any material implications for the business performance of our Group.

Business strategy

By ensuring consistent development output well above the industry standard and further expanding its position of technological leadership, the STRATEC Group is significantly bolstering its three key strategic objectives. These are innovation leadership within our industry, the constant expansion of our technology pool, and positioning ourselves as a highly profitable and rapidly growing company. Even though the company set standards in its industry in all three areas in 2009, as already in previous years, we are nevertheless making efforts to improve our position even further.

Although the production of analyzer systems enables comparatively higher cash flows to be generated, we position ourselves towards our customers as a development company and will continue to focus on market and technology leaders in the fields of diagnostics and biotechnology, as well on specialist technological solutions in growth segments with high margin potential. Coupled with the ongoing optimization of our resource allocation, this strategic alignment will enable us to further expand our position as a leading supplier of automation solutions for complex applications in high-growth subsections of the diagnostics and biotechnology markets.

Financial strategy

The principal objectives of the STRATEC Group's financial management involve effective risk management, a basically conservative debt policy, and the short and medium-term supply of the required levels of liquidity, for example for new development and research projects and, where appropriate, for external growth as well. These objectives are overarched by the optimization of our financing costs. Following the high degree of volatility on financial markets in 2009 and given the objective of creating reserves for potential acquisitions, our investment policies are currently mainly focusing on money market investments. In the short term, these involve cases where short-term liquidity reserves are required, for example to undertake the acquisitions referred to above. In the longer term, they relate to investments which can be funded by corresponding financing items.

Overall, our financial strategy is aimed at safeguarding the funds required for substantial organic and external growth and at maintaining an investment policy which is balanced in terms of the risks and opportunities involved. We will continue to adhere to this strategy.

Although the use of optimizing derivative financial instruments would appear to be expedient in specific situations, given the restrictive accounting policies pursuant to IFRS we only deploy such instruments in exceptional cases. Derivative financial instruments are deployed in cases where it is necessary to hedge risks in the operating business. We use derivative financial instruments to optimize interest rates in cases where financing necessities render such measures opportune and where they relate to a general transaction. No transactions with optimized derivative financial instruments were concluded in 2009. In 2010 as well, they will only be deployed in exceptional cases and in line with the strict standards laid down in the Code of Procedure for the Board of Management.

Objectives for 2010

Our budgets are based on the assumption that component prices will remain within at moderate levels and rise slightly.

Due in particular to economic and timing (time-to-market) considerations, our customers are focusing on their core business of reagent development. The resultant need to outsource instrumentation development and production, supplemented by our technological leadership and superb reputation, strengthens us in our assumption that we will continue to be able to grow considerably faster than the market. Our development quota remains considerably higher than that of comparable benchmark companies. In view of the projects currently in the initiation and development stages, we assume that we will grow at least twice as fast on average as the overall market in the coming years.

Our efforts to increase our margins in the medium term are principally based on the following factors:

- The extension of our technology pool accompanied by increasing complexity of the analyzer systems, in particular due to portfolio transactions from the technology pools of our subsidiaries Sanguin and Invitek and due to the ever higher technological standards expected of our automation solutions. Both factors are accompanied by rising barriers to entry for potential competitors.
- Further fixed cost degression due to additional volume growth and the introduction of line production concepts.
- Further growth in the base of STRATEC analyzer systems already installed and the resultant demand for replacement parts and consumables.

The indicators available to us, such as the development status of existing development projects, as well as incoming orders figures, point to an ongoing positive business performance. The structure of our contracts, which include purchase forecasts and forecasting systems, provides us with visibility concerning our production activities and a very good budgeting horizon for analyzer system sales volumes over the terms of the individual contracts. Although there will be a further increase in the cost of system developments, particularly as a result of increasing complexity and regulatory requirements, we expect to achieve further substantial sales and earnings growth in the coming years.

Birkenfeld, March 19, 2010

STRATEC Biomedical Systems AG

The Board of Management

Hermann Leistner

Marcus Wolfinger

Bernd M. Steidle

CONSOLIDATED FINANCIAL STATEMENTS

as of December 31, 2009
of STRATEC Biomedical Systems AG

CONSOLIDATED BALANCE SHEET

as of December 31, 2009
of STRATEC Biomedical Systems AG

ASSETS	Note	12.31.2009 in €	12.31.2008 in € thousand
NON-CURRENT ASSETS			
Intangible assets	(1)		
Goodwill		2,140,534.57	608
Other intangible assets		4,385,252.17	2,692
		6,525,786.74	**3,300**
Property, plant and equipment	(2)	**8,889,929.55**	**6,296**
Financial assets			
Interests in associates	(3)	310,173.91	285
Investments	(4)	0.00	609
		310,173.91	**894**
Deferred taxes	(15)	125,539.24	0
		15,851,429.44	**10,490**
CURRENT ASSETS			
Inventories	(5)		
Raw materials and supplies		6,914,666.02	6,986
Unfinished products, unfinished services		23,893,421.07	16,825
Finished products		606,031.92	284
Prepayments made		223,139.33	0
		31,637,258.34	**24,095**
Receivables and other assets			
Trade receivables	(6)	9,914,111.59	9,681
Future receivables from construction contracts	(7)	4,921,677.50	4,902
Receivables from associates	(8)	164,824.85	167
Income tax receivables	(9)	0.00	140
Other receivables and other assets	(10)	1,455,749.11	989
		16,456,363.05	**15,879**
Securities	(11)	**653,789.38**	**293**
Cash and cash equivalents	(12)	**21,186,570.32**	**19,208**
		69,933,981.09	**59,475**
TOTAL ASSETS		**85,785,410.53**	**69,965**

SHAREHOLDERS' EQUITY AND DEBT	Note	12.31.2009 in €	12.31.2008 in € thousand
SHAREHOLDERS' EQUITY	(13)		
Share capital		**11,445,736.00**	**11,426**
Capital reserve		**11,167,289.02**	**10,746**
Revenue reserves		**26,433,131.76**	**24,280**
Consolidated net income		**11,673,586.81**	**6,131**
Other equity		**-1,432,532.35**	**-2,681**
		59,287,211.24	**49,902**
DEBT			
Non-current debt			
Non-current financial liabilities	(16)	5,601,528.20	5,661
Pension provisions	(14)	105,503.94	0
Deferred taxes	(15)	1,637,040.14	1,089
		7,344,072.28	**6,750**
Current debt			
Current financial liabilities	(16)	487,930.92	446
Trade payables	(17)	3,421,052.25	3,632
Liabilities to associates	(17)	24,310.40	70
Other current liabilities	(18)	13,670,000.96	7,305
Current provisions	(19)	1,300,639.61	892
Income tax liabilities	(19)	250,192.87	968
		19,154,127.01	**13,313**
TOTAL SHAREHOLDERS' EQUITY AND DEBT		85.785.410,53	69.965

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2009
of STRATEC Biomedical Systems AG

	Note	2009 in €	2008 in € thousand
Sales	(20)	79,589,273.42	60,971
Increase in volume of finished and unfinished products and unfinished services	(21)	7,013,579.47	6,219
Other own work capitalized	(2)	625,493.50	456
Overall performance		**87,228,346.39**	**67,646**
Other operating income	(22)	747,086.21	1,146
Cost of materials			
a) Cost of raw materials and supplies		41,577,725.99	31,217
b) Cost of purchased services		1,426,656.33	946
		43,004,382.32	**32,163**
Personnel expenses	(23)		
a) Wages and salaries		18,120,103.18	14,526
b) Social security contributions, pension expenses and other benefits		2,591,466.37	2,168
		20,711,569.55	**16,694**
Amortization of intangible assets and depreciation of property, plant and equipment	(24)	2,573,305.89	2,285
Other operating expenses	(25)	6,967,291.44	6,425
Income from profit transfer agreements		-75,054.66	-71
Financial income		119,687.62	644
Financial expenses		214,245.34	224
Other financial income/expenses		549,483.12	-2,187
Net financial expenses	(26)	**379,870.74**	**-1,838**
Operating result (EBT)		**15,098,754.14**	**9,387**
Taxes on income	(15)		
a) Current tax expenses		3,753,929.40	3,554
b) Deferred tax expenses		-328,762.07	-298
		3,425,167.33	**3,256**
Consolidated net income		**11,673,586.81**	**6,131**
Income and expenses recognized directly in equity (after taxes)			
Currency translation of foreign financial statements		231,828.24	-391
Measurement of available-for-sale financial assets as of balance sheet date		0.00	-105
Comprehensive income		**11,905,415.05**	**5,635**
Earnings per share in €	(27)	**1.03**	**0.54**
Number of shares used as basis		11,346,814	11,359,898
Diluted earnings per share in €	(27)	**1.02**	**0.54**
Number of shares used as basis (diluted)		11,425,923	11,387,716

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31, 2009
of STRATEC Biomedical Systems AG

in € thousand	Note	2009	2008
I. Operations			
Consolidated net income		11,674	6,131
Depreciation and amortization		2,573	2,285
Current income tax expenses		3,754	3,555
Income taxes paid less income taxes received		-4,388	-4,809
Financial income		-120	-644
Financial expenses		214	224
Interest paid		-215	-274
Interest received		132	602
Other non-cash expenses	(12)	361	2,578
Other non-cash income	(12)	-1,129	-999
Change in net pension provisions	(14)	96	0
Cash flow		**12,952**	**8,649**
Change in deferred taxes through profit or loss		-329	-298
Profit on disposals of non-current assets		-202	-24
Increase in inventories, trade receivables and other assets		-7,520	-7,210
Increase in trade payables and other liabilities		5,977	3,117
Inflow of funds from operating activities		**10,878**	**4,234**
II. Investments			
Incoming payments from disposals of non-current assets			
Property, plant and equipment		30	49
Financial assets		797	0
Outgoing payments for investments in consolidated non-current assets			
Intangible assets		-328	-381
Property, plant and equipment		-1,895	-976
Prepayments made / assets under construction		-1,121	0
Financial assets		-209	-78
Outgoing payments for acquisitions of consolidated companies, less cash and cash equivalents taken over		-1,738	0
Outflow of funds for investment activities		**-4,464**	**-1,386**
III. Financing			
Incoming payments from taking up of financial liabilities		0	1,000
Outgoing payments for repayment of financial liabilities		-712	-253
Incoming payments from issues of shares for employee stock option programs		242	38
Outgoing payments for acquisition of treasury stock		0	-2,001
Dividend payments		-3,977	-2,510
Outflow of funds for financing activities		**-4,447**	**-3,726**
IV. Cash-effective change in cash and cash equivalents (Balance of I – III)		**1,967**	**-878**
Cash and cash equivalents at start of period		**19,208**	**19,884**
Change in cash and cash equivalents due to changes in exchange rates		12	202
Cash and cash equivalents at end of period	(12)	**21,187**	**19,208**

STATEMENT OF CHANGES IN GROUP SHAREHOLDERS' EQUITY

for the 2009 Financial Year of STRATEC Biomedical Systems AG

			Revenue reserves	
in € thousand	Share capital	Capital reserve	Retained earnings	Free revenue reserves*
December 31, 2007	**11,416**	**10,554**	**13,260**	**3,540**
Equity transactions with owners				
Dividend payment				
Issue of subscription shares from stock option programs, less costs of capital issue after taxes	10	28		
Allocations due to stock option plans		164		
Allocations to free revenue reserves				2,000
Profit carried forward			5,480	
Acquisition of treasury stock				
Comprehensive income in 2008				
December 31, 2008	**11,426**	**10,746**	**18,740**	**5,540**
Equity transactions with owners				
Dividend payment				
Issue of subscription shares from stock option programs, less costs of capital issue after taxes	20	222		
Allocations due to stock option plans		213		
Allocations to free revenue reserves				2,000
Profit carried forward			153	
Disposal of treasury stock		-14		
Comprehensive income in 2009				
December 31, 2009	**11,446**	**11,167**	**18,893**	**7,540**

* Pursuant to § 58 (2) of the German Stock Corporation Act (AktG), allocations to free revenue reserves are presented in the year in which the relevant resolution is adopted.

	Other equity			
Consolidated net income	Fair value reserve	Treasury stock	Currency translation	Group equity
9,991	**105**	**-13**	**-276**	**48,577**
-2,511				**-2,511**
				38
				164
-2,000				**0**
-5,480				**0**
		-2,001		**-2,001**
6,131	-105		-391	**5,635**
6,131	**0**	**-2,014**	**-667**	**49,902**
-3,977				**-3,977**
				242
				213
-2,000				**0**
-153				**0**
		1,016		**1,002**
11,673	0		232	**11,905**
11,674	**0**	**-998**	**-435**	**59,287**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 2009 financial year
of STRATEC Biomedical Systems AG

I. PRINCIPLES AND METHODS

1. General disclosures

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

The legal domicile of STRATEC AG is Gewerbestrasse 37, 75217 Birkenfeld, Germany. Its financial year corresponds to the calendar year.

The declaration required by § 161 of the German Stock Corporation Act (AktG) in respect of the German Corporate Governance Code (the "Declaration of Conformity") was submitted by the Board of Management and Supervisory Board of STRATEC Biomedical Systems AG on December 18, 2009 and made permanently available to shareholders in the Investor Relations section of the company's website (www.stratec-biomedical.de).

Due to its stock market listing in the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange, STRATEC AG is obliged pursuant to § 315 a (1) of the German Commercial Code (HGB) to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements of STRATEC AG have been compiled in euros. Unless otherwise stated, the amounts reported in the notes have been stated in thousand euros (€ thousand).

2. Application of International Financial Reporting Standards (IFRS) and presentation of the implications of new accounting standards

The consolidated financial statements prepared by STRATEC AG as the topmost parent company as of December 31, 2009 have been based on uniform accounting and valuation principles. Pursuant to § 315 a of the German Commercial Code (HGB), application has been made of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union which are valid as of the balance sheet date. Account has been taken of the IAS and IFRS applicable as of the balance sheet date, as well as of the Interpretations of the Financial Reporting Interpretations Committee (IFRIC / SIC) valid for the financial year under report. The requirements of the standards and interpretations applied have been met without exception. The financial statements are therefore consistent with IFRS as required by IAS 1.16. The consolidated financial statements of STRATEC AG therefore provide a true and fair picture of the net asset, financial and earnings position, as well as of the cash flows, of the Group for the financial year under report.

Standards, interpretations and amendments to standards and interpretations applied for the first time in the year under report

The following standards and interpretations adopted by the IASB required mandatory application for the first time in the current 2009 financial year:

Standard	Title	IASB publication	Effective date*	EU endorsement
New standards and interpretations				
IFRS 8	Operating Segments	11.30.2006	01.01.2009	11.22.2007
IFRIC 13	Customer Loyalty Programmes	06.28.2007	07.01.2008	12.17.2008
IFRIC 15	Agreements for the Construction of Real Estate	07.03.2008	01.01.2009	07.23.2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	07.03.2008	10.01.2008	06.05.2009
IFRIC 18	Transfers of Assets from Customers	01.29.2009	07.01.2009**	12.01.2009

* for financial years beginning on or after this date
** for assignments received by a company on or after this date

Standard	Title	IASB publication	Effective date*	EU endorsement
Revised standards and interpretations (amendments)				
IAS 1	Presentation of Financial Statements	09.06.2007	01.01.2009	12.18.2008
IAS 23	Borrowing Costs	03.29.2007	01.01.2009	12.17.2008
IAS 32	Financial Instruments (Puttable Instruments)	02.14.2008	01.01.2009	01.22.2009
IAS 39 / IFRIC 9	Financial Instruments: Recognition and Measurement / Reassessment of Embedded Derivatives	03.12.2009	06.30.2009**	12.01.2009
IFRS 1 IAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	05.22.2008	01.01.2009	01.24.2009
IFRS 2	Share-based Payment (Vesting Conditions and Cancellations)	01.17.2008	01.01.2009	12.17.2008
IFRS 7	Financial Instruments: Disclosures	03.05.2009	01.01.2009	12.01.2009
Sundry	IFRS Improvements (Annual Improvement Project 2006 – 2008)	05.22.2008	01.01.2009	01.24.2009

* for financial years beginning on or after this date
** for financial years ending on or after this date

In the interests of reporting efficiency, only those standards and interpretations with implications for the accounting policies or for the reporting and disclosure of information in the consolidated financial statements of STRATEC AG as of December 31, 2009, or which based on current information are very likely to have such implications in future financial years, have been outlined below.

The application of these standards and interpretations in the 2009 financial year was consistent with the relevant transitional arrangements. Unless expressly required otherwise in individual standards and interpretations, and described separately below, the standards and interpretations have been applied retrospectively, that is the information has been presented as if the new accounting policies had always been applied. The previous year's figures have been adjusted as appropriate.

- **IFRS 8 “Operating Segments”**
  The disclosures resulting from application of IFRS 8 have been presented in Section VI “Segment report”.

- **Amendment to IAS 23 “Borrowing Costs”**
  The mandatory capitalization of financing expenses incurred during the acquisition, construction or manufacture of qualifying assets required due to the IAS 23 amendment did not have any material implications for the consolidated financial statements as of December 31, 2009. STRATEC AG expects implications to arise in subsequent years, particularly in connection with the planned investments in company buildings in the 2010 financial year.

- **Amendments to IAS 1 “Presentation of Financial Statements”**
  The amendments chiefly relate to the separate presentation of changes in equity resulting from transactions with owners and other amendments. From the 2009 financial year onwards, STRATEC has extended its income statement, which presents the development in consolidated earnings, into a statement of comprehensive income, which now also includes income and expenses recognized directly in equity. In the statement of changes in equity, any changes in equity resulting from transactions with owners have been presented individually and separately from comprehensive income.

- **Amendment to IFRS 7 “Financial Instruments: Disclosures”**
  These amendments have resulted in minor additions to the disclosures made on the fair value measurement of financial instruments. Moreover, with regard to the disclosures made on liquidity risk it has been clarified that the maturity analysis for non-derivative financial liabilities also includes the contracts for any financial guarantees issued. The maturity analysis of derivative financial instruments must also include their remaining contractual terms to the extent that these are necessary to provide an understanding of the timing of the cash flow. No comparative disclosures for the previous year were required upon initial application of these amendments in the financial year under report.

- **IFRS Improvements “Omnibus Standard Amending Various International Financial Reporting Standards within the Annual Improvement Project 2006 – 2008”**
  Based on the information currently available to us, the business model and business transactions customary at the STRATEC Group mean that the following amendments to standards could have implications for the consolidated financial statements in future:

  Amendment to IAS 1 – Recognition of current financial assets and liabilities
  An amendment to IAS 1 “Presentation of Financial Statements” (revised 2007) has clarified that financial assets and liabilities categorized as “held for trading” under IAS 39 “Financial Instruments: Recognition and Measurement” do not automatically have to be recognized as current assets or liabilities (IAS 1.68 and 1.71). The previous wording had given rise to doubtful cases, especially for standalone derivatives. The decisive criterion governing allocation to non-current or current balance sheet items is whether the financial asset or liability item is expected to be held by the company for more or less than twelve months. Accordingly, the categorization as “held for trading” pursuant to IAS 39.9 determines the measurement of the respective financial instrument, but not the specific item under which it must be recognized.

  Amendment to IAS 20 – Accounting treatment of low-interest government loans
  The existing version of IAS 20.37 did not require the benefits of a government loan with an interest rate below market interest rates to be quantified by calculating the interest. According to IAS 39.43 “Financial Instruments: Recognition and Measurement”, however, financial liabilities must be measured at fair value upon initial recognition, that is the interest benefit of low-interest loans must be included. IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance” has therefore now been amended, with the deletion of Paragraph 37 and the addition of a new Paragraph 10A requiring mandatory recognition and measurement of low-interest government loans in accordance with the requirements of IAS 39. The amount identified from a comparison of the cash amount received with the amount initially recognized for the loan in the balance sheet is to be recognized as the benefit pursuant to the requirements of IAS 20.

Amendment to IAS 23 – Components of borrowing costs
IAS 23 "Borrowing Costs" has been amended to the extent that in the list of possible components of borrowing costs provided in IAS 23, Paragraphs 6 (a)-(c) have been replaced by a reference to the calculation of interest expenses using the effective interest rate method pursuant to IAS 39 "Financial Instruments: Recognition and Measurement". This has therefore eliminated any potential inconsistencies between the calculation of borrowing costs under IAS 23 and IAS 39 respectively. With regard to the potential implications of this amendment for EBIT, net financial expenses and net income for the period, reference is made to the comments provided on the general implications of the IAS 23 amendment.

Voluntary premature application has been made of the following accounting standards already adopted by the IASB but not yet requiring mandatory application:

- **IFRS 3 "Business Combinations"**
  The principal amendments in the revised version of IFRS 3 relate in particular to the introduction of a transaction-by-transaction option when measuring non-controlling interests between recognition at the prorated share of identifiable net assets (purchased goodwill method) and application of the full goodwill method, which requires recognition of all of the goodwill at the company acquired, including the share attributable to non-controlling interests. IFRS 3 (revised 2008) requires first-time application in financial years beginning on or after July 1, 2009. The transitional regulations envisage prospective application of the new requirement. For companies whose financial year corresponds to the calendar year, therefore, this means that IFRS 3 (revised 2008) requires application for all business combinations with acquisition dates on or after January 1, 2010.

- **IAS 27 "Separate and Consolidated Financial Statements"**
  The amendments to IAS 27 primarily relate to the accounting treatment of non-controlling interests (minority interests) which will in future participate in full in any losses incurred by the Group, as well as to transactions leading to a loss of control at a subsidiary, whose effects are to be recognized through profit or loss. The effects of disposals of shares not leading to a loss of control, by contrast, must be recognized in equity. IAS 27 (revised 2008) requires first-time application in financial years beginning on or after July 1, 2009. The transitional regulations, which basically require retrospective application of the amendments introduced, nevertheless provide for prospective application of the specific amendments outlined above. Assets and liabilities resulting from such transactions executed prior to the date of initial application of the new standard are therefore not subject to amendment.

  The premature application of IFRS 3 and IAS 27 had implications to the extent that the transaction costs incurred in connection with the acquisition of the subsidiary Invitek Gesellschaft für Biotechnik & Biodesign mbH, Berlin, in the 2009 financial year (including legal and advisory expenses) were not included in the consideration thereby assigned, but were rather recognized as expenses. The volume of transaction costs thereby expensed is of immaterial significance overall.

  The mandatory recognition of conditional consideration granted upon acquisition may in principle result in the liability thereby recognized being subsequently measured through profit or loss in future financial years. However, STRATEC AG does not expect this to have any significant implications in future financial years, as the reference date for the respective conditions was December 31, 2009.

Standards, interpretations and amendments already published, but not yet applied

No premature application has been made of the following IASB accounting standards already adopted but not yet requiring mandatory application:

Standard	Title	IASB publication	Effective date*	EU endorsement
New standards and interpretations				
IFRS 9	Financial Instruments: Revision and Replacement of All Existing Standards (Classification and Measurement)	11.12.2009	01.01.2013	outstanding
IFRIC 17	Distributions of Non-cash Assets to Owners	11.27.2008	07.01.2009	11.27.2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	11.26.2009	07.01.2010	Expected Q2 2010

* for financial years beginning on or after this date

Standard	Title	IASB publication	Effective date*	EU endorsement
Revised standards and interpretations (amendments)				
IAS 24	Related Party Disclosures	11.04.2009	01.01.2011	Expected Q2 2010
IAS 32	Financial Instruments: Presentation (Classification of Rights Issues)	10.08.2009	02.01.2010	12.23.2009
IAS 39	Financial Instruments: Recognition and Measurement (Eligible Hedged Items)	07.31.2008	07.01.2009	09.16.2009
IFRS 1	Restructuring of Standard	11.27.2008	07.01.2009	11.26.2009
IFRS 1	Additional Exemptions for First-Time Adopters	07.23.2009	01.01.2010	Expected Q2 2010
IFRS 2	Share-based Payment (Group Cash-settled Share-based Payment Transactions)	06.18.2009	01.01.2010	Expected Q1 2010
IFRIC 14	The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Prepayments of a Minimum Funding Requirement)	11.26.2009	01.01.2011	Expected Q2 2010
Sundry	IFRS Improvements (Annual Improvement Project 2007 – 2009)	04.16.2009	various**	Expected Q1 2010

* for financial years beginning on or after this date
** earliest application for financial years beginning on or after 01.01.2009

STRATEC AG does not intend to make any voluntary, premature application of these standards and interpretations.

In the interests of reporting efficiency, only those standards and interpretations have been outlined below which, based on the information currently available and given the business model and business transactions customary at the STRATEC Group, are very likely to have implications for the accounting policies or for the reporting and disclosure of information in STRATEC's consolidated financial statements in future financial years.

- **IFRS 9 "Financial Instruments"**
  Given the complexity of this topic, it is currently not possible to provide any reliable information about the detailed implications of this standard. Application of the standard is currently not expected to be required before the 2013 financial year.

3. Basic principles

The consolidated financial statements have been prepared on the assumption that the company constitutes a going concern. Up to the conclusion of the preparation of these consolidated financial statements there were no further events with any significant influence on the net asset, financial and earnings position of the Group.

The financial statements have in principle been prepared based on historic cost, except for derivative financial instruments, securities available for sale, and securities held for trading, which have been measured at fair value.

The annual financial statements of the companies included have been based on uniform accounting and valuation principles. The separate financial statements of the companies included have been prepared as of the same balance sheet date as the consolidated financial statements.

The statement of comprehensive income has been prepared using the total cost method.

In the interests of clarity, individual items have been summarized in the statement of comprehensive income and the balance sheet. These are explained in the notes to the financial statements. Pursuant to IAS 1 (Presentation of Financial Statements), a distinction has been made in the balance sheet between non-current and current items. All assets and liabilities with maturities within the next twelve months are classified as current. Assets and liabilities earmarked for realization in the company's usual course of business are also classified as current, even when their maturities exceed twelve months. In the case of loan liabilities, a distinction has been made between the repayment installments due for payment within the next twelve months (current financial liabilities) and the long-term portions (non-current financial liabilities).

Assumptions and estimates

The preparation of the consolidated financial statements requires a certain number of estimates and forward-looking assumptions to be made which have implications for the volume and method of statement for the assets, liabilities, expenses, income and contingent liabilities thereby recognized.

Specifically, assumptions and estimates are required for the assessment of the criteria governing capitalization of intangible assets pursuant to IAS 38, the establishment of uniform useful lives for non-current assets at the Group, the fair-value measurement of the stock options granted, the determination of the costs still to be incurred and percentage of completion for construction contracts, the period of amortization for capitalized customer-specific development services, the measurement of provisions, and the recognition of deferred taxes on tax loss carryovers.

Moreover, estimates are also required in the context of company acquisitions when determining the fair values of the assets, liabilities and contingent liabilities thereby acquired, as well as of contingent purchase price components (earn-out components).

In particular, the identification and measurement of intangible assets offers substantial discretionary scope. Fair values are determined on the basis of forecast future cash flows. Depending on the type of asset and the information available, application is made of valuation methods based on cost, market prices or capitalized values.

Values based on assumptions and estimates may deviate from actual values. The assumptions and estimates are reviewed on an ongoing basis, with resultant amendments being recognized through profit or loss upon more accurate information becoming available.

The most important forward-looking assumptions and major sources of uncertainty concerning estimates at the balance sheet date, which involve a substantial risk of significant adjustments being required in the assets and liabilities thereby recognized within the coming financial year, are presented below:

Discretionary decisions

1. Recognition of internally generated intangible assets for development expenses pursuant to IAS 38
   Reference is made to the comments in Section II "Principles of the consolidated financial statements, 4. Accounting and valuation principles / Other intangible assets".

2. Methodology for determining revenue recognition using the percentage of completion method (POC) for order-related services pursuant to IAS 11
   STRATEC has to reach a discretionary decision for each individual order whether it represents a construction contract requiring revenue recognition in line with its percentage of completion using the POC method pursuant to IAS 11 or a sale of goods requiring revenue recognition only once all significant ownership risks have been transferred to customers pursuant to IAS 18. In terms of the production of analyzer systems, STRATEC AG assumes that its business model and the structure of individual contracts conform to IAS 11.3 except for cases where the contracts clearly involve sales of merchandise or maintenance services. In terms of customer-specific development services, STRATEC AG assumes that the requirements governing POC revenue recognition are currently not met.

3. Allocation of goodwill to cash generating units (CGUs) for the purpose of impairment tests pursuant to IAS 36
   The allocation of the goodwill acquired upon the acquisition of Sanguin International Ltd., UK, to the "Sanguin Group" cash generating unit and of the goodwill acquired upon the acquisition of Invitek Gesellschaft für Biotechnik & Biodesign mbH, Berlin, to the "Automated Nucleic Acid Purification Applications" cash generating unit in both cases required substantial discretionary assessments to be made.

Uncertainties involved in estimates

1. Impairment tests on goodwill and current development projects
   The carrying amounts of goodwill and the principal assumptions underlying the impairment test performed as of the balance sheet date are presented in Section II "Principles of the consolidated financial statements". Due to the large number of variables involved, this test requires a difficult and highly subjective discretionary decision to be made.

   The same applies for the impairment test performed as of the balance sheet date on the current development projects acquired with Invitek Gesellschaft für Biotechnik & Biodesign mbH, Berlin.

   The individual assumptions underlying the impairment tests are presented in Section II "Principles of the consolidated financial statements / 4. Accounting and valuation principles". The sensitivity analyses performed in the context of goodwill impairment tests have been based on an assumed reduction in future cash flows and an assumed increase in weighted capital costs by 10 % in each case, as such variables would seem to be possible in the longer term. On this basis, we reached the conclusion that there were no indications of potential impairment in the goodwill at any cash generating unit. As in the previous year, the annual impairment test performed on cash generating units in the year under report did not result in the recognition of any impairment losses.

2. Measurement of pension provisions using the projected unit credit method, taking due account of plan assets, and measurement of the defined benefit obligation pursuant to IAS 19.
   The measurement of the net defined benefit obligation requires forward-looking estimates to be made, especially when calculating interest rates and the development in the return on plan assets. Moreover, the measurement refers to biometrical assumptions based on past statistical values. The key assumptions have been subject to a sensitivity analysis presented in Section III "Disclosures relating to the balance sheet / (14) Provisions for pensions".

3. Measurement of stock option rights granted upon contractual commitment and calculation of the resultant personnel expenses and amount allocated to capital reserve
   The calculation of the fair value of option rights granted, which amount is then distributed as personnel expenses over the vesting period, requires forward-looking estimates to be made. In particular, the selection of the option price model underlying the calculation is made on the subjective assessment of the management. The management is convinced that the Black-Scholes model used represents a suitable valuation model for the stock options granted at the STRATEC Group.

   The principal parameters involving estimates (expected future volatility, dividend yield, turnover of subscription beneficiaries) have been presented in Section III "Disclosures relating to the balance sheet / (13) Shareholders' equity / Stock option programs".

4. Recognition of deferred taxes for temporary differences and tax loss carryovers eligible for future use
   In its assessment that the – mainly short-term – differences between the figures recognized for tax purposes and the figures recognized in the IFRS consolidated financial statements will reverse in subsequent financial years, the management is bound pursuant to IAS 12 by the requirements of tax law valid as of the balance sheet date. Future legislative amendments could therefore make it necessary to adjust these figures through profit or loss.

   In its assessment that it will be possible to offset the tax loss carryovers recognized against profits arising in future, the management relies on its short and medium-term budget forecasts. The actual materialization of future profits is based on discretionary assessments.

5. Calculation of guarantee obligations
   When calculating the future expenses to be accounted for as guarantee provisions, the management takes due account of historic values from previous years and projects these onto sales involving guarantee commitments in the financial year under report. Actual expenses in future financial years may deviate from the estimated figures.

There are no other significant forward-looking assumptions and major sources of uncertainty concerning estimates at the balance sheet date which involve any substantial risk of material adjustments being required in the assets and liabilities thereby recognized within the coming financial year.

II. PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidation methods

Capital consolidation has been performed using the purchase method by offsetting the consideration paid for investments against the share of the equity of the subsidiaries acquired at the time of acquisition. The date of acquisition is the date on which the acquiring company gains control over the company thereby acquired. According to IFRS 3 (revised), starting in the 2009 financial year transaction costs incurred in connection with acquisitions must be recognized directly through profit or loss. Furthermore, according to the revised version of IFRS 3, conditional purchase price components (earn-out components) are included in the consideration paid for the company acquisition at an amount assessed by the management as probable at the time of acquisition. Any deviations compared with the purchase price estimated at the time of acquisition due to the fulfillment or non-fulfillment of the agreed conditions are generally recognized upon subsequent measurement by adjusting the relevant liability through profit or loss. For acquisitions made in or after the 2009 financial year, therefore, retrospective adjustments to goodwill only occur within the first twelve months following the acquisition date. Assets and liabilities have been recognized at fair value. Any remaining credit difference resulting from the capital consolidation has been recognized as goodwill and is tested annually for impairment pursuant to IFRS 3.

Any write-ups or write-downs recognized in the year under report in the separate financial statements on shares held in companies included in the consolidated financial statements have to be reversed in the consolidated financial statements. The same applies for transaction costs recognized as acquisition costs pursuant to IAS 27 in the separate financial statements of the acquiring company. As in the previous years, no such write-ups or write-downs were undertaken in the 2009 financial year.

Intercompany profits and losses, sales, income and expenses have been eliminated, as have receivables and liabilities between the companies included in the consolidated financial statements.

The income tax implications of consolidation entries have been accounted for by recognizing deferred taxes.

The shares held in companies not included in the scope of consolidation have been recognized at amortized cost under financial assets – (3) “Interests in associates”.

2. Scope of consolidation

The consolidated financial statements of STRATEC AG basically include all companies where STRATEC AG has the possibility of determining the financial and business policy (control relationship). These companies are included for the first time as soon as STRATEC AG gains the possibility of exercising control.

In addition to STRATEC AG, the consolidated financial statements as of December 31, 2009 include the following subsidiaries by way of full consolidation:

- Robion AG, Neuhausen am Rheinfall, Switzerland
- Sanguin International Ltd., Burton upon Trent, UK
- Invitek Gesellschaft für Biotechnik & Biodesign mbH, Berlin, Germany

The subsidiary Robion AG was founded on February 23, 2005. The share capital of Robion AG amounts to CHF 100,000 and is divided into 100 bearer shares of CHF 1,000 each. STRATEC AG holds 100 % of the voting rights in the company. An amount of € 65 thousand was spent in connection with the takeover of share capital as of February 23, 2005. This amount has been translated at the exchange rate as of the acquisition date.

The subsidiary Sanguin International Ltd., including its shareholding in Sanguin International Inc., Hamden, CT, USA, was acquired on March 13, 2006. The share capital of Sanguin International Ltd. amounts to GBP 563. STRATEC AG holds 100 % of the company’s capital. The costs of acquisition amounted to € 5,999 thousand, including € 108 thousand of ancillary expenses directly attributable to the acquisition.

By acquiring 100 % of the shares in Invitek Gesellschaft für Biotechnik & Biodesign mbH, Berlin, (hereinafter “Invitek”) via the group company Robion AG, STRATEC gained control of this company on April 23, 2009. The Invitek acquisition has enabled the STRATEC Group to broaden its product range in the field of automation solutions for nucleic acid purification applications.

The acquisition costs for the business combination amounted to € 3,297 thousand as of the acquisition date and are structured as follows:

in € thousand	
Purchase price paid	1,745
Granting of shares in STRATEC Biomedical Systems AG (70,597 shares)	1,002
Netting of receivables	320
Compensation dependent on future events	230
Total	**3,297**

The shares granted have been measured at their market price on the acquisition date. The conditional purchase price component (€ 230 thousand) is dependent on the achievement of specified sales targets, as well as on the achievement of specified milestones in five research and development projects at Invitek. The performance date set for the achievement of these targets was December 31, 2009. Accordingly, the disclosure of a range of conditional events has been foregone, as these could be reliably determined at the balance sheet date and there was no uncertainty in this respect.

The Invitek acquisition has been recognized in the cash flow statement for the 2009 financial year by recognition of an amount of € 1,738 thousand in the cash flow from investment activities. This corresponds to the purchase price paid (€ 1,745 thousand), less the cash and cash equivalents taken over at Invitek (€ 7 thousand).

The fair values recognized upon acquisition of the assets and liabilities taken over from Invitek and their carrying amounts directly before the business combination have been presented in the following table:

in € thousand	Fair value upon acquisition	Carrying amounts directly before business combination
Current assets		
Cash and cash equivalents	7	7
Trade receivables and other receivables	413	413
Inventories	362	305
	782	**725**
Non-current assets		
Intangible assets	3,861	3
of which goodwill	1,488	0
of which technology	1,534	0
of which customer relationships	407	0
of which current R&D projects	432	0
Property, plant and equipment	244	244
Deferred tax assets	32	0
Financial assets	120	120
	4,257	**367**
Total assets	**5,039**	**1,092**
Current debt		
Current financial liabilities	211	211
Trade payables and other liabilities	302	302
	513	**513**
Non-current debt		
Deferred tax liabilities	732	0
Non-current financial liabilities	497	391
	1,229	**391**
Total debt	**1,742**	**904**

Goodwill chiefly represents the synergies with the automation expertise already available at STRATEC / Robion expected to be generated due to Invitek’s scientific competence in the field of nucleic acid purification. Furthermore, due to the extended customer base and integration and increased professionalism of the sales network, goodwill also reflects the overall growth opportunities now available in the nucleic acid purification business field.

Invitek was included in the consolidated financial statements of STRATEC AG as of the acquisition date (April 23, 2009).

Consolidated sales increased by € 1,621 thousand on account of the Invitek acquisition. If the business combination had already occurred as of January 1, 2009, then the Group's sales would have increased by a further € 420 thousand. Consolidated net income for the 2009 financial year includes a loss of € -209 thousand at Invitek and expenses of € -188 thousand due to the subsequent consolidation of the company. If the business combination had already occurred as of January 1, 2009, then consolidated net income would have included a loss of € -246 thousand at Invitek and expenses of € -239 thousand due to the subsequent consolidation.

The following four subsidiaries have not been fully consolidated in the consolidated financial statements as of December 31, 2009 as they were of immaterial overall significance for the net asset, financial and earnings position of the Group (these companies have been reported in the consolidated financial statements at cost):

	Share capital	Shareholding in %
STRATEC NewGen GmbH, Birkenfeld, Germany	25,000.00 EUR	100.0
STRATEC Biomedical Inc., Hamden, CT, USA	15,000.00 USD	100.0
Sanguin International Inc., Hamden, CT, USA	1,000.00 USD	90.0
STRATEC Biomedical Systems S.R.L., Cluj-Napoca, Romania	87,750.00 RON	100.0

The level of the shareholding held by Sanguin International Ltd., Burton on Trent, UK, in Sanguin International Inc., Hamden, CT, USA, increased from 85.0 % to 90.0 % in the 2009 financial year.

The aggregate sales, earnings, equity and total assets of the subsidiaries not fully consolidated in the consolidated financial statements account for less than 1.0 % of the respective group figures.

3. Currency translation

Receivables and liabilities denominated in foreign currencies in the separate financial statements of group companies have been translated using the exchange rate at the balance sheet date. Differences arising upon translation are recognized through profit or loss in the statement of comprehensive income.

Pursuant to IAS 21, the separate financial statements of group companies outside the European currency union have been translated into euros in line with the functional currency concept. Currency translation differences of € 232 thousand were thus offset against other equity without any impact on earnings in the 2009 financial year (previous year: € -391 thousand).

For the Swiss subsidiary Robion AG and the British subsidiary Sanguin International Ltd. application has been made of the modified reporting date exchange rate method, as these companies' operations are autonomous in financial, economic and organizational terms. Assets and liabilities have therefore been translated at the rate on the balance sheet date, while income and expenses have been translated at annual average exchange rates. Equity has been translated at the historic rate valid upon initial consolidation (EUR 1 = CHF 1.55 / EUR 1 = GBP 0.6946). Equity components arising at the subsidiaries since their affiliation to the Group have been translated at the (historic) rates valid upon the respective date of addition.

Differences arising upon currency translation have been recognized under other equity.

The exchange rates between major currencies and the euro developed as follows:

		Rate on reporting date		Average rate	
EUR 1		2009	2008	2009	2008
UK	GBP	0.89	0.95	0.89	0.80
USA	USD	1.44	1.39	1.39	1.47
Switzerland	CHF	1.48	1.49	1.51	1.59

4. Accounting and valuation principles

Goodwill

Goodwill resulting from capital consolidation is not subject to scheduled amortization, but is rather assessed for impairment pursuant to IFRS 3 annually or upon occurrence of any significant event or change in circumstances (impairment test). Should any impairment be identified, then the amount recognized in the balance sheet must be adjusted through profit or loss.

For the purpose of impairment tests, the goodwill resulting from the acquisition of **Sanguin International Ltd.** continues to be allocated to the "Sanguin Group" cash generating unit (CGU). The carrying amount of the goodwill accounts for a material share of the total carrying amount. In addition to goodwill, the total carrying amount includes other intangible assets (software) identified upon purchase price allocation and the shareholding held in Sanguin International Inc., Hamden, USA, (financial asset with direct relevance to services rendered).

The recoverable amount of the unit has been calculated on the basis of its use value. Use values have been based on the future cash flows of the cash generating units determined using the discounted cash flow method. The cash flow forecasts are based on a detailed budget period of three years. They are calculated on a pre-tax basis at a discount rate of 8.56 % (previous year: 9.14%). Cash flows beyond the detailed budget period are presented as perpetuity based on a free cash flow growth rate of 0.5% (previous year: 5%). This growth rate reflects the estimates made by the Board of Management and local management.

The basis for determining the value of the underlying assumptions is as follows:

Budgeted sales
Based on historic values and market potential as assessed by the Board of Management and local management.

Development in exchange rates
Currency fluctuations are not expected to have any material implications for impairment tests.

Budgeted margins
Margins achieved in the past, taking due account of further efficiency enhancements based on increases already achieved.

The results of the impairment test were as follows:

in € thousand	2009	2008
Goodwill carrying amount	653	608
CGU carrying amount, including goodwill	3,633	3,476
Recoverable amount	5,948	9,683
Impairment loss	0	0

For the impairment test (assessment date: December 31, 2009), the goodwill resulting from the **Invitek** acquisition as allocated to the "Automated Nucleic Acid Purification Applications" cash generating unit. The carrying amount of the goodwill accounts for a material share of the total carrying amount. In addition to goodwill, the total carrying amount includes the intangible assets of technology and customer relationships identified upon the purchase price allocation, as well as current development projects.

The recoverable amount of the unit has been calculated on the basis of its use value. Use values have been based on the future cash flows of the cash generating units determined using the discounted cash flow method. The cash flow forecasts are based on a detailed budget period of three years. They are calculated on a pre-tax basis at a discount rate of 10.04 %. Cash flows beyond the detailed budget period are presented as perpetuity based on a free cash flow growth rate of 1.5 %. This growth rate reflects the estimates made by the Board of Management and local management by reference to market studies.

The results of the impairment test were as follows:

in € thousand	2009
Goodwill carrying amount	1,488
CGU carrying amount, including goodwill	3,845
Recoverable amount	5,396
Impairment loss	0

Other intangible assets

Intangible assets acquired in return for payment have been measured at cost, less scheduled straight-line amortization. The useful life of intangible assets is limited and generally amounts to three years, and to three to eight years in the case of the intangible assets acquired with Sanguin International Ltd. The useful lives for the intangible assets of technology and customer relationships identified upon the acquisition of Invitek amount to around eight and around five years respectively. For current development projects, a useful life of around nine years starting from the expected date of completion has been assumed.

Research and development expenses have been recognized as expenses in the period in which they were incurred. Pursuant to IAS 38, development expenses cumulatively meeting the following criteria have been exempted from such treatment:

- The product or process can be clearly and unambiguously delineated and the corresponding costs can be clearly allocated and reliably determined,
- the technical feasibility has been proven,
- the product will be either marketed or put to internal use,
- the assets will generate future economic benefits (for example, there is a market for the product or, in the case of internal use, the benefit of the product for the company can be demonstrated),
- sufficient technical, financial and other resources are available to complete the project.

As in the previous year, internally motivated development activities as defined in IAS 38 were not capitalized in the 2009 financial year, as the above recognition requirements were not cumulatively met.

Customer-specific development services performed by STRATEC AG and individual subsidiaries account for a major share of the STRATEC Group’s development activities. These have been capitalized at cost as unfinished services within inventories.

Amortization of intangible assets has been recognized in the statement of comprehensive income under “Amortization of intangible assets and depreciation of property, plant and equipment”.

Property, plant and equipment

Property, plant and equipment have been measured at cost and, where depreciable, including scheduled depreciation. Depreciation is recognized on a scheduled basis in line with the decline in utility of the assets. The straight-line method is applied in most cases.

Manufacturing costs of assets generated internally include all direct costs and a commensurate share of production-related material and production overheads, including depreciation. Borrowing costs must generally be recognized for acquisition and manufacturing processes beginning after January 1, 2009 to the extent that these are incurred in the period up to completion of the relevant asset. The borrowing costs eligible for capitalization in the 2009 financial year were not material, as a result of which capitalization has been foregone.

Due to materiality considerations, assets with costs of acquisition of between € 150.00 and € 1,000.00 are recognized as a collective item and uniformly subject to straight-line depreciation over five years.

Investment grants have been deducted upon capitalization of the relevant assets. Non-repayable grants received as project subsidies for development expenses already incurred have been carried in the income statement and recognized under other operating income (gross statement).

Leases

Virtually all of the STRATEC Group's leasing arrangements are operating leases. A leasing arrangement is classified as an operating lease in cases where all major risks and rewards relating to ownership remain with the lessor. The corresponding leasing payments are recognized in the statement of comprehensive income as expenses over the term of the leasing arrangement (under "Other operating expenses").

Impairment

Any impairment in the value of intangible assets and property, plant and equipment is accounted for by recognizing impairment losses as of the balance sheet date. Pursuant to IAS 36, impairment exists when the recoverable amount of the respective asset is lower than its carrying amount. The assets are reviewed using qualitative tests at each balance sheet date to assess whether any events or changes in circumstances indicate that the carrying amount of the respective assets may no longer be recoverable. Goodwill, current development projects and assets with indefinite useful lives are assessed for impairment on an annual basis using quantitative tests.

Financial assets

Financial assets include interests in associates, investments, receivables, securities, and cash and cash equivalents. Pursuant to IAS 39, financial assets have been recognized and measured within one of the following categories:

- **Financial assets measured at fair value through profit or loss** consist of financial assets held for trading. These relate to publicly listed shares.
- **Loans and receivables** are non-derivative financial assets not listed on active markets. They are measured at cost using the effective interest rate method. Trade receivables, future receivables from construction contracts, the financial receivables included under other financial assets, and cash and cash equivalents are allocated to this measurement category.
- **Financial investments held to maturity** are non-derivative financial assets with fixed or determinable payments and a fixed maturity date until which they are held. These investments are measured at amortized cost using the effective interest rate method. To date, no assets have been classified as financial investments held to maturity.
- **Available for sale financial assets** include those non-derivative financial assets not allocated to any of the previous categories. Equity securities are allocated to this category.

Financial assets are recognized as of the performance date at fair value, which as a general rule corresponds to cost of acquisition, plus transaction costs. Transaction costs incurred upon the acquisition of financial assets measured at fair value through profit or loss are directly recognized as expenses.

In subsequent periods, financial assets are measured in accordance with the individual IAS 39 categories to which the respective assets are to be classified or have been classified. In subsequent periods, receivables are measured at amortized cost. When necessary, impairment losses are recognized for financial assets. Indications of impairment may arise, for example, from a significant deterioration in creditworthiness, a particular breach of contractual terms or the insolvency of the creditor. Credit risks are accounted for with an appropriate level of allowances.

Available-for-sale financial assets and securities subsequently measured through profit or loss are measured at fair value as of the balance sheet date. Unlisted equity instruments are recognized at fair value, but only to the extent that this can be reliably determined. When this is not the case, such instruments are alternatively recognized at cost, accounting for impairment where necessary.

Unrealized changes in the value of available-for-sale financial assets are recognized directly in equity in the fair value reserve within other equity until disposal, or until any significant or permanent reduction arises in the market value of such assets.

STRATEC AG has not drawn on the option of designating financial assets upon initial recognition as financial assets measured at fair value through profit or loss.

Financial assets are written up should the reasons for previous impairment losses recognized no longer apply, but may not be written up to any amount exceeding their amortized cost.

Financial assets are retired when the contractual rights to payment in connection with the financial assets have expired or the financial assets have been assigned together with all material risks and rewards relating to ownership.

Inventories

Inventories include raw materials and supplies, unfinished products not relating to specific orders, finished products and customer-specific unfinished services. The costs of manufacture for unfinished and finished products include both directly allocable manufacturing wage and material expenses and a prorated share of material and production overheads, including depreciation. The costs of manufacture for unfinished services include both directly allocable manufacturing wage expenses and prorated production overheads. Sales overheads and borrowing costs are fully expensed, rather than being capitalized. Borrowing costs must generally be recognized for acquisition and manufacturing processes beginning after January 1, 2009 to the extent that these are incurred in the period up to completion of the relevant asset. The borrowing costs eligible for capitalization in the 2009 financial year were not material, as a result of which capitalization has been foregone. Inventories are measured at the lower of cost or the recoverable net selling price as of the balance sheet date. Impairment losses are recognized on outdated inventories.

Future receivables from construction contracts

Pursuant to IAS 11, construction contracts have been recognized at their respective percentage of completion. The aggregate amount of cumulative costs and the prorated share of earnings recognized as of the balance sheet date has been stated in the balance sheet under “Future receivables from construction contracts”. Changes in the level of future receivables have been recognized under “Sales” in the statement of comprehensive income.

Provisions

Pension obligations have been measured pursuant to IAS 19 using the projected unit credit method for defined benefit pension plans. Given its immaterial significance, the interest portion of pension expenses has not been recognized as an interest expense under net financial expenses.

Actuarial gains and losses are charged or credited to the measurement of pension provisions in the period in which they arise. Asset values relating to plan assets are netted against the obligations.

Provisions have been recognized to cover those obligations to third parties resulting from past events which are likely to lead to a future outflow of resources and for which the expected amount of the obligation can be estimated reliably.

Such obligations have been recognized as liabilities at their present values in cases where the outflow of resources is expected to occur at a time later than the following year.

The calculation of other provisions accounts for both directly allocable costs and overhead costs.

Deferred taxes

Deferred taxes are calculated using the liability method (IAS 12). Deferred taxes have been recognized on the level of the separate financial statements of the companies included in the Group for valuation differences between assets and liabilities in the tax balance sheet and those in the IFRS financial statements, to the extent that such differences are expected to be settled in later financial years (“temporary differences”).

Moreover, deferred taxes have also been accounted for on Group level in cases where such result from consolidation entries.

Deferred tax assets and liabilities have been reported on a net basis in cases where they refer to the same taxable entity and the same tax authority. Given that the balance sheet is structured in terms of maturities, deferred tax liabilities have been recognized as non-current liabilities.

Liabilities

Liabilities have been recognized at amortized cost. Liabilities denominated in foreign currencies have been measured using the mean exchange rate on the balance sheet date. Prepayments received have been recognized at face value.

STRATEC AG has made no use of the possibility of classifying financial liabilities upon initial recognition as financial liabilities at fair value through profit or loss.

Recognition of sales

Sales and other operating income have been recognized upon the contractually agreed delivery being executed or the service provided. Sales have been reported less cash discounts, price reductions, customer bonuses and rebates. Sales deductions have been reported upon the respective sales being recognized.

In the case of order-related production, sales have been recognized using the percentage of completion method in accordance with the degree of progress made.

Operating expenses

Operating expenses have been recognized in their respective periods at the time at which they are incurred or at which the service is rendered.

Provisions for warranties have been recognized upon completion of the respective product or upon the respective service having been rendered in full on the basis of historic values for such expenses.

Research and development

The 2009 financial year saw a continuation of the trend observed in previous years towards development partners only committing to project development at STRATEC AG in a legally binding manner at a later stage of overall development. The modular development practiced by STRATEC AG for several years now and the development of platform technologies take account of the requirements of the market in this respect.

Pursuant to IAS 38 (Intangible Assets), research expenses are not eligible for capitalization and are recognized through profit or loss upon being incurred. Development expenses not relating to a specific customer order may only be capitalized when specific conditions set out in detail in IAS 38 are met. Although the companies of the STRATEC Group are to be viewed in objective terms as development companies, the narrower definition of the conditions governing capitalization of non-customer-specific development projects as intangible assets set out in IAS 38 were, as in previous years, not met.

As in previous years, customer-specific development projects have been recognized at cost as “Unfinished services” within inventories.

Non-customer-specific projects have been recognized at the respective cost of these appliances under “Property, plant and equipment”.

Development projects recognized as “Unfinished services” are amortized from the start of delivery of serial appliances over the average acceptance period to which customers have committed, unless the development services are separately remunerated and revenues have already been recognized for the respective project. This average period generally amounts to five years.

Within property, plant and equipment, prototypes are subject to scheduled depreciation over three years.

Income resulting from expense grants relating to projects in the research and development division is included in the statement of comprehensive income under “Other operating income”.

Cash flow statement

The cash flow statement has been subdivided into three sections: operations, investments and financing. In the case of transactions involving more than one category, the flow of funds has been allocated as appropriate to more than one of the sections. The presentation of the cash flow from operating activities has been based on the indirect method. This involves eliminating non-cash components from consolidated net income.

Cash and cash equivalents include cash holdings and bank credit balances with terms of less than three months and are equivalent to the corresponding balance sheet items.

Interest income and expenses are allocated to operating activities, as are the components of other financial income/expenses. Dividend payments are recognized in the cash flow from financing activities.

Overall, tax payments are reported under operating activities, as allocation to individual business divisions is practically impossible.

The presentation of interest paid/received and income taxes paid/refunded within the cash flow from operating activities has been based on the direct method. This involves consolidated net income being corrected in the first step to exclude the income and expenses recognized in the statement of comprehensive income. The interest and income taxes paid or received are subsequently reported separately.

The cash flows of foreign subsidiaries whose accounts are denominated in other currencies have been translated to euros using annual average rates.

The changes in balance sheet items referred to for the development of the cash flow have been adjusted to account for non-cash items resulting from currency translation, changes in the scope of consolidation and investments not yet paid for at the balance sheet date. For this reason, the changes in the respective balance sheet items are not directly comparable with the corresponding figures in the published consolidated balance sheet.

III. DISCLOSURES RELATING TO THE BALANCE SHEET

The composition and development of intangible assets and property, plant and equipment have been presented in detail in the Non-Current Asset Schedule of the STRATEC Group (an annex to the consolidated financial statements).

(1) Intangible assets

Intangible assets relate to acquired development services, goodwill, licenses, software, intangible assets identified upon company acquisitions (technology and customer relationships), and prepayments made for intangible assets.

Goodwill

The goodwill results from the acquisition of the subsidiary Sanguin International Ltd. in the 2006 financial year and of the subsidiary Invitek in the 2009 financial year. No write-down requirements have been identified.

The development in the carrying amount is as follows:

in € thousand	2009	2008
01.01.	608	788
Additions due to company acquisitions	1,488	0
Currency translation	45	-180
12.31.	**2,140**	**608**

Other intangible assets

This item mainly consists of three software products identified upon the acquisition of the subsidiary Sanguin International Ltd. in the 2006 financial year. The software packages, whose fair values upon acquisition amount to € 3,468 thousand, € 1,022 thousand and € 1,061 thousand respectively, are subject to scheduled amortization over their forecast useful lives. The useful lives amount to three, six and eight years. The scheduled amortization of € 609 thousand for the year under report (previous year: € 836 thousand) has been recognized under "Amortization of intangible assets and depreciation of property, plant and equipment" in the statement of comprehensive income. Currency translation at the rate on the balance sheet date resulted in a write-up of € 159 thousand (previous year: write-down of € -719 thousand), which has been recognized in the currency translation reserve directly in equity.

The following intangible assets were identified and added upon the acquisition of the Invitek subsidiary in the 2009 financial year:

	in € thousand	Useful life in years (to nearest year)
Technology	1,534	8
Customer relationships	407	5
Current development projects	432	9
Total	**2,373**	

Scheduled amortization on technology and customer relationships amounted to € 215 thousand in the 2009 financial year.

Overall, the development in intangible assets added due to company acquisitions was as follows:

in € thousand	2009	2008
01.01.	2,191	3,746
Additions due to company acquisitions	2,373	0
Scheduled amortization	-824	-836
Currency translation	159	-719
12.31.	**3,897**	**2,191**

No further development expenses were capitalized in the year under report.

The expenses for research and project supervision, as well as development expenses not meeting the criteria for capitalization set out in IAS 38, amounted to € 4,469 thousand (previous year: € 5,397 thousand) and have been recognized, mostly under "Personnel expenses", in the statement of comprehensive income. Moreover, expenses of € 932 thousand were incurred in the period under report for the procurement of materials for use in research and development (previous year: € 671 thousand). These expenses are included in cost of materials.

The development in intangible assets from January 1 to December 31, 2009 has been presented in the annex to the notes to the consolidated financial statements.

(2) Property, plant and equipment

In the interests of simplification, assets with costs of acquisition of € 150.00 to € 1,000.00 are subject to straight-line depreciation over five years irrespective of their individual useful lives. Depreciation amounted to € 52 thousand (previous year: € 21 thousand). Moreover, in accordance with foreign tax simplification procedures, immediate tax write-downs of € 39 thousand (previous year: € 10 thousand) were included without amendment in the consolidated financial statements.

Investments in property, plant and equipment were structured as follows:

in € thousand	2009	2008
Land	657	0
Cars	221	87
Internally produced test analyzer systems and inspection materials	625	456
Tools	679	603
IT components	75	29
Plant and office equipment	366	147
Prepayments made for company buildings	805	0
Prepayments made for tools	317	109

"Test analyzer systems and inspection materials" mainly involve testing systems and prototypes developed internally by the company. The respective own work capitalized of € 625 thousand for the year under report (previous year: € 456 thousand) is subject to scheduled straight-line depreciation in line with the actual decline in use over an expected useful life of three years.

The following average useful lives have been applied for property, plant and equipment:

	Useful life in years
Buildings	25 – 33
Outdoor facilities	10 – 15
Technical equipment and machinery	3 – 10
Vehicles	3 – 5
Tools	3 – 5
IT components	3 – 5
Other plant and office equipment	3 – 10

Company land in Germany is encumbered by land charges amounting to € 2,000 thousand (previous year: € 2,000 thousand) provided as security for liabilities to banks. The company land abroad added in the 2009 financial year is encumbered by land charges amounting to € 2,359 thousand provided as security for the construction costs of a company building (CHF 3.5 million / € 2.36 million). The loan funds had not been drawn down as of 31 December 2009. The funds are expected to be drawn down in line with the progress made with construction in the first half of 2010.

The development in property, plant and equipment from January 1 to December 31, 2009 has been presented in the annex to the notes to the consolidated financial statements.

FINANCIAL ASSETS

(3) Interests in associates

in € thousand	2009	2008
Carrying amount at 01.01.	284	337
Additions	10	8
Currency translation differences	16	-61
Carrying amount at 12.31.	**310**	**284**

Due to materiality considerations, STRATEC Biomedical Systems S.R.L., Romania, a wholly-owned subsidiary of Robion AG founded in the previous year with share capital of RON 87,750.00 (€ 25 thousand), continues not to be included in the consolidated statements by way of full consolidation.

Interests in associates are presented in Section II “Principles of the consolidated financial statements / 2. Scope of consolidation” and are classified pursuant to IAS 39 as “available for sale”. Unlisted equity instruments have been recognized in the balance sheet at amortized group cost, as no stock market or other market price is available. Due to materiality considerations, the Group has foregone measurement of these investments using the discounted cash flow method.

(4) Investments

The 13.42 % stake in the publicly listed company CyBio AG, Jena, reported at the previous year’s balance sheet date was disposed of in full in the 2009 financial year. The resultant disposal gain of € 188 thousand has been recognized under other financial income and expenses in the statement of comprehensive income.

The values recognized in the balance sheet have developed as follows:

in € thousand	2009	2008
Costs of acquisition		
01.01.	2,684	2,615
Additions	0	69
Disposals	-2,684	0
12.31.	**0**	**2,684**
Fair value measurement in equity at 01.01.	0	120
Write-ups / write-downs	0	0
Reclassification due to write-downs through profit or loss	0	-120
Fair value measurement in equity at 12.31.	**0**	**0**
Write-downs through profit or loss at 01.01.	-2,075	0
Write-downs through profit or loss in financial year	0	-2,075
Disposal by sale	2,075	0
Write-downs through profit or loss at 12.31.	**0**	**-2,075**
Carrying amount at 12.31.	**0**	**609**

(5) Inventories

As in the previous year, inventories have mainly been measured at cost as of the balance sheet date. Impairment losses of € 411 thousand were recognized for raw materials and supplies in the financial year under report (previous year: € 357 thousand).

Unfinished products / unfinished services

Unfinished products and services are structured as follows:

in € thousand	12.31.2009	12.31.2008
Unfinished products	1,533	1,375
Unfinished services	22,361	15,450
Total	**23,894**	**16,825**

The development expenses capitalized as unfinished products for customer-specific development projects have been amortized over the period of their expected economic useful lives from the time of the delivery of the first serial-produced appliances. This period is generally taken to be five years.

Finished products

in € thousand	12.31.2009	12.31.2008
Finished products	**606**	**284**

(6) Trade receivables

Trade receivables have been allocated to the "Loans and receivables" category pursuant to IAS 39 and measured at cost, less any necessary allowances.

Customer credit balances have been recognized under other current liabilities.

Credit risk is accounted for by recognizing an appropriate volume of allowances. The allowances required were structured as follows:

in € thousand	31.12.2009	31.12.2008
Individual allowances	68	124
General allowances	45	47
Total	**113**	**171**

The gross amount of receivables for which individual allowances were recognized amounted to € 76 thousand at the balance sheet date (previous year: € 129 thousand).

Expenses of € 32 thousand were incurred for the complete write-down of trade receivables in the 2009 financial year (previous year: € 0 thousand). No write-backs were required on volumes written down. Trade receivables have terms of less than one year.

The time band structure of trade receivables has been presented in the following table (all figures in € thousand):

	Carrying amount	of which: neither impaired nor overdue at balance sheet date	of which: not impaired at balance sheet date, but overdue within the following time bands			
in € thousand			up to30 days	between 30 and 60 days	between 60 and 90 days	more than 90 days
12.31.2009	9,914	8,144	1,541	55	0	99
12.31.2008	9,681	8,398	1,223	37	65	0

There were no indications at the balance sheet date of any default risks in connection with receivables which were neither impaired nor overdue.

Furthermore, critical receivables are covered by trade credit insurance policies.

(7) Future receivables from construction contracts

With a positive net balance of € 4,922 thousand (previous year: € 4,902 thousand), the future receivables from construction contracts item involves construction contracts recognized at their respective percentages of completion. The service relationships involved are based on fixed-price agreements. The percentage of completion has been determined using the cost-to-cost method.

The figures stated include the accumulated cost of construction contracts still underway at the balance sheet date (€ 3,226 thousand; previous year: € 3,347 thousand), as well as a prorated share of earnings realized (€ 1,696 thousand; previous year: € 1,555 thousand).

No account needed to be taken of prepayments received for construction contracts.

Work began on the construction contracts in the 2009 financial year. The respective contractual agreements foresee completion in 2010. The construction contracts recognized at the balance sheet date on December 31, 2008 were completed in 2009.

Sales totaling € 51,954 thousand have been recognized for construction contracts in the statement of comprehensive income for the 2009 financial year (previous year: € 39,341 thousand).

The future receivables from construction contracts recognized as of December 31, 2009 and as of the previous year's balance sheet date were neither impaired nor overdue.

(8) Receivables from associates

The figure of € 165 thousand stated (previous year: € 167 thousand) relates to trade receivables of € 67 thousand (previous year: € 56 thousand) due at Sanguin International Ltd. (UK) from Sanguin International Inc. (USA), and to a loan receivable of € 98 thousand (previous year: € 98 thousand) due at STRATEC AG from its US subsidiary STRATEC Biomedical Inc. The remaining term of the loan, which bears interest at 6% per annum, amounts to three months.

These receivables have been assigned to the "Loans and receivables" category pursuant to IAS 39 and measured at amortized cost at the balance sheet date. They were neither impaired nor overdue as of December 31, 2009, or at the previous year's balance sheet date.

The receivables due from associates are subject to foreign currency risks, but these do not have any material impact on consolidated earnings.

(9) Income tax receivables

The amount of € 140 thousand stated for the previous year relates to the refund claim at Robion AG due to prepayments of current income taxes, as well as to refund claims for withholding taxes withheld for the 2008 financial year.

(10) Other receivables and other assets

Other receivables and other assets have largely been allocated to the "Loans and receivables" category and have mainly been measured at amortized cost.

in € thousand	IAS 39 categories*	12.31.2009	12.31.2008
Other tax receivables	n.a.	1,205	664
Deferred expenses	n.a.	164	175
Interest receivable	LaR	12	46
Debit balances at creditors	LaR	2	31
Miscellaneous	LaR	73	73
Total		**1,456**	**989**

* Reference is made to Section VII "Financial instruments / Risk management" in respect of the IAS 39 categories and the abbreviations used here.

Of other receivables and other assets, € 1,417 thousand are current items (previous year: € 942 thousand).

The other assets reported were neither impaired nor overdue at the balance sheet date.

(11) Securities

Pursuant to IAS 39, shares in listed companies have been allocated to the “Financial assets held for trading” category and measured at fair value. These amounted to € 654 thousand at the balance sheet date (previous year: € 293 thousand). The fair values are recognized through profit or loss in the statement of comprehensive income. The measurement as of the balance sheet date resulted in price-related gains of € 361 thousand (previous year: losses of € -131 thousand), which have been recognized under other financial income/expenses. As in 2008, there were no additions or disposals in the 2009 financial year. In view of their denomination in euros, the securities were not subject to any foreign currency risk. Were the stock market prices to rise (fall) by 10% compared with the balance sheet date, then this would increase (reduce) consolidated earnings by € 65 thousand (previous year: € 29 thousand).

(12) Cash and cash equivalents

Cash and cash equivalents include cash holdings and credit balances at banks with terms of less than three months. In view of the short terms involved, it was not necessary to undertake any adjustments due to interest rate fluctuations as of the balance sheet date. The translation of foreign currency credit balances at foreign group companies resulted in currency translation differences of € 12 thousand (previous year: € 202 thousand). These have been recognized directly in equity. Furthermore, the measurement of US dollar holdings at the balance sheet date led to a non-cash increase in cash holdings (through profit or loss) by € 57 thousand (previous year: reduction of € -190 thousand).

The other non-cash income and expenses neutralized in the calculation of the cash flow from operating activities in the cash flow statement largely related to the following income and expense items:

in € thousand	2009	2008
EXPENSES		
Currency translation losses from measurement of cash holdings at balance sheet date	0	190
Personnel expenses in connection with the granting of stock option rights	220	164
Currency translation differences on receivables denominated in foreign currencies	22	9
Receivables defaults	32	0
Increase in allowances recognized for inventories	54	0
Expenses from fair value measurement of securities held for trading	0	131
Impairment losses from fair value measurement of financial assets available for sale	0	2,075
Currency translation differences on prepayments received for inventories	33	0
Miscellaneous expenses	0	9
Total	**361**	**2,578**

in € thousand	2009	2008
INCOME		
Currency translation gains from measurement of cash holdings at balance sheet date	57	0
Reduction in allowances recognized on receivables	57	17
Income from disposal (previous year: from fair value measurement) of derivative financial liabilities	0	63
Income from fair value measurement of securities held for trading	361	0
Income from reversal of other provisions and liabilities	29	463
Income on own work capitalized	625	456
	1,129	**999**
Net balance of additions (+) / deductions (-)	**-768**	**1,579**

(13) Shareholders' equity

The development in the shareholders' equity of the Group has been presented in the Statement of Changes in Group Equity.

At the balance sheet date, the **share capital** of STRATEC AG amounted to € 11,446 thousand (previous year: € 11,426 thousand). The share capital is divided into 11,445,736 ordinary shares with a nominal value of € 1.00 each (previous year: 11,425,694 ordinary shares). The shares have been paid up in full and are bearer shares. STRATEC AG has been publicly listed since August 1998. Its shares have been listed in the Prime Standard of the Frankfurt Stock Exchange since January 2003.

Various capital increases amounting to € 20 thousand in total were undertaken from conditional capital in the 2009 financial year in connection with the exercising of stock option rights (previous year: € 10 thousand).

In summary, the subscribed capital of STRATEC AG showed the following developments in the 2009 financial year compared with the previous year:

in € thousand	2009	2008
Balance at 12.31. of the previous year	11,426	11,416
Capital increase in return for cash contributions due to exercising of stock options (with corresponding reduction in conditional capital)	20	10
Share capital as of 12.31. of the financial year	**11,446**	**11,426**

The capital increase due to the exercising of stock options had not yet been entered in the Commercial Register at the balance sheet date. The transaction was entered in the Commercial Register on February 26, 2010.

Pursuant to § 4 (4.5) of the Articles of Association, the Board of Management is authorized, subject to approval by the Supervisory Board, to increase the company's share capital on one or more occasions prior to June 22, 2011 by a maximum amount of up to € 5,500,000.00 by issuing up to a maximum of 5,500,000 new ordinary bearer shares with a nominal value of € 1.00 in return for cash or non-cash contributions (**Authorized Capital**). In general, shareholders must be granted subscription rights. In specific circumstances outlined in the Articles of Association, however, the Board of Management is entitled to exclude such subscription rights. Authorized Capital amounted to € 5,500,000.00 as of December 31, 2009.

§ 4 (4.6) Paragraph 1 of the Articles of Association provides for **Conditional Capital I**. This conditional capital increase serves to grant subscription rights (stock options) up to May 15, 2012 on the basis of the resolution adopted by the Annual General Meeting on May 16, 2007. Pursuant to the resolution adopted by the Annual General Meeting on May 20, 2009, Conditional Capital I was reduced to € 212,900.00 and the authorization to grant stock options dated May 16, 2007 rescinded to the extent that no further new option rights may be granted; only existing option rights may be exercised. Conditional Capital I amounted to € 212,400.00 as of December 31, 2009.

§ 4 (4.6) Paragraph 2 of the Articles of Association provides for **Conditional Capital I**. This conditional capital increase serves to grant subscription rights (stock options) up to April 1, 2008 on the basis of the resolution adopted by the Annual General Meeting on May 28, 2003. Pursuant to the resolution adopted by the Annual General Meeting on May 16, 2007, Conditional Capital II was reduced to € 220,000.00 and the authorization to grant stock options dated May 28, 2003 rescinded to the extent that no further new option rights may be granted; only existing option rights may be exercised. Conditional Capital II amounted to € 22,845.00 as of December 31, 2009.

§ 4 (4.6) Paragraph 3 of the Articles of Association provides for **Conditional Capital III**. This conditional capital increase serves to grant subscription rights (stock options) up to June 22, 2011 on the basis of the resolution adopted by the Annual General Meeting on June 23, 2006. Pursuant to the resolution adopted by the Annual General Meeting on May 16, 2007, Conditional Capital III was reduced to € 35,000.00 and the authorization to grant stock options dated June 23, 2006 rescinded to the extent that no further new option rights may be granted; only existing option rights may be exercised. Conditional Capital III amounted to € 16,800.00 as of December 31, 2009.

§ 4 (4.6) Paragraph 4 of the Articles of Association provides for **Conditional Capital V**. This conditional capital increase serves to grant subscription rights (stock options) up to May 19, 2014 on the basis of the resolution adopted by the Annual General Meeting on May 20, 2009. The conditional capital increase is only exercised to the extent that bearers of stock options actually exercise their subscription rights. The new shares have profit entitlement from the beginning of the financial year in which they are issued. Conditional Capital V amounted to € 800,000.00 as of December 31, 2009.

Furthermore, § 4 (4.7) of the Articles of Association provides for **Conditional Capital IV**, which amounts to € 500,000. Conditional Capital IV serves exclusively to grant up to 500,000 new ordinary bearer shares to the bearers or creditors of warrant or convertible bonds issued pursuant to the resolution adopted by the Annual General Meeting on June 23, 2006 by the company or by companies in which the company holds direct or indirect majority shareholdings.

Total conditional capital (Conditional Capitals I–V) thus amounts to € 1,552 thousand as of December 31, 2009 (previous year: € 1,360 thousand).

Treasury stock

The authorization to acquire treasury stock granted by the Annual General Meeting on May 31, 2008 was rescinded by resolution of the Annual General Meeting held on May 20, 2009. Furthermore, the Annual General Meeting held on May 20, 2009 authorized the company until November 19, 2010 to acquire further treasury stock up to a total of 10 % of the share capital. Alongside disposal via the stock exchange or by way of a public offer addressed to all shareholders, the treasury stock thereby newly acquired or already acquired on the basis of earlier authorizations may be used as follows:

- Subject to approval by the Supervisory Board, the treasury stock may be retired without any further resolution being required.
- The treasury stock may be used to the exclusion of shareholders' subscription rights to service subscription rights granted to directors, officers and employees of the company and of other associated companies in which majority shareholdings are held within the framework of stock option programs based on resolutions adopted by the Annual General Meeting.
- The treasury stock may be sold to third parties to the exclusion of shareholders' subscription rights in return for non-cash contributions within the framework of business combinations or to acquire companies, sections of companies or shareholdings in companies.
- The treasury stock may be sold to third parties to the exclusion of shareholders' subscription rights in ways other than via the stock exchange, but the selling price may not fall significantly short of the share's average closing price in XETRA trading at the Frankfurt Stock Exchange on the five trading days preceding the substantiation of the disposal obligation and may not exceed the ten percent limit set out in § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) including any utilization of other authorizations to exclude subscription rights pursuant to § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) in the period since this authorization became effective.

The company made no use of this authorization in 2009.

Number	2009	2008
Balance at 12.31. of the previous year	134,492	4,492
Treasury stock acquired	0	130,000
Treasury stock surrendered	-70,597	0
Treasury stock at 12.31. of the financial year	**63,895**	**134,492**

The treasury stock surrendered relates to stock surrendered upon the Invitek acquisition.

Treasury stock is recognized at cost within other equity at a total amount of € 997,203.51 (previous year: € 2,014 thousand).

The **capital reserve** includes the premium from the issuing of shares, less the costs of equity procurement, after taxes. Moreover, the benefit from the granting of stock options recognized as personnel expenses is also allocated to the capital reserve. Furthermore, this reserve includes the allocation of the statutory reserve of the Swiss subsidiary. The development in the capital reserve has been presented in the Statement of Changes in Group Equity.

Revenue reserves include retained earnings generated in the past, to the extent that these have not been distributed, as well as free revenue reserves. The free revenue reserves arose due to allocations made in the context of the statutory authorization of the Board of Management and Supervisory Board to determine the appropriation of profit pursuant to § 58 (2) of the German Stock Corporation Act (AktG).

The revenue reserves are thus structured as follows:

in € thousand	12.31.2009	12.31.2008
Free revenue reserves	7,539	5,540
Retained earnings	18,894	18,740
Total	**26,433**	**24,280**

Retained earnings developed as follows in the year under report:

in € thousand	
Retained earnings as of 12.31.2008	18,740
Consolidated net income in 2008	6,131
Allocation to free revenue reserves	-2,000
Distribution (dividend for 2008)	-3,977
Retained earnings as of 12.31.2009	**18,894**

Other equity includes the fair value measurement reserve, treasury stock, and the currency translation reserve.

The **fair value measurement reserve** includes those changes in the value of financial instruments available for sale that are recognized in equity.

The **currency translation reserve** of € -435 thousand as of the balance sheet date (previous year: € -667 thousand) relates to currency differences arising upon the translation of the separate financial statements of subsidiaries with functional currencies other than the euro.

Appropriation of earnings

The German Stock Corporation Act (AktG) requires the dividends to be distributed to the shareholders to be calculated on the basis of the net earnings reported in the annual financial statements of STRATEC AG prepared in line with the German Commercial Code (HGB).

In the 2009 financial year, a dividend of € 0.35 per share with dividend entitlement was paid to shareholders for the 2008 financial year (total distribution: € 3,977 thousand).

With the consent of the Supervisory Board, the Board of Management proposes that, of the net earnings of € 18,243 thousand calculated for STRATEC AG in line with the German Commercial Code (HGB), an amount of € 5,121,828.45 should be distributed (€ 0.45 per share with dividend entitlement) and that the remaining amount of € 13,121 thousand should be carried forward. The proposed dividend is dependent on approval by the Annual General Meeting and has not been recognized as a liability in the consolidated financial statements.

Upon preparation of the separate financial statements of STRATEC AG in line with the German Commercial Code (HGB), the Board of Management and Supervisory Board allocated an amount of € 3,000 thousand from the net earnings for 2009 to the free revenue reserves as of December 31, 2009.

Stock option programs

STRATEC AG introduced its first stock option programs for managers and employees in the 2000 financial year already. The company had four stock option programs as of December 31, 2009. These stock option programs are especially well-suited to provide a sustainable performance incentive for members of the Board of Management and employees of the company, as well as for members of the management and employees of associates, and thus to help increase the value of the company in the interests of the company and its shareholders. For members of the Board of Management of STRATEC AG, the stock options allocated to them simultaneously serve as variable components of compensation of a long-term incentive nature.

The following specific conditions apply to all stock option programs:

Each stock option entitles its bearer to subscribe one STRATEC share at a later date in return for payment of an exercise price determined upon the options being granted. Stock options granted prior to the capital increase from company funds executed on July 14, 2006 entitle their bearers to subscribe 2.9942188 STRATEC shares due to the share split resulting from this capital increase. The exercise price is equivalent to the average closing price of the STRATEC shares on the five trading days prior to the decision being taken to grant stock options, with the par value of one euro per share representing the minimum possible exercise price. Following the expiry of qualifying periods and the meeting of specified performance targets, the stock options may only be exercised in predetermined exercise windows. Up to 50% of the stock options granted may only be exercised at the earliest following a qualifying period of two years and provided that STRATEC's share has risen in value by at least 10% compared with the exercise price between the date of the option rights being granted and the date marking the expiry of the qualifying period. Following a qualifying period of a further year, up to 100 percent of the stock options granted may be exercised provided that STRATEC's share has risen in value by at least 15% between the date of the option rights being granted and the date marking the expiry of the qualifying period. Following a seven-year term the option rights lapse without compensation.

The individual stock option programs, fair value calculation using the Black / Scholes option pricing model, and calculation of the related personnel expenses in the individual periods (taking due account of personnel turnover) have been based on the following key parameters (with expected volatility derived from historic volatility figures):

	(1)	(2)	(3)	(4)	(5)	(6)
Granted in	2004	2005		2006		
Subscription price per share* in €	9.84	26.08	39.53	15.36	20.27	20.74
Subscription price per share following capital increase from company funds (bonus shares)* in	3.28	8.71	13.20	15.36	20.27	20.74
Expected share price volatility in %	50.0	50.0	50.0	50.0	50.0	50.0
Expected dividend yield in %	1.00	1.00	0.66	0.65	0.50	0.50
Risk-free interest rate in %	3.15	2.30	2.60	3.70	3.70	3.70
Assumed turnover of personnel entitled to subscribe in %	3.50	3.50	3.50	3.50	3.50	3.50
Allocable personnel expenses in € thousand	149	60	28	86	13	7

* Following the capital increase from company funds on July 14, 2006 (1:2.9942188) 2.9942188 ordinary shares with a nominal value of € 1.00 each are granted for the subscription prices for Plans (1) to (3) depicted above, to the extent that these had not been exercised by July 14, 2006.

Granted in	(7) 2007	(8) 2007	(9) 2007	(10) 2007	(11) 2007	(12) 2008	(13) 2008	(14) 2008
Subscription price per share* in €	24.76	22.69	22.82	20.60	21.64	17.37	11.98	12.28
Subscription price per share following capital increase from company funds (bonus shares)* in €	24.76	22.69	22.82	20.60	21.64	17.37	11.98	12.28
Expected share price volatility in %	46.8	45.0	43.6	42.1	42.0	48.81	55.82	55.66
Expected dividend yield in %	0.60	0.60	0.60	0.70	0.70	1.00	1.50	1.50
Risk-free interest rate in %	4.02	4.50	4.50	4.22	4.28	3.88	3.88	3.56
Assumed turnover of personnel entitled to subscribe in %	3.50	0	3.50	3.50	3.50	5.00	5.00	5.00
Allocable personnel expenses in € thousand	2	243	1	7	4	4	186	9

* Following the capital increase from company funds on July 14, 2006 (1:2.9942188) 2.9942188 ordinary shares with a nominal value of € 1.00 each are granted for the subscription prices for Plans (1) to (3) depicted above, to the extent that these had not been exercised by July 14, 2006.

Granted in	(15) 2009	(16) 2009	(17) 2009	(18) 2009	(19) 2009
Subscription price per share* in €	11.62	9.23	15.63	20.38	22.10
Subscription price per share following capital increase from company funds (bonus shares)* in €	11.62	9.23	15.63	20.38	22.10
Expected share price volatility in %	55.19	55.19	59.81	55.48	48.04
Expected dividend yield in %	1.5	1.5	1.5	1.5	1.5
Risk-free interest rate in %	3.13	3.02	3.47	3.21	3.22
Assumed turnover of personnel entitled to subscribe in %	5.0	5.0	16.5	5.0	5.0
Allocable personnel expenses in € thousand	1	72	129	20	4

* Following the capital increase from company funds on July 14, 2006 (1:2.9942188) 2.9942188 ordinary shares with a nominal value of € 1.00 each are granted for the subscription prices for Plans (1) to (3) depicted above, to the extent that these had not been exercised by July 14, 2006.

Stock option program II (SOP II)

Stock option program II was adopted by the Annual General Meeting on May 28, 2003. The option rights set out below were allocated on the basis of this resolution (each option right entitles the bearer to acquire one STRATEC share; from July 14, 2006: 2.9942188 shares):

(1) / 2nd tranche of SOP II

A total of 70,000 option rights were issued to employees in April 2004. Prior to the execution of the capital increase from company funds (bonus shares), a total of 10,394 shares were issued to employees in the 2006 financial year following the exercising of 10,394 option rights. After the execution of the capital increase from company funds, a total of 68,639 shares were issued to employees following the exercising of 22,926 option rights. In 2007, 80,654 shares were issued to employees following the exercising of 26,941 option rights. In 2008, 7,698 shares were issued to employees following the exercising of 2,572 option rights. In 2009, 3,853 shares were issued to employees following the exercising of 1,287 option rights. A total of 5,880 option rights entitling their bearers to subscribe a maximum total of 17,606 shares therefore remained as of December 31, 2009.

(2) / 4th tranche of SOP II

A total of 11,000 option rights were issued to employees of STRATEC AG in July 2005. Following the exercising of 5,500 option rights, 16,466 shares were issued in the 2007 financial year. 4,000 option rights lapsed in 2007. Following the exercising of 750 option rights, 2,245 shares were issued in 2008. In 2009, 2,244 shares were issued following the exercising of 750 option rights. All option rights in this tranche have thus been exercised.

(3) / 5th tranche of SOP II
A total of 3,250 option rights were issued to employees of STRATEC AG in October 2005. Following the exercising of 750 option rights, 2,245 shares were issued in 2007. In 2009, 2,245 shares were issued following the exercising of 750 option rights. A total of 1,750 option rights entitling their bearers to subscribe a maximum total of 5,239 shares therefore remained as of December 31, 2009.

Stock option program III (SOP III)
Stock option program III was adopted by the Annual General Meeting on June 23, 2006. The following option rights were allocated on the basis of this resolution (each option right entitles the bearer to acquire one STRATEC share):

(4) / 1st tranche of SOP III
On the basis of a contract dated July 20, 2006, 9,000 option rights were issued to members of the Board of Management, 370 option rights to the management of associates and 15,630 option rights to employees of STRATEC AG. 1,200 option rights lapsed in 2008. Following the exercising of 11,700 option rights, 11,700 shares were issued in 2009. 100 option rights lapsed in 2009. A total of 12,000 option rights entitling their bearers to subscribe a maximum total of 12,000 shares therefore remained as of December 31, 2009.

(5) / 2nd tranche of SOP III
On the basis of a contract dated October 1, 2006, 2,800 option rights were issued to employees of STRATEC AG.

(6) / 3rd tranche of SOP III
On the basis of a contract dated November 1, 2006, 1,500 option rights were issued to employees of STRATEC AG.

(7) / 4th tranche of SOP III
On the basis of a contract dated January 29, 2007, 500 option rights were issued to employees of STRATEC AG.

Stock option program IV (SOP IV)
Stock option program IV was adopted by the Annual General Meeting on May 16, 2007. The following option rights were allocated on the basis of this resolution (each option right entitles the bearer to acquire one STRATEC share):

(8) / 1st tranche of SOP IV
On the basis of a contract dated June 8, 2007, 70,000 option rights were granted to members of the Board of Management of STRATEC AG.

(9) – (11) / 2nd – 4th tranches of SOP IV
On the basis of contracts dated July 2, 2007, October 1, 2007 and November 1, 2007, a total of 4,600 option rights were granted to employees of STRATEC AG.

(12) + (14) / 5th and 7th tranches of SOP IV
On the basis of contracts dated October 1, 2008 and November 1, 2008, a total of 7,300 option rights were granted to employees of STRATEC AG.

(13) / 6th tranche of SOP IV
On the basis of a contract dated October 30, 2008, a total of 85,000 option rights were granted to members of the Board of Management of STRATEC AG.

(15) / 8th tranche of SOP IV
On the basis of a contract dated February 2, 2009, a total of 500 option rights were granted to employees of STRATEC AG.

(16) / 9th tranche of SOP IV
On the basis of a contract dated March 11, 2009, a total of 45,000 option rights were granted to members of the Board of Management of STRATEC AG.

Stock option program V (SOP V)

Stock option program V was adopted by the Annual General Meeting on May 20, 2009. The following option rights were allocated on the basis of this resolution (each option right entitles the bearer to acquire on STRATEC share):

(17) / 1st tranche of SOP V

On the basis of a contract dated June 26, 2009, 65,000 option rights were granted to members of the Board of Management of STRATEC AG.

(18) / 2nd tranche of SOP V

On the basis of a contract dated October 1, 2009, 5,800 option rights were granted to employees of STRATEC AG.

(19) / 3rd tranche of SOP V

On the basis of a contract dated November 1, 2009, 1,500 option rights were granted to employees of STRATEC AG.

Taking due account of the expected level of personnel turnover, the total value (at the respective date of issue) of the stock options so far granted to members of the Board of Management and employees of STRATEC AG, as well as to the management and employees of associates, amounts to € 1,007 thousand (previous year: € 787 thousand).

The total value of the option rights has been spread as personnel expenses over the agreed qualifying periods and has resulted in an endowment of the same amount in the capital reserve. This led to personnel expenses of € 220 thousand in the 2009 financial year (previous year: € 164 thousand). Given the consistent, low level of personnel turnover, it has not been necessary in subsequent periods to adjust the personnel expenses calculated upon the respective rights being granted.

The following options schedule provides an overview of the development in option rights:

	Number of option rights	Weighted exercise price in €
Outstanding on 12.31.2004	**168,000**	**7.93**
During the 2005 financial year		
granted	14,250	29.15
exercised	30,250	3.18
lapsed	0	n.a.
Outstanding on 12.31.2005	**152,000**	**10.86**
During the 2006 financial year		
granted	30,300	16.97
exercised	82,320	7.88
lapsed	0	n.a.
Outstanding on 12.31.2006	**99,980**	**15.15**
During the 2007 financial year		
granted	75,600	22.62
exercised	51,941	12.75
lapsed	5,500	n.a.
Outstanding on 12.31.2007	**118,139**	**20.34**
During the 2008 financial year		
granted	92,300	12.16
exercised	3,322	13.51
lapsed	1,200	n.a.
Outstanding on 12.31.2008	**205,917**	**16.81**
Exercisable on 12.31.2008	**7,442**	**14.97**
During the 2009 financial year		
granted	117,800	13.48
exercised	14,487	16.67
lapsed	100	n.a.
Outstanding on 12.31.2009	**309,130**	**15.55**
Exercisable on 12.31.2009	**61,230**	**20.28**

The option rights exercisable as of December 31, 2009 entitle their bearers to acquire a total of up to 76,445 shares at a total exercise price of € 1,241 thousand.

The weighted average share price of the stock options exercised during the reporting period amounted to € 22.96 (previous year: € 15.14).

The weighted exercise prices and weighted remaining contractual terms of the stock options outstanding at the end of the reporting period are presented in the following table:

	2009	2008
Number of stock options	309,130	205,917
Weighted exercise price in €	15.55	16.81
Weighted remaining contractual term in months	66.8	17.4

PROVISIONS

(14) Provisions for pensions

Pension and capital allowance commitments had been made to two members of the Board of Management of STRATEC AG as of the balance sheet date, as had a pension commitment to a Managing Director of Invitek, a subsidiary acquired in the 2009 financial year. Vested rights to these retirement pensions and capital allowances come into force upon the individuals reaching the age of 65.

Reinsurance policies have been concluded to cover these pension obligations. Actuarial surveys have been obtained to ascertain the corresponding asset values at the balance sheet date.

The obligations have been measured using the projected unit credit method in accordance with the requirements of IAS 19. The calculation has been based on the “2005G Guidelines published by Heubeck-Richttafeln GmbH, Cologne 2005”, using an assumed interest rate of 5.40% (previous year: 5.80%). An annual pension increase of 2.00% has been assumed for the vested retirement pension rights (previous year: 2.00%).

Pension obligations have been carried in the balance sheet net of the pledged asset values of the reinsurance policies.

Plan assets developed as follows:

in € thousand	12.31.2009	12.31.2008
Fair value at 01.01.	378	324
Additions due to company acquisition	105	0
Contributions	20	48
Outgoing payments	-126	0
Income	32	6
Fair value at 12.31.	**409**	**378**

Contributions to plan assets are expected to amount to € 40 thousand in the 2010 financial year (previous year: € 48 thousand).

Obligations developed as follows:

in € thousand	12.31.2009	12.31.2008
Current value of vested rights at beginning of financial year	333	315
Additions due to company acquisition	83	0
Current service cost	21	16
Interest expenses	24	17
Current value of vested rights expected at end of financial year	461	348
Actual value of vested rights at end of financial year	488	333
Actuarial loss (+) / gain (-) on current value of vested rights	27	-15
Actuarial loss (+) / gain (-) on plan assets	-11	10
Cumulative actuarial losses (+) / gains (-)	16	-5
Amortization of actuarial losses (-) / gains (+)	-16	5
Gross obligation recognized in balance sheet	488	333
Fair value of plan assets accounting for limit stipulated in IAS 19.58 (b)	-383	-333
Net obligation recognized in balance sheet	105	0

Due to the limit on the capitalization of plan assets stipulated by IAS 19.58 (b), an amount of € 26 thousand was not recognized as an asset (previous year: € 45 thousand).

Personnel and interest expenses totaling € 29 thousand were recognized under personnel expenses (social security contributions, pension expenses and other benefits) in the statement of comprehensive income for the financial year under report (previous year: € 22 thousand). The expenses (previous year: income) for the immediate amortization of actuarial gains amounted to € -16 thousand (previous year: € 5 thousand).

The following income and expenses are expected for the 2010 financial year:

in € thousand	
Current service cost	17
Interest expenses (5.4 %)	26
Expected income on plan assets (4.65 %)	19
Expected net pension expenses	**24**

The limit stipulated in IAS 19.58 (b) is expected to result in additional expenses of € 15 thousand for the 2010 financial year. Furthermore, due to the retirement age being reached, payments of € 11 thousand are expected for the first time from plan assets. The expected scope of benefit is nevertheless still subject to the option of the relevant pension obligation being settled by way of lump sum capital settlement.

The following table shows the results of the calculation of obligations based on alternative scenarios (sensitivity analyses). These have been based on the following economic assumptions:

- Assumed interest rate of 4.9 %
- Assumed interest rate of 5.9 %
- Adjustment in current pensions of 1.50 % per annum
- Adjustment in current pensions of 2.50 % per annum
- Assumed interest rate of 5.80 % and adjustment in current pensions of 2.0 % (budgeting assumptions for 2008)

Parameter	Current value of vested rights at 12.31.2009 in € thousand	Personnel / interest expenses 2010 in € thousand
Assumed interest rate of 4.9%	521	18
Assumed interest rate of 5.9%	456	15
Pension increase of 1.5%	467	16
Pension increase of 2.5%	509	18
Parameters in 2008: Assumed interest rate of 5.8 %, Pension increase of 2.0 %	472	16

Further disclosures / five-year overview pursuant to IAS 19 Subsection 120A (p):

in € thousand	12.31.2009	12.31.2007	31.12.2007	12.31.2006	12.31.2005
Present value of defined benefit obligation	488	333	315	327	269
Fair value of plan assets	409	377	324	274	225
Surplus obligation (prior to IAS 19.58 (b) limit)	79	-44	-8	53	44
Cumulative actuarial gains (-) and losses (+)	16	-5	-36	60	20

(15) Deferred taxes

Taxes on income include all taxes based on the taxable earnings of the companies included in the consolidated financial statements. Other taxes not based on earnings have been reported under “Other operating expenses”.

The following amounts have been recognized for **deferred** income taxes in the balance sheet:

in € thousand	12.31.2009	12.31.2008
Deferred income tax receivables (assets)	**126**	**0**
Deferred income tax – receivables	59	68
Deferred income tax – liabilities	1,696	1,157
Net deferred income tax liabilities	**1,637**	**1,089**

Deferred taxes have been calculated using the liability method, which accounts for the deferred tax implications of temporary differences on the level of the individual companies between the values of assets and liabilities for tax purposes and the values of the same as reported in the IFRS consolidated financial statements.

Furthermore, deferred taxes also arose on account of consolidation procedures.

The amount of deferred taxes is determined taking account of the local tax rates expected to be valid in future, that is the tax rates applicable in the year in which the tax deferrals are realized. For STRATEC AG, this results in an overall tax rate of 27.4 % (previous year: 27.4 %). The calculation of tax rates accounts for trade tax, corporate income tax and the solidarity surcharge on corporate income tax.

The overall tax rate of the German subsidiary acquired in the year under report amounts to 30.2 %. For foreign subsidiaries, the unweighted average underlying overall tax rate amounts to 18.5 % (previous year: 21.5 %). It was not necessary to state any write-downs on the value of deferred taxes recognized in the previous year or those recognized for the first time in the year under report.

The following table provides an overview of income tax expenses broken down in terms of their origin:

in € thousand	2009	2008
Earnings before taxes on income (consolidated)		
Germany	11,356	8,726
International	3,743	661
	15,099	**9,387**
Actual taxes on income		
Germany	3,552	3,492
International	202	63
	3,754	**3,555**
Deferred taxes (income (-) / (+) expenses)		
Germany	-87	-68
International	-242	-231
	-329	**-299**
Taxes on income	**3,425**	**3,256**

The net development in deferred taxes is presented in the following overview:

in € thousand	2009	2008
Balance at 01.01.	1,089	1,474
Changes due to consolidation entries recognized in equity	754	-89
Changes due to consolidation entries recognized through profit or loss	-301	-269
Changes due to temporary differences recognized in equity	0	4
Changes due to temporary differences recognized through profit or loss	-31	-31
Balance at 12.31.	**1,511**	**1,089**

These differences, which are generally temporary, result from the following items in the balance sheet:

in € thousand	12.31.2009	12.31.2008	Change through profit or loss	Change recog- nized in equity
Tax loss carryovers	63	0	63	0
Other provisions	9	3	6	0
Financial liabilities	32	0	0	32
Pension provisions	14	14	0	0
Deferred tax ASSETS before consolidation (A)	**118**	**17**	**69**	**32**
Deferred tax assets from currency translation of foreign companies	51	6	0	0
Deferred tax assets from elimination of intercompany profits	16	35	16	0
Total deferred tax ASSETS (A)	**185**	**68**	**85**	**32**
Intangible assets	1,139	657	-284	766
Financial assets	56	57	-1	0
Trade receivables	15	0	15	0
Future receivables from construction contracts	416	340	76	0
Inventories	41	86	-64	19
Deferred tax liabilities from currency translation of foreign companies	10	9	0	1
Other liabilities and provisions	19	8	11	0
Total deferred tax LIABILITIES (L)	**1,696**	**1,157**	**-247**	**786**
Net balance of deferred tax liabilities	**1,511**	**1,089**	**-332**	**754**

The reduction in net tax deferrals through profit or loss in the 2009 financial year (€ -329 thousand; previous year: € -298 thousand) has been recognized in the statement of comprehensive income under “Deferred tax income”.

The costs of capital increases after income taxes (€ 2 thousand; previous year: € 2 thousand) have been offset against the capital reserve.

The change in deferred taxes recognized in equity for intangible assets and significant portions of non-current financial assets results from the hidden reserves and liabilities identified upon the acquisition of the Invitek subsidiary on April 23, 2009, as well as from the currency translation of hidden reserves relating to three software components disclosed in the 2006 financial year upon consolidation of Sanguin International Ltd. and of the shareholding in Sanguin International Inc. (USA) as of the 2009 balance sheet date compared with the previous year’s balance sheet date. The translation differences have been allocated net of tax to the currency translation reserve within Group equity (other equity).

The following table presents a reconciliation of the tax expenses expected and those reported for the respective financial years. An overall Group tax rate of 27.4% has been applied to calculate the expected tax expenses (previous year: 27.4%). This corresponds to the overall tax burden of the STRATEC AG parent company for the 2009 financial year.

(-) Expenses / (+) Income in € thousand	2009	2008
Consolidated earnings before taxes	**15,099**	**9,387**
Expected tax expenses	-4,137	-2,572
Deviations in German and foreign tax rates (current taxation of subsidiaries)	425	28
Reduction in effective tax rate at foreign subsidiaries in 2009 (deferred tax income from the devaluation of deferred liabilities)	52	0
Tax-exempt income from the disposal of financial assets and securities price gains	143	0
Expenses not deductible for tax purposes less tax reductions	-39	-627
Personnel expenses IFRS (stock options)	-60	-45
Deviations in foreign tax rates (deferred taxes on disclosed hidden reserves / capital consolidation)	83	22
Tax back payments / refunds for previous years	126	-47
Miscellaneous	-18	-15
Total (current and deferred) tax expenses recognized in the statement of comprehensive income	**-3,425**	**-3,256**

The following overview presents the maturities of the deferred taxes recognized as of the balance sheet date. Deferred taxes are categorized as current in cases where they are expected to be realized within twelve months following the balance sheet date.

in € thousand	2009	2008
Current deferred tax assets	123	38
Non-current deferred tax assets	62	30
Current deferred tax liabilities	666	685
Non-current deferred tax liabilities	1,030	472
Net current deferred taxes	-543	-647
Net non-current deferred taxes	-968	-442

(16) Financial liabilities

These liabilities are mainly due to banks and have been classified pursuant to IAS 39 as “Financial liabilities measured at amortized cost”. Long-term financial funds amounting to € 0 thousand were taken up in the past financial year (previous year: € 1,000 thousand). The weighted interest rate charged for loans amounted to 3.24% (previous year: 3.29%).

As in the previous year, the company had no financial liabilities denominated in foreign currencies at the balance sheet date.

Short-term credit facilities amounting to € 5,150 thousand were unutilized as of December 31, 2009 (previous year: € 5,148 thousand).

Interest expenses of € 2 thousand for overdraft liabilities (previous year: € 25 thousand) and of € 212 thousand for loan liabilities (previous year: € 199 thousand) have been recognized under financial expenses for the financial year under report.

Financial liabilities had the following maturity structure as of December 31, 2009:

in € thousand	12.31.2009	12.31.2009	12.31.2008	12.31.2008
Remaining term				
Up to 1 year		488		447
of which current liabilities	44		2	
of which current portion of non-current liabilities	444		445	
1 year to 5 years		2,556		2,146
More than 5 years		3,046		3,515
Total		**6,090**		**6,108**

Company land in Germany had been encumbered with a land charge of € 2,000 thousand as security for bank loans (previous year: € 2,000 thousand).

The following table shows the contractually agreed interest and principal payments (in € thousand) and weighted interest rates (%):

in % / in € thousand	Carrying amount 12.31.2009	Cash flow in 2010		Cash flow in 2011		Cash flows in 2012 – 2014		Cash flows in 2015 onwards	
		Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Overdraft	44	3	44	0	0	0	0	0	0
Loans and silent partnership liabilities	6,046	206	449	189	464	432	2,623	147	2,509
Total	**6,090**	**209**	**493**	**189**	**464**	**432**	**2,623**	**147**	**2,509**

The loans with terms of up to 5 years charge interest at a weighted average rate of 5.03%, while the weighted average rate for loans with terms of more than 5 years amounts to 3.06%.

in % / in € thousand	Carrying amount 12.31.2008	Cash flow in 2009		Cash flow in 2010		Cash flows in 2011 – 2013		Cash flows in 2014 onwards	
		Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Overdraft	2	0	2	0	0	0	0	0	0
Loans	6,106	189	445	131	427	411	1,719	171	3,515
Total	**6,108**	**189**	**447**	**131**	**427**	**411**	**1,719**	**171**	**3,515**

The loans with terms of up to 5 years as of December 31, 2008 charged interest at a weighted average rate of 5.11%, while the weighted average rate for loans with terms of more than 5 years amounted to 3.09 %.

(17) Trade payables / liabilities to associates

Trade payables mostly involve goods and services provided in November and December 2009 and are due for payment within one year.

The liabilities to associates amounting to € 24 thousand (previous year: € 70 thousand) are due to STRATEC NewGen GmbH (€ 19 thousand; previous year: € 25 thousand) and to STRATEC Biomedical Systems S.R.L., Romania, (€ 5 thousand; previous year: € 45 thousand), and relate to the ongoing exchange of goods and services.

These liabilities are assigned to the “Financial liabilities measured at amortized cost” (LMAC) category pursuant to IAS 39.

(18) Other current liabilities

Liabilities classified pursuant to IAS 39 as "Financial liabilities measured at amortized cost" (LMAC) are measured at amortized cost. Liabilities not falling within the scope of IAS 39, such as sovereign liabilities or prepayments received are measured at their nominal performance amounts or at the nominal amount of prepayments received.

These liabilities are structured as follows:

in € thousand	IAS 39 categories	2009	2008
Wage and salary liabilities	LMAC	1,675	907
Tax liabilities	n.a.	647	283
Social security liabilities	n.a.	148	100
Prepayments received on orders	n.a.	10,919	5,685
Supervisory Board compensation	LMAC	119	108
Other liabilities	LMAC	162	222
Total		**13,670**	**7,305**

These liabilities have remaining terms of up to one year.

The wage and salary liabilities mainly consist of outstanding vacation (€ 803 thousand; previous year: € 602 thousand), employee working time credits (€ 262 thousand; previous year: € 243 thousand) and profit participation (€ 35 thousand: € 62 thousand). Furthermore, this item also includes credit balances of € 575 thousand paid out by pension funds in the year under report in connection with retirement pension commitments to one member of the Board of Management of STRATEC AG (previous year: € 0 thousand).

Social security liabilities chiefly relate to social security contributions. The tax liabilities relate to employee payroll settlement.

Prepayments received on orders involve the development projects reported as unfinished services in inventories.

Other liabilities mainly relate to outstanding invoices of € 51 thousand (previous year: € 127 thousand) and creditor debit balances of € 70 thousand (previous year: € 70 thousand).

(19) Current provisions and current income tax liabilities

These items developed as follows:

in € thousand	01.01.2009	Currency differences	Additions due to company acquisition	Utilized	Reversed	Added	12.31.2009
Guarantees and warranties	588	1	0	486	0	515	618
Accounting and year-end expenses	249	0	6	229	0	279	305
Miscellaneous	55	8	258	36	5	98	378
Total	**2**	**9**	**264**	**751**	**5**	**892**	**1,301**

in € thousand	01.01.2008	Currency differences	Utilized	Reversed	Added	12.31.2008
Guarantees and warranties	865	21	507	279	488	588
Accounting and year-end expenses	281	1	239	16	222	249
Miscellaneous	174	0	47	121	49	55
Total	**1,320**	**22**	**793**	**416**	**759**	**892**

The provisions for accounting and year-end expenses include the costs of preparing and auditing annual financial statements, tax advisory and archiving expenses, as well as expenses for the Annual General Meeting and the compilation of the Annual Report.

The addition due to the company acquisition involves a conditional purchase price component of € 230 thousand in connection with the Invitek acquisition.

Income tax liabilities relate to current income tax obligations.

V. DISCLOSURES RELATING TO THE STATEMENT OF COMPREHENSIVE INCOME

(20) Breakdown of sales

A breakdown and explanation of sales has been provided in Section VI “Segment report”.

(21) Increase in the volume of finished and unfinished products and unfinished services

This item is structured as follows:

in € thousand	2009	2008
Reduction in finished products	-57	-19
Increase in unfinished products	158	899
Increase in unfinished services	6,911	5,363
Currency differences	2	-24
Total	**7,014**	**6,219**

As in the previous year, no impairment losses were recognized for unfinished services in the 2009 financial year.

Inventories of € 44,568 thousand were recognized as costs of sales through profit or loss in the financial year under report (previous year: € 31,549 thousand).

(22) Other operating income

in € thousand	2009	2008
Income from currency translation	385	411
Expenditure grants	213	34
Auxiliary transactions	11	131
Income from reversal of other provisions and measurement of liabilities	29	463
Income from services provided to associates:		
- STRATEC NewGen GmbH	12	32
- STRATEC Biomedical Systems S.R.L.	30	15
Miscellaneous income	67	60
Total	**747**	**1,146**

(23) Number of employees

The average number of individuals employed by the Group during the financial year (including temporary employees) was as follows:

Number	2009	2008
Industrial workers	49	37
Salaried employees	233	193
Trainees	9	8
	291	**238**
Employees hired from temporary employment agencies	44	30
Total	**335**	**268**

Number	2009	2008
Permanent employees in Germany	245	205
Employees hired from temporary employment agencies in Germany	44	30
Permanent employees in other countries	46	33
Total	**335**	**268**

The inclusion of the employees hired from temporary employment agencies in the employee totals is to be viewed in connection with the inclusion of the corresponding expenses under personnel expenses.

(24) Depreciation and amortization

Depreciation and amortization were structured as follows:

in € thousand	2009	2008
Intangible assets, scheduled amortization	1,165	1,133
Property, plant and equipment, scheduled depreciation	1,408	1,152
Total	**2,573**	**2,285**

(25) Other operating expenses

This item primarily relates to the costs of goods handling and administration and sales-related expenses.

The item is structured as follows:

in € thousand	2009	2008
Trade fair, advertising, travel and hospitality expenses	1,012	766
Outgoing freight and sales commissions	555	797
External services	1,536	1,275
Legal and advisory expenses	1,032	470
Insurance, contributions, fees	420	316
Expenses for currency differences	380	1,051
Costs of premises	653	473
Office and administration expenses	344	462
Maintenance expenses	290	186
Supervisory Board compensation	103	108
Miscellaneous expenses	642	521
Total	**6,967**	**6,425**

Miscellaneous expenses mainly include miscellaneous personnel expenses, costs in transit and expenses in connection with warranty claims. Furthermore, this item also includes services procured from STRATEC NewGen GmbH (€ 11 thousand; previous year: € 46 thousand) and STRATEC Biomedical Inc. (€ 147 thousand; previous year: € 101 thousand).

Expenses of € 257 thousand were incurred for operating leases in the year under report (previous year: € 144 thousand) and are included in the above presentation.

(26) Net financial expenses

The income from profit transfer agreements (€ -75 thousand; previous year: € -71 thousand) is attributable to the profit transfer agreement with STRATEC NewGen GmbH.

Financial income is structured as follows:

in € thousand	IAS 39 categories*	2009	2008
Interest income on cash and cash equivalents	LaR	108	634
Interest income on receivables from associates	LaR	4	7
Interest income on other loans issued	LaR	0	0
Miscellaneous interest income	n.a.	8	3
Total		**120**	**644**

Financial expenses are structured as follows:

in € thousand	IAS 39 categories*	2009	2008
Interest expenses on loan liabilities to banks (current and non-current)	LMAC	195	199
Interest expenses on typical silent partnerships	LMAC	18	0
Interest expenses on other current financial liabilities	LMAC	1	25
Total		**214**	**224**

Other financial income/expenses include gains and losses on financial assets and financial liabilities measured at fair value and are structured as follows:

in € thousand	IAS 39 categories*	2009	2008
Gains / losses on financial assets measured at fair value **through profit or loss:**	AHfT		
Interest and dividends		0	8
Gains / losses on retirement		0	0
Gains / losses on measurement at balance sheet date		361	-131
		361	**-123**
Gains / losses on financial assets measured at fair value **in equity:**	AfS		
Interest and dividends		0	0
Gains / losses on retirement		188	0
Gains / losses on measurement at balance sheet date		0	-2,075
		188	**-2,075**
Income / expenses on financial liabilities measured at fair value **through profit or loss:**	LHfT		
Interest and dividends		0	-52
Gains / losses on retirement		0	63
Gains / losses on measurement at balance sheet date		0	0
		0	**11**
Total		**549**	**-2,187**

* Reference is made to the information provided in Section VII “Financial instruments / Risk management” with regard to the IAS 39 categories and the abbreviations used here. Changes upon measurement of available-for-sale financial instruments as of the balance sheet date must be recognized through profit or loss when the fair value shows a significant or permanent impairment.

(27) Earnings per share

Earnings per share have been calculated pursuant to IAS 33 (Earnings per Share) by dividing the consolidated net income by the average number of shares in STRATEC AG.

The treasury stock bought back by STRATEC AG in 1998 and in the 2008 financial year has been excluded from the calculation of the number of shares in circulation. The issuing of new shares due to the exercising of option rights within the framework of stock option programs and the surrendering of treasury stock for the Invitek acquisition led to an increase in the number of shares compared with the previous year. The change in the number of shares within the financial year is accounted for by weighting the respective figures on a prorated basis. As a result of this prorated weighting, the average (basic) number of shares in the 2009 financial year was lower than in the 2008 financial year in spite of the issue of new shares and surrender of treasury stock. The resultant final weighted average number of outstanding shares used to calculate the (basic) earnings per share amounted to 11,346,814 (previous year: 11,359,898).

Pursuant to IAS 33, the consolidated net income of € 11,674 thousand (previous year: € 6,131 thousand) reported in the statement of comprehensive income has been used as the unaltered basis for the calculation.

Due to the option rights outstanding as of December 31, 2009, both basic and diluted earnings per share have been calculated. Diluted earnings per share have been calculated on the assumption that all outstanding options not yet exercised are actually exercised. The number of additional shares to be accounted for is calculated by comparing the proceeds generated by such exercising of options with the proceeds which could theoretically be generated by issuing new shares on customary market terms.

The allocation or exercising of option rights within the financial year has been accounted for using prorated weighting. The resultant weighted average number of outstanding shares with a diluting effect accounted for in the calculation of (diluted) earnings per share amounts to 11,425,923 (previous year: 11,387,716).

VI. SEGMENT REPORT

Given the business model and homogeneous product portfolio (laboratory automation) of the STRATEC Group, segmentation by business field would not be meaningful. This remains the case following the acquisition of the software company Sanguin International Ltd. in 2006, as the Group believes that any separate consideration of Sanguin International Ltd. as a software manufacturer would not do justice to the integration of the product range and thus of the expertise at Sanguin International Ltd. into the field of laboratory automation. For internal management purposes, the management of the company is chiefly based on the individual legal entities within the STRATEC Group. These therefore basically represent the operating segments as defined in IFRS 8. Apart from Invitek, which was acquired in 2009, the operating segments are comparable in terms of their products and services, types of production processes, customers, sales methods and regulatory framework and have therefore been aggregated into one business segment. The Invitek business segment is not deemed material in terms of its sales, earnings and assets compared with the aggregate business segment for the other legal entities. The company has therefore foregone any separate reporting.

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

Year	Germany	EU	Other	Total
2009	15,222	46,632	17,735	79,589
2008	12,542	37,700	10,729	60,971

Substantial sales generated with analyzer systems in other countries are structured as follows (figures in € thousand):

Country	2009	2008
Italy	6,711	5,938
Belgium	1,766	2,181
France	6,748	6,833
Ireland	2,978	25
USA	10,525	6,213

The allocation of sales generated with analyzer systems to other countries has been based on the delivery locations from the perspective of the STRATEC Group. In view of the fact that the customers of the STRATEC Group partly supply their country outlets and customers from central distribution centers, however, this breakdown of sales does not necessarily reflect the geographical distribution of the final operating locations of the analyzer systems supplied by the STRATEC Group. For the same reason, it would not be meaningful to compile any country-specific breakdown of the supply of spare parts and other services by the STRATEC Group.

The sales generated in the financial year can be broken down by product group as follows:

in € thousand	2009	2008
1. Product range	54,242	39,863
2. Spare parts	18,364	16,505
3. Services	1,423	1,266
4. Miscellaneous (other services, milestones, freight)	5,560	3,337
Total	**79,589**	**60,971**

The STRATEC Group generates more than 10% of its total sales with individual customers. In 2009, sales of € 20,978 thousand, € 18,833 thousand, € 9,806 thousand and € 8,176 thousand respectively were generated with four individual customers. In 2008, sales of € 17,557 thousand, € 10,240 thousand, € 8,882 thousand and € 8,214 thousand respectively were generated with four individual customers.

Non-current assets (assets including amounts expected to be realized more than twelve months after the balance sheet date with the exception of financial instruments, deferred tax assets, post-employment benefits and rights in connection with insurance contracts) are structured as follows:

in € thousand	2009	2008
Germany	10,421	6,366
International	5,304	4,124
Total	**15,725**	**10,490**

VII. FINANCIAL INSTRUMENTS / RISK MANAGEMENT

Financial instruments are contractually-based financial transactions involving a claim to payment. A distinction is made in this respect between:

- Primary financial instruments, such as trade receivables and payables or financial receivables and financial liabilities,
- derivative financial instruments not involving a hedging relationship with a hedged item,
- derivative financial instruments, such as hedges deployed to cover risks resulting from changes in exchange rates and interest rates.

The volume of **primary** financial instruments can be seen in the balance sheet. Financial assets have been subdivided into the categories defined in IAS 39 and recognized at (amortized) cost or at fair value in line with their respective classification. The current nature of receivables and cash and cash equivalents means that there are no significant variances between the respective carrying amounts and fair values of these items.

Changes in the fair value of financial instruments available for sale are recognized directly in equity up to the realization of the respective financial instrument. However, any significant or permanent impairment arising in the value of such instruments is recognized through profit or loss. Changes in the fair value of financial instruments held for trading are recognized through profit or loss.

Financial instruments which constitute financial liabilities have been recognized at amortized cost.

The fair value of a financial instrument is the price at which the instrument can be freely traded between third parties. In the case of securities, the fair value is generally based on stock market prices. The fair value of loan liabilities is calculated by discounting future payments of interest and principal with market conditions for loans with congruent terms and risk profiles as of the balance sheet date. Due to project-related fund allocation requirements and the resultant interest benefit, the fair value calculated in this way is not directly comparable with loans unless these company-specific factors are accounted for.

The financial instruments recognized in the accounts have been presented below broken down into their IAS 39 classifications and aggregated in terms of comparable measurement uncertainty and risk profiles. Holdings of cash and cash equivalents have been presented as a separate category pursuant to IFRS 7.

The following abbreviations are used for the various measurement categories in the following pages:

Abbreviation	IAS 39 measurement categories
AfS	Available for Sale
LaR	Loans and Receivables
AHfT	Assets Held for Trading
LHfT	Liabilities Held for Trading
LMAC	Liabilities Measured at Cost

Financial assets (€ thousand):

			Measurement under IAS 39					
Balance sheet item	**Measurement categories IAS 39**	**Carrying amount 12.31.2009** (2008)	**Amortized cost**	**Cost**	**Fair value in equity**	**Fair value through profit or loss**	**Not covered by IFRS 7**	**Fair Value 12.31.2009** (2008)
Interests in associates	AfS	**310** (285)		**310** (285)				**310** (285)
Investments	AfS	**0** (609)			**0** (0)	**0** (609)		**0** (609)
Trade receivables	LaR	**9,914** (9,682)	**9,914** (9,682)					**9,914** (9,682)
Future receivables from construction contracts	LaR	**4,922** (4,902)	**4,922** (4,902)					**4,922** (4,902)
Receivables from associates	LaR	**165** (167)	**165** (167)					**165** (167)
Other receivables and other assets	LaR / n.a.	**1,456** (989)	**41** (105)				**1,415** (884)	**1,456** (989)
Securities	AHfT	**654** (293)				**654** (293)		**654** (293)
Cash and cash equivalents	LaR	**21,186** (19,208)						**21,186** (19,208)

Those components of the balance sheet items portrayed above which fall within the scope of IAS 39 have been presented in the notes to the respective balance sheet items. In general, non-financial non-current assets, inventories (IAS 2) and income tax receivables do not fall within the scope of IAS 39.

The allocation of the fair value measurement of investments (AfS) to “through profit or loss” in the previous year was attributable to the impairment requirements specified in IAS 39.68.

Financial liabilities (€ thousand):

Balance sheet item	Measurement categories IAS 39	Carrying amount 12.31.2009 (2008)	Measurement under IAS 39: Amortized cost	Cost	Fair value in equity	Fair value through profit or loss	Not covered by IFRS 7	Fair value 12.31.2009 (2008)
Liabilities to banks	LMAC	**5,690** (6,108)	**5,690** (6,108)					**5,726** (5,879)
Liabilities in connection with typical silent partnerships	LMAC	**400** (0)	**400** (0)					**400** (0)
Trade payables	LMAC	**3,421** (3,632)		**3,421** (3,632)				**3,421** (3,632)
Liabilities to associates	LMAC	**24** (70)	**24** (70)					**24** (70)
Current provisions	LMAC / n.a.	**1,301** (892)		**683** (305)			**618** (587)	**1,301** (892)
Other current liabilities	LMAC / n.a.	**13,670** (7,305)	**1,956** (1,237)				**11,714** (6,068)	**13,670** (7,305)

Those components of the balance sheet items portrayed above which fall within the scope of IAS 39 have been presented in the notes to the respective balance sheet items. In general, income tax liabilities do not fall within the scope of IAS 39. Moreover, the tax and social security liabilities and prepayments received from customers reported under “Other current liabilities” do not classify as financial liabilities, neither do the guarantee and warranty obligations reported under “Current provisions”.

When summarized, the financial assets and liabilities in the various measurement categories were structured as follows (€ thousand):

Category	Measurement categories IAS 39	Carrying amount 12.31.2009 (2008)	Measurement under IAS 39: Amortized cost	Measurement under IAS 39: Cost	Measurement under IAS 39: Fair value in equity	Measurement under IAS 39: Fair value through profit or loss	Not covered by IFRS 7	Fair Value 12.31.2009 (2008)
Cash and cash equivalents	LaR	**21,186** (19,208)						**21,186** (19,208)
Financial assets available for sale	AfS	**310** (894)		**310** (285)	**0** (0)	**0** (609)		**310** (894)
Loans and receivables	LaR	**16,457** (15,740)	**15,042** (14,846)				**1,415** (894)	**16,457** (15,740)
Financial assets held for trading	AHfT	**654** (293)				**654** (293)		**654** (293)
Financial liabilities measured at amortized cost	LMAC	**24,506** (18,007)	**8,070** (7,415)	**4,104** (3,937)			**12,332** (6,655)	**24,542** (18,007)

The balance sheet item “Future receivables from construction contracts” generally represents a separate category, as measurement under IAS 11 does not fall within the scope of IAS 39. For reasons of simplification, these future receivables have been included in the LaR category in the above presentation.

The net result on financial instruments broken down into the respective measurement categories was as follows:

in € thousand 2009 (2008)	From interest and dividends	From subsequent measurement: Fair value	From subsequent measurement: Currency translation	From subsequent measurement: Impairment	From disposals	Net result 2009 (2008)
Cash and cash equivalents	108	0	57	0	0	165
	(634)	(0)	(-189)	(0)	(0)	(445)
Loans and receivables	4	0	-22	57	-32	7
	(7)	(0)	(7)	(16)	(0)	(30)
Financial assets available for sale	0	0	0	0	188	188
	(0)	(-2,075)	(0)	(0)	(0)	(-2,075)
Financial assets held for trading	0	361	0	0	0	361
	(8)	(-131)	(0)	(0)	(0)	(-123)
Financial liabilities held for trading	0	0	0	0	0	0
	(-52)	(0)	(0)	(0)	(63)	(11)
Financial liabilities measured at (amortized cost)	-214	0	-3	0	29	-188
	(-224)	(0)	(16)	(0)	(183)	(-25)
Total	-102	361	32	57	185	533
	(-358)	(-2,206)	(-173)	(16)	(246)	(-1,767)

Interest expenses and interest income resulting from financial instruments measured at amortized cost are recognized under net financial expenses. The net result on financial instruments measured at fair value is recognized under other financial income/expenses. Information about the individual components of net financial expenses can be found in Section V “Disclosures relating to the statement of comprehensive income / (26) Net financial expenses”.

The gains and losses resulting from translation through profit or loss of financial assets and liabilities at average exchange rates on the balance sheet date are recognized under other operating income or expenses, as are the results of foreign currency translation performed during the financial year. The translation of cash and cash equivalents at the balance sheet date resulted in currency income of € 57 thousand recognized through profit or loss under other operating income (previous year: other operating expenses in connection with currency expenses: € 189 thousand).

Hierarchical classification of financial assets and liabilities measured at fair value

To account for the relevance of the factors included in the measurement of financial assets and liabilities measured at fair value, these financial assets and liabilities have been classified into three hierarchical levels. The levels in the fair value hierarchy and their application to assets and liabilities are described below:

Level 1: Listed prices for identical assets and liabilities in active markets (used without amendment)

Level 2: Input factors not involving Level 1 listed prices, but which can be observed for the relevant asset or liability either directly (that is as a price) or indirectly (that is derived from prices)

Level 3: Factors used in the measurement of assets or liabilities which are not based on observable market data (non-observable input factors).

At STRATEC AG, only securities have still been measured at fair value as of the balance sheet date. These are classified to Level 1 of the fair value hierarchy.

RISK MANAGEMENT

Principles of risk management

The assets, liabilities and future activities of STRATEC AG are subject to risks resulting from changes in exchange rates, interest rates and stock market prices. The objectives and methods used by the STRATEC Group to deal with the financial risks listed below form the object of the Group's risk management activities. The principles underlying the Group's risk management policies are presented in the "Risk Report" section of the group management report.

The objective of financial risk management is to limit these risks primarily by means of operating activities. These measures are supplemented by finance-based measures. The primary objective is to limit the risks of relevance to the cash flow. The basic principles of the company's financial policy are reviewed by the Board of Management annually and revised to account for new developments. The Supervisory Board is informed at regular intervals of the financial position of the Group and the assessments made by the Board of Management.

The financial instruments reported in the accounts could in principle give rise to the following risks for the company:

Foreign currency risks

STRATEC AG may be exposed to foreign currency risks as a result of its investments, financing measures and operating activities.

These risks have not been secured to date, since they only affect the cash flow of the Group to an immaterial extent. These risks mainly relate to the translation of the financial statements of foreign group companies into the group reporting currency (€). Exchange rate volatility thus affects consolidated earnings, as well as the Group's equity due to the allocation of translation differences to the currency reserve in equity. Since the foreign group companies enjoy a high degree of autonomy within their respective functional currency areas in terms of their operating and financial activities, fluctuations in exchange rates effectively do not present any significant liquidity risk for the Group.

By analogy with the foreign companies, the parent company also performs the predominant share of its operating activities in its functional currency (€). The foreign currency risk faced by the STRATEC Group on account of its operating activities is therefore classified as low.

To present market risks, IFRS 7 requires companies to perform sensitivity analyses portraying the impact of hypothetical changes in the relevant risk variables on their earnings and equity. The implications for the period under report are determined by applying these hypothetical changes in variables to the volumes of financial instruments held at the balance sheet date.

The analysis of the hypothetical impact of exchange rate movements on consolidated earnings and group equity as a result of the translation of the financial statements of foreign group companies has been based on the following assumptions:

	Annual average rate		Reporting date rate	
	GBP	CHF	GBP	CHF
Actual figures in 2009	**0.89**	**1.51**	**0.89**	**1.48**
-10% (depreciation in EUR compared with CHF/GBP)	0.80	1.36	0.80	1.33
+10% (appreciation in EUR compared with CHF/GBP)	0.98	1.66	0.98	1.63
Actual figures in 2008	**0.80**	**1.59**	**0.95**	**1.49**
-10% (depreciation in EUR compared with CHF/GBP)	0.72	1.43	0.86	1.34
+10% (appreciation in EUR compared with CHF/GBP)	0.88	1.75	1.05	1.64

The changes in the three main accounting items would be as follows:

in € thousand	Consolidated net income 2009 (2008)	Group equity 2009 (2008)	Currency translation reserve 2009 (2008)
(- 10%) Depreciation in EUR	**+198** (-47)	**+1,576** (+1,244)	**+1,378** (+1,291)
(+ 10%) Appreciation in EUR	**-164** (+23)	**-1,256** (-1,097)	**-1,092** (-1,121)

Foreign currency risks affecting investment activities could result, among other factors, from the acquisition and disposal of interests in foreign companies. At the balance sheet date, STRATEC AG was not exposed to any significant risks resulting from transactions undertaken in foreign currencies in connection with investment activities. Should any significant risk items arise, then the hedging strategy for the individual case involved lies within the discretion of the Board of Management.

Foreign currency risks affecting financing activities could result from financial liabilities denominated in foreign currencies and from foreign currency loans granted to group companies for financing purposes. At the balance sheet date, STRATEC AG was not exposed to any significant foreign currency risks in connection with its financing activities. Should any significant risk items arise, then the hedging strategy for the individual case involved lies within the discretion of the Board of Management.

Interest rate risks

Interest rate risks involve the risk of fluctuations in the value of a financial instrument as a result of changes in market interest rates.

The interest rate risks to which STRATEC AG is exposed relate exclusively to the euro area. Foreign group companies only have current financial assets in the "Loans and receivables" category and cash and cash equivalents with terms of up to three months.

Market risks for primary financial instruments with fixed interest rates only affect earnings when such instruments are measured at fair value. As a result, all financial instruments with fixed interest rates which are measured at amortized cost are not subject to any interest rate risk of relevance to the cash flow, but are rather exposed to fair value risk.

When compared with the level of market interest rates, the interest rates presented in the notes to financial liabilities show that STRATEC AG was not subject to any market interest rate risk in connection with its fixed-interest financial liabilities at the balance sheet date.

The use of derivative hedging instruments (such as swaps) may be considered to hedge interest rate risks in individual cases. STRATEC AG did not hold any derivative financial instruments at the balance sheet date.

Other price risks

Financial assets in the "available for sale" and "held for trading" categories are subject to the risk of changes in stock market prices. The impact of hypothetical changes in risk variables on consolidated net income, as well as on group equity (fair value reserve) in the case of fair value changes measured in equity, have been presented in the notes to the respective items in the accounts.

Default risks

The principal default risks faced by STRATEC AG are to be found in the field of its operating activities. They involve the risk of contractual partners failing to meet their obligations. At STRATEC AG, this risk relates in particular to receivables from customers. Default risk is countered by means of receivables management, such as trade credit insurance policies. Remaining default risks are accounted for with individual and general allowances.

Liquid funds are invested solely in the form of short-term deposits (with maximum terms of three months) at financial institutions with high-quality ratings.

The maximum default risk is reflected on the one hand by the carrying amount of the financial assets reported in the balance sheet. However, these figures do not account for the hedging measures outlined above.

Derivative financial instruments not hedging a hedged item are classified as trading financial instruments and measured at fair value as of the balance sheet date. Any differences between cost and fair value are recognized through profit or loss.

Derivative financial instruments hedging a hedged item, such as those deployed to hedge against currency and interest rate risks, are recognized through profit or loss or in equity depending on whether the hedge in question is intended to secure the fair value or the future cash flow.

Capital management

Capital management at STRATEC AG pursues the primary objective of maintaining the company's financial substance and safeguarding its debt servicing capacity.

In monitoring its achievement of these objectives, the management refers to the equity ratio and the ratio of financial receivables to financial liabilities.

The equity ratio amounted to 69.1 % as of December 31, 2009, and was thus only slightly lower than in the previous year (71.3 %). The target range for this figure amounts to 50 % to 75 %.

The ratio of current financial assets to current financial liabilities amounted to 2.2 as of December 31, 2009, compared with 2.9 in the previous year. This ratio should not fall short of 1.5.

STRATEC bases its calculation of current financial assets on receivables and other assets, securities and cash and cash equivalents.

The internal assessment of the company's debt servicing capacity is based on the ratio of current and non-current financial liabilities to the company's actual cash flow during the financial year, plus the cash flows budgeted for the following two years.

Financial liabilities include the debt capital reported in the balance sheet, less provisions and deferred taxes

in € thousand	2009	2008
Current and non-current financial liabilities	23,455	18,083
Actual cash flows	1,967	-889

in € thousand	2008	2007
Current and non-current financial liabilities	18,083	15,499
Actual cash flows	-889	8,183

The comparison of the actual figures for the financial year under report and the previous year reflects the level of target achievement for the 2009 and 2008 financial years (2008 and 2007).

VIII. OTHER DISCLOSURES

Disclosures concerning the auditor's fee pursuant to § 314 (1) No. 9 of the German Commercial Code

The fees recorded for the group auditor in the financial year under report pursuant to § 314 (1) No. 9 of the German Commercial Code (HGB) are structured as follows:

in € thousand	2009	2008
Expenses for		
a) Auditing of financial statements	99	91
b) Tax advisory services	5	11
c) Other services performed for STRATEC AG or its subsidiaries	45	0
Total auditor's fee	**149**	**102**

Related party disclosures

Board of Management and Supervisory Board

The company's Board of Management has the following members:

- **Hermann Leistner**, Birkenfeld (Chairman / Development Division)
  Electrical Engineer
- **Marcus Wolfinger**, Remchingen (Chief Financial Officer)
  Graduate in Business Administration
- **Bernd M. Steidle**, Oberboihingen (Chief Marketing Officer)
  Businessman

The Chairman of the Board of Management, Hermann Leistner, and the Chief Financial Officer, Marcus Wolfinger, are each authorized to solely represent the company. There were no changes in the composition of the Board of Management between the balance sheet date and the preparation of the consolidated financial statements.

The compensation of members of the Board of Management consists of fixed annual compensation (fixed salary) and a variable component dependent on the achievement of performance targets. Moreover, members of the Board of Management are entitled to participate in a stock option program. Among other conditions, the exercising of the options is dependent on the achievement of performance targets determined at the time of issue.

On the basis of the resolution adopted by the Annual General Meeting on June 23, 2006 the company may forego (opt out of) the publication of the compensation of the members of the Board of Management on an individual basis and the additional disclosures required by § 314 (1) No. 6 a) Sentence 6 to 9 of the German Commercial Code (HGB). The company has exercised this right in the period under report. The total compensation of the Board of Management amounted to € 1,107 thousand in the period under report (previous year: € 816 thousand). Specifically, the compensation was structured as follows:

in € thousand	2009	2008
Fixed salary	523	518
Share-based payments	198	122
Payments in kind	30	30
Insurance benefits	53	57
Performance-related components	303	89
Total compensation	**1,107**	**816**

The short-term portion of total compensation amounted to € 909 thousand (previous year: € 694 thousand).

The figure stated for share-based payments involves the period-specific arithmetical value of the stock options issued to members of the Board of Management recognized pursuant to IFRS 2 as personnel expenses in the financial year under report. A total of 110,000 stock options with a subscription price of € 13.99 and an arithmetical total value of € 201 thousand were issued to the Board of Management in the 2009 financial year (previous year: 85,000 stock options with a subscription price of € 11.98 and an arithmetical total value of € 186 thousand).

Pension provisions for members of the Board of Management have been recognized as liabilities of € 106 thousand in the consolidated financial statements (previous year: € 0 thousand).

Hermann Leistner is Managing Director of STRATEC NewGen GmbH, Birkenfeld. Marcus Wolfinger is a member of the Board of Sanguin International Ltd., Burton upon Trent, UK, and was a member of the Supervisory Board of CyBio AG, Jena, until its Annual General Meeting on June 16, 2009.

The Supervisory Board comprised the following individuals in the year under report:

- **Fred K. Brückner**, Marburg (Chairman)
  Chemical Engineer, Independent Management Consultant
- **Dr. Robert Siegle**, Birkenfeld (Deputy Chairman)
  Lawyer, "Kanzlei Dr. Wille, Dr. Siegle, Zinder GbR", Pforzheim
- **Prof. Dr. Hugo Hämmerle**, Weil der Stadt
  Graduate in Biology and Director of the Natural and Medical Science Institute (NMI) at the University of Tübingen, Reutlingen
  Member of Supervisory Board from May 20, 2009
- **Burkhard G. Wollny**, Göppingen
  Banker, Landesbank Baden-Württemberg, Stuttgart
  Member of Supervisory Board until May 20, 2009

Fred K. Brückner and Dr. Robert Siegle do not hold positions on any other supervisory boards or supervisory bodies as defined in § 125 (1) Sentence 3 of the German Stock Corporation Act (AktG). Prof. Dr. Hugo Hämmerle is a member of the Supervisory Boards of TETEC AG, Reutlingen, and Retina Implant AG, Reutlingen. Burkhard G. Wollny is a member of the Supervisory Board of JBC Jatropha Biofuel Company AG, Stuttgart.

The total compensation of the Supervisory Board amounted to € 119 thousand in the year under report (previous year: € 108 thousand). The specific structure of the compensation was as follows:

in € thousand	2009	2008
Fixed compensation	36	36
Performance-related components	74	63
Meeting allowance	9	9
Total short-term compensation	**119**	**108**

In addition to this total compensation, each member of the Supervisory Board also has his expenses reimbursed and benefits from a pecuniary damage liability insurance policy concluded at the company's expense at suitable terms customary to the market. One member of the Supervisory Board has rights of use for a company vehicle.

"Dr. Wille, Dr. Siegle, Zinder GbR", Pforzheim, the law firm of Dr. Robert Siegle, a member of the Supervisory Board, provided STRATEC AG with legal advisory services amounting to around € 34 thousand in the 2009 financial year (previous year: € 34 thousand). These services were invoiced at prices which would also be agreed with third parties.

Apart from this, there were no service relationships between the company's directors and officers, or persons closely related to such, and the companies included in the consolidated financial statements of STRATEC AG.

Closely related companies

In view of the fact that members of the Leistner family hold a substantial share of the voting rights in both STRATEC Biomedical Systems AG and in DITABIS Digital Biomedical Imaging Systems AG, the latter company is to be deemed a closely related company pursuant to IAS 24. In the year under report, STRATEC AG provided DITABIS Digital Biomedical Imaging Systems AG with services amounting to € 6 thousand (previous year: € 6 thousand) and received services of € 12 thousand (previous year: € 0 thousand). These services were invoiced at prices which would also be agreed with third parties.

Subsidiaries

In the 2009 financial year, STRATEC Biomedical Systems AG generated revenues of € 12 thousand from transactions with STRATEC NewGen GmbH (previous year: € 32 thousand) and purchased services amounting to € 0 thousand (previous year: € 46 thousand). These services were invoiced at market prices. The profit transfer agreement concluded with STRATEC NewGen GmbH resulted in expenses of € 75 thousand in the year under report (previous year: € 71 thousand). Invitek purchased services amounting to € 11 thousand from STRATEC NewGen GmbH in the 2009 financial year (previous year: € 0 thousand).

In the 2009 financial year, STRATEC Biomedical Systems AG generated interest income of € 4 thousand from a loan granted to STRATEC Biomedical Inc. (previous year: € 7 thousand) and generated sales of € 3 thousand with STRATEC Biomedical Inc. (previous year: € 0 thousand). The services purchased by STRATEC Biomedical Systems AG from STRATEC Biomedical Inc. amounted to € 146 thousand (previous year: € 101 thousand).

In the 2009 financial year, STRATEC Biomedical Systems AG generated revenues of € 6 thousand (previous year: € 15 thousand) from transactions with STRATEC Biomedical Systems S.R.L., Romania, and purchased services of € 136 thousand (previous year: € 104 thousand). In the 2009 financial year, Robion AG generated revenues of € 24 thousand (previous year: € 0 thousand) from STRATEC Biomedical Systems S.R.L., Romania, and purchased services of € 187 thousand (previous year: € 106 thousand).

Sanguin International Ltd., UK, generated sales of € 13 thousand from transactions with Sanguin International Inc., USA, in the period under report (previous year: € 54 thousand). The services purchased by Sanguin International Ltd. from Sanguin International Inc. amounted to € 38 thousand (previous year: € 37 thousand).

Receivables and liabilities relating to associates at the balance sheet date have been noted in the respective balance sheet items.

Other related parties

There were no relationships with other closely related individuals.

Contingent liabilities and other financial obligations

Other financial obligations primarily relate to acceptance obligations (basic contracts with suppliers concerning modules and contractual obligations to acquire property, plant and equipment, operating leases and development orders) and are structured as follows:

in € thousand	2009	2008
Remaining term of up to three years	16,311	17,693
of which remaining term of up to one year	15,157	16,379

There are no other financial obligations with remaining terms of more than three years (previous year: € 359 thousand).

There are no contingent liabilities relating to the provision of security for third-party liabilities.

Events after the balance sheet date

We are not aware of any developments occurring within the STRATEC Group since December 31, 2009, which could have any particular influence on the financial and economic position of the Group.

Date of approval for publication

The Board of Management of STRATEC AG presented the consolidated financial statements to the Supervisory Board on March 19, 2010. The Supervisory Board will resolve on their approval on March 29, 2010.

Birkenfeld, March 19, 2010

STRATEC Biomedical Systems AG

The Board of Management

Hermann Leistner   Marcus Wolfinger   Bernd M. Steidle

DEVELOPMENT IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

for the period from January 1 to December 31, 2009
at the STRATEC Group

	Historic cost						
in € thousand	01.01.2009	Currency differences	Additions due to acquisition of consolidated companies	Additions	Reclassi-fications	Disposals	12.31.2009
INTANGIBLE ASSETS							
Goodwill	608	45	1,488	0	0	0	2,141
Other intangible assets	5,604	298	1,941	328	50	21	8,200
Development expenses	0	0	432	0	0	0	432
Prepayments made for other intangible assets	50	0	0	0	-50	0	0
	6,262	**343**	**3,861**	**328**	**0**	**21**	**10,773**
PROPERTY, PLANT AND EQUIPMENT							
Land, leasehold rights and buildings	5,028	5	0	657	0	0	5,690
Technical equipment and machinery	441	0	52	6	0	1	498
Other equipment, plant and office equipment	7,748	24	192	1,960	99	390	9,633
Prepayments made and assets under construction	141	18	0	1,122	-99	0	1,182
	13,358	**47**	**244**	**3,745**	**0**	**391**	**17,003**
Total non-current assets	**19,620**	**390**	**4,105**	**4,073**	**0**	**412**	**27,776**

for the period from January 1 to December 31, 2008

	Historic cost						
in € thousand	01.01.2008	Currency differences	Additions due to acquisition of consolidated companies	Additions	Reclassi-fications	Disposals	12.31.2008
INTANGIBLE ASSETS							
Goodwill	788	-180	0	0	0	0	608
Other intangible assets	6,390	-1,163	0	239	138	0	5,604
Development expenses	0	0	0	0	0	0	0
Prepayments made for other intangible assets	0	-1	0	142	-91	0	50
	7,178	**-1,344**	**0**	**381**	**47**	**0**	**6,262**
PROPERTY, PLANT AND EQUIPMENT							
Land, leasehold rights and buildings	5,022	0	0	6	0	0	5,028
Technical equipment and machinery	435	4	0	2	0	0	441
Other equipment, plant and office equipment	6,586	27	0	1,010	451	326	7,748
Prepayments made and assets under construction	232	-6	0	413	-498	0	141
	12,275	**25**	**0**	**1,431**	**-47**	**326**	**13,358**
Total non-current assets	**19,453**	**-1,319**	**0**	**1,812**	**0**	**326**	**19,620**

Cumulative depreciation and amortization					Net carrying amounts	
01.01.2009	Currency differences	Additions	Disposals	12.31.2009	12.31.2009	12.31.2008
0	0	0	0	0	2,141	608
2,962	141	1,165	21	4,247	3,953	2,642
0	0	0	0	0	432	0
0	0	0	0	0	0	50
2,962	**141**	**1,165**	**21**	**4,247**	**6,526**	**3,300**
1,307	0	143	0	1,450	4,240	3,721
344	0	40	1	383	115	97
5,411	17	1,225	373	6,280	3,353	2,337
0	0	0	0	0	1,182	141
7,062	**17**	**1,408**	**374**	**8,113**	**8,890**	**6,296**
10,024	**158**	**2,573**	**395**	**12,360**	**15,416**	**9,596**

Cumulative depreciation and amortization					Net carrying amounts	
01.01.2008	Currency differences	Additions	Disposals	12.31.2008	12.31.2008	12.31.2007
0	0	0	0	0	608	788
2,302	-473	1,133	0	2,962	2,642	4,088
0	0	0	0	0	0	0
0	0	0	0	0	50	0
2,302	**-473**	**1,133**	**0**	**2,962**	**3,300**	**4,876**
1,161	0	146	0	1,307	3,721	3,861
305	4	35	0	344	97	130
4,790	-28	971	322	5,411	2,337	1,796
0	0	0	0	0	141	232
6,256	**-24**	**1,152**	**322**	**7,062**	**6,296**	**6,019**
8,558	**-497**	**2,285**	**322**	**10,024**	**9,596**	**10,895**

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the 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.

Birkenfeld, March 19, 2010

STRATEC Biomedical Systems AG

The Board of Management

Hermann Leistner Marcus Wolfinger Bernd M. Steidle

AUDIT OPINION OF GROUP AUDITOR

We have audited the consolidated financial statements compiled by STRATEC Biomedical Systems Aktiengesellschaft, Birkenfeld, which consist of the balance sheet, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the notes to the consolidated financial statements, as well as the group management report, for the financial year from January 1 to December 31, 2009. The compilation of the consolidated financial statements and group management report in accordance with IFRS as adopted by the EU, as well as with the provisions of German commercial law requiring supplementary application pursuant to Section 315 a (1) of the German Commercial Code (HGB), lies within the responsibility of the board of management of the company. It is our responsibility to submit an opinion on the consolidated financial statements and the group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking due account of the principles governing the proper auditing of financial statements promulgated by the German Institute of Auditors (IDW). These standards require the audit to be planned and executed such that any inaccuracies and infringements with a material impact on the presentation of the net asset, financial and earnings situation provided by the consolidated financial statements, taking due account of applicable accounting standards, and by the group management report are identified with reasonable assurance. When determining the audit procedures, account was taken of our knowledge of the business activities and economic and legal environment of the group, as well as of expectations as to any possible misstatements. The effectiveness of the internal accounting controlling system and the evidence supporting the disclosures made in the consolidated financial statements and the group management report were examined within the framework of the audit, principally on the basis of trial samples. The audit includes an assessment of the annual financial statements of the companies included in the consolidated financial statements, the delineation of the scope of consolidation, the accounting and consolidation principles thereby applied, and the principal estimates made by the board of management, as well as an appraisal of the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonably secure basis for our opinion.

Our audit did not give rise to any qualifications.

On the basis of the findings of our audit, it is our opinion that the consolidated financial statements are in accordance with IFRS as adopted by the EU, as well as with the provisions of German commercial law requiring supplementary application pursuant to Section 315 a (1) of the German Commercial Code (HGB), and that they provide a true and fair view of the net asset, financial and earnings situation of the Group, taking due account of the aforementioned requirements. The group management report is consistent with the consolidated financial statements and provides a suitable overall portrayal of the situation of the group and adequately presents the opportunities and risks relating to its future development.

Stuttgart, March 19, 2010

WirtschaftsTreuhand GmbH
Chartered Accountants
Tax Consultants

(Prof. Dr. Heni)	(Richter)
Chartered Accountant	Chartered Accountant

BOARD OF DIRECTORS

Board of Management (executive)

Hermann Leistner
- Aged 64, Electrical engineer, Birkenfeld, Germany
- Chairman of the Board of Management of STRATEC Biomedical Systems AG
- Responsible for Development
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - Internal memberships: STRATEC NewGen GmbH, Birkenfeld, Germany (Managing Director)
  - External memberships: None

Bernd M. Steidle
- Aged 57, Businessman, Oberboihingen, Germany
- Member of the Board of Management of STRATEC Biomedical Systems AG
- Responsible for Marketing and Sales
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - Internal memberships: None
  - External memberships: None

Marcus Wolfinger
- Aged 42, Graduate in business administration, Remchingen, Germany
- Member of the Board of Management of STRATEC Biomedical Systems AG
- Responsible for Finance
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - Internal memberships: Sanguin International Ltd., Burton upon Trent, UK (Member of Management)
  - External memberships: CyBio AG, Jena, Germany (Member of Supervisory Board, until June 16, 2009)

Supervisory Board (non-executive)

Fred K. Brückner
- Aged 67, Marburg, Germany
- Chairman of the Supervisory Board of STRATEC Biomedical Systems AG
- Chemical engineer and independent management consultant, Marburg, Germany
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - None

Dr. Robert Siegle
- Aged 42, Birkenfeld, Germany
- Deputy Chairman of the Supervisory Board of STRATEC Biomedical Systems AG
- Attorney at law, Kanzlei Dr. Wille, Dr. Siegle, Zinder GbR, Pforzheim, Germany
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - None

Burkhard G. Wollny (until May 20, 2009)
- Aged 59, Göppingen, Germany
- Member of the Supervisory Board of STRATEC Biomedical Systems AG
- Banker, Landesbank Baden-Württemberg, Stuttgart, Germany
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - JBC Jatropha Biofuel Company AG, Stuttgart, Germany (Chairman of the Supervisory Board)

Prof. Dr. Hugo Hämmerle (from May 20, 2009)
- Aged 58, Weil der Stadt, Germany
- Member of the Supervisory Board of STRATEC Biomedical Systems AG
- Graduate in biology and Director of NMI Natural and Medical Science Institute at the University of Tübingen, Reutlingen, Germany
- Membership of supervisory boards and other supervisory bodies pursuant to § 285 Sentence 1 No. 10 HGB:
  - TETEC AG, Reutlingen, Germany (Chairman of the Supervisory Board)
  - Retina Implant AG, Reutlingen, Germany (Deputy Chairman of the Supervisory Board)

SERVICE

FINANCIAL CALENDAR

April 13, 2010	2009 consolidated / annual financial statements
April 28, 2010	Interim report as of March 31, 2010
May 21, 2010	Annual General Meeting, Pforzheim, Germany
July 28, 2010	Interim report as of June 30, 2010
October 27, 2010	Interim report as of September 30, 2010
November 2010	German Equity Forum (Deutsches Eigenkapitalforum), Frankfurt am Main, Germany - Analysts' Conference -

Furthermore, based on current planning, STRATEC will also be taking part in the following capital market conferences in 2010:

May 2010	Goldman Sachs European Small and Mid-Cap Symposium, London, UK Morgan Stanley European Medtech Conference, London, UK 7th Annual Bank of America Merrill Lynch Biotech Medtech and Mid-cap Pharma one-on-one Conference, London, UK
June 2010	Jefferies 2010 Global Life Sciences Conference, New York, USA Goldman Sachs 31st Annual Global Healthcare Conference, Los Angeles, USA
August 2010	Commerzbank Conference Life Sciences, Frankfurt am Main, Germany
September 2010	DZ Bank German Healthcare Conference, Zurich, Switzerland UBS Global Life Sciences Conference, New York, USA
October 2010	Jefferies Global SpecPharma & European Healthcare Conference, London, UK
November 2010	WestLB Deutschland Conference, Frankfurt am Main, Germany

Subject to amendment.

IMPRINT

PUBLISHED BY
STRATEC Biomedical Systems AG
Gewerbestr. 37
75217 Birkenfeld
Germany

Phone: +49 7082 7916-0
Fax: +49 7082 7916-999
info@stratec-biomedical.de
www.stratec-biomedical.de

INVESTOR RELATIONS
ANDREAS KÜNZEL
Phone: +49 7082 7916-185
Fax: +49 7082 7916-999
a.kuenzel@stratec-biomedical.de

ANDRE LOY
Phone: +49 7082 7916-190
Fax: +49 7082 7916-999
a.loy@stratec-biomedical.de

CONCEPT AND DESIGN IR-One AG & Co., Hamburg, Germany
TEXT STRATEC Biomedical Systems AG, Birkenfeld, Germany
DRUCK W. Kohlhammer Druckerei GmbH + Co. KG, Stuttgart, Germany

STRATEC BIOMEDICAL SYSTEMS AG
Gewerbestr. 37
75217 Birkenfeld
Germany

Phone: +49 7082 7916-0
Fax: +49 7082 7916-999

info@stratec-biomedical.de
www.stratec-biomedical.de